

METALLIS RESOURCES INC.

Management's Discussion and Analysis

Years ended December 31, 2022 and 2021

This Management Discussion and Analysis ("MD&A") is dated April 19, 2023 and should be read in conjunction with Metallis Resources Inc.'s ("Metallis", "the Company", "we", "our") annual financial statements for the year ended December 31, 2022 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 year ended December 31, 2022 are not necessarily indicative of the results that may be expected for any future period.

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 website at www.metallisresources.com, 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.

Covid-19

The nature of the COVID-19 pandemic has evolved with new variants still arising and certain jurisdictions declaring that the pandemic is now an endemic disease. There is no certainty that our vaccination successes to date can be duplicated in the future against those new variants. Operating and supply chain disruptions and volatile price changes may still occur, and government regulations may change at any time, impacting operating procedures and business activity.

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 Company's long-term goal is to identify a sufficient economic resource that will attract suitors to buy the Company. Short term, the Company continues to work the Property with a primary goal of establishing mineral resources.

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 near to several mines and advanced exploration projects, including Garibaldi Resources' nickel-copper discovery, which is to the north, Eskay Mining Corp.'s volcanogenic massive sulphide ("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 Newcrest Mining's 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 \$15.1 million before tax credits and other expense recoveries. A total of 21,768 meters ("m") have been drilled by the Company on the Property, including 1,961m in 2022 and 4,785m in 2021. This year's drill program ended on September 21. Throughout the past five years of drilling, actual exploration costs have been within budgeted ranges and were incurred substantially on schedule without any significant delays.

The 2022 drill program (or "Program") consisted of four long holes and was designed to test mineralization at depth and extend prior high-gold drill results in the South Cliff area of the Cliff-Miles porphyry corridor. The results from 2021 drilling yielded a fundamental breakthrough in the geological model representing Cliff-Miles. This new model has significantly improved our

understanding of the system and enabled the technical team to model a 600m deep, half graben structure that now expands Cliff-Miles even further to the east than previously thought.

Drilling results announced on November 22, 2022 and February 22, 2023 confirmed the depth extension of mineralization, meeting a key objective of the program.

Corporate Outlook

The Golden Triangle region in BC continues to attract significant capital, 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.

The Company's exploration work at Kirkham has identified multiple targets and mineral deposit types including shear vein gold, epithermal gold-silver, porphyry gold-copper and magmatic nickel-copper.

The Company collaborates proactively with its stakeholders and maintains a good working relationship and regular dialogues with the Tahltan Central Government, its First Nations stakeholder whose ancestral lands include the Property.

In mid-2022, the Company completed a \$1.7 million private placement financing of flow-through and non-flow-through units, funding its 2022 exploration work and working capital for the year. The Company expects to complete additional financing this year to fund our summer work programs and working capital.

Last summer's drilling at the South Cliff area confirmed the extension of mineralization at depth. We continue advancing our targets, including:

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 Target and its nickel-copper potential.

2022 Exploration Summary

In 2021, a well-defined zone of high-grade Porphyry copper/gold mineralization was outlined in the south Cliff area. As a result, the 2022 program included the following:

1. *Core Relogging:* Two drill holes were relogged and five holes reviewed from the South Cliff target area to bring further conformity to the project's drilling database, evaluate the current geologic model, and to reassess the use of applying a geochemical signature towards locating concentrations of mineralization vectors and improving the geologic model.
2. *Diamond Drilling:* The objective was to discover high grade mineralization below and along strike from the excellent intersections in the south Cliff area. Drilling commenced on August 29 and was completed on September 7, 2022. The targeted program was designed to test for high-grade extensions of copper and gold mineralization beneath well mineralized drill

intersections (e.g., drill holes KH17-08 cut 145.8m grading 0.34 g/t Au and 0.22% Cu (0.71 g/t AuEq*) and KH18-16 cut 141.3m grading 0.40 g/t Au and 0.23% Cu (0.75 g/t AuEq)*. The Company undercut these previous holes as, typically, alkaline porphyry copper/gold systems in the Golden Triangle exhibit a small surface footprint but display increasing grade downward that can continue for more than 1,000m.

The 2022 drill program comprised four holes totaling 1,961m that were drilled from a single drill pad, with two angle holes (-45° and -67°) at an azimuth of 265° and two at an azimuth of 315°. The four drill holes successfully confirmed the extension of the mineralizing system to at least 500m below surface, with each hole intersecting copper and gold mineralization below where the highest grades were previously encountered along the Cliff-Miles target areas. Each drillhole also encountered massive pyrite/pyrrhotite veining and pervasive silicification that can be attributed to a later-stage overprinting gold event. Significant mineralized intercepts encountered in the holes are given in the following table:

Hole ID	Composite	AuEq	Length	From	To	CuEq	Aug/t	Cu %
KH22-46	0.34 g/t AuEq over 320.1m	0.34	320.1	15.9	336.0	0.28	0.24	0.06
	0.43 g/t AuEq over 205.1m	0.43	205.1	130.9	336.0	0.35	0.30	0.08
	0.54 g/t AuEq over 106.9m	0.54	106.9	130.9	237.8	0.44	0.34	0.13
	0.85 g/t AuEq over 37.7m	0.85	37.7	200.1	237.8	0.70	0.59	0.17
	0.56 g/t AuEq over 39.6m	0.56	39.6	296.4	336	0.46	0.49	0.03
KH22-47	0.28 g/t AuEq over 194.55 m	0.28	194.55	207.45	402.00	0.23	0.21	0.03
Incl.	0.44 g/t AuEq over 41.6 m	0.44	41.60	236.10	277.70	0.37	0.33	0.07
Incl.	0.5 g/t AuEq over 28.04 m	0.50	28.04	236.10	264.14	0.41	0.37	0.08
And	0.31 g/t AuEq over 90.84 m	0.31	90.84	311.16	402.00	0.25	0.25	0.03
Incl.	0.68 g/t AuEq over 20.03 m	0.68	20.03	381.97	402.00	0.56	0.62	0.03
KH22-48	0.26 g/t AuEq over 366.81 m	0.26	366.81	10.19	377.00	0.22	0.19	0.04
Incl.	0.31 g/t AuEq over 172.99 m	0.31	172.99	200.01	373.00	0.25	0.21	0.06
Incl.	0.36 g/t AuEq over 108.19 m	0.36	108.19	200.01	308.20	0.30	0.23	0.10
Incl.	0.62 g/t AuEq over 28.91 m	0.62	28.91	251.59	280.50	0.51	0.36	0.19
And	0.33 g/t AuEq over 30.00 m	0.33	30.00	343.00	373.00	0.27	0.25	0.01
Incl.	0.79 g/t AuEq over 9 m	0.79	9.00	343.00	352.00	0.65	0.59	0.02
KH22-49	0.25 g/t AuEq over 190.77 m	0.25	190.77	284.82	475.59	0.21	0.22	0.02
Incl.	0.31 g/t AuEq over 101.19 m	0.31	101.19	374.40	475.59	0.26	0.29	0.01
Incl.	0.34 g/t AuEq over 79.59 m	0.34	79.59	396.00	475.59	0.28	0.31	0.01
Incl.	0.53 g/t AuEq over 21.16 m	0.53	21.16	400.43	421.59	0.44	0.51	0.01

**Gold Equivalent Formula: Au g/t+(Cu%*1.27) Metal Prices Used: Gold – US\$ 1470/oz / Copper – US\$ 2.75/lb .*

All four holes of the 2022 exploration program successfully intersected mineralization 300m below the best copper and gold grades encountered by the Company's previous drilling. The 2022 program indicates that the Cliff – Miles Block of porphyry-style Copper-Gold mineralization has a 400m strike length, is 100 – 200m thick and extends to at least 500m depth.

The mineralized HPC, with its commonly overprinting late gold event, continues northward

for 2.7 km from the South Cliff area drilled in 2022, across a series of fault blocks which are in close association with the North-South trending and variably easterly-dipping Adam Fault. While the HPC is mineralized throughout the trend, Metallis has identified several target areas along it, and proximal to the Adam fault, that are characterized by coincident geophysical, geochemical, geological, and/or spectral anomalies (e.g., IP chargeability/resistivity anomalies, soil geochemical anomalies, zones of intense silicification/stockwork, and/or anomalous ferric iron oxide spectral signatures).

3. *Soil geochemistry*: The Company undertook first-pass soil sampling and prospecting of several ZTEM features resembling the Cliff-Miles Half-Graben, as well as select additional targets on the property.
4. *Differential GPS Survey*: A Differential GPS survey of most of the drill collars was carried out. This very accurate geospatial system is required for any resource calculations and will likely resolve some of the correlation discrepancies.

2021 Exploration

Exploration in 2021 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.

Geological work:

Metallis' geological team, during the 1st phase of exploration program completed detailed field investigations, re-logged over 6,000m of drill core, surveyed 8.6 line-km of high-resolution Induced Polarization ("IP"), and completed a ZTEM™ Survey. The data from the work supported the planning and optimization of the drill collar locations for the 2022 season.

Field mapping and cross-sectional work in 2021 established a distinct N030° trend of the mineralized porphyry intrusions at the Cliff-Miles porphyry targets, which opened a huge unexplored area to the north and northwest. Using the company's multi-disciplinary datasets, reconnaissance mapping outlined several areas of sulphide mineralization within Hazelton Group rocks that are extensively exposed in the western part of the property.

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 km long Hawilson Porphyry Complex (HPC). 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 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 drilling and 3D modelling of the geophysical surveys has highlighted 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.

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 by the Scanning Electron Microscope (“SEM”) at the University of British Columbia, Mineral Deposit Research Unit (“UBC/MDRU”).

Metallists 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 at Cliff-Miles. The 3D geological and geophysical modeling of IP and ZTEM datasets highlighted 4 major blocks, each of which show significant volume potential of high-grade copper-gold mineralization to be tested in future exploration programs.

IP Survey:

The 2021 IP survey and modeling outlined a series of resistivity and chargeability anomalies coincident with gold-bearing silicified zones along Cliff-Miles.

ZTEM™ Survey:

The 2021 airborne survey was completed over the entire Kirkham property (846 km²) plus 33 km² of adjoining lands held by Garibaldi Resources to the north and Eskay Mining to the east). The resistivity contrast highlighted the dimensions and depth potential of the Cliff, Miles, and Cole porphyry centers. The data was further processed and interpreted for deformed stratigraphy and VMS targets in the Hazelton Group rocks. The ZTEM™ Survey shows the western (higher altitude) parts of the Property exhibit elevated resistivity related to the unconformably overlying Hazelton Group. The Hazelton Group rocks are the principal host rocks for precious metals-rich VMS deposits on adjacent properties. The eastern region shows a lower resistivity signature related to the exposed and underlying Stuhini Group. The entire package of rocks is gently folded with the anticlinal axes outcropping in the valleys, exposing more Stuhini and accentuating the low resistivity “creep” up the creeks and rivers. Cliff-Miles shows a distinct 4-km long resistivity low that cuts through the high-resistivity Hazelton, interrupting the broad trend. This anomaly is sub-parallel to the Adam Fault and the low-resistivity Stuhini footwall and the large-scale orientation of the mineralized HPC. ZTEM™ cross sections better show the break in the overlying Hazelton and how it relates to the Adam Fault and footwall. This break, a potentially eroded-down and faulted anticlinal axis, is tied to the emplacement of the HPC, its porphyry phases, and the later epithermal overprint. This ZTEM™ pattern can be used as a template for further regional exploration on the Property.

Prospecting and geochemistry:

Selective rock-chip and soil sampling grids over several target areas highlighted the potential of vein-stockwork and VMS mineralization at the King East, Mount Dunn, and Rhyolite Ridge prospective targets.

2021 Drilling Program Highlights:

Drilling was focused on two distinct types of mineralization at the 4 km-long Cliff-Miles porphyry corridor; the main porphyry copper-gold mineralization which extends down to an approximate

800m depth and the overlapping central 2 km-long epithermal gold-rich zone. The Program targeted the cluster of IP anomalies and the depth potential of the mineralization. Intercepts of high-grade gold mineralization constrained within stockwork mineralized porphyry intrusions and host rocks were encountered. 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*.

Drill holes KH21-41, and KH21-42 cut across the central Cliff-Miles zone and 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).

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. KH21-45 returned 1.05 g/t AuEq over 43 m from surface).

Community relations

The mining sector has high performance standards which are necessary to earn its social licenses. Environmental, social and governance (“ESG”) policies begin with community relations. Developing goodwill with a community will increase local stakeholder engagement, enhance sustainability and increase asset values. ESG in general has become more and more of a corporate priority over the past 20 years and especially in the past 5 years as climate change and carbon issues dominate the public’s concerns.

The Company has had a Communications Agreement (the “Agreement”) in place with the Tahltan Central Government (“TCG”) since 2018 and which is renewed annually. The TCG is the administrative body of the Tahltan Nation, located in northwest British Columbia, whose traditional territory encompasses the Property. 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. We have continued to hire Tahltans as part of our exploration crews each season.

In May 2022, the Company renewed an Opportunity Sharing Agreement (“OSA”) 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 first OSA was signed in early 2020. 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 were suspended through the pandemic. Business activity is expected to continue normalizing, with Tahltan events returning this year.

Information sharing is enhanced by annual exploration reports that are sent to the TCG. As part of the terms of the OSA, representatives of the TCG visited the Property on August 18, 2022. For more information about the TCG, visit www.tahltan.org.

Reclamation

The Company upholds high standards with respect to 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 33 different sites on the Property of which 30 have been reclaimed, with 3 being retained for use in 2023.

The Company's 5-year exploration permit was renewed on August 5, 2022. The terms and conditions of the permit are very similar to those of the previous permit.

QAQC and Analytical Procedures

Metallis 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 comprising 1-3m intervals of HQ and NQ drill core were delivered to ALS Global prep facilities in Terrace and North Vancouver, 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 ≥ 10 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.

Selected Annual Financial Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Annual Financial Statements.

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Total assets	\$ 15,005,961	\$ 13,765,159	\$ 11,519,497
Total liabilities	(258,825)	(68,232)	(326,416)
Shareholders' equity (deficiency)	14,747,136	13,696,927	11,193,081
Major operating expense items:			
Communications	23,782	568,114	122,892
Consulting fees	377,800	533,594	418,125
Investor relations	56,000	87,500	61,500
Regulatory and transfer agent fees	39,059	47,665	41,202
Professional fees	61,981	49,510	36,691
Share-based compensation	259,429	647,580	160,156
Net loss	\$ (736,347)	\$ (1,647,746)	\$ (561,808)
Basic and diluted loss per share	\$ (0.01)	\$ (0.03)	\$ (0.01)

Analysis of annual operations for 2022 compared to 2021:

The Company had a net loss of \$736,347 (2021 - \$1,647,746) for the year, comprised of operating costs of \$924,703 (2021 - \$2,035,409) and other income of \$188,356 (2021 - \$387,663). Operating

costs declined \$1,110,706 in 2022 compared to 2021. The Company's net loss in 2022 was \$911,399 less than the net loss in 2021, primarily due to reductions of \$155,794 in consulting fees, \$544,332 in communications, \$388,151 in share-based compensation and \$181,303 of less other income on settlement of flow-through share premium liability, which together comprise 99% of the reduction in net loss for the year.

Key operating costs include consulting fees of \$377,800 (2021 - \$533,594), communications of \$23,782 (2021 - \$568,114), share-based compensation of \$259,429 (2021 - \$647,580), office and administration of \$64,500 (2021 - \$67,771) and professional fees of \$61,981 (2021 - \$49,510) which together comprise 85% (2021 - 92%) of all operating costs. The remaining operating costs include depreciation, investor relations fees, rent, regulatory and transfer agent fees and travel, all totalling \$137,211 (2021 - \$168,840). These remaining expenses declined \$31,629, almost entirely attributable to investor relations fees which declined \$31,500, from \$87,500 in 2021 to \$56,000 in 2022.

The Company's IR provider is Nicosia Capital Corp. ("Nicosia"), which provides communication services and market awareness but does not provide market-making services. Nicosia and its employee Frank Lagiglia oversee 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. The decline in IR fees in 2022 was due to a reduction in the base pay from \$7,000 per month to \$3,000 per month, as general market and investor sentiment has declined over the past year.

Consulting fees include fees paid to related parties and third parties. Related party fees declined \$10,000 in 2022 (from \$238,000 to \$228,000) and third party fees declined \$145,794 in 2022 (from \$295,594 to \$149,800), a decline of 49%. As prior MD&A's have disclosed, consulting fees to independent contractors in 2021 included two Germany-based agencies that were engaged to help the Company navigate the European capital markets and facilitate institutional and resource fund introductions. Late in 2021 as the pandemic risks began receding and business began returning to normal, these contracts were allowed to lapse. Of the \$149,800 of third party consulting fees in 2022, 80% was for the continuing roles within the Company of office administration and corporate development which focusses on public relations and community engagement.

The Company's communications expenses declined 96% in 2022. The comparative period reflected the Company's aggressive marketing strategy as a response to the investor and capital markets which had transitioned to online platforms during the dark days of the pandemic. New communication tools and channels were needed to introduce the Company to new investors, to re-engage investors with news flow as it was disclosed, and to maintain public awareness about the Company and its progress on exploration work. In response, the Company engaged with several digital marketing agencies starting in mid-2020 and continuing to late 2021, the largest of which was TD Media LLC, a US-based digital marketing agency focussed on branding and awareness campaigns, involving the setup of digital landing pages, banner ad campaigns to drive traffic to the information landers, and follow-up retargeting programs for future press releases. In late 2021, these marketing contracts either matured within renewal or were terminated, as business activities began returning to normal after 18 months of pandemic restrictions. Ongoing communications expenses include press releases and occasional print advertising or fees for targeted email, messaging and social media, expected to be at a scale significantly smaller than during 2020-2021.

Share-based compensation in 2022 totalled \$259,429 (2021 - \$647,580), as determined by the Black-Scholes option model. In the current year, the Company granted 1,800,000 stock options to consultants, officers and directors including 150,000 options to its investor relations provider

Nicosia. The stock options are all exercisable at \$0.20 per share for a five year period. In 2021, the Company granted stock options to consultants, officers and directors on three separate occasions: 550,000 options at \$0.50 per share for five years, 120,000 options at \$0.45 per share for two years and 1,900,000 options at \$0.39 per share for five years, with the grants having Black-Scholes fair values of \$194,735, \$27,545 and \$403,682 respectively.

The Company's Stock Option Plan provides for full vesting of options at the time of grant and one-year vesting for stock options granted to investor relations providers. In 2021, no stock options were granted to investor relations providers. Further details are provided under "Stock options" later in this MD&A.

Other income and expenses totalled \$188,356 (2021 - \$387,663). Most of this was other income on settlement of flow-through share premium liability of \$163,558 (2021 - \$344,861) and was recorded as a reduction of flow-through share premium liability in proportion to the amount of qualifying exploration expenses incurred in the period relative to the total flow-through funds raised in the flow-through private placement. Qualifying exploration expenses are those exploration expenses incurred subsequent to the flow-through financing, which "flow" to the flow-through subscribers as a deduction on their personal income tax returns.

The Company completed an impairment assessment in respect of its capitalized Kirkham Property costs. Management determined that no impairment has occurred at December 31, 2022, after consideration of potential primary and secondary impairment triggers.

With regard to key cash flows, during the year the Company spent \$1.4 million (2021 - \$4.1 million) on exploration, net of recoveries, and \$0.7 million (2021 - \$1.3 million) on operations. Private placement proceeds were \$1.7 million (2021 - \$3.8 million) and BC tax credit receipts were \$110,285 (2021 - \$114,304). The Company spent almost 3 times as much on exploration in 2021 than in 2022, although only 2.4 times as many meters were drilled in 2021. (A total of 4,785m were drilled in 2021 compared to 1,961m drilled in 2022). The 2021 exploration costs were disproportionately higher due to the use of multiple drill pads in 2021, while 2022 saw all holes cut from one pad. Overall, cash declined in 2022 by \$0.2 million, compared to a decline of \$1.5 million in 2021.

Analysis of annual operations for 2021 compared to 2020:

The Company's net loss in 2021 was \$1,085,938 higher than the net loss in 2020, primarily due to communications costs which were \$445,222 higher and share-based compensation which was \$487,424 higher. These two items comprise 86% of the total increase in net loss.

Total operating costs were \$2,035,409 (2020 - \$937,465), an increase of \$1,097,944. Communications expenses were \$568,114 (2020 - \$122,892), consulting fees were \$533,594 (2020 - \$418,125), and share-based compensation was \$647,580 (2020 - \$160,156) which together comprised 86% (2020 - 75%) of all operating expenses, as further discussed below. The remaining operating expenses include depreciation, investor relations, office and general, professional fees, regulatory and transfer agent fees, rent and travel which together totalled \$286,121 (2020 - \$236,292), increasing 21% compared to 2020. One-half of that increase was attributable to higher investor relations fees of \$87,500 compared to \$61,500 in 2020. The other expense increases simply reflect the normal variability of expenses.

The Company's communications expenses of \$568,114 (2020 - \$122,892) rose more than four-fold from 2020, a consequence of the Company's aggressive 2021 marketing strategy as described above in "*Analysis of annual operations for 2022 compared to 2021*".

Consulting fees in 2021 were \$533,594 (2020 - \$418,125), rising \$115,469. Total fees to independent contractors were \$295,594 (2020 - \$202,125), an increase of 46%, and the total fees to related parties were \$238,000 (2020 - \$216,000), an increase of 9%. Fees to independent contractors in 2020 and 2021 included two Germany-based marketing agencies that were engaged to help the Company navigate the European capital markets and facilitate institutional and resource fund introductions. The Company signed a one-year contract with these groups in September 2020, and which required the prepayment of fees of which \$80,000 was recognized in 2020 and \$63,750 was recognized in 2021. Also in 2021, the Company engaged a Canadian based capital markets firm for guidance and market introductions, at a cost of \$60,000.

Share-based compensation in 2021 totalled \$647,580 (2020 - \$160,156) as determined by the Black-Scholes option model. In 2021, the Company granted stock options to consultants, officers and directors on three separate occasions (described above), while in 2020, the Company completed one grant of stock options totalling 450,000 options at \$0.40 per share for five years, recognizing share-based compensation of \$160,156.

Other income and expenses totalled \$387,663 (2020 - \$375,657). Most of this was other income on settlement of flow-through share premium liability, which was \$344,861 (2020 - \$339,908).

With regard to key cash flows, the Company spent \$4.1 million on exploration, net of recoveries, in 2021 (2020 - \$2.5 million). Private placement proceeds were \$3.8 million in 2021 and \$3.3 million in 2020. Tax credit receipts in 2021 were \$114,304 and \$809,081 in 2020. Operating activity disbursements were \$1.3 million (2020 - \$0.9 million). The Company spent 76% (2020 - 75%) of its cash outflows on property exploration. Overall, cash declined in 2021 by \$1.5 million, compared to a decline of \$0.7 million in 2020.

Quarterly Information

	Three Months Ended December 31, 2022	Three Months Ended September 30, 2022	Three Months Ended June 30, 2022	Three Months Ended March 31, 2022
Total assets	\$15,005,961	\$15,425,843	\$15,114,151	\$13,604,373
Total liabilities	(258,825)	(540,110)	(240,252)	(51,306)
Shareholders' equity	14,747,136	14,885,733	14,873,899	13,553,067
<i>Select operating expenses:</i>				
Communications	6,603	3,365	10,735	3,079
Consulting fees	77,250	89,250	129,000	82,300
Professional fees	45,714	4,171	9,596	2,500
Regulatory and transfer agent	1,755	5,659	23,429	8,216
Share-based compensation	9,775	249,654	-	-
Net income (loss)	(148,372)	(234,732)	(209,383)	(143,860)
Earnings (loss) per share- basic	(0.00)	(0.00)	(0.00)	(0.00)

	Three Months Ended December 31, 2021	Three Months Ended September 30, 2021	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021
Total assets	\$13,765,159	\$14,441,206	\$14,348,637	\$10,980,505
Total liabilities	(68,232)	(635,238)	(341,983)	(114,547)
Shareholders' equity	13,696,927	13,805,968	14,006,654	10,865,958
<i>Select operating expenses:</i>				
Communications	10,090	270,765	101,551	185,708
Consulting fees	76,107	114,264	225,392	117,831
Professional fees	36,304	6,083	4,226	2,897
Regulatory and transfer agent	11,457	4,585	20,058	11,565
Share-based compensation	2,090	403,682	231,054	10,754
Net income (loss)	(111,131)	(604,368)	(594,370)	(337,877)
Earnings (loss) per share- basic	(0.00)	(0.01)	(0.01)	(0.01)

Results of Operations

Three months ended December 31, 2022 compared to three months ended December 31, 2021:

The Company had a net loss of \$148,372 (Q4 2021 – \$111,131) during the period. Operating costs were \$177,256 (Q4 2021 - \$180,941) and other income totalled \$28,884 (Q4 2021 - \$69,810).

Other income is detailed on the statements of loss and comprehensive 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 \$18,772 in the current period and \$67,988 in the comparative period, recorded as a result of the Company incurring certain qualifying exploration costs which reduces the flow-through share premium liability on a proportionate basis.

Operating costs are mainly comprised of consulting fees of \$77,250 (Q4 2021 - \$76,107), investor relations fees of \$9,000 (Q4 2021 - \$21,000), professional fees of \$45,714 (Q4 2021 - \$36,304) and share-based compensation of \$9,775 (Q4 2021 - \$2,090), together comprising 80% (Q4 2021 - 75%) of total operating expenses. The other operating costs are depreciation, office, communications, rent, regulatory and transfer agent fees and travel, which all totalled \$35,517 (Q4 2021 - \$45,440). The total operating costs decreased just \$3,685 compared to Q4 2021. The similarity of Q4 operating costs compared to 2021 was expected as our staffing levels have remained consistent, rates of pay have not increased, our yearend audit accrual is the same and our communications expenses included no digital marketing programs. The effects on our operating costs from inflation in 2022 are not significant.

Investor relations fees to Nicosia declined \$12,000 compared to Q4 2021, which was the largest variance of any operating expense line item. The IR fees were reduced 57% to \$3,000 per month in June 2022 as global investor sentiment and exploration-stage market liquidity had begun weakening. In the view of management, such conditions have continued to the date of this report but the exploration sector markets now seem more stable. During 2022, the IR provider was granted 150,000 (2021 – Nil) stock options exercisable at \$0.20 per share for a five-year period and which vest over a one-year period.

With regard to communications, the Company incurred \$6,603 (Q4 2021 - \$10,090) for such things as occasional web hosting fees, print and sponsorship advertising, investor meetings and press releases. During the pandemic through to Q3 2021, the Company had incurred much higher communications fees through the use of digital marketing initiatives in order to engage with investors who had moved their activities online. These initiatives were substantially curtailed in Q3 2021, with a final \$8,750 incurred in Q4 2021 for European marketing, part of the \$10,090 spent on communications in the quarter.

Property exploration:

The Company incurred total net exploration costs in the quarter of \$178,414 (Q4 2021- \$1,025,271), with drilling costs of \$11,756 (Q4 2021 - \$372,529), helicopter/air support costs of \$15,721 (Q4 2021 - \$304,614), assays costs of \$60,354 (Q4 2021 - \$98,146) and accommodation and camp costs of \$30,324 (Q4 2021 - \$187,908) comprising 66% (Q4 2021 - 94%) of all net exploration costs. The exploration seasons in 2022 and 2021 ended at similar times; November 4, 2022 and October 26, 2021 respectively. However, much higher exploration costs were disbursed in the comparative Q4 2021 period because the drilling program of 4,785m was 2.4 times larger

than the 2022 drill program of 1,961m with total exploration costs 2.9 times higher in calendar 2021 than in calendar 2022, and in 2022, only 12% of the 2022 calendar exploration costs were incurred in Q4 2022 compared to 26% in Q4 2021.

In the current quarter, cash declined \$508,597 (Q4 2021 - \$1,523,696), almost entirely due to the disbursing of \$352,970 (Q4 2021 - \$1,638,261) on property exploration, \$272,123 (Q4 2021 - \$1,914 recovery) on operating activities, and the receipt of \$110,285 (Q4 2021 - \$114,304) in BC Mineral Exploration Tax Credits. The Q4 2021 nominal cash inflow from operations includes a \$95,000 reduction of prepaid expenses as an inflow with the deposits applied to exploration work done. Without these transactions, the operating cash outflow in Q4 2021 would have been \$93,086.

Management has reduced the Company's expected foreseeable total quarterly operating costs to \$200,000 from last year's Q4 2021 estimate of \$250,000. This estimate includes the fees to our V.P. Exploration and our Chief Geologist, both of who's fees are capitalized under exploration and evaluation assets and do not show up as an operating expense. We have budgeted lower independent consulting fees and digital marketing programs, amongst other changes, to reduce our costs. These operating cost estimates do not include share-based compensation, which is recognized on the statements of loss but is not a cash disbursement.

Three months ended December 31, 2022 compared to three months ended September 30, 2022:

The Company had a net loss of \$148,372 (Q3 2022 - \$234,732), composed of operating costs of \$177,256 (Q3 2022 - \$391,076) and other income totalling \$28,884 (Q3 2022 - \$156,344). The other income is comprised of other income on settlement of flow-through share premium liability of \$18,772 (Q3 2022 - \$144,786), interest income of \$11,274 (Q3 2022 - \$12,817), finance income of \$1,162 (Q3 2022 - \$1,257) and amortization of discount of \$2,324 (Q3 2022 - \$2,516).

Other income on settlement of flow-through share premium liability reflects an equal reduction of flow-through share premium liability due to the incurrence of qualifying exploration costs during the current period. In the current period, qualifying costs of \$162,573 were incurred and were sufficient to extinguish the flow-through share premium liability of \$18,772. In the previous quarter however, qualifying costs of \$1,110,025 were incurred, reducing the flow-through share premium liability and recognizing other income on settlement of flow-through share premium liability of \$144,786.

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.

The key operating costs were consulting fees of \$77,250 (Q3 2022 - \$89,250), investor relations fees of \$9,000 (Q3 2022 - \$9,000), professional fees of \$45,714 (Q3 2022 - \$4,171) and share-based compensation of \$9,775 (Q3 2022 - \$249,654), together accounting for 80% (Q3 2022 - 90%) of quarterly operating expenses. The remaining line items were similar over the periods, comprising amortization, communications, office, rent, regulatory and transfer agent fees and travel, all of which totalled \$35,517 (Q3 2022 - \$39,001). Although operating costs decreased substantially by \$213,820 in the current quarter compared to the prior quarter, this was mainly due to a decrease in share-based compensation of \$239,879 which was somewhat offset by an increase in professional fees of \$41,543, of which $\frac{3}{4}$ of that increase is the audit accrual.

Office and general expenses include corporate and liability insurance premiums, supplies, website hosting and IT fees, printing costs and dues, fees and subscriptions, with changes expected from period to period. Such costs were \$14,235 (Q3 2022 - \$20,170) during the period.

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 \$0.4 million as follows:

<u>Working capital at the date of this report:</u>		(\$000's)
Cash and cash equivalents		\$ 349
Receivables		38
Prepaid expenses and retainers		45
Due from related parties		6
Accounts payable and accrued liabilities		(35)
Short term lease liability		<u>(33)</u>
Total net working capital		<u><u>\$ 370</u></u>

Outstanding share information

There are 60,544,312 common shares outstanding as of the date of this report, unchanged from December 31, 2022. During the year then ended, the Company completed a private placement (the "Financing") of 7,704,434 units, raising \$1,704,445. The units consisted of 5,451,934 flow-through units at a price of \$0.23 per unit and 2,252,500 non-flow-through units at a price of \$0.20 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 allows the holder to purchase one additional common share at a price of \$0.33 per share for a 3-year period. The full proceeds of the flow-through private placement were incurred in 2022 on "Canadian exploration expenses" (within the meaning of the Act), subsequent to the Financing. The Company has renounced these expenses to the purchasers with the effective date of December 31, 2022.

A flow-through share premium was calculated at the time of share issuance as the price differential between the two types of equity units concurrently issued, calculated to be \$163,558 and which was offset against share capital and recognized as a flow-through share premium liability. Each quarter, the liability was reduced pro-rata due to the incurrence qualifying exploration costs. As at December 31, 2022, the flow-through share premium liability was \$Nil.

Each non-flow-through unit of the Financing consisted of one common share and one-half of one non-flow-through, non-transferable share purchase warrant. Each whole warrant allows the holder to purchase one additional common share at a price of \$0.30 per share for a 3-year period.

Total issuance costs of \$13,760 were incurred for filing fees and transfer agent fees.

Subsequent to December 31, 2022, the Company renounced its qualifying exploration expenses and issued the respective T101 tax slips to the subscribers with an effective renunciation date of December 31, 2022.

Stock options

During the year ended December 31, 2022, the Company recorded share-based compensation of \$259,429 in respect of the grant of 1,800,000 stock options to its directors, officers, and consultants, exercisable at \$0.20 per share for a five-year period. The Company's investor relations consultant received 150,000 of those stock options. The IR options vest over a one-year period while the other stock options vested upon grant.

At December 31, 2022 and the date of this report, there are 5,545,000 stock options outstanding.

Changes in stock options:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2021	4,880,000	\$ 0.59
Options expired	(760,000)	0.39
Options granted	1,800,000	0.20
Options terminated	(375,000)	0.81
Balance- December 31, 2022, and the date of this report	5,545,000	\$ 0.50

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

Expiry Date	Number of Options	Vested and exercisable	Exercise Price
April 23, 2023	120,000	120,000	\$ 0.45
July 13, 2023	900,000	900,000	1.35
August 9, 2023	25,000	25,000	1.05
October 6, 2025	450,000	450,000	0.40
April 12, 2026	450,000	450,000	0.50
September 27, 2026	1,800,000	1,800,000	0.39
August 31, 2027	1,800,000	1,725,000	0.20
Total outstanding options	5,545,000	5,470,000	\$ 0.50

Warrants

As at the date of this report, there are 15,640,371 share purchase warrants outstanding as follows:

	Number of Warrants outstanding	Weighted average exercise price
Balance at December 31, 2021	11,788,154	\$ 0.65
Warrants issued	3,852,217	0.32
Balance at December 31, 2022, and the date of this report	15,640,371	\$ 0.57

Outstanding warrants at the date of this report:

No. of warrants Outstanding	Exercise Price	Date
380,555	\$ 0.65	April 30, 2023
2,985,000	0.70	April 30, 2023
24,000	0.50	April 30, 2023
376,667	0.65	May 7, 2023
60,000	0.70	May 7, 2023
3,600	0.50	May 7, 2023
4,805,000	0.60	October 7, 2023
2,383,000	0.68	October 7, 2023
7,000	0.40	October 7, 2023
50,000	0.60	October 16, 2023
666,666	0.68	October 16, 2023
46,666	0.40	October 16, 2023
663,750	0.30	June 10, 2025
2,640,750	0.33	June 10, 2025
462,500	0.30	June 23, 2025
85,217	0.33	June 23, 2025
15,640,371		

Personnel changes

The Company's Chief Geologist, Nickolas Dudek, was appointed on March 30, 2022, following the resignation of Dr. Abdul Razique, who was the Company's Vice-President - Geoscience Services and formerly the Chief Geologist. There were no other changes in management during the year ended December 31, 2022.

Mr. Dudek is responsible for leading Metallis' field exploration team including the management of daily operations during the Company's 2022 field programs. Nickolas graduated with an Honors BSc. in Earth Science from McGill University in 2014 and completed his MSc. from the University of Ottawa in 2017. During his career, Mr. Dudek has worked across a diverse set of commodities and has worked on projects both abroad and throughout Canada. Companies he has worked with include Evergold Corp., Bitterroot Resources, Kodiak Copper Corp., and Amarc Resources Ltd. In 2017 he joined C.J. Greig & Associates Ltd. and was a critical part of GT Gold's discovery team

in the following years, where he logged core, interpreted oriented core and hyperspectral data, managed the logging database and was a primary 3D modeler.

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 year ended December 31, 2022, there were no changes to the Company's Board of Directors. The following related parties include directors and key management personnel, being officers and directors of the Company 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 controlled by the Chief Financial Officer and director, provides consulting services to the Company;
- c) D. G. Dupre and Associates Inc., a company 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., a company controlled by a director of the Company, 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 former Vice-President of Geoscience Services, who served that position from June 1, 2021 to the date of his resignation on March 1, 2022. Magma provided geological consulting services to the Company, the amounts of which were capitalized as geological costs under exploration and evaluation assets; and
- f) Etruscus Resources Corp. (“ETR”) is a public company related through two common directors and a common officer. ETR subleased ½ of the office space from the Company under a three-year sublease that commenced July 1, 2022. A prior three-year sublease agreement expired on June 30, 2022, and the new fixed lease payments remain the same as the expired agreement for the first 2 years, with a \$1/sq. ft. increase for year 3. Consequently, ETR also shares certain administrative expenses and also shared the 2022 exploration camp with the Company. Accordingly, day-to-day operations occasionally have receivables or payables due from or to ETR, respectively.

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 year ended December 31, 2022	Transactions for the year ended December 31, 2021	Balance receivable (payable) as at December 31, 2022	Balance receivable (payable) as at December 31, 2021
Avanti Consulting Inc.	(a)	\$ 144,000	\$ 149,000	\$ -	\$ -
Lever Capital Corp.	(b)	84,000	89,000	-	-
D.G. Dupre and Associates Inc.	(c)	60,000	63,500	-	-
DRW Geological Consultants Ltd.	(d)	-	-	(1,540)	-
Magma Geosciences Inc.	(e)	22,000	77,000	-	-
Etruscus Resources Corp.	(f)	-	-	51,725	496
Total		\$ 310,000	\$ 378,500	\$ 50,185	\$ 496

Loans to related parties:

On May 15, 2022, related party loans of \$48,119 and interest of \$453 were repaid to the Company. The loans commenced on May 15, 2021, were payable on demand, had a one-year term at CRA prescribed interest rates and were fully repaid in May 2022.

Advisory Board

The Company's Technical Advisory Board includes Dr. Michelle Campbell (appointed April 2021), Mr. Charlie Greig (April 2021), Lawrence Roulston (April 2014), Stephen Wetherup (April 2017), Dr. Farhad Bouzari and Mr. Andrew McIntosh (both appointed April 2020).

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

As the COVID-19 pandemic transitions to an endemic, the nature of the virus is changing as new variants emerge and governments and businesses adjust their health and safety protocols. There is currently no certainty regarding the long-term effectiveness of vaccines. Future operating disruptions and volatile supply chain disruptions may continue to occur as a result of new disease outbreaks, not limited to COVID-19. Government regulations may change at any time, impacting operating procedures, including possible economic closures.

The Company's top priority remains the health and safety of its workers. Through the COVID-19 pandemic, the Company's Health, Safety, Environment and Social Responsibility Committee adopted BC Health Authority protocols and the periodic amendments, to guide and facilitate our continuing operations. We also developed a Worksafe BC COVID-19 Safety Plan which we coordinated with similar plans developed by our exploration subcontractors.

Climate Change

The extent of climate change and its impact on the Company's future operations cannot be determined. Climate change may cause environmental conditions that affect the Company's ability to execute its exploration programs or access its properties, and it may also affect regulatory, government and health and safety policies. Future mine development would include estimates of carbon impacts and provide decarbonization strategies.

Global reporting standards for climate change risks are not yet firmly established with varying regulatory bodies and differing reporting frameworks. However, the reporting framework offered by the Task Force on Climate Related Financial Disclosures ("TCFD") has emerged as the pre-eminent global standard for such reporting. TCFD is being used as the backbone for standards development by various global regulatory bodies like the SEC, the International Sustainability Standards Board and the Canadian Standards Association.

The timeline for reporting mandatory climate reporting for junior exploration companies is expected to begin in 2024. The Company has not yet adopted any climate reporting framework.

Financing

The Company may not be successful at raising future financing and if it expends all of its cash on hand, it could 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 explore 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. Due to 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

In recent years, the mining industry has begun to make much progress globally in ESG (environmental, social, governance) reporting, bringing more stakeholders and their concerns into the exploration, development, and operating phases of mining. Eventually, communities, investors and stakeholders will be able to gauge an entity's actions within a reliable framework of standardized reporting. Global ESG reporting standards are continuing to evolve as there are issues around the extent of disclosure, who discloses what, and what set of standards to use. At this time, the Company has not elected to use these non-mandatory disclosure templates, based on the scale of the Company operations. However, this MD&A does include discussions on the Company's adherence to standards, compliance, health and safety, reclamation efforts and its First Nations relationships.

Increased 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 along with 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 processes.

The Company's resource properties lie within the traditional territory of the Tahltan Nation, a key stakeholder with which the Company has maintained Communication and Opportunity Sharing Agreements since 2018. Joint areas of fundamental 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.

Critical judgements and estimates

In preparing these annual 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 year ended December 31, 2022 are the same as those described in the annual financial statements for the year ended December 31, 2021.

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 could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from the assumptions made. Key judgements and estimations follow:

- a) The Company capitalizes its exploration and evaluation costs on the statement of financial position. The recoverability of the carrying value requires assumptions and judgements as does the verification of property title. The Company takes 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;
- b) 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;

- c) The Company uses the Black-Scholes pricing model to determine the fair value of stock option grants and certain warrants issued under private placements. The inputs used in the model require estimates of the fair value of the shares, expected life of options, volatility, expected dividend yield, forfeiture rates and the risk-free interest rate. These estimates impact share-based compensation expense in the profit or loss and share capital and shareholder's equity on statements of financial position;
- d) The Company raises financing by issuing equity comprised of flow-through shares and/or non-flow-through shares. When flow-through shares are issued, a flow-through share premium liability is recognized, and that recognition requires estimations of the fair value of the non-flow-through and flow-through shares;
- e) The values of right-of-use assets and lease liabilities requires judgements to determine the lease term, the likelihood of an extension option being exercised and the incremental borrowing rate. 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 profit or loss, including depreciation, rent expense, finance expense and finance income; and
- f) The assumption that the Company is a going concern and will continue operating for the foreseeable future is a judgement.

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. As at December 31, 2022, the Company's maximum credit risk is equal to \$686,217.

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 short term repayment period, the influence of management, 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

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's operations do not currently generate positive cash flows, and historically the Company has relied on equity financings, and to a lesser extent non-core asset sales, for its capital requirements. As at December 31, 2022, the Company has working capital of \$0.4 million (December 31, 2021 - \$1.0 million). The existing liquidity is expected to finance working capital requirements and Phase 1 exploration work into mid-2023. Additional financing will be required to complete the balance of the 2023 exploration programs and for working capital through 2023.

The Company will continue to depend upon equity capital as required and may also enter into convertible debentures, earn-in arrangements, joint ventures, or the sale of certain property interests. However, there can be no assurance the Company will be able to complete future financings on acceptable terms. The ability of the Company to continue this course will depend, in part, on the prevailing market conditions and the market interest in financing the Company's mineral property exploration programs.

The following are the contractual maturities of financial liabilities as at December 31, 2022:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
Accounts payable and accrued liabilities	\$ 166,171	\$ 166,171	\$ 166,171	\$ -	\$ -
Due to related party	1,540	1,540	1,540		
Lease liabilities	91,114	102,600	40,500	41,175	20,925
Total	\$ 258,825	\$ 270,311	\$ 208,211	\$ 41,175	\$ 20,925

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 and accordingly has not needed to enter into any interest rate swaps or other financial arrangements to mitigate exposure to interest rate fluctuations. Current interest rates have allowed excess cash to yield higher interest income. For these reasons, the Company believes it is not subject to material risks should interest rates rise further.

Foreign Currency Risk

The Company's functional currency is the Canadian dollar and nominal amounts are in other currencies. To date, the Company has had no exposure to any foreign currency through its cash, receivables, payables, or equity transactions. Management therefore believes the foreign exchange risk derived from currency conversions is immaterial.

Management's Responsibility for the Annual Financial Statements

Information provided in this report, and the Company's annual financial statements for the year ended December 31, 2022, 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 annual 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.

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.