

**TARANIS RESOURCES INC.  
MANAGEMENT DISCUSSION & ANALYSIS,  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021  
(Including subsequent events to November 4, 2021)**

This Management Discussion and Analysis (“MD&A”) is provided for the purpose of reviewing the performance of Taranis Resources Inc. (“Taranis” or “the Company”) for the nine months ended September 30, 2020 and comparing results with the previous year. It should be read in conjunction with the Company’s unaudited, condensed consolidated financial statements and corresponding notes for the six months ended September 30, 2021 and its audited consolidated financial statements and corresponding notes for the year ended December 31, 2020, both of which were prepared in accordance with International Financial reporting Standards (“IFRS”)

The Company’s management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company’s board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders.

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

The reader is encouraged to review the Company’s statutory filings on [www.sedar.com](http://www.sedar.com) and general information on its website [www.taranisresources.com](http://www.taranisresources.com).

**FORWARD LOOKING STATEMENTS**

All statements in this report that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements represent the Company’s intentions, plans, expectations and beliefs and are subject to risks, uncertainties and other factors of which many are beyond its control. These factors could cause actual results to differ materially from such forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, as a result of new information, future events or otherwise.

**OVERALL PERFORMANCE**

As of November 4, 2021 Taranis has sufficient funds to meet its fixed overhead commitments to the end of December 2021. See “Capital Resources and Liquidity” and “Financial Instruments and Capital Risk Management” for more information.

## **DESCRIPTION OF BUSINESS**

The Company is principally engaged in the acquisition, exploration and, if results warrant, development of precious and base metal projects. It is currently actively exploring and developing one advanced-stage precious/base metal prospect in British Columbia, Canada.

All of the Company's exploration activities are overseen by John Gardiner (P. Geol.), a Qualified Person under the meaning of Canadian National Instrument 43-101.

## **RESULTS OF OPERATIONS**

The cumulative costs of Exploration and Evaluation Assets for the nine months ended September 30, 2021 are as follows:

### **EXPLORATION AND EVALUATION ASSETS**

	September 30, 2021
<b>Thor Property</b>	
<b>Acquisition costs:</b>	
Balance, beginning of period	\$ 780,784
Additions	<u>6,407</u>
Balance, end of period	<u>787,191</u>
<b>Exploration costs:</b>	
Balance, beginning of period	4,767,770
Assaying and metallurgy	7,418
Geological fees	43,011
Engineering and permitting	21,572
Drilling and metallurgy	<u>233,627</u>
Balance, end of year	<u>5,073,398</u>
<b>Total costs</b>	<b><u>\$ 5,860,589</u></b>

### **Other Projects/Evaluations**

Periodically the Company evaluates other exploration opportunities that have either been directly identified by it or have been brought to its attention. These projects fall under the heading of Property Evaluation and typically include the cost of data evaluation and site visits. These costs are capitalized if the property is acquired; otherwise they are written off.

## **Thor Property, British Columbia, Canada**

The Company's Thor property, which is in the Revelstoke Mining District of British Columbia and includes 27 Crown Granted Mineral Claims and 14 Mineral Tenures covering approximately 3,314 hectares, forms a contiguous 100% owned property over the Thor precious and base metal deposit.

The Thor deposit occurs on the northwest end of a major geological structure called the Silver-Cup Anticline. The Silver Cup Anticline hosts almost all of the major known precious-base metal deposits in the Silver Cup mining District. The Silver Cup mining district saw extensive development in the early 1900's and had a number of former producing mines operating including the Silver Cup, Triune and Nettie L. Mines.

### **Geology of the Thor Project**

Silver, gold, copper, lead and zinc lodes are associated with the Thor Fault Zone ("TFZ"), a major geological structure that extends for upwards of 4 km on the property in a north-northwest direction. The TFZ dips moderately to the ENE and consists of individual segments that commonly overlap, in an en-echelon fashion. The TFZ obliquely crosscuts the northwest trending Silver Cup Anticline that hosts a number of other silver deposits in the region.

The TFZ contains all of the known precious/base metal zones on the property. These include, from south-southeast to north-northwest, the Broadview, Great Northern, True Fissure, SIF, Blue Bell and the Ridge Zones. The recently discovered Thunder Zone is the only known mineral occurrence on the northeast side of the Silver Cup Anticline and occurs northeast of the Blue bell Zone.

Taranis has conducted substantial drilling along the TFZ. It has also conducted surface exploration on the Intrusive Target that lies under Broadview Creek that is potentially the source of the precious and base metal mineralization at Thor.

### **Stratigraphy**

There are three important rock types found on the property and these are described briefly below.

- **Sharon Creek Formation** - The oldest rocks found on the property are carbonaceous shales that are generally black in colour, and are prone to rapid weathering. Rocks of this formation are commonly found in recessively weathered areas and valleys. Fissure Creek is localized along the axis of the Silver Cup Anticline that exposes the Sharon Creek Formation. These rocks are generally devoid of mineralization, but they can include extensive pyritization in areas.
- **Broadview Formation** - Directly overlying the Sharon Creek Formation are resistive weathering greywacke/clastic rocks of the Broadview Formation. These rocks are typically massive, siliceous and are commonly found on hilltops and higher areas of elevation. The Broadview Formation is also referred to as the *lithocap* by geologists owing to its impermeable nature to mineralization.

- **Jowett Formation (Volcanic and Intrusive Rocks)** - In a regional setting, the Sharon Creek Formation and the younger Broadview Formation are separated by the Jowett Formation. The Jowett Formation largely consists of volcanic rocks (agglomerates, breccias, pyroclastic rocks and mafic volcanic flows) with minor sediments (argillite and limestone). Although the Jowett Formation has not been formally identified at Thor, its presence is strongly inferred from a complex series of rocks that are commonly referred to as “Green Tuff” in the mine site geology. Its presence is also indicated from magnetic modeling that has indicated the presence of a large ‘intrusive’ feature at depth below the Thor epithermal deposit,

### **Model of Mineralization at Thor – The Epithermal/Porphyry Model (*Source, Conduit and Trap*)**

The model that is used to describe the deposit is an intermediate-sulfide epithermal model. The model is useful because it accounts for many of the features found in the deposit including vuggy, gold bearing deposits (SIF) at the top and periphery of the deposit that have extensive jarosite alteration, and a general progression to increased base metal content at depth along the deposit.

The **Source** of the mineralization at Thor is most likely a large intrusive body found under Broadview Creek, the **Conduit** is the Thor Fault Zone which obliquely crosscuts the Silver Cup Anticline, and finally the **Trap** is a lithology called the Jowett Formation lying under the Broadview Formation that is a tight caprock. While the **Source** part of this model remains to be tested with drilling for porphyry-type mineralization, it was the subject of further exploration activity in 2021 including ground geophysical surveys and surface sampling.

The age of mineralization at Thor postdates the folding event that created the Silver Cup Anticline. Silver/gold and base metals are preferentially emplaced along the TFZ and strike north-northwest and dip moderately to the ENE (45<sup>0</sup>). Slickensides indicate that there has been significant sinistral strike-slip movement along the TFZ, but it is also suspected that the fault had an earlier normal episode where the east-northeast side has been down-dropped.

### **Stratigraphic and Structural Control of the Thor Deposit**

Within the plane of the TFZ, mineralization is preferentially emplaced along the Sharon Creek/Broadview Formation contact that abuts the TFZ. Mineralizing fluids have ascended along the TFZ, and where they hit the receptive Jowett Formation, it forms extensive and wide zones of mineralization. There has been minimal exploration completed on the northeast side of the Silver Cup Anticline but drilling in 2021 discovered the Thunder Zone that demonstrates mineralization continues in this area under Thor’s Ridge. In longitudinal cross-section, the morphology of the lodes show they plunge at a shallow angle to the north-northwest and are controlled by faulting within the TFZ.

Taranis has developed a structural model that shows mineralized zones at Thor occur within a series of tension gashes that have formed within the TFZ that exhibit sinistral deformation. This model is predictive and shows a series of staircasing, or en-echelon zones that migrate 60-100

meters to the east-northeast on the end of the individual zones. This structural model was key to the discovery of the Thunder Zone.

### **Main Areas of Exploration at Thor**

The following section describes the two main areas that have become the focus of exploration at Thor:

#### ***Ridge Target (Thunder Zone)***

The Ridge Target was explored in the summer of 2021 by surface drilling and geophysical surveying (electrical tomography, electromagnetics and surface outcrop sampling). Exploration in this area is difficult owing to the presence of steep terrain, and the discovery of a large landslide that covered bedrock and proved to have difficult ground conditions for drilling.

Although most analytical results from most of the summer 2021 drilling is pending, the results of the first three holes have been received and analyzed and are extremely encouraging. These show the presence of a previously unknown zone (Thunder Zone) that lies approximately 60-100 m in the hanging-wall of the Blue Bell Zone. This is a brand-new discovery that holds incredible potential to expand the Resource at Thor north under Thor’s Ridge. The following table highlights the discovery hole Thor-220 which shows grades similar to many of the other lodes at Thor:

<b>Thor-220 Analytical Results</b>								
<b>From (m)</b>	<b>To (m)</b>	<b>Thickness (m)</b>	<b>% Cu</b>	<b>% Pb</b>	<b>% Zn</b>	<b>% Combined Cu+Pb+Zn</b>	<b>Silver (g/t)</b>	<b>Gold (g/t)</b>
68.13	72.09	3.96	0.15	2.63	3.63	6.42	253.8	0.61

#### ***Intrusive Target***

Future drilling will test for the presence/characteristics of an intrusive body that is found under the Thor deposit in the vicinity of Broadview Creek. This is an important feature since the presence of this body would suggest it is the **Source** (‘heat engine’) for the Thor deposit. Based on the epithermal/porphyry model, the intrusive body itself could be mineralized. The presence of the body is an interpretation based on ground magnetic surveying and petrology investigations by the Colorado School of Mines that was completed on some “porphyritic” rocks found in Broadview Creek. This petrographic study identified ‘hornfels’ – a rock associated with contact metamorphism around intrusive bodies. This hornfels also appeared to be mineralized with sulfide minerals including pyrite, tetrahedrite/galena and it is known that sphalerite occurs in ‘dyke rocks’ further up Broadview Creek.

Diamond drilling will test the magnetic body at two levels. The intrusive body that was modeled from the ground magnetics appears to have a juncture between two portions – an upper part that strikes NNW and a lower part that strikes almost east-west. This juncture causes a significant magnetic feature at this location, and it is almost certainly related to intrusive rocks. Exploration drilling will target the an area where it appears that the Great Northern Zone projects down into the magnetic body, and there is a large conductive area lying on the top of the magnetic body.

Taranis completed deep penetrating electrical surveys along the Broadview Road in the summer of 2021 and also VLF electromagnetic surveying in the area will help in the design and placement of deep drill holes planned for the summer of 2022.

### **Other Exploration Work**

The Company submitted final engineering design for two bridges that will be used to access the area north of the Thor deposit. These documents were submitted to the Ministry of Energy, Mines and Low Carbon Innovation (“EMLI”) for final review on August 23, 2021. EMLI had up to 45 days to provide comments on the design. Taranis received no comments on the design and thus construction can begin in the summer of 2022.

### **Thor 10,000 tonne Bulk Sample**

Taranis has received Mining and Environmental permits for the Thor 10,000 tonne bulk sample. Initial engineering work consisted of geotechnical drilling in the area of the True Fissure Millsite which was completed in September of 2021. This work was bonded under the Mining Permit.

The 10,000 tonne bulk sample is deemed a crucial aspect of any further exploration effort at Thor, as it documents the physical and chemical characteristics of the Thor deposit that can be used in future feasibility studies of mining the deposit. Apart from the silver-gold-lead-zinc-copper aspects of the deposit, the deposit is known to contain by-product minerals including antimony, tin and indium. The bulk sampling operation will produce a pre-concentrate onsite (separating valuable minerals from gangue), and the pre-concentrate will undergo extensive testing for metal content, recoveries and physical characteristics. The pre-concentrate will then be sent to a hydro-metallurgical facility where it will up-graded to a commercially saleable concentrate. This concentrate will then be shipped to a smelter where it will be of sufficient size to formulate a smelter contract. These processing steps will help identify many items that are needed in order to conduct an economic study of the Thor deposit.

As part of a Site Investigation (“SI”) Taranis completed 12 geotechnical auger holes on the True Fissure Millsite and 2 core holes designed to test the depth to bedrock. This work was done under the direction of Knight Piesold Engineering who is preparing the SI. The SI is a key part of the permitting activity for the 10,000 tonne bulk sample.

### **SUMMARY OF QUARTERLY RESULTS**

	Sept 30, 2020	June 30, 2021	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020	June 30, 2020	Mar 31, 2020	Dec 31, 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Net Income (Loss)	(130,515)	(46,171)	34,825	(135,009)	(27,937)	6,412	(27,046)	(55,983)
Earnings (loss) per share								
Basic	(0.00)	(0.00)	0.00	(0.00)	(0.00)	0.00	(0.00)	(0.00)
Diluted	(0.00)	(0.00)	0.00	(0.00)	(0.00)	0.00	(0.00)	(0.00)

The Company has generally experienced quarterly losses over the last two years. This is a result of the fact that as a mineral exploration company the Company does not have a regular revenue stream. The majority of its expenditures are for capitalized exploration costs which are not accounted for as operation expenses. Differences in quarterly losses can generally be attributed to the variations in share-based payments and the periodic write-off of Exploration and Evaluation Assets.

The loss in the third quarter of 2021 includes a charge of \$112,500 for share based compensation relating to the granting of 1,150,000 directors options.

The comprehensive income during the first quarter of 2021 was the result of the sale by the Company of certain exploration data relating to previously abandoned properties. The comprehensive income during the second quarter of 2020 was a result of the sale of exploration equipment.

The larger than usual loss in the fourth quarter of 2020 is the result of an increase in professional fees during the quarter and a loss incurred (\$21,434) on the settlement of debt through the issuance of shares.

### **OUTSTANDING SHARE DATA**

Authorized

Unlimited common shares without par value  
 Unlimited class A preferred shares with a par value of \$1

Issued and outstanding as at November 4, 2021

78,328,424 common shares

As at the date of this MD&A the following incentive stock options and share purchase warrants were outstanding:

	Number of Shares	Exercise Price	Expiry Date
Options	200,000	\$0.10	December 13, 2021
	600,000	\$0.11	August 8, 2022
	1,200,000	\$0.10	March 20, 2023
	300,000	\$0.11	April 16, 2023
	50,000	\$0.08	October 24, 2024
	1,150,000	\$0.10	September 14, 2026
Flow-through Warrants	2,000,333	\$0.15	December 29, 2022
	2,520,000	\$0.15	August 25, 2022
Regular Warrants	833,333	\$0.15	November 17, 2022

## **TRANSACTIONS WITH RELATED PARTIES**

During the nine months ended September 30, 2021 the Company entered into the following transactions with related parties:

- a) paid or accrued \$10,500 (2020 - \$10,500) to a director and CFO, Gary McDonald, for accounting services;
- b) paid or accrued \$24,000 (2020 - \$23,000) for legal services to a corporation controlled by Glenn R. Yeadon, a director and the Secretary of the Company;
- c) paid or accrued \$123,344 (2020 - \$40,010) for exploration and administrative services to a corporation controlled by John J. Gardiner, a director and CEO of the Company;
- d) accrued loan interest of \$6,000 (2020 - \$6,000) to Matachewan Consolidated Mines, Limited, a corporation related to the Company through a common director;
- e) accrued loan interest of \$2,118 (2020 - \$2,118) to McChip Resources Inc., a corporation related to the Company through a common director.

Included in accounts payable and accrued liabilities is \$187,696 (2020 - \$148,429) due to directors, companies controlled by directors of the Company and companies related to the Company through a common director.

## **OFF BALANCE SHEET ARRANGEMENTS**

Taranis does not utilize off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**

As at November 4, 2021 the Company has no proposed transactions.

## **CAPITAL RESOURCES AND LIQUIDITY**

As at September 30, 2021 the Company had a working capital of deficiency of \$213,523 and cash of \$353,359. Periodically, additional financing is required to enable the Company to sustain its historic level of exploration activity. Management continually evaluates different financing options.

On May 10, 2021 the Company issued:

- a) 2,086,667 flow-through common shares at a price of \$0.12 each and
- b) 1,696,500 ordinary shares at a price of \$0.10 each.

On August 25, 2020 the Company issued 2,520,000 flow-through units at a price of \$0.10 per unit, each unit consisting of one flow-through share and one share purchase warrant, with each warrant entitling the holder to purchase one additional flow-through share at a price of \$0.15 until August 25, 2022.



On August 28, 2019 the Company issued 775,100 units at a price of \$0.10 per unit, each unit consisting of one common share and one common share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.15 until August 28, 2021. These warrants expired unexercised.

On August 28, 2019 the Company issued 2,100,000 flow-through units at a price of \$0.10 per unit, each unit consisting of one flow-through common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional flow-through common share at a price of \$0.15 until August 28, 2021. These warrants expired unexercised.

## **FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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;

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, loan payable, due to related parties and accounts payable and accrued liabilities approximate their carrying value, due to the short-term nature of these instruments. The Company's cash under the fair value hierarchy is based on level 1 quoted prices in active markets for identical assets or liabilities.

The Company is exposed in varying degrees to a variety of financial instrument related risks:

### **Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk with respect to financial instruments included in receivables is remote, because these instruments are due primarily from government agencies and cash is held with reputable financial institutions.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations 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 they come due. As at September 30, 2021, the Company had a cash balance of \$353,359 (2020 –\$332,452) to settle current liabilities of \$596,603 (2020 – \$620,553). All of the Company's financial liabilities are subject to normal trade terms.

Management is actively pursuing options to enable it to meet its current obligations as they become due.

## Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

### a) Interest rate risk

The Company has cash balances and loans payable bearing interest at 5% and 8% per annum. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions when deemed appropriate. Management periodically monitors such investments and debts and makes adjustments as necessary but does not believe interest rate risk to be significant.

### b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in United States Dollars or Euros. Management believes the risk is not currently significant as only a small portion of these assets and liabilities as at September 30, 2021 are denominated in United States Dollars or Euros.

### c) Price risk

The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken. Fluctuations in pricing may be significant.

## Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition and exploration of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2021.

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#### CORPORATE INFORMATION

John J. Gardiner, Estes Park, Colorado, U.S.A.	President, Chief Executive Officer and Director
Glenn R. Yeadon, Vancouver, B.C., Canada	Secretary and Director
Gary R. McDonald, New Westminster, B.C., Canada	Chief Financial Officer and Director
Richard D. McCloskey, Toronto, Ontario, Canada	Director
Thomas Gardiner, Estes Park, Colorado, U.S.A	Director

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Share Capitalization	
Authorized	Unlimited common shares Unlimited Class A preferred shares
Issued and Outstanding at September 30, 2021	78,328,424 common shares
Issued and Outstanding at November 4, 2021	78,328,424 common shares
Incentive Stock Options outstanding at November 4, 2021	3,500,000
Share purchase warrants outstanding at November 4, 2021	5,353,666