

**TARANIS RESOURCES INC.
MANAGEMENT DISCUSSION & ANALYSIS,
FOR THE YEAR ENDED DECEMBER 31, 2022
(Including events subsequent to April 25, 2023)**

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 year ended December 31, 2022 and comparing results with the previous year. It should be read in conjunction with the Company’s audited consolidated financial statements and corresponding notes for the year ended December 31, 2022 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, as well as for ensuring 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.

Recent global issues, including the ongoing COVID-19 pandemic and the 2022 Russian invasion of Ukraine have adversely affected workplaces, economies, supply chains, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of these issues and their effects on the Company's business or results of operations this time.

The reader is encouraged to review the Company’s statutory filings on www.sedar.com and general information on its website 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 April 25, 2023, the Company has sufficient funds to meet its fixed overhead commitments to the end of December 2023. 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. Geo.), 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 year ended December 31, 2022 are as follows:

EXPLORATION AND EVALUATION ASSETS

	December 31, 2022	December 31, 2021
Thor Property		
Acquisition costs:		
Balance, beginning of period	\$ 787,191	\$ 780,784
Additions	1,077	6,407
Balance, end of period	788,268	787,191
Exploration costs:		
Balance, beginning of period	5,137,855	4,767,770
Assaying and metallurgy	44,811	17,959
Geological fees	155,854	67,131
Surveying	117,391	33,272
Drilling and trenching	197,495	251,723
	515,551	370,085
Balance, end of period	5,653,406	5,137,855
Total costs	\$ 6,441,674	\$ 5,925,046

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, located in the Revelstoke Mining District of British Columbia, includes 27 Crown Granted Mineral Claims and 15 Mineral Tenures covering approximately 3,300 hectares. The combined Crown Grants and Mineral Tenures form a contiguous 100% owned property over the known Thor precious and base metal deposit.

The Crown Grant claims at Thor are in good standing; they were issued between 1896 and 1914, and in various places convey surface, timber, and water rights to their holder. Most importantly, the Crown Grants convey title to the described "Parcel of Land, and all minerals, precious and base (save coal)" in fee simple.

As it relies on Crown Grant mining claims as well as Mineral Tenures to secure its property interest, Taranis is affected by ongoing discussions in British Columbia about Indigenous Title. In March of 2022, Taranis proactively contacted the British Columbia Ministry of Indigenous Relations and Reconciliation ("MIRR") to fully understand whether the Thor project land package is a matter of contention among any First Nations groups. MIRR responded that the ongoing treaty negotiations with the Ktunaxa Nation do not contemplate any transfers of land title in the Trout Lake area. Furthermore, Taranis was assured "that the Province will continue to honour any pre-existing tenures, whether surface or subsurface".

The Thor deposit occurs within a major geological structure called the Silver Cup Anticline where it is transected by a north-northwest structure called the Thor Fault Zone ("TFZ"). The Silver Cup Anticline hosts almost all of the known precious-base metal deposits in the Silver Cup mining District. The Silver Cup mining district saw extensive mining development in the early 1900's and hosted several past producing mines operating including the Spider, Silver Cup, Triune and Nettie L. Mines.

EXPLORATION AND GEOLOGY

General 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 older northwest trending Silver Cup Anticline.

The TFZ contains all of the known precious/base metal zones on the property. These include (from south-southeast to north-northwest): Broadview, Great Northern, True Fissure, SIF, Blue Bell, and the Thunder 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, which was historically the northernmost known mineralized zone on the Thor project.

Taranis has conducted substantial drilling (over 250 drill holes) within the TFZ that have defined a Mineral Resource. In addition, the Company has also conducted surface exploration on a deep underlying feature referred to as the 'Intrusive Target'. The Intrusive Target appears to be related to distinct rocks that are termed 'green rocks'; a name used by Company geologists to describe

the alteration typically associated with a porphyry-copper type setting. Based on analogues in British Columbia, the epithermal deposit at Thor could be sitting on top of an intrusive body hosted almost entirely within metasedimentary rocks that may contain substantial amounts of lower grade intrusive-hosted mineralization.

Stratigraphy Sequence at Thor

There are three important rock formations found on the property, and these are described briefly below from youngest to oldest.

- **Broadview Formation** - Directly overlying the Sharon Creek Formation are resistive weathering greywacke/clastic and volcanic rocks of the Broadview Formation. These rocks are typically massive, siliceous and are commonly found on hilltops or in areas of higher elevation. Volcanic rocks are intercalated within the sedimentary rocks and are generally tuffaceous in character. The sediments are tightly folded and plunge steeply to the northwest. The Broadview Formation is thought to resemble what is referred to by geologists as a *lithocap* formation, due to its impermeability to mineralized hydrothermal systems flowing up from below.
- **Jowett Formation (Volcanic/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). Unlike the metasedimentary rocks of the Broadview Formation, this rock unit is prone to alteration characteristic of porphyry deposits found elsewhere in British Columbia. Although the Jowett Formation has not been formally identified at Thor, its presence is strongly inferred from outcrop found in an area exposed by Broadview Creek. In 2022 the Company undertook comprehensive exploration of this area to improve the understanding of the relationship of ‘green rocks’ that extensively underly the known epithermal deposit.
- **Sharon Creek Formation** - The oldest rocks found on the property are fine-grained pelitic rocks that are generally grey/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 and exposes the Sharon Creek Formation. These rocks are generally devoid of mineralization, but they can be extensively pyritized in areas, particularly when in proximity to the TFZ. The rocks are folded into tight isoclinal folds.

Evolving the Exploration Model for Thor

The model that is used to describe the existing Thor deposit is an intermediate-sulfide epithermal model. The model is useful because it accounts for many of the features found in the epithermal deposit including vuggy, jarosite-altered, gold-bearing deposits (SIF Zone) at the top and periphery of the deposit, and a general progression toward increased base metal content at depth along the deposit. The Thor deposit exhibits many geological similarities to other epithermal deposits found near intrusive bodies which host porphyry deposits. Such systems are typically called “linked” porphyry-epithermal deposits.

The linked porphyry/intermediate-sulfide epithermal exploration model, now extensively applied at Thor, led to the discovery of the Thunder Zone in 2021. Three previously unexplored areas (discussed below) which are likely to host significant epithermal zones at Thor, bring the total possible number of discrete epithermal bodies at Thor to ten or more. Naturally, the successful application of this model to discover additional mineralized zones has created the impetus to explore for a large underlying porphyry/intrusive body that could be the origin of the epithermal deposits. A wealth of information exists to suggest the presence of a mineralized porphyry body at Thor, and this is the focus of much of the current exploration activity.

Exploration at Thor is broken down into two broad categories by Taranis for simplicity of discussion.

The first is *epithermal zones*, which to-date contribute all of the known material to the Mineral Resource at Thor. The 2022 airborne MobileMT and magnetic susceptibility survey appears to have successfully identified several additional epithermal zones, and those zones are discussed briefly below.

The second type of inferred mineralization, within a large *intrusive body*, is likely to be related to the ‘green rock’ which is known to occur under the epithermal deposit. In contrast to most porphyry deposit in British Columbia, Thor is hosted almost entirely within sedimentary rocks. As a result, the alteration potentially related to an intrusive body is significantly different than what would be considered a classic volcanic-hosted deposit commonly found in British Columbia. These types of deposits are well documented in the United States and are referred to as Deep Apex Sediment Hosted (“*DASH*”) deposits.

Anatomy of a Linked System – The Relationship of Epithermal Deposits to a Source

In the linked porphyry-epithermal deposit model, the *Source* of the mineralization at Thor is most likely a large intrusive body, the *Conduits* 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, which serves as a tight caprock and is folded into an anticline.

While the *Source* part of this model remains to be tested with deep drilling for porphyry-type mineralization, it was the subject of exploration activity in 2022 including ground geophysical surveys, rock sampling, carbon and oxygen isotope studies, age dating and alteration mapping using an OreXpress Short-Wave Infrared handheld spectrometer. In 2022 the Company engaged Expert Geophysics (Newmarket, Ontario) to fly an airborne survey, to map the area in much greater detail at depths extending to approximately 2.5 km.

All the known epithermal zones combine into a deposit strike length of over 2.5 km of continuous mineralization along or near surface, and are found in the *Trap*. Total strike length of epithermal mineralization at surface with the new targets established via the 2022 airborne geophysical survey could be upwards of 3.3 km.

The age of mineralization at Thor postdates the regional folding (Antler Orogeny – Devonian/Mississippian) event that created the northwest-trending Silver Cup Anticline. Silver/gold and base metals are preferentially emplaced along the TFZ and strike north-northwest

and dip moderately to the ENE (45⁰), and clearly postdate formation of the Silver Cup Anticline. Slickensides indicate that there has been significant sinistral strike-slip movement along the TFZ.

The northeast limb of the Silver Cup Anticline preserves older fine-grained pelitic rocks of the Sharon Creek Formation which in-turn are overlain by rocks of the Jowett and Broadview Formation (volcanics and greywacke). Previous exploration has recorded numerous gossans on the north side of Thor's Ridge, sourced from the epithermal vein system that transects this area. The gossans are almost certainly derived from leached sulphide minerals and have been observed at surface up to 1 km north-northwest of the known mineralized areas within the Thor epithermal trend.

Based on airborne geophysics and geological evidence, there is growing evidence that the Thor epithermal deposit was emplaced in a fault structure (TFZ) where it crosscut the Silver Cup Anticline. The underlying Sharon Creek Formation which is folded into a west-northwest-trending anticline has been faulted by the north-west trending TFZ, and now forms two conductive segments that have been faulted into an "S"-shaped pattern. The elevated conductivity is due to intense carbonization and pyritization of the Sharon Creek Formation. This suggests that there is an underlying intrusive body that has led to this prolific alteration of the Sharon Creek Formation underlying the Thor epithermal deposit.

DASH Deposit

Taranis has carefully studied the nearby Max porphyry molybdenum deposit (8 km SW) as it explores Thor in order to contextualize and interpret the vein-type Ag/Au/Pb/Zn/Cu epithermal mineralization at Thor. Previous descriptions of the Max mine show that the porphyry is entirely hosted within metasedimentary rocks, and it is associated with minor peripheral epithermal type veins that contain silver, lead and zinc. Third-party publicly available research has shown that the epithermal-type veins peripheral to Max were formed by the intrusive. Taranis believes that the Thor epithermal deposit is a direct analogy to this situation, and that the comparatively massive epithermal deposit found at Thor occurs in close proximity to a concealed intrusive body, similar to what is seen at Max.

In terms of a potential porphyry deposit, sediment-hosted types are a relatively uncommon deposit type, and known examples include one of the largest deposits found in North America (Bingham Canyon). The alteration footprint is markedly different from classic volcanic-hosted porphyry deposits that are commonly found throughout British Columbia, which complicates exploration. Sediment-hosted porphyries also occur further east than the classic volcanic-hosted porphyry deposits. These have been described elsewhere around Butte, Montana and are referred to by George Brimhall of the University of California, Berkeley, as **DASH** deposits (Deep Apex Sediment Hosted deposits).

Hydrothermal Alteration Associated with the Epithermal and Intrusive Target

One of the most important exploration guides pertains to alteration around ore deposits. It can be used as a guide to conduct further exploration and locate either new parts of existing deposits, or even entirely new deposits. At Thor, the alteration found at surface is related to epithermal mineralization, but there is also evidence of hydrothermal alteration related to a much larger intrusive body that is postulated to underly the epithermal deposit.

The epithermal deposit is hosted within metasedimentary rocks of the Broadview Formation, leading to a very specific type of hydrothermal alteration; namely sericitization and the introduction of carbonate and minor magnetite within rocks around the epithermal vein system. In contrast, the underlying Jowett Formation consists largely of mafic volcanic rocks that are found within a layer that is perhaps 50-100m thick. These rocks exhibit very different mineral assemblages that are suggestive of widespread hydrothermal alteration including hornblende, pyroxene, epidote, chlorite, carbonate, albite and widespread magnetite formation.

The Sharon Creek Formation also exhibits considerable alteration around the epithermal deposit in the form of carbonaceous and pyritic alteration. Taranis has initiated carbon-isotope geochemical studies of the Sharon Creek Formation in hopes of understanding alteration within this pelitic assemblage of rocks. Widespread pyritization can also be found in areas of carbonization in close vicinity to the epithermal deposit.

NIR/SWIR Spectrometry

Approximately 1,500 sites were scanned using a near-infrared and short-wave infrared (“NIR/SWIR”) spectrometer, including some historical and 2022 drill holes. Spectrometry is very useful at Thor because many of the rocks are fine-grained and therefore pose challenges for the identification of minerals. The identification of minerals in the deposit has important implications for the genesis and consequently exploration of the deposit. Mineral species can also be used to identify alteration zones that are very important to finding concealed deposits, and the determination of the mineralogy is impossible without the aid of a spectrometer.

The results of this work are summarized in an assessment report that has been recently submitted for assessment work to the Province of British Columbia. This data has demonstrated widespread alteration within and around the Thor epithermal deposit, and has also identified a number of minerals that were previously unknown.

Petrology

Twenty-eight polished thin sections were analyzed by a B.C. certified petrologist to better understand the mineral composition and aid in the determination of whether the ‘green rocks’ that are found under the known epithermal deposit that may constitute a propylitic alteration zone related to a deep-seated intrusive body.

The results of this study demonstrated extensive alteration within a mafic volcanic unit in vicinity of Broadview Creek (Jowett Formation). There is widespread alteration that includes magnetite, albite, epidote and amphibole formation. Petrology was also undertaken on the Broadview Formation rocks and alteration in these rocks includes widespread sericitization, and the introduction of quartz, carbonate and epidote in/around epithermal zones.

Geochemistry (Including Age-Dating)

In addition to the petrographic studies, one hundred and twenty-six samples were collected from a variety of locations at Thor and have been analyzed for major oxides, trace elements, carbon/oxygen isotopes and rare-earth elements. This is part of a much larger project that is designed to understand the geology of the Thor property.

The results of this investigation have shown that the Jowett Formation exposed around Broadview Creek is a very unique geological entity at Thor, and is geochemically very distinct from the Broadview and Sharon Creek Formations.

A large boulder field of intrusive rocks found around the Broadview Mine area was found to be Jurassic in age, and has an identical age to an intrusive found approximately 20 km to the west known as the Galena Bay Stock. Geochemical analyses of the granitoid was conducted at the University of Tasmania in Hobart, and the results indicate an age of 161.6 million years old (“MYA”) (+/- 1.2). Middle to Late Jurassic. Based on (Ce/Nd)/Y vs 10,000*(Eu/Eu*)/Y and (Ce/Nd)/Y vs. Dy/Yb diagrams, the zircons from the granitoid formed in an oxidized magma which fall in the “Ore Forming/Prospective” field. The magma that formed the granitoid is characterized by a high H₂O content and high oxidation state that is required to form both porphyry and epithermal deposits. Since the source of this boulder field has not been located, it is impossible at this time to say that this is related to a prospective intrusive at Thor, but there is compelling information to suggest that it is possible.

Results of Summer 2022 Exploration Drilling

Near the very top of Thor’s Ridge quartz-sulphide breccia that hosts quartz, sphalerite, pyrite, tetrahedrite, galena and chalcopyrite was found under a rockslide in drill hole Thor-231. Up to 3.8% copper and 12.1% zinc make it among the highest-grade intercepts found at Thor. In contrast to typical vein-hosted epithermal-type mineralization at Thor, hole Thor-231 also hosts widespread low-grade mineralization which is believed to be the source of an airborne magnetotelluric anomaly that trends east-west. There are also numerous volcanic dykes in the drill hole which indicate it may have a connection to a previously identified intrusive target called Jumbo.

The Thor-231 intercept connects with previous intercepts in the Thunder Zone on the south side of Thor’s Ridge and has now outlined a previously unknown part of the deposit that is 350m in length. Drilling conditions in this area is extremely difficult owing to the presence of the rockslide, and the success rate of drilling into bedrock is less than 50%.

Thor-231 (-90°)

Taranis continued to explore the north extension of the Thor epithermal deposit during the summer of 2022, and drilling results demonstrated that the Thunder Zone continues under Thor’s Ridge. In this area, the terrain is steep, and drilling is undertaken on a series of switchbacks.

Thor-231 was drilled near the top of Thor’s Ridge uphill from the 2021 and 2022 drill holes that intersected the Thunder Zone. Six meters below the base of the rockslide, the Thor-231 intersected a wide zone of low-grade mineralization within black carbonaceous schist with volcanic/dyke intercalations, 6% fine-grained pyrite and 20% quartz veining. The following table details the zone of disseminated mineralization.

From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu(%)	Pb(%)	S(%)	Sb(%)	Zn(%)	AgE g
57.73	75.59	17.86	0.36	113.6	0.16	0.37	5.55	0.03	1.08	220.8

- *Indium is not included in the results, and results are pending.*

The low-grade interval also includes a high-grade section more characteristic of epithermal-type mineralization at Thor. The high-grade portion of this intercept is located from 63.52-66.14 m.

From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu(%)	Pb(%)	S(%)	Sb(%)	Zn(%)	AgEq
63.52	64.01	0.49	0.41	215	0.16	0.06	15.00	0.10	9.79	691.8
64.01	64.53	0.52	2.57	97.8	0.06	1.09	18.70	0.03	2.05	433.0
64.53	65.14	0.61	1.42	2,650	3.77	6.72	19.85	0.78	5.71	3,716.5
65.14	65.78	0.64	0.51	208	0.47	1.99	13.45	0.05	12.10	880.6
65.78	66.14	0.37	3.68	63.6	0.03	0.59	17.10	0.01	1.76	456.4
63.52-66.14		2.63	1.56	733.6	1.03	2.35	16.77	0.22	6.75	1,354.7

- *Indium is not included in the results, and results are pending.*

Thor-230 (-90⁰)

Thor-230 was drilled 40 m to the east of drill hole Thor-231. This drill hole intersected a wide zone of alteration and two deep, thin intercepts.

From (m)	To (m)	Au	Ag	Cu(%)	Pb(%)	S(%)	Sb(%)	Zn(%)	AgEq
105.89	106.29	0.31	225.0	0.21	6.45	3.14	0.03	tr	464.7
and									
108.82	109.86	0.23	6.2	tr	0.10	4.31	tr	tr	27.9
109.86	110.59	2.65	106.0	0.05	0.92	9.43	0.03	1.78	430.1
108.82-110.59		1.69	65.8	0.03	0.60	8.05	0.02	1.05	269.0

- *Indium is not included in the results, and results are pending.*

PERMITTING

Taranis has two permitted and active Notice of Work Permits active on the property. The first of these is a drilling permit that allows Taranis to construct drill trails and drill sites on the north end of the epithermal deposit on Thor's Ridge (Thunder Zone). The second active permit is related to a 10,000-tonne Bulk Sample permit to construct, operate and reclaim a plant designed to gain metallurgical information pertaining to the epithermal deposit.

Reclamation

During the summer of 2022, the Company undertook a considerable amount of reclamation work on the project. This included reclamation and recontouring of drilling and exploration roads north of the True Fissure Mine, as well as other areas of the project where no further exploration is anticipated.

Porphyry Target Drill Permit (Pending)

On August 30th of 2022, the Company submitted a new 5-year Notice-of-Work (“NoW”) application for exploration drilling at Thor that would include deep drilling of several airborne anomalies identified by the 2022 MT/Mag survey. Taranis received notification on January 11, 2023 (File: 14675-20-1630302) that the NoW application had been perfected and finalized and sent to “other resource agencies and has been sent to Indigenous Nations for Consultation”. The Company has not received a decision on its NoW permit as of the time of issuance of this MD&A.

Thor 10,000 tonne Bulk Sample

Taranis received Mining and Environmental permits for the Thor 10,000 tonne bulk sample in July of 2021. Initial engineering work as required by the permit consisted of geotechnical drilling in the area of the True Fissure Millsite which was completed in September of 2021. This work was bonded as an amendment to Mining Permit MX-5-602.

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 Mineral Resource 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, indium and cadmium. 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 be upgraded to a commercially accepted concentrate. Analysis of this concentrate will accurately document the modifying factors inherent to the mineral resource. 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.

Dispute with CRA Regarding CEE-Eligibility of 10,000 Tonne Bulk Sample

Taranis applied to the British Columbia Ministry of Energy, Mines and Low Carbon Innovation (“EMLI”) in 2018 for a permit to take a 10,000-tonne sample of epithermal polymetallic materials, to test the physical and chemical characteristics of the material. EMLI informed Taranis at that time that the permitting process had changed substantially; the details of the changes were not made public for over two years after the change in permitting procedure, and the changes were made without public or industry consultation. Taranis’ position is that the unannounced change to the permitting process, which greatly increased the amount of expenditure and time required to permit this type of exploration activity, were excessive. At Taranis’ request, the B.C. Ombudsperson investigated the Bulk Sampling Policy in B.C. and found that the government had no published Policy on Bulk Sampling at the time of application or during the processing of Taranis’ Bulk Sampling permit application, and that Taranis was made to conduct its permit application under a full-scale mine permit process, called a Joint Environmental and Mining

Application (“JEMA”). The B.C. Ombudsperson ordered EMLI to publish the Policy for Bulk Sampling. After a permitting process that lasted three years, EMLI issued the Bulk Sample permit for the Thor property in July 2021.

In 2020, while the Bulk Sample permitting process was ongoing, the Canada Revenue Agency, (“CRA”) initiated audits for taxation years 2017 and 2018, targeting the use by Taranis of flow-through financings to fund the costs of the now expanded Bulk Sample permitting process mandated by EMLI. Bulk Samples, including metallurgical and grinding tests performed on-site, and environmental studies and consultations required to obtain necessary permits, are specifically listed as Canadian Exploration Expenditures (“CEE”) in CRA’s published Mining Expenditure Review Table. Nevertheless, CRA initially proposed to disallow CEE treatment of certain of the permitting expenditures, contending that they “seemed excessive” for a 10,000 tonne Bulk Sample. Taranis disputed CRA’s initial interpretation, and in consultation with Natural Resources Canada (“NRC”) persuaded the CRA to abandon this argument. CRA then advanced a second reason that the Bulk Sample was ineligible for CEE alleging that the mineral stockpile on surface which was to be the subject of the Bulk Sample did not meet the definition of a “Mineral Resource” as required in its Mining Expenditure Review Table. Again, with the assistance of NRC, Taranis was successful in convincing CRA that this interpretation was also incorrect and that that indeed stockpiles are considered part of a Mineral Resource.

With CRA’s first two rationales for disallowance of CEE for the 10,000 tonne Bulk Sample being successfully refuted, CRA advanced a third reason for denying CEE treatment for the expenditures in question, which was delivered to Taranis as a final notice. This effectively closed all discussion(s) on the matter at the audit level. Taranis was not given an opportunity to comment on CRA’s reasoning. This third and final interpretation alleges that Taranis is only seeking an “Optimal Method” of ore processing at Thor, thereby rendering the Bulk Sample an activity not being conducted for the purposes of determining the existence, location, extent, or quality of a Mineral Resource in Canada.

In response to this action by CRA, in March of 2022, Taranis filed Loss Determination requests with respect to the 2017 and 2018 audit findings as its only available recourse to dispute this arbitrary action. In support of these requests, the Company has submitted a comprehensive 90-page rebuttal of CRA’s final argument for disallowance of CEE for the Bulk Sample. CRA subsequently requested that Taranis allows its response to be shared with NRC. Taranis has agreed to this in the hope that with NRC’s assistance CRA may reconsider its position with respect to the CEE-eligibility of the Bulk Sample. The matter is now in the hands of the CRA appeals division which has not yet rendered any comment or decision.

Taranis has elected to pause all activities related to the 10,000-tonne Bulk Sample until there is certainty about Bulk Sample CEE-eligibility - despite having the permit to conduct this Bulk Sampling. It is Taranis’ opinion that the costs associated with permitting and operation of the Bulk Sample are CEE-eligible and are in fact a crucial part of exploring a Mineral Resource prior to conducting a Feasibility Study. This is echoed by CRA’s Mining Expenditure Review table, which states that Bulk Samples, associated metallurgical testing, environmental studies, and community consultations are all recognized as CEE-eligible activities.

In November of 2022, the Company participated in a discussion with the Prospectors and Developers Association of Canada (“PDAC”) about issues concerning the Thor Bulk Sample to

bring awareness to the mining industry representatives of the potential problems that exist concerning the use of CEE to finance Bulk Samples in Canada. As Provinces such as British Columbia expand and complicate permitting requirements for Bulk Samples, uncomfortable tax interpretations can seriously effect financing options for resource companies.

On August 27, 2022, Taranis contacted EMLI in writing and requested a two-year extension to the issued 10,000-tonne Bulk Sample permit. The Company feels that justification for such an extension is warranted on the basis of the CRA’s initial rejection of the Bulk Sample being eligible for CEE, because the “permitting requirements were more in line with the requirements of a full-scale mining operation”; despite EMLI mandating Taranis utilize a JEMA that is normally used to permit full-scale mines in British Columbia. EMLI has not directly responded to the Company’s request, but on March 23, 2023, seven months after submitting the written request to EMLI, the Company received a letter directly from the Penticton First Nations Band indicating that they had received a request from EMLI for a two-year extension. No further information about the permit application extension request is known at this time.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
	\$	\$	\$
Net Income (Loss)	(295,620)	(228,143)	(183,580)
Income (Loss) per common share			
Basic	(0.00)	(0.00)	(0.00)
Diluted	(0.00)	(0.00)	(0.00)
Total Assets	6,932,952	6,187,242	5,781,351
Exploration and evaluation assets	6,441,674	5,925,046	5,548,554
Working Capital (Deficiency)	(266,318)	(362,401)	(446,053)

December 31, 2022 compared to December 31, 2021

During 2022 the Company incurred exploration costs of \$515,551 as compared to \$370,085 in 2021. The increase was largely a result of an extensive airborne geophysical survey that was conducted in the early part of the year. Geological fees also increased as the Company followed up this survey with extensive ground work

The net loss before taxes (\$208,620) in 2022 was higher than in 2021 (\$189,143) owing to an increase in office administration costs relating to an investor relations program that the company undertook during the year that was only partially offset by an unrealized gain on foreign exchange of \$21,277

December 31, 2021 compared to December 31, 2020

During the 2021 exploration season the Company continued with its drilling program on the Ridge Target and discovered a the previously unknown Thunder Zone which is situated in the hanging-wall of the Blue Bell Zone. In addition the Company was granted Mining and Environmental

permits for 10,000 tonne bulk sample discussed elsewhere in this MD&A. Exploration costs were slightly higher in 2021 (\$370,085) than in 2020 (\$346,624) as a result of a larger drilling program in 2021.

The net loss before taxes (\$189,143) in 2021 was higher than in 2020 (\$148,580) owing in large part to a stock-based compensation charge of \$112,500 (2020 - Nil) that was only partly offset by a gain on the sale of exploration data of \$76,200 and a flow-through share premium of \$41,700.

SUMMARY OF QUARTERLY RESULTS

	Dec 31, 2022	Sept 30, 2022	June 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	June 30, 2021	Mar 31, 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Net Income (Loss)	(142,494)	(96,878)	(39,402)	(16,846)	(86,282)	(130,515)	(46,171)	34,825
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 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 the Company's 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.

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 April 25, 2023
85,937,104 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	50,000	\$0.08	October 21, 2024
	1,150,000	\$0.10	September 14, 2026
	2,500,000	\$0.17	February 17, 2028
Regular Warrants	3,250,000	\$0.20	June 24, 2024
	125,000	\$0.20	September 9, 2024

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2022 the Company entered into the following transactions with related parties:

- a) paid or accrued \$14,000 (2021 - \$14,000) to a director and CFO, Gary McDonald, for accounting services;
- b) paid or accrued \$44,500 (2021 - \$39,798) for legal services to a corporation controlled by Glenn R. Yeadon, a director and the Secretary of the Company;
- c) settled \$70,293 (2021 - \$95,076) in debt with related parties through the issuance of 702,927 common shares (2021 – 950,757 common shares).
- d) paid or accrued administrative costs and deferred exploration costs of \$104,228 (2021 - \$152,282) to a corporation controlled by John J. Gardiner, a director and CEO of the Company
- e) accrued loan interest of \$8,000 (2021 - \$8,000) to Matachewan Consolidated Mines, Limited, a corporation related to the Company through a common director;

- f) accrued loan interest of \$2,824 (2021 - \$2,824) to McChip Resources Inc., a corporation related to the Company through a common director.

Due to related parties of \$12,299 (2021 - \$12,299) and amounts included in accounts payable and accrued liabilities of \$298,734 (2021 - \$227,916) are due to a director, companies controlled by directors of the Company and to companies related to the Company by virtue of a common director. These amounts are without interest and have no specific repayment terms.

OFF BALANCE SHEET ARRANGEMENTS

Taranis does not utilize off-balance sheet arrangements.

PROPOSED TRANSACTIONS

As at April 25, 2022 the Company has no proposed transactions.

CAPITAL RESOURCES AND LIQUIDITY

On January 24, 2022, pursuant to the exercise of certain flow-through warrants, the Company issued 666,666 flow-through shares at a price of \$0.15 per share.

On June 24, 2022 the Company issued 3,250,000 units at a price of \$0.10 at a price of \$0.10 per unit, each unit consisting of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.20 until June 24, 2024.

On August 8, 2022 pursuant to the exercise of certain stock options the Company issued 150,000 common shares at a price of \$0.11 per share.

On August 25, 2022 pursuant to the exercise of certain flow-through warrants, the Company issued 1,833,334 flow-through shares at a price of \$0.15 per share.

On September 9, 2022 the Company issued 125,000 flow-through units at a price of \$0.20 per unit. Each unit consisting of one flow-through share and one share purchase warrant entitling the holder to purchase one non-flow through common share at a price of \$0.20 until September 9, 2024.

On November 17, 2022 pursuant to the exercise of certain share purchase warrants the Company issued 625,000 common shares at a price of \$0.15 per share.

On June 10, 2021 the Company issued 2,086,667 flow-through shares at a price of \$0.12 per share and 1,696,500 common shares of a price of \$0.10 per share.

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.

As at December 31, 2022 the Company had a working capital deficiency of \$266,318 and cash of \$422,907. Additional financing is required in the immediate future to enable the Company to sustain its historic level of exploration activity. Management is currently exploring a number of financing options.

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 December 31, 2022, the Company had a cash balance of \$422,907 (2021 –\$202,526) to settle current liabilities of \$724,296 (2021 – \$587,609). 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 December 31, 2022 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 year ended December 31, 2022.

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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 December 31, 2022	85,681,351 common shares
Issued and Outstanding at April 25, 2023	85,937,104 common shares
Incentive Stock Options outstanding at April 25, 2023	3,700,000
Share purchase warrants outstanding at April 25, 2023	3,375,000