

**TARANIS RESOURCES INC.
MANAGEMENT DISCUSSION & ANALYSIS,
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(Including subsequent events to May 30, 2018)**

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 three months ended March 31, 2018 and comparing results with the previous year. It should be read in conjunction with the Company’s unaudited interim consolidated financial statements and corresponding notes for the three months ending March 31, 2018 and the audited consolidated financial statements and corresponding notes for the year ended December 31, 2017, which were prepared in accordance with the new International Financial Reporting Standards (“IFRS”) which became effective January 1, 2011 and replace the previous Canadian generally accepted accounting principles (“GAAP”).

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.

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.

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 as at March 31, 2018 are as follows:

EXPLORATION AND EVALUATION ASSETS 2018

	March 31, 2018
Thor Property	
Acquisition costs:	
Balance, beginning of period	\$ 684,566
Additions	40,300
Disposals	<u>-</u>
Balance, end of period	<u>724,866</u>
Exploration costs:	
Balance, beginning of year	<u>3,570,460</u>
Assaying	8,986
Geological fees	<u>14,136</u>
	<u>23,122</u>
Balance, end of period	<u>3,593,582</u>
Total costs	<u>\$ 4,318,448</u>

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 19 Mineral Tenures covering approximately 3,314 hectares forming a contiguous 100% owned property over the Thor precious and base metal deposit.

Silver, gold, copper, lead and zinc lodes are associated with the Thor Anticline, a major geological structure that extends for upwards of 4 km on the property in a northwest direction. This feature is a parallel structure to the Silver Cup Anticline, that hosts many other deposits in the Revelstoke Mining District. Precious and base metal mineralization occur along a major stratigraphic contact on the northeast limb of the anticline, directly on top of carbonaceous argillite Sharon Creek formation, and directly below clastic sediments (Broadview Formation). Along this single stratigraphic contact there is widespread hydrothermal alteration that accompanies the precious and base metal mineralization and is related to a widespread volcanic unit called the Jowett Formation.

Geological Model

The Company has invested considerable resources into establishing a geological model for the mineralization at Thor as this is expected to have significant impact on the exploration efforts around the existing deposit. At Thor, most of the economic mineralization is associated with a distinctive green-colour volcanic horizon that is thought to be the lateral equivalent of the Jowett Formation found throughout the Revelstoke Mining District. Potassium-argon age dating has shown that the Jowett Formation is upper Paleozoic in age (Carboniferous), and infers that the ore-bearing zone at Thor is probably of the same age.

Based on the age of mineralization, and other factors such as the stratabound nature ore zone, metal ratios and other criteria, the Company has determined that Thor belongs to a specific group of ore deposits called “siliclastic-felsic VMS deposit”.

During the Mesozoic Era, the tabular mineralization was subjected to intense folding and faulting, that has profoundly impacted the mineralization at Thor. Particularly near the center of the Thor Anticline, the mineralized zone has been folded tightly, and can be found repeating itself in single drill holes. Gold-enriched zones in quartz are found peripheral to the main sulphide deposit, and this is a common feature found in these types of deposits.

National Instrument 43-101 Resource Estimate

In 2013, the Company completed an initial NI 43-101 compliant Resource estimate on Thor based on its 2007 and 2008 drilling programs that included 152 diamond drill holes, and numerous surface and underground channel samples. The estimate was prepared by Roscoe Postle Associates Inc. (“RPA”), which examined the Resource from both an open pit and underground Resource potential. Mineral resources are estimated using a Net Smelter Return cut-off value of US\$50/t for potential open pit and US\$100/t for potential underground. A preliminary Whittle Pit was applied to constrain the potential open pit resource.

THOR MINERAL RESOURCE ESTIMATE SUMMARY*

Zone and Category	NSR Cut-off	tonnes	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
<u>Potentially Open Pit Indicated</u>	\$50	471,000	0.91	204	0.14	2.77	3.68
<u>Inferred</u>	\$50	189,000	1.28	218	0.16	2.70	3.83
<u>Potentially Underground Indicated</u>	\$100	168,000	0.81	141	0.13	1.78	3.03
<u>Inferred</u>	\$100	235,000	0.74	143	0.13	1.90	2.69
Total Indicated		640,000	0.88	187	0.14	2.51	3.51

Total Inferred	424,000	0.98	176	0.14	2.26	3.20
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- CIM definitions were followed for the Mineral Resources classification, and Mineral Resources are estimated using an average long-term gold price of US\$1,650 per Oz, a silver price of US\$27/Oz, a copper price of US\$3.50/lb, a lead price of US\$1.15/lb and zinc price of US\$1.25/lb. A 1.5 m minimum mining width was utilized. Numbers may not add due to rounding.

Gold Pilot Plant & Metallurgical Test Work

During the summer of 2017 the Company operated a gold pilot plant on the property. Information was collected that allowed the Company to evaluate the usefulness of processing high-grade gold ore using a simple gravity system. This operation included water sampling, assaying of tailings material, and collection of data related to the concentrate and super-concentrate products that were produced.

A total of 91.2 kg of super-concentrate was recovered and 388 kg of concentrate was produced over 68 days of operation. This material essentially represents the dense fraction of the ore that includes abundant particulate gold.

The super-concentrate and concentrate products were delivered to Met-Solve Laboratories that undertook metallurgical test work on the material. The test work included sieving, re-tabling of the material and analytical work to document the gold content of the concentrate products. Although the metallurgical work was completed on only a small portion of the material, the analytical work conclusively showed that the gold pilot plant was able to recover an appreciable amount of gold. In addition, the metallurgical work produced a mass balance sheet for the super concentrate and concentrate products and showed the optimal method of recovering gold from the shaker table setup.

At the end of the metallurgical test work, all the concentrates were re-tabled and processed to recover as much of the gold as possible from the field concentrate products. The final processing included magnetic separation of the concentrate to remove tramp iron and this produced 2.88 kg of super-concentrate product and 21.78 kg of concentrate product.

The concentrate was taken to a smelting facility to recover the gold in May 2018, and Taranis was able to test various screened fractions of the concentrate for its ability to be directly smelted. While the higher-grade material is capable of direct smelting by adjusting fluxes for sulphur content, the lower grade material that constitutes the bulk of the concentrate product has an appreciable sulphur content (pyrite). A total of 7.76 Oz. of gold was recovered from the initial smelter test work, and this was delivered to a refinery in Richmond, British Columbia. Testing of the gold button indicates that the product had 91.75% gold and 7.79% silver content.

The smelting test work indicates that roasting of the remaining concentrate is required to optimize smelting efficiency. There are no deleterious elements such as As, Pb or Hg that occur with the concentrates, and the limited amount of pyrite is preferentially concentrated (along with gold) during the tabling of the ore.

The remaining material will be roasted to remove the sulphur, and the smelting of the bulk concentrate will be renewed in late June 2018, following which the remaining gold will be delivered to the refiner. The final determination of gold content in the 600 tonne sample taken

from the SIF Zone will be based on the recovered gold from the gold pilot plant and the recoveries.

Gold Pilot Plant Tailings Facility Closure

The Company completed the tailings pond reclamation at Thor with geotechnical engineering supervision provided by Norwest Corporation. The operation of the tailings pond was carefully monitored throughout the summer mining season. This included daily analysis of waste discharge, and weekly water sampling of both the source and exfiltration ponds, ensuring that the tailings from the high-grade, gold-bearing SIF zone were disposed of in conformity with environmental regulations.

The building, operation and successful closure of the bulk sample tailings facility will serve as a model of conservative, environmentally-safe tailings disposal for planned future milling operations at Thor.

Metallurgical Pre-concentration Tests

The Company has now received final test results (Met Solve Laboratories) from a sample of the main Ag-Au-Pb-Zn-Cu deposit at Thor that was undertaken to determine the applicability of Dense Media Separation (“DMS”) in processing ore from the project.

The results of this testing were conclusive in showing that DMS is ideally suited for processing the sulphide-type ore onsite. This opens two exciting developments at Thor, first that the pre-concentrated ore can be transported economically over much greater distances to a smelter or mill where further upgrading can occur, and second that sulphide-rich ore which typically has Acid Rock Drainage (“ARD”) characteristics can be separated onsite from waste rock that is non-ARD producing and can be stored onsite.

The following table shows the recoveries for each of the metals crushing the rock to 19 mm in size and performing DMS at a specific gravity of 2.75

Cut Point Specific Gravity (“SG”)	Mass Rejected (%)	Au (% Recovery)	Ag (% Recovery)	Zn (% Recovery)	Pb (% Recovery)	Cu (% Recovery)
2.75	54.6	94.7	93.1	96.7	98.0	96.2

85 mm material, at a SG cut point of 2.75, 54.6% of the mass was rejected with metal losses of only 2.0-6.9%. This means that almost 55% of the ore zone material could be rejected onsite and the balance transported off the property for further upgrading either by gravity concentration or flotation.

The main sulphide deposit at Thor is ideally suited to this type of processing because almost 100% of the value of the ore occurs within dense minerals. This, coupled with the coarse-grained nature of the sulphide material, allows for easy separation simply by crushing and sorting onsite to 19 mm in size. It also allows removal of virtually all ARD producing ore from the property, and this should simplify the future permitting process for the Thor deposit. Already there are large stockpiles of ore on surface that could be processed using this relatively inexpensive

technology, and Taranis is already exploring a path to permit these, with hope of transitioning into mining the main in-situ deposit.

Planning for Processing of Thor Stockpiles

The Company has initiated a review of the feasibility of processing the stockpiles that exist on the property. The potential sources of this ore are typical of the main Thor silver deposit, and carry significant concentrations of lead, zinc, copper and gold. The stockpiles date back to previous mining operations from both the early 1900's and the 1970's and represent a potential source of revenue for the Company.

The stockpiles were studied in detail during the 2015 field season and were subject to extensive sampling and volume calculations. The work was completed to NI 43-101 standards. The main sulphide deposit at Thor is ideally suited to DMS since almost 100% of the value of the ore occurs within dense minerals. This, coupled with the coarse-grained nature of the sulphide material, allows for easing separation simply by crushing and sorting onsite to 19 mm in size. The processing of the stockpiles would also allow for removal of virtually all the ARD producing ore from the property, and this should simplify the permitting process.

Joint Mining and Environmental Application

The Company is nearing completion of a "Joint Mining and Environmental Application" that will utilize a new technology to separate ore and waste products onsite called a density media separation plant.

The Company expects that this application will be filed in late June of 2018 for consideration by the Ministry of Energy and Mines, and implementation of the project would begin in 2019. The company will be setting up an enhanced water sampling program beginning June of 2018 that will also be used to document existing water chemistry on the project.

1630302201702 Exploration Permit

On August 14, 2017 the Company was informed that it had received approval for a Notice of Work application ("NOW") to conduct exploration north of the existing Ag-Au-Pb-Zn-Cu deposit. In early 2017 after completing an exhaustive review of the geology of the deposit, the Company determined that an area under Thor's Ridge had considerable potential to host a northern extension of the existing deposit. Successful exploration at the Ridge Target would expand the deposit to almost 4 km in strike length, from the known 2 km strike length. For this reason, the target has been given a high-priority to test.

The Ridge Target is accessible using a road completed in the early 1980's by a previous operator and was never reclaimed to government standards. During review of the NOW permit application, the Ministry of Energy and Mines suggested that by using the road to access and service the drill locations the Company might have to assume responsibility for the reclamation of the entire 4 km long road. After considering the matter the Company elected to not use the existing road and opted to modify the original NOW as a helicopter-assisted drilling program.

The approved NOW application includes approximately 5 drill sites and 15 drill holes that would be located both on top of and on the north side of Thor's Ridge. The Company is currently examining options that would involve the financing and drilling of the Ridge Target, and the requisite financial bond has been posted.

1630302201701 Exploration Permit

On July 25th, 2017 the Company was informed that it had received approval for its 1630302201701 NOW application that involves extensive road building and construction of 31 drill sites at the Broadview Mine on the south end of the property.

Although the geology of the Broadview Mountain area is well known, the Company has only completed minimal drilling in the area, namely at the top of the topographic feature where there is a high-grade stockpile of ore and underground workings dating back to the early 1900's. Extensive surface and underground exposures have shown that much of Broadview Mountain is underlain by the south continuation of the Thor deposit, and systematic drilling in the area is expected to add considerable tonnage of low-mid-grade material to the existing Resource.

All drilling planned for this area is definition drilling that will be spaced at 40-45 m grid sections and will involve the drilling of multiple holes from the same drill pad to meet the required density of drill holes to move the material into a Resource category. The requisite financial bond has been posted.

Environmental Permitting

Installation of Stream Monitoring Stations at Thor

Two stream flow monitoring stations were installed on the project in October of 2017 to monitor water flow in Broadview and True Fissure Creeks. The devices consist of dataloggers and two doppler radar stream flow monitors that are capable of monitoring stream depth and velocity.

The stream flow monitors are required before undertaking any mining activity at Thor. The Company has already collected a comprehensive set of climate data from two weather stations that were installed on the project 2 years ago. This data will be crucial in permitting future larger mining operations at Thor.

In March of 2017, the Company was able to access the instruments and download the initial data from the stations.

Water Baseline Studies at Thor

Taranis has commenced baseline water quality and chemistry sampling at the Thor property. During the winter months, data is collected from two water sites on the Broadview and True Fissure Creeks. This data is being collected as part of the Joint Mines Act and Environmental Permitting Act Application that is being completed for the 10,000 bulk sample application that is currently in progress.

Reclamation Activities at Thor

The Company completed a significant amount of reclamation work at Thor in September and October of 2017, including old surface pits and drilling roads. This reclamation activity will be applied to the current bond that is on the property.

Taranis also completed an in-depth Geographic Information System compilation of all the historic surface disturbance at Thor, as well as in-depth summary of the company's own surface disturbance.

10,000 tonne Bulk Sample Application

The Company had a preliminary meeting with the Ministry of Energy and Mines in Cranbrook on March 15th, 2018. The purpose of the meeting was to discuss and plan the application for extraction of 10,000 tonnes of stockpiled ore material for processing via a DMS plant in 2018/2019.

Taranis is currently preparing a 10,000 tonne bulk sample application modeled on the Joint Mines Act and Environmental Management Act. The application is intended for permitting of large mines and will serve as a basis for full-scale mine permitting once the 10,000 tonne bulk sample is complete.

The Joint Application requires the collection and interpretation of data that establishes baseline environmental conditions at the Thor property. Environmental and mine data will be monitored against the baselines to ensure effective and safe development.

Construction and commissioning of the DMS plant will begin upon final approval of the Joint Application. This is likely to begin in summer 2018 with extraction and processing of the bulk sample expected to begin in Spring 2019.

The processing of the Bulk Sample will fill in data gaps that are critical to the final approval of large-scale production at Thor. Initial hypotheses anticipate DMS processing will be of considerable value in its ability to remove hazardous materials characteristic of the in-situ resource while concentrating the valuable minerals therein.

Silver Equivalent (AgEq)

The Company has recently moved to using Silver Equivalent ("AgEq") as a means of simplifying the tenor of intercepts at Thor. Thor is primarily a silver deposit, but also contains valuable concentrations of gold, lead, zinc and copper. These metals are converted to AgEq using the following metal prices; Silver \$19.00/Oz., Gold \$1,300/Oz., Lead \$0.90/lb., Zinc \$1.05/lb. and Copper \$2.10/lb. All amounts are in US\$. Recoveries are not factored into the calculation of the AgEq values. Additional information concerning the use of AgEq is available at the website www.taranisresources.com.

SUMMARY OF QUARTERLY RESULTS

	Mar 31, 2018	Dec 31, 2017	Sept 30, 2017	June 30, 2017	Mar 31, 2017	Dec 31, 2016	Sept 30, 2016	June 30, 2016
	\$	\$	\$	\$	\$	\$	\$	\$
Net Income (Loss)	(180,923)	(33,529)	(90,099)	(48,910)	(91,371)	(28,299)	(120,199)	(30,420)
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 it 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.

NEW ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2016, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded in the standards listed below.

The Company anticipates that the application of these standards, amendments, revisions and interpretations will not have a material impact on the results and financial position of the Company.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project of replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristic of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 – Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The

standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

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 May 30, 2018

60,263,067 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	900,000	\$0.05	February 12, 2019
	1,000,000	\$0.05	January 27, 2021
	200,000	\$0.10	December 13, 2021
	750,000	\$0.11	August 8, 2022
	1,500,000	\$0.10	March 20, 2023
	300,000	\$0.11	April 16, 2023
Flow-through Warrants	600,000	\$0.10	June 23, 2018
	1,300,000	\$0.10	November 1, 2018
Regular Warrants	650,000	\$0.10	August 11, 2018
	400,000	\$0.11	January 12, 2019
	1,000,000	\$0.15	March 7, 2019
	833,333	\$0.15	November 17, 2019
	2,000,333	\$0.15	December 29, 2019

TRANSACTIONS WITH RELATED PARTIES

During the period ended March 31, 2018 the Company entered into the following transactions with related parties:

- a) paid or accrued \$3,500 (2017 - \$3,500) to a director and CFO, Gary McDonald, for accounting services;
- b) paid or accrued \$9,000 (2017 - \$18,000) for legal services to a corporation controlled by Glenn R. Yeadon, a director and the Secretary of the Company;

- c) accrued loan interest of \$3,000 (2017 \$3,000) to Matachewan Consolidated Mines Limited, a corporation related to the Company through a common director;
- d) accrued loan interest of \$549 (2017 \$nil) to McChip Resources Inc., a corporation related to the Company through a common director;
- e) accrued loan interest of \$778 (2017 nil) to John J.Gardiner & Associates, LLC a corporation controlled by John J. Gardiner a director and the President and Chief Executive Officer of the Company.
- f) Settled debts to various related parties of \$103,438 through the issuance of 1,477,685 common shares.

CAPITAL RESOURCES AND LIQUIDITY

As at March 31, 2018 the Company had a working capital deficiency of \$320,105 and cash of \$373,157. 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.

On June 14, 2016 the Company borrowed \$55,840 US from a corporation controlled by its President and Chief Executive Officer to finance the purchase of an ore processing plant which will be used to test recovery rates of the gold bearing quartz ore on the Company's Thor Project. The loan is unsecured, bears interest at 5% per annum and is repayable on demand.

On June 23, 2016 the Company issued 1,600,000 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 \$0.10 until June 23, 2018.

On August 11, 2016 the Company issued 1,300,000 units at a price of \$0.10 per unit, each unit consisting of one common share and one-half (1/2) of a non-transferable share purchase warrant, each whole warrant entitling the holder to purchase one additional common share at a price of \$0.10 until August 11, 2018.

On November 1, 2016 the Company issued 2,000,000 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 \$0.10 until November 1, 2018.

On January 12, 2017 the Company issued 650,000 units 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 \$0.11 until January 12, 2019.

On March 7, 2017 the Company issued 1,000,000 units 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 \$0.15 until March 7, 2019.

On November 17, 2017 the Company issued 833,333 units at a price of \$0.12 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 \$0.15 until November 17, 2019.

On December 29, 2017 the Company issued 2,000,333 units at a price of \$0.15 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 \$0.10 until December 29, 2019.

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 March 31, 2018, the Company had a cash balance of \$373,157 (2017 –\$283,633) to settle current liabilities of \$696,345 (2017 – \$533,402). 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 March 31, 2018 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 period ended March 31, 2018.

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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
James M. Helgeson, Reno, Nevada, U.S.A.	Vice-President and Director
Gary R. McDonald, New Westminster, B.C., Canada	Chief Financial Officer and Director
Richard D. McCloskey, Toronto, Ontario, Canada	Director

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Auditors
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Share Capitalization	
Authorized	Unlimited common shares Unlimited Class A preferred shares
Issued and Outstanding at December 31, 2017	58,785,382 common shares
Issued and Outstanding at May 30, 2018	60,263,067 common shares
Incentive Stock Options outstanding at May 30, 2018	4,650,000
Share purchase warrants outstanding at May 30, 2018	6,783,666