

**TARANIS RESOURCES INC.  
MANAGEMENT DISCUSSION & ANALYSIS,  
FOR THE THREE MONTHS ENDED MARCH 31, 2020  
(Including subsequent events to May 21, 2020)**

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, 2020 and comparing results with the previous year. It should be read in conjunction with the Company’s unaudited consolidated financial statements and corresponding notes for the three months ended March 31, 2020 and the audited consolidated financial statements and corresponding notes for the year ended December 31, 2019, 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 May 21, 2020 Taranis has sufficient funds to meet its fixed overhead commitments to the end of December 2020. 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 as at March 31, 2020 are as follows:

### **EXPLORATION AND EVALUATION ASSETS**

	March 31, 2020
<b>Thor Property</b>	
<b>Acquisition costs:</b>	
Balance, beginning of year	\$ 727,412
Additions	-
Disposals	-
	<u>                    -</u>
Balance, end of year	<u>727,412</u>
<b>Exploration costs:</b>	
Balance, beginning of year	<u>4,421,146</u>
Assaying and metallurgy	1,158
Geological fees	8,654
Engineering and permitting	<u>2,815</u>
	<u>12,627</u>
Balance, end of year	<u>4,433,773</u>
<b>Total costs</b>	<u>\$ 5,161,185</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 14 Mineral Tenures covering approximately 3,314 hectares, forms 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 Fault Zone, 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 Silver Cup Mining District. Precious and base metal mineralization occur along a major corridor of faulting and deformation on the northeast limb of an upfaulted block of carbonaceous argillite Sharon Creek formation. Along this fault zone, mineralization is preferentially found at the interface of the Broadview/Sharon Creek Formation with widespread hydrothermal alteration that accompanies the precious and base metal mineralization and is related to a widespread volcanic/alteration unit called the Jowett Formation.

### **Geological Model**

The Company has invested considerable effort 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 Silver Cup 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.

Subsequently, during the Mesozoic Era, the zones were subjected to intense folding and faulting that has profoundly impacted the geometry of the zones at Thor. The age of this faulting predates the emplacement of the precious and base metal lodes at Thor.

The 2019 exploration program provided additional information about the deposit, namely that the Thor deposit is composed of a number of en-echelon zones that overlap and continue northwest of the known deposit under an area called Thor's Ridge. Within each of these zones, the deposit exhibits zonation that progresses from zinc-rich portions to the southeast, massive sulphides in the middle, and gold-rich zones to the northwest.

### **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**

<b>Zone and Category</b>	<b>NSR Cut-off</b>	<b>tonnes</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Cu (%)</b>	<b>Pb (%)</b>	<b>Zn (%)</b>
<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
<b>Total Indicated</b>		<b>640,000</b>	<b>0.88</b>	<b>187</b>	<b>0.14</b>	<b>2.51</b>	<b>3.51</b>
<b>Total Inferred</b>		<b>424,000</b>	<b>0.98</b>	<b>176</b>	<b>0.14</b>	<b>2.26</b>	<b>3.20</b>

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.

It should be noted that the Company has completed significant drilling activity since this Resource Estimate was completed and has not updated its NI 43-101 at Thor. The Company is planning to undertake an update to the Resource estimate at such time when it has been able to assess the application of on-site gravity concentration at Thor (10,000 tonne bulk sample).

**Phase II Mining Operation (10,000 tonne bulk sample)**

Taranis submitted a Joint Environmental Mining Application (“JEMA”) on October 15, 2018 to the British Columbia Ministry of Energy, Mines and Petroleum Resources (“MEMPR”) that outline plans to process 9,500 tonne of stockpiled sulphide material and 500 tonne of remaining SIF ore. The installation, operation and decommissioning of a poly metallic density media separation plant will occur in a period of up to three years.

After a series of meetings with MEMPR, Taranis has amended its original JEMA application and submitted it for screening by MEMPR. The JEMA and Information Resources Table (“IRT”) were amended to include references to data and Qualified Person reports that have addressed issues concerning the construction and operation of the bulk sampling facility that will be located at the True Fissure mill site.

On September 16, 2019, Taranis was notified that its application had passed Screening and passed into Technical Review. During the Technical Review phase, Ministry reviewers raised a number of comments and informational requirements on a Technical Review Tracking Spreadsheet. Taranis has responded to a number of those comments.

Taranis commenced community consultation that outlines to the public the proposed purpose and scope of the sampling facility. This has included posting a number of signs in the area of the project, at the Trout Lake general store, the Trout Lake Community Hall and also in the B.C. Gazette. There is also a link on the Taranis website where people can provide anonymous comments that will be used by the Company to facilitate public concerns into the operation of the plant.

The processing plant will utilize a new technology to separate ore and waste products onsite called an InLine Pressure Jig (“IPJ”). This technology could prove to be instrumental in finding an economic means to recover silver, gold, lead, zinc, copper and indium from the deposit via test work on existing stockpiles of ore found at surface. Taranis feels that gravity pre-concentration of ore onsite could potentially eliminate the requirement for expensive infrastructure to process the ore. It is noteworthy that the two prior attempts at mining the Thor deposit in the 1930’s and the 1970’s failed owing to the decision to install turnkey milling infrastructures onsite. With the recent advances made in gravity pre-concentration Taranis feels that this approach will reduce or eliminate the need for costly onsite infrastructure and minimize environmental impact. Gravity pre-concentration also allows the concentrate to be shipped much greater distances as opposed to the transport of unprocessed ore.

The stockpiled ore at surface is typical of the main Thor deposit, and carries significant concentrations of lead, zinc, copper, silver, indium 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 Taranis. However, the main reason for undertaking Phase II mining operations is to establish the applicability of IPJ as a viable means of conducting gravity pre-concentration, as well as gaining further understanding of the operating criteria such as water consumption, waste products and water discharge.

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 Density Media Separation (“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 Acid Rock Drainage (“ARD”) producing ore from the property, and this should simplify the permitting process.

Pursuant to the signing of the Information Requirements Table by Taranis, the Ministry of Environment, Environmental Protection Division, and the Ministry of Mines, Mines and Minerals Resources Division, Taranis is now finalizing the specifications for the 10,000 tonne sample from the main Thor Ag-Au-Pb-Zn-Cu-In deposit using the following industry experts.

- **Allnorth Engineering** (“Allnorth”) completed initial engineering of the 10,000 tonne bulk sample facility at Thor. Allnorth is a multidisciplinary engineering and technical services consulting company that will design the site plan in conjunction with Gekko Engineering.
- **Masse Environmental Consultants Limited** (“Masse”) of Nelson, British Columbia has completed a study to provide supporting environmental studies of the 10,000 tonne sample

including biology, groundwater, hydrogeology and other aspects. Masse has a long and impressive history, including work in the Trout Lake area.

- **Aero Geometrics Limited** completed a LiDAR survey over the property in July of 2019, and the results of this survey were integral to updating the drill hole database and the geophysical and mapping databases. In addition to this, it was used to complete an Archeological Overview Assessment.

Processing 10,000 tonnes of material at Thor is the final phase of mine development proximal to commercial mining of the high-grade in situ resource. Due to the modular design of the IPJ plant, ongoing mining and milling activity could be achieved through scaling-up of the same plant circuits and general mine plan.

Permitting efforts continue but have encountered a number of obstacles primarily due to the fact that Taranis is the first company in British Columbia being required to navigate a full JEMA/IRT Mining application to undertake a 10,000 tonne bulk sample. The timetable of the decision regarding the 10,000 tonne bulk sample permit application (approval/rejection) making is unknown at this time.

In December of 2019, Taranis filed a notification with the B.C. Ombudsperson Office pertaining to numerous inconsistencies with the process, management and policy oversight. These were considered during a ‘pre-resolution’ phase regarding its 10,000 tonne bulk sample application and the Ombudsperson asked that Taranis elevate these issues within MEMPR. On March 12, 2020 Taranis arranged a meeting with senior MEMPR personnel, at which time most of the issues were not addressed by MEMPR. Consequently, the B.C. Ombudsperson was informed of the results of that discussion and elected to raise the issue into a full investigation. This investigation is ongoing and the results of the investigation are not known, and there is no timeframe that has been given for resolution of that matter.

Independently, Taranis has filed a separate complaint with the Office of the Information and Privacy Commissioner (“OPIC”) that pertains to a number of information breaches that were associated with MEMPR’s operation of the Sharepoint website that was used to file documents and information pertaining to the JEMA/IRT application. The results of this investigation are currently pending.

### **Ridge Target Exploration Permit (NOW 1630302201901)**

Taranis has submitted a 5-year Multi Year Area Based Permit (“MYAB”) exploration program to MEMPR that outlines the plans to construct a series of new roads northwest of the existing deposit on an area called the Ridge Target. This area requires the construction of two new temporary bridges over True Fissure Creek and the construction of new roads on the south side of Thor’s Ridge. A total of twelve drill sites are planned, each of which will have multiple drill holes completed from each site.

Taranis received notification that the Notice of Work (“NOW”) had been approved on January 31<sup>st</sup>, 2020 and a security bond was required in the amount of \$52,400 in order to proceed with the issuance of the NOW permit. Taranis is currently assessing its desire to post such a bond, in

the wake of policy and management issues that have arisen with the Thor 10,000 tonne bulk sample application.

### **Detailed Geological Mapping**

Taranis completed an extensive mapping program aimed at detailing structural geology of Thor in summer 2019. This program was developed to improve the current understanding of the deposit in relation to its host rocks, and to prepare for exploratory drilling in the area northwest of the known deposit. The mapping and drill program are being used to expand the existing deposit underneath Thor's Ridge. Data collected in 2019 includes thousands of structural measurements tracing various folds, bedding, faults and slickensides. The following table lists some of the major findings of the mapping program.

- The geology is dominated by a complex northwest-trending series of folded rocks of three major Formations (Broadview, Jowett, and Sharon Creek Formations). The Formations are listed in order from youngest to oldest.
- The Thor deposit is hosted within a corridor of faulting ("Thor Fault Zone"), and within a series of en-echelon veins/fault zones that trend north-northwesterly, as such these crosscut, and post-date, the major regional folding event.
- The Thor Fault Zone strikes north-northwest and dips moderately (45°) east-northeast. The Thor Fault Zone is a normal fault, but the last movement was largely horizontal and sinistral, and it was during this last phase the polymetallic veins were emplaced. This final movement has caused dilation zones to develop in the Thor Fault Zone that contain the precious and base metal-rich lodes.
- The lodes are found where the Jowett Formation (that is found at the interface of the Broadview and Sharon Creek Formations) intersects the Thor Fault Zone. This zone exhibits pronounced ammonium-illite alteration where epithermal mineralization is found.
- The footwall of the Thor Fault Zone contains conductive carbonaceous rocks (Sharon Creek) juxtaposed against resistive rocks of the Broadview Formation in the hanging wall. This explains the presence of a massive EM-37 anomaly along this contact, and the anomaly defines the Thor Fault Zone.

### **Geophysical and Geologic Modeling of the Thor Deposit**

- The 2019 LiDAR survey generated accurate surface elevations for pre-existing drill hole, geophysical and other exploration information. Consequently, all of the prior exploration databases were upgraded to include the new surface elevations.
- VLF electromagnetic data was inverted into two-dimensional space using the Karous-Hjelt filter, and this was then used to create a three-dimensional dataset that could be related to drill holes. This is particularly useful given the conductive nature of the deposit at Thor, and also provided invaluable geological mapping information.
- Inversion modeling was redone of the ground magnetics using the new elevation data, and this was incorporated with other databases. This inversion has outlined the location and depth of a possible intrusive body that underlies Thor.
- A three dimensional geological model of the deposit was completed using Surpac and Geosoft software.

## **Baseline Environmental Studies and Technical Review of the JEMA/IRT Application**

As part of the Joint Application for the Phase II Mining at Thor, Taranis completed further studies aimed at completing the Technical Review of its 10,000 tonne bulk sample application. This data was sent to MEMPR for consideration in the Technical Review.

This additional data/reports included the following information:

- Completion of an Archeological Overview Assessment by Ursus Heritage.
- Benthic invertebrate report of True Fissure, Broadview Creek and Ferguson Creeks completed by Masse Environmental.
- Completion of a technical assessment report on the water quality system (Clearwater) by Joseph A. Kalmar, P.Eng.
- Nigel Grigg, P. Eng. of Gekko Engineering provided a letter of support and engineering oversight to MEMPR that explained the rationale behind the gravity separation plant and its operation.

## **SUMMARY OF QUARTERLY RESULTS**

	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	June 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	June 30, 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Net Income (Loss)	(27,046)	(55,983)	(13,722)	(24,685)	(31,395)	25,793	(17,120)	(63,086)
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 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 STANDARDS AND INTERPRETIONS**

The Company adopted IFRS 16 - Leases (“IFRS 16”) on January 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and to report all leases on its statement of financial position. The only exemptions to this will be for leases that are one year or less in duration or for leases of assets with low values.

Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously



recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. As at the date of transition, management has assessed that it does not have any leases to which IFRS 16 applies. The adoption of the new IFRS pronouncement has therefore not resulted to adjustments in previously reported figures and there has been no change to the opening deficit balance as at January 1, 2019.

## **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 21, 2020

71,074,500 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	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
	50,000	\$0.08	October 24, 2024
Flow-through Warrants	2,000,333	\$0.15	December 29, 2022
	2,150,000	\$0.15	September 18, 2020
	2,100,000	\$0.15	August 28, 2021
Regular Warrants	833,333	\$0.15	November 17, 2022
	775,100	\$0.15	August 28, 2021

## **TRANSACTIONS WITH RELATED PARTIES**

During the three months ended March 31, 2020 the Company entered into the following transactions with related parties:

- a) paid or accrued \$3,500 (2019 - \$3,500) to a director and CFO, Gary McDonald, for accounting services;

- b) paid or accrued \$8,000 (2019 - \$7,000) for legal services to a corporation controlled by Glenn R. Yeadon, a director and the Secretary of the Company;
- c) settled debts to a corporation controlled by John J. Gardiner, a director and the President and Chief Executive Officer of the Company totalling \$150,035 through the issuance of 2,143,358 common shares;
- d) accrued loan interest of \$2,000 (2019 \$706) to Matachewan Consolidated Mines Limited, a corporation related to the Company through a common director;
- e) accrued loan interest of \$706 (2018 \$2,667) to McChip Resources Inc., a corporation related to the Company through a common director;
- f) accrued loan interest of \$Nil (2019 \$788) to John J. Gardiner LLC, a corporation controlled by John J. Gardiner, a director and the President and Chief Executive Officer of the Company;
- g) included in accounts payable and accrued liabilities is \$112,249 (2019 - \$125,338) due to directors and companies controlled by directors of the Company;

#### **OFF BALANCE SHEET ARRANGEMENTS**

Taranis does not utilize off-balance sheet arrangements.

#### **PROPOSED TRANSACTIONS**

As at May 21, 2020 the Company has no proposed transactions.

#### **CAPITAL RESOURCES AND LIQUIDITY**

As at March 31, 2020 the Company had a working capital deficiency of \$137,819 and cash of \$258,427. 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 September 18, 2018 the Company issued 1,500,000 units pursuant to a private placement 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 September 18, 2019.

On September 18, 2018 the Company issued 2,150,000 flow-through units pursuant to a private placement at a price of \$0.15 per unit, each unit consisting of one common flow-through share and one flow-through share purchase warrant, with each warrant entitling the holder to purchase one additional flow-through common share at a price of \$0.15 until September 18, 2020.

On August 28, 2019 the Company issued 775,100 units pursuant to a private placement 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.

On August 28, 2019 the Company issued 2,100,000 flow-through units pursuant to a private placement 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.

## **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, 2020, the Company had a cash balance of \$258,427 (2019 – \$215,261) to settle current liabilities of \$408,796 (2019 – \$651,910). 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, 2020 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 three months ended March 31, 2020.

#### **SUBSEQUENT EVENT**

On April 14, 2020 the Company concluded an arrangement with a private Colorado corporation controlled by John J. Gardiner, its President and Chief Executive Officer, to identify, acquire and explore large Carlin-type deposits in Nevada, U.S.A. Under the terms of the arrangement Taranis will be given the opportunity to participate in the development of such projects on a case-by-case basis.

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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

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Auditors  
Davidson & Company LLP  
Suite 1200 – 609 Granville Street  
Vancouver, B.C., Canada V7Y 1G6

Share Capitalization	
Authorized	Unlimited common shares Unlimited Class A preferred shares
Issued and Outstanding at March 31, 2020	71,074,500 common shares
Issued and Outstanding at May 21, 2020	71,074,500 common shares
Incentive Stock Options outstanding at May 21, 2020	3,800,000
Share purchase warrants outstanding at May 21, 2020	7,858,766