

**TARANIS RESOURCES INC.  
MANAGEMENT DISCUSSION & ANALYSIS,  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019  
(Including subsequent events to November 21, 2019)**

This Management Discussion and Analysis (“MD&A”) is provided for the purpose of reviewing the performance of Taranis Resources Inc. (“Taranis” or “the Company”) for the nine months ended September 30, 2019 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 nine months ending September 30, 2019 and the audited consolidated financial statements and corresponding notes for the year ended December 31, 2018, 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.

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.

**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 September 30, 2019 are as follows:

## **EXPLORATION AND EVALUATION ASSETS**

	September 30, 2019
<b><u>Thor Property</u></b>	
<b>Acquisition costs:</b>	
Balance, beginning of period	\$ 725,637
Additions	1,775
Disposals	<u>-</u>
Balance, end of period	<u>727,412</u>
<b>Exploration costs:</b>	
Balance, beginning of year	<u>4,086,411</u>
Assaying and metallurgy	21,451
Geological fees	144,015
Engineering and permitting	<u>113,895</u>
	279,361
Exploration costs recovered	<u>(21,950)</u>
Balance, end of period	<u>4,343,822</u>
<b>Total costs</b>	<b>\$ 5,071,234</b>

### **Other Projects/Evaluations**

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

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

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

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\*

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

<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 the 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<sup>th</sup> 2019, Taranis was notified that the application had passed Screening and passed into Technical Review. During the Technical Review phase, Ministry reviewers raise a number of comments and informational requirements on a Technical Review Tracking Spreadsheet. Taranis has responded to a number of those items.

Taranis commenced community consultation that outlines to the public the proposed purpose and scope of the sampling facility. This has included posting of a number of signs in the area of the project, at the Trout Lake general store, the Trout Lake Community Hall and also 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 the Company 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 the Company. 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.

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 can easily 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 submission of the 10,000 tonne bulk sample permit application for Decision (approval/rejection) making is unknown at this time.

## **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.

Pursuant to an 8-month lag between the submission of the application, Taranis contacted MEMPR as to the status of the Notice of Work (“NOW”) application. MEMPR cited a number of concerns contributing to the delay that included a recommendation (but not a necessity) for Taranis to consolidate all of its existing NOW’s into a new NOW. MEMPR also notified Taranis that there were also concerns expressed by First Nations for the proposed drilling program, potentially related to Mtn. Caribou habitat, but possibly due to the fact that Taranis had two other NOW’s outstanding and the addition of a third NOW potentially made it too confusing for First Nations to evaluate the application.

Taranis has informed MEMPR that it had no desire to cancel its existing two NOW’s and submit a new amended NOW, partly owing to the lengthy permitting times being experienced (in excess of 8 months). Recently, Taranis has been informed of the closure of the internal and external consultation (including First Nations) and is awaiting a decision on the drilling permit. Taranis has expressed serious concerns to the Association of Mineral Exploration, British Columbia and MEMPR that the lengthy delays associated with permits has had serious planning and economic consequences for Taranis at Thor.

Taranis has also supplied MEMPR with a comprehensive Geographic Information System (“GIS”) database of all of the surface disturbance at Thor to aid in its evaluation of pre-existing and Taranis-related surface disturbance at Thor. This GIS data was also provided in February of 2017, although MEMPR had not evaluated any of that information.

### **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 encountered 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°) to the 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 explains the largely horizontal nature of the deposit at Thor, but it also contains numerous undulations where the folds intersect the Thor Fault Zone.
- 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.

### **Exploration Implications Arising from 2019 Mapping Program**

- It is now known that the Thor deposit and the most northerly Blue Bell portion thereof extend northwest under Thor's Ridge. In fact, mapping has identified a new en-echelon portion of the deposit in this area at surface that exhibits anomalous precious and base metal content.
- The geological model explains why the Thor Fault Zone that hosts the Thor deposit was intersected in the lowest level of the mine (Morgan Tunnel) but was largely devoid of mineralization since the receptive Broadview/Sharon Creek contact is located further above that level.
- One remaining enigma is a mine rock unit that is referred to as the "Green Tuff" that is tentatively correlated with the Jowett Formation. This distinctive rock is highly altered (ammonium-illite) and has a volcanoclastic appearance. There are two varieties – one with no measurable magnetic susceptibility, and another with extremely high magnetic susceptibility (8,000 SI units). The latter green-tuff magnetic sub-unit has been easily outlined in ground geophysical surveys. It is quite possible that the Green Tuff rock represents hydrothermal alteration along the Broadview/Sharon Creek Formational contact by fluids that have moved along the Thor Fault Zone, and which introduced precious and base metals in the Thor deposit. The age of this mineralizing event appears to be Mississippian based on K-Ar age dating.
- Finally, and most importantly, future exploration along the Thor Fault Zone needs to be directed where the Broadview/Sharon Creek contact intersects the Thor Fault Zone plane. This lithological contact is receptive to mineralization and widespread alteration. It is now established that this target feature is located under Thor's Ridge.

### **Baseline Environmental Studies**

As part of the Joint Application for the Phase II Mining at Thor, Taranis has continued water baseline sampling initiated at Thor in 2017, and this has extended into 2019.

This data collection includes the following information:

- Water chemistry sampling at a number of stations in the Broadview and True Fissure watersheds.
- Sampling of water from a number of pre-existing adits and exploration tunnels on the property.

- Sampling of water seepage from existing stockpiles.
- Stream sediment and silt sampling.
- Continued monitoring of stream flow at one station in the Broadview watershed and one station in the True Fissure watershed.
- Benthic invertebrate studies of True Fissure, Broadview Creek and Ferguson Creek.

This data collection has enabled Taranis to build a detailed understanding of metal contaminants in both watersheds and forms an integral part of the Joint Application for the Phase II Mining application.

### **SUMMARY OF QUARTERLY RESULTS**

	Sept 30, 2019	June 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	June 30, 2018	Mar 31, 2018	Dec 31, 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Net Income (Loss)	(13,722)	(24,685)	(31,395)	25,793	(17,120)	(63,086)	(180,923)	(39,529)
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, 2019, 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 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 periods 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 November 21, 2019

68,931,142 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 nine months ended September 30, 2019 the Company entered into the following transactions with related parties:

- a) paid or accrued \$10,500 (2018 - \$10,500) to a director and CFO, Gary McDonald, for accounting services;
- b) paid or accrued \$25,800 (2018 - \$30,000) for legal services to a corporation controlled by Glenn R. Yeadon, a director and the Secretary of the Company;
- c) accrued loan interest of \$7,127 (2018 \$9,000) to Matachewan Consolidated Mines Limited, a corporation related to the Company through a common director;

- d) accrued loan interest of \$2,118 (2018 \$1,961) to McChip Resources Inc., a corporation related to the Company through a common director;
- e) accrued loan interest of \$2,364 (2018 2,364) 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.

## **CAPITAL RESOURCES AND LIQUIDITY**

As at September 30, 2019 the Company had a working capital deficiency of \$201,583 and cash of \$346,597. 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 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 (subsequently extended to November 17, 2022).

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 \$0.15 until December 29, 2019 (subsequently extended to December 29, 2022)..

On September 18, 2018 the Company issued 1,500,000 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 September 18, 2019.

On September 18, 2018 the Company issued 2,150,000 flow-through units 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 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 2,150,000 flow-through 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 \$0.15 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 September 30, 2019, the Company had a cash balance of \$346,597 (2018 –\$223,707) to settle current liabilities of \$558,232 (2018 – \$540,935). 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 June 30, 2019 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 September 30, 2019.

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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  
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 December 31, 2018	64,843,067 common shares
Issued and Outstanding at November 21, 2019	68,931,142 common shares
Incentive Stock Options outstanding at November 21, 2019	3,800,000
Share purchase warrants outstanding at November 21, 2019	7,858,433