**TARANIS RESOURCES INC.**
**MANAGEMENT DISCUSSION & ANALYSIS,**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**
**(Including events subsequent to November 23, 2023)**

This Management Discussion and Analysis ("MD&A) is provided for the purpose of reviewing the performance of Taranis Resources Inc. ("Taranis" or "the Company") for the nine months ended September 30, 2023 and comparing results with the previous year. It should be read in conjunction with the Company's unaudited condensed consolidated financial statements for the nine months ended September 30, 2023 and its audited consolidated financial statements and corresponding notes for the year ended December 31, 2022 which were prepared in accordance with International Financial reporting Standards ("IFRS")

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

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

The reader is encouraged to review the Company's statutory filings on www.sedar.com and general information on its website www.taranisresources.com.

## FORWARD LOOKING STATEMENTS

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

## OVERALL PERFORMANCE

As of November 23, 2023, the Company has sufficient funds to meet its fixed overhead commitments to the end of December 2023 and through the first six months of 2024. See "Capital Resources and Liquidity" and "Financial Instruments and Capital Risk Management" for more information.

## DESCRIPTION OF BUSINESS

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

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

## RESULTS OF OPERATIONS

The cumulative costs of Exploration and Evaluation Assets for the nine months ended September 30, 2023 are as follows:

**EXPLORATION AND EVALUATION ASSETS**

| | September 30, 2023 |
|---|---|
| **Thor Property** | |
| **Acquisition costs:** | |
| Balance, beginning of period | $ 788,268 |
| Additions | 1,134 |
| Balance, end of period | 789,402 |
| **Exploration costs:** | |
| Balance, beginning of period | 5,653,406 |
| Assaying and metallurgy | 12,406 |
| Geological fees | 103,954 |
| Engineering | 42,501 |
| Drilling | 284,678 |
| | 456,384 |
| Exploration costs recovered | (34,075) |
| Balance, end of period | 6,075,712 |
| **Total costs** | $ 6,865,114 |

## Other Projects/Evaluations

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

## Thor Property, British Columbia, Canada

The Company's Thor property, located in the Revelstoke Mining District of British Columbia, includes 27 Crown Granted Mineral Claims and 20 Mineral Tenures covering approximately 3,800 hectares. The combined Crown Grants and Mineral Tenures form a contiguous 100% owned collection of Mineral Tenures and Crown grant Claims over the known Thor Property.

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

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

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

# EXPLORATION AND GEOLOGY

## General Geology of the Thor Project

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

Five historic mines have been connected by Taranis through diamond drilling . These old mines include (from south-southeast to north-northwest): Broadview, Great Northern, True Fissure, SIF, Blue Bell, and the newly discovered Thunder zone. The recently discovered Thunder Zone is the only known mineral occurrence on the northeast side of the Silver Cup Anticline and occurs north of the Blue Bell Zone, which was historically the northernmost known deposit at Thor. In 2023, exploration discovered a number of high-grade mineralized pieces of float to the west of the TFZ near a feature called Horton, and this may indicate the presence of a parallel lode located over 300m west of the TFZ.

Taranis has conducted substantial drilling (over 250 drill holes) within the TFZ, and this drilling has defined a Mineral Resource. In addition, the Company has also conducted surface exploration on a deep underlying feature referred to as the 'Intrusive Target'. The Intrusive Target appears to be related to distinct rocks that are termed 'green rocks'; a name used by Company geologists to describe the alteration typically associated with a porphyry-copper type setting. Based on analogues in British Columbia, the epithermal deposit at Thor could be sitting on top of an intrusive body hosted almost entirely within metasedimentary rocks that may contain substantial amounts of lower-grade intrusive-related mineralization.

**Stratigraphic Sequence at Thor**

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

- **Broadview Formation -** Directly overlying the Sharon Creek Formation are resistive weathering greywacke/clastic and volcanic rocks of the Broadview Formation. These rocks are typically massive, siliceous and are commonly found on hilltops or in areas of higher elevation. Volcanic rocks are intercalated within the sedimentary rocks and are generally tuffaceous in character. The sediments are tightly folded and plunge steeply to the northwest. The Broadview Formation is thought to resemble what is referred to by geologists as a *lithocap* formation, due to its impermeability to mineralized hydrothermal systems flowing up from below.

- **Jowett Formation (Volcanic/Intrusive Rocks) -** In a regional setting, the Sharon Creek Formation and the younger Broadview Formation are separated by the Jowett Formation. The Jowett Formation largely consists of volcanic rocks (agglomerates, breccias, pyroclastic rocks and mafic volcanic flows) with minor sediments (argillite and limestone). Unlike the metasedimentary rocks of the Broadview Formation, this rock unit is prone to alteration characteristic of porphyry deposits found elsewhere in British Columbia. Although the Jowett Formation has not been formally identified at Thor, its presence is strongly inferred from outcrop found in an area exposed by Broadview Creek.

- **Sharon Creek Formation -** The oldest rocks found on the property are fine-grained pelitic rocks that are generally grey/black in colour and are prone to rapid weathering. Rocks of this formation are commonly found in recessively weathered areas and valleys. Fissure Creek is localized along the axis of the Silver Cup Anticline and exposes the Sharon Creek Formation. These rocks are generally devoid of mineralization, but they can be pyritized in areas, particularly when in proximity to the TFZ. The rocks are folded into tight isoclinal folds.

**Evolving the Exploration Model for Thor**

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

deposits found near intrusive bodies which host porphyry deposits. Such systems are typically called “linked” porphyry-epithermal deposits.

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

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

> The first are ***epithermal zones***, which to-date contribute all of the known material to the Mineral Resource at Thor. The 2022 airborne MobileMT and magnetic susceptibility survey appears to have successfully identified several additional epithermal zones, and those zones are discussed briefly below.
>
> The second type of inferred mineralization, within or adjacent to a large ***intrusive body***, is likely to be related to the ‘green rock’ which is known to occur under the epithermal deposit. In contrast to most porphyry deposits in British Columbia, Thor is hosted almost entirely within sedimentary rocks. As a result, the alteration potentially related to an intrusive body is significantly different than what would be considered a classic volcanic-hosted deposit commonly found in British Columbia. These types of deposits are well documented in the United States and are referred to as Deep Apex Sediment Hosted (“***DASH***”) deposits.

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

In the linked porphyry-epithermal deposit model, the ***Source*** of the mineralization at Thor is most likely a large intrusive body, the ***Conduits*** occur within the Thor Fault Zone which obliquely crosscuts the Silver Cup Anticline, and finally the ***Trap*** is a lithology called the Jowett Formation lying under the Broadview Formation, which serves as a tight caprock and is folded into an anticline.

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

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

The age of mineralization at Thor postdates the regional folding (Antler Orogeny – Devonian/Mississippian) event that created the northwest-trending Silver Cup Anticline. Silver/gold and base metals are preferentially emplaced along the TFZ and strike north-northwest and dip moderately to the ENE ($45^0$), and clearly postdate formation of the Silver Cup Anticline. Slickensides indicate that there has been significant sinistral strike-slip movement along the TFZ.

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

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

**DASH Deposit**

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

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

**Hydrothermal Alteration Associated with the Epithermal and Intrusive Target**

One of the most important exploration guides pertains to alteration around ore deposits. It can be used as a guide to conduct further exploration and locate either new parts of existing deposits, or even entirely new deposits. At Thor, the alteration found at surface is in part related to epithermal

mineralization, but there is also evidence of hydrothermal alteration related to a much larger intrusive body that is postulated to underly the epithermal deposit.

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

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

## 2023 Exploration Activities at Thor

### 2023 Epithermal Drilling in Thunder Zone

Taranis initiated drilling on the Thunder Zone epithermal target in mid-July 2023 on the south side of Thor's Ridge. Exploration activity is focused on gaining an understanding of this area of the deposit which occurs under a rockslide that is 50m thick.

A total of 888m of diamond drilling was completed around the newly discovered epithermal Thunder Zone at Thor. This is a difficult area to explore because of steep topography and the presence of a thick paleo-rockslide obscuring all bedrock. One drill hole was lost in the rockslide due to caving. The results of the drilling will be disclosed as analytical data becomes available and is incorporated into the evolving geological model for the Thunder Zone. Investigation was focused on gaining further insight into the geometry of precious/base metal breccia-type mineralization and ascertaining its relationship to an underlying conductive feature (North Tusk).

An apparent conductivity ("AC") airborne EM feature evident on the Expert Geophysics magnetotelluric ("MT") survey was tested via drilling. A considerable amount of pyrite (2-8%) within highly altered black sedimentary rocks was discovered. This unit was found to be over 100m thick. Petrophysical testing of the drill core confirmed its conductive nature, and it is therefore likely that this rock unit is the source of the AC anomaly. The entire drill hole was sampled, and the results are pending. This rock/alteration unit requires investigation because of its prominence in the airborne survey, and because it appears to be dissected by the Ripper Fault. It could be a widespread, early-stage pyritization event related to the epithermal deposit, or it could be related to an intrusive body at Thor.

### NI 43-101 Mineral Resource Update

P&E Mining Consultants conducted an onsite review of the project in August of 2023, and completed resampling of old drill holes to verify prior analytical work. Select intercepts were retrieved from drill core storage sites and were re-sampled during the course of the NI 43-101

audit. Drill hole databases were reviewed and cleaned-up, and the final Mineral Resource model will be updated once all the 2023 analytical data is received.

Based on the exploration work undertaken in 2023, Taranis will also be updating the geological map of the property to include some of the recent geological information.

**XRD Studies and Petrophysical Measurements**

ALS Metallurgy completed XRD ("X-Ray Diffraction") studies on drill core to gain greater insight into the mineralogical composition of host rocks. The results will be used to validate/compare results of a 2022 VIS/NIR spectrometry survey that mapped mineralogical alteration at Thor. Petrophysical measurements of conductivity and magnetic susceptibility were completed on a variety of old drill holes and surface outcrops. This data will be compared with the airborne MT survey and will result in improved interpretation of the geophysical data.

**Discovery of High-Grade Boulders at Horton**

Horton is a circular feature, 600m in diameter visible on airphotos, and is surrounded by a number of EM anomalies. In May of 2022, an airborne magnetotelluric ("MT") and magnetic survey completed by Expert Geophysics ("EG") confirmed the presence of previously known strong EM-37 anomalies located on the NW edge of Horton. Data from VLF surveys completed in 2007 further corroborates the EM-37 and MT anomalies. The EG MT survey also identified a large resistive lobe-like feature located to the east of Horton.

Taranis decided to investigate the conductive geophysical targets and identified a number of mineralized boulders (some weighing several tons). The boulders are mineralized with quartz-carbonate veining, pyrite, tetrahedrite, chalcopyrite and sphalerite, and occur topographically higher than the Thor epithermal deposit making it impossible to have been derived from the known deposit. That said, the origin of these mineralized boulders has not been located in bedrock as the area has upwards of 95% colluvium/rockslide material covering bedrock. The Company completed additional rock, soil, stream sediment and VLF surveys over the area and the results and interpretation of this exploration work are in progress. The following table shows the initial eight float samples that were analyzed.

**Horton Analyses**
**(Surface Mineralized Boulders)**

| Sample No. | Rock Description | Au (g/t) | Ag (g/t) | Cd (ppm) | Cu (%) | Pb (%) | Zn (%) | Sb (%) | S (%) |
|---|---|---|---|---|---|---|---|---|---|
| **3241044** | Massive pyrite & tetrahedrite | 14.55 | 1,045 | 42.7 | 3.23 | 0.05 | 0.43 | 3.17 | 43.4 |
| 3241045 | Quartz/Sediment breccia with vugging | 1.05 | 292.0 | 0.9 | 0.07 | 0.08 | 0.01 | 0.44 | 0.5 |
| 3241046 | Banded pyrite with tetrahedrite clots | 3.28 | 470.0 | 19.6 | 1.17 | 0.28 | 0.23 | 0.71 | 29.7 |
| 3241047 | Quartz/Sediment breccia with dodecahedral pyrite (5%) and early-phase pyrite (10%) (graphite) | 1.88 | 13.7 | 0.5 | 0.03 | 0.02 | 0.01 | 0.02 | 9.4 |
| 3241048 | Quartz-Carbonate-sediment Breccia (FeOx) | 0.15 | 4.9 | <0.5 | 0.02 | 0.03 | 0.01 | 0.01 | 0.4 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 3241049 | Banded quartz-siderite vein with 5% pyrite, styolitic | 0.82 | 4.2 | <0.5 | 0.00 | 0.01 | 0.01 | 0.00 | 6.2 |
| **3241050** | Very weathered, silver-color sulfide., extensive vugging | 6.31 | 1,705 | 3.5 | 0.24 | 2.40 | 0.04 | 0.84 | 16.3 |
| 3241319 | FeOx Quartz vein with pyrite and vugging | 0.33 | 109.0 | 1.2 | 0.08 | 0.01 | 0.01 | 0.04 | 3.0 |

Some of the samples from this area exhibit brecciated textures not found in the known Thor deposit, including widespread brecciation and massive clots of tetrahedrite in massive sulfide. The metal content is also notably different from the main Thor deposit, showing enrichment of precious metals, elevated antimony content and depletion of base metals. It also matches the tenors and metal content of the mineralization found in Gold Pit - suggesting a geological link between Horton and Gold Pit. The Company will update its ongoing analyses of the Horton Target in the near future as results become available.

## PERMITTING & RECLAMATION

### Permits

Taranis has two permitted and active Notice of Work Permits ("NoW") on the property. The first of these is a drilling permit that allows Taranis to construct drill trails and drill sites on the north end of the epithermal deposit on Thor's Ridge (Thunder Zone). The second active permit is a 10,000-tonne Bulk Sample permit to construct, operate and reclaim a plant designed to gain metallurgical information pertaining to the epithermal deposit. This second permit has now had its expiry date extended to August 21, 2028.

On August 30, 2022, Taranis applied for a new 5-year NoW that would enable it to explore for the presence of an underlying intrusive at Thor. As of the time of writing this MD&A, there has been no decision by Energy, Mines and Low Carbon Innovation ("EMLI") concerning the NoW. Despite numerous attempts to contact the Honourable Josie Osbourne, Minister of Mines, there was no permit decision made. Finally, on October 16, 2023, the Company filed a suit with The Supreme Court of British Columbia that sought:

- an Order the Chief Permitting Officer or his delegate to make a decision on the application and
- Issue a declaration that Minister Osbourne's public statement that First Nations are "the rightful owners of the land", and her written reference to a First Nation imposed "moratorium", are contrary to law and must not guide the Chief Permitting Officer or his delegate.

### Reclamation

During the summer of 2022, the Company continued reclamation work on the project. McElhanney Engineering (Salmon Arm) was engaged to coordinate the reclamation activities on the project, including the monitoring of previous reclamation, and the preparation of documents necessary to reclaim securities for previous surface disturbance at Thor that has been reclaimed.

## THOR 10,000 TONNE BULK SAMPLE

### Overview

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

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

Owing to the lengthy delays associated with the Canada Revenue Agency ("CRA") review of the Bulk Sample for CEE-Eligibility, the company asked EMLI for a two-year extension to the permit. This extension was issued in July of 2023. Taranis has been informed by the CRA that they are reviewing the file, although the Company has received no information as to when a decision will be rendered.

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

Taranis applied to the EMLI in 2018 for a permit to take a 10,000-tonne sample of epithermal polymetallic materials, to test the physical and chemical characteristics of the material. EMLI informed Taranis at that time that the permitting process had changed substantially; the details of the changes were not made public for over two years after the change in permitting procedure, and the changes were made without public or industry consultation. Taranis' position is that the unannounced change to the permitting process, which greatly increased the amount of expenditure and time required to permit this type of exploration activity, were excessive. At Taranis' request, the B.C. Ombudsperson investigated the Bulk Sampling Policy in B.C. and found that the government had no published Policy on Bulk Sampling at the time of application or during the processing of Taranis' Bulk Sampling permit application, and that Taranis was made to conduct its permit application under a full-scale mine permit process, called a Joint Environmental and Mining Application ("JEMA"). The B.C. Ombudsperson ordered EMLI to publish the Policy for Bulk Sampling. After a permitting process that lasted three years, EMLI issued the Bulk Sample permit for the Thor property in July 2021.

In 2020, while the Bulk Sample permitting process was ongoing, the CRA initiated audits for taxation years 2017 and 2018, targeting the use by Taranis of flow-through financings to fund the costs of the now expanded Bulk Sample permitting process mandated by EMLI. Bulk Samples,

including metallurgical and grinding tests performed on-site, and environmental studies and consultations required to obtain necessary permits, are specifically listed as Canadian Exploration Expenditures ("CEE") in CRA's published Mining Expenditure Review Table. Nevertheless, CRA initially proposed to disallow CEE treatment of certain of the permitting expenditures, contending that they "seemed excessive" for a 10,000 tonne Bulk Sample. Taranis disputed CRA's initial interpretation, and in consultation with Natural Resources Canada ("NRC") persuaded the CRA to abandon this argument. CRA then advanced a second reason that the Bulk Sample was ineligible for CEE alleging that the mineral stockpile on surface which was to be the subject of the Bulk Sample did not meet the definition of a "Mineral Resource" as required in its Mining Expenditure Review Table. Again, with the assistance of NRC, Taranis was successful in convincing CRA that this interpretation was also incorrect and that stockpiles are indeed considered part of a Mineral Resource.

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

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

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

## SUMMARY OF QUARTERLY RESULTS

| | Sept 30, 2023 | June 30, 2023 | Mar 31, 2023 | Dec 31, 2022 | Sept 30, 2022 | June 30, 2022 | Mar 31, 2022 | Dec 31, 2021 |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Net Income (Loss) | (118,793) | (51,213) | (371,039) | (142,494) | (96,878) | (39,402) | (16,846) | (86,282) |
| Earnings (loss) per share | | | | | | | | |
| Basic | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Diluted | (0.00) | (0.00) | (0.00) | (0.00) | ….(0.00) | (0.00) | (0.00) | (0.00) |

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

## OUTSTANDING SHARE DATA

Authorized

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

Issued and outstanding as at November 23, 2023
94,587,027 common shares

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

| | Number of Shares | Exercise Price | Expiry Date |
|---|---|---|---|
| Options | 50,000<br>1,150,000<br>2,500,000 | $0.08<br>$0.10<br>$0.17 | October 21, 2024<br>September 14, 2026<br>February 17, 2028 |
| Regular Warrants | 3,250,000<br>125,000<br>7,600,000 | $0.20<br>$0.20<br>$0.15 | June 24, 2024<br>September 9, 2024<br>July 14, 2026 |

## TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2023 the Company entered into the following transactions with related parties:

a) paid or accrued $10,500 (2022 - $10,500) to a director and CFO, Gary McDonald, for accounting services;

b) paid or accrued $43,000 (2022 - $33,500) for legal services to a corporation controlled by Glenn R. Yeadon, a director and the Secretary of the Company;

c) settled $43,478 (2022 - $70,293) in debt with related parties through the issuance of 255,753 common shares (2022 – 702,927 common shares);

d) paid or accrued administrative costs and deferred exploration costs of $98,330 (2022 - $74,5665) to a corporation controlled by John J. Gardiner, a director and CEO of the Company;

e) accrued loan interest of $4,899 (2022 - $6,000). and repaid the loan principal ($100,000) and accrued interest ($29,450) to Matachewan Consolidated Mines, Limited, a corporation related to the Company by virtue of a common director through the issuance of 761,529 common shares;

f) accrued loan interest of $1,726 (2022 - $2,118) and repaid the loan principal ($35,300) and accrued interest ($13,727) to McChip Resources Inc., a corporation related to the Company by virtue of a common director through the issuance of 288,294 common shares.

Due to related parties of $12,299 (2022 - $12,299) and amounts included in accounts payable and accrued liabilities of $296,874 (2022 - $257,807) are due to a director, companies controlled by directors of the Company and to companies related to the Company by virtue of a common director. These amounts are without interest and have no specific repayment terms.

## OFF BALANCE SHEET ARRANGEMENTS

Taranis does not utilize off-balance sheet arrangements.

## PROPOSED TRANSACTIONS

As of November 23, 2023 the Company has no proposed transactions.

## CAPITAL RESOURCES AND LIQUIDITY

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

On June 24, 2022 the Company issued 3,250,000 units at a price of $0.10 at a price of $0.10 per unit, each unit consisting of one common share and one share purchase warrant, with each warrant

entitling the holder to purchase one additional common share at a price of $0.20 until June 24, 2024.

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

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

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

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

On July 24, 2023 the Company issued 7,600,000 units at a price of $0.11 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 July 24, 2026.

As at September 30, 2023 the Company had working capital of $108,662 and cash of $773,602. Additional financing is required in the immediate future to enable the Company to sustain its historic level of exploration activity. Management is currently exploring a number of financing options.

## FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;

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

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

### Credit risk

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

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at September 30, 2023, the Company had a cash balance of $773,602 (2022 –$551,034) to settle current liabilities of $707,345 (2022 – $740,545). 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 . A 10% fluctuation in foreign exchange would have a $65,000 impact on profit or loss.

c) Price risk

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

**Capital Management**

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

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

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

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2023.

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## CORPORATE INFORMATION

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

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Auditors
Davidson & Company LLP
Suite 1200 – 609 Granville Street
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| Share Capitalization | |
|---|---|
| Authorized | Unlimited common shares<br>Unlimited Class A preferred shares |
| Issued and Outstanding at December 31, 2022 | 85,681,351 common shares |
| Issued and Outstanding at November 23, 2023 | 94,587,027 common shares |
| Incentive Stock Options outstanding at November 23, 2023 | 3,700,000 |
| Share purchase warrants outstanding at November 23, 2023 | 10,975,000 |