

**TARANIS RESOURCES INC.
MANAGEMENT DISCUSSION & ANALYSIS,
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(Including subsequent events to May 30, 2017)**

This Management Discussion and Analysis (“MD&A”) is provided for the purpose of reviewing the performance of Taranis Resources Inc. (“the Company”) for the three months ended March 31, 2017 and comparing results with the previous year. It should be read in conjunction with the Company’s unaudited interim consolidated financial statements and corresponding notes for the three months ending March 31, 2017 and the audited consolidated financial statements and corresponding notes for the year ended December 31, 2016, which were prepared in accordance with the new International Financial Reporting Standards (“IFRS”) which became effective January 1, 2011 and replace the previous Canadian generally accepted accounting principles (“GAAP”).

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

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

FORWARD LOOKING STATEMENTS

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

DESCRIPTION OF BUSINESS

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

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

RESULTS OF OPERATIONS

The cumulative costs of Exploration and Evaluation Assets as at March 31, 2017 are as follows:

EXPLORATION AND EVALUATION ASSETS 2017

	March 31, 2016
Thor Property	
Acquisition costs:	
Balance, beginning of period	\$ 683,778
Additions	-
Disposals	-
	<u>683,778</u>
Balance, end of period	<u>683,778</u>
Exploration costs:	
Balance, beginning of year	<u>3,185,480</u>
Assaying	4,473
Geological fees	<u>12,821</u>
	<u>17,294</u>
Balance, end of period	<u>3,202,774</u>
Total costs	<u>\$ 3,886,774</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 located in the Revelstoke Mining District of British Columbia and includes 27 Crown Granted Mineral Claims and 19 Mineral Tenures covering approximately 3,314 hectares forming a contiguous 100% owned property over the Thor precious and base metal deposit.

Silver, gold, copper, lead and zinc lodes occurs within the Thor Anticline, a major geological structure that extends for upwards of 2 km on the property in a northwest direction. This feature is a continuation of the Silver Cup Anticline, that hosts many other deposits in the Revelstoke Mining District. Precious and base metal mineralization occur along a major stratigraphic contact on the northeast limb of the anticline, directly on top of carbonaceous argillite Sharon Creek formation, and directly below clastic sediments (Broadview Formation). Along this single stratigraphic contact there is widespread hydrothermal alteration that accompanies the precious and base metal mineralization and is related to a widespread volcanic unit called the Jowett Formation.

Geological Model

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

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

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

National Instrument 43-101 Resource Estimate

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

THOR MINERAL RESOURCE ESTIMATE SUMMARY*

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

<u>Inferred</u>	\$100	235,000	0.74	143	0.13	1.90	2.69
Total Indicated		640,000	0.88	187	0.14	2.51	3.51

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

Metallurgical Work Completed at Thor

In March of 2014, the Company completed the first “bench scale” metallurgical tests at Thor. These laboratory tests were completed by ALS Metallurgy in Kamloops, British Columbia and were designed to get a rough idea of the metallurgical characteristics of the ore. Some of the parameters covered by the work included the grade, mineralogy, grinding characteristics, general flow-sheet characteristics and the recovery of metals.

Based on the results of the ALS Metallurgical work, it appears that the Thor Ag-Pb-Zn-Au-Cu deposit is amenable to conventional metallurgical flowsheet processes, and does not require any special consideration. The considerable difference in metallurgical characteristics between the Gold and Sulphide Zones means that these two targets are best developed independently of each other in anticipation that they would be processed using very different metallurgical processes.

Owing to depleted levels of pyrite mineralization in the deposit, the Company is also examining the possibility of gravity concentration of the ore. This method is particularly attractive owing to the lower capital costs associated with processing the ore directly on site, and the minimal environmental impact associated with processing the resulting concentrate at a facility offsite.

2014 and 2015 Exploration Programs

In 2014 the Company undertook extensive sampling of stockpiles that were created on the property by previous owners. Three areas were examined, including the Broadview, Great Northern and True Fissure stockpiles. The stockpiles of ore at surface were trenched and systematically sampled to NI 43-101 standards and an internal estimate was completed of the Resource.

In addition, the Company completed drilling on the SIF and SIF Carbon zones, and the drill holes were sampled to NI 43-101 standards.

In 2015, the Company completed a drone survey of the property that has been used to generate accurate images of the property and digital elevation maps. This information has been integrated into the drill dole database at Thor.

Mt. Baker Metallurgical Gold Processing Plant

The Company has purchased a 1 t/hr. mill and shaker table setup from Mt. Baker Mining and Metals, LLC which was transported and erected on site in July 2016. Final permits including those for water usage and discharge for the processing of a 1,000 tonne metallurgical sample have now been received and the Company has posted the required security deposit for the

project. Subject to weather and ground conditions the plant should be operational in June of 2017, and will process high-grade gold material from the SIF Zone.

The results from this processing will be compared with estimated gold content of the area (20.9 g/tonne Au) previously gathered from shallow exploration drilling and surface paneling and will also examine the gold distribution related to particle size. This information will be used to design exploration sampling protocols for other areas of the Thor deposit that are highly-enriched in gold.

2016 Exploration Program

During the summer of 2016, the Company completed a 2,013 m diamond drilling program on the project (26 drill holes) that was designed to gain a better understanding of several tracts of potential Resource expansion at Thor. Core drilling was completed on the Gold Pit Target, Great Northern Footwall Target, SIF Zone and the north end of the Blue Bell Mine. Underground sampling was also undertaken on the Blue Bell Mine (upper level), and the True Fissure adit No. 1.

One of the major successes in the drilling program was the identification of multiple, high-grade zones under the Great Northern deposit, and the identification of high-grade zones south of Great Northern that appear to be transitional into the Broadview deposit located almost ½ km to the southeast in Broadview valley. Further drilling will be required to understand how the two areas are geometrically connected. This is expected to add to the existing tonnage.

Drilling around the SIF Zone has demonstrated that this high-grade gold zone is geologically controlled by late-stage, north-east faults that cross-cut the zone and extend into the Blue Bell Mine area. One of these crosscutting structures is a major fault, which now forms Fissure Creek. There has been significant movement along this fault, and it has displaced the main sulphide deposit at Thor just south of St. Elmo.

Drilling around the Gold Pit Zone failed to extend the high-grade gold occurrence down-dip, but did identify quartz veins that are probably related to the surface outcrop. Drilling in this area is prone to blocky ground, and is difficult and expensive. More stripping and drilling is required to better understand the geometry of the zone and the continuity of high grade gold and silver.

Limited drilling was completed on the upper part of the Blue Bell Mine area, and this demonstrated that mineralization is confined to the east limb of the Thor Anticline in this area. Drilling also confirmed a large syncline to the west of the feature, and the receptive contact dips steeply to the west in this area.

2017 Summer Exploration Program and NOW Permitting

Subject to its ability to arrange the necessary financing, the Company has set an objective, of completing the drilling on the remaining untested zones at Thor by the end of summer 2017, and then commissioning a NI 43-101 Resource update and Preliminary Economic Analysis (“PEA”). The cost of the drilling program and studies is estimated at C\$2.5 million.

The Company has already commenced planning of the 2017 work program, which will require an amendment to the current 5-year Notice of Work (“NOW”) permit previously issued for the project. New access roads and drill pads will be required for the exploration program, and in some cases specialized drill pads will be needed to complete the drilling on the steeper areas.

In April of 2017, the Company submitted two separate NOW’s to the Ministry of Energy and Mines. On April 6th, 2017, the Company was notified that the permits were on-hold pending the input of further information from the Company. The first of the NOW applications is 1630302201701 and is for an exploration program that includes 31 drill holes and new road construction around the Broadview Mine area. The second NOW application 1630302201701 is for drilling of the Ridge Target located approximately 1km north of the known deposit, and includes 5-7 drill sites that require the use of a helicopter. Both permits were put into the consultation process by the Ministry of Energy and Mines on May 18th/19th respectively. It is unknown how long it will take to get the final approvals, but a reasonable estimate is 60 days.

The Company has also filed an exemption request for the Ungulate Winter Range (“UWR”) at Thor, and this application is currently in progress. In addition, the Company is also seeking input from the Ministry of Energy and Mines pertaining to the recreational use of the roads and trails at Thor by the general public. Such usage poses potential safety concerns and may also have significant impact on environmentally sensitive areas on the project that would be counter-productive to efforts being undertaken by the Company to mitigate environmental disturbance.

Environmental Baseline Monitoring

The Company has an ongoing program of environmental data collection at Thor, including two weather stations collecting data year-round. In 2017, stream monitoring and snowfall measurements will be added to the regiment of data already being collected. The Company takes a pro-active approach to environmental monitoring at Thor, as it is an essential requirement for mine permitting in British Columbia.

Silver Equivalent (AgEq)

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

SUMMARY OF QUARTERLY RESULTS

	Mar 31, 2017	Dec 31, 2016	Sept 30, 2016	June 30, 2016	Mar 31, 2016	Dec 31, 2015	Sept 30, 2015	June 30, 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Net Income (Loss)	(91,371)	(28,299)	(120,199)	(30,420)	(69,530)	(134,158)	(177,929)	(53,177)
Earnings (loss) per share								
Basic	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Diluted	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

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

NEW ACCOUNTING PRONOUNCEMENTS

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

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

IFRS 9 Financial Instruments

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

IFRS 16 Leases

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

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

OUTSTANDING SHARE DATA

Authorized

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

Issued and outstanding as at May 30, 2017

55,451,716 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	300,000	\$0.10	June 27, 2017
	625,000	\$0.10	December 24, 2017
	900,000	\$0.05	February 12, 2019
	1,000,000	\$0.05	January 27, 2021
	200,000	\$0.10	December 13, 2021
Flow-through Warrants	850,000	\$0.10	June 23, 2018
	1,300,000	\$0.10	November 1, 2018
Regular Warrants	650,000	\$0.10	August 11, 2018
	650,000	\$0.11	January 12, 2019
	1,000,000	\$0.15	March 7, 2019

TRANSACTIONS WITH RELATED PARTIES

During the period ended March 31, 2017 the Company entered into the following transactions with related parties:

- a) paid or accrued \$3,500 (2016 - \$3,500) to a director, Gary McDonald, for accounting services;
- b) paid or accrued \$18,000 (2016 - \$9,000) for legal services to a corporation controlled by Glenn R. Yeadon, a director and the Secretary of the Company;
- c) accrued loan interest of \$3,000 to Matachewan Consolidated Mines Limited, a corporation related to the Company through a common director;
- d) accrued loan interest of \$778 (2016 nil) to John J. Gardiner & Associates, LLC a corporation controlled by John J. Gardiner a director and the President and Chief Executive Officer of the Company.

- e) Settled debts to various related parties of \$58,560 through the issuance of 585,600 common shares.

CAPITAL RESOURCES AND LIQUIDITY

As at March 31, 2017 the Company had a working capital deficiency of \$219,036 and cash of \$283,633. 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 May 19, 2015 the Company borrowed \$150,000 from third party to fund the deposit required under the terms of the option agreement to purchase 65% of the issued and outstanding shares of Forty Two Metals Inc. (see page 5). The loan bears interest at 8% per annum to be calculated and paid annually from the date that the principal portion was advanced (May 19, 2015). The Company will repay to the lender the principal together with all accrued and unpaid interest thereon no later than May 19, 2017. At the lender's election and sole discretion, it may direct the Company to pay the interest owing in either cash or in shares of the Company.

The loan is unsecured except that the lender shall be entitled to receive a 2% Net Smelter Return Royalty covering the Company's Thor Property if either of the following situations occurs:

- a) a person not currently related to the Company acquires more than 40% of the then issued and outstanding common shares of the Company; or
- b) the Company becomes bankrupt, makes a proposal under any legislation relating to bankruptcy or insolvency or becomes subject to any proceeding, arrangement or compromise with its creditors, or has a receiver, receiver-manager or trustee appointed to hold its assets.

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

On June 23, 2016 the Company issued 1,600,000 units at a price of \$0.10 per unit, each unit consisting of one flow-through common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional flow-through common share at a price of \$0.10 until June 23, 2018.

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

On November 1, 2016 the Company issued 2,000,000 units at a price of \$0.10 per unit, each unit consisting of one flow-through common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional flow-through common share at a price of \$0.10 until November 1, 2018.

On January 12, 2017 the Company issued 650,000 units at a price of \$0.10 per unit, each unit consisting of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.11 until January 12, 2019.

On March 7, 2017 the Company issued 1,000,000 units at a price of \$0.10 per unit, each unit consisting of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.15 until March 7, 2019.

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, 2017, the Company had a cash balance of \$286,633 (2016 –\$45,647) to settle current liabilities of \$533,402 (2016 – \$453,747). 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, 2017 are denominated in United States Dollars or Euros.

c) Price risk

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

Capital management

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

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

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

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended March 31, 2017.

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CORPORATE INFORMATION

John J. Gardiner, Lakewood, Colorado, U.S.A.	President, Chief Executive Officer and Director
Glenn R. Yeadon, Vancouver, B.C., Canada	Secretary and Director
James M. Helgeson, Reno, Nevada, U.S.A.	Vice-President and Director
Gary R. McDonald, New Westminster, B.C., Canada	Chief Financial Officer and Director
Richard D. McCloskey, Toronto, Ontario, Canada	Director

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Auditors
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Share Capitalization	
Authorized	Unlimited common shares without par value Unlimited Class A preferred shares with a par value of \$1.00 each
Issued and Outstanding at December 31, 2016	53,216,116 common shares
Issued and Outstanding at May 30, 2017	55,451,716 common shares
Incentive Stock Options outstanding at May 30, 2017	3,025,000
Share purchase warrants outstanding at May 30, 2017	4,450,000