METALLIS RESOURCES INC.

Management's Discussion and Analysis
Three months ended March 31, 2020

Introduction

This Management Discussion and Analysis ("MD&A") is dated May 28, 2020 and should be read in conjunction with Metallis Resources Inc.'s ("the Company", "we", "our") condensed interim financial statements for the three-month period ended March 31, 2020, and the annual financial statements for the year ended December 31, 2019 and the related notes thereto. Technical aspects of this MD&A have been reviewed and approved by Metallis Resources' V.P. of Exploration, Mr. David Dupre, P.Geo., designated as a Qualified Person under National Instrument 43-101. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations and includes material events and transactions up to the date of this report. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results presented for the period ended March 31, 2020, are not necessarily indicative of the results that may be expected for any future period.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The Company's common shares are listed on Tier 2 of the TSX Venture Exchange ("TSX-V") under the trading symbol "MTS", on the OTCQB Marketplace under the symbol "MTLFF" and on the Frankfurt Borse under the symbol "0CVM". Further information about the Company and its operations can be obtained from the Company's office located at Suite # 604 - 850 West Hastings St., Vancouver, BC, V6C 1E1, or from Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at **www.sedar.com.**

Comment on COVID-19:

On March 11, 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak has continued to spread resulting in adverse public health developments. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company's business or operations.

On April 24, 2020, mineral exploration was designated as an essential business in British Columbia, ensuring government support for the continuation of exploration activities, subject to local and national health and safety guidelines and other health-related stakeholder concerns. The Company takes the pandemic threat very seriously and its priority remains the health and safety of its workers. Metallis' Health, Safety, Environment and Social Responsibility Committee has adopted recently issued BC government protocols and guidelines for all aspects of its operations, whether in the office, in the field, or in between. At the time of this writing, the Company was working with its stakeholders towards a goal of executing planned exploration and drilling programs this summer and fall.

The Company is sufficiently funded to endure an expected period of reduced business activity and has enacted plans including having workers work-from-home, use of extensive teleconferencing and limiting the number of workers in the office at any one time. These actions ensure the continuation of the Company's operations during this period of uncertainty.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates, assumptions, risks and uncertainties. These forward-looking statements are typically identified by future or conditional verbs or variable nouns such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import. Such forward-looking statements are subject to a number of risks and uncertainties which include, but are not limited to: impacts from COVID-19, cyclical downturn, competitive pressures, dealing with business and political systems in a variety of jurisdictions, repatriation of property in other jurisdictions, payment of taxes in various jurisdictions, exposure to currency movements, inadequate or failed internal processes, people or systems or from external events, safety performance, expansion and acquisition strategy, legal and regulatory risk, extreme weather conditions and the impact of natural or other disasters, specialized skills and cost of labour increases, equipment and parts availability and reputational risk. Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on such forward-looking statements.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding the Company's ability to raise additional financing, execute business and operating strategies, and the Company's ability to develop its mineral properties. Discussions regarding the future exploration of the Company's property presumes the assumption that any necessary financings are successfully completed on reasonable and acceptable terms, whether from equity or debt issuance, joint venture or the sale of assets.

The Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events or for any other reasons, except in accordance with applicable securities laws. Risks that could cause the Company's actual results to materially differ from its current expectations are also discussed in this MD&A.

Description of Business

The Company is a mineral exploration company with its primary focus on gold, copper, nickel, and silver in north-western British Columbia where it holds a 100% interest in 30 contiguous claims comprising the Kirkham Property (the "Property"), covering an area of 10,610 hectares. Twenty of the thirty mineral claims are subject to third-party Net Smelter Return ("NSR") royalties of 2%. The Company is entitled to purchase each 1% increment of the NSR royalty for $500,000.

The Company has capitalized a total of $7,065,210 on exploration of the Property, before tax credits and other expense recoveries. The Property offers multiple targets and types of potential mineralization including high-grade gold, shear vein, porphyry gold-copper and magmatic nickel-copper. The exploration work done by the Company is discussed below under *"Results of 2019 exploration program"*. It is centered at 56°29' N latitude and 130°40' W longitude in the south-central part of B.C.'s "Golden Triangle" situated in the Skeena Mining Division, a significant North American exploration region that hosts numerous mineral deposits, operating mines and former mines. The Property is accessible only by helicopter and is proximate to several mines and advanced exploration projects, including Garibaldi Resources' nickel-copper discovery which is immediately to the north of the Property, Barrick Gold's past-producing Eskay Creek Mine which is 15 km to the northeast, the Snip mine (1991-1999) located 28 km to the northwest, and Pretium Resources' Brucejack gold mine which is 30 km to the southeast. As well, Seabridge's KSM and Iron Cap deposits lie 25 km to the southeast.

For the past three years, the Company's exploration personnel have used part of an existing camp owned by Altagas Ltd. (to support operations at its Forest Kerr hydroelectric project), approximately 12 km from the Property. The Altagas camp had earlier curtailed operations due to concerns over COVID-19, but fortunately, other camps in the area are either operating or developing re-opening plans, following provincial health guidelines in relation to COVID-19. The Company is confident that it will be able to secure accommodations for its crews this summer and fall.

The Company finished its 2019 drilling program on the Property on October 18, 2019, which saw 4,460 metres ("m") drilled. In 2018, drilling totalled 5,094m and an initial 1,648m was drilled in 2017, for total drilling to date of 11,202m.

Mineral exploration involves a high degree of risk. The recoverability of the amounts expended on exploration by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete its exploration programs, the development of its mineral properties and upon future profitable production, or the proceeds from the disposition of its properties. The Company has not yet determined whether the Property contains economically recoverable reserves. To date, the Company has not earned any revenues and is in the exploration stage.

Results of 2019 exploration program

The 2019 exploration season culminated with the Phase 2 Program (the "Program") totalling 4,460m of drill core, testing 3 targets with 11 holes. They were designed to evaluate the porphyry copper/gold and epithermal gold targets throughout the 7.5 km long Hawilson Monzonite Intrusive Complex ("HM"). We drilled 3 holes at the Cliff target, 2 holes at the Miles prospect and 6 holes at the Cole-Etta target, as discussed below. Earlier in 2019, the Phase 1 exploration program consisted of extensive geological mapping, prospecting, trenching as well as geochemical soil and rock sampling across high priority targets either previously identified by the Company or identified through off-season detailed data analysis.

Cliff Porphyry System:

Cliff is a large porphyry copper-gold system with an alteration footprint of 4 km x ½ km, covering the southern portion of the 7.5 km long HM. The Cliff porphyry system is near the Triassic-Jurassic unconformity, referred to as the "Red Line" where Jeff Kyba, a former geologist with the B.C.

government, theorized that the geologic contact is the key marker for copper-gold mineralization. His theory, published in a BC government paper, was significant because it was the first time anyone had tied the area's discoveries together with a stratigraphic explanation.

Prior to 2019, the Company had drilled 9 holes totaling 5,566m at this target. The assay results from the previous drilling programs highlighted broad intervals of significant copper/gold mineralization associated with sericitic-potassic altered monzodiorite intrusions and breccias. These results confirmed the continuity of mineralization along this north-south oriented porphyry corridor which extend to a strike-length of 4 km between the Cliff, Miles and Nina porphyry centers.

3D geological modeling and interpretation of Worldview 3 remote sensing data, as well as surface mapping, verified a ~60º eastward dip of the HM. This work doubled the width of the Cliff zone at the southern end of the HM with additional porphyry copper/gold potential to the east and southeast. The geology, structure and alteration distribution reflect that the potassic cores of the Cliff porphyry are at deeper levels than tested by most of the previous drill holes. In particular, the work has revealed that the porphyry system is apparently the source of high-grade gold (14 g/t Au in rocks) and the historic placer gold operation in the nearby Fewright Creek (Minfile 104B 223).

All three holes drilled in 2019, totalling 1,464m, intersected significant mineralization, highlighted by KH19-30, which returned 126.5m @ 0.52 g/t gold equivalent* associated with the core potassic altered porphyry. High-grade gold intercepts, as in KH19-28, correlates with intense silicification and/or late-stage quartz-carbonate-sulphide veins along syn-mineral tensional faults, identified as future exploration targets. The intensity of alteration, veins and chalcopyrite-pyrite ratios increases with depth. This pattern vectors towards a deeper, high temperature potassic core to be tested in future exploration programs. The significant 2019 results are tabulated below:

Summary of key Assay Results from the 2019 Drilling at the Cliff Porphyry Zone:							
Hole_ID	From (m)	To (m)	Length (m)	AuEq (g/t)*	Au(g/t)	Cu(%)	Mo(g/t)
KH19-28	2.4	59.9	57.5	0.51	0.31	0.14	39.0
KH19-28	109.0	170.0	61.0	0.30	0.27	0.02	16.6
KH19-29	2.75	151.25	148.5	0.34	0.18	0.11	35.4
Incl.	2.75	74.0	71.25	0.48	0.22	0.19	37.9
KH19-30	34.5	200.0	165.5	0.43	0.21	0.16	36.7
Incl.	34.5	161.0	126.5	0.51	0.24	0.19	38.0

**Gold Equivalent Formula: Au g/t+(Cu%*1.27) +(Mo g/t*0.0005)*
Metal Prices Used: Gold - US$ 1470/oz, Copper - US$ 2.75/lb, Molybdenum - US$10/lb

Two mineralized holes drilled by a previous operator extend the Cliff Zone a further 500m to the north.

Cliff demonstrates the continuity of Cu-Au Porphyry mineralization for at least 4 km. The fault bounded porphyry dikes, breccias, alteration patterns and copper-gold grades all suggest features that are characteristics of the outer shell of a calc-alkaline porphyry system. The mineralization remains open in most directions, with potential along strike to the north. Of significance, is the tabular distribution of mineralization down the topographic slope representing an ideal open-pit extraction scenario.

From this point north, the mineralized Hawilson Porphyry is mainly masked by outer shells of sericitic and propylitic alteration for an additional 3.5 km**.** The on-going 3D geological modelling and structural reconstruction has revealed that the Cliff is a substantial porphyry system capped by a series of northeast trending sub-parallel mineralized zones linked to a much larger magmatic-hydrothermal system underneath. Metallis utilized porphyry vectoring and fertility tools (PVFTs), which use the chemical compositions of hydrothermal alteration zones to predict the likely direction and distance to mineralized centers. Our existing hyperspectral surveys augmented this work – particularly, to discover higher grade, core zones which can be masked by distal propylitic blankets.

For complete reference, all of the previous Cliff Zone drilling results are included here:

Cliff Porphyry Zone- Previous Drilling Results:							
Hole_ID	From (m)	To (m)	Length (m)	**AuEq (g/t)***	Au(g/t)	Cu(%)	Mo(g/t)
MD09-01	3.0	334.7	331.7	**0.35**	0.18	0.13	15.4
Incl.	3.0	54.1	51.1	**0.39**	0.21	0.14	7.8
Incl.	154.0	334.7	180.7	**0.53**	0.26	0.20	26.1
MD09-02	70.0	147.4	77.4	**0.62**	0.24	0.28	51.8
KH17-06	174.0	176.9	2.9	**0.48**	0.21	0.20	40.9
KH17-07	88.0	168.3	80.3	**0.4**	0.17	0.17	27.9
KH17-08	3.9	439.4	435.5	**0.41**	0.25	0.11	37.5
Incl.	3.9	176.0	172.1	**0.57**	0.3	0.20	32.4
Incl.	86.0	166.0	80.0	**0.8**	0.44	0.27	33.7
Incl.	310.0	356.0	46.0	**0.52**	0.32	0.10	135.6
Incl.	380.0	394.0	14.0	**0.78**	0.65	0.07	89.5
KH18-11	203.5	276.0	72.5	**0.37**	0.12	0.19	17.6
KH18-12	335.0	381.0	46.0	**0.48**	0.42	0.04	16.2
KH18-13	222.0	248.0	26.0	**0.54**	0.49	0.04	5.4
KH18-13	323.0	568.5	245.5	**0.40**	0.21	0.12	21.2
KH18-14	36.0	95.0	59.0	**0.51**	0.44	0.03	63.2
KH18-14	306.0	404.8	98.8	**0.65**	0.62	0.02	11.3
KH18-15	61.0	155.0	94.0	**0.31**	0.23	0.05	40.6
Incl.	61.0	96.0	35.0	**0.38**	0.29	0.04	74.3
KH18-15	214.0	264.0	50.0	**0.49**	0.39	0.06	50.8

KH18-15	321.0	339.0	18.0	**0.52**	0.5	0.01	4.6
KH18-15	494.0	502.9	8.9	**0.51**	0.5	0.01	2.0
KH18-16	6.7	315.0	308.3	**0.42**	0.26	0.12	20.6
Incl.	**6.7**	**148.0**	**141.3**	**0.71**	**0.4**	**0.23**	**25.3**

**Gold Equivalent Formula: Au g/t+(Cu%*1.27) +(Mo g/t*0.0005)*
Metal Prices Used: Gold - US$ 1470/oz, Copper - US$ 2.75/lb, Molybdenum - US$10/lb

Miles Porphyry System:

In 2019, the eastward dip of the HM noted above led to the discovery of a major porphyry stock named the “Miles zone” immediately to the north of Cliff target. The Miles zone is represented by a large (600m x 300m) monzonite stock with systematic patterns of central potassic alteration surrounded by sericitic and distal propylitic alteration zones. Previous work had delineated a coincident gold and copper soil geochemical anomaly (>100ppb Au, >500ppm Cu).

Historical drilling by another operator at the Miles and Cliff targets consisted of 5 shallow holes which showed increasing copper-gold grades with depth, as well as alteration patterns typical of the outer shell of porphyry systems as demonstrated by drill hole DDH MD09-03, which assayed 22m @ 0.17% Cu, 0.33g/t Au and 1.04g/t Ag. A series of sub-parallel sheeted quartz veins of epithermal origin in the northeast of the Miles zone correlates with high-grade gold mineralization.

In 2019, the geological team excavated two 20m long trenches and collected 21 continuous rock-chip samples for geochemical analysis. One of these trenches returned 2m @ 0.48% Cu and 0.147 g/t Au. A 2m interval returned **3.7 g/t Au** and **0.87% Cu** in the southern trench.

The 2019 campaign at Miles consisted of 761m in two drill holes, targeting fault bounded Monzodiorite with sericitic alteration and sulphide mineralization forming a wedge shape morphology related to structural offsets. The condensed results are tabulated below.

Summary of the Significant Assay Results from the 2019 Drilling at the Miles target:							
Hole_ID	**From (m)**	**To (m)**	**Length (m)**	**AuEq (g/t)***	**Au (g/t)**	**Cu (%)**	**Mo(g/t)**
KH19-26	No Significant Mineralization						
KH19-27	130.5	215.0	84.5	**0.35**	0.18	0.09	24.6
Incl.	130.5	164.0	33.5	**0.48**	0.20	0.17	60.4
Previous Operator’s Drilling Results:							
MD09-03	150.0	208.0	58.0	**0.35**	0.21	0.09	30
MD09-05	247.0	301.5	54.5	**0.39**	0.36	0.02	4.98
	*Metal Prices used: Gold = US$1470/oz, Copper = US$2.75/lb Molybdenum = US$10/lb						

Cole Target:

The Cole target was first identified during the 2017 field mapping and prospecting program. The target is represented by typical sub-alkalic porphyry intrusions emplaced as a swarm of north-east trending dikes leaving widespread (1,000m x 800m) hydrothermal alterations that had never been drilled. The mapping indicated a zonal pattern of proximal sericitic alteration (QSP), medial Chlorite-Sericite alteration (SC) and peripheral propylitic (chlorite-epidote-carbonate) alteration. The contact zones of the HM, as well as syn-mineral diorite and feldspar porphyry dikes, host cm-scale massive sulphide veins and epithermal style sheeted quartz veins. The HM porphyry dikes transition outward into pyrite-pyrrhotite-gold veins.

In 2018, the Company drilled three holes at Cole, totalling 1,301m. Highlights of that drilling program were as follows:

- KH18-18; the first ever drill hole at Cole, intersected porphyry style mineralization in shallow quartz stockwork zones and sulphides **carrying 0.94 g/t Au over 9m** and **0.42 g/t Au over 10m**. The lithology, alteration patterns and resistivity all vector towards a mineralized system to the southeast;

- KH18-19 discovered a high-grade zone of **11.18 g/t Au over 7.7m** including **137 g/t Au over 0.6m** associated with shallow intrusion related sulphide veins. The intercept occurred within mesothermal gold-pyrrhotite veins, which commonly transition outward into sheeted quartz-carbonate veins. (Metallis New Release - Nov 20, 2018); and

- KH18-20 drilled along and across the Adam fault cutting through a series of 4-9m gold intercepts ranging from **0.40 to 0.74 g/t AuEq**, associated with similar centimetre-scale gold-pyrrhotite veins as in KH18-19.

Building on 2018's high-grade drill intercept of 137 g/t Au over 0.6m, in 2019, the exploration team outlined a 1 km long by 200m wide zone of NE oriented faults and epithermal veins along the Cole porphyry system. Over 200 continuous rock-chip samples were collected from 21 trenches hand-excavated along the historic copper and gold geochemical anomalies. Several 2m intervals of continuous trench samples assayed anomalous gold ranging from **0.5 g/t to 1.25 g/t Au.**

The 2019 program was designed to test the continuity of epithermal high-grade gold and porphyry copper-gold mineralization at the Cole Target, with six drill holes totalling 2,235m drilled. The drilling highlights are as follows:

- High-grade gold intervals ranging from **1.34 g/t AuEq*** to **2.85 g/t AuEq*** in the 2019 drill holes (See Table below) along with the **137 g/t** in KH18-19 from the 2018 program (MTS News Release Nov 29, 2018), have now confirmed the presence of multiple sub-parallel epithermal gold zones along the Adam fault;

- The broad drilling intercepts with up to **0.47 g/t AuEq*** (See Table below) correlate with pervasive green and grey sericitic altered and silicified monzonite dikes highlighting the strong potential of substantial porphyry-type mineralization at depth;

- Field mapping and 3D geological modelling has illustrated multiple sub-parallel porphyry intrusions striking N15°E and dips ~60° to the east demonstrating that untested areas are open laterally and vertically; and

- Remnants of hydrothermal magnetite identified in holes KH19-31 and KH19-33 are now believed to be linked to a very large (2 km x 2 km) magnetic anomaly at the King East target, coincident with low resistivity and anomalous Cu, Au and Mo from soil and rock samples from previous programs.

The 2019 exploration and drilling results established the Cole target as a structurally controlled porphyry system transitioning westward into epithermal gold veins. Multiple sub-parallel porphyry intrusions and hydrothermal breccia bodies along faults result in an extensive (800m x 300m) footprint of sericitic alteration including a linear (300m x 50m) zone and gold-bearing pyrrhotite-pyrite and quartz-carbonate veins. These linear zones are characterized by intense quartz stock work, disseminations, and veins of pyrite + pyrrhotite ± chalcopyrite and 0.35 to 1.0 g/t gold mineralization, subsequently cut by swarm of late-mineral barren dikes.

Mineralization including **1.34 g/t AuEq*** to **2.85 g/t AuEq*** in the 2019 drill holes (Table 1) and **137 g/t Au** in KH18-19 assayed from the 2018 program (MTS News Release Nov 2018), confirmed the emplacement of multiple sub-parallel epithermal gold veins along the Adam fault. These veins mainly occur along the footwall of the Adam fault and remain open at depth and to the south. The on-going advanced PVFTs coupled with field observations and drill logs suggest both porphyry copper-gold and epithermal-type gold potential at the Cole Target. Metallis' technical team is planning a strategic exploration and drilling program that will test the expansion of near surface epithermal gold mineralization whilst simultaneously targeting the deeper porphyry copper-gold mineralization.

Drill holes KH19-31 and KH19-33 tested a magnetic anomaly on the eastern fringe of the Cole porphyry system. Significantly, KH19-33 intersected a section of mineralized monzonite with hydrothermal biotite and magnetite. This magnetic feature is probably linked to the King East target, which represents a very large coincident magnetic-high and resistivity-low anomaly extending over an area of 2 km x 2 km. The calculated vertical gradient ('CVG") magnetic data show multiple north-south trending magnetic lineaments at King East, which reflect the structurally controlled intrusions propagated between Cole and King East targets. Moving forward, exploration efforts will aim to test mineralization in both the high-mag and low-mag zones in between. Several gold showings, monzonite dykes and gold-in-soil anomalies have also been documented near the southern margin of King East target which highlights the presence of porphyry style mineralization to be followed up during future exploration programs.

Summary of 2019 Assay Results at Cole Porphyry System:								
Hole_ID	**Depth** (m)	**From** (m)	**To** (m)	**Length** (m)	**AuEq*.** (g/t)	**Au** (g/t)	**Cu** (%)	**Mo** (g/t)
KH19-23	307.0	59.9	105.0	45.1	**0.38**	0.36	0.03	5.1
	including	62.4	63.4	1.0	**2.03**	1.92	0.09	68.6
KH19-23		228.0	237.0	9.0	**0.47**	0.44	0.02	4.8
KH19-24	445.0	30.5	33.0	2.5	**1.34**	0.44	0.56	67.2
KH19-24		224.0	272.6	48.6	**0.21**	0.11	0.06	31.6
KH19-24		379.0	392.0	13.0	**0.43**	0.31	0.07	39.3
KH19-25	461.0	34.6	55.6	21.0	**0.47**	0.36	0.07	30.5
	including	41.2	42.0	0.8	**2.45**	2.38	0.01	15.2
	including	54.8	55.6	0.8	**2.85**	2.67	0.10	19.0
KH19-25		210.0	289.5	79.5	**0.20**	0.11	0.05	19.2
KH19-31	451.0	*No significant values*						
KH19-32	255.0	76.7	112.0	35.3	**0.35**	0.32	0.01	1.7
KH19-33	316.0	*No significant values*						

**Gold Equivalent Formula: Au g/t+(Cu%*1.27) +(Mo g/t*0.0005)*
Metal Prices Used: Gold - US$ 1470/oz, Copper - US$ 2.75/lb, Molybdenum - US$10/lb

Evaluation of the 2019 drilling results indicated strong structural control of mineralization in the Cole porphyry systems. Gold-rich mineralization tends to occur in both hanging and footwall of the northerly trending Adam fault system. Elevated gold-grades between 4.0 to 137.0 g/t Au are commonly associated with quartz-carbonate-sulphide veins constrained along NE-trending, syn-mineral conjugate faults.

Metallis' technical team is encouraged by the results from field mapping and drill data, which has provided significant data points to reconstruct the anatomy of faults, porphyry intrusions and alteration patterns. These features commonly vector toward the core zones of the complicated Cliff and Cole porphyry systems with a vertical extent of approximately 1,000m. Based on the exploration and drilling programs to date, Metallis geologists have now outlined a robust magmatic-hydrothermal complex with porphyry copper-gold systems clustered over a strike length of 7.5 km. The drilling assays provided a much better understanding of the control of mineralization which will allow the exploration team to delineate the high-grade zones in future programs.

Etta Target

The Etta epithermal veins were first identified during the 2018 field mapping and prospecting. These veins occur at the northern end of the mineralized HM, immediately to the west of the Cole porphyry system. The exploration team outlined a narrow zone of NE-trending, cm-scale sheeted quartz-carbonate-sulphide (Pyrite-Chalcopyrite) veins anomalous in gold, copper, and silver. These veins are emplaced in silicified propylitic altered sedimentary rocks peripheral to the HM. A grab sample (Y060741) from one of the epithermal veins assayed **13.2 g/t Au, 795 g/t Ag, 0.5% Cu and 1.3% Zn** while a nearby wall-rock grab sample returned **1.14 g/t Au, 1.18% Cu and 67 g/t Ag**.

In 2019, the exploration team initially excavated two trenches and collected continuous rock-chip samples for geochemical analyses. The assays highlight **18 g/t Au** over 0.2m in a drusy textured epithermal quartz veins, and **0.56 g/t Au** and **0.31%** Cu over 0.9m within massive pyrite-pyrrhotite veins.

Other targets at Kirkham, not drilled in 2019:

Nina Porphyry System

The Nina porphyry system, located about 1.5 km to the north of Cliff target, was first identified during the 2017 field mapping program, when most of the rock grab samples in this area returned values greater than 0.15% Cu and up to 0.67 g/t gold. This target is represented by an extensive (400m x 300m) sericitic alteration coincident with a linear, very strong resistivity and magnetic anomaly which is outboard from the mineralized HM.

In 2018, Metallis tested the continuity of the HM responsible for the gold-rich porphyry and epithermal mineralization. A 1 km step-out drill hole (KH18-17) at Nina totalling 344m discovered typical porphyry copper-gold mineralization over 180m of HM. This first pass drilling at Nina intersected the tip of an intense potassic alteration zone which returned 17m of 0.77 g/t gold-equivalent ("AuEq") and 15m of hydrothermal breccia carrying 0.41 g/t AuEq mainly in a silicified and sulphide-rich matrix. (Gold equivalent values represent the combined assayed gold and copper values, converted to equivalent gold). Those assays confirmed the continuity of a 4 km long porphyry corridor allowing the Company to also expand on the known gold-rich mineralization at the Cliff porphyry system.

3D geological modeling and ground follow up work in 2019 established that the Nina porphyry system is associated with the eastward dipping (50°) HM dikes along the Adam fault system. Field mapping and prospecting outlined the lateral extension of hydrothermal breccias, irregular gold-bearing quartz veins and sulphide lenses to the north. Further work and sampling are required to assess the porphyry and high-grade gold potential at Nina.

King East Target

The King East Target is an extensive (2 km x 2 km) zone of parallel north-south trending normal faults, magnetic and resistivity anomalies coincident with a strong copper-gold-moly geochemical signature in rocks and soil. Evaluation of the calculated vertical gradient ('CVG") magnetic data shows multiple north-south trending magnetic lineaments at King East, which reflect the structurally controlled dike-like intrusive rocks propagated between the King East and the Cole porphyry system to the west. Several gold showings, monzonite dykes and gold-in-soil anomalies have also been documented near the southern margin of King East target which highlights the presence of porphyry style mineralization in the area. The 2019 ground-based program included field traverses to establish the correlation of the available datasets. Late in the 2019 season, the team conducted additional surface mapping and selective rock sampling in areas under vegetation cover to better understand the geology and refine drill targets. Company is evaluating the assay results from 32 samples taken during the season, of which 6 samples contained anomalous gold ranging from 0.3 -0.8 g/t Au.

3D geological modeling has indicated multiple, NE-trending, magnetic lineaments along normal faults coincident with a strong geochemical signature of anomalous gold, copper and molybdenite has identified an apparently deeper porphyry copper-gold system at King East which the company intends to test in the future.

Thunder North

Following the discovery by Garibaldi Resources Corp. of massive Ni-Cu sulphide mineralization at its E&L ("Nickel Mountain") Project towards the end of the 2017 field season, Metallis carried out initial 2017 exploration and identified a 200m x 200m wide diorite intrusive body cut by narrow, 1-5m thick mafic rocks (diorites/gabbros) interpreted to be slightly differentiated with up to 7.5 wt.% MgO. The prospect covers an area of approximately 10 sq. km, located immediately west of the Eskay Rift. The northern Property border shared with Garibaldi Resources is over 10 km long, with their Nickel Mountain project about 1.5 km north of the Property border. Thunder North is strategically located along the "Red line" in the western margin of the Eskay rift.

In 2017, the Company also drilled its initial hole (KH17-09) at Thunder North, collared adjacent to mafic intrusions to test a pyritic gossan within andesitic volcanic and diorite rocks. The drill hole intersected structurally controlled intense gossan along a composite intrusive pluton referred to as the "Lehto Pluton" intruding Stuhini Group rocks. The textural and mineralogical characteristics the intrusive rocks indicate the presence of mafic intrusions within the Lehto Pluton that has seen no historic exploration for nickel sulfide mineralization. Therefore, exploration for mafic intrusions (gabbros) is the key to discover the emplacement of small open-system intrusions like those at Nickel Mountain.

In 2018, to better understand the geology and geophysical signatures, the Company carried out several lithologic and remote sensing surveys to correlate with the downhole geology and selective core assays. The first batch of 25 thin section petrography was carried out at the University of British Columbia, Mineral Deposit Research Unit ("UBC/MDRU"), whereas the second batch of 55 thin sections study, including petrographic determination of 15 samples, were conducted by Vancouver Petrographics. The results of this study confirmed the presence of olivine gabbros in the Lehto Pluton; a source of the olivine gabbro floats with 25-26 wt.% MgO in the Harrymel Creek, adjacent to the Iliad prospect.

The 2018 nickel exploration program at Thunder North also consisted of:

- A high-resolution Airborne VTEM survey with 83.3m line-spacing designed to test the conductive targets on the scale of E&L. This survey was followed by a 2nd Airborne VTEM survey with flight lines perpendicular to the previous survey leading to achieve the vertical "Z" component of the VTEM response which indicates the depth of a conductor;

- Results of the above VTEM Survey generated 25 coincident conductive and magnetic anomalies, outside of the footprint of the Neogene volcanic center. This highlights the potential to identify conductive sulfide mineralization in association with magnetic gabbroic rocks;

- A 5-day field mapping and prospecting program on the most intriguing geophysical anomalies in the Thunder North area. This program outlined extensive outcrops of the Hazelton Betty Creek unit of black shale to south near Terwilligan Creek. This is the stratigraphic position of Garibaldi's Nickel Mountain Gabbro Complex. Seventeen rock samples were also collected for thin section microscopy analysis: and

- Two drill holes of 195m and 191m depth tested coincident magnetic and electromagnetic anomalies at the edge of the Eocene volcanic center and encountered magnetite-rich volcanic rocks that explained the geophysical response.

Following the earlier confirmation of the presence of olivine gabbros at Thunder North through petrographic work, the exploration team along with one of the Company's technical advisors, Dr. Peter Lightfoot spent five days on the Property in 2018 to further evaluate property-wide nickel potential, with the following highlights:

a) Field investigations confirmed the presence of gabbros at the "K9" target within the Thunder North along the southwestern extension of the >12 km trend known as the Nickel Mountain Gabbro Complex;

b) The ground-based follow-up on magmatic nickel sulphide mineralization was focused on differentiated gabbroic rocks at "K9 Creek" target and along the southern flanks of the Texas Creek suite "Lehto Pluton" complex. The Lehto Pluton is an evolved intrusive complex and contains fragments and inclusions of differentiated gabbro (Pyroxenite), likely the source of the olivine gabbro boulders with 25-26 wt.% MgO found along the Harrymel creek; and

c) Evaluation of the VTEM magnetic and conductive anomalies outside the magnetite-bearing basalts and quaternary volcanics along the ~12km long Nickel Mountain gabbro trend also highlight the potential of small open systems with magmatic Nickel sulphide mineralization.

Thunder South

In 2019, the interpretation and groundwork follow up of VTEM resistivity and remote sensing alteration anomalies led to the discovery of a broad 400m^2 shear zone exposed by a receding glacier at Thunder South. The shear zone is characterized by intense folding, faulting, and stringers of sulphides prospective for high-grade gold mineralization.

The exploration carried out reconnaissance mapping focused on the structural fabric, shear patterns and orientation of the quartz-carbonate veins and collected 14 rock samples for geochemical analysis. Some of the quartz-carbonate and pyrite-arsenopyrite veins occurred at the interface of Rhyolite and mudstone units. None of the rock grab samples returned significant values.

Community relations

In February 2020, the Company renewed its Communications Agreement with the Tahltan Central Government ("TCG"), the administrative body of the Tahltan Nation, located in northwest British Columbia, whose traditional territory encompasses the Property. The initial Agreement was signed in February 2018. The TCG protects Tahltan Aboriginal rights and title, the ecosystems, and natural resources of the Tahltan traditional territory by managing sustainable economic development and supporting the cultural wellness of the Tahltan community. The agreement establishes a solid framework and collaborative working arrangement between the parties, based on open dialogue, transparent communications, and cooperation with regards to the company's exploration activities on the Property. The agreement also encourages support for Tahltan cultural, economic, and educational initiatives.

Also in February 2020, the Company executed an Opportunity Sharing Agreement with the TCG, to provide further commercial opportunities for Tahltans and their businesses, deepening the Company's supply lines for exploration services, materials and transportation. The Company also supports certain Tahltan community events, youth causes, exploration symposiums and job fairs in local communities situated near the Company's mineral properties. However, at the time of writing, many such community events in Tahltan territory had been suspended or cancelled for the time being, due to COVID-19.

Representatives of the TCG toured the Property in 2018 and received an update of the Company's exploration and drilling activities, its environmental and reclamation policies and standards, and its socio-economic measures related to local communities. In 2019, the timing did not allow for an elders' field visit, but the Company did update the TCG regarding its 2019 exploration. The summary was provided to the TCG and interested band members during the mining industry's "Roundup" week in January 2020. The Company intends to continue its participation in job fairs and other exploration-related community events held in northern BC and has hired Tahltans in each of its 2017-2019 field seasons. At the date of this report however, those activities are on provincially mandated curtailment or suspension due to COVID-19. For more information about the TCG, visit www.tahltan.org.

Metallis reclaims its work sites including the drilling and helicopter landing pads once the exploration results have been thoroughly reviewed. The Company has historically used 19 different sites on the Property of which 15 have been reclaimed, with 4 being retained for use in 2020.

QAQC and Analytical Procedures

Metallis has adopted a rigorous quality assurance and quality control ("QA/QC") program to ensure best practices in sampling diamond drill core and surface rock chip and soil samples. Typical samples are approximately 1 kg of rock chips and/or soil samples, as well as 2m lengths of NQ size diamond drill core, which are delivered to ALS Global's preparation facility in Terrace, BC. The materials were initially crushed to 70% pass 2mm fraction, and then a 250g split was pulverized to better than 85% passed a 75-micron screen. The geochemical analyses were performed by ALS in Vancouver using multi-element 4-Acid digest ICP-MS package (ME-MS61). Gold was analyzed by fire assay technique Au-ICP-21. In addition to the internal QAQC program by ALS, Metallis inserted 10% lab certified standards, blanks, and field duplicates into the overall sampling stream. ALS is a global testing, inspection and certification business with facilities and laboratories in dozens of global locations; and is an ISO/IEC 17025:2005 accredited laboratory independent of the Company.

Selected Annual Financial Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Annual Financial Statements.

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total assets	$ 8,869,466	$ 7,115,920	$ 4,989,285
Total liabilities	(391,962)	(78,254)	(76,369)
Shareholders' equity (deficiency)	8,477,504	7,037,666	4,912,916
Major operating expense items			
Consulting fees	319,950	322,675	254,350
Investor relations	45,000	17,500	4,500
Advertising, marketing, promotion	59,229	159,066	45,397
Professional fees	39,504	80,981	42,976
Regulatory and transfer agent fees	42,832	80,439	25,484
Share-based compensation	-	1,115,162	295,895
Net loss	$ (360,401)	$ (1,803,627)	$ (473,290)
Basic and diluted loss per share	$ (0.01)	$ (0.06)	$ (0.02)

Analysis of annual operations for 2019 compared to 2018:

The Company's net loss in 2019 of $360,401 was $1,443,226 less than the net loss in 2018. The two primary differences, which comprise 94% of the reduction in net loss, are share-based compensation of $nil (2018 - $1,115,162) and other income on settlement of flow-through premium liability of $234,337 (2018 - $17,605). Options were granted in 2018, giving rise to the share-based compensation, calculated pursuant to the Black-Scholes pricing model, and a private placement flow-through financing completed in 2019 was recorded at a premium valuation which was partially amortized to income as a result of certain qualifying exploration costs incurred after the financing, and up to December 31, 2019. Other key reductions in net loss include advertising marketing and promotion which in 2019 decreased $99,837, professional fees which decreased $41,477 and regulatory and transfer agent fees which decreased $37,607. These costs declined in 2019 due to certain non-recurring costs in 2018, namely, the listing of the Company's shares on the OTCQB, and the sponsorship of a US trade show. In 2019, the only key increase was office and general which rose $20,358, mainly due to the move of the Company office to new premises. Overall, general corporate activities remained consistent with the same size of office staff compared to 2018: at December 31, 2019 there were 5 individuals working for the Company.

Total operating expenses, not including share-based compensation, were $627,115 (2018 - $774,734). As noted above, certain expenses declined, and others increased. Total consulting fees remained consistent at $319,950 (2018 - $322,675). Increases, other than office and general noted above, were also seen in investor relations fees of $45,000 (2018 - $17,500) and depreciation of $19,473 (2018 - $7,572). On August 1, 2018, the Company entered into an agreement with investor relations consultant Nicosia Capital Corp. ("Nicosia"), for a six-month period at a rate of $3,500 per month. Nicosia provides shareholder communication services, market awareness and promotional activities but does not provide market-making services. On February 1, 2019, the agreement was extended for an additional 6-month term to July 31, 2019, with the same terms and conditions. The contract was renewed August 1, 2019 with a fee increase to $4,500 per month effective October 1, 2019. Depreciation rose because of the application of accounting standard IFRS 16, which capitalizes, and then depreciates, the value of leased premises.

All other expense categories declined during the year, including advertising, marketing and promotion, professional fees, regulatory and transfer agent fees, rent, and travel. As explained above, the declines were mainly due to one-time costs incurred in 2018. However, the decline of rent expense is from the effects of IFRS 16 which moved the fixed portion of lease payments to the balance sheet.

Other income and expenses include finance income and other gains and losses. Interest income of $47,323 (2018 - $64,164) reflects interest income from short-term money market investments which declined in 2019 proportionate to the lower average amounts on hand available for investment compared to 2018. Finance costs of $4,569 (2018 - $nil) reflect the amortization of the lease liability pursuant to IFRS 16.

Other income on settlement of flow-through premium liability was $234,337 (2018 - $17,605) and reflects the proportion of qualifying exploration expenses incurred during the respective period, relative to the total flow-though financing, as applied to the flow-through share premium. The flow-through share premium was initially calculated as the fair value of the flow-through shares issued in excess of their fair market value at the time of issuance. The qualifying exploration expenses are those exploration expenses incurred subsequent to the flow-through financing, which "flow" to the flow-through subscribers' as a deduction on their personal income tax returns, and which reduces the flow-through premium liability.

The Company's Stock Option Plan provides for full vesting of options at the time of grant. Share-based compensation is calculated using the Black-scholes option pricing model, and the calculated amount of $1,115,162 was relatively large in 2018 due to the high option grant prices of $1.35 and $1.05. During 2019 or 2018, the year, the Company did not issue any stock options to investor relations individuals or entities, which would be required to vest over no less than a one-year period.

Analysis of annual operations for 2018 compared to 2017:

The Company's net loss in 2018 of $1,803,627 was $1,330,337 higher than 2017's net loss of $473,290. The net loss was composed of share-based compensation of $1,115,162 (2017 - $295,895), other operating costs of $774,734 (2017 - $422,578), and other gains and income credits of $86,269 (2017 - $245,183). Share-based compensation arises from the fair value computations over the vesting periods of stock option grants and the calculated amount was much larger in 2018 due to the much higher option grant prices of $1.35 and $1.05, compared to $0.39 options granted in 2017. Higher other operating costs in 2018 were reflected primarily by consulting fees of $322,675 (2017 - $254,350), advertising marketing and promotion of $159,066 (2017 - $45,397), professional fees of $80,981 (2017 - $42,976) and regulatory and transfer agent fees of $80,439 (2017 - $25,484), which together account for 83% (2017 - 87%) of other operating costs. The other gains and income credits were composed of interest income from short-term money market investments, other income on settlement of flow-through share premium liability (which reflects the Company's incurrence of sufficient qualifying flow-through exploration expenses), unrealized gains on marketable securities and gains from the reversals of other liabilities, as detailed in the statements of operations and comprehensive loss.

Regarding the increase in operating costs, advertising, marketing and promotion costs rose $113,669 in 2018 compared to 2017 largely due to the costs of introducing Metallis to the US marketplace, which included participation in two US resource trade shows and the listing of the Company's shares on the OTCQB marketplace, as well as some magazine/periodical advertising; professional fees and regulatory and transfer agent fees together rose $92,960 in 2018 of which $78,109 related to the OTCQB listing costs; and consulting fees rose $68,325 as corporate overhead increased to support the expanded exploration activity which more than doubled from 2017. Office and general expenses rose $36,603 during the year due to increases in IT, printing, news dissemination costs, insurance and general supplies.

Analysis of annual cash flows:

In 2019, the Company raised a total gross amount of $2,275,371 (2018 - $2,839,393) from issuing equity, of which $1,855,601 (2018 - $2,181,713) was from private placements, $419,770 (2018 - $618,680) was from the exercise of warrants and $nil (2018 - $39,000) was from the exercise of stock options. Issuance expenses were $13,009 (2018 - $26,178) representing 0.7% (2018 – 0.9%) of the gross private placement proceeds. The Company completed one flow-through private placement in 2019 and one non-flow-through private placement in 2018.

In 2019, the Company also sold its marketable securities consisting of 225,000 shares of Seahawk Ventures Inc. for net proceeds of $70,907, shares which had been held since 2013. The Company received interest income of $49,600 (2018 - $64,164) from the investment of cash resources in short-term money market instruments.

The Company spent $2,531,756 (2018 - $3,233,791) on the Kirkham Property during 2019. The 2018 spend included $401,070 (US $300,000) to acquire a pre-existing 2% Net Smelter Returns royalty, which means the total exploration outflows declined 12% in 2019 compared to 2018. Operating cost outflows were $574,890 (2018 - $678,995), a decline of 15%, and average approximately $48,000 (2018 - $57,000) per month. The Company ended 2019 with $1,593,629 in cash and cash equivalents.

Quarterly Information

	Three Months Ended March 31, 2020	Three Months Ended December 31, 2019	Three Months Ended September 30, 2019	Three Months Ended June 30, 2019
Total assets	$ 8,693,285	$ 8,869,466	$ 8,724,169	$ 6,902,973
Total liabilities	(342,125)	(391,962)	(831,954)	(44,021)
Shareholders' equity	8,351,160	8,477,504	7,892,215	6,858,952
Key operating expenses:				
Advertising, marketing, promotion	19,452	14,719	19,555	10,215
Consulting fees	76,500	63,000	85,950	85,500
Professional fees	163	34,498	113	4,831
Regulatory and transfer agent	10,383	1,668	8,024	25,269
Share-based compensation	-	-	-	-
Net income (loss)	(126,344)	41,729	(88,866)	(152,971)
Earnings (loss) per share- basic	(0.00)	0.00	(0.00)	(0.00)

	Three Months Ended March 31, 2019	Three Months Ended December 31, 2018	Three Months Ended September 30, 2018	Three Months Ended June 30, 2018
Total assets	$ 6,930,597	$ 7,115,920	$ 7,795,488	$ 7,287,841
Total liabilities	(53,224)	(78,254)	(478,424)	(67,386)
Shareholders' equity	6,877,373	7,037,666	7,317,064	7,220,455
Key operating expenses:				
Advertising, marketing, promotion	14,740	105,365	27,344	14,284
Consulting fees	85,500	85,500	82,500	76,500
Professional fees	62	38,857	2,375	17,735
Regulatory and transfer agent	7,871	2,023	25,641	35,948
Share-based compensation	-	-	1,115,162	-
Net income (loss)	(160,293)	(281,378)	(1,276,053)	(155,853)
Earnings (loss) per share- basic	(0.00)	(0.01)	(0.04)	(0.00)

Results of Operations

Three months ended March 31, 2020 compared to three months ended December 31, 2019:

The Company had a net loss for the current Q1 2020 period of $126,344 (Q4 2019 – net income $41,729), composed of operating costs of $155,978 (Q4 2019 - $153,560) and other items totalling income of $29,634 (Q4 2019 - $195,289). The other items include interest income, finance income, amortization of discount, other income on settlement of flow-through premium liability, net loss on sale of marketable securities and unrealized gain on marketable securities. The last two items reflect the sale in Q4 2019 of all marketable securities held by the Company. The largest components of other items include interest income of $17,346 (Q4 2019 - $11,694) and other income on settlement of flow-through premium liability of $13,148 (Q4 2019 - $180,006), which together account for 103% (Q4 2019 – 98%) of all other items. A bump of interest income in the current period included $8,426 in respect of the BC METC tax credit refund received during the period. Other interest income was earned from short-term money market instruments during the current and prior period. Other income on settlement of flow-through premium liability was much higher in the previous period, reflecting the incurrence of higher qualifying exploration costs during that period, which included late season drilling, helicopter and camp costs. Other income on settlement of flow-through premium liability of $13,148 (Q4 2019 - $180,006) reflects the incurrence of $52,794 (Q4 2019 - $940,951) of qualifying exploration expenses incurred during the respective period, relative to the 2019 flow-though financing of $1,855,601, as applied to the flow-through share premium of $462,123.

Operating costs rose an insignificant 1.6% in the current period, with some line items increasing and others decreasing. The largest changes included consulting fees which rose $13,500 due to the addition of a third-party consulting contract engaged for communications and website enhancements, professional fees which declined $34,335 mainly due to a $30,000 audit accrual that was booked in the previous period, filing fees which increased $8,715 and travel costs which increased $11,073, mainly due to attendance at the Prospectors and Developers Conference (PDAC) in Toronto during the current period. While the Company attended the conference, it did not participate with a paid marketing booth. These changes comprise a net decline in expenses of $1,047, with all other operating costs rising $3,465 compared to the prior period.

The Company currently has 3 full-time and 3 part-time individuals with total consulting fees of $76,500 (Q4 2019 - $63,000). Office and general expenses are $17,638 (Q4 2019 - $18,557) and include corporate and liability insurance premiums, communications, supplies, website hosting and IT fees, printing costs and dues, fees and subscriptions. Advertising, marketing and promotion costs are $19,452 (Q4 2019 - $14,719), an increase of $4,733.

Investor relations fees paid to Nicosia were $13,500 (Q4 2019 - $13,500), as the contract was renewed in February 2020 for an additional 6 months. To date, no investor relations stock options have been granted to Nicosia, or any other IR entity.

Management expects its operating costs, not including share-based compensation, to continue to average $155,000 per quarter, the same amount averaged though all 2019 quarters, also excluding share-based compensation. We had previously expected quarterly operating costs to average $130,000 per 2020 quarter, but the impacts of COVID-19 on the capital markets has necessitated some additional spending on marketing and on-line advertising initiatives to improve shareholder liquidity and near-term fundraising goals.

During the current period, the Company spent cash of $104,976 (Q4 2019 - $1,195,455) on property exploration. The field exploration program that began on June 30, 2019 ended on October 23, 2019, and approximately one-half of the total program costs were paid in Q4 2019. Current period costs paid included final field exploration bills, assays, and continuing geological consulting fees. In the current period, the Company spent $169,189 (Q4 2019 - $148,958) on operating activities, received its 2018 BC METC refund of $526,293 (Q4 2019 - $Nil), plus refund interest of $8,426, and received $Nil (Q4 2019 - $852,401) from the issuance of shares from private placements and warrant exercises. Net cash in the current period rose $259,464 and declined $196,651 in Q4 2019.

Three months ended March 31, 2020 compared to three months ended March 31, 2019:

The Company had a net loss during the current period of $126,344 compared to $160,293 in 2019, composed of operating expenses of $155,978 (Q1 2019 - $149,732) and other income of $29,634 (Q1 2019 – other expenses of $10,561). Other income and expenses are itemized on the statements of operations and comprehensive loss and are the sum of interest income (both periods), finance income (2020 only), amortization of discount (both periods), other income on settlement of flow-through share premium liability (2020 only) and unrealized loss on marketable securities (2019 only).

Operating expenses rose 4% compared to Q1 2019. The components include consulting fees (declined $9,000), advertising marketing and promotion (rose $4,712), office and general expenses (rose $621) and investor relations fees (rose $3,000). The total expenses incurred on these items total $127,090 (Q1 2019 - $127,757) representing 81% (Q1 2019 - 85%) of all operating expenses.

The remaining operating costs were, in aggregate, $28,888 (Q1 2019 - $21,975) and includes depreciation, professional fees, rent, regulatory and transfer agent fees and travel.

Liquidity and capital management

Capital is defined as the Company's share capital. The Company's objectives when managing capital are to fund critical exploration work, meet its on-going liabilities, continue as a going concern, maintain creditworthiness and to ultimately maximize returns for shareholders over the long term. Because the Company has no revenues, it proactively undertakes equity financings or other fundraising activities well ahead of those expected cash needs. While the goal is proactive, timely fund raising, the execution of such activities requires the Company to continually manage its internal, exploration and financing risks and their potential impacts on such activities. This approach has allowed the Company to maintain sufficient capital balances over recent years to mitigate unexpected cash flow shortfalls.

The capital for operations and property exploration has historically come primarily from proceeds from the issuance of common shares. Most recently, a flow-through financing of $1.9 million completed in October 2019 has provided Phase 1 drilling exploration funds for 2020, as 49% of the financing remained unspent as at December 31, 2019. Additional funding may be required in 2020 depending upon the scope of exploration undertaken. Should the exploration season be curtailed or otherwise impaired by regulatory policy over COVID-19, the Company expects the federal government will introduce certain measures to provide relief in situations where flow-through funds must be spent over a certain period of time. In addition to cash on hand of $0.9 million earmarked for 2020 exploration pursuant to flow-through share regulations, the Company also has $0.8 million cash which is unencumbered and available for further property work and general working capital.

The Company has total working capital at the date of this report of as follows:

Working capital, May 28, 2020

	($000's)
Cash and cash equivalents	$ 1,708
Receivables	40
BC tax credit receivable	294
Accounts payable and accrued liabilities	(41)
Short term lease liability	(35)
Flow-through premium liability	(215)
Total net working capital	$ 1,751

Outstanding share information

The total number of common shares outstanding as of the date of this report is 36,155,767 shares, unchanged from March 31, 2020.

Stock options

At the date of this report, there are 3,035,000 stock options outstanding, unchanged from March 31, 2020 as follows:

Expiry Date	Number of Options	Vested and exercisable	Exercise Price ($)
April 23, 2021	1,175,000	1,175,000	0.10
August 18, 2022	760,000	760,000	0.39
July 13, 2023	1,000,000	1,000,000	1.35
August 9, 2023	100,000	100,000	1.05
Total outstanding options	3,035,000	3,035,000	0.62

Warrants

As at the date of this report, there are 948,571 share purchase warrants outstanding, unchanged from March 31, 2020 as follows:

Warrants outstanding at March 31, 2020	Number of Warrants expired	Number of Warrants Exercised	No. of warrants Outstanding May 28, 2020	Exercise Price per share	Expiry Date
948,571	-	-	948,571	1.60	January 26, 2021

Directors, Officers and Related Parties

The directors of the Company are Fiore Aliperti, Jon Lever, Michael Sikich and Dr. David Webb. The officers are Mr. Aliperti (CEO), Mr. Lever (CFO), and Mr. Dupre (Vice-President of Exploration).

During the period ended March 31, 2020, there were no changes to the Company's Board of Directors or management team.

The following related parties include directors and key management personnel, including those entities in which such individuals may hold positions that result in them having control or significant influence over the financial or operation policies of these entities:

a) Avanti Consulting Inc., a company controlled by the current Chief Executive Officer and director, provides consulting services to the Company;

b) Lever Capital Corp., a company owned by the current Chief Financial Officer and director, provides consulting services to the Company;

c) The Company's Corporate Secretary provided general administrative services, bookkeeping and corporate secretarial services to the Company up to July 8, 2019 when she resigned as an officer;

d) D. G. Dupre and Associates Inc., a company that is controlled by the Vice President of Exploration, provides geological consulting services to the Company, the amounts of which are capitalized as geological costs under exploration and evaluation assets; and

e) DRW Geological Consultants Ltd. is a company controlled by a director of the company and which provides occasional geological consulting services to the Company, the amounts of which are capitalized under exploration and evaluation assets.

The aggregate value of fee-based transactions (exclusive of share-based compensation) and outstanding balances relating to the above noted related parties are as follows:

		Transactions for the period ended March 31, 2020	Transactions for the year ended December 31, 2019	**Balance payable as at March 31, 2020**	Balance payable as at December 31, 2019
Avanti Consulting Inc.	**(a)**	**$ 33,000**	$ 132,000	**$ -**	**$ -**
Lever Capital Corp.	**(b)**	**21,000**	84,000	**-**	**-**
S. Oates	**(c)**	**-**	43,800	**-**	**-**
D.G. Dupre and Associates Inc.	**(d)**	**15,000**	57,500	**-**	**-**
DRW Geological Consultants Ltd.	**(e)**	**2,200**	6,000	**1,890**	**-**
Total		**$ 71,200**	$ 323,300	**$ 1,890**	**$ -**

Other related party transactions

During the period ended March 31, 2020, the Company recorded receivables of $9,334 from Etruscus Resources Corp. ("ETR"), a public Company related by two common directors and a common officer. ETR and the Company share an office and the Company expects general day-to-day operations to occasionally have receivables or payables due from or to ETR.

Advisory Board

On April 29, 2020, the Company announced the appointment of Dr. Farhad Bouzari and Andrew McIntosh to the Company's Technical Advisory Board, joining founding member Lawrence Roulston (appointed April 2014), Jeff Kyba (appointed April 2017) and Stephen Wetherup (appointed April 2017). Both Dr. Bouzari and Mr. McIntosh bring a high level of technical experience adding invaluable knowledge to support the work being carried out on the Property.

Dr. Farhad Bouzari:

Dr. Bouzari obtained his Ph.D. from Queen's University in 2003. Over the past 25 years he has worked extensively on porphyry and allied deposits, their features and establishing techniques to improve exploration decision-making. Since 2006 he has been Research Associate with the Mineral Deposit Research Unit - MDRU. His experience lays with the anatomy and evolution of porphyry systems particularly their distal and deep features and application of mineralogical and geochemical techniques in exploration targeting. Dr. Bouzari's experience includes research on various regions and deposits in British Columbia such as Copper Mountain, Woodjam, Highland Valley Copper, Mount Polley, Mount Milligan and Red Chris. Currently, Dr. Bouzari is the principle investigator of the MDRU's project on porphyry vectoring techniques in advanced argillic altered rocks of British Columbia.

Andrew McIntosh:

Mr. McIntosh has a B.Sc. and over 25 years of mineral exploration experience. Andrew has worked for companies such as Teck, Cominco, BHP and Highland Valley Copper along with the Geological Survey of Canada. He has also provided consulting services to numerous companies as a geologist and data specialist. He has worked for McElhanney since 2001, where he is currently a project manager for GIS, LiDAR mapping, and geological data services.

Dr. Bouzari's expertise of the space-time evolution and vectorizations of porphyry deposits, in tandem with the GIS and 3D modelling work of Mr. McIntosh will enable the exploration team to produce a robust geological and alteration model of all the porphyry systems along the 7.5km Hawilson Monzonite Complex. This model will support the team's efforts in identifying deeper targets for drilling in the upcoming 2020 Phase 1 exploration program.

Off Balance Sheet Arrangements

As of the date of this report, the Company does not have any long-term commitments or off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Risk Factors

Investing in the common shares of the Company has risks. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision. If any of the following risks materialize or occur, the business, financial condition or results of operations of the Company could be harmed. In such an event, the trading price of the common shares could decline, and prospective investors may lose part or all of their investment.

Financing

The Company may not be successful at raising future financing and if it expends all of its cash on hand, it could therefore become insolvent or face bankruptcy proceedings. Without sufficient funds, it may not be able to carry on operations, and it may not be able to continue to develop or even maintain its exploration and evaluation assets. If the only alternative is to sell the Company's assets, any funds received may not be sufficient to allow the Company to continue as a going concern.

Possible Trading Suspension or Delisting

The Exchange may suspend from trading or delist the securities of the Company where the Company has failed to submit documents to the Exchange in the time periods required or has otherwise failed to meet minimum standards. Suspension from trading of the common shares may, and delisting of the common shares will, result in the regulatory securities authorities issuing a consolidated interim cease trade order against the Company. In addition, delisting of the common shares will result in the cancellation of all currently issued and outstanding common shares of the Company held by insiders. Trading in the common shares of the Company may be halted at other times for other reasons also.

Dilution

If the Company issues treasury shares to finance acquisition or participation opportunities, or to raise exploration funds and working capital, shareholders may suffer dilution of their investment and/or control of the Company could change.

Reliance on Management

The Company is relying solely on the past business success of its directors and officers to identify, acquire and develop strategic assets of merit. The success of the Company is dependent upon the efforts and abilities of its directors and officers and from the results of exploration. The loss of any of its directors or officers could have a material adverse effect upon the business and prospects of the Company.

Title to mineral resource properties

Although the Company conducts title reviews of its properties in accordance with industry practice, title to mineral exploration permits and mineral claims cannot be guaranteed and may be subject to regulatory changes and possible expropriation or cancellation. To the extent financing is not available, resource property fees and claim payments, work commitments, rental payments and option payments, if any, may not be completed and could result in a loss of property ownership or earning opportunities for the Company.

Industry and mineral exploration risks

Mineral exploration is highly speculative in nature, involves many risks and is frequently non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, the Company's Property does not contain any proven or probable reserves. Success in establishing reserves is a result of several factors, including the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves. Furthermore, the Company may be subject to industry risks which could not be reasonably predicted in advance, such as labour disputes, natural disasters, or estimation errors.

Community relations

Public scrutiny of mining projects has brought corporate social responsibilities, community relations and higher ethical standards into the strategic planning process. Community and public support for continued exploration and future mine development requires public engagement and involvement of key stakeholders throughout the exploration and development process. Key areas of concern include the sharing or transfer of economic benefits and environmental stewardship. The lack of a social license to operate could impair the value of the Company's resource properties or delay or prevent exploration, development or construction activities.

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits and accounts payable.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (loss).

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes attributable to changes in credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income and any fair value change in excess of the amount attributable to changes in credit risk is recognized in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
ii) those to be measured at amortized cost using the effective interest method.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Except for cash and cash equivalents, all financial instruments held by the Company are measured at amortized cost. Nevertheless, the fair values of these financial instruments approximate their carrying value due to their short-term maturities. The fair values of cash and cash equivalents are measured at fair value through profit or loss and any changes to fair value subsequent to initial recognition are recorded in profit or loss for the period in which they occur. Finance income and finance costs arising from financial assets and financial liabilities respectively, are recorded in profit and loss.

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values, as follows:

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; and

Level 3 – Inputs that are not based on observable market data, with fair value measurement derived from valuation techniques.

The fair values of cash and cash equivalents and marketable securities are measured based on Level 1 inputs of the fair value hierarchy.

Critical judgements and estimates

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty in 2020 are the same as those described in the annual financial statements for the year ended December 31, 2019.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) The carrying value of the investment in exploration and evaluation assets and the recoverability of the carrying value, which are included in the statement of financial position;

b) The Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, but these procedures do not guarantee the Company's title.

Properties may be subject to prior agreements or transfers and title may be affected by undetected defects;

c) Significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made;

d) The inputs used in accounting for share-based compensation expense in the statement of operations and comprehensive loss, including share price volatility and risk-free interest rates;

e) The significant judgements, estimates and assumptions made by management as they relate to IFRS 16 - Leases, primarily include evaluating the appropriate discount rate to use to discount the lease liability, the determination of the lease term when the lease contains an extension option, and assessing if the Company is reasonably certain that it would exercise an extension option; and such judgements, estimates and assumptions affect the present value of the lease liabilities, the value of the right-of-use assets, the value of the net investment in sublease and the amounts recognized in income and expense, including depreciation, rent expense, finance expense and finance income; and

f) The assumption that the Company is a going concern and will continue in operating for the foreseeable future and at least one year is a judgment.

Financial Risks

The Company’s financial risk exposures and their impact on the Company’s financial instruments are summarized below:

Credit Risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Company is normally exposed to credit risk through its cash and cash equivalents and receivables. The Company manages credit risk associated with its cash and cash equivalents by using reputable financial institutions, from which management believes the risk to be remote. Receivables generally consists of recoverable Canadian sales taxes, accrued interest and Canadian mineral exploration tax credits receivable, which management believes the collectability of these amounts to be assured.

The Company shares an office with ETR and is expected to have immaterial amounts due from or to ETR at each period end. These amounts are considered at low risk of default, due to management having some influence over the operations of ETR and the early stage of ETR's exploration cycle. Accordingly, collection of amounts due from related party is also believed to be assured.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2020, the Company has cash and cash equivalents of $1,859,316 (December 31, 2019 - $1,593,629) to settle total current liabilities of $293,781 (December 31, 2019 - $334,514). The only long-term liability is a lease liability of $48,344 that matures in 2022.

Management believes that the Company has sufficient liquidity for a first phase 2020 exploration program and its working capital needs over the ensuing year, but may need more financing depending upon the scope of 2020 exploration to be undertaken.

The Company has historically relied on equity financings and asset sales to satisfy its capital requirements and will continue to depend upon equity capital as necessary and may also enter into earn-in arrangements or the sale of certain property interests. There can be no assurance the Company will be able to obtain its future financings on acceptable terms. The ability of the Company to continue on this course will depend, in part, on the prevailing market conditions and the market interest in financing the Company's mineral property exploration programs, and the scope of such programs.

Interest rate risk

The Company is not exposed to risk in the event of interest rate fluctuations. The Company has no long-term debt other than a lease liability, has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations, and current interest rates remain historically low. For these reasons, the Company believes it is not subject to material risks should interest rates change.

Foreign currency risk

The Company's functional currency is the Canadian dollar and an immaterial amount of transactions are in other currencies. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

Management's Responsibility for the Condensed Interim Financial Statements

Information provided in this report, and the Company's condensed interim financial statements for the period ended March 31, 2020, are the responsibility of management. In the preparation of these reports, judgements and estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such judgements and estimates have been carefully exercised and are properly reflected in the condensed interim financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Corporation's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Corporate Governance

The Company's Board of Directors and its committees substantially follow the recommended corporate governance guidelines for public companies to ensure transparency and accountability to the shareholders. The current Board of four individuals is comprised of two independent members and two executive officers. The audit committee consists of three members comprised of two independent directors and the chief executive officer. The compensation committee consists of three members, of which two are independent, and the health, safety, environment and social responsibility committee consists of two members.