

HANNAN METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2021

This discussion and analysis of financial position and results of operation is prepared as at September 27, 2021 and should be read in conjunction with the audited consolidated interim financial statements and the accompanying notes for the years ended May 31, 2021 and 2020 of Hannan Metals Ltd. ("Hannan" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com or the Company's website www.hannanmetals.com and readers are urged to review these materials.

COVID-19

In March 2020 the World Health Organization ("WHO") declared the outbreak of a novel coronavirus, identified as "COVID-19", as a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. All work requires the implementation of health protocols including self-distancing, disinfection procedures, use of protective masks and COVID-19 testing. Activities in Ireland have been restricted to minimal care and maintenance levels. The Company has implemented safety and physical distancing procedures, including working from home and continuing desktop and office work remotely where possible. In Peru, field teams are active and local social work continues to build on relationships remotely with existing stakeholders. The Company will continue to monitor the impact of the COVID-19 outbreak.

Company Overview

The Company currently is a reporting issuer in British Columbia and Alberta. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") and trade under the symbol "HAN". The Company's principal, registered and records office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

The Company is a copper-silver-gold exploration company opening up search spaces in new frontiers with 2,154 square kilometres (215,400 hectares) of mineral tenure (granted concessions and applications) in Peru.

Hannan is a Top 10 in-country Peru explorer with 215,400 hectares (“ha”) (or 2,154 square kilometres (“sq km”) of tenure, of which 62% (133,900 ha/1,339 sq km) is explored in its own right and 38% (81,500 ha/815 sq km) explored in joint venture with Japan Oil, Gas and Metals National Corporation (“JOGMEC”). JOGMEC has the option to earn up to a 75% beneficial interest from Hannan in the San Martin JV Project by spending up to US \$35,000,000 to deliver to the joint venture (“JV”) a feasibility study. Hannan stands out as one of the very few juniors to acquire such a significant land position.

Over the last decades, the team behind Hannan has forged a long and successful record of discovering, financing and advancing mineral projects in Europe and Peru.

During fiscal 2021 the Company completed a private placement for proceeds of \$1,000,000 and received a further \$1,429,650 on the exercise of warrants and share options. Subsequent to May 31, 2021 the Company received an additional \$1,532,742 on the exercise of warrants. See also “Financing Activities” and “Financial Condition/Capital Resources”.

Properties Update

San Martin JV Project (Copper-Silver, Peru, 105 mining concessions for 815 sq km)

The San Martin JV Project is in north-eastern Peru. Project access is excellent via a proximal paved highway, while the altitude ranges from 400 metres to 1,600 metres in a region of high rainfall and predominantly forest cover. Hannan has staked a total of 105 mineral concessions for a total of 81,500 ha (815 sq kms), covering multiple trends within a 120 km of combined strike for sedimentary-hosted copper-silver mineralization. A total of 47 granted mining concessions for 351 sq km have been granted, while the remainder remain under application.

On November 27, 2020 Hannan signed a binding letter agreement for an Option and Joint Venture Agreement (the “Agreement”) with JOGMEC. Under the Agreement, JOGMEC has the option to earn up to a 75% beneficial interest in the San Martin JV Project by spending up to US \$35,000,000 to deliver to the joint venture (“JV”) a feasibility study.

The Agreement grants JOGMEC the option to earn an initial 51% ownership interest by funding US \$8,000,000 in project expenditures at San Martin over a four-year period, subject to acceleration at JOGMEC’s discretion. JOGMEC, at its election, can then earn:

- an additional 16% interest for a total 67% ownership interest by achieving either a prefeasibility study or funding a further US \$12,000,000 in project expenditures in amounts of at least US \$1,000,000 per annum (for a US \$20,000,000 total expenditure); and,
- subject to owning a 67% interest, a further 8% interest for a total 75% ownership interest by achieving either a feasibility study or funding a further US \$15,000,000 in project expenditures in amounts of at least US \$1,000,000 per annum (for a US \$35,000,000 total expenditure).

Should JOGMEC not proceed to a prefeasibility study or spend US \$20,000,000 in total, Hannan shall have the right to purchase from JOGMEC for the sum of US \$1, a two percent (2%) Participating Interest, whereby Hannan’s Participating Interest will be increased to fifty-one percent (51%) and JOGMEC’s Participating Interest will be reduced to forty-nine percent (49%). At the completion of a feasibility study, JOGMEC has the right to either:

- purchase up to an additional ten percent (10%) Participating Interest from Hannan Metals (for a total 85% maximum capped Participating Interest) at fair value as determined in accordance with internationally recognized professional standards by an agreed upon independent third-party valuator; or
- receive up to an additional ten percent (10%) Participating Interest from Hannan (for a total 85% maximum capped Participating Interest) in consideration of JOGMEC’s agreement to fund development of the project, by loan carrying Hannan until the San Martin Project generates positive cash flow.

After US \$35,000,000 has been spent by JOGMEC and before a feasibility study has been achieved, both parties will fund expenditures pro rata or dilute via a standard industry dilution formula. If the Participating Interest in the Joint Venture of any party is diluted to less than 5% then that party’s Participating Interest will be automatically converted to a 2.0% net smelter royalty (“NSR”), and the other party may at any time purchase 1.0% of the 2.0% NSR for a cash

payment of US \$1,000,000. Hannan will manage exploration at least until JOGMEC earns a 51% interest, after which the majority participant interest holder will be entitled to act as the operator of the joint venture.

JOGMEC has confirmed a US \$2,000,000 budget from April 2021 through to March 2022 for the San Martin JV project as part of the Second Base Earn-in Period.

The San Martin JV Project covers a new, basin-scale high-grade sediment-hosted copper-silver system situated along the foreland region of the eastern Andes Mountains. Geologically, analogues include the Spar Lake sediment hosted copper-silver deposit in Montana and the vast Kupferschiefer deposits in Eastern Europe where KGHM Polska Miedź (“KGHM”) operates the largest silver producing mine in the world, more than twice the production of any other operation, and also the sixth biggest copper miner on earth. Sediment-hosted stratiform copper-silver deposits are among the two most important copper sources in the world, the other being copper porphyries.

Hannan recognized the significant potential for large copper-silver deposits in this part of Peru and has aggressively staked a commanding position of prospective where mineralized outcrops and boulders have been discovered in context with a consistent mineralized horizon geology over 120 kilometres of combined strike.

Results from outcrop channel sampling, located 20 kilometres apart, from the southern Sacanche area include 3 metres @ 2.5% copper and 22g/t silver and 2 metres @ 5.9% copper and 66g/t silver.

The Company has been focussed in 2021 80 kilometres north of Sacanche, at the Tabalosos project where high-grade copper and silver mineralization has been discovered over 15 kilometres of strike within at least 2 structural corridors. At Tabalosos highlights have included:

1. Zona Sur consists of twelve channel-sampled outcrops over 500 metres of strike. Additional systematic sampling is required to determine the full width of mineralization. Best channel results include:
 - (i) 2.0 metres @ 4.9% copper and 62 g/t silver (partially sampled);
 - (ii) 6.2 metres @ 0.8% copper and 19 g/t silver (full sample);
including 1.3 metres @ 3.5% copper and 86 g/t silver;
 - (iii) 0.4 metres @ 6.3% copper, 152 g/t silver (partially sampled); and
 - (iv) 0.4 metres @ 7.2% copper, 163 g/t silver (partially sampled).

2. Zona Este consists of four channel-sampled outcrops within an area of 80 metres by 120 metres. Additional systematic sampling is required to determine the full width of mineralization. Best channel results include:
 - (i) 1.0 metre @ 6.3% copper and 101 g/t silver (partially sampled);
 - (ii) 1.8 metres @ 3.7% copper and 42 g/t silver (partially sampled);
including 1.2 metres @ 5.4% copper and 62 g/t silver; and
 - (iii) 2.2 metres @ 2.4% copper and 29 g/t silver (full sample);
including 0.7 metres @ 5.9% copper and 70 g/t silver.

During the period Hannan focussed on soil sampling at the on the Tabalosos East target, which has demonstrated scale and further continuity of copper-silver mineralization over 24 kilometres of combined strike, within a 6 kilometre by 2 kilometre area. The survey is the first systematic attempt to map the continuity of the high-grade mineralized outcrops. The soil survey was designed to determine the continuity of copper-silver mineralization under soil cover over larger areas. Hannan has previously reported high grades of copper and silver in outcrop up to 2.0 metres @ 4.9% copper and 62 g/t silver. The soil sampling program was designed to determine the continuity of copper silver mineralization under soil cover over larger areas. The program consists of approximately 35-line kilometers of survey lines covering an area measuring 6 kilometres by 2.6 kilometres. The main survey lines are spaced at 250-metre centers running east-west, with shorter infill survey lines spaced at 150-metre centers. Soil samples were collected every 20 meters along each of the survey lines.

Specific areas of interest discovered in the survey as of the date of this MD&A include:

- Zona Sur: A 1.4 kilometre long anomaly composed of two parallel zones striking E-W. The anomalies show excellent correlation with channel sampled outcrops ([reported here](#)) and including 2.0 metres @ 4.9% copper and 62 g/t silver (partially sampled) and 0.4 metres @ 6.3% copper, 152 g/t silver (partially sampled), but importantly double the strike length of the outcrop zone.

- Zona Oeste: A new blind discovery over three regional lines with over 2.2 kilometres of strike that is open to the N and S. The copper anomalies are situated in the same stratigraphic position in all three lines, close to the mineralized contact seen elsewhere on the project. Additional sampling is needed to determine the continuity of the mineralization.
- Zona Norte: To date one sampling line has been completed in the northern area. This line revealed a broadly elevated zone of 800 metres length with three distinct anomalies with soil values > 100 ppm copper.
- Salt dome targets: The salt dome targets show elevated background values of copper with internal high copper values over five lines with up to 800 metres of strike continuity. Some boulders of gypsum with disseminated chalcopyrite have been observed near the anomalies. The anomalies show excellent correlation with channel sampled outcrops ([reported here](#)) and include 1.0 metre @ 6.3% copper and 101 g/t silver (partially sampled), 1.8 metres @ 3.7% copper and 42 g/t silver (partially sampled) and 2.2 metres @ 2.4% copper and 29 g/t silver (full sample).

Also during the period surface channel sampling from outcrops at Tabalosos East, taken over a 500-metre strike, returned significant results from three new outcrops. The zone is located 1.9 kilometres north of [previously reported](#) mineralization and is interpreted to be hosted in the same mineralized horizon. Better assays included:

- 2.8 metres (“m”) @ 3.0% copper (“Cu”) and 48 g/t silver (“Ag”) (partially sampled)
 - Including 1.6m @ 5.3% Cu and 83 g/t Ag
- 2.0m @ 1.1 % Cu and 11 g/t Ag
- 0.2m @ 2.2 % Cu and 27 g/t Ag (partially sampled)

Separately, 1.2 kilometres east of the new outcrops, mapping over significant distances of mineralized outcrops in trenches, exposed beneath soil anomalies, clearly demonstrates that copper is hosted by a fine grained, organic-rich reduced shale within a bleached package of shaly siltstones:

- A 10m wide altered and bleached zone with anomalous copper has been mapped and inferred over 650m of strike with geochemical assays from 380m of strike including 1.2m @ 0.52% Cu and 6 g/t Ag and 3.5m @ 0.73% Cu and 9 g/t Ag including 0.2 m @ 1.1% Cu and 13 g/t Ag;
- This is considered critical new geological information, as it is the first time that detailed mapping, over the larger scale, has defined a mappable, consistent, and well-defined fine-grained, reduced organic shale, previously only mapped between sporadic boulders and poorly exposed outcrops;
- This provides further evidence that the mineralization at San Martin and is of the reduced facies sediment hosted copper-silver “Kupferschiefer” style;

Detailed mapping of outcrops with correlating stratigraphic columns demonstrates that copper mineralization in the new zone mentioned above is hosted by an organic rich shale facies within an approximately 10m thick bleached/alterd and copper anomalous package of shaly siltstones. This sequence represents a different depositional environment of lower energy that has facilitated the deposition of a consistent organic-rich, reduced shale facies. The impact on the exploration model is fundamental, as it supports the assumption of a widespread reduced facies across the Huallaga basin.

Additionally, a total of 90% of the 64,500 hectares or 2,782-line kms of LiDAR have been acquired at the San Martin JV Project with the survey to be completed in the coming weeks when weather conditions allow.

Hannan initiated baseline studies and permitting to undertake advanced exploration work, including diamond drilling, at Tabalosos during the period. Hannan has received approval from two local hamlets at Tabalosos to initiate work for an Environmental Impact Statement (Declaración de Impacto Ambiental, or “DIA”) study. The DIA is the primary environmental certification required to allow low impact mineral exploration programs, that includes drilling programs, to proceed in Peru. Work for the DIA will include professional archaeological investigations, community workshops and liaison activities to collect appropriate information necessary to make submittals for approval to the General Directorate of Mining Environmental Affairs of the Ministry of Energy and Mines, Peru. Final DIA and other approvals are anticipated during early 2022. Hannan continues to explore, derisk and develop drill targets within the large area at Tabalosos. Eight geologists and additional team members are on site performing BLEG stream sediment sampling, prospecting, mapping, rock chip sampling, trenching and detailed soil sampling. The area for the DIA allows for 40 drill platforms and covers an area approximately 9 kilometres long and 3 kilometres wide (2,700 hectares), including the main target areas across both hamlets of Cunchiyacu and Pucayoc at Tabalosos East.

Channel samples are considered representative of the in-situ mineralization samples and sample widths quoted approximate the true width of mineralization, while grab samples are selective by nature and are unlikely to represent average grades on the property.

San Martin Hannan Project (Copper-Silver, Peru, 28 mining concessions for 277 sq km, 100% Hannan)

The Company has staked 28 mining concession applications for 277 sq km for copper-silver in the broader Huallaga Basin in its own right. The additional mining concession applications demonstrate the Company's strategy to open new search spaces and apply disruptive exploration models to previously unexplored terrain. The new areas were identified during a stereographic geological remote study using detailed terrain corrected topographic elevation data and the Sentinel-2 super-spectral satellite data from the European Space Agency ("ESA"). The resultant geological and target map highlighted the new stratabound 278 sq km of copper-silver target areas that were subsequently staked.

A boulder discovered during initial reconnaissance assayed 1.4% Cu and 21 g/t Ag at the Ochique prospect was made 20 kilometres north-west of the [Tabalosos JOGMEC JV project](#) during the period. This is the first indication of sediment-hosted copper mineralization in the north-western Huallaga Basin. The boulder source represents a small proportion of Hannan's application in the area, which in total covers 55 kilometres of the prospective strike of the mineralized host unit. Field teams are currently actively carrying out stream sediment sampling.

Previsto Project (Copper-Gold, Peru, 111 mining concessions for 1,080 sq km, 100% Hannan)

Hannan increased its Peruvian mineral tenure holdings to 1,080 square kilometres (108,000 hectares) prospective for back-arc porphyry copper-gold systems (the "Previsto Project") in central eastern Peru. These new areas will be explored alongside Hannan's existing projects in San Martin, located approximately 250 kilometres north of Previsto.

The Previsto Project, located 300 kilometres south of the 100%-controlled San Martin Hannan Project, defines a previously unknown mineralized belt within a 140 kilometre by 50 kilometre area. The project continues to grow. Hannan has continued to stake additional ground to keep up with field discoveries and [increased its land position](#) by 11% for a total of 105,400 ha (1,054 sq km) by staking four new porphyry copper style exploration targets.

At Previsto, regional exploration has identified seven intrusion related porphyry/skarn targets defined by coincident Cu-Au-Mo-Ag anomalies with lesser Pb-Zn-Sn-W from multiple datasets, including stream sediment sampling, outcrop and boulder geochemical sampling, geological mapping and airborne magnetics. The nature of the targets is at an early stage. The entire area is under thin cover, and it is estimated that <1% of the bedrock outcrops.

The most advanced of these is in the northern part of the project area (Previsto Norte Target). Many copper-bearing boulders with different stages of porphyry intrusions have been observed with strong hydrothermal alteration and B-style quartz-sulphide veins relating to porphyry mineralization. Values up to 25.6% Cu and 28 g/t Ag, ([previously report](#)) have been assayed. Gold anomalous boulders are also present with 0.9 g/t Au and 0.12% Cu assayed from a strongly leached hydrothermal breccia with porphyritic clasts.

The time to grant mining concession applications in Peru takes up to one year. Control of the Previsto and San Martin Hannan Projects is held 100% through Hannan subsidiaries or in trust via other private companies.

Future Developments

A US \$2,000,000 annual budget has been confirmed for the San Martin JV Project and will focus on three different scales:

- (i) At the project scale, work will identify the most prospective zones within the large land position by completing the regional scale stream sediment sampling, combined with large-scale LiDAR airborne surveys to define geology, structure, outcrops and access in the densely forested terrain.
- (ii) At the prospect scale, targeted prospecting will then be undertaken in areas of interest with regional mapping along creeks, followed and detailed mapping in trenches and pits and extensive soil sampling, with real time portable XRF analysis. Trial electrical geophysics will be undertaken to determine if reduced horizons can be identified in the subsurface.
- (iii) At the drill scale, the Company plans to complete environmental permitting over three separate areas during the year to set the joint venture up with large scale and multiple drill targets for 2022.

Social work continues with successful engagement with all key stakeholders from local communities to provincial leadership, over the large area. Hannan aims to have a transparent approach prior to, during and after technical field work. Hannan speaks to all stakeholders to gain authorization to conduct surface exploration. The Company has a dedicated social team and has hired local representatives and used local radio to inform a wider audience on the Company's plans.

Baseline studies for the DIA involving up to 12 specialist consultants undertaking socio-economic and environmental baseline studies, environmental monitoring, archaeological investigations, community workshops and liaison activities are ongoing. Final DIA and other approvals are anticipated during early 2022.

Five geologists and associated field assistants, two social consultants plus two local social support, two archaeologists and other external environmental consultants related to the DIA program have been engaged at Tabalosos East.

Field crews are active on the Previsto Project conducting stream sediment sampling, prospecting and reconnaissance mapping.

Clare Zinc-Lead-Silver Project, Ireland

On January 9, 2017 the Company closed the acquisition of Hannan Metals BC Ltd. ("Hannan BC") which owns Hannan Metals Ireland Limited ("Hannan Ireland"). Hannan Ireland is currently the registered holder of a 100% interest in seven prospecting licences ("PLs") located in County Clare, Ireland (the "Licences"). Under a separate asset purchase agreement (the "Asset Purchase Agreement") between Hannan Ireland and Lundin Mining Exploration Limited ("Lundin"), an Irish subsidiary of Lundin Mining Corporation (TSX: LUN), Hannan Ireland purchased all exploration data associated with the Licences from Lundin. Hannan has now made all cash payments totalling US \$1,000,000 to Lundin Mining Ltd to complete its purchase of the project. Lundin will retain a 2% net smelter return royalty on all sales of mineral products extracted from the project area, subject to certain buy back provisions. Hannan Ireland is also required to pay Lundin a one-time bonus payment of US \$5,000,000 within the earlier of (i) Hannan Ireland's decision to proceed with mine construction or (ii) within 90 days of the establishment of a commercial financing to finance capital costs for mine construction.

The Clare zinc-silver-lead-copper property (the "Clare Project") currently consists of seven PLs granted and issued by the Exploration and Mining Division ("EMD") of the Department of Communications, Climate Action and Environment in County Clare, Ireland. The western edge of the prospect area is 1.5km east of the town of Ennis. All prospecting licences of the Clare Project are 100% owned by Hannan Ireland.

The Irish base metal ore field is considered one of the world's best mineralized zinc provinces and is considered highly prospective for new zinc discoveries. In 2015 Ireland was the world's 10th largest zinc producing nation with 230,000 tonnes produced.

The Clare Project is underlain by Upper Devonian (sandstones) to Lower Carboniferous (sandstones and limestones) rocks. The stratigraphy appears simple; beds are the right way up and most of the major units are consistent in thickness across the property, however syn-rift and/or later structures complicate the geological framework. The stratigraphic succession of the Irish Lower Carboniferous is well constrained throughout, with the exception of the uppermost units. The axis of an open syncline runs southwest-northeast through the centre of the Clare Project. Beds dip at between 10 and 15 degrees towards the centre of the syncline. The Lower Carboniferous sequence includes the Waulsortian Limestone, which hosts most of Ireland's important zinc-lead sulphide deposits, such as the Lisheen (pre-mining resource 18.9 Mt @ 15.0% Zn+Pb) and Galmoy (pre-mining resource of 6.2 Mt @ 12.4% Zn+Pb) deposits. This data has been sourced from the Irish Exploration, Mining Division website <http://www.mineralsireland.ie/>. The Company has been unable to independently verify the information and states that the information is not necessarily indicative of the mineralization on the Clare Project.

The Clare Project has a rich history of small scale 19th century mining. Modern exploration efforts from the early-1960's, by Irish Base Metals, Rio-Finex, Central Mining Finance, Billiton and Belmore Resources Ltd followed up some of these earlier historic mines.

There are two known Waulsortian-hosted zinc-lead deposits on the property, the flagship Kilbricken prospect (see below) and the smaller Milltown prospect, where Belmore Resources Ltd ("Belmore") intersected 13.3m @ 5.8% Pb and 10.5% Zn from 45.4 metres in drill hole 3788/19 in 1994. The lowest part of the sequence is also prospective for copper-silver mineralization and contains numerous copper showings, most notable at Ballyvergin where Irish Base

Metals drilled hole BV11 which intersected 31.5m @ 1.0% Cu from 51.7 metres in the 1960s. Given the general flat lying and stratabound nature of mineralization and steep angles of all drillholes mentioned, the true thickness of the mineralized intervals quoted is interpreted to be approximately 95% of the sampled thickness.

Significant historic exploration on the Clare Project has concentrated on three project areas and on identifying other areas of the Clare Project which have the potential to warrant similar investigation. The project areas are:

- Kilbricken
- Ballyvergin
- Kilmurry

In 2008, Belmore, a private Irish company, drill tested the base of the Waulsortian Limestone beneath near-surface sulphidic and calcite veined shelf carbonates at the historic Kilbricken lead mine. The discovery drillhole at Kilbricken, DH04, intersected 10m @ 13.8% Zn, 5.5% Pb, 0.08% Cu, and 62.8g/t Ag from 448.1 metres at the targeted base of Waulsortian Limestone. Given the general flat lying and stratabound nature of mineralization and steep angles of all drillholes mentioned, the true thickness of the mineralized intervals quoted is interpreted to be approximately 95% of the sampled thickness.

After this initial discovery, Lundin joint ventured Kilbricken and the wider tenure package from Belmore. In 2011, Lundin purchased 100% of Belmore. Drilling by Lundin from 2009 to 2012 continued to intersect sulphide mineralization in the hanging wall of the Chimney fault. Significant intersections from Lundin's drilling programs are shown in Table 1.

Table 1: Kilbricken Better Mineralized Drill Intersections.

Hole ID	Mineralized Intersection
DH46	20.5m @ 7.5% Zn, 9.9% Pb, 0.07% Cu, 74.6g/t Ag from 415.3m
DH06	21.3m @ 11% Zn, 4.8% Pb, 0.06% Cu, 94.4g/t Ag from 441.9m
DH50	11.8m @ 9.8% Zn, 5.7% Pb, 0.07% Cu, 178.2g/t Ag from 484.6m
DH43	9.4m @ 4.1% Zn, 12% Pb, 0.52% Cu, 242.8g/t Ag from 442.1m
DH04	10.0m @ 13.8% Zn, 5.5% Pb, 0.08% Cu, 62.8g/t Ag from 448.1m
DH52	19.3m @ 7.2% Zn, 1.2% Pb, 0.18% Cu, 64.6g/t Ag from 425.7m
DH44	17.2m @ 2.9% Zn, 4.4% Pb, 0.11% Cu, 83.5g/t Ag from 447.9m
DH167	4.5m @ 0.8% Zn, 2.6% Pb, 18.91% Cu, 867.6g/t Ag from 616.5m
DH161	10.4m @ 8.4% Zn, 3.9% Pb, 0.09% Cu, 26.5g/t Ag from 607m
DH206	10.0m @ 0.9% Zn, 8.7% Pb, 0.16% Cu, 90.7g/t Ag from 619m
DH111	4.1m @ 21.5% Zn, 5.7% Pb, 0.1% Cu, 95.4g/t Ag from 447.6m

Technical Summary

Two styles of mineralization are evident at Kilbricken. The upper Chimney zone demonstrates the classic high-grade (>10% ZnEq) Irish stratabound mineralization targeted by Hannan. This body has been drilled within an area of 750 metres by 200 metres and averages 12 metres thickness. The lower Fort Zone was found later than the Chimney zone and has been tested with fewer drill holes. It is structurally hosted, lower grade, but thicker, averaging 40 metres, and drilled within a 400 metre by 200 metres area.

Lundin completed significant work on the property. A total of 278 drill holes for 134,000 m of diamond drilling was completed over the entire project. A total of 222 drill holes for 118,000 metres were drilled at the Kilbricken area. Lundin also undertook regional exploration in the remainder of the Clare Project, largely focussed on other Waulsortian-hosted zinc-lead prospects. Lundin carried out 616 metres of drilling at the Ballyvergin prospect with the objective of discovering additional zones of copper-silver mineralization. Lundin drilled a total of 2,370 metres on the Kilmurry Project, located within the Clare project area, 9 kilometres south-east of Kilbricken. In addition, significant surface geochemical and multiple geophysical surveys have been undertaken by Lundin and previous operators on the Clare Project area. Of note are a 3D seismic survey over the main Kilbricken mineralization in 2011, and 2D seismic survey conducted in 2012 that consisted of 8 traverses (each 3 - 3.5km long) over a total 10 kilometre strike length, spaced between 1-2 kilometres across the Kilbricken trend.

Massive sulphide mineralization at Kilbricken most commonly consists of early massive-textured, fine-grained pyrite, galena and sphalerite cross-cut by coarse-grained sphalerite and galena, resembling sulphides found in the overlying veins. It differs from most other Irish zinc/lead prospects in that it is rich in silver, where the silver is generally associated with galena-rich zones.

Drill Results

Hannan commenced drilling at Kilbricken in May 2017 and has subsequently completed 16 holes for a total of 7,189.3 metres. Hannan's drilling initially focused around Kilbricken with many holes intersecting significant mineralization and extending both the Fort and Chimney Zones. The true thickness of mineralized intervals at Kilbricken is interpreted to be greater than 95% of the sampled thickness.

Drill highlights include:

DH 17-3679-217 ("DH217") at the Fort Zone, one of the most mineralized ever drilled at the property:

- 8.0 metres @ 4.1% Zn, 33.7% Pb and 174 g/t Ag (37.9% Zn+Pb) from 528 metres, including 3.2 metres @ 8.4% Zn, 72.8% Pb and 388 g/t Ag (81.2% Zn+Pb) from 528 metres;
- 3.4 metres @ 5.2% Zn, 4.3% Pb and 33 g/t Ag (9.5% Zn+Pb) from 570 metres;
- 26.6 metres @ 7.5% Zn, 0.9% Pb and 14 g/t Ag (8.4% Zn+Pb) from 588 metres, including 18.8 metres @ 8.8% Zn, 1.1% Pb, 19 g/t Ag (9.9% Zn+Pb) from 588 metres;

DH 17-3679-218 ("DH218"), drilled at Fort Zone intersected massive sulphides within a down-hole thickness of 55 metres:

- 4.0 metres @ 0.7% Zn, 8.9% Pb and 31 g/t Ag (8.6% ZnEQ) from 526 metres, including 1.4 metres @ 1.6% Zn, 15.2% Pb and 53 g/t Ag from 526 metres and 1.0 metres @ 0.4% Zn, 13.8% Pb and 46 g/t Ag from 529 metres;
- 6.0 metres @ 2.5% Zn, 1.8% Pb and 13 g/t Ag (4.4% ZnEQ) from 544 metres, including 2.1 metres @ 5.0% Zn, 3.7% Pb and 25 g/t Ag from 548 metres;
- 6.4 metres @ 4.8% Zn, 1.3% Pb and 15 g/t Ag (6.3% ZnEQ) from 558 metres, including 1.1 metres @ 13.3% Zn, 3.1% Pb, 34 g/t Ag from 558 metres;
- 10.0 metres @ 3.4% Zn, 1.0% Pb and 13 g/t Ag (4.7% ZnEQ) from 571 metres;

DH 17-3679-219 ("DH219"), a 50 metre step out hole from the Fort Zone intersected massive sulphide mineralization within a total down-hole thickness of 92.9 metres:

- 8.4m @ 8.0% ZnEQ (6.2% Zn, 0.9% Pb, 15 g/t Ag and 0.35% Cu) from 599.0m, including 1.4m @ 20.8% ZnEQ (16.8% Zn, 3.5% Pb, 30 g/t Ag, 0.2% Cu) from 604.0m and;
- 12.8m @ 5.1% ZnEQ (3.2% Zn, 1.8% Pb, 13g/t Ag and 0.05% Cu) from 631.5m, including 0.9m @ 17.8% ZnEQ (15.3% Zn, 2.1% Pb, 25 g/t Ag, 0.1% Cu) from 643.4m.

DH 17-3679-220 ("DH220") first drill hole to test along strike from the Chimney Zone, was a 75 metre step out:

- 3.3m @ 10.4% ZnEQ (3.6% Zn, 6.5% Pb, 58 g/t Ag and 0.1% Cu) from 477.0m, including 1.0m @ 18.6% ZnEQ (3.7% Zn, 14.5% Pb, 121 g/t Ag, 0.2% Cu) from 478.6m

The remaining nine drill holes of the 2017 program (DH 17-3679-221 through to DH 17-3679-229; DH 17-3679-225 was abandoned at 72 metres) were drilled outside Kilbricken, based primarily on soil anomalies. Hole 17-3679-221 intersected anomalous copper mineralization 300 metres along strike from the Fort Zone. Hole 17-3679-226, drilled up dip from Kilbricken, intersected hematite alteration which is considered a good indicator of proximity to mineralization. Drill hole 17-3679-228 contained both pyrite at the base of reef with intense dolomitization and a fault in the stratigraphic footwall, which indicates a drill target at shallower levels up-dip. The remaining five holes did not intersect significant mineralization or alteration.

In October 2018 the Company drilled three drill holes at the Ballyhickey prospect located two kilometres NE of Kilbricken. Drill targets had been developed from seismic and surface geochemistry. The drilling confirmed the geological model and encounter significant faulting similar to the faults controlling the Kilbricken deposits. One of the drill holes intersected weak calcite pyrite alteration at the base of the Waulsortian limestone.

In February 2019 the Company extended a pre-existing drill hole (11-3643-10) at the Kilmurry prospect located 9km south of the Kilbricken prospect. The target was a seismic and detailed gravity defined structural and stratigraphic target mapped by Hannan over greater than 15 kilometres strike and 1-2 kilometres width. Historic drilling identified significant alteration and mineralization immediately south in the footwall of the Kilmurry target. Hannan's extension of hole 11-3643-10 encountered intense hydrothermal hematite for 4 metres at the base of the potential mineralized position and calcite/dolomite breccia over more than 60 metres thickness, with sporadic gossanous patches after pyrite and calcite textures suggesting replacement of barite. The hydrothermal hematite alteration is highly significant as it lies proximal to mineralization at Irish-style deposits such as Lisheen, Tynagh and Silvermines and can be considered a near-miss indicator. Further drilling is required.

Soil Sampling

A 1,000 sample soil program focused on acquiring new samples within an area of >40km² of unexplored Waulsortian Limestone continues. Soil samples have been acquired by hand auger at 50cm depth on average (up to >1m). The sample material is brown earth, sometimes with a clay/sand/peat or chip components from the A horizon. Thin glacial cover (1-5m thick) is common over the project area. In combination with the re-interpretation and quality control of >18,000 historic soil samples, the new data already released reveals multiple new anomalies of Zn-Pb (with associated trace elements), some at target depths <300m. The anomalies show strong correlation with many prospective faults previously interpreted from aeromagnetic, gravity and seismic data.

New soil sampling results have identified a large and coherent anomaly up-dip from Kilbricken. Furthermore, 2km NE of Kilbricken at the Ballyhickey prospect the survey revealed a 3km long and 600m wide soil anomaly that has never been drill tested. The anomaly identified is similar to the soil anomaly found above known mineralization at the Chimney zone, and shows a strong correlation with prospective faults identified from gravity, magnetic and seismic data sets. This new anomaly was drill tested in October 2018. One of three drill holes intersected weak alteration at the base of the Waulsortian limestone.

Regional Soil Sampling

During January 2018 the Company announced the results of an extensive 961 sample regional soil geochemical survey covering >200km² around the deposit. The Kilbricken deposit forms a strong geochemical signature at surface and the geochemical surveys were undertaken to search for new anomalies in a similar geological setting to that of Kilbricken.

Highlights are:

- Multi-element soil samples coverage, from immediately above and regionally around the 100% Kilbricken zinc deposit now extends over >200km².
- All seven main anomalies defined are drill targets. As geochemical anomalies are not necessarily located directly above possible mineralization due to dispersion upwards through structural breaks, the geo-chemical data will be used in conjunction with gravity data and the recently completed 2D seismic data to better locate drill holes to test these anomalies.
- Further soil sampling on the Clare Project is continuing and focussed around Kilbricken, to infill and extend anomalies that have not been closed off.
- Several strong multipoint anomalies coinciding with structural targets identified from Hannan's seismic survey. This includes three targets which have been identified in the Kilbricken area, Ballyhickey, Quin and Finanag.
- Outside of the main Kilbricken area 5 targets have been prioritized. Each area consist of 2 or more samples with anomalies from by Zn, Cd,+/- As, Pb. Fe and Mn is generally low.

Seismic Survey

During January 2018 the Company announced completion of a 40.6 line kilometre 2D seismic survey at the Clare Project. The regional seismic survey is a first for the area and has delivered a critical new set of subsurface data across the Company's 35,444 hectare PLs, which will form the basis for current and future drill targeting and prioritization.

The survey traversed the most prospective parts of the Clare Basin within the Company's PLs and was used to identify and map geological structures that may host and control base metal mineralization. The Company's seismic survey

propels understanding of the architecture and geological prospectivity of the Clare Basin, in a manner not previously possible. Highlights from the survey are:

- The 40.6 line kilometre 2D seismic survey identified the high-grade zinc mineralized position at Kilbricken and defined multiple new high priority targets in similar settings over a combined 12 kilometres trend immediately along strike and up dip from the Kilbricken deposit.
- Over the regional scale, multiple drill targets were also identified across much of the Clare project, including major north dipping faults that are well documented to preferentially host economic zinc deposits in Ireland.
- The 6,000 metre drill program currently being planned will initially test targets over the combined 12 kilometres trend immediately along strike and up dip from Kilbricken.
- In total the Clare project now has 68 kilometres of 2D seismic and 5 square kilometres of 3D seismic surveys which constrain depths and geometry of potentially mineralized targets, which will substantially decrease exploration costs and increase exploration effectiveness.
- Seismic surveying is not a technique commonly used in hard rock mining while is endemic in the oil and gas industry. Hannan is one of few hard rock exploration companies to use the method globally.

Metallurgy

On March 30, 2017 the Company announced the results of a gap analysis on mineralogical investigations on the Kilbricken project, Ireland by Dr. Kurt Forrester of Arn Perspective Ltd. Based on this study and the available information, it is likely a conventional lead-zinc flotation circuit at Kilbricken would be able to achieve saleable mineral concentrates. It is anticipated that there should be no penalties due to the presence of deleterious elements (arsenic, manganese, cadmium, selenium), subject to confirmation from the assessment of bulk element deportment during lead-zinc flotation. A primary grind of between 100µm to 150µm is anticipated to achieve satisfactory liberation and there are no red flags with the modal mineralogical analysis with respect to mineral processing and beneficiation. Based on the information available, it is anticipated that Kilbricken should be able to achieve high recoveries of both zinc and lead concentrates. Results from limited grade recovery analysis indicated the following recoveries probable using a conventional flowsheet:

- Targeting a sphalerite grade of 85% in the zinc concentrate would result in recoveries in excess of 85%.
- Targeting a galena grade of 70% in the lead concentrate would result in recoveries in excess of 75%.

Recommendations include conducting metallurgical test work across the deposit as part of an ongoing exploration and development program. The first drill hole (DH-217) will be used to collect metallurgical samples for locked cycle flotation testwork.

Gravity Survey

In October 2018 the Company completed a gravity survey over the Kilmurry prospect, 12km South of Kilbricken. The survey was designed to map the area between two seismic profiles where significant faults were mapped (the Kilmurry fault zone) during the seismic survey. The gravity survey confirmed the existence of the faults and also highlighted the possibility of a fault relay zone between the two seismic profiles.

Future Developments

The current focus in Ireland is the Kilmurry prospect which has the indicators of a significant drill target. The Kilmurry fault zone, mapped by seismic surveys, gravity and supported by historic drilling, has been traced over 10 kilometres of strike. Further drilling is recommended at Kilmurry, with four priority targets defined within the ramp-relay system over 6 kilometres. However, at this stage, the Company's focus remains exploring for copper in Peru. The Company is reviewing opportunities with third-parties for the Clare Project.

Qualified Person

The qualified person for the Company's projects, Mr. Michael Hudson, the Company's Chairman and CEO, a Fellow of the Australasian Institute of Mining and Metallurgy, has reviewed and verified the contents of this document.

Selected Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements of the Company.

	Years Ended May 31,		
	2021 \$	2020 \$	2019 \$
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(1,527,679)	(1,159,406)	(1,005,429)
Other items	(66,130)	(4,728)	(15,015)
Net loss	(1,593,809)	(1,164,134)	(1,020,444)
Basic and diluted loss per share	(0.02)	(0.02)	(0.02)
Statement of Financial Position:			
Working capital	1,650,346	1,316,484	126,587
Total assets	7,248,905	6,450,387	4,629,002
Total long-term liabilities	Nil	Nil	(342,393)

The following selected quarterly financial information is derived from the unaudited condensed consolidated interim financial statements of the Company and prepared using IFRS.

Three Months Ended	Fiscal 2021				Fiscal 2020			
	May 31/21 \$	Feb 28/21 \$	Nov 30/20 \$	Aug 31/20 \$	May 31/20 \$	Feb 29/20 \$	Nov 30/19 \$	Aug 31/19 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(453,520)	(279,666)	(390,385)	(404,108)	(120,019)	(800,160)	(95,558)	(143,669)
Other Items	(15,326)	(55,698)	6,127	(1,233)	7,666	1,205	(5,189)	(8,410)
Net loss	(468,846)	(335,364)	(384,258)	(405,341)	(112,353)	(798,955)	(100,747)	(152,079)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)
Statement of Financial Position:								
Working capital (deficit)	1,650,346	1,649,757	1,485,817	2,249,253	1,316,484	1,579,002	44,967	(85,399)
Total assets	7,248,905	6,851,340	7,203,294	7,363,798	6,450,387	6,605,422	4,689,734	4,460,825
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	(352,570)	(347,510)

Results of Operations

Three Months Ended May 31, 2021 Compared to Three Months Ended February 28, 2021

During the three months ended May 31, 2021 (“Q4”) the Company reported a net loss of \$468,846 compared to a net loss of \$335,364 for the three months ended February 28, 2021 (“Q3”), an increase in loss of \$133,482. The increase in loss is mainly attributed to an increase totalling \$241,029 for corporate development, investor relations, marketing expenses and professional fees as the Company placed more emphasis on engaging various consultants to provide strategic consulting, media and business development services and shareholder awareness campaigns. The increase was partially offset by:

- (i) a \$44,245 decrease in share-based compensation, from \$53,292 in Q3 to \$9,047 in Q4; and
- (ii) a decrease in foreign exchange loss of \$40,081, from a loss of \$57,503 in Q3 to a loss of \$17,422 in Q4.

Three Months Ended May 31, 2021 Compared to Three Months Ended May 31, 2020

During the three months ended May 31, 2021 (“Q4/2021”) the Company reported a net loss of \$468,846 compared to a net loss of \$112,353 for the three months ended May 31, 2020 (“Q4/2020”) an increase in loss of \$356,493. During Q4/2021 there was an overall increase in general administration expenses of \$317,509 from \$126,019 during Q4/2020 to \$443,528 during Q4/2021 due to an increase totalling \$315,882 for corporate development, investor relations, marketing activities and professional fees. During Q4/2021 the Company placed more emphasis on engaging various consultants to provide strategic consulting, media and business development services and shareholder awareness campaigns.

Year Ended May 31, 2021 Compared to Year Ended May 31, 2020

During the year ended May 31, 2021 (“fiscal 2021”) the Company reported a net loss of \$1,593,809 compared to a net loss of \$1,164,134 for the year ended May 31, 2020 (“fiscal 2020”), an increase in loss of \$429,675 primarily due to a \$368,273 increase in expenses, from \$1,159,406 during fiscal 2020 to \$1,527,679 during fiscal 2021. Significant variances in expenses are as follows:

- (i) incurred \$131,016 in fiscal 2021 for corporate development, an increase of \$41,672 from \$89,344 in fiscal 2020;
- (ii) commencing July 1, 2020 the Company engaged Swiss Resources Capital AG (“SRC”) to provide investor relations services. The Company paid \$233,123 to SRC in fiscal 2021. In addition, through SRC in fiscal 2021, the Company also conducted a marketing campaign directed to European investors at a cost of \$231,234;
- (iii) professional fees increased \$157,920, from \$88,079 in fiscal 2020 to \$245,999 in fiscal 2021 due primarily to the engagement of a consulting firm;
- (iv) during fiscal 2021 the Company incurred general exploration costs of \$52,735 of which \$50,000 was paid to access historical exploration data for Eastern Peru. No general exploration activity was incurred during fiscal 2020;
- (v) incurred \$36,528 in fiscal 2021 for legal fees, an increase of \$18,456 from \$18,072 in fiscal 2020. During fiscal 2021 the Company incurred significant legal fees in connection with the preparation of the option and joint venture agreement with JOGMEC on the San Martin JV Projects;
- (vi) recognized share-based compensation in fiscal 2021 of \$214,520 compared to \$567,347 during fiscal 2020 on the granting and vesting of share options;
- (vii) expensed \$188,140 in fiscal 2021 for directors and officers compensation for services provided by officers and directors of the Company compared to \$147,422 during fiscal 2020. Costs for fiscal 2020 were lower due to the voluntary temporary suspension of fees paid to officers and directors of the Company. See also “Transactions with Related Parties”;
- (viii) the COVID-19 pandemic had a significant impact on international and domestic travel, resulting in the cessation of all unessential travel. As a result corporate and general travel expenses dropped from \$39,631 in fiscal 2020 to \$830 in fiscal 2021;
- (ix) incurred salaries and benefits of \$nil during fiscal 2021 compared to \$33,524 in fiscal 2020. During fiscal 2020 the Company paid severance to employees in Ireland as all exploration activities ceased at the end of fiscal 2019.

During fiscal 2021 the Company repaid the outstanding \$145,000 principal amounts of promissory notes and \$71,658 of accrued interest payable. Accordingly, interest expense recorded during fiscal 2021 was \$1,808 compared to \$17,457 during fiscal 2020. See also “Transactions with Related Parties”.

The Company holds its cash in interest bearing accounts in major financial institutions. Interest income is generated from the deposits and fluctuates primarily with the levels of cash on deposit. During fiscal 2021 the Company reported interest income of \$10,911 compared to \$8,959 during fiscal 2020.

Exploration and Evaluation Assets

	Peru			Ireland	Other	Total \$
	San Martin JV Project \$	San Martin 100% Project \$	Previsto \$	Clare Project \$	\$	
Balance at May 31, 2019	301,478	-	-	3,906,364	-	4,207,842
Exploration costs						
Field supplies	46,674	-	-	-	-	46,674
Community	57,021	-	-	-	-	57,021
Geological	170,525	-	-	-	-	170,525
Sampling	11,731	-	-	-	-	11,731
Travel	28,509	-	-	-	-	28,509
	<u>314,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>314,460</u>
Acquisition costs						
License applications and fees	126,937	-	-	15,188	-	142,125

	Peru			Ireland	Other	Total \$
	San Martin JV Project \$	San Martin 100% Project \$	Previsto \$	Clare Project \$	\$	
Balance at May 31, 2020	742,875	-	-	3,921,552	-	4,664,427
Exploration costs						
Community	9,941	-	-	-	-	9,941
Consulting	548,853	-	38,066	-	-	586,919
Exploration site	14,940	-	-	-	-	14,940
Geological	62,060	10,684	31,310	-	-	104,054
Insurance	2,264	-	142	-	-	2,406
Legal	13,644	-	-	-	-	13,644
Logistics	94,434	-	19,953	-	-	114,387
VAT incurred	59,130	-	4,332	-	-	63,462
	805,266	10,684	93,803	-	-	909,753
Acquisition costs						
License applications and fees	305,347	191,264	417,947	-	3,316	917,874
Other						
Cost recoveries	(1,251,886)	-	-	-	-	(1,251,886)
Balance at May 31, 2021	601,602	201,948	511,750	3,921,552	3,316	5,240,168

During fiscal 2021 the Company incurred a total of \$1,827,627 on the acquisition, exploration and evaluation of its unproven resource assets of which \$1,110,613 was incurred on its San Martin JV Project, \$201,948 on the San Martin 100% Project and \$515,066 on the Previsto and other projects. In addition the Company recorded a cost recovery of \$1,251,886 on its San Martin JV Project as JOGMEC reimbursed the Company for all project related costs which had been incurred from April 1, 2020. See also “Properties Update”.

Financings Activities

During fiscal 2021 period the Company completed a private placement of 4,000,000 units at \$0.25 per unit for gross proceeds of \$1,000,000. The Company intends to use the net proceeds from the private placement for exploration on the Company’s Peruvian exploration properties and general corporate purposes.

In addition during fiscal 2021 the Company issued 6,411,433 common shares on the exercise of warrants and share options for total proceeds of \$1,429,650.

During fiscal 2020 the Company completed non-brokered private placements as follows:

- (i) 4,753,847 common shares, at \$0.065 per share, for gross proceeds of \$309,000;
- (ii) 1,500,000 common shares at \$0.10 per share, for gross proceeds of \$150,000; and
- (iii) 14,683,262 units, at \$0.15 per unit, for gross proceeds of \$2,202,489.

In addition during fiscal 2020 the Company issued 1,062,500 common shares for \$122,500 on the exercise of warrants.

Financial Condition / Capital Resources

As at May 31, 2021 the Company had working capital of \$1,650,346. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. As at May 31, 2021 management considers that the Company has adequate resources to maintain its core operations, conduct planned exploration programs on its existing exploration and evaluation assets and discharge its obligations as they become due in the next twelve months. See also “COVID-19”.

Subsequent to May 31, 2021 the Company issued 6,130,967 common shares on the exercise of warrants for gross proceeds of \$1,532,742.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of the Company's critical accounting estimates and sources of estimation is included in Note 3 to the May 31, 2021 audited annual consolidated financial statements.

Changes in Accounting Policies

Adoption of New Accounting Standard

Effective June 1, 2020 the Company adopted the Amendments to IFRS 3 - *Definition of a Business*, which clarifies the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business;
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs;
- narrow the definition of a business and the definition of outputs; and
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

There was no impact on the Company's consolidated financial statements upon the adoption of the amendments of this standard.

A detailed summary of all the Company's significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the May 31, 2021 audited annual consolidated financial statements.

Transactions with Related Parties

(a) *Transactions with Key Management Personnel*

The Company has determined that key management personnel consists of the executive members of the Company. During fiscal 2021 and 2020 the following amounts were incurred with respect to the Company's CEO (Mr. Hudson), President (Mr. Dahlenborg) and the CFO (Mr. Lim):

	2021 \$	2020 \$
Professional fees - Mr. Hudson	96,000	80,000
Professional fees - Mr. Dahlenborg	151,034	106,283
Professional fees - Mr. Lim	9,000	6,000
Share-based compensation - Mr. Hudson	-	73,600
Share-based compensation - Mr. Dahlenborg	-	64,000
Share-based compensation - Mr. Lim	-	24,000
	<u>256,034</u>	<u>353,883</u>

During fiscal 2021 the Company incurred a total of \$256,034 (2020 - \$192,283) to key management personnel for their services which have been allocated based on the nature of the services provided: expensed \$120,640 (2020 - \$99,102) to directors and officers compensation; and capitalized \$135,394 (2020 - \$93,181) to exploration and evaluation assets. As at May 31, 2021, \$51,132 (2020 - \$41,171) remained unpaid.

(b) *Transactions with Other Related Parties*

- (i) During fiscal 2021 and 2020 the following amounts were incurred with respect to non-management directors (Nick DeMare, David Henstridge, Georgina Carnegie and Ciara Talbot) and the Corporate Secretary (Mariana Bermudez) of the Company:

	2021	2020
	\$	\$
Professional fees - Mr. DeMare	9,000	6,000
Professional fees - Mr. Henstridge	9,000	6,000
Professional fees - Ms. Carnegie	9,000	12,500
Professional fees - Ms. Talbot	9,000	6,000
Professional fees - Ms. Bermudez	31,500	17,820
Share-based compensation - Mr. DeMare	-	44,000
Share-based compensation - Mr. Henstridge	-	44,000
Share-based compensation - Ms. Carnegie	-	44,000
Share-based compensation - Ms. Talbot	-	44,000
Share-based compensation - Ms. Bermudez	-	24,000
	<u>67,500</u>	<u>248,320</u>

As at May 31, 2021 \$151,550 (2020 - \$150,350) remained unpaid.

- (ii) During fiscal 2021 the Company incurred a total of \$38,050 (2020 - \$30,250) to Chase, a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at May 31, 2021, \$6,500 (2020 - \$4,500) remained unpaid.
- (c) The Company had issued promissory notes which bore interest at 7% per annum. The principal amounts and accrued interest were scheduled to be due and payable on December 31, 2020. During fiscal 2021 the Company recorded \$1,808 of interest expense and repaid the remaining \$145,000 principal amounts of promissory notes and \$71,658 of accrued interest payable. The promissory notes were held by shareholders of the Company, including a family trust of the CEO of the Company.
- (d) In fiscal 2019 accounts payable and accrued liabilities included \$50,000 outstanding to an arms-length party for professional service rendered. In fiscal 2020 the indebtedness was settled on behalf of the Company by a private company owned by a director of the Company and was recorded as an advance to the Company. The Company subsequently repaid \$30,000 of that advance and \$20,000 remained unpaid as at May 31, 2020. During fiscal 2021 the Company paid the remaining \$20,000 balance.
- (e) During fiscal 2020 certain directors and officers of the Company purchased a total of 653,847 common shares of a private placement for \$42,500.

Risks and Uncertainties

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should consider investing in the Company's common shares.

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at September 27, 2021, there were 91,206,611 issued and outstanding common shares, 14,517,429 warrants outstanding at exercise prices ranging from \$0.30 to \$0.35 per share and 5,631,000 share options outstanding at exercise prices ranging from \$0.10 to \$0.455 per share.