



## **FINANCIAL REVIEW**

**First Quarter Ended March 31, 2022**



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2022

Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2022. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

**METALLUM RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**(UNAUDITED)**  
(Expressed in Canadian Dollars)

As at:	March 31, 2022	December 31, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash (Note 4)	\$ 567,619	\$ 218,612
Taxes receivable	20,825	20,959
Other receivables	2,138	2,138
Prepaid expenses and deposits	40,235	39,475
	<u>630,817</u>	<u>281,184</u>
<b>Non-current assets</b>		
Long-term deposits (Note 12)	61,000	61,000
Property and equipment (Note 5)	2,208	2,387
Exploration and evaluation assets (Note 6)	14,430,585	14,430,585
	<u>14,493,793</u>	<u>14,493,972</u>
<b>TOTAL ASSETS</b>	<b>\$ 15,124,610</b>	<b>\$ 14,775,156</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 12)	\$ 416,344	\$ 266,819
Short-term payable (Note 12)	301,922	296,557
Other liability (Note 8)	9,003	30,046
<b>Total liabilities</b>	<u>727,269</u>	<u>593,422</u>
<b>Shareholders' equity</b>		
Share capital (Note 10)	61,529,897	61,529,897
Share subscriptions received (Note 17)	512,000	-
Other equity reserve (Note 11)	3,688,280	3,631,653
Accumulated other comprehensive income	148,101	148,101
Deficit	(51,480,937)	(51,127,917)
<b>Total shareholders' equity</b>	<u>14,397,341</u>	<u>14,181,734</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 15,124,610</b>	<b>\$ 14,775,156</b>

**APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON MAY 26, 2022:**

*See accompanying notes to the condensed consolidated interim financial statements*

**METALLUM RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**(UNAUDITED)**  
(Expressed in Canadian Dollars)

	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Exploration Expenditures (Note 7)	\$ 138,235	\$ 18,970
General and Administrative Expenses		
Accounting and legal	3,967	-
Amortization	179	134
Consulting fees (Note 12)	25,257	8,500
Directors' fees (Note 12)	3,000	-
Finance expense (Note 9)	-	159,404
Interest and bank charges (Note 12)	6,152	9,591
Management fees (Note 12)	10,500	10,500
Office and miscellaneous (Note 12)	9,649	6,865
Regulatory and stock exchange fees (Note 12)	8,364	7,721
Rent and utilities (Note 12)	5,709	6,816
Salaries and benefits (Note 12)	50,247	30,232
Shareholder communication (Note 12)	54,653	11,748
Share-based payments (Notes 11 and 12)	56,627	-
Travel and accommodation (Note 12)	3,000	478
	(237,304)	(251,989)
<b>Loss from operations</b>	<b>(375,539)</b>	<b>(270,959)</b>
Interest income	31	40
Foreign exchange gain	1,445	3,341
Fair value adjustment on derivative liability	-	91,668
Recovery of accounts payables and accrued liabilities	-	16,060
<b>Loss before income taxes</b>	<b>(374,063)</b>	<b>(159,850)</b>
Deferred income tax recovery	21,043	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (353,020)</b>	<b>\$ (159,850)</b>
<b>Loss per share</b>		
- basic and diluted	\$(0.00)	\$(0.02)
<b>Weighted average number of shares outstanding</b>		
- basic and diluted	196,107,741	6,989,073

*See accompanying notes to the condensed consolidated interim financial statements*

**METALLUM RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**  
For the three months ended March 31, 2022 and 2021  
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Obligation to issue shares	Share subscriptions received	Other equity reserve	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, December 31, 2020	6,989,073	\$ 38,704,356	\$ 261,891	\$ -	\$ 3,265,301	\$ 148,101	\$ (48,690,995)	\$ (6,311,346)
Loss for the period	-	-	-	-	-	-	(159,850)	(159,850)
Shares subscribed	-	-	-	2,528,000	-	-	-	2,528,000
Obligation to issue shares	-	-	12,328	-	-	-	-	12,328
Balance, March 31, 2021	6,989,073	38,704,356	274,219	2,528,000	3,265,301	148,101	(48,850,845)	(3,930,868)
Loss for the period	-	-	-	-	-	-	(2,277,072)	(2,277,072)
Shares issued for private placements	35,204,546	3,492,955	-	-	-	-	-	3,492,955
Shares issued for property acquisition	128,920,000	12,892,000	-	-	-	-	-	12,892,000
Shares issued for property acquisition transaction cost	3,200,000	320,000	-	-	-	-	-	320,000
Shares issued for debt settlement	20,960,789	6,094,647	(261,891)	-	-	-	-	5,832,756
Shares issued for services	833,333	50,000	-	-	-	-	-	50,000
Share-issuance costs	-	(24,061)	-	-	-	-	-	(24,061)
Shares subscribed	-	-	-	(2,528,000)	-	-	-	(2,528,000)
Obligation to issue shares	-	-	(12,328)	-	-	-	-	(12,328)
Share-based payments	-	-	-	-	366,352	-	-	366,352
Balance, December 31, 2021	196,107,741	61,529,897	-	-	3,631,653	148,101	(51,127,917)	14,181,734
Loss for the period	-	-	-	-	-	-	(353,020)	(353,020)
Shares subscribed	-	-	-	512,000	-	-	-	512,000
Share-based payments	-	-	-	-	56,627	-	-	56,627
<b>Balance, March 31, 2022</b>	<b>196,107,741</b>	<b>\$ 61,529,897</b>	<b>\$ -</b>	<b>\$ 512,000</b>	<b>\$ 3,688,280</b>	<b>\$ 148,101</b>	<b>\$ (51,480,937)</b>	<b>\$ 14,397,341</b>

*See accompanying notes to the condensed consolidated interim financial statements*

**METALLUM RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
(Expressed in Canadian Dollars)

	Three months ended March 31,	
	2022	2021
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (353,020)	\$ (159,850)
Items not involving cash:		
Amortization	179	134
Finance expense	-	159,404
Interest expense	5,365	8,160
Share-based payments	56,627	-
Fair value adjustment on derivative liability	-	(91,668)
Recovery of accounts payable and accrued liabilities	-	(16,060)
Deferred income tax recovery	(21,043)	-
	(311,892)	(99,880)
Changes in non-cash working capital items:		
Taxes receivable	134	(322)
Prepaid expenses and deposits	(760)	(31,955)
Accounts payable and accrued liabilities	149,525	239,427
Net cash (used in) provided by operating activities	(162,993)	107,270
<b>FINANCING ACTIVITY</b>		
Share subscriptions received	512,000	2,528,000
Net cash provided by financing activity	512,000	2,528,000
<b>INVESTING ACTIVITY</b>		
Deferred mineral property acquisition costs	-	(110,161)
Net cash used in investing activity	-	(110,161)
Increase in cash	349,007	2,525,109
Cash, beginning of period	218,612	20,801
<b>Cash, end of period</b>	<b>\$ 567,619</b>	<b>\$ 2,545,910</b>

Supplemental disclosure with respect to cash flows (Note 16)

*See accompanying notes to the condensed consolidated interim financial statements*

**METALLUM RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months ended March 31, 2022  
(Expressed in Canadian Dollars)

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Metallum Resources Inc. (the “Company”) was incorporated in British Columbia on April 30, 1993 and continued to the Yukon Territory on April 23, 2018. It continued back to British Columbia on March 24, 2021. Its common shares are publicly traded on the TSX Venture Exchange (“TSX-V”).

The Company is engaged in the acquisition and exploration of mineral properties. The Company’s corporate office and principal place of business is #650 – 200 Burrard Street, Vancouver, BC, Canada V6C 3L6.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At March 31, 2022, the Company had not yet achieved profitable operations, has accumulated losses of \$51,480,937 since inception, and is expected to incur further losses in the development of its business, all of which raises substantial doubt about its ability to continue as a going concern. The Company will periodically have to raise additional financing in order to acquire and conduct work programs on mineral properties and meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. Subsequent to March 31, 2022, the Company raised gross proceeds of \$5,242,300 by way of a non-brokered equity financing (Note 17) which will provide working capital for operational and investing activities. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

At the time these condensed consolidated interim financial statements were prepared, the COVID-19 pandemic has caused significant disruptions to the global economy and increased volatility in the global financial markets. While the COVID-19 pandemic has not had a significant impact on the Company’s operations during the current period, the extent to which COVID-19 may adversely impact the Company’s business and financing opportunities will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing at the properties, business closures or business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease.

**2. BASIS OF PREPARATION**

**Statement of Compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) on a basis consistent with the significant accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2021. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

**Basis of Measurement**

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are stated at their fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed consolidated interim financial statements are presented in Canadian dollars (“CDN”).



**METALLUM RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months ended March 31, 2022  
(Expressed in Canadian Dollars)

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**2. BASIS OF PREPARATION – cont'd**

**Basis of Measurement – cont'd**

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in Note 3.

**Basis of Consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned and controlled subsidiaries. A subsidiary is an entity in which the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All material intercompany transactions and balances have been eliminated on consolidation.

Details of the Company's principal subsidiary at March 31, 2022 are as follows:

<b>Name</b>	<b>Place of incorporation</b>	<b>Ownership %</b>	<b>Principal activity</b>
Pick Lake Mining Limited	Nova Scotia, Canada	100%	Exploration company

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in loss and comprehensive 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.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- a) Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- b) The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/studies, accessible facilities and existing permits.

**METALLUM RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months ended March 31, 2022  
(Expressed in Canadian Dollars)

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**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – cont'd**

- c) The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.
- d) Judgment is required in the determination that the Company will continue as a going concern for the next year (Note 1).

The key estimates applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- a) Option pricing models require the input of highly subjective assumptions, including the expected price volatility and options expected life. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.
- b) The Company may be subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business and on dispositions of mineral property or interests therein, 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. This assessment relies on estimates and assumptions and may involve a series of judgments about future events, and interpretation of tax law. 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.

**4. CASH**

Cash at banks is held in interest-bearing and non-interest-bearing accounts. As at March 31, 2022, the Company's cash in hand totaled \$567,619, of which \$158,349 is reserved for flow-through expenditures as of March 31, 2022 and flow-through eligible activities during the 2022 fiscal year (Note 8).

**METALLUM RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months ended March 31, 2022  
(Expressed in Canadian Dollars)

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**5. PROPERTY AND EQUIPMENT**

		<b>Computer equipment</b>
<b>Cost</b>		
Balance, December 31, 2020	\$	35,169
Additions		2,582
<b>Balance, December 31, 2021 and March 31, 2022</b>	<b>\$</b>	<b>37,751</b>
 <b>Accumulated amortization</b>		
Balance, December 31, 2020	\$	34,634
Charge for period		730
Balance, December 31, 2021		35,364
Charge for period		179
<b>Balance, March 31, 2022</b>	<b>\$</b>	<b>35,543</b>
 <b>Carrying amounts</b>		
At December 31, 2021	\$	2,387
<b>At March 31, 2022</b>	<b>\$</b>	<b>2,208</b>

**6. EXPLORATION AND EVALUATION ASSETS**

The Company has capitalized the following acquisition cost on its mineral property as at March 31, 2022:

		<b>Superior Lake</b>
Balance, December 31, 2020	\$	-
Acquisition		14,430,585
<b>Balance, December 31, 2021 and March 31, 2022</b>	<b>\$</b>	<b>14,430,585</b>

***Superior Lake Zinc Project - Canada***

In April 2021, the Company acquired the Superior Lake Zinc Project from Frontier Energy Ltd, formerly named Superior Lake Resources Limited.

The Project is located in the province of Ontario and consists of two deposits, Pick Lake and Winston Lake. The Company has a 100% interest in the claims comprising the Pick Lake deposit, subject to a 2% NSR royalty and an option to acquire a 100% interest in the claims comprising the Winston Lake deposit, also subject to a 2% NSR royalty. To exercise the Winston Lake option, a letter of credit of \$1.2 million by the current property owner in favour of the Ontario mining ministry must be replaced by the Company.

**METALLUM RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months ended March 31, 2022  
(Expressed in Canadian Dollars)

**7. EXPLORATION EXPENDITURES**

Exploration expenditures during the three-month periods ended March 31, 2022 and 2021, which were expensed as incurred, relate to the Superior Lake Zinc Project.

	Three months ended March 31,	
	2022	2021
Geological and other consulting	\$ 113,972	\$ 3,970
Licences, rights, and taxes	1,412	-
Salaries	22,500	15,000
Travel	351	-
	<b>\$ 138,235</b>	<b>\$ 18,970</b>

**8. OTHER LIABILITY**

Other liability is the liability portion of flow-through shares issued.

	Issued on April 1, 2021	Issued on July 12, 2021	Total
Balance, December 31, 2020	\$ -	\$ -	\$ -
Liability incurred on flow-through shares issued	54,545	55,000	109,545
Settlement of flow-through share liability on incurring expenditures	(54,545)	(24,954)	(79,499)
Balance, December 31, 2021	-	30,046	30,046
Settlement of flow-through share liability on incurring expenditures	-	(21,043)	(21,043)
<b>Balance, March 31, 2022</b>	<b>\$ -</b>	<b>\$ 9,003</b>	<b>\$ 9,003</b>

Other liabilities arise on the issuance of flow-through shares when the price of each flow-through share exceeds the price of other non-flow-through common shares issued at the same time.

On April 1, 2021, the Company closed a private placement by issuing 5,454,546 flow-through common shares, at a price of \$0.11 per share for gross flow-through proceeds of \$600,000. The flow-through shares were issued at a premium of \$54,545.

On July 12, 2021, the Company closed a private placement by issuing 2,750,000 flow-through common shares, at a price of \$0.11 per share for gross flow-through proceeds of \$302,500. The flow-through shares were issued at a premium of \$55,000.

During the 2021 fiscal year, the Company had incurred its entire commitment of \$600,000 in exploration expenditures in relation to the April 1, 2021 flow-through share financing and as of March 31, 2022, has incurred \$252,983 of its commitment of \$302,500 in relation to the July 12, 2021 flow-through financing. The remaining exploration expenditure commitment of \$49,517 must be incurred by December 31, 2022. If the Company does not spend these funds in compliance with the Government of Canada flow-through regulations, it may be subject to indemnification or other claims by the flow-through subscribers.

**METALLUM RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months ended March 31, 2022  
(Expressed in Canadian Dollars)

**9. CONVERTIBLE DEBENTURES**

	Debt liability component	Derivative liability component	Total
Balance, December 31, 2020	\$ 4,388,595	\$ 169,949	\$ 4,558,544
Fair value adjustment	-	(91,668)	(91,668)
Accretion of interest	66,822	-	66,822
Settlement of debt	(4,455,417)	(78,281)	(4,533,698)
<b>Balance, December 31, 2021 and March 31, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

During the 2021 fiscal year, the Company settled all of its secured and unsecured convertible debenture debt. During the three months ended March 31, 2021, total accretion of interest of \$66,822 and \$92,582 pertaining to interest owed on the debentures was charged to profit or loss and is included in finance expense.

**10. SHARE CAPITAL AND RESERVES**

(a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

During the 2021 fiscal year, the Company completed a consolidation of the issued shares, warrants, debentures and stock options outstanding at March 30, 2021 on a one new for ten old basis. All references to common shares, warrants, debentures, stock options, and per share amounts in these condensed consolidated interim financial statements have been updated to reflect the share consolidation.

There was no share capital activity during the three-month period ended March 31, 2022.

(b) Share Purchase Warrants

The following is a summary of changes in warrants from January 1, 2021 to March 31, 2022:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2020	5,410,645	\$2.31
Expired	(2,855,291)	\$0.80
Balance, December 31, 2021	2,555,354	\$4.00
Expired	(2,555,354)	\$4.00
<b>Balance, March 31, 2022</b>	<b>-</b>	<b>-</b>

As at March 31, 2022, there were no share purchase warrants outstanding.

**METALLUM RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months ended March 31, 2022  
(Expressed in Canadian Dollars)

**11. SHARE-BASED PAYMENTS**

**Option Plan Details**

The Company has a stock option plan (the “Plan”) which allows the Board of Directors to grant incentive stock options to the Company’s officers, directors, employees and consultants. The exercise price of stock options granted is determined by the Board of Directors at the time of the grant in accordance with the terms of the Plan and the policies of the TSX-V. Options vest on the date of granting unless stated otherwise. Options granted to investor relations consultants vest in accordance with TSX-V regulation. The options are for a maximum term of ten years.

The following is a summary of changes in options for the three-month period ended March 31, 2022:

Grant date	Expiry date	Exercise price	Opening balance	During the period			Closing balance	Vested and exercisable
				Granted	Exercised	Expired / forfeited		
Jun 20, 2012	Jun 19, 2022	\$8.40	23,625	-	-	(3,000)	20,625	20,625
Jul 11, 2012	Jul 10, 2022	\$8.40	2,500	-	-	-	2,500	2,500
Dec 18, 2013	Dec 17, 2023	\$8.80	42,500	-	-	(3,750)	38,750	38,750
Apr 15, 2021	Apr 14, 2031	\$0.15	2,950,000	-	-	(200,000)	2,750,000	1,375,000
Dec 15, 2021	Dec 14, 2031	\$0.15	375,000	-	-	-	375,000	187,500
			<b>3,393,625</b>	<b>-</b>	<b>-</b>	<b>(206,750)</b>	<b>3,186,875</b>	<b>1,624,375</b>
<b>Weighted average exercise price</b>			<b>\$0.32</b>	<b>-</b>	<b>-</b>	<b>\$0.43</b>	<b>\$0.32</b>	<b>\$0.47</b>

**Fair Value of Options Issued During the Period**

There were no options granted during the three-month period ended March 31, 2022.

The weighted average remaining contractual life of the options outstanding at March 31, 2022 is 8.97 years (December 31, 2021: 9.20 years).

*Options Issued to Employees*

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

*Options Issued to Non-Employees*

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

**Expenses Arising from Share-based Payment Transactions**

Total expenses arising from the share-based payment transactions recognized during the three-month period ended March 31, 2022 as part of share-based payments expense were \$56,627 (2021: \$Nil).

As of March 31, 2022, there were unrecognized compensation costs related to unvested share-based payment awards totaling \$9,322 (December 31, 2021: \$54,386).

**METALLUM RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months ended March 31, 2022  
(Expressed in Canadian Dollars)

**12. RELATED PARTY TRANSACTIONS**

The Company's related parties with transactions during the three-month periods ended March 31, 2022 and 2021 consist of directors, officers and the following companies with common directors:

Related party	Nature of transactions
Gold Group Management Inc. ("Gold Group")	Shared office, administrative, and personnel costs
Mill Street Services Ltd. ("Mill Street")	Management services

Related party transactions for the three-month periods ended March 31, 2022 and 2021, in addition to related party transactions disclosed elsewhere in these condensed consolidated interim financial statements, comprise the following:

- a) The Company reimbursed Gold Group, a company controlled by the Chairman of the Company, for shared administration costs consisting of the following:

	Three months ended March 31,	
	2022	2021
Office and miscellaneous	\$ 5,946	\$ 5,871
Regulatory and stock exchange fees	937	399
Rent and utilities	5,709	6,816
Salaries and benefits	37,065	23,732
Shareholder communication	2,491	250
Travel and accommodation	2,318	478
	<b>\$ 54,466</b>	<b>\$ 37,546</b>

Gold Group is reimbursed by the Company for these shared costs and other business-related expenses paid by Gold Group on behalf of the Company. Salary and benefits include those for the Chief Financial Officer and Corporate Secretary.

- b) During the three-month period ended March 31, 2022, the Company paid one of its directors \$3,000 (2021: \$Nil) for acting in their capacity as independent member of the Company's Audit Committee.

Long term deposits as of March 31, 2022 consists of \$61,000 (December 31, 2021: \$61,000) paid to Gold Group and are related to the shared administrative services agreement with Gold Group. Upon termination of the agreement, the deposits, less any outstanding amounts owing to Gold Group, are to be refunded to the Company.

Accounts payable and accrued liabilities as of March 31, 2022 includes \$59,553 (December 31, 2021: \$32,323) owing to Gold Group, \$44,000 (December 31, 2021: \$33,500) owing to Mill Street, a company controlled by Simon Ridgway, the Chairman of the Company, \$8,500 (December 31, 2021: \$5,500) owing to an independent director and a former independent director for directors' fees, and \$1,116 (December 31, 2021: \$1,116) owing to Mario Szotlender, a former director of the Company, for advances made to the Company. The amount owing to Gold Group is partially secured by a deposit and is interest bearing if not paid within a certain period. The amounts owing to Mill Street and other current and former directors and/or officers are non-interest bearing and due upon demand.

A short-term payable as of March 31, 2022 consists of \$301,922 (December 31, 2021: \$296,557) owing to Gold Group. The amount owing to Gold Group was originally a long-term payable due by December 31, 2022 but was settled subsequent to the current period end. The payable was subject to an interest rate of 1% per month until March 31, 2021 and 8% per annum effective April 1, 2021. During the period ended March 31, 2022, the Company recorded an interest expense totaling \$5,365 (2021: \$8,160).

**METALLUM RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months ended March 31, 2022  
(Expressed in Canadian Dollars)

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**12. RELATED PARTY TRANSACTIONS – cont'd**

**Key management compensation**

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Management fees	\$ 10,500	\$ 10,500
Consulting fees	-	8,500
Salaries and benefits	41,733	25,042
Share-based payments (value of stock options granted and vested)	27,123	-
	<b>\$ 79,356</b>	<b>\$ 44,042</b>

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the three-month periods ended March 31, 2022 and 2021.

The value of stock option grants issued and vested to non-key management directors during the three-month period ended March 31, 2022 was \$6,780 (2021: \$Nil).

**13. SEGMENTED INFORMATION**

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition, exploration, and development activities. All of the Company's assets and operations are in Canada.

**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

**General Objectives, Policies and Processes**

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.



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**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – cont'd**

a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at March 31, 2022, the Company is exposed to foreign currency risk and interest rate risk.

*Foreign Currency Risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to fluctuations in foreign currencies through its operations in Canada and former operations in Peru. The Company monitors this exposure but has no hedge positions.

As at March 31, 2022, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	March 31, 2022		December 31, 2021	
	Peruvian Soles (CDN equivalent)	US Dollars (CDN equivalent)	Peruvian Soles (CDN equivalent)	US Dollars (CDN equivalent)
Cash	\$ 6,880	\$ 235	\$ 6,504	\$ 392
Taxes receivable	1,714	-	1,654	-
Liabilities	(2,762)	(58,078)	(2,780)	(58,924)
	<b>\$ 5,832</b>	<b>\$ (57,843)</b>	<b>\$ 5,378</b>	<b>\$ (58,532)</b>

Based on the above net exposures at March 31, 2022, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in an increase or decrease of approximately \$5,200 (December 31, 2021: \$5,300) in the Company's after tax net earnings, respectively.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash. As the Company's cash is currently held in an interest-bearing bank account, management considers the interest rate risk to be limited.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and other receivables. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset based commercial paper. For other receivables, the Company estimates, on a continuing basis, the expected credit losses and provides an impairment provision as required.

**METALLUM RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
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**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – cont'd**

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At March 31, 2022, the Company had a working capital deficiency of \$96,452 (December 31, 2021: \$312,238). All of the Company's short-term financial liabilities as of March 31, 2022 have contractual maturities of less than 45 days and are subject to normal trade terms, except for the short-term payable that was due by December 31, 2022.

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at March 31, 2022:

	1 year	Over 1 year	Total
Accounts payable and accrued liabilities	\$ 416,344	\$ -	\$ 416,344
Other liability	9,003	-	9,003
Short-term payable	301,922	-	301,922
	\$ 727,269	\$ -	\$ 727,269

**Determination of Fair value**

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The condensed consolidated interim statement of financial position carrying amounts for cash, receivables, and accounts payable and accrued liabilities approximates fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

**Fair Value Hierarchy**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- 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.

There were no transfers between levels in the period.

**METALLUM RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
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**15. CAPITAL MANAGEMENT**

The Company monitors its cash, debt, common shares, warrants and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to explore new mineral property opportunities. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it in order to effectively support the acquisition and exploration of mineral properties. In order to pay for general administrative costs, the Company will use its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended March 31, 2022. The Company's investment policy is to hold cash in interest bearing bank accounts and/or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company did not expect its capital resources as at March 31, 2022 to be sufficient to cover its operating costs and any new property acquisition or development programs through the next twelve months. As such, the Company raised additional capital subsequent to March 31, 2022 (Note 17). Actual funding requirements may vary from those planned due to a number of factors, including the progress of property development activity. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

**16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

During the three-month periods ended March 31, 2022 and 2021, there was no cash paid for income taxes or loan interest.

**Non-cash transactions**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the condensed consolidated interim statements of cash flows.

During the period ended March 31, 2022, there were no non-cash investment and financing transactions. During the period ended March 31, 2021, the Company accrued \$12,328 in convertible debenture interest charges to be settled with the issuance of common shares.

**17. EVENTS AFTER THE REPORTING DATE**

Subsequent to March 31, 2022, the following events, which has not been disclosed elsewhere in these condensed consolidated interim financial statements has occurred:

The Company closed a private placement financing by issuing 87,371,674 units at \$0.06 per unit, raising gross proceeds of \$5,242,300. Each unit consists of one common share and one warrant entitling the holder to purchase one additional common share of the Company at \$0.14 for two years from closing. In connection with this financing, the Company paid finders' fees totaling \$245,400 in cash and issued a total of 4,090,000 finder's warrants with the same terms as the unit warrants. As at March 31, 2022, the Company had received subscriptions in advance totaling \$512,000.



(the “Company”)

## INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the three months ended March 31, 2022

### General

This Interim Management’s Discussion and Analysis (“Interim MD&A”) supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2022. The following information, prepared as of May 26, 2022, should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements for three months ended March 31, 2022 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). In addition, the following should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2021 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The March 31, 2022 condensed consolidated interim financial statements have not been reviewed by the Company’s auditors.

The Company’s public filings, including its most recent unaudited and audited consolidated financial statements can be reviewed on the SEDAR website [www.sedar.com](http://www.sedar.com).

### Forward-looking Statements

This Interim MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation (“Forward-looking Statements”). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this Interim MD&A may include, without limitation, statements relating to:

- the Company’s plans for exploration or development of its properties;
- mineral reserves or resources as they involve the implied assessment, based on estimates and assumptions, that the resources described exist in the quantities predicted or estimated and can be profitably produced in the future; and
- the sufficiency of the Company’s cash position, and its ability to raise equity capital or access debt facilities.

Often, but not always, these Forward-looking Statements can be identified by the use of words such as “anticipates”, “believes”, “plans”, “estimates”, “expects”, “forecasts”, “scheduled”, “targets”, “possible”, “strategy”, “potential”, “intends”, “advance”, “goal”, “objective”, “projects”, “budget”, “calculates” or statements that events, “will”, “may”, “could” or “should” occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration;
- the Company's planned exploration activities for its mineral properties;
- uncertainty of mineral reserve and resource estimates;
- fluctuations in commodity prices, foreign exchange rates, and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters and local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- dilution from further equity financing;
- competition;
- uncertainties relating to general economic conditions; and
- risks relating to a global pandemic, including the coronavirus COVID-19, which could result in government imposed restrictions that could cause a slowdown in global economic growth and impact the Company's business, operations, financial condition and share price;

as well as those factors referred to in the "Risks and Uncertainties" section in this Interim MD&A.

Forward-looking Statements contained in this Interim MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company's properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matters;
- exploration activities proceeding on a basis consistent with the Company's current expectations;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates; and
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

### **Business of the Company**

The Company is a zinc and copper focused, base metal resource company run by a Canadian-based management team with extensive experience in the acquisition, exploration, and development of resource properties.

### **Acquisition of Superior Lake Zinc and Copper Project**

In April 2021, the Company completed the acquisition of the Superior Lake Zinc and Copper Project (the "Project") from Frontier Energy Ltd (ASX:FHE), formerly named Superior Lake Resources Limited, through the purchase of 100% of the common shares of Pick Lake Mining Limited, a company incorporated under the laws of Nova Scotia. In October 2021, the Company published a NI 43-101 Feasibility Study technical report for the Project. See "The Project" below.

Also in April 2021, the Company consolidated its share capital on the basis of one new common share for every ten existing common shares (the "Consolidation"). **All references in this Interim MD&A to loss per share, common shares, share purchase warrants, debentures, and stock options reflect the Consolidation.**

#### Board Changes

In March 2022, the Company appointed Grant Davey as a Director in the place of Gordon Tainton, and in April 2022, Adam Kiley was appointed as a Director in the place of David Cass.

#### Private Placement Financing

On April 21, 2022, the Company closed a private placement financing by issuing 87,371,674 units at \$0.06 per unit, raising gross proceeds of \$5,242,300. Each unit consists of one common share and one warrant entitling the holder to purchase one additional common share of the Company at \$0.14 for two years from closing. In connection with this financing, the Company paid finder's fees totaling \$245,400 in cash and issued a total of 4,090,000 finder's warrants with the same terms as the unit warrants. The proceeds of the placement are intended to be used for development of the Project and for general working capital purposes.

#### The Project

Highlights of the Project include:

- The Project package contains high-grade zinc ("Zn") deposits, along with copper, gold and silver.
- Total tenement package covers 175km<sup>2</sup> and consists of two deposits – Pick Lake and Winston Lake deposits.
- The Project also contains several high potential exploration targets.
- The Project is located in the Province of Ontario, Canada approximately 150km east of Thunder Bay.

The following is a Mineral Resources Estimation of the Pick Lake and Winston Lake properties that form the Project, effective August 12, 2020, prepared for the Company by Marat Abzalov, Ph.D., FAusIMM in accordance with National Instrument 43-101 ("NI 43-101") and CIM Definition Standards, estimated at a 3% Zn cut-off grade:

Classification	Tonnes (Mt.)	Zn (%)	Cu (%)	Au (g/t)	Ag (g/t)
Indicated	2.07	17.9	0.8	0.4	33.6
Inferred	0.27	16.2	1.0	0.3	37.2

*Notes to Accompany Mineral Resource Table:*

1. *There has been insufficient exploration to define the inferred resources tabulated above as an indicated or measured mineral resource, however, it is reasonably expected that the majority of the Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.*
2. *Mineral resources which are not mineral reserves do not have demonstrated economic viability.*
3. *There is no guarantee that any part of the mineral resources discussed herein will be converted into a mineral reserve in the future. The estimate of mineral resources may be materially affected by metallurgical, commercial, environmental, permitting, legal, marketing or other relevant issues.*

The Company's rights to the Project consist of:

- 100% interest in the claims comprising Pick Lake deposit, subject to a 2% NSR royalty.
- Option to acquire a 100% interest in the claims comprising the Winston Lake deposit, subject to a 2% NSR royalty. To exercise the option, a letter of credit of \$1.2 million issued by the current property owner in favour of the Ontario mining ministry must be replaced.
- 100% owned claims hosting exploration targets.

Drill Program

In late April 2021, the Company mobilized a diamond drill rig to the Project and commenced a planned Phase 1 drill program.

The drill program is designed to further define the extents of the high grade Lower Pick Lake massive sulphide deposit (LPD), which has had exceptional historic intercepts including zinc grades up to 40.6% over 0.51 metres and 13.4% over 13.4 metres. The following table shows composite assays of some of the most significant intercepts in the LPD to date.

*Historic Highlight Composite Assays from the LPD (not verified by the Company)*

Hole ID	From (m)	To (m)	Length (m)	True Thickness (m)	Zn (%)	Cu (%)	Ag (ppm)	Au (ppm)
UP-0015	46.9	48.3	1.4	0.51	40.60	0.35	16.2	0.16
UP-0154	29.7	43.1	13.4	13.39	30.47	1.44	57.7	0.22
UP-0164	58.1	63.8	5.6	4.33	30.01	1.06	49.9	0.48
UP-0178	18.9	22.8	3.9	3.51	36.35	1.25	64.4	0.33

The LPD has not been closed off by drilling, leaving it open along strike and dip. This includes a large zone between the LPD and the past-producing Upper Pick Lake Deposit (UPD), which is still largely untested, and has great potential for undiscovered, high grade massive sulphide mineralization close to existing underground development. The boreholes planned in the initial phase of the exploration program will begin to test this area as well as further define the LPD. These boreholes were included in the NI 43-101 Mineral Resource Estimation technical report which was released in January 2021 and can be found on SEDAR.com.

As of June 2021, the Phase 1 drilling had been completed, for a total of 2,100 metres in six drill holes. The drill program targeted the up-dip and down-dip extensions of the Lower Pick Zones outside of the current Resource on the Project, as well as up dip extension of the Winston Horizon. Hole PLV-02 confirmed high-grade zinc and copper extensions of the Lower Pick Horizon, and the high grade zone remains open along strike.

Hole PLV-04 tested the mid-section of the Upper Pick Horizon geophysical anomaly located between the Anderson showing and Upper Pick lower grade mineralization. The upper part of the Pick deposit is open along plunge and dip, and there are multiple untested targets in close proximity to it. The results from PLV-04 confirm the continuation of the known lower grade mineralization towards surface, also observed in PLV-01 and PLV-05, which will potentially provide early access to mineralization from a new planned portal access from that side of the deposit.

**Table 1. Assay Results from Phase 1 Drilling (PLV-006 had no significant Assay results)**

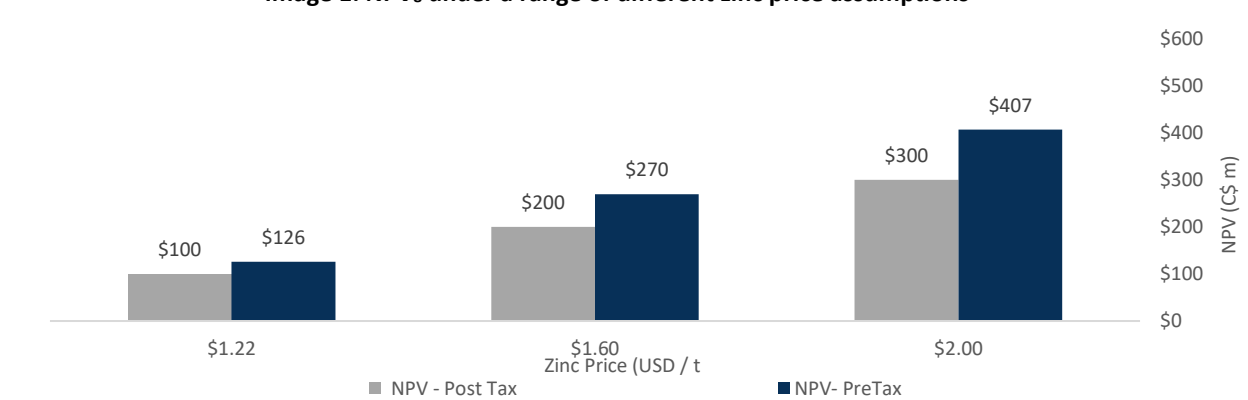
Hole ID	From (m)	To (m)	Length (m)	Zn %	Cu %	Ag g/t
PLV-002	825.20	825.47	0.27	28.80	0.86	37.5
PLV-004	285.82	286.35	0.53	3.78	0.41	5.4
PLV-004	288.28	288.91	0.63	2.17	0.47	4.9
PLV-004	289.25	289.93	0.68	3.29	0.90	9.6
PLV-001	164.00	165.00	1.00	0.14	0.50	2.9
PLV-003	96.60	96.89	0.29	0.01	0.46	2.4
PLV-005	104.80	105.15	0.35	2.05	0.03	0.36
PLV-005	114.45	115.45	1.00	0.06	0.44	2.42
PLV-005	116.00	116.70	0.70	0.05	0.45	1.64
PLV-006	153.75	154.07	0.32	0.01	0.06	0.31

Feasibility Study

In 2019, Frontier Energy published a Bankable Feasibility Study (“BFS”) for the Project which incorporated Joint Ore Reserves Committee (“JORC”) Probable Ore Reserves and the result of feasibility work carried out by Frontier Energy since it acquired the Project in 2018. The BFS is based upon a JORC compliant mineral reserve and resource.

In mid-October 2021, the Company published a NI 43-101 Feasibility Study technical report which is based on the BFS, with updated pricing to 2021 and incorporating the mineral resource estimate set out in the NI 43-101 technical report prepared for the Company in January 2021. In May 2022, the Company announced further updated economics for the Project. Based on updated assumptions<sup>1</sup>, the Project’s NPV<sub>8</sub> Pre-tax has increased to C\$383m (previously - C\$175.8m) whilst the average EBITDA<sup>3</sup> has increased to C\$102m per annum (previously C\$67.6m). Image 1 illustrates the Project’s Pre and Post tax NPV<sub>8%</sub> returns based on a number of zinc price scenarios.

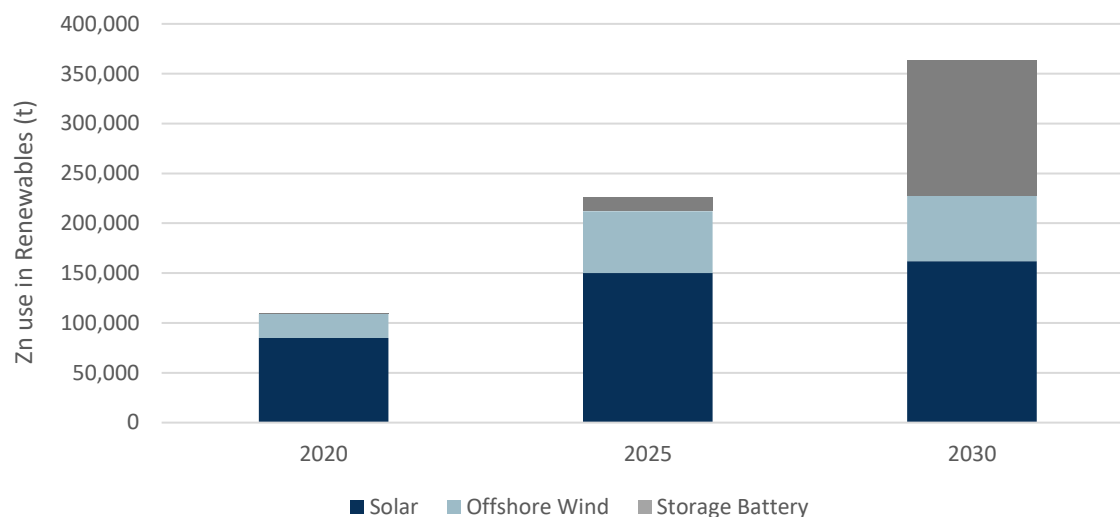
**Image 1: NPV<sub>8</sub> under a range of different zinc price assumptions<sup>1,2,4</sup>**



The significant improvement in prices for the suite of commodities produced at the Project (zinc, copper, silver and gold), has driven the Project’s improved returns compared to the Feasibility Study (Table 1 below). Whilst zinc, the major commodity produced at the Project, price has slightly fallen from its recent a 15-year high (US\$2.05 / lb) achieved during April 2022, the fundamentals for the sector are extremely positive due to limited new supply, whilst a significant increase in demand, largely driven by the importance of zinc in multiple renewable energy industry (EV (electric vehicles), solar power generation and wind energy).

1 - Updated commodity prices: Zn: US\$1.65/lb, Cu: US\$4.22/lb, Au: US\$ 1,845/oz, Ag: US\$21.6/oz ; 2 - 8% discounted NPV pre-tax; 3 - Life of mine average EBITDA. Total project EBITDA is \$870m; 4 The Feasibility Study was conducted using a Zinc price of US\$1.22/lb (US\$2,700/t), Copper Price of US\$3.31/lb (US\$7,300/t), Silver Price of US\$21.00/oz, and Gold price of US\$1,635/oz.



Image 2: Forecasted zinc demand used on renewables industry <sup>5</sup>

5 - Source: CRU, IRENA, Teck

Given the strengthening market fundamentals for the Project, the Company is advancing the Project through a number of critical steps prior to making a Final Investment Decision (FID) in the future. Updates on these initiatives will be released as work is advanced.

The Company is in an excellent financial position following the recent C\$5.2m capital raising that sees the Company fully funded until an FID is made. A summary of the key inputs and outputs in the Feasibility Study and updated returns are highlighted below.

Table 1: Updated Feasibility Assumptions and Outputs

	Units	Feasibility Study (Nov 2021) <sup>2</sup>	Updated Assumptions <sup>1</sup>	Change C\$	Change %
Average Zinc Production (concentrate)	Tonnes pa	33,401	33,401	-	-
Average Copper Production (concentrate)	Tonnes pa	1,270	1,270	-	-
Mine Life	years	8.5	8.5	-	-
Initial Capex <sup>1</sup>	C\$ Million	145.1	145.1	-	-
C 1 - Operating Costs	C\$ / lb	0.44	0.44	-	-
AISC – operating costs	C\$ / lb	0.55	0.51	-0.04	7%
Pre-Tax NPV <sub>8%</sub>	C\$ Million	175	383	207.3	118%
Pre-Tax IRR	%	26	42	16	62%
Post-Tax NPV <sub>8%</sub>	C\$ Million	126	287	160.7	127%
Post-Tax IRR	%	23	38	15	65%
Payback	years	2.5	2.25	0.25	11%
Zn Price	USD/lb	1.22	1.65	0.43	35%
Cu Price	USD/lb	3.31	4.22	0.91	27%
Au Price	USD/oz	1,635	1,845	210	13%
Ag Price	USD/oz	21.00	21.60	0.6	3%

1 - Updated commodity prices: Zn: US\$1.65/lb, Cu: US\$4.22/lb, Au: US\$ 1,845/oz, Ag: US\$21.6/oz ;

2 - The Feasibility Study was conducted using a Zinc price of US\$1.22/lb (US\$2,700/t), Copper price of US\$3.31/lb (US\$7,300/t), Silver price of US\$21.00/oz, and Gold price of US\$1,635/oz.

The Feasibility Study is available on SEDAR under the Company's profile as well as on the Company's website at metallumzinc.com.

Technical Information

Andrew Tims, P.Geo., an independent consultant to the Company, is a Qualified Person as defined under National Instrument 43-101 and has reviewed and approved the technical information contained in this Interim MD&A.

Selected Quarterly Information

The following table provides information for the eight fiscal quarters ended March 31, 2022:

	First Quarter ended Mar. 31, 2022 (\$)	Fourth Quarter ended Dec. 31, 2021 (\$)	Third Quarter ended Sep. 30, 2021 (\$)	Second Quarter ended June 30, 2021 (\$)	First Quarter ended Mar. 31, 2021 (\$)	Fourth Quarter ended Dec. 31, 2020 (\$)	Third Quarter ended Sep. 30, 2020 (\$)	Second Quarter ended June 30, 2020 (\$)
Exploration expenditures	138,235	168,020	220,462	570,293	18,970	4,951	8,162	7,516
Gypsum production expenses	-	-	-	-	-	9,410	28,900	74,810
Loss attributed to equity shareholders of the Company								
Total	(353,020)	(447,958)	(515,211)	(1,313,903)	(159,850)	(201,132)	(218,587)	(429,747)
Basic & diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.03)	(0.03)	(0.06)

Exploration expenditures for the five most recently completed quarters relate to the Project while exploration expenditures for the first three quarters presented relate to the formerly held Bayovar property.

Gypsum production expenses relate to a gypsum operation which consisted of extraction costs, costs that were needed to keep the formerly held Bayovar property in good standing, and other operating costs. Gypsum extraction activity and any revenue from the sale of gypsum ceased prior to the first quarter presented although expenses related to the gypsum operation continued to be incurred up to the quarter ended December 31, 2020.

The loss attributable to equity shareholders of the Company during the quarter ended June 30, 2021 was higher than all quarters presented due to a higher level of expenditures on the Project and a loss of \$554,631 on settlement of convertible debenture debt being recorded during that period.

Results of Operations*Quarter ended March 31, 2022*

For the three-month period ended March 31, 2022, the Company had a net loss of \$353,020 compared to a net loss of \$159,850 for the three-month period ended March 31, 2021, an increase of \$193,170. This increase is due in part to the Company engaging in more exploration activity during the current quarter and in part to the comparative quarter recording a fair value adjustment gain of \$91,668 on derivative liabilities whereas the current quarter recorded no such gain. The derivative liabilities during the comparative quarter related to convertible debenture debt that was settled during the 2021 fiscal year.

The Company incurred \$138,235 in exploration expenditures during the current quarter compared to \$18,970 in the comparative quarter, an increase of \$119,265. Exploration expenditures in both the current and comparative quarters were incurred on the Project, with the current quarter using both flow-through and non-flow-through funds.

General and administrative expenses during the current quarter were \$237,304 compared to \$251,989 for the comparative quarter, a decrease of \$14,685. Significantly impacting the current quarter was a share-based payments expense of \$56,627 relating to stock options granted during the prior fiscal year and becoming vested during the

current quarter whereas there was no such expense in the comparative quarter. Significantly impacting the comparative quarter was a finance expense of \$159,404 whereas there was no such expense for the current quarter. This finance expense was accretion of convertible debenture interest related to the convertible debentures that were settled during the 2021 fiscal year. For the current quarter, there were notable cost increases in shareholder communications, salaries and benefits, and consulting fees of \$42,905, \$20,015, and \$16,757, respectively. These were higher due to an increase in corporate activity following the acquisition of the Project in April 2021. Consulting fees for the current quarter relate to advisory services whereas the consulting fees for the comparative quarter relate to services by the Company's former President. The Company also incurred director's fees totaling \$3,000 for the current quarter compared to no such fees incurred in the comparative quarter.

### **Financial Condition, Liquidity and Capital Resources**

The Company had cash resources of \$567,619 and a working capital deficiency of \$96,452 as of March 31, 2022 compared to cash resources of \$218,612 and a working capital deficiency of \$312,238 at December 31, 2021.

With a private placement financing providing gross proceeds of \$2.7 million in April 2021, the Company settled a significant portion of its account payables and accrued liabilities owing at that time and the remaining funds have since then been used towards general working capital requirements and non-flow-through exploration activities on the Project. Subsequent to March 31, 2022, the Company completed a private placement financing for gross proceeds of \$5.242 million, of which \$512,000 was received in advance prior to March 31, 2022. The proceeds from this new financing are intended to be used for development of the Project and for general working capital purposes.

In July 2021, the Company raised \$302,500 in flow-through funds through a flow-through share financing. As of March 31, 2022, a total of \$49,517 was yet to be incurred on eligible flow-through activities. This remaining exploration expenditure commitment must be incurred by December 31, 2022. If the Company does not spend these funds in compliance with the Government of Canada flow-through regulations, it may be subject to indemnification or other claims by the flow-through subscribers.

The Company expects its current capital resources to be sufficient to cover its corporate operating costs and any new property acquisition or development programs through the next twelve months. Actual funding requirements may vary from those planned due to a number of factors, including exploration and property development activities. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

### **Related Party Transactions**

See Note 12 of the condensed interim consolidated financial statements for the three months ended March 31, 2022 for details of related party transactions which occurred in the normal course of business.

### **Other Data**

Additional information related to the Company is available for viewing at [www.sedar.com](http://www.sedar.com).

### **Share Position and Outstanding Warrants and Stock Options**

As at the date of this Interim MD&A, the Company's outstanding share position is 283,479,415 common shares and the following share purchase warrants and incentive stock options are currently outstanding:

<b><u>WARRANTS</u></b>		
<b><u>No. of warrants</u></b>	<b><u>Exercise price</u></b>	<b><u>Expiry date</u></b>
91,461,674	\$0.14	April 20, 2024

<b>STOCK OPTIONS</b>		
<b>No. of options</b>	<b>Exercise price</b>	<b>Expiry date</b>
20,625	\$8.40	June 19, 2022
2,500	\$8.40	July 10, 2022
38,750	\$8.80	December 17, 2023
2,750,000	\$0.15	April 14, 2031
375,000	\$0.15	December 14, 2031
<b>3,186,875</b>		

### **Accounting Policies and Basis of Presentation**

The Company's significant accounting policies and future changes in accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2021.

### **Future Accounting Changes**

The Company has reviewed upcoming policies and determined that none are expected to have an impact on the Company's condensed interim consolidated financial statements.

### **Risks and Uncertainties**

#### *Global Pandemic*

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. The Company's business could be adversely impacted by the effects of the COVID-19 coronavirus which was declared a global pandemic by the World Health Organization in March 2020 and continues to be to the present time. The COVID-19 pandemic did not have a significant impact on the Company's operations during the current period.

The extent to which COVID-19 may impact the Company's business, including its operations and the market for its securities, will continue to depend on future developments which cannot be predicted, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak. The continued spread of COVID-19 globally could materially and adversely impact the Company's business, financial condition and results of operations including without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to any drill programs and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Company's control.

The international response to the spread of COVID-19 has led to periods of significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating and supply chain delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation.

#### *Mineral Property Exploration and Mining Risks*

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims or leases are in good standing; and obtaining permits for drilling and other exploration activities.

*Title to Mineral Property Risks*

The Company does not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. The Company has diligently investigated and continues to diligently investigate and validate title to its mineral claims; however, this should not be construed as a guarantee of title. The Company cannot give any assurance that title to properties it acquired will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mineral properties.

*Commodity Price Risk*

The Company is exposed to commodity price risk. Declines in the market price of precious metals, base metals and other minerals may adversely affect the Company's ability to raise capital in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of a mineral property to a third party.

*Financing and Share Price Fluctuation Risks*

The Company has limited financial resources, no source of operating cash flow other than proceeds from sales of mineral properties or mineral property rights and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

*Political, Regulatory and Currency Risks*

The Company is operating in Canada, which has a relatively stable political and regulatory environment. However, changing political aspects may affect the regulatory environment in which the Company operates, and no assurances can be given that the Company's plans and operations will not be adversely affected by future developments. Any property interests held and any proposed exploration or development activities by the Company may be subject to political, economic, and other uncertainties, including the risk of expropriation, nationalization, renegotiation or nullification of existing contracts, mining licenses and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions, and changing political conditions and international monetary fluctuations.

The Company's equity financings are sourced in Canadian dollars but the Company may incur certain expenditures in US dollars. At this time there are no currency hedges in place. Therefore, a weakening of the Canadian dollar against the US dollar or other foreign currencies could have an adverse impact on the Company's financials.

*Insured and Uninsured Risks*

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses, and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

*Environmental Risks*

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors, and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

*Community Risks*

The activities of the Company may be subject to negotiations with the local communities on or nearby its mineral property concessions for access to facilitate the completion of geological studies and exploration work programs. The Company's operations could be significantly disrupted or suspended by activities such as protests or blockades that may be undertaken by such certain groups or individuals within the community.

*Competition*

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.