METALLUM RESOURCES INC

FINANCIAL REVIEW

Second Quarter Ended June 30, 2022

METALLUM RESOURCES INC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 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 six months ended June 30, 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:	June 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash (Note 4)	$ 4,017,614	$ 218,612
Taxes receivable	41,922	20,959
Other receivables	-	2,138
Prepaid expenses and deposits (Note 12)	192,716	39,475
	4,252,252	281,184
Non-current assets		
Long-term deposits (Note 12)	-	61,000
Property and equipment (Note 5)	2,029	2,387
Exploration and evaluation assets (Note 6)	14,430,585	14,430,585
	14,432,614	14,493,972
TOTAL ASSETS	**$ 18,684,866**	**$ 14,775,156**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	$ 238,796	$ 266,819
Short-term payable (Note 12)	-	296,557
Other liability (Note 8)	-	30,046
Total liabilities	238,796	593,422
Shareholders' equity		
Share capital (Note 10)	66,350,951	61,529,897
Other equity reserve (Note 11)	3,846,160	3,631,653
Accumulated other comprehensive income	148,101	148,101
Deficit	(51,899,142)	(51,127,917)
Total shareholders' equity	18,446,070	14,181,734
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 18,684,866**	**$ 14,775,156**

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON AUGUST 24, 2022:

"Kerem Usenmez" , Director — *"Anthony Wonnacott"* , Director

Kerem Usenmez — Anthony Wonnacott

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)

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Exploration Expenditures (Note 7)	$ 160,348	$ 570,293	$ 298,583	$ 589,263
General and administrative expenses				
Accounting and legal	21,930	1,786	25,897	1,786
Amortization	179	134	358	268
Consulting fees (Note 12)	6,000	-	31,257	8,500
Directors' fees (Note 12)	26,416	4,000	29,416	4,000
Finance expense (Note 9)	-	-	-	159,404
Interest and bank charges (Note 12)	2,683	6,786	8,835	16,377
Management fees (Note 12)	10,500	10,500	21,000	21,000
Office and miscellaneous (Note 12)	11,778	7,201	21,427	14,066
Regulatory and stock exchange fees (Note 12)	17,311	7,477	25,675	15,198
Rent and utilities (Note 12)	10,504	7,879	16,213	14,695
Salaries and benefits (Note 12)	68,740	34,986	118,987	65,218
Shareholder communication (Note 12)	75,021	42,544	129,674	54,292
Share-based payments (Notes 11 and 12)	9,322	106,231	65,949	106,231
Travel and accommodation (Note 12)	12,452	1,312	15,452	1,790
	(272,836)	(230,836)	(510,140)	(482,825)
Loss from operations	(433,184)	(801,129)	(808,723)	(1,072,088)
Interest income	7,378	642	7,409	682
Foreign exchange gain (loss)	(1,402)	(5,372)	43	(2,031)
Fair value adjustment on derivative liability	-	-	-	91,668
Loss on settlement of debt (Note 9)	-	(554,631)	-	(554,631)
Recovery of accounts payables and accrued liabilities	-	-	-	16,060
Loss before income taxes	(427,208)	(1,360,490)	(801,271)	(1,520,340)
Deferred income tax recovery (Note 8)	9,003	46,587	30,046	46,587
Net loss and comprehensive loss for the period	**$ (418,205)**	**$ (1,313,903)**	**$ (771,225)**	**$ (1,473,753)**
Loss per share				
- basic and diluted	$(0.00)	$(0.01)	$(0.00)	$(0.02)
Weighted average number of shares outstanding				
- basic and diluted	263,316,721	190,441,602	229,897,891	99,222,113

See accompanying notes to the condensed consolidated interim financial statements

METALLUM RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
For the six months ended June 30, 2022 and 2021
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Obligation to issue shares	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	-	-	-	-	-	(1,473,753)	(1,473,753)
Shares issued for private placements	32,454,546	3,245,455	-	-	-	-	3,245,455
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
Share-issuance costs	-	(3,110)	-	-	-	-	(3,110)
Share-based payments	-	-	-	106,231	-	-	106,231
Balance, June 30, 2021	192,524,408	61,253,348	-	3,371,532	148,101	(50,164,748)	14,608,233
Loss for the period	-	-	-	-	-	(963,169)	(963,169)
Shares issued for private placements	2,750,000	247,500	-	-	-	-	247,500
Shares issued for services	833,333	50,000	-	-	-	-	50,000
Share-issuance costs	-	(20,951)	-	-	-	-	(20,951)
Share-based payments	-	-	-	260,121	-	-	260,121
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	-	-	-	-	-	(771,225)	(771,225)
Shares issued for private placement	87,371,674	5,242,300	-	-	-	-	5,242,300
Share-issuance costs	-	(421,246)	-	148,558	-	-	(272,688)
Share-based payments	-	-	-	65,949	-	-	65,949
Balance, June 30, 2022	**283,479,415**	**$ 66,350,951**	**$ -**	**$ 3,846,160**	**$ 148,101**	**$(51,899,142)**	**$ 18,446,070**

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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
OPERATING ACTIVITIES				
Net loss for the period	$ (418,205)	$ (1,313,903)	$ (771,225)	$ (1,473,753)
Items not involving cash:				
Amortization	179	134	358	268
Interest expense	(5,365)	5,425	-	13,585
Share-based payments	9,322	106,231	65,949	106,231
Finance expense	-	-	-	159,404
Loss on settlement of debt	-	554,631	-	554,631
Fair value adjustment on derivative liability	-	-	-	(91,668)
Recovery of accounts payable and accrued liabilities	-	-	-	(16,060)
Deferred income tax recovery	(9,003)	(46,587)	(30,046)	(46,587)
	(423,072)	(694,069)	(734,964)	(793,949)
Changes in non-cash working capital items:				
Taxes receivable	(21,097)	(73,881)	(20,963)	(74,203)
Prepaid expenses and deposits	(91,481)	(450)	(92,241)	(32,405)
Other receivables	2,138	-	2,138	-
Accounts payable and accrued liabilities	(177,548)	(1,238,019)	(28,023)	(998,592)
Short-term payable	(296,557)	-	(296,557)	-
Net cash used in operating activities	(1,007,617)	(2,006,419)	(1,170,610)	(1,899,149)
FINANCING ACTIVITIES				
Proceeds from issuance of capital stock	4,730,300	772,000	5,242,300	3,300,000
Share issuance costs	(272,688)	(3,110)	(272,688)	(3,110)
Net cash provided by financing activities	4,457,612	768,890	4,969,612	3,296,890
INVESTING ACTIVITY				
Exploration and evaluation asset acquisition	-	(779,014)	-	(889,175)
Net cash used in investing activity	-	(779,014)	-	(889,175)
Increase (decrease) in cash	3,449,995	(2,016,543)	3,799,002	508,566
Cash, beginning of period	567,619	2,545,910	218,612	20,801
Cash, end of period	**$ 4,017,614**	**$ 529,367**	**$ 4,017,614**	**$ 529,367**

Supplemental disclosure with respect to cash flows (Note 16)

See accompanying notes to the condensed consolidated interim financial statements

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 June 30, 2022, the Company had not yet achieved profitable operations, has accumulated losses of $51,899,142 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. During the period ended June 30, 2022, the Company raised gross proceeds of $5,242,300 by way of a non-brokered equity financing (Note 10) which provides 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").

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 June 30, 2022 are as follows:

Name	Place of incorporation	Ownership %	Principal activity
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.

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) Although the Company has taken steps to identify any decommissioning liabilities related to mineral properties in which it has an interest, there may be unidentified decommissioning liabilities present.

e) 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) In estimating the fair value of share-based payments, using the Black-Scholes option pricing model, management is required to make certain assumptions and estimates. Changes in assumptions used to estimate fair value could result in materially different results.

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 June 30, 2022, the Company's cash in hand totaled $4,017,614, of which $14,113 is reserved for flow-through expenditure payables as of June 30, 2022 relating to flow-through eligible activities during the 2022 fiscal year (Note 8).

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

		Computer equipment
Cost		
Balance, December 31, 2020	$	35,169
Additions		2,582
Balance, December 31, 2021 and June 30, 2022	**$**	**37,751**
Accumulated amortization		
Balance, December 31, 2020	$	34,634
Charge for period		730
Balance, December 31, 2021		35,364
Charge for period		358
Balance, June 30, 2022	**$**	**35,722**
Carrying amounts		
At December 31, 2021	$	**2,387**
At June 30, 2022	**$**	**2,029**

6. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition cost on its mineral property as at June 30, 2022:

		Superior Lake
Balance, December 31, 2020	$	-
Acquisition		14,430,585
Balance, December 31, 2021 and June 30, 2022	**$**	**14,430,585**

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.

(Expressed in Canadian Dollars)

7. EXPLORATION EXPENDITURES

Exploration expenditures during the six-month periods ended June 30, 2022 and 2021, which were expensed as incurred, relate to the Superior Lake Zinc Project.

	2022	2021
Assaying	$ -	$ 2,459
Community access and consultation	-	25,000
Drilling	-	308,542
Field expenses	-	12,531
Geological and other consulting	251,675	159,198
Licences, rights, and taxes	1,412	-
Salaries (Note 12)	42,500	37,500
Travel	2,996	44,033
	$ 298,583	**$ 589,263**

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	-	(30,046)	(30,046)
Balance, June 30, 2022	**$ -**	**$ -**	**$ -**

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 incurred its entire commitment of $600,000 in exploration expenditures in relation to the April 1, 2021 flow-through share financing and incurred $137,248 towards the July 12, 2021 flow-through financing. During the period ended June 30, 2022, the Company incurred its remaining commitment of $165,252 in relation to the July 12, 2021 flow-through financing.

(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)
Balance, December 31, 2021 and June 30, 2022	**$**	**-**	**$**	**-**	**$**	**-**

During the period ended June 30, 2021, the Company settled all of its secured and unsecured convertible debenture debt and a loss on settlement of debt totaling $554,631 was charged to profit or loss and 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.

During the period ended June 30, 2022, the Company closed a private placement of 87,371,674 units at $0.06 per unit for gross proceeds of $5,242,300, of which all was recorded to share capital. Each unit consists of one common share and one full share purchase warrant entitling the holder to purchase an additional common share exercisable for two years at a price of $0.14. In connection with this financing, the Company paid $245,400 cash as finders' fees and issued a total of 4,090,000 share purchase warrants which have the same terms as the unit warrants. The fair value of the finders' fee warrants was $148,558 and was recorded as share issuance costs and an offset to other equity reserve. The fair value of each finders' fee warrant has been estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 2.63%, dividend yield of 0%, volatility of 129%, and expected life of two years. Other share issuance costs associated with this financing totalled $27,288.

(b) Share Purchase Warrants

The following is a summary of changes in warrants from January 1, 2021 to June 30, 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
Issued	91,461,674	$0.14
Expired	(2,555,354)	$4.00
Balance, June 30, 2022	**91,461,674**	**$0.14**

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES – cont'd

(b) Share Purchase Warrants – cont'd

As at June 30, 2022, the following warrants were outstanding:

Expiry date	Number of warrants	Exercise price
April 20, 2024	91,461,674	$0.14

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 period ended June 30, 2022:

				During the period				
Grant date	Expiry date	Exercise price	Opening balance	Granted	Exercised	Expired / forfeited	Closing balance	Vested and exercisable
Jun 20, 2012	Jun 19, 2022	$8.40	23,625	-	-	(23,625)	-	-
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	2,750,000
Dec 15, 2021	Dec 14, 2031	$0.15	375,000	-	-	-	375,000	375,000
			3,393,625	**-**	**-**	**(227,375)**	**3,166,250**	**3,166,250**
Weighted average exercise price			**$0.32**	**-**	**-**	**$1.15**	**$0.26**	**$0.26**

Fair Value of Options Issued During the Period

There were no options granted during the period ended June 30, 2022.

The weighted average remaining contractual life of the options outstanding at June 30, 2022 is 8.78 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.

(Expressed in Canadian Dollars)

11. SHARE-BASED PAYMENTS – cont'd

Fair Value of Options Issued During the Period – cont'd

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 period ended June 30, 2022 as part of share-based payments expense were $65,949 (2021: $106,231).

As of June 30, 2022, there were no unrecognized compensation costs related to unvested share-based payment awards (December 31, 2021: $54,386).

12. RELATED PARTY TRANSACTIONS

The Company's related parties with transactions during the periods ended June 30, 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 periods ended June 30, 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 former Chairman of the Company, for shared administration costs consisting of the following:

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Office and miscellaneous	$ 7,859	$ 6,328	$ 13,805	$ 12,199
Regulatory and stock exchange fees	5,713	3,574	6,650	3,973
Rent and utilities	10,504	7,879	16,213	14,695
Salaries and benefits	46,255	25,345	83,320	49,077
Shareholder communication	2,672	1,877	5,163	2,127
Travel and accommodation	2,704	1,312	5,022	1,790
	$ 75,707	**$ 46,315**	**$ 130,173**	**$ 83,861**

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 and other administrative personnel.

b) During the period ended June 30, 2022, the Company paid directors' fees totalling $29,416 (2021: $4,000).

Prepaid expenses and deposits as of June 30, 2022 includes $10,715 (December 31, 2021: $Nil) paid to Gold Group for shared costs during the current period and $61,000 (December 31, 2021: $Nil) paid to Gold Group for deposits and 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.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS – cont'd

Long term deposits as of June 30, 2022 consists of $Nil (December 31, 2021: $61,000) paid to Gold Group and related to the shared administrative services agreement with Gold Group.

Accounts payable and accrued liabilities as of June 30, 2022 includes $49,192 (December 31, 2021: $32,323) owing to Gold Group, $3,675 (December 31, 2021: $33,500) owing to Mill Street, a company controlled by Simon Ridgway, the former Chairman of the Company, $26,416 (December 31, 2021: $Nil) owing to two current directors for directors' fees, $Nil (December 31, 2021: $5,500) owing to two former directors for directors' fees, $2,243 (December 31, 2021: $Nil) owing to the Chief Executive Officer of the Company for expense reimbursement, 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.

During the period ended June 30, 2022, the Company settled a short-term payable of $303,234 (December 31, 2021: $296,557) owing to Gold Group. The payable was subject to an interest rate of 1% per month until March 31, 2021 and 8% per annum from April 1, 2021 to the time of settlement. During the period ended June 30, 2022, the Company recorded an interest expense totaling $6,677 (2021: $13,585).

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:

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Management fees	$ 10,500	$ 10,500	$ 21,000	$ 21,000
Consulting fees	-	-	-	8,500
Directors' fees	26,416	-	26,416	-
Salaries and benefits	49,533	35,958	91,266	61,000
Share-based payments (value of stock options granted and vested)	4,521	45,807	31,644	45,807
	$ 90,970	**$ 92,265**	**$ 170,326**	**$ 136,307**

Key management compensation includes management fees paid to Mill Street, a company controlled by Simon Ridgway. Effective June 30, 2022, Mr. Ridgway resigned as a director and Chairman of the Company.

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the periods ended June 30, 2022 and 2021.

The value of stock option grants issued and/or vested to non-key management directors during the period ended June 30, 2022 was $7,345 (2021: $17,178).

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.

(Expressed in Canadian Dollars)

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.

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 June 30, 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 June 30, 2022, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	June 30, 2022		December 31, 2021	
	Peruvian Soles (CDN equivalent)	**US Dollars** (CDN equivalent)	**Peruvian Soles** (CDN equivalent)	**US Dollars** (CDN equivalent)
Cash	$ 6,729	$ 1,791	$ 6,504	$ 392
Taxes receivable	1,720	-	1,654	-
Liabilities	(2,827)	(9,591)	(2,780)	(58,924)
	$ 5,622	**$ (7,800)**	**$ 5,378**	**$ (58,532)**

Based on the above net exposures at June 30, 2022, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in an increase or decrease of approximately $200 (December 31, 2021: $5,300) in the Company's after tax net earnings, respectively.

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – cont'd

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.

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 June 30, 2022, the Company had working capital of $4,013,456 (December 31, 2021: working capital deficiency of $312,238). All of the Company's short-term financial liabilities as of June 30, 2022 have contractual maturities of less than 45 days and are subject to normal trade terms.

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at June 30, 2022:

	1 year	Over 1 year	Total
Accounts payable and accrued liabilities	$ 238,796	$ -	$ 238,796

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.

15. CAPITAL MANAGEMENT

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

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. 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. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended June 30, 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 expects its capital resources as at June 30, 2022 to be sufficient to cover its corporate operating costs and limited exploration and development programs through the next twelve months. Actual funding requirements may vary from those planned due to a number of factors, including the progress of property exploration and 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 period ended June 30, 2022, there was $31,232 cash paid for loan interest and no cash paid for income taxes (2021: 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 June 30, 2022, there were no non-cash investment and financing transactions.

During the period ended June 30, 2021, the Company:

i) Accrued $12,328 in convertible debenture interest charges to be settled with the issuance of common shares.

ii) Issued 20,960,789 common shares to settle all debt related to secured and unsecured convertible debentures.

iii) Issued 128,920,000 common shares valued at $12,892,000 as part of the Superior Lake Zinc Project acquisition.

iv) Issued 3,200,000 common shares valued at $320,000 for a transaction cost related to the Superior Lake Zinc Project acquisition.

17. EVENTS AFTER THE REPORTING DATE

Subsequent to June 30, 2022, the following events, which has not been disclosed elsewhere in these condensed consolidated interim financial statements has occurred:

A total of 2,500 stock options with an exercise price of $8.40 per share expired unexercised.

METALLUM RESOURCES INC

(“Metallum” or the “Company”)

INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the six months ended June 30, 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 six months ended June 30, 2022. The following information, prepared as of August 24, 2022, should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements for six months ended June 30, 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 June 30, 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.

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, and stock options reflect the Consolidation.**

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.

Company Overview

Metallum Resources (MZN.TSXV; OTCQB:MTLLF) is developing the Superior Lake Zinc and Copper Project in Ontario, Canada. The Project ranks as the highest grade zinc project in North America with a resource of 2.35 Mt at 17.9% Zn, 0.9% Cu, 0.4 g/t Au and 34 g/t Ag.

The Company completed a positive Feasibility Study that highlights the Project will rank in the lowest quartile of operating costs (C1 costs – C$0.44 / lb; AISC C$0.51 / lb). These low costs combined with the high grade of the Project drive robust economic returns. The majority of permits and licenses are in place allowing for a quick re-development following a Final investment Decision.

Highlights during 2022

Metallum signs Negotiation Agreement with the Pays Plat First Nation

Metallum and Pays Plat First Nation ("PPFN") announced the signing of a Negotiation Agreement (the "Agreement") for the Project. PPFN is the primary First Nation Group where the Project is located. The signing of this Agreement with PPFN is a major milestone, as it progresses regulatory approval for early-stage development works, and more importantly, outlines the timeline and key terms for the Impact Benefit Agreement ("IBA"). Both the Company and PPFN aim to have an IBA agreed and signed later this year.

The IBA is a formal, written agreement that helps to manage the predicted impacts associated with an industrial development occurring on traditional lands and to secure economic benefits for neighbouring aboriginal communities affected by that development.

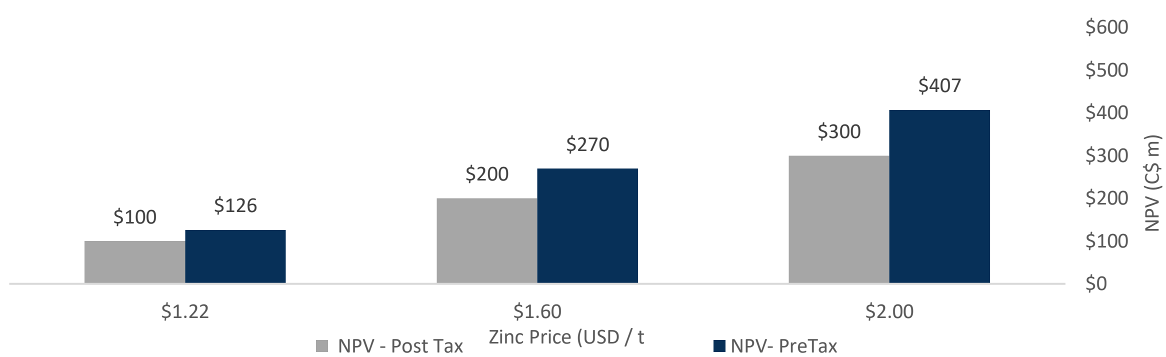
In addition, both the Company and PPFN jointly met with The Honourable Patty Hadju, Minister of Indigenous Services of Canada and Member of the Parliament for Thunder Bay North (the Project's jurisdiction), to discuss the Project development, indigenous involvement, and current permitting process.

Updated Feasibility Study following strengthening commodity prices

In mid-October 2021, the Company published a NI 43-101 Feasibility Study technical report, 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 following significant strengthening in commodity prices. Based on updated assumptions[1], the Project's NPV_8 Pre-tax has increased to \$383m (previously \$175.8m) whilst the average EBITDA[3] has increased to \$102m per annum (previously \$67.6m). Image 1 illustrates the Project's Pre and Post tax $NPV_{8\%}$ returns based on a number of zinc price scenarios.

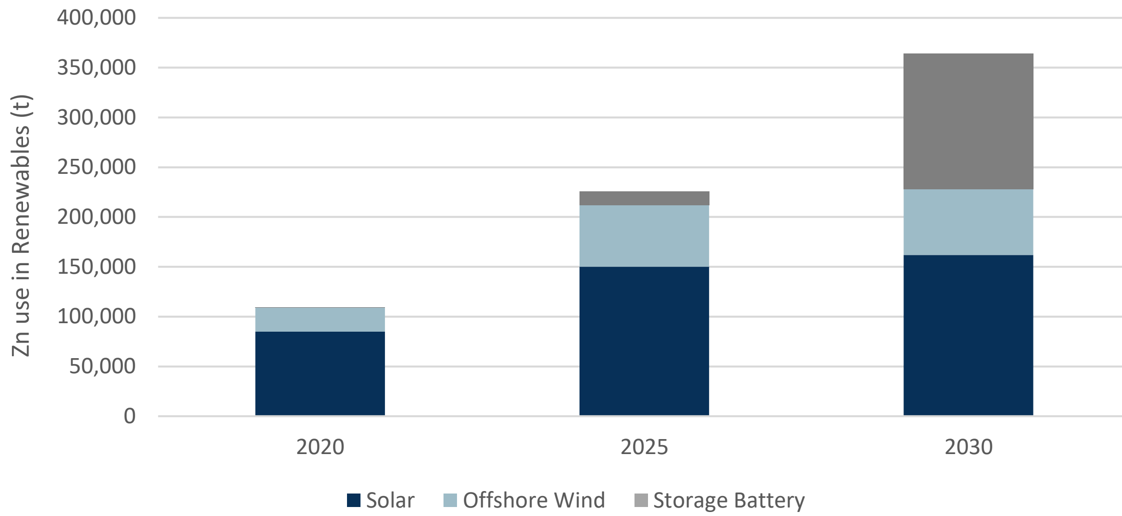
Image 1: NPV_8 under a range of different zinc price assumptions[1,2,4]



The fundamentals for zinc, the major commodity produced at the Project 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) as highlighted in Image 2 below.

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



Source: CRU, IRENA, Teck

Table 1: Updated Feasibility Assumptions and Outputs

	Units	Feasibility Study (Nov 2021)[2]	Updated Assumptions[1]	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[1]	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 $NPV_{8\%}$	C$ Million	175	383	**207.3**	**118%**
Pre-Tax IRR	%	26	42	**16**	**62%**
Post-Tax $NPV_{8\%}$	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.

Discussions commenced with metal traders and smelters regarding offtake

Metallum announced the commencement of discussions with multiple global metal traders regarding future offtake. Preliminary discussions with a number of these groups have indicated a willingness to have offtake linked to additional funding solutions.

The concentrate produced at Superior Lake can access smelters using existing rail and road infrastructure to North American smelters as well as smelters in Asia, using the Vancouver port. The Thunder Bay port, which is located 214km from the mine gate, will provide access to smelters in Europe. The Project's unique location and access to the Canadian rail and highway network will provide access to Canadian port systems, both East and West coasts, allowing easy access to major smelters around the globe.

Both the Zinc and Copper concentrates are well understood given the Project successfully operated for a decade before closing in 1998 due to sustained low zinc prices. This historical production as well as additional metallurgical test work carried out by SGS Lakefield in Canada (Superior Zinc and Copper Project Feasibility Study NI 43-101 compatible, DRA – October 2021), provides detailed information and certainty to these groups.

Private Placement to raise $5.2 million

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.

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. Effective June 30, 2022, Simon Ridgway resigned as a Director and Chairman of the Board, and Anthony Wonnacott was appointed a Director and Chairman of the Board in his place.

OTC Listing

In July 2022, the Company completed a secondary listing on the OTCQB marketplace under the symbol "MTLLF". The Company's common shares will continue to trade on the TSX Venture Exchange under the symbol "MZN". The OTCQB is an established trading platform, operated by OTC Markets Group in New York, providing live market trading in companies which hold primary listings in other markets.

Trading of Metallum shares on the OTCQB is aimed at enhancing the visibility and accessibility of the Company to U.S. based investors, with the listing allowing potential U.S. investors to both trade and settle in U.S. dollars.

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 June 30, 2022:

	Second Quarter ended June 30, 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 ($)	Third Quarter ended Sep. 30, 2020 ($)
Exploration expenditures	160,348	138,235	168,020	220,462	570,293	18,970	4,951	8,162
General and administrative expenses	272,836	237,304	297,535	307,99	230,836	251,989	292,604	209,984
Loss attributed to equity shareholders of the Company								
Total	(418,205)	(353,020)	(447,958)	(515,211)	(1,313,903)	(159,850)	(201,132)	(218,587)
Basic & diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.03)	(0.03)

Exploration expenditures for the six most recently completed quarters relate to the Project while exploration expenditures for the first two quarters presented relate to a formerly held Peruvian property.

Total general and administrative expenses for the quarters end March 31, 2022, December 31, 2021, September 30, 2021, and June 30, 2021 were significantly impacted by a share-based payments expense of $56,627, $112,781, $197,340, and $106,231, respectively whereas the quarters ended March 31, 2021, December 31, 2020, and September 30, 2020 were significantly impacted by a finance expense of $159,404, $160,505, and $158,150, respectively. Share-based payments expense primarily relates to the fair value of stock options granted. The finance expense was accretion of convertible debenture interest relating to convertible debentures that were settled April 1, 2021.

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 June 30, 2022

For the three-month period ended June 30, 2022, the Company had a net loss of $418,205 compared to a net loss of $1,313,903 for the three-month period ended June 30, 2021, a decrease of $895,698. This decrease is partly due to the comparative quarter recording a loss of $554,631 on settlement of convertible debenture debt whereas the current period recorded no such loss.

The Company incurred $160,348 in exploration expenditures during the current quarter compared to $570,293 in the comparative quarter, a decrease of $409,945. Exploration expenditures in both the current and comparative quarters were incurred on the Project with the comparative quarter costs being higher due to a drill program conducted during that period.

General and administrative expenses during the current quarter were $272,836 compared to $230,836 for the comparative quarter, an increase of $42,000. Significantly impacting the comparative quarter was a share-based payments expense of $106,231 relating to the fair value of stock options granted compared to a share-based payments expense of $9,322 being recorded for the current quarter. For the current quarter, there were notable cost increases in shareholder communications, salaries and benefits, directors' fees, and accounting and legal fees of $32,477, $33,754, $22,416, and $20,144, respectively. Shareholder communications and salaries and benefits were higher due to an increase in corporate and promotional activity following the acquisition of the Project in April 2021 while current quarter directors' fees mostly relate to a change in directors of the Company.

Six months ended June 30, 2022

For the six-month period ended June 30, 2022, the Company had a net loss of $771,225 compared to a net loss of $1,473,753 for the six-month period ended June 30, 2021, a decrease of $702,528. As with the quarterly comparison, the comparative period recorded a loss of $554,631 on settlement of convertible debenture debt whereas the comparative period recorded no such expense. The comparative period also recorded a fair value adjustment gain of $91,668 on derivative liabilities whereas the current period recorded no such gain. The derivative liabilities during the comparative period related to convertible debenture debt that was settled during that period.

The Company incurred $298,583 in exploration expenditures during the current period compared to $589,263 in the comparative period, a decrease of $290,680. As with the quarterly comparison, exploration expenditures for both current and comparative periods were incurred on the Project with the comparative period including costs for a drill program.

General and administrative expenses during the current period were $510,140 compared to $482,825 for the comparative period, an increase of $27,315. Significantly impacting the comparative period was a finance expense of $159,404 whereas there was no such expense for the current period. This finance expense was accretion of convertible debenture interest related to convertible debentures that were settled during the 2021 fiscal year. Significantly impacting both the current and comparative periods were share-based payments expenses of $65,949 and $106,231, respectively. Similar to the quarterly comparison, most other general and administrative expenses were higher for the current period due to an increase in corporate and promotional activity, with the most notable increases being $75,382, $53,769, $25,416, $24,000, and $22,757 in shareholder communications, salaries and benefits, directors' fees, accounting and legal fees, and consulting fees, respectively. Consulting fees for the current period relate to advisory services and services associated with the Company's recent listing on the U.S. based OTCQB Market.

Financial Condition, Liquidity and Capital Resources

The Company had cash resources of $4,017,614 and working capital of $4,013,456 as of June 30, 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 were used towards general working capital requirements and non-flow-through exploration activities on the Project. On April 21, 2022, the Company completed a private placement financing for gross proceeds of $5.242 million, of which $245,400 was paid for finders' fees. 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. During the period ended June 30, 2022, the Company incurred its remaining commitment of $165,252 in relation to this flow-through financing.

The Company expects its current capital resources to be sufficient to cover its corporate operating costs and limited exploration and development programs through the next twelve months. Actual funding requirements may vary from those planned due to a number of factors, including the progress of property exploration and development activity. 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 six months ended June 30, 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.

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:

WARRANTS

No. of warrants	Exercise price	Expiry date
91,461,674	$0.14	April 20, 2024

STOCK OPTIONS

No. of options	Exercise price	Expiry date
38,750	$8.80	December 17, 2023
2,750,000	$0.15	April 14, 2031
375,000	$0.15	December 14, 2031
3,163,750		

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, such as First Nations communities in Canada regarding the Project, for access to facilitate the completion of exploration and development 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. The Company has ongoing consultations with the First Nations community affected by the Project development and is committed to meeting all obligations; however, community sentiment is not within the Company's control and may be swayed by external forces or requirements.

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.