

HANNAN METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED FEBRUARY 28, 2022

This discussion and analysis of financial position and results of operation is prepared as at April 25, 2022 and should be read in conjunction with the unaudited consolidated interim financial statements and the accompanying notes for the nine months ended February 28, 2022 of Hannan Metals Ltd. ("Hannan" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, that the political environment in which the Company operates will continue to support the development and operation of mining projects, the threat associated with outbreaks of viruses and infectious diseases, including the novel COVID-19 virus, measures taken by governments, the Company or others to attempt to mitigate the effects of or reduce the spread of COVID-19, may affect the Company, whether directly or through effects on employee health, workforce productivity and availability (including the ability to transport personnel to where the Company has operations), travel restrictions, risks related to negative publicity with respect to the Company or the mining industry in general, unexpected geological conditions, local community relations, dealings with non-governmental organizations, delays in operations due to permit grants, environmental and safety risks. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise.

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

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

COVID-19 Update

In mid-April 2022 the Peruvian government stated that more than half of Peru's target population has received three doses of a vaccine against COVID-19, marking "significant progress" in the country's vaccination drive. While COVID-19 has had some operational impact on the performance of the Company and its Peruvian operations, the Company has been able to work in a COVID-safe manner and operate safely in regional areas over most of the last 18 months, however it is not possible to reliably estimate the impact of the COVID-19 pandemic on the financial results of the Company and its operations in future periods.

Company Overview

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

With 2,093 sq km of mineral tenure, Hannan is a top 10 concession holder in Peru, a country that is dominated by some of the world's largest exploration and mining companies. Hannan is one of the few juniors to acquire such a significant land position. The Company is focussed on two new frontier areas in Peru. Both are in the sub-Andean zone which is characterized by highland jungle in the transition between the Cordillera and Amazon Basin.

Only a couple of years ago at San Martin in Peru, Hannan recognized the significant potential for large copper-silver deposits and aggressively staked a commanding tenure position. Over the last year the Company signed a significant US \$35,000,000 earn-in and Joint Venture on one third of our ground holding at San Martin with the Japan Oil, Gas and Metals National Corporation ("JOGMEC"). JOGMEC is an independent administrative agency within the Japanese government which, among other things, seeks to secure stable resource supply for Japan.

The San Martin Project covers a new, basin-scale high-grade sediment-hosted copper-silver system that extends over 200 km x 100 km along the foreland region of the eastern Andes Mountains. Mineralization is geologically similar to the vast Kupferschiefer deposits in Eastern Europe. Sediment-hosted stratiform copper-silver deposits are among the two most important copper sources in the world, the other being copper porphyries.

Hannan's second major project in Peru is Valiente (*formerly Previsto*), located 300 km south of the San Martin Project. Here the Company is targeting Miocene age porphyry copper-gold in a back-arc setting in Central Eastern Peru. We consider the belt to be a potential new metallogenic province of Peru. Located far inboard of the conventional porphyry settings, the project shows regional similarities to deposits such as the large Bajo de Alumbrera copper-gold porphyry in Argentina.

The Company was a first mover in this district and controls 1,118 sq km of tenure. The first permits were granted in September 2021.

Hannan's exploration programs are fully funded in 2022 with a Peru-wide exploration project budget of US \$3,000,000, of which US \$2,000,000 will be funded by JOGMEC for the San Martin JV Project. At San Martin the focus is to continue to build a basin-scale project and work towards drilling in Q3/2022. At Valiente, the Company is permitting more detailed work including soil sampling, mapping and trenching as well as preparing for a high resolution airborne magnetic survey.

We believe Hannan is uniquely leveraged to make significant grassroots discoveries in two prospective, yet unexplored terrains in Peru. If successful, these will be compelling targets for the major gold and copper mining houses in the years to come.

Properties Update

Peru

San Martin JV Project (Copper-Silver, Peru, 98 mining concessions for 714 sq km)

The San Martin JV Project is in north-eastern Peru. Project access is excellent via a proximal paved highway, while the altitude ranges from 400 metres to 1,600 metres in a region of high rainfall and predominantly forest cover. Hannan has staked a total of 98 mineral concessions for a total of 714 sq km, covering multiple trends within a 120 km of combined strike for sedimentary-hosted copper-silver mineralization. A total of 62 granted mining concessions for 441 sq km have been granted, while the remainder remain under application.

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

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

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

Since 2021, the Company has focussed on the Tabalosos project in the northwest of the project area where high-grade copper and silver mineralization has been discovered over 15 kilometres of strike within at least 2 structural corridors. At San Martin outcrop is extremely poor with <1% exposed rock in the area. Individual outcrops were located with the aid of soil samples and LiDAR surveying. Nevertheless, Hannan's detailed geological facies analysis across the project has identified the economic geological implications for high-grade stratabound sediment hosted copper mineralization that may have significant lateral continuity across the Huallaga basin.

Detailed mapping of outcrops with correlating stratigraphic columns demonstrates that copper mineralization is hosted by an organic rich shale facies within an approximately 10m thick bleached/ altered and copper anomalous package of shaly siltstones. This sequence represents a different depositional environment of lower energy that has facilitated the deposition of a consistent organic-rich, reduced shale facies located at the base of a transition between the Sarayaquillo Formation and the Cushabatay Formation. This transition has previously been recognized in the district in academic literature but is not well documented. The mineralized zone is located in the transition between fluvial-aolian sediments and the onset of marine sedimentation. Copper mineralization is hosted in well-sorted sediments with the main reductant consisting of carbonized plant fragments varying in size from silt to several decimetres, at the top of a red-bed unit. Furthermore, initial observations suggest that the mineralization is mineralogically very simple with the dominant hypogene copper minerals being chalcocite and minor cuprite. Overall, the mineralization is extremely sulfur poor and very little sulfides can be observed in hand specimens. Leaching of the copper mineralization by supergene processes has been observed by Hannan geologists in some zones of Tabalosos and it is possible that the mineralization will show higher grades at depth due to the absence of surface leaching.

Systematic surface channel sampling from 105 channels from the subcropping mineralized copper shale over a 9 km long and 1 km wide area at Tabalosos East returned averaged 0.9 metre @ 1.9% copper and 27 g/t silver using a lower cut of 0.5% copper and minimum width of 0.2 metres and range from 2.0 metres @ 4.9% copper and 62 g/t silver to 0.2 metres @ 0.8% copper and 18 g/t silver. The channel sampled area at Tabalosos East represents only 1% of Hannan's 656 sq km of tenure at the San Martin JV area.

Recent work at San Martin has included:

1. Definition of a new zone of mineralization at Renaco that extends mineralization 3 kilometres further south than previously recognized, where a total of 17 channels average 1.1 metres @ 2.1% copper and 29 g/t silver. Highlights at Renaco include some of the highest grades seen on the project to date:
 - (i) CH3927: 0.4 metres @ 10.8% copper and 124 g/t silver
 - (ii) CH243: 2.5 metres @ 2.7% copper and 61 g/t silver
 - (iii) CH22317: 0.9 metres @ 4.4% copper and 76 g/t silver
2. Systematic surface channel sampling of the mineralized copper shale at surface was conducted over 5 separate areas within a 9-kilometre-long by 1-kilometre-wide area that is interpreted to extend with shallow dips to the west for between 2-4 kilometres, with a target depth ranging from surface to 500 metres. New channel results include:
 - (i) CH4321: 3.0 metres @ 3.4% copper and 36 g/t silver
 - (ii) CH22330: 1.4 metres @ 5.5% copper and 68 g/t silver
 - (iii) CH3917: 2.8 metres @ 1.9% copper and 34 g/t silver
 - (iv) Across Tabalosos East, which represents only 1% of Hannan's 656 sq km of tenure at the San Martin JV area, a total of 91 channels average 1.0 metre @ 1.9% copper and 28 g/t silver using a lower cut of 0.5% copper over 0.2 metres and range from 3.0 metres @ 3.4% copper and 36 g/t silver to 0.2 metres @ 0.6% copper and 2 g/t silver.

- (v) Widths and grades remain consistent with the drill discovery of the [Kupferschiefer copper-silver deposits in 1957](#).
3. A geophysical trial induced-polarization pole-dipole survey commence at Tabalosos East with the aim to map mineralization to depth.
 4. Announced the completion and submission of its Declaracion de Impacto Ambiental (“DIA”) or Environmental Impact Statement at its Tabalosos East copper-silver project in Peru. The DIA is the primary environmental certification required to allow low impact mineral exploration programs, that includes drilling programs, to proceed in Peru. The area for the DIA allows for 40 drill platforms and covers an area approximately 9 kilometres long and 3 kilometres wide (2,700 hectares), at Tabalosos East. Drilling tenders are being sought now and final DIA and other approvals are anticipated during the second half of 2022 to allow drilling to start.

Work for the DIA included professional archaeological investigations, community workshops and liaison activities to collect appropriate information necessary to make the submittal for approval to the General Directorate of Mining Environmental Affairs of the Ministry of Energy and Mines, Peru. The work program included:

- (i) Environmental baseline monitoring for the project, conducted by third party experts;
- (ii) The Peruvian Ministry of Culture granted the CIRA (Certificate of non-existence of archaeological remains) which declares that the project does not impact archaeological sites;
- (iii) Public participation meetings outlining Hannan’s exploration plans were held in the hamlets of Pucayoc and Cunchiyacu, where the communities are on record as approving of the Company’s proposed drill program;

The DIA is the primary environmental certification required to allow low impact mineral exploration programs, that includes drilling programs, to proceed in Peru. Final DIA and other approvals are anticipated during Q3/2022. Drill tenders are now being sought and Hannan continues to explore, derisk and develop drill targets within the large area at Tabalosos.

Sediment-hosted stratiform copper-silver deposits are among the two most important copper sources in the world, the other being copper porphyries. They are also a major producer of silver. KGHM Polska Miedz’s (“KGHM”) three copper-silver sediment-hosted mines in Poland (the “Kupferschiefer”) were the leading silver producer in the world and seventh largest global copper miner in 2020. Quoted resources in 2019 for KGHM were 1,518 Mt @ 1.86% copper and 55 g/t silver from a mineralized zone that averages 0.4 metres to 5.5 metres thickness.

To provide context, Hannan’s widths and grade (0.9 metre @ 1.9 % copper and 27 g/t silver) from 105 channel surface samples reported here at San Martin (lower cut 0.5% copper), within an area about 9 kilometres long and 1 kilometre wide, compare with those found during the initial modern-day drill discovery of the [Kupferschiefer copper-silver deposits](#):

- (i) In 1957 the discovery drillhole (Sieroszowice IG 1) intersected 2.0 metres @ 1.5% copper at the depth of 657 metres.
- (ii) In 1959 the Lubin-Sieroszowice deposit, based on the results from 24 drillholes contained 1,365 Mt @ 1.4% copper and 26 g/t silver in indicated resources, with a thickness ranging between 0.2-13.1 metres in an area about 28 kilometres long and 6 kilometres wide between 400 to 1000 metres depth.

Hannan’s sampling, to date, has been confined to surface channel sampling.

Additionally, a total of 90% of the 64,500 ha or 2,782-line kms of LiDAR have been acquired at the San Martin JV Project.

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

JOGMEC JV Agreement

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

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

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

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

After US \$35,000,000 has been spent by JOGMEC and before a feasibility study has been achieved, both parties will fund expenditures pro rata or dilute via a standard industry dilution formula. If the Participating Interest in the Joint Venture of any party is diluted to less than 5% then that party's Participating Interest will be automatically converted to a 2.0% net smelter royalty ("NSR"), and the other party may at any time purchase 1.0% of the 2.0% NSR for a cash payment of US \$1,000,000. Hannan will manage exploration at least until JOGMEC earns a 51% interest, after which the majority participant interest holder will be entitled to act as the operator of the joint venture.

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

San Martin Hannan Project (Copper-Silver, Peru, 28 mining concessions for 261 sq km, 100% Hannan)

The Company has staked 28 mining concession applications for 261 sq km for copper-silver in the broader Huallaga Basin in its own right. A total of 10 mining concessions have been granted for 100 sq km. The additional mining concessions demonstrate the Company's strategy to open new search spaces and apply disruptive exploration models to previously unexplored terrain. The new areas were identified during a stereographic geological remote study using detailed terrain corrected topographic elevation data and the Sentinel-2 super-spectral satellite data from the European Space Agency ("ESA"). The resultant geological and target map highlighted the new stratabound copper-silver target areas that were subsequently staked.

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

Valiente Project (Copper-Gold, Peru, 122 mining concessions for 1,118 sq km, 100% Hannan)

Hannan increased its Peruvian mineral tenure holdings to 1,118 sq km prospective for back-arc porphyry copper-gold systems (the "Valiente Project") in central eastern Peru. A total of 48 granted mining concessions for 469 sq km have been granted, while the remainder remain under application.

The Valiente Project, located 300 kilometres south of the 100%-controlled San Martin Hannan Project, defines a previously unknown mineralized belt within a 140 kilometre by 50 kilometre area.

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

To date, two target areas stand out. In the northern part of the project area (Previsto Norte Target). Many copper-bearing boulders with different stages of porphyry intrusions have been observed with strong hydrothermal alteration and B-style quartz-sulphide veins relating to porphyry mineralization. Values up to 25.6% Cu and 28 g/t Ag have been assayed. Gold anomalous boulders are also present with 0.9 g/t Au and 0.12% Cu assayed from a strongly leached hydrothermal breccia with porphyritic clasts.

In the Belen area a total of 149 soil samples taken to date show a transition from a copper-gold-molybdenum porphyry-style geochemical signature. The anomaly up to 1,461 ppm copper extends over 1.6 km by 0.8 km and is associated with a Miocene-age cluster of monzonitic to dioritic intrusions. One outcrop channel sample assayed 1m @ 0.31 g/t gold and 380 ppm copper, hosted within a hornblende bearing feldspar porphyry with milky quartz-iron oxide veinlets. An outcropping intrusion in the vicinity was dated at [15.4 Ma](#). Sub-crops in soil sample pits are strongly oxidized and leached with associated silver, zinc, potassium and vanadium.

A peripheral gold-antimony-tellurium soil anomaly up to 85 ppb gold extends 2 km by 0.4 km around the porphyry-style geochemical signature. This gold-antimony-tellurium association could be representative of a shallow level epithermal system above a porphyry intrusion. There are also indications of gold-copper-zinc anomalous areas that may reflect skarn-style mineralization also common in porphyry environments. Artisanal gold workings have been located downstream from the anomalous soil sampling area and Hannan geologists have panned gold from stream sediment samples.

Trace element geochemistry and porphyry prospectivity plots support the prospectivity of Cu-Au intrusive samples at Valiente. Work by Hannan indicates alkalic foid syenite to quartz monzonite composition ([Middlemost, 1994](#)) intrusions, commonly associated with porphyry copper-gold deposits globally, that intruded the deformed sedimentary package during the early to mid-Miocene, some 140 km east of the magmatic arc in the Peruvian Cordillera of the same age.

Mineralization is characterized by chalcopyrite, chalcocite and covellite with pyrite and magnetite. The presence of chalcocite and covellite indicates supergene copper enrichment, indicating potential for a well-developed secondary copper zone comprising near-surface and higher-grade copper may be present, below the leached surface samples.

Outside of Belen, regional exploration has identified seven porphyry/skarn targets with associated coincident Cu-Au-Mo-Ag and lesser Pb-Zn-Sn-W anomalism from multiple datasets including stream sediment, outcrop and boulder geochemical sampling, geological mapping and regional airborne magnetics. The entire area is under thin cover, and it is estimated that <1% of the bedrock outcrops.

Field and social teams are actively engaged in the area, with Hannan's policy to undertake exploration activities only within areas where full support from local stakeholders exists. Social work continues with successful engagement with all key stakeholders from local communities to provincial leadership, over the large area. Hannan aims to have a transparent approach prior to, during and after technical field work. Hannan speaks to all stakeholders to gain authorization to conduct surface exploration. The Company has a dedicated social team and has hired local representatives and used local radio to inform a wider audience on the Company's plans.

Control of the Valiente and San Martin Hannan Projects is held 100% through Hannan subsidiaries or in trust via other private companies.

Future Developments

At San Martin, a project budget of US \$2,000,000 has been confirmed by the JOGMEC JV for the fiscal year April 2022 through to the end of March 2023. The work program during April 2022 through to March 2023 will focus on drill testing the target at Tabalosos East (DIA1). The second objective will be to expand known mineralization outside the DIA 1 area by systematic field work and to initiate field activities at the Gera target.

Field crews are active on the Valiente Project conducting stream sediment sampling, prospecting and reconnaissance mapping. Hannan will expand the current ridge-top soil program to cover the entire 10-km intrusive trend with a systematic grid sampling program followed by trench sampling. Stream sediment samples will also be collected from creeks to rapidly determine the prospectivity of different areas. Hannan also plans to survey an extensive airborne magnetic survey over the Valiente project area.

Clare Zinc-Lead-Silver Project, Ireland

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

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

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

After this initial discovery, Lundin joint ventured Kilbricken and the wider tenure package from Belmore. In 2011, Lundin purchased 100% of Belmore. Drilling by Lundin from 2009 to 2012 continued to intersect sulphide mineralization in the hanging wall of the Chimney fault.

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

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

During 2017 Hannan quoted a maiden resource of 2.7 million tonnes at 8.8% zinc equivalent (“ZnEq”), including 1.4 million tonnes at 10.8% ZnEq indicated and inferred resources of 1.7 million tonnes at 8.2% ZnEq, including 0.6 million tonnes at 10.4% ZnEq. for Kilbricken.

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

During January 2018 the Company announced completion of a 40.6 line kilometre 2D seismic survey at the Clare Project. The regional seismic survey is a first for the area and has delivered a critical new set of subsurface data across the Company’s 35,444 ha PLs, which will form the basis for current and future drill targeting and prioritization. The survey traversed the most prospective parts of the Clare Basin within the Company’s PLs and was used to identify and map geological structures that may host and control base metal mineralization. The Company’s seismic survey

propels understanding of the architecture and geological prospectivity of the Clare Basin, in a manner not previously possible.

The current focus in Ireland is the Kilmurry prospect which has the indicators of a significant drill target. The Kilmurry fault zone, mapped by seismic surveys, gravity and supported by historic drilling, has been traced over 10 kilometres of strike.

Kilmurry is a seismic and detailed gravity defined structural and stratigraphic target mapped by Hannan over greater than 15 kilometres strike and 1-2 kilometres width. The mineralized position of the hanging wall of the fault, that is an equivalent setting to all zinc mineralization in the Irish Midlands, has never been drill tested. Several geological factors make the fault zone a prospective target for zinc-lead-silver mineralization. Firstly, the entire fault zone was active during the formation of the Waulsortian limestone. The individual fault segments are closely spaced and have significant vertical offset, with the maximum mapped offset being one of the largest basin-scale displacements (>750 metres) mapped in Ireland. Closely spaced faults and significant fault offset along a relay fault system have a direct correlation with rock deformation and mineralizing fluid path ways in Irish-style zinc-lead-silver deposits.

Furthermore, historic drilling has identified significant alteration and mineralization immediately south in the footwall of the Kilmurry fault zone. Four historic drill holes that have tested the hanging wall of the fault zone never reached the target depth. The holes were drilled over 3.5 kilometre strike and all encountered geological evidence to support the seismic interpretation of the fault zone. Drill hole 11-3643-10 is the most significant and it intersected structurally hosted massive sulphides at 166m depth (0.3m @ 56% zinc + lead). The drill extension of 11-3643-10 being undertaken by Hannan is the first test of the fault zone. If the extension of 11-3643-10 is successful, shallower ramp zones linking the fault segments will be targeted at Kilmurry.

During 2019, existing drill hole (11-3643-10) was extended 65 metres by Hannan from 754 metres to 819 metres depth to test the mineralized target zone at the base of the Waulsortian limestone within the hanging wall of the Kilmurry fault. Hannan's extension of hole 11-3643-10 encountered intense hydrothermal hematite for 4 metres at the base of the potential mineralized position and calcite/dolomite breccia over more than 60 metres thickness, with sporadic gossanous patches after pyrite and calcite textures suggesting replacement of barite. The hydrothermal hematite alteration is highly significant as it lies proximal to mineralization at Irish-style deposits such as Lisheen, Tynagh and Silvermines and can be considered a near-miss indicator. Drilling confirmed seismic interpretations of the north-dipping Kilmurry syn-sedimentary relay fault system which exceeds 15 kilometres in length and is up to 2 kilometres wide and demonstrates one of the largest basin-scale displacements (>600 metres) mapped in Ireland.

Further drilling is recommended at Kilmurry, with four priority targets defined within the ramp-relay system over 6 kilometres. However, at this stage, the Company's focus remains exploring for copper in Peru.

Future Developments

The Company is reviewing opportunities with third parties for the Clare Project.

Qualified Person

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

Selected Financial Data

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

Three Months Ended	Fiscal 2022			Fiscal 2021			Fiscal 2020	
	Feb 28/22 \$	Nov 30/21 \$	Aug 31/21 \$	May 31/21 \$	Feb 28/21 \$	Nov 30/20 \$	Aug 31/20 \$	May 31/20 \$
Operations:								
Revenues	Nil							
Expenses	(183,868)	(225,427)	(309,856)	(453,520)	(279,666)	(390,385)	(404,108)	(120,019)
Other Items	(43,022)	(32,747)	43,351	(15,326)	(55,698)	6,127	(1,233)	7,666
Net loss	(226,890)	(258,174)	(266,505)	(468,846)	(335,364)	(384,258)	(405,341)	(112,353)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)
Statement of Financial Position:								
Working capital	2,854,497	2,819,854	2,958,830	1,650,346	1,649,757	1,485,817	2,249,253	1,316,484
Total assets	8,437,343	8,484,255	8,674,588	7,248,905	6,851,340	7,203,294	7,363,798	6,450,387
Total long-term liabilities	Nil							

Results of Operations

Three Months Ended February 28, 2022 Compared to Three Months Ended November 30, 2021

During the three months ended February 28, 2022 (“Q3”) the Company reported a net loss of \$226,890 compared to a net loss of \$258,174 for the three months ended November 30, 2021 (“Q2”), a decrease in loss of \$31,284. The decrease is attributed to a \$41,559 decrease in expenses, from \$225,427 during the Q2 to \$183,868 during Q3 which was partially offset by a fluctuation in foreign exchange of \$9,866, from a loss of \$37,042 in Q2 to a loss of \$46,908 in Q3.

Nine Months Ended February 28, 2022 Compared to Nine Months Ended February 28, 2021

During the nine months ended February 28, 2022 (the “2022 period”) the Company reported a net loss of \$751,569 compared to net loss of \$1,124,963 for the nine months ended February 28, 2021 (the “2021 period”), a decrease in loss of \$373,394 primarily due to a \$355,008 decrease in expenses from \$1,074,159 during the 2021 period to \$719,151 during the 2022 period. Significant variances in expenses are as follows:

- (i) incurred \$52,782 in the 2022 period for corporate development, a decrease of \$115,386 from \$168,168 in the 2021 period. During the 2021 period the Company engaged a number of independent consultants to provide shareholder awareness campaigns and business development services. These services were curtailed in the 2022 period.
- (ii) recognized share-based compensation of \$76,825 in the 2022 period compared to \$205,473 in the 2021 period on the granting and vesting of share options;
- (iii) commencing July 1, 2020 the Company engaged Swiss Resources Capital AG (“SRC”) to provide investor relations services. The Company paid \$66,643 in the 2022 period compared to \$166,800 paid in the 2021 period. During the 2021 period the Company also engaged SRC to conduct a marketing campaign directed to European investors and paid \$118,544 compared to \$12,835 in the 2022 period;
- (iv) incurred \$212,743 (2021 - \$157,749) for management compensation for services provided by officers and directors of the Company. See also “Transactions with Related Parties”;
- (v) during the 2021 period the Company paid \$50,000 for access to historical exploration data in Eastern Peru, which was recorded as general exploration expenses. No general exploration activity was incurred during the 2022 period;
- (vi) incurred \$35,000 (2021 - \$20,000) for audit fees. The increase was due to an increase in activities by the Company; and
- (vii) incurred a total of \$60,581 (2021 - \$43,647) for accounting and administration services of which \$35,800 (2021 - \$29,750) was incurred by Chase Management Ltd. (“Chase”) a private corporation owned by Mr. Nick DeMare, a director of the Company, for services provided by Chase personnel, excluding Mr. DeMare. The Company was also billed \$24,781 (2021 - \$13,897) for accounting services provided by a third party accounting firms for ongoing accounting for its subsidiaries.

The Company holds its cash in interest bearing accounts in major financial institutions. Interest income is generated from the deposits and fluctuates primarily with the levels of cash on deposit. During the 2022 period the Company reported interest income of \$12,075 compared to \$8,815 during the 2021 period.

Exploration and Evaluation Assets

	Peru			Ireland	Other	Total \$
	San Martin JV Project \$	San Martin 100% Project \$	Valiente Project \$	Clare Project \$	\$	
Balance at May 31, 2020	742,875	-	-	3,921,552	-	4,664,427
Exploration costs						
Community	9,941	-	-	-	-	9,941
Consulting	618,202	-	38,066	-	-	656,268
Exploration site	14,940	-	-	-	-	14,940
Geological	62,060	10,684	31,310	-	-	104,054
Insurance	2,264	-	142	-	-	2,406
Legal	13,644	-	-	-	-	13,644
Logistics	94,434	-	19,953	-	-	114,387
VAT incurred	59,130	-	4,332	-	-	63,462
	874,615	10,684	93,803	-	-	979,102
Acquisition costs						
License applications and fees	305,347	191,264	417,947	-	3,316	917,874
Other						
Cost recoveries	(1,251,886)	-	-	-	-	(1,251,886)
Management fees	(69,349)	-	-	-	-	(69,349)
	(1,321,235)	-	-	-	-	(1,321,235)
Balance at May 31, 2021	601,602	201,948	511,750	3,921,552	3,316	5,240,168
Exploration costs						
Assays	-	-	10,050	-	-	10,050
Community	8,682	-	632	-	-	9,314
Consulting	831,937	-	209,224	-	-	1,041,161
Insurance	3,549	-	550	-	-	4,099
Legal	2,944	-	5,365	-	-	8,309
Logistics	198,864	-	61,732	-	-	260,596
Salaries	88,642	-	66,448	-	-	155,090
VAT incurred	115,625	-	42,083	-	-	157,708
	1,250,243	-	396,084	-	-	1,646,327
Acquisition costs						
License applications and fees	191,030	-	136,670	-	-	327,700
Other						
Cost recoveries	(1,860,887)	-	-	-	-	(1,860,887)
Management fees	(132,191)	-	-	-	-	(132,191)
	(1,993,078)	-	-	-	-	(1,993,078)
Balance at February 28, 2022	49,797	201,948	1,044,504	3,921,552	3,316	5,221,117

During the 2022 period the Company incurred a total of \$1,974,027 (2021 - \$1,393,676) on the acquisition, exploration and evaluation of its unproven resource assets of which \$1,441,273 (2021 - \$719,233) was incurred on its San Martin JV Project, \$nil (2021 - \$159,598) on the San Martin 100% Prospect and \$532,754 (2021 - \$514,845) on the Valiente and other projects. In addition the Company recorded a cost recovery of \$1,860,887 (2021 - \$797,067) on its San Martin JV Project as JOGMEC reimbursed the Company for all project related costs which had been incurred from April 1, 2020 and credited management fees billed to JOGMEC of \$132,191 (2021 - \$nil). See also "Properties Update".

Financings Activities

During the 2022 period the Company issued 7,746,465 common shares on the exercise of warrants and share options for total proceeds of \$1,852,691.

During the 2021 period the Company completed a private placement of 4,000,000 units at \$0.25 per unit for gross proceeds of \$1,000,000 and issued 3,624,067 common shares on the exercise of warrants and share options for total proceeds of \$810,265.

Financial Condition / Capital Resources

As at February 28, 2022 the Company had working capital of \$2,854,497. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. The Company has budgeted to incur up to US \$2,700,000 to conduct exploration campaigns in fiscal 2022, of which US \$2,000,000 will be funded by JOGMEC. As at February 28, 2022 management considers that the Company has adequate resources to maintain its core operations, conduct planned exploration programs on its existing exploration and evaluation assets and discharge its obligations as they become due in the next twelve months. See also "Forward-Looking Statements" and "COVID-19 Update".

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

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

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

Changes in Accounting Policies

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

Transactions with Related Parties

(a) *Transactions with Key Management Personnel*

The Company has determined that key management personnel consists of the executive members of the Company. During the 2022 and 2021 the following amounts were incurred with respect to the Company's CEO (Mr. Hudson), President (Mr. Dahlenborg) and the CFO (Mr. Lim):

	2022 \$	2021 \$
Professional fees - Mr. Hudson	72,000	72,000
Other compensation - Mr. Hudson	40,000	-
Professional fees - Mr. Dahlenborg	124,165	102,896
Other compensation - Mr. Dahlenborg	20,000	-
Professional fees - Mr. Lim	7,250	6,750
	<u>263,415</u>	<u>181,646</u>

During the 2022 period the Company incurred a total of \$263,415 (2021 - \$181,646) to key management personnel for their services which have been allocated based on the nature of the services provided: expensed \$144,303 (2021 - \$106,389) to director and officer compensation; and capitalized \$119,112 (2021 - \$75,257) to exploration and evaluation assets. As at February 28, 2022 \$46,331 (May 31, 2021 - \$51,132) remained unpaid

(b) *Transactions with Other Related Parties*

(i) During the 2022 and 2021 periods the following amounts were incurred with respect to non-management directors (Nick DeMare, David Henstridge, Georgina Carnegie and Ciara Talbot) and the Corporate Secretary (Mariana Bermudez) of the Company:

	2022 \$	2021 \$
Professional fees - Mr. DeMare	7,250	6,750
Other compensation - Mr. DeMare	10,000	-
Professional fees - Mr. Henstridge	6,750	6,750
Professional fees - Ms. Carnegie	6,750	6,750
Professional fees - Ms. Talbot	6,750	6,750
Professional fees - Ms. Bermudez	30,940	24,360
	<u>68,440</u>	<u>51,360</u>

As at February 28, 2022 \$123,500 (May 31, 2021 - \$151,550) remained unpaid.

(ii) During the 2022 period the Company incurred a total of \$35,800 (2021 - \$29,750) to Chase, a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at February 28, 2022 \$700 (May 31, 2021 - \$6,500) remained unpaid.

Risks and Uncertainties

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

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

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at April 25, 2022, there were 92,217,611 issued and outstanding common shares, 14,517,429 warrants outstanding at exercise prices ranging from \$0.30 to \$0.35 per share and 4,770,000 share options outstanding at exercise prices ranging from \$0.10 to \$0.455 per share.