



**ANNUAL INFORMATION FORM**

**AS AT MARCH 31, 2023**

**TALON METALS CORP.**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**EXHIBIT I – EXECUTIVE SUMMARY SECTION FROM THE NOVEMBER 2022  
TECHNICAL REPORT**

**EXHIBIT II - CHARTER OF THE AUDIT COMMITTEE**

## NOTE TO READER

Wherever used in this Annual Information Form, the “**Company**” and “**Talon**” refer to Talon Metals Corp. and all of its subsidiaries, except where the context otherwise requires. Unless otherwise indicated, all dollar amounts herein are expressed in Canadian dollars.

## FORWARD-LOOKING INFORMATION

This Annual Information Form contains “forward-looking information”. All information, other than information concerning historical fact, that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including, without limitation, payments to Kennecott (defined below) pursuant to the 2018 Option Agreement (defined below), supply of nickel concentrate pursuant to the Tesla Supply Agreement (defined below), the UPX Option Agreement (defined below), the Battery Minerals Processing Facility (defined below) and the Funding Award (defined below), the November 2022 Technical Report (defined below) conclusions, estimates in respect of mineral resource quantities, mineral resource qualities, information regarding the potential for increased mineral resources and increased classification through additional exploration, potential mineralization, metallurgical testing and results, drilling and exploration plans, the Company’s business plans and priorities, market trends with respect to demand for and the price of nickel and the likelihood of loss for legal proceedings, are forward-looking information.

Forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to significant risks and uncertainties and other factors that could cause the actual results to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: failure to establish estimated mineral resources and any reserves; the grade, quality and recovery of mineral resources varying from estimates; risks related to the exploration stage of the Tamarack Project; the possibility that future exploration results and metallurgical testing will not be consistent with the Company’s expectations (including identifying additional and/or more extensive mineralization and/or recovery); changes in nickel, copper and/or PGE prices; COVID-19; the war in Ukraine; delays in obtaining or failures to obtain necessary regulatory permits and approvals from government authorities; uncertainties involved in interpreting drilling results, and the beneficiation process and other geological and product related data; changes in the anticipated demand for nickel, copper, cobalt, gold and/or PGEs; changes in equity and debt markets; inflation; changes in exchange rates; declines in U.S., Canadian and/or global economies; exploration costs varying significantly from estimates; delays in the exploration, mineral processing and development of, and/or commercial production from the properties Talon has an interest in; equipment failure; unexpected geological or hydrological conditions; political risks; imprecision in preliminary resource estimates; success of future exploration and development initiatives; the existence of undetected or unregistered interests or claims, whether in contract or in tort, over the the Tamarack Project; changes in government regulations and policies; risks relating to labour; other exploration, development and operating risks; liability and other claims asserted against Talon; volatility in

prices of publicly traded securities; and other risks involved in the mineral exploration and development industry and risks specific to the Company, including the risks discussed in this Annual Information Form under “*Risk Factors*”.

**Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this Annual Information Form is expressly qualified by this cautionary statement. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise the forward-looking information herein and readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this Annual Information Form.**

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information herein is provided as of the date of this Annual Information Form.

The mineral resource figures referred to in this Annual Information Form are estimates, and no assurances can be given that the indicated levels of nickel, copper, cobalt, gold or PGEs will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource estimates included in this Annual Information Form are well established, by their nature, resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company.

**Mineral resources are not mineral reserves and do not have demonstrated economic viability. Inferred mineral resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred mineral resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.**

## CORPORATE STRUCTURE

### Name, Address and Incorporation

The Company was formed on April 5, 2005 as a result of a consolidation between Ventures Resources Corporation and Resource Holdings & Investments Inc. (“**RHI**”) pursuant to a plan of consolidation under the laws of the British Virgin Islands (the “**RHI Consolidation**”). The RHI Consolidation was a reverse takeover under the policies of the TSX Venture Exchange (the “**TSXV**”).

RHI was incorporated by memorandum and articles of association filed under the *BVI Business Companies Act, 2004* (British Virgin Islands) (the “**BVI Act**”) on July 8, 2004 for the purpose of engaging in the acquisition, exploration and development of mineral properties in Brazil. Following the RHI Consolidation, the properties and assets of RHI became the properties and assets of the Company and the name of the Company was changed to “Brazmin Corp.”.

Effective July 9, 2007, the Company changed its name from “BrazMin Corp.” to “Talon Metals Corp.” (the “**Name Change**”). No change to the Company’s capital structure resulted from the Name Change.

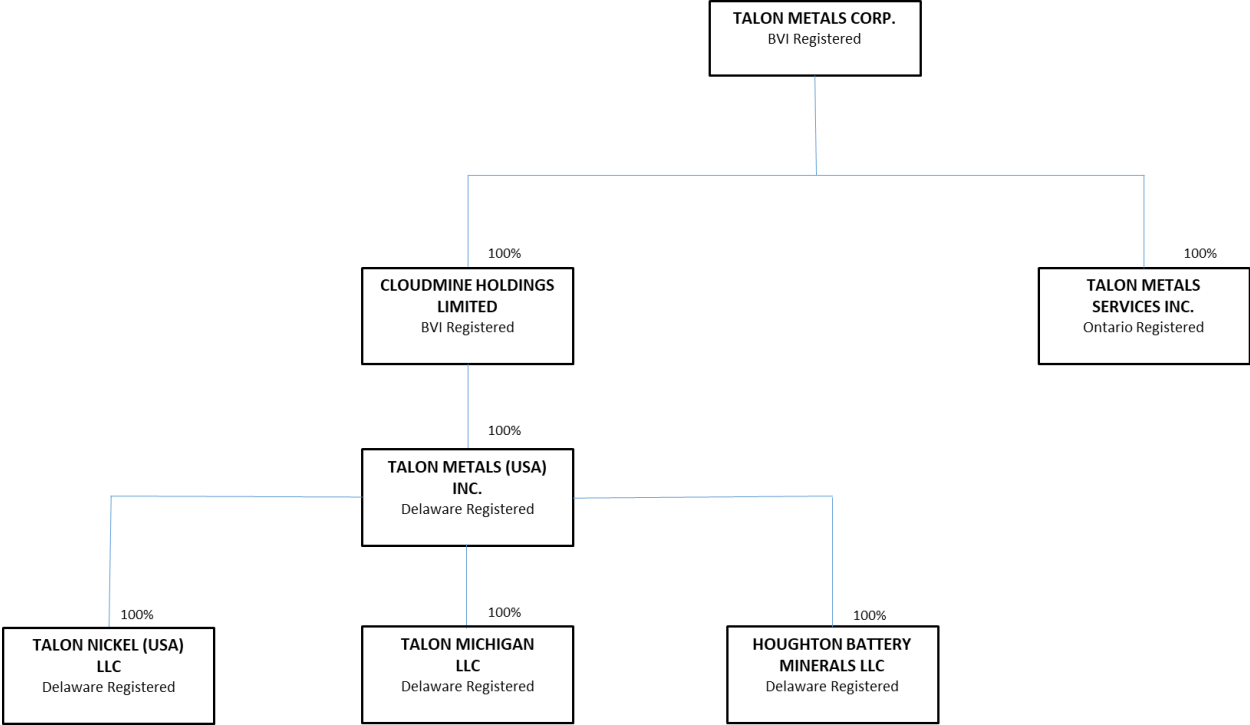
On March 24, 2010, the Company and Saber Energy Corp. (“**Saber**”) merged pursuant to a merger effected under the BVI Act (the “**Saber Merger**”). On closing of the Saber Merger, the properties and assets of Saber became the properties and assets of the Company. Talon survived the Saber Merger, retained its corporate name, “Talon Metals Corp.”, and continues to be governed by the provisions of the BVI Act.

Pursuant to Talon’s memorandum of association under the BVI Act, it is authorized to issue one class and one series of shares divided into 100,000,000,000 common shares of no par value. The common shares of Talon are currently listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “TLO” and have been trading on the TSX since April 13, 2005.

Talon’s head and registered office are located at Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands. The registered office address of Talon’s representative in Canada, Talon Metals Services Inc., is 161 Bay Street, Suite 2700, Toronto, Ontario, Canada M5J 2S1. Talon is a reporting issuer in all provinces and territories of Canada.

# Intercorporate Relationships

The following chart sets out all of the Company's material subsidiaries as at the date hereof, their jurisdictions of incorporation and the Company's direct and indirect voting interest in each of these subsidiaries:



## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

The Company is a mineral exploration company currently focused on the exploration and development of the Tamarack nickel-copper-cobalt project (the “**Tamarack Project**”) in Minnesota, USA (which comprises the “**Tamarack North Project**” and the “**Tamarack South Project**”). As of the date hereof, the only material property of the Company is the Tamarack North Project, a description of which is set forth below under the heading “Description of the Business – Tamarack North Project”.

The following summary describes the development of the Company’s business over the last three financial years, including acquisitions, dispositions and other factors which influenced the business of the Company.

#### *Tamarack Earn-in Agreement and Tamarack Purchase Option*

On June 25, 2014, Talon’s wholly owned indirect subsidiary, Talon Nickel (USA) LLC (“**Talon Nickel**”), entered into an exploration and option agreement (the “**Tamarack Earn-in Agreement**”) with Kennecott, part of the Rio Tinto Group, pursuant to which Talon Nickel received the right to acquire an interest in the Tamarack Project.

On January 4, 2016, pursuant to the terms of the Tamarack Earn-in Agreement, as amended, Talon Nickel earned an 18.45% interest in the Tamarack Project by making payments totalling US\$25,520,800 broken down as follows:

Option payments	\$ 1,000,000
Exploration	21,200,000
Land purchases	3,320,800
	<u>\$ 25,520,800</u>

On December 16, 2016, Talon Nickel entered into an amending agreement with Kennecott (the “**Tamarack Earn-in Third Amending Agreement**”) in respect of the Tamarack Earn-in Agreement (as amended). The Tamarack Earn-in Third Amending Agreement provided, among other things, that Kennecott may elect at any time up to and including September 25, 2017 to grant Talon Nickel the option to purchase the Tamarack Project for a total purchase price of US\$114 million (the “**Tamarack Purchase Option**”) or proceed with a joint venture (the “**Tamarack Joint Venture**”) in respect of the Tamarack Project (the “**Kennecott Decision Deadline**”).

On the Kennecott Decision Deadline, Talon Nickel received notification from Kennecott that it had decided to grant Talon Nickel the Tamarack Purchase Option on the terms of the Tamarack Earn-in Agreement (as amended).

On November 16, 2017, Talon Nickel elected not to exercise the Tamarack Purchase Option. As such, pursuant to the terms of the Tamarack Earn-in Agreement, as amended, Talon Nickel and Kennecott had 90 days to enter into the Mining Venture Agreement governing the terms of the Tamarack Joint Venture (see also “*Tamarack Joint Venture*” (below)).

On January 11, 2018, Talon Nickel and Kennecott entered into a fifth amending agreement (the “**Tamarack Earn-in Fifth Amending Agreement**”) in respect of the Tamarack Earn-in Agreement, as amended, pursuant to which they agreed, among other things, to enter into the Mining Venture Agreement with immediate effect.

Following the Tamarack Earn-in Fifth Amending Agreement, Talon Nickel elected to not financially participate in subsequent funding made in respect of the Tamarack Project. This resulted in dilution of Talon’s interest from 18.45% to 17.56%. Going forward, Talon Nickel is required to fund the Tamarack Project in accordance with the 2018 Option Agreement (defined below).

#### *Tamarack Joint Venture*

On January 11, 2018, Talon Nickel and Kennecott entered into the mining venture agreement in respect of the Tamarack Project (the “**Mining Venture Agreement**”).

Pursuant to the Mining Venture Agreement:

- Kennecott was appointed “Manager” of the Tamarack Project, with a number of explicit duties and obligations as detailed under the terms of the Mining Venture Agreement.
- Talon Nickel and Kennecott established a management committee to determine overall policies, objectives, procedures, methods and actions under the Mining Venture Agreement, and to provide general oversight and direction to the Manager who is vested with full power and authority to carry out the day-to-day management under the Mining Venture Agreement. The Management Committee consists of two members appointed by Talon Nickel and two members appointed by Kennecott.
- Beginning with the first program and budget under the Mining Venture Agreement, each proposed program and budget must provide for an annual expenditure of at least US\$6.15 million until the completion of a Feasibility Study (as defined under the Mining Venture Agreement). The failure of either party to fund its share of each proposed program and budget will result in dilution (and in certain circumstances accelerated dilution) in accordance with the terms of the Mining Venture Agreement.
- In the event either party’s participating interest in the Tamarack Project dilutes below 10%, such party’s interest will be converted into a 1% Net Smelter Returns Royalty (as defined under the Mining Venture Agreement).
- In the event of a proposed transfer of either party’s interest in the Tamarack Project to a third party, the non-transferring party has a right of first refusal. In the event the non-transferring party elects not to exercise its right of first refusal, the non-transferring party has a tag-along right, while the transferring party has a drag-along right.

During the term of the 2018 Option Agreement (defined below), the Mining Venture Agreement is in abeyance and the terms of the 2018 Option Agreement govern the relationship between Talon Nickel and Kennecott in respect of the Tamarack Project (see also “*2018 Tamarack Option Agreement*” (below)).



## *2018 Tamarack Option Agreement*

On November 7, 2018, Talon Nickel entered into an exploration and option agreement (the “**2018 Option Agreement**”) with Kennecott which provides Talon Nickel with the right to acquire up to a 60% interest in the Tamarack Project. The 2018 Option Agreement has an effective date of March 13, 2019.

Pursuant to the terms of the 2018 Option Agreement, Talon Nickel has taken over operatorship of the Tamarack Project and had the right to acquire a 51% interest in the Tamarack Project (which it has acquired see “*Completion of the Acquisition of a 51% Interest in the Tamarack Project*” (below)) upon:

- (1) the payment of US\$6 million in cash to Kennecott (the “**Initial Cash Payment**”);
- (2) the issuance of US\$1.5 million worth of common shares of Talon to Kennecott (the “**Share Payment**”);
- (3) within 3 years of the effective date of the 2018 Option Agreement (March 13, 2022), Talon Nickel either spending US\$10 million or completing a pre-feasibility study on the Tamarack Project; and
- (4) within 3 years of the effective date of the 2018 Option Agreement (March 13, 2022), Talon Nickel paying Kennecott an additional US\$5 million in cash.

Provided Talon Nickel earned the 51% interest in the Tamarack Project (which it has acquired see “*Completion of the Acquisition of a 51% Interest in the Tamarack Project*” (below)), Talon Nickel has the right to earn an additional 9% and increase its total interest in the Tamarack Project to 60% by:

- (1) completing a feasibility study on the Tamarack Project within 7 years of the effective date of the 2018 Option Agreement (March 13, 2026); and
- (2) paying Kennecott the additional sum of US\$10 million in cash on or before the seventh anniversary of the effective date of the Option Agreement (March 13, 2026).

Upon Talon Nickel vesting with its applicable joint venture interest in the Tamarack Project, the parties have agreed to enter into a new joint venture agreement, pursuant to which, so long as Talon Nickel has a majority interest, Talon Nickel will continue to act as operator of the Tamarack Project. In the event Talon Nickel has delivered a feasibility study on the Tamarack Project, upon the completion thereof, the parties will be required to fund the Tamarack Project in accordance with their respective ownership interests, or be subject to dilution.

Pursuant to the 2018 Option Agreement, Talon Nickel initially had until February 5, 2019 to make the Initial Cash Payment and the Share Payment to Kennecott. On February 4, 2019 and on February 28, 2019, Talon was granted extensions by Kennecott to make such payment. On March 13, 2019, Talon Nickel made the Initial Cash Payment and the Share Payment to Kennecott, thereby causing the 2018 Option Agreement to become effective as of that date.

In September 2021, approximately 6 months ahead of schedule, Talon completed all of the requirements and earned a 51% interest in the Tamarack Project (see also “*Completion of the Acquisition of a 51% Interest in the Tamarack Project*” (below)).

### *Triple Flag Royalty Financing*

On March 7, 2019, pursuant to a royalty agreement (the “**Royalty Agreement**”), Talon Nickel granted a net smelter returns royalty to TF R&S Canada Ltd. (formerly 10782343 Canada Limited), a subsidiary of Triple Flag Precious Metals Corp. (“**Royalty Holder**”), in consideration of the payment of US\$5 million. The Company, together with its subsidiaries, Cloudmine Holdings Limited and Talon Metals (USA) Inc., agreed to guarantee the payment and performance obligations under the Royalty Agreement. The royalty was 3.5% of net smelter returns and will be based on Talon Nickel’s participating interest in the Tamarack Project (the “**Triple Flag Royalty**”), except (i) where Talon Nickel’s interest reduces below 17.56%, in which case it will be paid assuming Talon Nickel’s interest is unchanged at 17.56% or (ii) where Talon Nickel has vested at 51% and Talon Nickel’s interest reduces below 51%, in which case it will be paid assuming Talon Nickel’s interest is unchanged at 51%; or (iii) where Talon Nickel has vested at 60% and Talon Nickel’s interest reduces below 60%, in which case it will be paid assuming Talon Nickel’s interest is unchanged at 60%.

The Royalty Agreement contained a one-time put right pursuant to which the Royalty Holder had an option, exercisable within 10 calendar days of March 7, 2022, to cause Talon Nickel to repurchase the entire Triple Flag Royalty for a cash payment of US\$8.6 million (the “**Put Right**”). In the event the Royalty Holder did not exercise the Put Right, Talon Nickel had a one-time option to reduce the percentage of the Triple Flag Royalty to 1.85% in exchange for cash in the amount of US\$4.5 million. On February 15, 2022, Talon Nickel entered into the Amended Royalty Agreement (defined below) with the Royalty Holder pursuant to which the Royalty Holder waived the Put Right and completed the early exercise of Talon Nickel’s right to reduce the Triple Flag Royalty on Talon Nickel’s interest in the Tamarack Project from 3.5% to 1.85% in exchange for the payment by Talon Nickel of US\$4.5 million to the Royalty Holder.

Talon and its related entities have provided security to the Royalty Holder to support the payment and performance obligations related to the Triple Flag Royalty and the guarantees. In connection with the Royalty Agreement, Talon issued the Royalty Holder 5,000,000 common share purchase warrants each exercisable to acquire one common share in the capital of the Company until March 7, 2022 at an exercise price of \$0.0826 per share.

The proceeds received by the Company from the Royalty Agreement and some of the proceeds from the March 2019 Private Placement (defined below) were used by the Company to make the Initial Cash Payment due to Kennecott under the 2018 Option Agreement.

### *Qualification Rights Agreement*

Effective July 25, 2019, the Company and RCF entered into a qualification rights agreement (the “**Qualification Rights Agreement**”) pursuant to which, under certain circumstances and limitations, RCF had the right to require the Company to qualify shares of the Company held by RCF under a prospectus by way of secondary offering. These qualification rights expired on July 25, 2022.

### *Sale of Trairao Iron Project*

On January 16, 2020, the Company, along with its wholly-owned subsidiary, Rancover Holdings Inc. (“**Rancover**”) entered into a share purchase agreement (“**Share Purchase Agreement**”) with MINERAÇÃO TARAUACÁ INDÚSTRIA E COMÉRCIO S.A. and MINERAÇÃO SANTA ELINA INDÚSTRIA E COMÉRCIO S.A. (collectively, the “**Brazil Purchaser**”). Pursuant to the Share Purchase Agreement, on or about February 18, 2020, the Company and Rancover transferred 100% ownership of the Brazilian subsidiary, TALON FERROUS MINERAÇÃO LTDA. (the “**Brazil Subsidiary**”), to the Brazil Purchaser. By transferring ownership of the Brazil Subsidiary, the Company and Rancover have transferred 100% of its ownership interest in the Trairao Iron Project to the Brazil Purchaser. The Share Purchase Agreement provides that the Company will be paid US\$1 million by the Brazil Purchaser if and when the Trairao Iron Project goes into production. The Brazil Purchaser has also agreed to pay all costs associated with maintaining the Trairao Iron Project in good standing, which will significantly reduce the Company’s future expenditures in Brazil, enabling the Company to focus its cash resources on the Tamarack Project.

The Company remains responsible for any liabilities pursuant to litigation underway in Brazil as at the time of sale (see “*Legal Proceedings and Regulatory Actions*” (below)).

### *2020 Base Shelf Prospectus*

On March 26, 2020, the Company filed a final short form base shelf prospectus (the “**2020 Base Shelf Prospectus**”) with the securities regulatory authorities in each of the provinces of Canada, other than the province of Québec. Pursuant to the 2020 Base Shelf Prospectus, Talon was able to issue common shares, debt securities, subscription receipts or warrants or any combination of such securities as units, in amounts, at prices, and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying prospectus supplement, for an aggregate offering amount of up to \$40 million during the 25-month period that the 2020 Base Shelf Prospectus remained effective. Talon filed the 2020 Base Shelf Prospectus to give it flexibility to take advantage of financing opportunities as they may arise and as the Company deems appropriate, subject to market conditions and other relevant factors.

On December 7, 2021, the Company filed the 2021 Base Shelf Prospectus (defined below) thus revoking the 2020 Base Shelf Prospectus (see also “*2021 Base Shelf Prospectus*” (below)). Prior to the 2021 Base Shelf Prospectus being filed, the Company had done offerings for an aggregate of \$16.65 million pursuant to two prospectus supplements to the Company’s 2020 Base Shelf Prospectus (the August 2020 Prospectus Offering (defined below) and the December 2020 Prospectus Offering (defined below)).

### *May 2020 Private Placement*

On May 21, 2020, the Company completed a private placement of 40,169,500 common shares at a price of \$0.10 per common share for aggregate gross proceeds of \$4,016,950.00 (the “**May 2020 Private Placement**”). In connection with the May 2020 Private Placement, the Company issued 1,145,000 broker warrants with an exercise price of \$0.10 and an expiration date of May 15, 2022.

### *August 2020 Prospectus Offering*

On August 13, 2020, the Company closed an offering of 19,821,600 common shares of the Company (the “**August 2020 Prospectus Offering**”) at a price of \$0.26 per common share for aggregate gross proceeds of \$5,153,616 pursuant to a prospectus supplement to the Company’s 2020 Base Shelf Prospectus. In connection with the August 2020 Prospectus Offering, the Company issued 1,189,296 broker warrants with an exercise price of \$0.26 and an expiration date of August 13, 2022.

### *December 2020 Prospectus Offering*

On December 11, 2020, the Company closed an offering of 38,334,100 common shares of the Company (the “**December 2020 Prospectus Offering**”) at a price of \$0.30 per common share for aggregate gross proceeds of \$11,500,230 pursuant to a prospectus supplement to the Company’s 2020 Base Shelf Prospectus. In connection with the December 2020 Prospectus Offering, the Company issued 2,300,046 broker warrants with an exercise price of \$0.30 and an expiration date of December 11, 2022.

### *March 2021 Prospectus Offering*

On March 18, 2021, the Company closed an offering of 57,500,000 units (the “**March 2021 Prospectus Offering**”) at a price of \$0.60 per unit for aggregate gross proceeds of \$34,500,000 pursuant to a short form prospectus. Each unit consisted of one common share and one-half of a share purchase warrant of the Company. Each whole warrant entitles the holder to acquire one common share at a price of \$0.80 with an expiration date of March 18, 2022. The issuance of the warrants were governed by a warrant indenture dated March 18, 2021 between the Company and Computershare Trust Company of Canada, as warrant agent (the “**Warrant Indenture**”).

### *Partnership with United Steelworkers Union*

On July 29, 2021, the Company and the United Steelworkers union (“**USW**”) announced a ground-breaking new workforce development partnership to advance the Tamarack Project.

As part of the agreement, the USW will work collaboratively with Talon to plan for the potential production and maintenance workforce required at the Tamarack Project and develop a strategic plan for future recruitment. From new skills to fundamental mining experience, Talon and the USW plan to work together to source talented people from the local community and mining regions in the US that are facing declining demand.

The USW and Talon will work with skills development institutions in the region to provide localized skills training to build the future workforce needed to ensure that the Tamarack Project is a key contributor to the EV battery supply chain in the US. As part of the agreement, Talon has agreed to remain neutral during any organizing efforts by the USW at the Tamarack Project.

### *Completion of the Acquisition of a 51% Interest in the Tamarack Project*

Pursuant to the 2018 Option Agreement, with all other conditions already completed, Talon Nickel had until March 13, 2022 to pay US\$5 million to Rio Tinto to complete its earn-in to a 51%

ownership interest in the Tamarack Project. On September 29, 2021, Talon accelerated making the payment, and rather than paying US\$5 million in cash, Kennecott agreed to accept 10,543,333 units of Talon (the “**51% Earn-in Units**”) at a deemed issuance price of C\$0.60 per 51% Earn-in Unit in full satisfaction of this payment obligation. Each 51% Earn-in Unit was comprised of one common share of Talon and one-half of one purchase warrant. Each whole warrant is exercisable to acquire a Talon common share for a period of one year at an exercise price C\$0.80 per share.

Going forward, Talon has until March 13, 2026 to earn an additional 9% interest in the Tamarack Project (for a total 60% interest). To earn a 60% interest, Talon is required to complete a feasibility study on the Tamarack Project and pay US\$10 million to Kennecott. Once Talon has earned a 60% interest in the Tamarack Nickel Project, Rio Tinto is required to fund its 40% interest.

### *2021 Base Shelf Prospectus*

On December 7, 2021, the Company filed a new final short form base shelf prospectus (the “**2021 Base Shelf Prospectus**”) with the securities regulatory authorities in each of the provinces of Canada, other than the province of Québec. Pursuant to the 2021 Base Shelf Prospectus, Talon was able to issue common shares, debt securities, subscription receipts or warrants or any combination of such securities as units, in amounts, at prices, and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying prospectus supplement, for an aggregate offering amount of up to \$90 million during the period the Base Shelf Prospectus remained effective. Talon filed the Base Shelf Prospectus to give it flexibility to take advantage of financing opportunities as they may arise and as the Company deems appropriate, subject to market conditions and other relevant factors.

On February 17, 2023, the Company filed the 2023 Base Shelf Prospectus (defined below) and, at that time, withdrew the 2021 Base Shelf Prospectus (see also “*2023 Base Shelf Prospectus*” (below)). Prior to the withdrawal of the 2021 Base Shelf Prospectus, the Company had completed offerings for an aggregate of \$64.4 million pursuant to two prospectus supplements to the Company’s 2020 Base Shelf Prospectus (the January 2022 Prospectus Offering (defined below) and the November 2022 Prospectus Offering (defined below)).

### *At-the-Market Equity Program*

On December 16, 2021, the Company established an at-the-market equity program (the “**ATM Program**”) that allowed the Company to issue and sell up to \$25 million of common shares of the Company from treasury to the public from time to time, at the Company’s discretion. The ATM Program was established pursuant to a prospectus supplement to the Company’s 2021 Base Shelf Prospectus. The ATM Program terminated on December 31, 2022 and no sales of common shares were made pursuant to the ATM Program.

### *Tesla Supply Agreement*

On January 10, 2022, Talon Nickel and Tesla Inc. (“**Tesla**”) entered into an agreement with for the supply and purchase of nickel concentrate to be produced from the Tamarack Project (the “**Tesla Supply Agreement**”).

Pursuant to the terms of the Tesla Supply Agreement:

- Tesla has committed to purchase 75,000 metric tonnes (165 million lbs) of nickel in concentrate, representing a portion of the metals projected to be produced from the Tamarack Project. Tesla also has a preferential right under the Tesla Supply Agreement to negotiate the purchase of additional nickel concentrate over and above the initial 75,000 metric tonne commitment.
- The term is six (6) years or until a total of 75,000 metric tonnes (165 million lbs) of nickel in concentrate has been produced and delivered to Tesla. The Tesla Supply Agreement is conditional upon: (i) Talon earning a 60% interest in the Tamarack Project; (ii) Talon Nickel commencing commercial production at the Tamarack Project; and (iii) the parties completing negotiations and executing detailed supply terms and conditions. Talon Nickel will use commercially reasonable efforts to achieve commercial production on or before January 1, 2026 at the Tamarack Project, which may be extended by the agreement of the parties for up to 12 months following which Tesla has a right to terminate the agreement and Talon Nickel may elect to sell to other parties.
- Talon Nickel and Tesla will work together to optimize nickel concentrate grades and metal recoveries.
- The purchase price to be paid by Tesla for the nickel in concentrate will be linked to the London Metals Exchange (LME) official cash settlement price for nickel. The parties have also agreed to share in any additional economics derived from by-products extracted from the nickel concentrate, such as iron and cobalt.

#### *January 2022 Prospectus Offering and Concurrent Private Placement*

On January 31, 2022, the Company closed an offering of 38,200,000 common shares of the Company (the “**January 2022 Prospectus Offering**”) at a price of \$0.72 per common share for aggregate gross proceeds of \$27,504,000 pursuant to a prospectus supplement to the Company’s 2022 Base Shelf Prospectus. Concurrently with the closing of the January 2022 Prospectus Offering, the Company completed a non-brokered private placement with Pallinghurst Nickel International Ltd. (“**Pallinghurst**”) of 8,953,013 common shares of the Company at \$0.72 per common share for aggregate gross proceeds of \$6,446,169.36.

#### *Reduction of Triple Flag Royalty*

On February 15, 2022, Talon Nickel entered into an amended and restated royalty agreement (the “**Amended Royalty Agreement**”) with the Royalty Holder pursuant to which the Royalty Holder waived the Put Right and completed the early exercise of Talon Nickel’s right to reduce the Triple Flag Royalty on Talon Nickel’s interest in the Tamarack Project from 3.5% to 1.85% in exchange for the payment by Talon Nickel of US\$4.5 million to the Royalty Holder.

#### *Memorandum of Agreement with the Minnesota State Building and Construction Trades Council*

On March 7, 2022, Talon Nickel entered into a legally binding Memorandum of Agreement with the Minnesota State Building and Construction Trades Council (the “**Minnesota Building Trades**”) regarding work to be performed at the Tamarack Project. Under the Memorandum of Agreement, Talon Nickel and the Minnesota Building Trades agreed that the Tamarack Project will eventually require a substantial number of employees, and that it will be important to develop

a skilled local workforce to enhance the overall efficiency and benefit local communities. In this regard, the Talon Nickel and the Minnesota Building Trades agreed to work in conjunction with one another to furnish the Tamarack Project with such skilled and local employees. Under the Memorandum of Agreement, the parties agreed that all future phases and scopes of work in respect of the Tamarack Project (i.e., construction of the mine, ongoing construction while the mine is in production and post-closure of the mine) will require a project labour agreement (and other related agreements), which will be negotiated and entered into by the parties as soon as practicable.

#### *Acquisition of Michigan Exploration Rights*

On August 9, 2022, Talon entered into an option and earn-in agreement (the “**UPX Option Agreement**”) with UPX Minerals Inc. (a wholly-owned subsidiary of Sweetwater Royalties) (“**UPX**”) to acquire up to an 80% ownership interest in the mineral rights over a land package comprised of approximately 400,000 acres located in the Upper Peninsula of the State of Michigan (the “**Michigan UPX Properties**”). Pursuant to the terms of the UPX Option Agreement, Talon has agreed to a minimum spending obligation of US\$5 million in exploration expenditures or drilling of at least 7,500 meters, with any minimum spending deficiency payable to UPX. Talon has five years (until August 2027) to complete these minimum requirements. Talon will earn a 51% undivided interest in the Michigan Properties upon the completion of 25,000 meters of drilling (the “**Stage One Requirement**”). Talon will have five years (until August 2027) to complete the Stage One Requirement, which may be extended in certain circumstances.

Talon will then have the option to earn an additional 29% interest in the Michigan UPX Properties (resulting in an 80% ownership interest) upon delivering a feasibility study prepared in accordance with NI 43-101 over a portion of the Michigan UPX Properties (the “**Stage Two Requirement**”). In the event that Talon does not complete the Stage Two Requirement within eight-years (which may be extended in certain circumstances) of determining a “mineral resource” as specifically defined in the UPX Option Agreement at the Michigan UPX Properties, Talon’s interest in the Michigan UPX Properties will be reduced to 49%.

As partial consideration for entering into the UPX Option Agreement, Talon issued Kennecott 15,321,933 common shares of Talon at a deemed price of \$0.51 per share (based on the 5-day VWAP of the Talon shares on the TSX) in satisfaction of US\$6 million in payment obligations of UPX to KEX as a previous owner of the Michigan UPX Properties.

Upon Talon completing the Stage Two Requirement, UPX will be granted a 2% NSR royalty on the Michigan UPX Properties and have the right to participate in proportion to its participating 20% joint venture interest. In the event UPX does not participate in proportion to its participating 20% joint venture interest, its interest in the joint venture will be subject to dilution, and in the event UPX’s joint venture interest ultimately dilutes below 10%, UPX’s interest in the joint venture will be reduced to 0% and UPX will be entitled to an additional 1% NSR royalty on the Michigan UPX Properties.

In addition to the Michigan UPX properties, Talon has made application for additional properties and has obtained a right to explore certain other properties in Michigan that are not subject to the UPX Option Agreement (the “**Michigan Talon Properties**”). To the extent these additional properties are within an area of interest defined in the UPX Option Agreement, a royalty of 0.25% is payable to UPX.

### *North Dakota Battery Metals Processing Facility Selected for US Department of Energy Funding*

On October 19, 2022 Talon Nickel was selected as a recipient of the first set of projects funded by President Biden’s *Bipartisan Infrastructure Law*. The purpose of the *Bipartisan Infrastructure Law* is to expand domestic manufacturing of batteries for electric vehicles and the electrical grid, with a focus on domestic processing of materials and components currently imported from other countries. Responsible and sustainable domestic sourcing and processing of the critical materials used to make lithium-ion batteries will strengthen American supply chains, accelerate battery production to meet increased demand, and secure the nation’s economic competitiveness, energy independence, and national security.

Under its application for funding, Talon Nickel proposed an ore processing and tailings management facility (the “**Battery Minerals Processing Facility**”) located at an existing industrial brownfields site in Mercer County, North Dakota, receiving feedstock from the future underground Tamarack Nickel Project mine and other potential sources in North America. The acquisition of the preferred site in North Dakota is actively under negotiations. Removing the processing facilities from the Tamarack mine site in Minnesota significantly reduces land disturbance and the scope of environmental review and permitting. Both facilities will undergo the science based permitting process in both states that include an opportunity for public comment and government-to-government consultations with tribal sovereign governments.

On a cost-share basis and subject to final negotiations, the US Department of Energy has agreed to provide a \$114 million grant towards project construction and execution costs for the Battery Minerals Processing Facility.

### *November 2022 Prospectus Offering*

On November 16, 2022, the Company closed a bought deal public offering of common shares of the Company pursuant to a prospectus supplement to the 2021 Base Shelf Prospectus (the “**November 2022 Prospectus Offering**”). Pursuant to the November 2022 Prospectus Offering, the Company issued an aggregate of 75,231,237 common shares, including 8,831,237 common shares issued upon the partial exercise of the over-allotment option, at a price of \$0.49 per common share for aggregate gross proceeds of \$36,863,306.13.

### *2023 Base Shelf Prospectus*

On February 17, 2023, the Company filed a final short form base shelf prospectus (the “**2023 Base Shelf Prospectus**”) with the securities regulatory authorities in each of the provinces of Canada. Pursuant to the 2023 Base Shelf Prospectus, Talon may issue common shares, debt securities, subscription receipts or warrants or any combination of such securities as units, in amounts, at prices, and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying prospectus supplement, for an aggregate offering amount of up to \$150 million during the 25-month period that the 2023 Base Shelf Prospectus remains effective. Talon filed the 2023 Base Shelf Prospectus to give it flexibility to take advantage of financing opportunities as they may arise and as the Company deems appropriate, subject to market conditions and other relevant factors.



## DESCRIPTION OF THE BUSINESS

### General

Talon is a mineral exploration company focused on the exploration and development of the Tamarack Project in Minnesota, USA (which is comprised of the Tamarack North Project and the Tamarack South Project). The Company, through Talon Nickel, holds a 51% interest in the Tamarack Project.

As of the date hereof, the Company's only material property is the Tamarack North Project.

### Tamarack North Project

The Tamarack North Project is located adjacent to the town of Tamarack in north-central Minnesota approximately 100 km west of Duluth and 200 km north of Minneapolis, in Aitkin County.

The Tamarack Igneous Complex (“**TIC**”), which sits within the Tamarack North Project boundaries, is an ultramafic intrusion that is associated with the early evolution of the failed, Midcontinental Rift (dated at 1105ma +/- 1.2). This age is significantly older than the Duluth Complex Intrusions which consistently date at 1099ma and is consistent with other earlier intrusions of the Midcontinental Rift that are often characterised by more primitive melts.

The TIC has intruded into Thomson Formation siltstones and sandstones of the Animikie Group and is preserved beneath shallow Quaternary glacial sediments.

To date, exploration has included diamond drilling and sampling, as well as a range of geophysical surveys, including, airborne magnetic and electromagnetic (EM, MegaTEM and AeroTEM), ground magnetic and EM, magnetotelluric (MT), gravity, seismic, resistivity/induced polarization and downhole EM.

Details regarding the terms of Talon's interest in the Tamarack Project are set out under the heading “General Development of the Business” (above).

### *Mineral Resource Estimate*

On October 19, 2022, Talon released an updated mineral resource estimate prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Minerals Projects* (“**NI 43-101**”) (the “**Resource Estimate**”). In support of the Resource Estimate, on November 2, 2022, Talon released an independent technical report prepared in accordance with NI 43-101 in respect of the Tamarack North Project (the “**November 2022 Technical Report**”). The November 2022 Technical Report is entitled “November 2022 National Instrument 43-101 Technical Report of the Tamarack North Project – Tamarack, Minnesota” with an effective date of November 2, 2022.

The Resource Estimate has an effective date of October 10, 2022 and was prepared by independent “Qualified Persons” (as that term is defined in NI 43-101) Mr. Brian Thomas and Mr. Roger Jackson of WSP Golder (“**Golder**”) and is summarized below.

Domain	Classification	%Ni Cut-off	Tonnes (000)	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	Fe in Sulphides (%)	NiEq (%)
CGO East MMS/MSU	Indicated Resource	0.5	228	2.84	1.19	0.09	0.31	0.20	0.21	21	3.66
CGO East Disseminated	Indicated Resource	0.5	1,083	0.64	0.44	0.02	0.21	0.11	0.13	2	0.94
CGO West MMS/MSU	Indicated Resource	0.5	330	4.11	1.68	0.11	0.37	0.28	0.19	27	5.22
CGO West Disseminated	Indicated Resource	0.5	586	0.67	0.46	0.02	0.11	0.07	0.07	2	0.96
MSU	Indicated Resource	0.5	490	5.60	2.44	0.12	0.68	0.46	0.26	26	7.10
USMSU	Indicated Resource	0.5	3,338	1.24	0.74	0.03	0.20	0.12	0.12	5	1.70
LSMSU	Indicated Resource	0.5	2,506	1.94	1.05	0.05	0.57	0.34	0.26	8	2.68
<b>Total Indicated</b>	<b>Indicated Resource</b>	<b>0.5</b>	<b>8,564</b>	<b>1.73</b>	<b>0.92</b>	<b>0.05</b>	<b>0.34</b>	<b>0.21</b>	<b>0.17</b>	<b>8</b>	<b>2.34</b>
CGO East MMS/MSU	Inferred Resource	0.5	158	2.53	1.09	0.08	0.28	0.18	0.19	19	3.29
CGO East Disseminated	Inferred Resource	0.5	823	0.62	0.42	0.02	0.20	0.11	0.12	2	0.91
CGO West MMS/MSU	Inferred Resource	0.5	107	3.51	1.45	0.10	0.31	0.22	0.17	25	4.48
CGO West Disseminated	Inferred Resource	0.5	320	0.66	0.44	0.02	0.10	0.06	0.07	2	0.92
MSU	Inferred Resource	0.5	39	5.94	2.53	0.11	0.54	0.45	0.23	25	7.45
LSMSU	Inferred Resource	0.5	121	0.84	0.60	0.02	0.50	0.28	0.23	2	1.31
USMSU	Inferred Resource	0.5	2,932	0.67	0.41	0.02	0.25	0.14	0.12	2	0.96
138 - MZNO	Inferred Resource	0.5	3,957	0.82	0.63	0.02	0.21	0.12	0.14	2	1.21
<b>Total Inferred</b>	<b>Inferred Resource</b>	<b>0.5</b>	<b>8,461</b>	<b>0.83</b>	<b>0.55</b>	<b>0.02</b>	<b>0.23</b>	<b>0.13</b>	<b>0.13</b>	<b>3</b>	<b>1.19</b>

Mineral Resources are in situ and reported at a 0.50% Ni cut-off.

Tonnage estimates are rounded down to the nearest 1,000 tonnes.

Fe in Sulphides % is based on sulphur concentration associated with sulphide minerals and a calculation of stoichiometric Fe concentration in Pentlandite and Pyrrhotite.

Mining recovery and dilution factors have not been applied to the estimates.

NiEq grade based on metal prices in U.S. dollars of \$9.50/lb Ni, \$3.75/lb Cu, \$25.00/lb Co, \$1,000/oz Pt, \$1,000/oz Pd and \$1,400/oz Au using the following formula:  $NiEq\% = Ni\% + Cu\% \times \$3.75/\$9.50 + Co\% \times \$25.00/\$9.50 + Pt[g/t]/31.103 \times \$1,000/\$9.50/22.04 + Pd[g/t]/31.103 \times \$1,000/\$9.50/22.04 + Au[g/t]/31.103 \times \$1,400/\$9.50/22.04$ . Fe is not included in the NiEq calculation.

No adjustments were made for recovery or payability.

The Resource Estimate did not apply mining recovery factors, however, there would be no material change to the nickel-equivalent grades reported in the Resource Estimate if reasonable assumptions for those factors were applied.

Please refer to the November 2022 Technical Report for further information, including the QA/QC, analytical and testing procedures employed at the Tamarack North Project. The November 2022 Technical Report is available under Talon's SEDAR profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.talonmetals.com](http://www.talonmetals.com).

**The summary section from the November 2022 Technical Report is reproduced in its entirety at Exhibit I of this Annual Information Form and the detailed disclosure in the November 2022 Technical Report is incorporated by reference herein.**

Dr. Etienne Dinel, Vice President, Geology of Talon is a Qualified Person within the meaning of NI 43-101. Dr. Dinel has reviewed, approved and verified the technical information disclosed in this Annual Information Form (other than the information from the November 2022 Technical Report, including the Resource Estimate), including sampling, analytical and test data underlying the technical information.

The independent Qualified Persons who are responsible for the November 2022 Technical Report are Brian Thomas (P. Geo.) of Golder, Roger Jackson (P. Geo.) of Golder, Oliver Peters (P. Eng.) of Metpro Management Inc. and Christine Pint (P.G.) of Barr Engineering Co. They have reviewed, approved and verified the data disclosed in this Annual Information Form relating to the November 2022 Technical Report, including sampling, analytical and test data underlying the technical information in the November 2022 Technical Report. The independent Qualified Persons who are responsible for the Resource Estimate are Mr. Brian Thomas and Mr. Roger Jackson both of Golder. Messrs. Thomas and Jackson have reviewed, approved and verified the data disclosed in this Annual Information Form relating to the Resource Estimate including, sampling, analytical and test data underlying the Resource Estimate and has visited the site and reviewed and verified the QA/QC procedures used at the Tamarack North Project and found them to be consistent with industry standards.

### **Specialized Skill and Knowledge**

In order for the Company to perform its business effectively, the following specialized skills are required: qualified geoscientists, engineers, legal advisors and financial experts and experienced investor relations and marketing people. Talon employs personnel with many of these skills. In addition, it procures the services of consultants and contractors to complement the skills of its employees, wherever necessary.

### **Trends**

#### *Nickel*

Since 2018 to the end of 2022, nickel prices have traded in a range of approximately US\$5/lb to US\$22/lb, excluding the short squeeze on the London Metals Exchange in March 2022. During 2022, prices were primarily in a range of approximately US\$8.50/lb to US\$15.00/lb. The key driver of supply is unprocessed and processed laterite ore from countries such as Indonesia and the Philippines. Demand, meanwhile, is primarily driven by the production of stainless steel and usage of nickel in consumer and industrial applications. Over the medium-term, prices are forecast to rise due to supply deficits in general, but also due to the increasing demand from electric vehicle batteries which should become meaningful in the mid-2020's. A long-term trend impacting the nickel market has been the decreasing contribution of Class 1 nickel supply from nickel sulphide mines in favour of typically higher cost and more complex and more carbon-intensive nickel laterite mines. This trend is expected to continue, which should have the impact of increasing the marginal total cost of production, thereby supporting higher prices. See also "Risk Factors – COVID-19 Coronavirus Outbreak", "Risk Factors – Changes in the Price of

*Nickel*”, “Risk Factors – *Increased Availability of Alternative Nickel Sources or Substitution of Nickel from End Use Applications*” and “Risk Factors – *War in Ukraine*”.

## **Employees**

As at December 31, 2022, Talon and its subsidiaries employed 77 individuals. As at the date of this Annual Information Form, Talon and its subsidiaries employed 88 individuals. In addition, Talon engages contractors and consultants from time to time to work on specific matters/projects and for administrative, legal and other services as required. See also “Risk Factors – *Key Executives and Consultants*”.

## **Environmental Protection**

Talon’s exploration and, if applicable, development activities are subject to various laws and regulations regarding the protection of the environment. Talon has in place fulsome environmental controls and procedures.

New environmental laws and regulations, amendments to existing laws and regulations, or more stringent implementation of existing laws and regulations could have a material adverse effect on Talon, both financially and operationally, by potentially increasing capital and/or operating costs and delaying or preventing the development of the Tamarack Project. See also “Risk Factors – *Governmental Regulation; Environmental Risks and Hazards*”.

## **Competitive Conditions**

The mining industry is intensely competitive in all of its phases. Talon competes with a number of other entities for resources, including qualified people. As a result of this competition, some of which is with companies with greater financial resources than Talon, it may be unable to acquire the necessary qualified people. Talon also competes for funding with other public resource companies, many of whom have greater financial resources and/or more advanced properties and who are better able to attract equity investments and other capital.

Factors beyond the control of the Company may affect the marketability of minerals mined or discovered by the Company. See also “Risk Factors – *Competition*”.

## **COVID-19**

The COVID-19 pandemic had minimal effect on the Tamarack Project during 2022. During Q4 2022, the Tamarack Project experienced fewer positive test results amongst staff than in previous quarters in 2022, with mitigation efforts limited to home isolation, testing and mask usage.

The Company continues to monitor the latest guidelines and exposure information from the Centers for Disease Control (CDC). The Company’s healthcare provider in Minnesota has laboratory equipment to enable COVID-19 test results within an hour which continues to benefit the Company when potential cases are identified. See also “Risk Factors – *COVID-19 Coronavirus Outbreak*”.

## RISK FACTORS

Talon is subject to a number of risk factors due to the nature of the mineral business in which it is engaged, the limited extent of its assets and its stage of development. The following risk factors should be considered, among others.

The operations of the Company are speculative due to the high-risk nature of its business which is primarily focused on the acquisition, exploration and development of mineral projects. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The Company may face additional risks and uncertainties other than the factors listed below, including, risks and uncertainties that are unknown to the Company or risks and uncertainties that the Company now believes to be unimportant, which could have a material adverse effect on the business of the Company. If any of the following risks actually occur, the business, financial condition or results of operations of the Company could be negatively affected.

### *2018 Option Agreement*

Pursuant to the terms of the 2018 Option Agreement, Talon Nickel has the further right to acquire a 60% interest in the Tamarack Project, subject to the completion of certain conditions. In the event that Talon Nickel fails to meet the requirements to earn such interest in the Tamarack Project, in certain limited circumstances, Talon Nickel may revert to a minority interest in the Tamarack Project and cease to be the operator of the Tamarack Project. In such case, all future funding requirements for the Tamarack Project would be determined by Kennecott (in its capacity as operator), and any failure by Talon Nickel to fund its proportional share of such funding would result in dilution of its interest in the Tamarack Project.

In order for Talon Nickel to earn a 60% interest in accordance with the 2018 Option Agreement, the Company will be required to raise additional capital and there can be no assurance that the Company will be successful in raising such capital. If the Company is successful in raising capital, it could result in substantial dilution to existing shareholders of the Company.

### *Working Capital Requirements*

In order to meet future working capital requirements, the Company will need to raise additional capital. If the Company seeks to raise additional capital, it may not be available when needed, or if available, the terms of such capital might not be favourable to the Company. Global securities markets continue to experience volatility (and extreme volatility since the outbreak of COVID-19 and other world events, including the war in Ukraine, high inflation, increasing interest rates and fears of recession), which may result in difficulty raising equity capital and market forces may render it difficult or impossible for the Company to secure investors to purchase any new share issuances at prices which will not lead to severe dilution to existing shareholders, or at all. There can be no assurance that the Company will be successful in raising additional capital, when needed, to meet the Company's future working capital requirements. If the Company is not successful in doing so (or in doing so sufficiently), it may have a material adverse effect on the Company's business, financial condition and results of operations (including, in certain circumstances, the ability of the Company to continue to operate as a going concern).

### *Ability to Continue as a Going Concern*

The Company believes that it has or will have sufficient funds to meet its obligations and planned expenditures for the ensuing twelve months as they fall due. In assessing whether the going concern assumption contained in the Company's financial statements for the year ended December 31, 2022 is appropriate, the Company takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue future operations beyond December 31, 2023 may be dependent on the Company's ability to secure additional financing.

### *North Dakota Battery Minerals Processing Facility and US Government Funding*

On July 1, 2022, Talon Nickel submitted an application for US government funding under the United States *Bipartisan Infrastructure Law*. On October 19, 2022, Talon Nickel was selected as a recipient of the first set of projects funded by the United States *Bipartisan Infrastructure Law* (the "**Funding Award**"). The application proposed an ore processing and tailings management facility located at an existing industrial brownfields site in Mercer County, North Dakota, receiving feedstock from the Tamarack North Project and other potential sources in North America. The acquisition of the preferred site in North Dakota is actively under negotiations and the Company has not entered into any agreements in respect thereof. The Company may not be able to reach any such agreements on favourable terms or at all. If the Company is unable to reach any such agreements, subject to the approval of the Department of Energy in the United States, the Company will need to identify and acquire another site in North Dakota or elsewhere in order to meet its obligations under the Funding Award and the Tesla Supply Agreement. In addition, the Funding Award is subject to final negotiations with the Department of Energy. Any failure or delay in respect thereof may have a material adverse effect on the Company and its business and operations (including the market price of the common shares of the Company).

### *Governmental Regulation; Environmental Risks and Hazards*

The mineral exploration activities of the Company and Kennecott (in respect of the Tamarack Project) are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining, beneficiation and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its and Kennecott's (in respect of the Tamarack Project) exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted, including any limitation, or prohibition, on sulphide mining, or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of the Company's existing and/or new properties.

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates, including, as it relates to the Tamarack Project, the regulations applicable in Minnesota, USA. Environmental legislation is evolving in a manner that

will require stricter standards and enforcement, 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 is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Company holds interests that are unknown to the Company at present and that have been caused by previous or existing owners or operators of the properties.

In particular, existing and possible future environmental and social impact legislation, regulations and actions, including the regulation of air and water quality (including, changes to the regulations in Minnesota surrounding the protection of waters in which wild rice inhabits), mining reclamation, solid and hazardous waste handling and disposal, the promotion of occupational health and safety, the protection of wildlife and ecological systems and the protection of the societies and communities of indigenous peoples, could cause significant expense, capital expenditures, restrictions and delays in the Company's activities, the extent of which cannot be predicted and which may well be beyond its capacity to fund. Environmental and social impact studies may be required for some operations, and significant fines and clean-up responsibilities may be imposed for companies causing damage to the environment in the course of their activities.

In addition, the Company could incur substantial losses as a result of loss of life, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean-up responsibilities, regulatory investigation and penalties, suspension of operations and repairs to resume operations.

Government approvals and permits are currently, or may in the future be, required in connection with the Company's operations, including approvals that may be required for the Company to act as operator in respect of the Tamarack Project while the Tamarack Project exploration leases are in the name of Kennecott. To the extent such approvals are required and not obtained (or delayed), the Company may be curtailed or prohibited from proceeding with planned exploration or development of its properties, including the Tamarack Project.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining and beneficiation operations, including the Company, may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations, which may adversely affect the Company.

### *Exploration, Development and Operating Risks*

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Actual exploration, development and/or other costs and economic returns may differ significantly from those the Company has anticipated. It is impossible

to ensure that the exploration programs planned by Talon or Kennecott will result in a profitable commercial mining operation. Talon cannot give any assurance that its and Kennecott's (in respect of the Tamarack Project) current and future exploration activities and/or metallurgical testing will be consistent with the Company's expectations or result in any additional mineralization and/or a mineral deposit containing mineral reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; commodity prices that are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Talon not receiving an adequate return on invested capital.

Although Talon's present activities are directed towards the financing, exploration and development of mineral projects, its activities may also ultimately include mining operations. Mining and exploration operations generally involve a high degree of risk. Talon's operations (and Kennecott's as they may relate to the Tamarack Project) are subject to all the hazards and risks normally encountered in the exploration, development, production and beneficiation of nickel, copper and platinum, including unusual and unexpected geologic formations, seismic activity, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, mining and exploration operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequential liability.

The economic viability of mineral projects, including projects such as the Tamarack Project, may be affected, in part, by the ability of the operator to mine, beneficiate and, to the extent the Company has not already done so, enter into off-take agreements with potential end users. No assurance can be made that Talon (or, if applicable, Kennecott as it relates to the Tamarack Project) will be successful in entering into off-take agreements in respect of local and/or export sales or, if necessary, in accessing local smelting facilities.

#### *Community Relations and Non-Governmental Organizations*

The Company's relationships with the community in which it operates are critical to the success of the Company's operations and the exploration, construction and development of the Tamarack Project. At any given time, there may be ongoing and potentially increasing public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain non-governmental organizations ("NGOs"), some of which oppose resource development generally, are often vocal critics of the mining industry and its practices, including processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally, or Talon's operations specifically, could have an adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates. While Talon is committed to operating in a socially responsible and environmentally friendly manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.



### *Conditions Relating to the Tesla Supply Agreement*

The Tesla Supply Agreement is conditional upon: (i) Talon earning a 60% interest in the Tamarack North Project; (ii) Talon commencing commercial production at the Tamarack North Project; and (iii) the parties completing negotiations and executing detailed supply terms and conditions. Additionally, Talon will use commercially reasonable efforts to achieve commercial production on or before January 1, 2026 at the Tamarack North Project, which may be extended by the agreement of the parties for up to 12 months following which Tesla has a right to terminate the agreement and Talon may elect to sell to other parties. There is no assurance that any such conditions will be met or that Talon will achieve commercial production at the Tamarack North Project. If such conditions are not met or if the Tesla Supply Agreement is terminated in accordance with its terms, it may have a material adverse effect on the Company and its business and operations (including the market price of the common shares of the Company).

### *Recent and Future Global Financial Developments*

Global financial markets have experienced increased volatility in the last several years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities in 2022 and early 2023. This, in turn, has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the companies who borrow from them. While central banks as well as global governments have worked to restore much needed liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world. No assurance can be given that efforts to respond to the crisis will continue or that, if continued, they will be successful or these economies will not be adversely affected by the inflationary pressures resulting from such efforts or central banks' efforts to slow inflation. Further, continued market concerns about the European sovereign debt crisis, developments in the Middle East, the Ukraine and North Korea, matters related to the United Kingdom's withdrawal from the EU, matters related to the U.S. government debt limits and the impact of the coronavirus outbreak (COVID-19), may adversely impact global equity markets. Some of these economies have experienced significantly diminished growth and some are experiencing or have experienced a recession. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Company and the value of its shares.

### *Market Price of Common Shares; Impact of Volatility; Litigation resulting from Volatility*

Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. In the past several years and more recently with the outbreak of COVID-19, the war in Ukraine and an overall economic downturn, worldwide securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

The price of Talon's common shares may also be affected by short-term changes in nickel or other relevant mineral prices or in its financial condition or results of operations. Other factors

unrelated to the Company's performance that may have an effect on the price of Talon's common shares include the following: COVID-19, the war in Ukraine, the economy, the fact that RCF and Pallinghurst Nickel International Ltd. own or may sell a large number of common shares of the Company; the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of Talon's common shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of Talon's common shares that persists for a significant period of time could cause the Company's securities to be delisted, further reducing market liquidity.

As a result of any of these factors, the market price of Talon's common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

#### *Increased Availability of Alternative Nickel Sources or Substitution of Nickel from End Use Applications*

Demand for primary nickel may be negatively affected by the direct substitution of primary nickel with other materials in current and future applications. In response to high nickel prices or other factors, producers of batteries may shift from batteries with high nickel content to batteries with either lower nickel content or no nickel content. In addition, in response to high nickel prices or other factors, producers and consumers of stainless steel may partially shift from stainless steel with high nickel content to stainless steels with either lower nickel content or no nickel content. One or both of these shifts may adversely affect demand for nickel.

#### *Changes in the Price of Nickel*

The ability to develop the Tamarack Project is directly related to the market price of nickel. Nickel is sold in an active global market and traded on commodity exchanges, such as the LME and the New York Mercantile Exchange. Nickel prices are subject to significant fluctuations (as was seen in March 2022 when the price of nickel spiked and the LME ceased trading of Nickel for a period of time as a consequence of the war in Ukraine) and are affected by many factors, including actual and expected macroeconomic and political conditions, levels of supply and demand, the availability and costs of substitutes, input costs, foreign exchange rates, inventory levels, investments by commodity funds and other actions of participants in the commodity markets. Nickel prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of the Tamarack Project cannot be accurately predicted and may be adversely affected by fluctuations in nickel prices.

#### *COVID-19 Coronavirus Outbreak*

The current and ongoing global uncertainty with respect to the spread of COVID-19, the rapidly evolving nature of the pandemic and local and international developments related thereto and its effect on the broader global economy and capital markets may have a negative effect on

the Company and the advancement of the Tamarack Project. While the ultimate impact of the COVID-19 outbreak on the Company remains unknown, rapid spread of COVID-19 and declaration of the outbreak as a global pandemic has resulted in and may in the future result in travel advisories and restrictions, certain restrictions on business operations, social distancing precautions and restrictions on group gatherings which are having and may have direct impacts on businesses in the United States, Canada and around the world and could result in travel bans, closure of assay labs or delays in obtaining results from assay labs, work delays, restrictions on or shutting down of drilling operations, difficulties for contractors and employees getting to site, restrictions related to other mining related business and operations and the diversion of management attention all of which in turn could have a negative impact on development of the Tamarack Project and the Company generally. The spread of COVID-19 may also have a material adverse effect on global economic activity and could result in volatility and disruption to global supply chains and the financial and capital markets, which could affect the business, financial condition, results of operations, prospects and other factors relevant to the Company, including its ability to raise additional financing. There can be no assurance that COVID-19 or any other public health crises will not have a material adverse effect on the Company and its business and operations.

#### *War in Ukraine*

The military conflict in Ukraine has led to heightened volatility in the global markets, increased inflation, and turbulence in commodities markets, including nickel. More recently, in response to Russian military actions in Ukraine, several countries (including Canada, the United States and certain allies) have imposed economic sanctions and export control measures, and may impose additional sanctions or export control measures in the future, which have and could in the future result in, among other things, severe or complete restrictions on exports and other commerce and business dealings involving Russia, certain regions of Ukraine, and/or particular entities and individuals. While the Company does not have any direct exposure or connection to Russia or Ukraine, as the military conflict is a rapidly developing situation, it is uncertain as to how such events and any related economic sanctions will continue to impact the global economy and commodities markets. Any negative developments in respect thereof could have a material adverse effect on the Company's business, operations or financial condition.

#### *Litigation*

The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely against the Company or may delay the Company from proceeding with the Tamarack Project in a timely manner. Specifically, current litigation proceedings in Brazil, even in cases which the Company's legal counsel believes have a possible chance of success by the counterparty, may be determined, in whole or in part, against the Company. One or more of such determinations against the Company may adversely affect the Company's financial condition and may have a material adverse impact on the ability of the Company to carry on operations.

#### *Uncertainty Relating to Inferred and Indicated Mineral Resources*

There is a risk that the inferred and indicated mineral resources currently reported for the Tamarack Project cannot be converted into mineral reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty that may

attach to inferred and indicated mineral resources, there is no assurance that inferred and indicated mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration.

#### *Key Executives and Consultants*

The Company is dependent on the services of key executives, including the directors of the Company and a small number of highly skilled and experienced employees and consultants. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations.

#### *Exchange Rate Fluctuations*

Certain of the Company's financing activities are completed in Canadian dollars while the majority of the Company's non-working capital costs are in United States dollars and any payments made under the 2018 Option Agreement and the Royalty Agreement will be made in United States dollars. As such, the Company is exposed to movements in the United States dollar.

A depreciation of the Canadian dollar against the United States dollar may negatively affect the Company's current or future cash balance and may require the Company to raise additional capital to offset additional costs caused by exchange rate fluctuations. In addition, a depreciation of the Canadian dollar against the United States dollar may require the Company to raise more money than it otherwise would have been required to do. The Company may not be able to complete such a larger financing which may result in the Company not being able to meet its obligations in respect of the Tamarack Project. Such a failure may have a material adverse impact on the Company, including potential dilution of its interest in the Tamarack Project and its ability to continue operating.

#### *Land Title*

With respect to the Tamarack Project, the mineral and surface interests are held in Kennecott's name through various Minnesota state leases, private agreements and fee ownership. Maintenance of all of such rights are subject to ongoing compliance with the terms of such licenses, agreements and contracts. While the Company intends to take all reasonable steps to maintain title to its mineral properties, there can be no assurance that it will be successful in extending or renewing mineral rights on or prior to the expiration of their term. The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties (including, the Tamarack Project), there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims (including, native land claims) and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

### *Insurance and Uninsured Risks*

Talon's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties (including, the Tamarack Project) or the properties of others, delays in mining, monetary losses and possible legal liability.

Although Talon maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with the Company's operations. Talon may also be unable to obtain or maintain insurance to cover risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Talon or to other companies in the mining industry on acceptable terms. Talon might also become subject to liability for pollution or other hazards that may not be insured against or that Talon may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Talon to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### *Political, Judicial, Administrative, Taxation or Other Regulatory Factors*

Talon may be adversely affected by changes in political, judicial, administrative, taxation or other regulatory factors in the areas in which Talon operates and/or holds interests. Such changes could have a material adverse effect on the Company's business, financial condition and results of operations and cause increases in exploration expenses, capital expenditures or production costs, or abandonment or delays in development of the Company's existing and/or new properties, including impacting decisions to continue with the funding of the Tamarack Project.

### *Possible Conflicts of Interest*

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard.

### *Triple Flag Royalty Financing*

Pursuant to the Royalty Agreement, Talon and its related entities have provided security to the Royalty Holder to support the payment and performance obligations related to the royalty and the guarantees. In the event Talon Nickel fails to meet such obligations, the Royalty Holder has the right to exercise its security and may, among other things, acquire Talon Nickel's entire interest in the Tamarack Project.

The Royalty Agreement contains restrictive covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Company to amend the 2018 Option Agreement, cease to be the operator of the Tamarack Project, sell or dispose of Talon Nickel's interest in the Tamarack Project, incur additional indebtedness, to create liens or other encumbrances, to sell or otherwise dispose of assets and merge or consolidate with another entity. A failure to comply with these obligations could result in an event of default (as defined under the Royalty Agreement) which, if not waived, could permit the Royalty Holder to exercise its security and, among other things, acquire Talon Nickel's entire interest in the Tamarack Project.

Pursuant to the Royalty Agreement, Talon Nickel is required to make payment to the Royalty Holder based on an assumed ownership percentage in the Tamarack Project of 51% or 60%, depending on the particular circumstances. In the event that Talon Nickel dilutes below the assumed ownership percentage, it will nevertheless still be required to make payment to the Royalty Holder at the assumed ownership percentage. Given this unique payment structure under the Royalty Agreement, there is a risk that the Company may not have enough money to make the required payments to the Royalty Holder. In such circumstance, the failure by Talon Nickel to make adequate payment to the Royalty Holder would constitute an event of default under the Royalty Agreement, thereby entitling the Royalty Holder to exercise its security and, among other things, acquire Talon Nickel's entire interest in the Tamarack Project.

#### *Foreign Operations*

The Company's operations are currently conducted primarily in the United States. The Company's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation of funds; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in natural resource or investment policies or shifts in political attitude in the United States may adversely affect the Company's operations, or investments or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's business, financial condition and/or results of operations.

### *Infrastructure*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

### *Competition*

The mining industry is intensely competitive in all of its phases and the Company competes with many companies possessing greater financial and technical resources than it. Competition in the mining industry is primarily for properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

### *Foreign Subsidiaries and Repatriation of Funds*

The Company is a foreign corporation and conducts operations through foreign subsidiaries, and a substantial portion of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist in the future, could have an adverse impact upon the Company's valuation.

### *Dividend Policy*

No dividends on Talon's common shares have been paid by the Company to date. The Company anticipates that it will retain all future earnings and other cash resources for the future operation and development of its business. The Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

## DIVIDENDS

There are no restrictions in Talon’s memorandum or articles of association that would restrict or prevent the Company from paying dividends. It is not contemplated that any cash dividends will be paid on any of Talon’s common shares in the immediate future, as it is anticipated that all available funds will be reinvested to finance the growth of the business. Any decision to pay dividends on common shares in the future will be made by board of directors of the Company on the basis of earnings, financial requirements and other conditions existing at such time.

## DESCRIPTION OF CAPITAL STRUCTURE

Talon is authorized to issue one class and one series of shares divided into 100,000,000,000 common shares of no par value. As at December 31, 2022, the Company had 850,841,418 common shares issued and outstanding, each carrying the right to one vote.

The common shares were listed for trading on the TSX on April 13, 2005.

In addition, as at December 31, 2022, the Company has authorized for issuance 118,448,007 stock options pursuant to its incentive stock option plan each stock option entitling the holder to purchase one common share.

Talon shareholders reconfirmed the continuation of an amended and restated shareholder rights plan between the Company and Computershare Investor Services Inc., as rights agent (the “**Rights Plan**”) at an Annual and Special Meeting held on June 25, 2020. The Rights Plan aims to ensure that all shareholders are treated equally and fairly in the event of a transaction that could lead to a change in control of the Company. The Rights Plan also gives the board of directors more time to assess any unsolicited bid that may be made for Talon in the future and to explore and develop alternatives for maximizing shareholder value. Talon has not received an unsolicited bid and is not soliciting bids.

A copy of the Rights Plan has been filed on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).



## MARKET FOR SECURITIES

### Trading Price and Volume

Talon's common shares are listed and posted for trading on the TSX under the symbol "TLO". The following table sets forth information relating to the trading of the common shares on the TSX for the periods indicated.

<b>Period</b>	<b>Low</b>	<b>High</b>	<b>Volume</b>
December 2022	\$0.44	\$0.50	9,581,600
November 2022	\$0.42	\$0.55	15,120,600
October 2022	\$0.49	\$0.59	12,245,000
September 2022	\$0.47	\$0.52	7,152,900
August 2022	\$0.49	\$0.64	13,175,400
July 2022	\$0.39	\$0.57	12,036,700
June 2022	\$0.48	\$0.59	10,511,000
May 2022	\$0.53	\$0.70	20,937,500
April 2022	\$0.66	\$0.83	20,680,000
March 2022	\$0.69	\$0.85	36,105,000
February 2022	\$0.60	\$0.69	20,745,500
January 2022	\$0.60	\$0.80	36,842,800

## DIRECTORS AND OFFICERS

The following table sets forth, as of December 31, 2022, the name, province or state and country of residence of each director and executive officer of Talon, as well as such individual's position with Talon, principal occupation within the five preceding years and period of service as a director (if applicable). Each director will hold office until the next annual meeting of shareholders of Talon and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal.

NAME, RESIDENCE AND CURRENT POSITION(S) WITH TALON	PRINCIPAL OCCUPATION DURING THE PAST FIVE YEARS	DIRECTOR SINCE
Warren E. Newfield Nassau, Bahamas  Executive Chairman and Director	Executive Chairman of Talon, October 2013 to present; Chairman and Chief Executive Officer (“CEO”) of Tau Capital Corp. (“Tau”) (mining and real estate investment and administrative and advisory services company), November 2007 to present; Ambassador-at-Large for Trade and Investment and Consul General of Grenada in Miami, May 2015 to May 2021.	April 5, 2005
Gregory S. Kinross <sup>(1)(2)(3)</sup> Gauteng, South Africa  Director	Non-Executive Chairman of Arrowhead Properties Limited (formerly Gemgrow Properties Limited) (real estate investment trust), September 2021 to January 2022; Non-Executive Director of Arrowhead Properties Limited, December 2016 to August 2021; CEO of Innovo Capital (Pty) Ltd (private equity and investment banking), January 2014 to present; Partner of Evolve Capital Partners (private equity and investment banking), March 2019 to present; Director of Genesis Innovo Capital (Pty) Ltd. (private equity and investment banking), January 2015 to January 2019; Non-Executive Director of Indluplace Properties Limited (real estate investment trust), December 2014 to September 2019.	April 5, 2005
John D. Kaplan <sup>(1)(3)(4)</sup> Ontario, Canada  Director	President of Runnymede Investment Inc. (land development/builder), 1999 to present; Chairman of Terra Firma Capital Corp. (real estate finance), October 2013 to February 2020.	June 24, 2013
Henri van Rooyen Ontario, Canada  Chief Executive Officer and Director	CEO of Talon, February 2012 to present; Chief Operating Officer of Tau (mining and real estate investment and administrative and advisory services company), November 2007 to April 2022.	June 29, 2012
David E. Singer <sup>(1)(3)</sup> Efrat, Israel  Director	Managing Director of David Singer Ltd. (business consulting and services), March 2011 to present; Consultant to Macro Consultants LLC (project management), October 2004 to June 2020.	June 27, 2014
David L. Deisley Utah, USA  Director	Executive Vice President and General Counsel of NOVAGOLD Resources Inc. (mining), November 2012 to December 2018.	April 12, 2016
Arne H. Frandsen England, United Kingdom  Director	Co-Managing Partner and Co-Chief Executive of The Pallinghurst Group (investment fund), 2006 to present.	November 5, 2021

NAME, RESIDENCE AND CURRENT POSITION(S) WITH TALON	PRINCIPAL OCCUPATION DURING THE PAST FIVE YEARS	DIRECTOR SINCE
Frank D. Wheatley British Columbia, Canada  Director	CEO of Wheatley Advisors Inc. (governance and ESG advisory), September 2020 to present; Director of Endeavour Mining plc (mining), February 2021 to May 2021; Director of Teranga Gold Corporation (mining), October 2009 to February 2021; CEO of Karnalyte Resources Inc. (mining), February 2018 to September 2019.	November 9, 2021
Sean N. Werger Ontario, Canada  President	President of Talon, March 2012 to present; General Counsel and Managing Director of Mergers & Acquisitions, Tau (mining and real estate investment and administrative and advisory services company), September 2006 to April 2022.	Not applicable
Vincent G. Conte Ontario, Canada  Chief Financial Officer	Chief Financial Officer of Talon, June 2012 to present; Vice President, Financial Evaluation of Tau (mining and real estate investment and administrative and advisory services company), January 2011 to April 2022.	Not applicable
Etienne Dinel Ontario, Canada  Vice President, Geology	Vice President, Geology of Talon, March 2012 to present; Senior Geologist of Tau (mining and real estate investment and administrative and advisory services company), August 2010 to April 2022.	Not applicable
Mike Kicis Alberta, Canada  Chief Legal Officer and Corporate Secretary	Chief Legal Officer of Talon, February 2022 to present; Corporate Secretary of Talon, June 2012 to present; Vice President, Corporate Development & Legal Affairs of Talon, January 2013 to February 2022; Vice President, Corporate Development & Legal Affairs of Tau (mining and real estate investment and administrative and advisory services company), November 2010 to April 2022.	Not applicable
Todd Malan Washington, D.C., USA  Chief External Affairs Officer and Head of Climate Strategy	Chief External Affairs Officer and Head of Climate Strategy of Talon, September 2021 to present; Vice President, Corporate Relations of Rio Tinto (mining), February 2013 to August 2021.	Not applicable
Brian Goldner Minnesota, USA  Chief Exploration and Operations Officer	Chief Exploration and Operations Officer of Talon, January 2022 to present; Vice President, Exploration of Talon, April 2021 to December 2021; Principal Geologist of Rio Tinto (mining), May 2008 to March 2021.	Not applicable
Mark Groulx Arizona, USA  Vice President, Project Development and Innovation	Vice President, Project Development and Innovation of Talon, July 2022 to present; Vice President, Mine Engineering of Talon, February 2020 to July 2022; Manager, Mine Engineering of Rio Tinto (mining), January 2017 to April 2019.	Not applicable
Kyle Mehalek Alaska, USA  Chief Technical Officer	Chief Technical Officer of Talon, July 2022 to present; Chief Mining Engineer of Talon, April 2021 to July 2022; Chief Mining Engineer of Hecla Greens Creek Mining Company (“ <b>Hecla</b> ”) (mining); April 2019 to April 2021; Senior Mine Planning Engineer of Hecla, November 2018 to April 2019; Long-Term Planning Engineer of Hecla, May 2017 to November 2018.	Not applicable
Christopher Wallace Minnesota, USA  Vice President, Environmental and Permitting	Vice President, Environmental and Permitting of Talon, February 2021 to present; Environmental Permitting and Compliance Coordinator of Hecla, January 2020 to January 2022; Environmental Manager of Hecla, April 2013 to December 2019.	Not applicable

Notes:

- (1) Member of the Audit Committee.
- (2) Chairman of the Audit Committee.
- (3) Member of the Corporate Governance and Compensation Committee.
- (4) Chairman of the Corporate Governance and Compensation Committee.

As at December 31, 2022, the directors and executive officers of Talon as a group beneficially owned, directly and indirectly, or exercised control or direction over 30,481,146 common shares, representing approximately 3.6% of the 850,841,418 issued and outstanding common shares at December 31, 2022.

### **Corporate Cease Trade Orders or Bankruptcies**

Other than as set out below, to the best of the Company's knowledge, no director or executive officer of the Company, is, or within the ten years prior to the date hereof, has been a director, chief executive officer or chief financial officer of any company that was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemptions under securities legislation for a period of more than 30 consecutive days:

- (i) that was issued while such director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of the company being the subject of such order; or
- (ii) that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of the company being the subject of such order and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of the subject company.

Other than as set out below, to the best of the Company's knowledge, no director or executive officer of Talon, or a shareholder holding a sufficient securities number of Talon to affect materially the control of Talon is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including Talon) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings or arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

In November 2015, Mr. Gregory Kinross, a director of the Company, was appointed to the board of directors of Pefaco International plc, a Maltese public company ("**Pefaco**") listed on the Malta Stock Exchange. Mr. Kinross was appointed as a director nominee for a group of investors (collectively, the "**Consortium**"), the Consortium being minority shareholders of Pefaco, through their nominee, Calamatta Cuschieri Investment Services Limited C-13729 ("**Calamatta**").

Shortly following Mr. Kinross' appointment to the board of Pefaco, Mr. Kinross and the other non-executive directors on the board identified a number of serious shortcomings in the operations of Pefaco which they felt were prejudicial to the shareholders and Pefaco. These concerns included (i) not providing the non-executive directors with adequate corporate information, (ii) not providing the auditors with important information, (iii) non-payment to certain creditors, and (iv) obstruction in holding proper directors' meetings.

In observing their duties as directors, Mr. Kinross and the other non-executive directors flagged these issues directly (as a whistle-blower) with Calamatta as nominee shareholder and other key shareholders who in turn launched an action against Pefaco under the Companies Act in Malta. In the action against Pefaco, Mr. Kinross was a key witness against Pefaco which was instrumental in the judgment against Pefaco.

The ultimate effect of the adverse judgment against Pefaco was that Pefaco was delisted from the Malta Stock Exchange and thereafter was subject to a liquidation proceeding.

### **Penalties or Sanctions**

To the best of the Company's knowledge, no director or executive officer of Talon, and no shareholder holding a sufficient number of securities of Talon to affect materially the control of Talon, nor any personal holding company of any such person, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

### **Personal Bankruptcies**

To the best of the Company's knowledge, no director or executive officer of Talon, and no shareholder holding sufficient securities of Talon to affect materially the control of Talon, nor any personal holding company of any such person, has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

### **Conflicts of Interest**

The directors of Talon are required to act honestly and in good faith with a view to the best interests of Talon and to disclose any interests that they may have in any project or opportunity of Talon. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

Except as set out below, to the best of Talon's knowledge, there are no known existing or potential conflicts of interest among Talon, its directors, officers or other members of management of Talon as a result of their outside business interests at the date hereof.

Certain of the directors and officers and other members of management serve as directors, officers and members of management of other resource companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of Talon. Specifically, Mr. Arne Frandsen is a director of Talon and

also a director and the holder of a beneficial interest in Pallinghurst which owns an approximate 17% interest in Talon.

From time to time, the board of directors of Talon may determine not to continue pursuing a transaction involving a company and/or mineral property. With the consent of the board of directors of Talon (including, a determination of the terms for such consent), private companies affiliated with directors, officers and/or other members of management of Talon may thereafter complete a transaction involving such company or mineral property.

The directors and officers of Talon have been advised of their obligations to act at all times in good faith in the interest of Talon and to disclose any conflicts to Talon if and when they arise.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

To the knowledge of the directors and officers of Talon, other than as disclosed below, there are no legal proceedings material to Talon, to which Talon or its subsidiaries, are or were a party to, or of which any of their respective property is or was the subject matter of, during the financial year ended December 31, 2022, nor are any such proceedings known to be contemplated.

#### *Civil Lawsuit– 3rd Civil Court in Santarém – Para State, Brazil*

Filing Date:	October 2, 2013
Plaintiff:	Lidia Siebra de Oliveira
Defendant:	Talon Ferrous Mineracao Ltda. (a prior subsidiary of the Company which the Company continues to maintain the legal liability for this claim)
Claim:	Plaintiff alleges the termination of an assignment of mineral rights agreement executed by the parties was invalid and is asking the court to confirm this assertion. The plaintiff claims that such agreement is still valid and all installments owing to the plaintiff by Talon Ferrous under the agreement should be paid by Talon Ferrous. Talon Ferrous is contesting this claim.
Amount of Claim:	R\$3,406,271 (approximately C\$875,000) (Amount updated to December 31, 2022)
Status:	On July 19, 2019 the judge gave his decision partly against Talon Ferrous, determining that Talon Ferrous complies with the terms of the agreement (i.e. applies for certain mineral exploration licenses on behalf of the plaintiff). The judge made it clear that Talon Ferrous would not be required to guarantee the results of the application for mineral exploration licenses. All of the other requests made by the plaintiff were denied. On November 19, 2019 Talon Ferrous filed an appeal. The plaintiff also filed an appeal on November 20, 2019. On May 05, 2020, the appeals were sent to the State Court of Appeals. On November 13, 2020, the Reporting Justice rendered a decision sending both appeals to a Chamber of Public Law, due to

the matter involved (i.e., discussion of mineral rights). Before the decision was published, on the same date, the case was sent to the 2° Chamber of Public Law. On November 24, 2020, the Reporting Justice issued a decision, determining the appeals be sent to the Federal Court of Appeals, given that the controversy would allegedly involve rights of the Union. The decision was published on November 26, 2020. On December 17, 2020, Talon filed internal appeals against both the decisions regarding the jurisdiction of the case in order to get the Court of Appeals to rule on the matter. Talon has emphasized that the dispute involves a contractual matter and the Union is not a party to the lawsuit – thus, the Federal Court would not have jurisdiction over the matter. On January 22, 2021, a notification was sent to the plaintiff to present its counterarguments to Talon’s internal appeals. The plaintiff did not file counterarguments to the internal appeals. Talon is awaiting a decision on the internal appeals.

Likelihood of Loss: Legal counsel to Talon Ferrous believes the likelihood of loss is possible.

To the knowledge of the directors and officers of Talon, no penalties or sanctions have been imposed against Talon or its subsidiaries by a court relating to securities legislation or by a regulatory authority during the financial year ended December 31, 2022, no penalties or sanctions have been imposed against Talon by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision in respect of Talon, and no settlement agreements have been entered into by Talon before a court relating to securities legislation or with a securities regulatory authority during Talon’s financial year.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed herein, to the best of the Company’s knowledge, no director or executive officer of Talon, nor any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of Talon’s outstanding voting securities, nor any associate or affiliate of the foregoing have had a material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year, which has materially affected or is reasonably expected to materially affect Talon. See also “*General Development of the Business – Three Year History - January 2022 Prospectus Offering and Concurrent Private Placement*”.

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar of Talon is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

## **MATERIAL CONTRACTS**

The only material contracts entered into by the Company during its most recently completed financial year or entered into prior to the most recently completed financial year, but after January 1, 2002, and that are still in effect, other than in the ordinary course of business, are as follows:

- the Mining Venture Agreement (see “General Development of the Business – Three Year History – *Tamarack Joint Venture*”);
- the 2018 Option Agreement (see “General Development of the Business – Three Year History – *2018 Tamarack Option Agreement*”); and
- the Amended Royalty Agreement (see “General Development of the Business – Three Year History – *Triple Flag Royalty Financing*”).

## **INTERESTS OF EXPERTS**

To the best of the Company’s knowledge, Brian Thomas of Golder, Roger Jackson of Golder, and Christine Pint (P.G.) of Barr Engineering Co, the qualified persons under whose supervision the November 2022 Technical Report was prepared (and Brian Thomas/Roger Jackson in respect of the Resource Estimate), do not own, or hold any beneficial interest, direct or indirect in, any securities or property of Talon or of its associates or affiliates. Oliver Peters of Metpro Management Inc, does not have a material interest in any securities or property of Talon or of its associates or affiliates.



## AUDIT COMMITTEE INFORMATION

### *Audit Committee Charter*

The text of the charter of the audit committee of the Company's board of directors is attached hereto as Exhibit II.

### *Composition of the Audit Committee*

The following table provides information relating to each member of the audit committee, including his name, a description of whether he is (i) independent of Talon, and (ii) financially literate, and a summary of his relevant education and experience.

Name	Independent of Talon	Financially Literate	Relevant Education and Experience
Gregory S. Kinross	Yes	Yes	Chartered Accountant designation (South Africa). Extensive public and private company management experience, including: Non-Executive Chairman of Arrowhead Properties Limited (formerly Gemgrow Properties Limited) (real estate investment trust), September 2021 to January 2022; Non-Executive Director of Arrowhead Properties Limited, December 2016 to August 2021; CEO of Innovo Capital (Pty) Ltd (private equity and investment banking), January 2014 to present; Partner of Evolve Capital Partners (private equity and investment banking), March 2019 to present; Director of Genesis Innovo Capital (Pty) Ltd. (private equity and investment banking), January 2015 to January 2019; Non-Executive Director of Indluplace Properties Limited (real estate investment trust), December 2014 to September 2019; President & CEO of Tau, November 2007 to December 2013; President of CIC Energy, November 2007 to October 2012; President & CEO of CIC Energy Corp., 2006 to November 2007.
John D. Kaplan	Yes	Yes	Director and senior officer of Runnymede Investment Inc. (" <b>Runnymede</b> "), a diversified real estate company with more than ten active residential development projects representing some 5000 units. Responsible for directing and overseeing the annual audit of Runnymede for more than 15 years. In addition, past Chairman of Terra Firma Capital Corp. (a TSXV listed real estate finance company), October 2013 to February 2020.
David E. Singer	Yes	Yes	Has a J.D. and B.A. (Economics) from university. Over 30 years of business/legal experience representing and advising companies, many of them publicly listed. Has held positions within companies as CEO and COO, requiring extensive financial literacy.

### *Audit Committee Oversight*

During the financial year ended December 31, 2022, all recommendations of the audit committee to nominate or compensate an external auditor were adopted by the board of directors.

### *Pre-Approval Policies and Procedures*

It is the responsibility of the audit committee to pre-approve all non-audit services to be provided to Talon by its external auditors. This is mandated in the Audit Committee Charter.

### *External Auditor Service Fees*

The following table summarizes the total fees billed by MNP LLP, Talon's auditor, during the years ended December 31, 2022 and December 31, 2021.

<b>CATEGORY</b>	<b>2022</b>	<b>2021</b>
Audit Fees	\$90,950	\$58,850
Audit Related Fees	\$55,640 <sup>(1)</sup>	\$34,240 <sup>(1)</sup>
Tax Fees	\$26,449	\$23,647
All Other Fees	\$46,010 <sup>(2)</sup>	\$27,820 <sup>(2)</sup>

<sup>(1)</sup> Review of the Company's quarterly financial statements and accounting assistance related to quarterly and year-end financial statements.

<sup>(2)</sup> Work related to financings.

### **ADDITIONAL INFORMATION**

Additional information concerning the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional financial information is contained in the Company's audited financial statements and management's discussion and analysis for the year ended December 31, 2022.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors.

## EXHIBIT I

### Executive Summary Section from the November 2022 Technical Report

*The summary in this Exhibit I does not purport to be a complete summary of the Tamarack North Project and is subject to all of the assumptions, qualifications and procedures set out in the November 2022 Technical Report and is qualified in its entirety with reference to the full text of the November 2022 Technical Report, which is incorporated by reference herein. Readers should read the summary in this Exhibit I in conjunction with the November 2022 Technical Report which is available electronically under the profile of the Company at [www.sedar.com](http://www.sedar.com). Capitalized terms used herein and not otherwise defined shall carry the meanings of such terms in the AIF.*

#### Introduction

The Company retained Golder Associates Ltd. (“**Golder**”), a member of WSP, as well as Metpro Management Inc. (“**Metpro**”) and Barr Engineering Co. (“**Barr**”) to prepare an update to the Mineral Resource Estimate (“**MRE**”) and a technical report prepared in accordance with NI 43-101 for the Tamarack North Project, being the November 2022 Technical Report. The purpose of the November 2022 Technical Report is to support the disclosure of a material change to the MRE based on drilling completed since the technical report entitled “NI 43-101 Technical Report Updated Preliminary Economic Assessment (PEA) #3 of the Tamarack North Project – Tamarack, Minnesota” with an effective date of January 8, 2021 (“**PEA #3**”). As a result of the supply agreement entered into between Talon and Tesla on January 10, 2022 (“**Tesla Supply Agreement**”), the November 2022 Technical Report also introduces the inclusion of Iron (Fe) in Sulphides % in the MRE as a payable by-product.

The Tamarack Project, located in Minnesota, USA, comprises the Tamarack North Project and the Tamarack South Project. The Tamarack Project is currently 51% owned by the Company through its wholly-owned indirect subsidiary, Talon Nickel (collectively in this summary, “**Talon**”), and 49% owned by Kennecott.

Qualified Person (“**QP**”) site visits to the Tamarack North Project site were conducted by (i) Mr. Brian Thomas (P.Geol.) July 16, 2014, (ii) Mr. Roger Jackson (P.Geol.) between May 9-10, 2022, and (iii) Ms. Christine Pint (P.G) on October 5, 2017, and September 28, 2022. Mr. Peters has not conducted a site visit. Mr. Thomas, Mr. Jackson, Ms. Pint and Mr. Peters are independent QPs, as defined under NI 43-101.

On November 7, 2018, Talon and Kennecott entered into an exploration and option agreement (the “**2018 Tamarack Earn-in Agreement**”) pursuant to which Talon has the right, subject to certain funding and reporting obligations, to increase its interest in the Tamarack Project to a maximum 60% interest. The 2018 Tamarack Earn-in Agreement came into effect on March 13, 2019 (the “**Kennecott Agreement Effective Date**”) and Talon is the operator of the Tamarack Project.

#### Location and Ownership

The Tamarack Project is located in north-central Minnesota, approximately 89 kilometres (km) (55 miles) west (W) of Duluth and 210 km (130 miles) north (N) of Minneapolis, in Aitkin County. The Tamarack North Project, which the November 2022 Technical Report represents, covers

approximately 20,348 acres. The town of Tamarack (population 62, 2020 US Census Bureau) lies within the boundaries of the Tamarack Project (though away from the known mineralization) at an elevation of 386 metres (m) (1,266 feet (ft)) above sea level. The Tamarack Project area is characterized by farms, plantations, wetlands, and forested areas.

On June 25, 2014, Talon entered into an exploration and option agreement with Kennecott (the “**2014 Tamarack Earn-in Agreement**”) pursuant to which Talon received the right to acquire an interest in the Tamarack Project.

On January 4, 2016, pursuant to the terms of the 2014 Tamarack Earn-in Agreement, as amended, Talon earned an 18.45% interest in the Tamarack Project by making payments totalling US\$25,520,800.

On January 11, 2018, Talon and Kennecott entered into a mining venture agreement (the “**Original MVA**”). Pursuant to the Original MVA, Talon elected not to financially participate in the 2018 winter exploration program at the Tamarack Project. Consequently, Talon’s interest in the Tamarack Project was diluted to 17.56%.

On November 7, 2018, Talon and Kennecott entered into the 2018 Tamarack Earn-in Agreement pursuant to which Talon was granted the right to increase its interest in the Tamarack Project to a maximum 60% interest.

Pursuant to the 2018 Tamarack Earn-in Agreement, Talon took over operatorship of the Tamarack Project and has earned a 51% interest in the Tamarack Project. Talon has the right to further increase its interest in the Tamarack Project to 60% by:

- Completing a Feasibility Study (“**FS**”) on the Tamarack Project within seven years of the Kennecott Agreement Effective Date; and
- Paying Kennecott US\$10M on or before the seventh anniversary date of the Kennecott Agreement Effective Date.

Upon Talon earning a 60% interest in the Tamarack Project, the parties have agreed to enter into a new mining venture agreement (the “**New MVA**”) under which Talon would assume the role of Manager of the Tamarack Project, and the parties would each be required to fund their pro rata share of expenditures in respect of the Tamarack Project or be diluted.

Item 4.0 of the November 2022 Technical Report contains further details regarding Talon’s interest in the Tamarack Project.

## **Environmental Considerations and Permitting**

The Tamarack North Project will be subject to state and federal environmental review and permitting processes. Throughout the regulatory approval processes, Talon is required to demonstrate that the Tamarack North Project can avoid or mitigate potential environmental impacts in accordance with regulatory requirements, informed by input from tribal governments and community considerations. That demonstration relies in part on the baseline data and studies described in Item 20.1 of the November 2022 Technical Report and the additional environmental

work that is expected to be conducted in 2023, described in Item 26.4 of the November 2022 Technical Report.

Substantial baseline data collection and studies have been completed to date or will be completed by the end of 2022, which include the following:

- Hydrogeologic studies, including investigation activities of the Quaternary deposits and Bedrock and baseline water level data collection;
- Surface water hydrology studies and baseline flow data collection;
- Water quality monitoring of groundwater and surface water;
- Wetland studies, including delineations, soil sampling, porewater sampling and baseline water level data collection;
- Materials characterization studies, including assessment of the ore, development rock and overburden;
- Biological studies, including aquatic biota, vegetation, wild rice and wildlife studies;
- Cultural resource studies; and
- Noise survey.

The Tamarack North Project will undergo environmental review, a Minnesota State Environmental Impact Statement (“**EIS**”) will be prepared, and potentially a federal Environmental Assessment or Environmental Impact Statement. Significant permits and approvals will be needed, including a Permit to Mine, Section 404 Wetland Permit, an Air Permit, a National Pollutant Discharge Elimination System (“**NPDES**”) permit, and others. Project permit applications will be prepared once the project design and operation basis have been established. EIS development and permitting include closure plans and analyses to assure satisfactory long-term environmental conditions. A detailed closure plan will be developed in future studies. Talon currently has all of the exploration permits required to continue exploration work on the property.

Talon maintains open communications with regulatory agencies to keep regulators informed on project activities and future plans. Talon has also maintained engagement with the community by hosting quarterly information sessions. The primary purpose of these engagements is to share information and gather feedback that can help shape the project plans.

Talon has advised the Mineral Resource QPs that it is not aware of any environmental liabilities or other significant factors or risks which may affect access, title, or the right or ability to perform work on the Tamarack North Project. The QPs have not independently verified this information as described in Item 3.0 of the November 2022 Technical Report.

### **Geology, Mineralization, and Exploration**

The Tamarack Intrusive Complex (“**TIC**”) is an ultramafic to mafic intrusive complex that hosts nickel (Ni)-copper (Cu)-cobalt (Co) sulphide mineralization with associated platinum (Pt), palladium (Pd) (PGEs) and gold (Au). The TIC is a multi-magmatic phase intrusion that consists of a minimum of two pulses: the fine grained ortho-cumulate olivine (“**FGO**”) and the coarse-

grained ortho-cumulative (“**CGO**”) intrusion of the TIC (dated at 1105 Ma $\pm$ 1.2 Ma, Goldner 2011). The FGO and CGO intrusions are related to the early evolution of the approximately 1.1 Ga Midcontinent Rift (“**MCR**”) and have intruded into slates and greywackes of the Thomson Formation of the Animikie Group, which formed as a foreland basin during the Paleoproterozoic Penokean Orogen (approximately 1.85 Ga, Goldner 2011). The TIC is completely buried beneath approximately 35 m to 55 m of Quaternary age glacial and fluvial sediments. The TIC is consistent with other earlier intrusions associated with the MCR that are often characterized by more primitive melts.

The geometry of the TIC, as outlined by a well-defined aeromagnetic anomaly, consists of a curved, elongated intrusion striking north-south (NS) to southeast (SE) over 18 km. The configuration has been likened to a tadpole shape with its elongated, northern tail up to 1 km wide and large, 4 km wide, ovoid shaped body in the south (S). The northern portion of the TIC, being the Tamarack North Project, which hosts the currently defined MRE and identified exploration targets, is over 7 km long and is the focus of the November 2022 Technical Report.

The Ni-Cu-Co sulphide mineralization with associated PGEs and Au formed as the result of segregation and concentration of liquid sulphide from mafic or ultramafic magma and the partitioning of chalcophile elements into the sulphide from the silica melt (Naldrett, 1999). The various mineralized zones at the Tamarack North Project occur within different host lithologies, exhibit different types of mineralization styles, and display varying sulphide concentrations and tenors. These mineralized zones range from massive sulphides hosted by altered sediments in the massive sulphide unit (“**MSU**”), to net textured and disseminated sulphide mineralization hosted by the CGO in the semi-massive sulphide unit (“**SMSU**”), a predominantly disseminated sulphide mineralization as well as layers of net textured sulphide mineralization, in the 138 Zone to a disseminated sulphide with a basal massive sulphide at the FGO/MZNO footwall in the CGO East and CGO West (Table 1.1). Mineralization in the 138 Zone, where interlayered disseminated and net textured mineralization occurs, is also referred to as mixed zone (“**MZ**”) mineralization. All these mineralization types are typical of many sulphide ore bodies around the world. The current known mineral zones of the Tamarack North Project (SMSU, MSU, CGO East, CGO West, and 138 Zone) that are the basis of the MRE are referred to collectively as the “**Tamarack Resource Area**”. Also located within the Tamarack North Project are currently, three lesser-defined mineral zones, namely the 480 Zone, 221 Zone, and 164 Zone.

*Table 1.1: Key Geological and Mineralization Relationships of the Tamarack North Project*

Area	Mineral Zone	Host Lithology	Project Specific Lithology	Mineralization Type
<b>Tamarack Zone</b>	SMSU	Feldspathic Peridotite	CGO	Net textured and disseminated sulphides
	MSU	Meta-Sediments/ Peridotite (basal FGO mineralization)	Sediments	Massive sulphides
	138 Zone	Peridotite and Feldspathic Peridotite	MZNO/FGO	Disseminated and net textured sulphides
	CGO East and West	Feldspathic Peridotite	CGO	Disseminated sulphides
Peridotite FW (basal FGO and MZNO mineralization)		FGO/MZNO	Disseminated, Mixed and massive sulphides	
<b>Other</b>	221 Zone	Feldspathic Peridotite	CGO	Disseminated sulphides with ripped up clasts of massive sulphides
	480 Zone	Peridotite	FGO	Disseminated sulphides
	164 Zone	Peridotite	FGO	Blebby sulphides, sulphides veins

The TIC and associated mineralization were discovered as part of a regional program by Kennecott initiated in 1991. The focus on Ni and Cu sulphide mineralization was intensified in 1999 based on a model proposed by Dr. A.J. Naldrett of the potential for smaller feeder conduits associated with continental rift volcanism and mafic intrusions to host Ni sulphide deposits similar to Norilsk in Russia, and Voisey’s Bay in Canada.

Disseminated mineralization was first intersected at the Tamarack Project in 2002, and the first significant mineralization of massive and net-textured sulphides was intersected in 2008 at the Tamarack North Project.

To date, exploration has included a wide range of geophysical surveys, including:

- Airborne magnetics and electromagnetics (“**AEM**”) (fixed wing and helicopter based);
- Ground magnetics;
- Surface electromagnetics (“**EM**”);
- Surface gravity;
- Magnetotellurics (“**MT**”);
- Induced polarization (“**IP**”);
- Seismic;
- Mise-à-la-masse (“**MALM**”);
- Magnetometric resistivity (“**MMR**”); and
- Downhole electromagnetics (“**DHEM**”).

Kennecott and Talon have conducted extensive drilling at the Tamarack North Project since 2002. This drilling has comprised 439 diamond drill holes (as of October 10, 2022) totalling

172,711.65m with holes between 26.8 m and over 1,236 m depth for an average hole depth of 393 m.

### **Sample Preparation, Quality Assurance (QA) / Quality Control (QC) and Security**

The Talon sample preparation and QA/QC protocol is consistent with industry best practices. The QA/QC program is based on insertion of certified reference materials (“CRM”), including a variety of standards, blanks, and duplicate samples, used to monitor the contamination, precision and accuracy of their primary assay lab, and to prevent inaccurate data from being accepted into their assay database.

Talon uses a system of security tags to secure plastic bins used to ship samples from the core shack to the assay lab, ensuring that they have not been tampered with. Samples are prepared and stored in a secure facility and are monitored each step of the way to the lab. Before the bin is sealed, a chain of custody form is placed in the plastic bin, which is signed by the lab and returned to Talon upon receipt.

It is the QP’s opinion that the sampling process is representative of the mineralization at the Tamarack North Project and that the sample preparation, the QA/QC procedures used, and the sample chain of custody were found to be consistent with Canadian Institute of Mining, Metallurgy, and Petroleum (CIM) Mineral Exploration Best Practice Guidelines (November 2018).

### **Data Verification**

#### *Resource Data Verification*

The QP compared recent assay data from the 2021-2022 drilling program from the Talon database to the original assay certificates from ALS Minerals for a representative population used for resource estimation. No errors were noted for the base metals, however minor errors were identified with the precious metals. These errors were found to not be material to the MRE but will be corrected by Talon.

A QP site visit was conducted May 9-10 of 2022, by Roger Jackson, P. Geo., of Golder, in which three drill hole collar locations were surveyed using a hand-held global positioning system (“GPS”) and then compared the coordinates to those provided by Talon. All collars were found to be consistent with the Talon collar coordinates, within the accuracy of the GPS.

As part of the 2022 site visit, the QP conducted verification sampling of drill core representing massive sulphide, semi-massive sulphide and disseminated mineralization. A total of 15 samples were taken along with two additional CRM samples, consisting of one high grade standard and one medium grade standard. Assay values from the verification sample program were consistent with results obtained by Talon, while higher precious metal variances were attributed to the nugget effect.

It is the QP’s opinion that the Tamarack North Project drill hole database has been prepared in accordance with CIM Mineral Exploration Best Practice Guidelines (November 2018) and is of suitable quality to support the MRE in update.



### *Metallurgical Data Verification*

The assays results used to generate metallurgical mass balances were generated by SGS Lakefield in Ontario. The analytical lab is ISO/IEC 17025 certified, which is the international reference for testing and calibration laboratories wanting to demonstrate their capacity to deliver reliable results.

The validity of the mass balances is verified by comparing the direct head assay of a sample with the reconstituted head assay from the individual flotation products.

### **Mineral Processing and Metallurgical Testing**

The flotation flowsheet and conditions that were established in the 2016/2017 program were further optimized using a composite that represented the entire 8.02 Mt of mineralized material that was reported in PEA #3. The head grade of this composite was 1.69% Ni and 0.95% Cu. The primary focus of the program was to produce Ni and Cu concentrates that provide marketing optionality. The program considered three possible scenarios for the flotation concentrates :

- The Ni Concentrate Scenario would include shipping both Ni and Cu concentrates to smelters for processing.
- The Ni Powder Scenario would include shipping Cu concentrate to a smelter for processing, and transferring Ni concentrate to a co-located facility for production of Ni powder.
- The Ni Sulphate Scenario would still ship the Cu concentrate to smelters, but the Ni concentrate would be converted to Ni sulphates in a hydrometallurgical facility.

The Tesla Supply Agreement eliminated the Ni Concentrate Scenario and the Ni Sulphate Scenario. Under the Tesla Supply Agreement, the Ni concentrate will be delivered to Tesla for further processing instead of at a co-located Ni powder facility. The Cu concentrate will be shipped to a copper smelter.

Since iron in the Ni concentrate may become a payable by-product, the original flowsheet was revised to provide process flexibility to maximize Fe sulphide recovery into the Ni concentrate while minimizing the entrainment of gangue minerals.

### **Mineral Resource Estimate**

This MRE has been prepared by Mr. Roger Jackson (M.Sc., M.Eng., P.Geo), Senior Resource Geologist at Golder, under the supervision of Brian Thomas (P.Geo.), Principal Resource Geologist at Golder, and is summarized in Table 1.2. The effective date of the MRE is October 10, 2022. Mr. Brian Thomas and Mr. Roger Jackson are independent QPs pursuant to NI 43-101.

Table 1.2: Tamarack North Project MRE Effective Date October 10, 2022

Domain	Classification	%Ni Cut-off	Tonnes (000)	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	Fe in Sulphides (%)	NiEq (%)
CGO East MMS/MSU	Indicated Resource	0.5	228	2.84	1.19	0.09	0.31	0.20	0.21	21	3.66
CGO East Disseminated	Indicated Resource	0.5	1,083	0.64	0.44	0.02	0.21	0.11	0.13	2	0.94
CGO West MMS/MSU	Indicated Resource	0.5	330	4.11	1.68	0.11	0.37	0.28	0.19	27	5.22
CGO West Disseminated	Indicated Resource	0.5	586	0.67	0.46	0.02	0.11	0.07	0.07	2	0.96
MSU	Indicated Resource	0.5	490	5.60	2.44	0.12	0.68	0.46	0.26	26	7.10
USMSU	Indicated Resource	0.5	3,338	1.24	0.74	0.03	0.20	0.12	0.12	5	1.70
LSMSU	Indicated Resource	0.5	2,506	1.94	1.05	0.05	0.57	0.34	0.26	8	2.68
<b>Total Indicated</b>	<b>Indicated Resource</b>	<b>0.5</b>	<b>8,564</b>	<b>1.73</b>	<b>0.92</b>	<b>0.05</b>	<b>0.34</b>	<b>0.21</b>	<b>0.17</b>	<b>8</b>	<b>2.34</b>
CGO East MMS/MSU	Inferred Resource	0.5	158	2.53	1.09	0.08	0.28	0.18	0.19	19	3.29
CGO East Disseminated	Inferred Resource	0.5	823	0.62	0.42	0.02	0.20	0.11	0.12	2	0.91
CGO West MMS/MSU	Inferred Resource	0.5	107	3.51	1.45	0.10	0.31	0.22	0.17	25	4.48
CGO West Disseminated	Inferred Resource	0.5	320	0.66	0.44	0.02	0.10	0.06	0.07	2	0.92
MSU	Inferred Resource	0.5	39	5.94	2.53	0.11	0.54	0.45	0.23	25	7.45
LSMSU	Inferred Resource	0.5	121	0.84	0.60	0.02	0.50	0.28	0.23	2	1.31
USMSU	Inferred Resource	0.5	2,932	0.67	0.41	0.02	0.25	0.14	0.12	2	0.96
138 - MZNO	Inferred Resource	0.5	3,957	0.82	0.63	0.02	0.21	0.12	0.14	2	1.21
<b>Total Inferred</b>	<b>Inferred Resource</b>	<b>0.5</b>	<b>8,461</b>	<b>0.83</b>	<b>0.55</b>	<b>0.02</b>	<b>0.23</b>	<b>0.13</b>	<b>0.13</b>	<b>3</b>	<b>1.19</b>

**Notes:**

Mineral Resources are in situ and reported at a 0.50% Ni cut-off.

Tonnage estimates are rounded down to the nearest 1,000 tonnes.

Fe in Sulphides % is based on sulphur concentration associated with sulphide minerals and a calculation of stoichiometric Fe concentration in Pentlandite and Pyrrhotite.

Mining recovery and dilution factors have not been applied to the estimates.

NiEq grade based on metal prices in U.S. dollars of \$9.50/lb Ni, \$3.75/lb Cu, \$25.00/lb Co, \$1,000/oz Pt, \$1,000/oz Pd and \$1,400/oz Au using the following formula:  $NiEq\% = Ni\% + Cu\% \times \$3.75/\$9.50 + Co\% \times \$25.00/\$9.50 + Pt[g/t]/31.103 \times \$1,000/\$9.50/22.04 + Pd[g/t]/31.103 \times \$1,000/\$9.50/22.04 + Au[g/t]/31.103 \times \$1,400/\$9.50/22.04$ . Fe is not included in the NiEq calculation.

The NiEq values are added for information purposes only, and not used to calculate the %Ni cut-off grade.

No adjustments were made for recovery or payability.

The MRE was derived using Datamine RM® software, with metal grades interpolated into manually constructed mineral domain envelopes (“wireframes”). All domains had top-cuts applied to restrict outlier values. The block sizes were 5 m x 5 m x 5 m for the USMSU, LSMSU and the 138 Zone domains, and 2.5 m x 2.5 m x 2.5 m blocks for the MSU, CGO West and CGO East domains. Except for a small portion of the MSU domain, all resource domains were “unfolded” and utilized Ordinary Kriging (OK) methodology to interpolate grades (Ni, Cu, Co, Pt, Pd, Au and S) from either 1.5 m (USMSU, LSMSU, 138 Zone domains) or 1.0 m (MSU, CGO West, CGO East domains) composited drill holes. Specific Gravity (“SG”) estimates were based on laboratory measurements taken from cut core and where absent, regression formula values were calculated.

Fe in Sulphides % estimates were derived by the calculation of the stoichiometric amount of Fe contained in the amount of Pyrrhotite (Po) and Pentlandite (Pn), based on the estimated Ni, Cu, and Sulphur (S) grades in the resource block model. Refer to Item 14.6.5 for additional details.

The MRE was reported on a “blocks above cut-off” basis, using a 0.5% Ni cut-off, and was then examined visually by the QP and found to have good continuity and reasonable prospects for potential economical extraction using conventional underground mining methods.

The QP is unaware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or any other potential factors that could materially impact the Tamarack North Project MRE provided in the November 2022 Technical Report.

The MRE may be materially impacted by the following:

- Changes in the break-even COG, as a result of changes in mining costs, processing recoveries, or metal prices.
- Changes in geological knowledge/interpretation, as a result of new exploration data.

The listing of Fe in Sulphides % was calculated using some basic mineralogical assumptions, and although potential metallurgical recovery is currently unknown, it has been included in the MRE due to potential value as a by-product. If the by-product value of recoverable Fe, primarily contained in Pyrrhotite (Po), is significant it could potentially support a decrease to Ni % grade cut-off.

## **Conclusions**

### *Data Verification and Mineral Resource Estimate (MRE)*

It is the QP’s opinion that the information relating to geology, exploration and MRE presented in the November 2022 Technical Report is representative of the Tamarack North Project. The QP’s validation of the Talon assays against the original certificates and the check assays provides confidence that the assay dataset is of suitable quality to support the basis of the MRE stated in the November 2022 Technical Report.

The mineral resources models were constructed incorporating the current geological understanding of the deposits, using the appropriate data described above, and using the appropriate modelling methodologies. The QP performed exploratory data analysis of the assay data, selected appropriate composite lengths, and applied appropriate estimation parameters for the estimation of grades into block model cells. For this MRE, the QP has applied professional judgement and followed the guidance provided in the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (2019).

The QP has taken reasonable steps to ensure the block model and MRE is representative of the project data, but notes that there are risks related to the accuracy of the estimates related to the following:

- The assumptions used by the QP to prepare the data for resource estimation;

- The accuracy of the interpretation of mineralization;
- Estimation parameters used by the QP;
- Assumptions and methodologies used to estimate SG;
- Orientation of drill holes;
- Geological variability of the deposit;
- The cut-off grades and related assumptions of commodity prices, mining costs and metallurgical recovery.

For these reasons, actual results may differ materially from the reported MREs.

### *Metallurgy*

Metallurgical process development continued through 2021 and 2022 and confirmed the robustness of the primary flowsheet that was presented in PEA #3. The flowsheet was extended with a primary and secondary scavenger cleaning circuit to incorporate a higher level of process flexibility. The optimized flowsheet will facilitate the generation of a 10% Ni concentrate and a separate high-Fe sulphide concentrate, or a lower-grade Ni concentrate with high Fe sulphide content in addition to a Cu concentrate.

Reagent optimization work that was completed in 2021 resulted in updated Ni regression curves with up to 10% higher Ni rougher recoveries for lower grade samples and 2-3 % Ni recovery gains for high grade composites.

The low levels of deleterious elements in the Cu and Ni concentrates are not expected to trigger any penalty payments. The MgO content in the Ni concentrate of the composite was just below the typical 5% threshold of smelters. Also, optimization work to limit gangue recovery into the flotation concentrates is ongoing.

Credits for by-products will mostly derive from Cu and Co with potentially minor contribution from Au, Pt, and Pd. Further, Fe in Sulphides % in the Ni concentrate may become a major by-product.

### *Environmental*

Baseline environmental studies expanded in 2022 and early coordination meetings with the Minnesota DNR, the lead state agency, have begun to discuss the environmental review process. Baseline data collection for resource areas needed for environmental review and permitting are either underway or planned for 2023. The studies completed to date have not identified any environmental issue that could materially impact the ability to mine the resource. It is the QP's opinion that the existing baseline data, and the additional studies and reports planned for 2023 will provide adequate information for the Responsible Government Units ("RGUs") to scope and prepare an EIS.

It will be important for Talon to continue to engage with the agencies, tribes and various stakeholders throughout the environmental review and permitting processes.

## Recommendations

### *Exploration, Drilling and Geophysics*

In PEA #3, it was recommended that Talon should focus on resource expansion and definition drilling to progress towards a Prefeasibility Study and eventually a Feasibility Study. It was estimated that between 25,000 m and 30,000 m of drilling would be required, mostly focused on expansion of the Tamarack North Project's current resource area.

Since that time Talon has drilled approximately 49,100 metres, discovering CGO East and CGO West while also increasing contained nickel by 98% in the Indicated Mineral Resource category. Contained nickel in MSU/MMS (Indicated Mineral Resource category) increased by 570%.

On January 20, 2022, Talon signed the Tesla Supply Agreement to supply 75kt of nickel in concentrate over a period of 6 years, starting 2026, which means that Talon has proceeded with the Ni Powder Scenario as contemplated in PEA #3.

Since January 2021, Talon has developed an Advanced Exploration System (“AES”), which is a unique combination of:

- Magnetotellurics (“**MT**”) Surface Electromagnetic (“**EM**”), and passive seismic survey equipment operated by Talon's team of geophysicists;
- Five Talon owned and operated drill rigs, producing at a significantly reduced cost per metre, compared to historical cost;
- Borehole electromagnetic (“**BHEM**”) and X-hole Seismic Survey equipment also operated by Talon's team of geophysicists;
- Talon's team of onsite geologists responsible for core-logging, geological modelling and exploration planning; and
- Talon's pseudo real-time assay estimating, resource modelling and mine planning system that allows Talon to rapidly prioritize new discoveries according to economic potential.

Additionally, Talon's AES is unique as it is the only holistic system designed to discover and delineate high grade nickel along the MCR in a few years instead of decades.

We therefore recommend that Talon continue exploration along the Tamarack North Project portion of the TIC while focusing on the following areas that show high grade potential:

- Determine if the CGO West mineral resources connect to the Main Zone MSU and if connected, drill the resource into the Indicated mineral resource category. This work is estimated to require 3,000 to 5,000m of drilling;
- Determine if the CGO East mineral resources connect to the Main Zone MSU and if connected, drill the resource into the Indicated mineral resource category. This work is expected to require 3,000 to 5,000m of drilling;
- Determine if the MSU below the 138 Zone terminates or extends to the northeast and/or south towards high grade mineralization intercepted in the 164 Zone. Due to the large area

between the MSU in the 138 Zone and the 164 Zone this work is expected to require 10,000 m of drilling; and

- Deploy the AES in the 221 Zone and 264 Zone to determine the size and extent of high-grade nickel MSU/MMS. Due to the complete lack of drilling between these zones this work is expected to require 15,000 m or more of drilling.

### *Mineral Resource*

The updated MRE provides a reasonable representation of the in situ mineral resources. Recommendations to improve future estimations and to potentially increase mineral resources include:

- Collecting more laboratory SG measurements, in particular for the disseminated mineralization (CGO-West, CGO-East, 138 Zone). The current method of SG determination, using the ALS Minerals OA-GRA08b method, is appropriate for the types of sulphide mineralization in the Tamarack North Project deposits;
- Change the collar location of future drilling into the MSU and LSMSU Domains to provide different intersection angles through the mineralization. This would provide better information on the lateral extents of the sulphide mineralization;
- Conduct new geometallurgical test work on the Tamarack North Project mineralization to confirm the precious metal recoveries in the current flowsheet;
- Conduct additional electron micro-probe test work on the Tamarack North Project mineral domains to better define the elemental composition of the sulphide minerals. Additional test results could better support the approximation of the Fe in Sulphides % algorithm;
- Document the results of metallurgical test work related to Fe in Sulphides % recovery.

### *Mineral Processing and Metallurgical Testing*

The following recommendations are made for metallurgical activities:

- Complete the process development of Talon's high recovery nickel, iron, copper and cobalt flowsheet to maximize metal and sulphur recoveries to concentrates, while reducing sulphur in the tailings;
- Continue flowsheet development with other downstream partners to produce high purity nickel and iron
- Investigate the commercialization of sulphur, produced from the Tamarack North Project's nickel concentrates;
- Continue to explore carbon sequestration and/or the production of Supplementary Cementitious Material ("SCM").

If the above activities are successful, Talon will be able to valorize 100% of each tonne of rock, which means maximum environmental protection while deriving significantly higher economic benefits compared to the present nickel supply chain.

### *Environmental Studies, Permitting, and Social or Community Impact*

Recommendations related to environmental review and permitting include additional studies and models to estimate potential environmental impacts, as well as reports that will provide the information needed for development of the EIS.

Talon should collect additional baseline data for groundwater (level and quality), surface water (flow and quality), wetlands (water levels and water quality), vegetation, materials characterization (static and kinetic testing), noise, and biological studies. A meteorological station is being installed at the Tamarack North Project site and monitoring should be conducted. In addition, an archaeological reconnaissance survey and a historic architectural survey and assessment should be planned for 2023.

Modelling potential impacts to the environment from the Tamarack North Project is recommended to commence in early 2023. Modelling efforts should include air modeling, water quantity and quality impact modeling, as well as noise impact modelling. Visual impact analysis should also be performed to establish the visibility of the Tamarack North Project features, and a traffic study should be conducted.

In 2023, Talon should produce the reports and plans needed to support the development of a Draft EIS. These documents would be in five categories: the SEAW, baseline data reports, modelling reports, resource reports, and management plans. These reports would also support preparation of permit applications.

In partnership with the community, Talon should build upon current community engagement plans to:

- Identify potential community impacts and opportunities connected to project operations;
- Develop community investment plans that align with the community's long-term development goals;
- Ensure best in class community engagement and understanding of project operations; and
- Promote equal opportunities for good-paying, high quality jobs with involvement of organized labor in the design and establishment of operations.

### *Feasibility Study (FS)*

At this time, there is sufficient resource knowledge, geotechnical data, and environmental baseline data for Talon to commence with a FS for the development of a mine and rail loadout facility at the Tamarack North Project and an out-of-state battery minerals processing facility. The engineering work for the FS will consist of three main scope areas:

- Underground mine;
- Surface facilities at underground mine; and
- Processing Facility.

Environmental and regulatory considerations must be taken into account during every step of the engineering design, as well as opportunities for innovation and cost savings. Models for CAPEX, OPEX, and revenue will be created in order to develop a definitive economic analysis of the project.

*Budget for Recommended Work*

<b>Item</b>	<b>Description</b>	<b>Amount (US\$)</b>	<b>Amount (C\$)</b>
1.0	Exploration, Drilling, Geophysics and Mineral Resource	\$5,900,000	\$8,000,000
2.0	Metallurgy and Processing	2,200,000	2,900,000
3.0	Environmental Studies, Permitting, Social or Community Impact and Government Relations	10,000,000	13,600,000
4.0	Engineering and Feasibility Study	12,000,000	16,400,000
5.0	Tamarack Land Package	1,000,000	1,400,000
6.0	Local Site Costs, Legal Support, Data Management and Other	2,400,000	3,200,000
	<b>Total</b>	<b>\$33,500,000</b>	<b>\$45,500,000</b>



## EXHIBIT II

### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF TALON METALS CORP.

*(Initially adopted by the Board of Directors on April 20, 2005; last amended March 12, 2010)*

#### I. PURPOSE

The audit committee (the “**Audit Committee**”) is a committee of the board of directors (the “**Board of Directors**”) of Talon Metals Corp. (the “**Corporation**”). The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the financial accounting and reporting process and internal controls for the Corporation by:

- reviewing the financial reports and other financial information before such reports and other financial information is provided by the Corporation to any governmental body or the public;
- recommending the appointment and reviewing and appraising the audit efforts of the Corporation’s external auditors and providing an open avenue of communication among the external auditors, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Corporation’s financial reporting process and internal controls, the Corporation’s processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements; and
- encouraging continuous improvement of, and fostering adherence to, the Corporation’s policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Part III of this Charter. The Audit Committee’s primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Corporation’s management which is responsible for preparing the Corporation’s financial statements and it is the Corporation’s external auditors which are responsible for auditing those financial statements.

#### II. COMPOSITION AND MEETINGS

The Audit Committee is to be comprised of such number of directors (but at least three) as determined by the Board of Directors, all of whom must be “independent” directors (as such term is defined in Schedule “A”). All members of the Audit Committee must, to the satisfaction of the Board of Directors, be “financially literate” (as such term is defined in Schedule “A”).

The members of the Audit Committee must be elected by the Board of Directors at the annual organizational meeting of the Board of Directors and serve until their successors are duly elected. Unless a Chairman is elected by the full Board of Directors, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership.

The Audit Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to the filing of quarterly financial statements to review and discuss the unaudited financial results for the preceding quarter and the related management discussion & analysis (“MD&A”) and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

As part of its role in fostering open communication, the Audit Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their oversight related duties, members of the Audit Committee are to be provided with full access to all corporate information and are to be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and external auditors of the Corporation.

A quorum for the transaction of business at any meeting of the Audit Committee is (the presence in person or by telephone or other communication equipment of) a simple majority of the total number of members of the Audit Committee or such greater number as the Audit Committee may by resolution determine. If within one hour of the time appointed for a meeting of the Audit Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Should a vacancy arise among the members of the Audit Committee, the remaining members of the Audit Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Meetings of the Audit Committee are to be held from time to time at such place as the Audit Committee or the Chairman of the Audit Committee may determine, within or outside the British Virgin Islands (other than in Canada), upon not less than three days’ prior notice to each of the members. Meetings of the Audit Committee may be held without three days’ prior notice if all of the members entitled to vote at such meeting who do not attend, waive notice of the meeting and, for the purpose of such meeting, the presence of a member at such meeting shall constitute waiver on his or her part. The Chairman of the Audit Committee, any member of the Audit Committee, the Chairman of the Board of Directors, the Corporation’s external auditors, or the Chief Executive Officer, Chief Financial Officer or Secretary of the Corporation is entitled to

request that the Chairman of the Audit Committee call a meeting. A notice of the Audit Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting.

The Audit Committee shall keep minutes of its meetings which shall be submitted to the Board of Directors. The Audit Committee may, from time to time, appoint any person who need not be a member, to act as secretary at any meeting.

All decisions of the Audit Committee will require the vote of a majority of its members present at a meeting at which quorum is present. Action of the Audit Committee may be taken by an instrument or instruments in writing signed by all of the members of the Audit Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Audit Committee called for such purpose. Such instruments in writing may be signed in counterparts each of which shall be deemed to be an original and all originals together shall be deemed to be one and the same instrument.

### **III. RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties, the Audit Committee shall:

#### **Generally**

1. Create an agenda for the ensuing year.
2. Review and update this Charter at least annually, prepare revisions to its provisions where conditions so dictate and submit such proposed revisions to the Board of Directors for approval.
3. Describe briefly in the Corporation's annual report and more fully in the Corporation's management information circular or its annual information form ("AIF") the Audit Committee's composition and responsibilities and how they were discharged, and otherwise assist management in providing the information required by applicable securities legislation (including the form requirements under National Instrument 52-110) in the Corporation's AIF.
4. Report periodically to the Board of Directors.
5. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee shall be empowered to retain and compensate independent counsel, accountants and other professionals to assist it in the performance of its duties as it deems necessary.
6. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

## **Documents/Reports Review**

7. Review the Corporation's interim and annual financial statements, results of audits as well as all interim and annual MD&A and interim and annual earnings press releases prior to their publication and/or filing with any governmental body, or the public.
8. Review policies and procedures with respect to directors' and senior officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors, based on terms of reference agreed upon by the external auditors and the Audit Committee.
9. Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure addressed in paragraph 7 of this part, and periodically assess the adequacy of such procedures.
10. Review the audited annual financial statements to satisfy itself that they are presented in accordance with general accepted accounting principles.
11. Provide insight to related party transactions entered into by the Corporation.

## **External Auditors**

12. Recommend to the Board of Directors the selection of the external auditors, considering independence and effectiveness, and approve the fees and other compensation to be paid to the external auditors. Instruct the external auditors that the Board of Directors, as the shareholders' representative, is the external auditors' client.
13. Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors and discussing and resolving any material differences of opinion between management and the external auditors.
14. Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Corporation to determine their independence.
15. Pre-approve all audit and non-audit services to be provided to the Corporation or its subsidiaries by the external auditors.
16. Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant. Consider with management and the external auditors the rationale for employing accounting/auditing firms other than the principal external auditors.
17. Periodically consult with the external auditors out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Corporation's financial

statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

18. Ensure that the external auditors report directly to the Audit Committee, ensure that significant findings and recommendations made by the external auditors are received and discussed with the Audit Committee on a timely basis and arrange for the external auditors to be available to the Audit Committee and the full Board of Directors as needed.
19. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's external auditors.

### **Financial Reporting Processes**

20. In consultation with the external auditors, review the integrity of the Corporation's financial reporting processes, both internal and external.
21. Consider the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.
22. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditors and ensure that management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

### **Process Improvement**

23. Establish regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
24. Review the scope and plans of the external auditors' audit and reviews prior to the audit and reviews being conducted. The Audit Committee may authorize the external auditors to perform supplemental reviews or audits as the Audit Committee may deem desirable.
25. Following completion of the annual audit and quarterly reviews, review separately with management and the external auditors any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit and reviews
26. Review and resolve any significant disagreements between management and the external auditors in connection with the preparation of the financial statements.

27. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.
28. Review with the external auditors and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.
29. Review activities, organizational structure, and qualifications of the Corporation's Chief Financial Officer and staff in the financial reporting area and see to it that matters related to succession planning within the Corporation are raised for consideration to the full Board of Directors.

### **Ethical and Legal Compliance**

30. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
31. Review and update periodically a code of business conduct and ethics (the "**Code of Conduct**") and ensure that management has established a system to enforce the Code of Conduct. Review appropriateness of actions taken to ensure compliance with the Code of Conduct and to review the results of confirmations and violations thereof.
32. Review management's monitoring of the Corporation's systems in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
33. Review, with the Corporation's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Corporation's financial statements.

### **Risk Management**

34. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditors' opinion of management's assessment of significant financial risks facing the Corporation and how effectively such risks are being managed or controlled.

The foregoing list is not exhaustive. The Audit Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities and duties.

### **Currency of Charter**

35. This charter was last revised and approved by the Board of Directors on March 12, 2010.

## Schedule “A”

### Independence and Financial Literacy

#### Independence Requirement of National Instrument 52-110

National Instrument 52-110 - *Audit Committees* (“NI 52-110”) provides, in effect, that a member of the Audit Committee is “**independent**” if that member has no direct or indirect material relationship with the Corporation which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of such member’s independent judgment.

*Section 1.4 of NI 52-110 provides that the following individuals are considered to have a “material relationship” with the Corporation and, as such, would not be considered independent:*

- (a) an individual who is, or has been within the last three years, an employee or executive officer of the Corporation;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Corporation;
- (c) an individual who: (i) is a partner of a firm that is the Corporation’s internal or external auditor, (ii) is an employee of that firm, or (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual: (i) is a partner of a firm that is the Corporation’s internal or external auditor, (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation’s current executive officers serves or served at that same time on the entity’s compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than \$75,000 in direct compensation from the Corporation during any 12 month period within the last three years.

*Section 1.5 of NI 52-110 provides that despite any determination made under section 1.4 of NI 52-110, an individual who*

- (i) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her own capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
- (ii) is an affiliated entity of the Corporation or any of its subsidiary entities,

is considered to have a material relationship with the Corporation.

*For purposes of determining whether or not a member has a material relationship with the Corporation, the terms set out below shall have the following meanings:*

**“affiliated entity”** - a person or company is considered to be an affiliated entity of another person or company if (a) one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or company, or (b) the person is an individual who is (i) both a director and an employee of an affiliated entity, or (ii) an executive officer, general partner or managing member of an affiliated entity;

**“company”** - any corporation, incorporated association, incorporated syndicate or other incorporated organization;

**“control”** - the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise;

**“executive officer”** of an entity - means an individual who is (a) a chair of the entity; (b) a vice-chair of the entity; (c) the president of the entity; (d) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production; (e) an officer of the entity or any of its subsidiary entities who performs a policy-making function in respect of the entity; or (f) any other individual who performs a policy-making function in respect of the entity;

**“immediate family member”** – an individual’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the individual or the individual’s immediate family member) who shares the individual’s home;

**“person”** - an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative; and

**“subsidiary entity”** - a person or company is considered to be a subsidiary entity of another person or company if (a) it is controlled by (i) that other, or (ii) that other and one or more persons or companies each of which is controlled by that other, or (iii) two or more persons or companies, each of which is controlled by that other; or (b) it is a subsidiary entity of a person or company that is the other’s subsidiary entity.

## **Financial Literacy**

NI 52-110 provides that a director will be considered **“financially literate”** if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.