



METALLA ROYALTY & STREAMING LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended May 31, 2017

METALLA ROYALTY & STREAMING LTD.  
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GENERAL

This management's discussion and analysis ("MD&A") for Metalla Royalty & Streaming Ltd. (the "Company" or "Metalla") is intended to help the reader understand the significant factors that have affected Metalla and its subsidiaries performance and such factors that may affect its future performance. This MD&A, which has been prepared as of September 28, 2017, should be read in conjunction with the Company's consolidated financial statements for the year ended May 31, 2017 and the related notes contained therewith. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts included in the following MD&A are in the Canadian dollars ("CAD") except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

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## COMPANY OVERVIEW

Metalla Royalty & Streaming Ltd. (formerly Excalibur Resources Ltd.) ("Metalla" or the "Company") was incorporated in Canada on May 11, 1983. Previously, the Company was engaged in mineral exploration and development. On September 1, 2016, the Company completed an acquisition of High Stream Corp., which fundamentally changed the Company's business. The Company is now an investment-based company that is focused on acquiring gold and silver metal purchase agreements, net smelter return royalties ("NSRs"), gross value return royalties ("GVRs"), net profit interests ("NPIs), gross proceeds royalties ("GPRs"), and non-operating interests in mining projects that provide the right to the holder of a percentage of the gross revenue from metals produced from the project or a percentage of the gross revenue from metals produced from the project after deducting specified costs, if any, respectively. For purposes of reporting, the Company calculates attributable silver equivalent production by applying its interest (i.e. royalty or stream percentage) to the total production reported by the counterparty and silver equivalency of non-silver products is based on average realized prices of all metals for the period. The Company's common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "MTA". The head office and principal address is 501 - 543 Granville Street, Vancouver, British Columbia, Canada.

## 2017 HIGHLIGHTS

During the year ended May 31, 2017 and subsequently, the Company:

- changed its business strategy and completed a share consolidation on a basis of three (3) pre-consolidation shares for one (1) post-consolidation share, where on the effective date, the number of pre-consolidation common shares was 129,642,731, where the share consolidation resulted in the number of post-consolidation common shares of 43,214,246 (all share and per share amounts throughout this MD&A and in the Company's consolidated financial statements have been present on a post-consolidation basis);
- completed private placements of \$6,832,108 by issuing 16,748,606 units, where each consists a common share of the Company and half purchase warrants exercisable for two years (subject to acceleration clause);
- completed acquisitions of royalty, streams, and non-operating interests with an aggregate carrying amount of \$5,291,522;
- appointed Mr. Brett Heath as President and Mr. E.B. Tucker and Mr. Lawrence Roulston as directors of the Company and;
- completed the acquisition of three NSR royalty (Joaquin project, Zaruma gold mine, and Puchuldiza project) and one stream (Endeavor Silver Stream) interests from Coeur Mining Inc. for the aggregate considerations of US\$13,000,000 in July 2017 (see Events after Reporting Date).

## OVERVIEW OF ROYALTY, STREAM, AND NON-OPERATING INTERESTS

### Silverback transaction

In May 2017, Metalla completed a transaction to acquire a 15% interest in Silverback Limited ("Silverback"). Silverback is a privately held Guernsey-based investment company that solely owns 100% of the New Luika Gold Mine ("NLGM") silver stream, which it purchased to provide Shanta Gold Limited ("Shanta", LON:SHG), the operator, with construction financing for the underground mine transition.

The New Luika Gold Mine is located in the Chunya Administrative District, Mbeya region in the Lupa Goldfield of southwest Tanzania, the second largest gold producing region in Tanzania in the 1900s. The property covers one prospecting license

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covering 49 km<sup>2</sup> and three mining licenses covering 16 km<sup>2</sup>. The mining operation was commissioned in Q2-2012 with new elution and electrowinning plant installed in Q2-2014 and new crusher plant commissioned in Q3-2014. The processing facility uses a conventional three-stage crushing, two mills in parallel, and a carbon in leach operation. According to the Q4-2016 production and operational update, Shanta had record gold and silver production of 87,713 ounces ("oz.") and 126,572 oz., respectively, with all-in sustaining cash cost ("AISC") of US\$661 per oz. of gold. In 2017, Shanta has successfully transitioned the operation underground on time and under budget.

Metalla purchased this interest in Silverback for US\$1,861,907 and is entitled to receive 15% of the distributions from Silverback generated from the Silver Streaming Agreement ("SSA"), net of operating costs of Silverback which has the following terms:

- silver produced at the NLGM is purchased at 10% of spot upon delivery;
- stream continues through 2026;
- minimum delivery obligations for the first 6.75 years;
- stream secured against the Singida mining licenses, a development gold project located in central Tanzania, held by Shanta;

In addition, Metalla has been granted an option to invest in a second stream interest with co-owner of Silverback. All future transactions are subject to diligence and financing. The Company has already received a credit of US\$138,136 (net against gross purchase price) from Silverback's first delivery of 8,008 oz. of silver (from production during October 2016 to March 2017) sold at US\$17.25/oz. Metalla's production guidance for the NLGM silver stream in fiscal 2018 is between 15,000 and 22,500 oz. of silver annually for the term of the Silver Stream Agreement.

#### International Explorers and Prospectors Inc. ("IEPI") acquisition

In November 2016, Metalla completed a transaction to consolidate the Hoyle Pond Extension Royalties, Timmins West Extension Royalties, and the DeSantis Mine Royalty from IEPI for aggregate consideration of \$10,000,000, where the initial \$1,500,000 and \$1,000,000 in common shares (3,333,334 issued) were paid on the signing date. The remaining conditional considerations are as follows (considerations payable in common shares of the Company are calculated based on the volume weighted average price over ten trading days prior to each effective date respectively):

#### *Hoyle Pond Extension Royalties (milestone payments)*

- \$500,000 and \$500,000 in common shares when aggregate gold production at the Hoyle Pond extension property reaches 100,000 oz.;
- \$500,000 and \$500,000 in common shares when cumulative aggregate gold production at the Hoyle Pond extension property reaches 500,000 oz.; and
- \$500,000 and \$500,000 in common shares when cumulative aggregate gold production at the Hoyle Pond extension property reaches 1,000,000 oz.

The Hoyle Pond mine operated by Goldcorp Inc. ("Goldcorp") has been in production since 1985. In recent years, the mine has operated at an average head grade of 14 grams per tonne ("g/t") and an average annual production of approximately 160,000 oz. of gold. While the Hoyle Pond mine represents less than 15% of the tonnes processed at the Porcupine Camp it accounts for over 60% of the gold produced. The Hoyle Pond extension property is located on claims that are beneath the Kidd metallurgical complex and immediately adjacent to the east and northeast of the Hoyle Pond mine complex. In 2016, Goldcorp completed its Hoyle Pond Deep Project at a cost of \$194,000,000 to access and develop the lower levels on the extension with the secondary winze being only 600 metres ("m") west of the property boundary, as the deposit trends toward the extension property at depth.

Metalla's Hoyle Pond Extension Royalties are as follows:

- 1% NSR on the leased mining rights (owned by Goldcorp) located in Hoyle township, northeast of the Hoyle Pond mine, where this NSR royalty shall become payable after the initial 500,000 oz. gold equivalent threshold is met;

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- 1% NSR on the fee simple mining rights (owned by Goldcorp) located in Hoyle township, east of the Hoyle Pond mine;
- 1% NSR on the Colbert/Anglo property mining rights (owned by Goldcorp) located in Matheson township, immediately east of the lease mining rights above; and
- 1% NSR on the Bint property (owned by Glencore PLC) located in the Matheson township, immediately east of the Colbert/Anglo property above.

*Timmins West Extension Royalties (milestone payments)*

- \$500,000 and \$500,000 in common shares when aggregate gold production at the West Timmins extension property reaches 50,000 oz.

The West Timmins mine was acquired by Tahoe Resources Inc. ("Tahoe") in April 2016. The West Timmins mine is located approximately eighteen (18) kilometres ("km") west of Timmins and is comprised of the Timmins deposit, which has been in commercial production since January 2011. In recent years, the West Timmins mine has an average annual production of approximately 50,000 oz. of gold, and Tahoe has been aggressively investing to expand its production profile.

The Timmins deposit plunges northwest and is trending at depth towards the Wallingford claim, which lies on the extension of the Timmins deposit. Following this acquisition, the Company holds a 1.5% NSR royalty on the Wallingford claim, which is subject to a buyback of 0.75% for \$750,000.

*DeSantis Mine Royalty (milestone payments)*

- \$500,000 and \$500,000 in common shares when aggregate gold production at the DeSantis properties reaches 50,000 oz.

The DeSantis mine was purchased by Osisko Mining Inc. ("Osisko") in April 2016. The properties, which includes the past producing DeSantis mine, covers approximately five (5) km of strike length within the highly prospective Destor-Porcupine Deformation Zone ("DPDZ"), the main geological structure controlling gold deposits in the Timmins gold camp. During its intermittent production history, the DeSantis mine produced 35,800 oz. of gold from the extraction and processing of 178,650 tonnes of ore with a head grade of 6.2 g/t.

The DeSantis property is located approximately eleven (11) km west of Goldcorp's Dome mine and fourteen (14) km east of Tahoe's West Timmins mine. Exploration activities on the DeSantis properties since 2010 includes: (a) fifteen (15) holes drilled totaling 5,888 metres during 2010, and (b) twenty-seven (27) holes (where seven abandoned due to technical issues) totaling 11,039 metres during 2011 and 2012. Following this acquisition, the Company holds a 1.5% NSR royalty on the DeSantis properties, which is subject to a buyback of 0.5% for \$1,000,000.

Finally, there is an installment conditional on the local mine operators (Goldcorp and/or Tahoe) constructing a local refractory ore processing plant, and is comprised of:

- \$500,000 in common shares based on a material public disclosure of an announcement to commit to construct such processing plant, and
- \$1,000,000 when such processing ores produced 50,000 oz. of gold sourced from all locations from the applicable properties above; and
- \$1,000,000 when such processing ores produced 500,000 oz. of gold, cumulatively, sourced from all locations from the applicable properties above.

2090720 Ontario Inc. acquisition

In February 2017, Metalla signed a binding agreement to acquire five (5) early-stage royalty interests on properties located in Timmins, Ontario for 250,000 common shares and 150,000 share purchase warrants (valued at \$145,000 and \$40,198, respectively). The royalty interests acquired are as follows:

- 1% NSR on the Pelangio Poirier property owned by Pelangio Exploration Inc.

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- 2% NSR on the DNA Detour Lake property owned by Detour Gold Corp.
- 1% NSR on the Solomon's Pillars property owned by Sage Gold Inc.
- 1% NSR on the Sirola Grenfell property owned by Golden Peak Minerals Inc.
- 0.4% NSR on the Beaudoin property owned by Explor Resources Inc.

These royalty interests cover highly prospective grounds in historic mining camps; however, none of them currently holds any known resources.

#### Orefinders acquisition

In August 2016, Metalla entered into a binding agreement with Orefinders Resources Inc. ("Orefindes") to:

- provide an unsecured financing of \$450,000 (repaid);
- an unsecured NSR, capped at a maximum of \$105,000, payable out of Orefinders' profits from processing the stockpile, after paying all processing costs and repayment of its secured loan (no amount was received);
- acquire 2% NSR, capped at \$1,000,000, on any future revenues from Orefinders' Phase Two production on its Mirado project from the proposed expansion after the completion of a Preliminary Economic Assessment;
- retain the right to acquire a 1% NSR over the life of the Mirado project for an additional \$2,000,000 within 90 days after commercial production is declared; and
- a right of first refusal to provide any future stream financing component to Orefinders on its possible future phase two production from expansion of the open pit once a preliminary economic assessment ("PEA") has been completed and provided the financing is on reasonable and competitive commercial terms consistent with industry standards.

The Mirado project is located thirty-five (35) km southeast of the gold mining Town of Kirkland Lake in northeastern Ontario. The project is located within the Mirado property, which encompasses approximately 5,800 acres. The Mirado project is focused around twelve (12) contiguous patented claims situated within the Abitibi Gold District, which has historically produced more than 200 million oz. of gold over the past century, and more than 100 million oz. of gold in current reserves. The Kirkland Lake mining camp is located in eastern Ontario, close to the border with Quebec, and has historically produced 50 million oz. of gold. Much of the historical Kirkland Lake gold production has taken place along or near a major regional geological fault structure known as the Larder Lake-Cadillac Fault (LLCF). The claims have a close proximity to IAMGOLD Corporation's Westwood mine, where its milling facility is currently running under capacity.

#### OUTLOOK

As of the date hereof, the Company is providing the following forecasts for fiscal 2018:

- total attributable silver equivalent production is expected to be 400,000 to 475,000 oz.;
- total revenue is expected to be \$8,500,000 to \$9,500,000, and net revenue is expected to be \$5.5 to \$6.5 million after deducting silver stream payments at Endeavor and NLGM (estimated with an expected silver price of US\$17 per oz.);
- approximately 95% or more of total revenue is expected to be derived from its silver stream interests, with gold (5%) pending on royalty payments from Zaruma; and
- total estimated cash general and administrative expenses are anticipated to be \$1,000,000, which excludes share-based payments and transaction costs related to acquisition activities (see Non-IFRS Financial Measure).

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ANNUAL INFORMATION

Selected financial information from the Company's three most recently completed financial years is summarized as follows:

Year ended	May 31 2017	May 31 2016	May 31 2015
Share of net income of Silverback	\$ 26,294	\$ Nil	\$ Nil
Share-based payments	(818,315)	Nil	Nil
Performance-based share-based payments <sup>(1)</sup>	(1,420,000)	Nil	Nil
Net income (loss)	(3,238,684)	(207,258)	(5,193,915)
Earnings (loss) per share - basic and diluted	(0.08)	(0.01)	(0.19)
Total assets	7,834,973	35,069	134,419
Total liabilities	264,661	296,837	388,929
Dividends declared	\$ Nil	\$ Nil	\$ Nil

<sup>(1)</sup> Related to share purchase agreement for High Stream Corp. (see "Transactions with Related Parties")

SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information for the eight quarters up to May 31, 2017, and should be read in conjunction with the Company's consolidated financial statements for the years ended May 31, 2017 and 2016.

	Q4-2017	Q3-2017	Q2-2017	Q1-2017
Share of net income of Silverback	\$ 26,294	\$ Nil	\$ Nil	\$ Nil
Share-based payments	(258,915)	Nil	(284,526)	(274,874)
Performance-based share-based payments <sup>(1)</sup>	(1,120,000)	Nil	(300,000)	Nil
Net income (loss) for the period	(1,857,376)	(513,650)	(525,899)	(341,759)
Earnings (loss) per share - basic and diluted	(0.04)	(0.01)	(0.02)	(0.01)
Weighted average shares outstanding - basic	52,186,699	43,214,244	32,419,388	30,974,944

	Q4-2016	Q3-2016	Q2-2016	Q1-2016
Share of net income of Silverback	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Share-based payments	Nil	Nil	Nil	Nil
Net income (loss) for the period	(38,748)	(45,957)	(55,170)	(67,383)
Earnings (loss) per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average shares outstanding - basic	30,974,944	27,641,610	27,641,610	27,641,610

<sup>(1)</sup> Related to share purchase agreement for High Stream Corp. (see "Transactions with Related Parties")

RESULTS OF OPERATIONS

Three months ended May 31, 2017

The Company's net loss and comprehensive loss totaled \$1,857,376 (2016 - \$38,748) for the three months ended May 31, 2017. Overall, net loss and comprehensive loss for the current period was higher than for 2016 due to increase in expenses, which were higher in the current period due to increased corporate activities, management actively seeking and completing

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acquisitions of new royalty and stream interests, and costs associated with completing a private placement (see "Non-IFRS Financial Measure").

In addition, the Company has granted 600,000 stock options during the current period. Finally, the Company issued 2,333,333 common shares (valued at \$1,120,000) for meeting the remaining milestones prescribed in the share purchase agreement for High Stream Corp. (see "Transactions with Related Parties").

Year ended May 31, 2017

The Company's net loss and comprehensive loss totaled \$3,238,684 (2016 - \$207,258) for the year ended May 31, 2017. Overall, net loss and comprehensive loss for the current year was higher than for 2016 due to increase in expenses, which were higher in the current period due to increased corporate activities, management actively seeking and completing acquisitions of new royalty and stream interests, and costs associated with completing share consolidation and several private placements (see "Non-IFRS Financial Measure").

In addition, the Company has granted 3,566,667 stock options during the current year. Finally, the Company issued 3,333,333 common shares (valued at \$1,420,000) as prescribed in the share purchase agreement for High Stream Corp. (see "Transactions with Related Parties").

#### LIQUIDITY AND CAPITAL RESOURCES

The Company considers items included in shareholders' equity as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company's cash as at May 31, 2017 totaled \$1,216,650 (2016 - \$4,101) and its working capital was \$1,216,319 (2016 - deficit of \$261,768). The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. Subsequent to May 31, 2017, the Company received \$750,000 from the exercise of 1,666,667 share purchase warrants.

The Company has sufficient working capital to undertake its current business plan. However, should the Company undertake anything over and above these plans, management will need additional sources of working capital. In order to maintain or adjust the capital structure, the Company may issue new shares through public and/or private placements, sell assets, or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

#### Fourth quarter liquidity and capital resources

During the three months ended May 31, 2017, cash decreased by \$350,141. The decrease was due to net cash used in operating activities of \$402,683 and investing activities of \$2,164,803, respectively, partially offset by net cash provided by financing activities of \$2,217,388. Exchange rate changes had a negative impact on cash and cash equivalents of \$43.

#### *Operating activities*

During the three months ended May 31, 2017, net cash used in operating activities amounted to \$402,683, which included increases in receivables of \$22,577 and prepaid expenses and deposits of \$135,172, partially offset by an increase of accounts payable and accrued liabilities of \$72,722 during the normal course of business.



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*Investing activities*

Cash used by the Company in investing activities during the three months ended May 31, 2017 totaled \$2,164,803, which were primarily comprised of acquisition of investment in Silverback of \$2,554,536.

*Financing activities*

During the three months ended May 31, 2017, net cash of \$2,217,388 was provided to the Company from its financing activities. The Company received \$2,331,166 from its private placements, net of share issue costs. Additionally, the Company repaid net of \$135,000 against its loans payable and received \$36,000 on exercise of stock options.

Annual liquidity and capital resources

During the year ended May 31, 2017, cash increased by \$1,212,549. The increase was due to net cash provided by financing activities of \$6,290,895, offset by net cash used in operating and investing activities of \$913,501 and \$4,164,803, respectively. Exchange rate changes had a negative impact on cash and cash equivalents of \$42.

*Operating activities*

During the year ended May 31, 2017, net cash used in operating activities amounted to \$913,501, which included a increase of accounts payable and accrued liabilities of \$149,797, partially offset by an increase in receivables of \$22,577 and an increase in prepaid expenses and deposits of \$210,785 during the normal course of business.

*Investing activities*

Cash used by the Company in investing activities during the year ended May 31, 2017 totaled \$4,164,803, which were primarily comprised of acquisitions of royalty interests and investment in Silverback of \$1,574,447 and \$2,554,536, respectively.

*Financing activities*

During the year ended May 31, 2017, net cash of \$6,290,895 was provided to the Company from its financing activities. The Company received \$6,417,108 from its private placements and paid \$433,435 in share issue costs. Additionally, the Company received net proceed of \$250,000 from its loans payable and \$72,000 on exercise of stock options.

Requirement of additional financing

Management believes that the Company's current operational requirements and capital projects can be funded from existing cash and cash equivalents and cash generated from operations. If future circumstances dictate an increased cash requirement and we elect not to delay, limit, or eliminate some of our plans, we may raise additional funds through debt financing, the issuance of hybrid debt-equity securities, or additional equity securities. The Company has relied entirely on equity financings and loans for all funds raised to date for its acquisitions, capital expansions, and operations. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. The Company's growth and success may be dependent on external sources of financing which may not be available on acceptable terms.

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TRANSACTIONS WITH RELATED PARTIES

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

For the year ended May 31, 2017	Salary or fees	Share-based payments	Total
Management	\$ 411,435	\$ 1,937,936	\$ 2,349,371
Directors	-	142,312	142,312
	\$ 411,435	\$ 2,080,248	\$ 2,491,683

  

For the year ended May 31, 2016	Salary or fees	Share-based payments	Total
Management	\$ 130,000	\$ -	\$ 130,000
Directors	-	-	-
	\$ 130,000	\$ -	\$ 130,000

During the year ended May 31, 2017, the Company entered into a share purchase agreement to acquire High Stream Corp. ("High Stream"), a privately-held royalty and streaming consulting company controlled by an individual who became the President of the Company prior to closing, where the Company agreed to issue an aggregate of 3,333,333 common shares in exchange for all existing shares of High Stream. The timing of the share-based payments was intended to align with the Company's strategic growth plan and the following milestones: (a) 1,000,000 common shares on the closing date (issued; value at \$300,000); (b) 1,000,000 common shares upon signing of the first letter of intent by the Company on a streaming or royalty transaction provided by the related party (issued; valued at \$480,000); and (c) 1,333,333 common shares upon closing of the first streaming/royalty transaction by the Company provided by the related party (issued; valued at \$640,000). Under IFRS, the Company recognized the fair value of the share-based payments on their issuance dates which was when their respective milestones were met, whereas the value of the aggregate share consideration was significantly lower on the closing date of the share purchase agreement.

In August 2016, the Company entered into a promissory note arrangement with Inflection Capital Inc., a company controlled by the previous CEO, and received a promissory note of \$450,000 (for a financing bonus of \$50,000). During the year ended May 31, 2017, the principal balance was repaid in full and the Company received a \$100,000 interest receivable, which was assigned to settle its loan payable.

During the year ended May 31, 2017, the Company paid or accrued \$92,042 (2016 - \$Nil) to the President and CEO as finders' fees related to its private placements and share issuance.

As at May 31, 2017, the Company had \$13,474 (2016 - \$4,520) due to directors and management related to remuneration, which have been included in accounts payable and accrued liabilities.

FINANCIAL INSTRUMENTS

Fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

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- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The carrying value of cash, receivables, accounts payable and accrued liabilities, and loans payable approximated their fair value because of the short-term nature of these instruments.

The Company's activities expose it to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

#### Credit risk

Credit risk arises from cash deposits, as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no significant concentration of credit risk other than cash deposits. The Company's cash deposits are primarily held with a Canadian chartered bank. Receivables include value added tax due from the Canadian government. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company believes it is not exposed to significant credit risk and overall, the Company's credit risk has not declined significantly from the prior year.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuing to monitor forecasted and actual cash flows. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its development plans. The Company strives to maintain sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from royalty interests, its holdings of cash, and its committed liabilities. All liabilities are settled within one year.

#### COMMITMENTS

The Company had certain payments in cash and common shares related to its royalty interests, see Note 5 of the audited consolidated financial statements for the year ended May 31, 2017.

#### PROPOSED TRANSACTIONS

There are no proposed transactions of a material nature being considered by the Company at the current time.

#### OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

#### EVENTS AFTER REPORTING DATE

Subsequent to May 31, 2017, the Company:

- granted 1,900,000 stock options exercisable at \$0.54 per share for five years;
- received \$750,000 from the exercise of 1,666,667 share purchase warrants;
- completed the acquisition of additional 1% NSR royalty interest (totaling 2%) on the Holye Pond extension property and an 1% NSR royalty interest on the Montclerg property located northeast of Goldcorp's Hoyle Pond mine from Matamec Exploration Inc. for the following considerations: (a) \$500,000 and (b) 2,000,000 units (valued at \$1,000,000), where each unit consists a common share of the Company and half share purchase warrant; and each full share purchase warrant is exercisable at \$0.75 for two years (see Company's news releases dated [May 4](#) and [June 1](#), 2017); and
- completed the acquisition of three (3) NSR royalty (Joaquin project, Zaruma gold mine, and Puchuldiza project) and one (1) stream (Endeavor Silver Stream) interests from Coeur Mining Inc. for the following considerations: (a) 14,546,597 common shares of the Company and (b) an unsecured convertible debenture in the principal amount of US\$6,677,476 bearing interest at a rate of 5% per annum and will automatically convert into common shares of the Company at the time of future equity financings of future asset acquisitions and enables Coeur Mining Inc. to maintain a 19.9% interest in the Company until the outstanding principal balance is either converted in full or otherwise repaid (see Company's news releases dated [June 12](#) and [July 31](#), 2017).

#### CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

##### Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to the consolidated statement of loss and comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

##### Income taxes

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward. The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other

deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

#### Royalty interests

The Company holds royalty interests in production stage mineral properties. The royalty interests are recorded initially at their costs and are being depleted using the units of production basis over the expected life of the related mineral property, which is determined using available estimates of future metal prices and future production. Determination of proven and probable reserves by the operators and future production plans associated with the royalty interests impact the measurement of the respective assets. These estimates affect the depletion of the royalty interests, the equity pickup of joint arrangements and equity-accounted investments, and the assessment of the recoverability of the carrying value of the royalty interests.

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's royalty interests are impaired. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its royalty interests. Internal sources of information that management considers include the indications of economic performance of the assets.

In determining the recoverable amounts of the Company's royalty interests, management makes estimates of the discounted net cash flows expected to be derived from the Company's royalty interests, costs of disposal, and the appropriate discount rates. Reductions in metal price forecasts, increases in estimated future costs of production for the mine operators, reductions in the amount of recoverable mineral reserves, mineral resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's royalty interests.

#### NEW ACCOUNTING STANDARDS

##### Accounting pronouncements not yet effective

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company. The Company is currently evaluating the impact the new and amended standards are expected to have on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted.

IFRS 9 Financial Instruments ("IFRS 9") addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 Financial Instruments: Recognition and Measurement requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. IFRS 9 is effective for periods beginning on or after January 1, 2018.

METALLA ROYALTY & STREAMING LTD.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Expressed in Canadian dollars, unless otherwise indicated)  
FOR THE YEAR ENDED MAY 31, 2017

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NON-IFRS FINANCIAL MEASURE

Cash general and administrative expenses

The Company uses cash general and administrative ("G&A") expenses to evaluate management's performance in containing costs. Cash G&A expenses are intended to provide additional information, does not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for a measure of performance in accordance with IFRS.

Year ended	May 31 2017	May 31 2016
Evaluation expenses	\$ 41,968	\$ 35,102
Investor relations	264,300	5,631
Management fees	319,393	130,000
Office expense	25,865	11,501
Professional fees	118,936	6,078
Transfer agent and filing fees	53,251	22,860
Total cash G&A expenses	\$ 823,713	\$ 211,172

During the year ended May 31, 2017, the Company had a much higher level of acquisition and corporate activities compared to fiscal 2016, which included evaluation of potential acquisitions, a 3:1 share consolidation, appointment of new management, and completion of financings totaling approximately \$6,800,000. Specifically, the significant changes in investor relations expense, professional fees, and transfer agent and filing fees were consistent with the increased financing activities during fiscal 2017.

RISK FACTORS

The Company's ability to generate revenues and profits from its natural resource properties is subject to a number of risks and uncertainties including, without limitation, the following:

Changes in the market price of the commodities

The revenue derived by the Company from its asset portfolio will be significantly affected by changes in the market price of the commodities underlying the royalty, stream, or non-operating interests. The Company's revenue will be particularly sensitive to changes in the price of gold and silver, as the revenue from these commodities represents substantially all of the cash flow derived from the asset portfolio. Commodity prices, including those to which Metalla is exposed, fluctuate on a daily basis and are affected by numerous factors beyond the control of the Company, including levels of supply and demand, industrial development levels, inflation and the level of interest rates, the strength of the U.S. dollar and geopolitical events. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, and political developments.

All commodities, by their nature, are subject to wide price fluctuations and future material price declines will result in a decrease in revenue or, in the case of severe declines that cause a suspension or termination of production by relevant operators, a complete cessation of revenue from royalty, stream, or non-operating interests applicable to one or more relevant commodities. Moreover, broader commodity market tends to be cyclical, and a general downturn in overall commodity prices could result in a significant decrease in overall revenue. Any such price decline may result in a material adverse effect on Metalla's profitability, results of operations, cash flows, financial condition, and trading price of Metalla securities.

Gold and silver are produced or will be produced as a by-product metal at some of the assets; therefore, production decisions and the economic cut-off applied to the reporting of gold and silver reserves and resources, as applicable, will be influenced by changes in the commodity prices of other metals at the mines.

#### Limited or lack of control over operations

The Company is not directly involved in the operation of mines. The revenue derived from the asset portfolio is based on production by third party property owners and operators. The owners and operators generally will have the power to determine the manner in which the properties are exploited, including decisions to expand, continue or reduce, suspend or discontinue production from a property, decisions about the marketing of products extracted from the property and decisions to advance exploration efforts and conduct development of non-producing properties. The interests of third party owners and operators and those of the Company on the relevant properties may not always be aligned. As an example, it will usually be in the interest of the Company to advance development and production on properties as rapidly as possible in order to maximize near-term cash flow, while third party owners and operators may take a more cautious approach to development as they are at risk on the cost of development and operations. Likewise, it may be in the interest of property owners to invest in the development of and emphasize production from projects or areas of a project that are not subject to streaming, royalty or working interest obligations. The inability of Metalla to control the operations for the properties in which it has a royalty, stream, or other production-base interest may result in a material and adverse effect on Metalla's profitability, results of operations, cash flows, financial condition, and trading price of Metalla securities.

In addition, the owners or operators may take action contrary to Metalla's policies or objectives; be unable or unwilling to fulfill their obligations under their agreements with the Company; have difficulty obtaining or be unable to obtain the financing necessary to move projects forward; or experience financial, operational or other difficulties, including insolvency, which could limit the owner or operator's ability to perform its obligations under arrangements with the Company.

Furthermore, production from the properties in which Metalla holds an interest depends on the efforts of the owners/operators' employees. There is competition for geologists and persons with mining expertise. The ability of the owners or operators of such properties to hire and retain geologists and persons with mining expertise is key to those operations. Also, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in the jurisdictions in which those operations are conducted. Changes in such legislation or otherwise in the relationships of the owners and operators of such properties with their employees may result in strikes, lockouts or other work stoppages, any of which could have a material and adverse effect on Metalla's profitability, results of operations, cash flows, financial condition, and trading price of Metalla securities.

The Company may not be entitled to any material compensation if any of the properties in which it holds a royalty, stream, or other production-base interest shuts down or discontinues their operations on a temporary or permanent basis. At any time, any of the operators of the properties in which it holds a royalty, stream, or other production-base interest or their successors may decide to suspend or discontinue operations.

The owners or operators of the projects in which the Company holds an interest may from time to time announce transactions, including the sale or transfer of the projects or of the operator itself, over which Metalla has little or no control. If such transactions are completed it may result in a new operator controlling the project, who may or may not operate the project in a similar manner to the current operator which may positively or negatively impact the Company. If any such transaction is announced, there is no certainty that such transaction will be completed, or completed as announced, and any consequences of such non-completion on Metalla may be difficult or impossible to predict.

#### Property rights, permits, and licenses held by owner and operators

Exploration, development, and operation of mining properties are subject to laws and regulations governing health and worker safety, employment standards, environmental matters, mine development, project development, mineral production, permitting and maintenance of title, exports, taxes, labour standards, reclamation obligations, heritage and

historic matters and other matters. The owners or operators of the properties in which Metalla holds a royalty, stream, or other production-base interest, require licenses and permits from various governmental authorities in order to conduct their operations. Future changes in such laws and regulations or in such licenses and permits could have a material adverse impact on the revenue Metalla derives from the royalty/stream interests. Such licenses and permits are subject to change in various circumstances and are required to be kept in good standing through a variety of means, including cash payments and satisfaction of conditions of issue. Such licenses and permits may be subject to expiration, relinquishment, and/or termination without notice to, control of or recourse by the Company. There can be no guarantee that the owners or operators of those properties in which Metalla holds a royalty, stream, or other production-base interest, will be able to obtain or maintain all necessary licenses and permits in good standing that may be required to explore, develop and operate the properties, commence construction or operation of mining or oil & natural gas facilities, or maintain operations that economically justify the cost. Any failure to comply with applicable laws and regulations, permits and licenses, or to maintain permits and licenses in good standing, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or fines, penalties or other liabilities accruing to the owner or operator of the project. Any such occurrence could substantially decrease production or cause the termination of operations on the property and have a material and adverse effect on Metalla's profitability, results of operations, cash flows, financial condition, and the trading price of Metalla securities.

#### Construction, development, and/or expansion on underlying properties

Some projects or properties in which the Company holds an royalty, stream, or other production-base interest in are in the permitting, construction, development, and/or expansion stage and such projects are subject to numerous risks, including, but not limited to delays in obtaining equipment, materials and services essential to the construction and development of such projects in a timely manner, delays or inability to obtain required permits, changes in environmental or other regulations, currency exchange rates, labour shortages, cost escalations and fluctuations in metal prices. There can be no assurance that the owners or operators of such projects will have the financial, technical and operational resources to complete permitting, construction, development, and/or expansion of such projects in accordance with current expectations or at all.

#### Limited access to data and disclosure

As a royalty/stream holder, the Company has limited access to data on the operations or to the actual properties themselves. This could affect its ability to assess the performance of the royalty, stream, or other production-base interest. This could result in deviations in cash flow from that which is anticipated by the Company. In addition, some royalty, stream, or non-operating interests may be subject to confidentiality arrangements which govern the disclosure of information with regard to said royalty, stream, or other production-base interest and, as such, the Company may not be in a position to publicly disclose non-public information with respect to certain royalty, stream, or non-operating interests. The limited access to data and disclosure regarding the operations of the properties in which the Company has an interest, may restrict Metalla's ability to enhance its performance which may result in a material and adverse effect on Metalla's profitability, results of operations, cash flows, financial condition, and trading price of Metalla securities. Although when creating new royalty or stream agreements, management attempts to obtain these rights, there is no assurance that such efforts will be successful.

#### Errors in calculations of royalty/stream payments and retroactive adjustments

Metalla's royalty/stream payments are calculated by the operators of the properties on which the Company has royalties/streams based on the reported production. Each owner or operator's calculation of our royalty/stream payments is subject to and dependent upon the adequacy and accuracy of its production and accounting functions, and errors may occur from time to time in the calculations made by an owner or operator. Certain royalty/stream agreements require the operators to provide the Company with production and operating information that may, depending on the completeness and accuracy of such information, enable the Company to detect errors in the calculation of royalty/stream payments that it receives. The Company does not, however, have the contractual right to receive production information for all of its



royalty, stream, and similar production-based interests. As a result, Metalla's ability to detect royalty/stream payment errors through its royalty/stream monitoring program and its associated internal controls and procedures is limited, and the possibility exists that the Company will need to make retroactive royalty/stream revenue adjustments. Some of Metalla's royalty/stream contracts provide the right to audit the operational calculations and production data for the associated royalty/stream payments; however, such audits may occur many months following the recognition of such royalty/stream revenue and may require the Company to adjust its revenue in later periods.

#### Financial viability of property owners and operators

The Company is dependent to a large extent upon the financial viability and operational effectiveness of owners and operators of the relevant royalty/stream properties. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues. Payments may be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, the ability or willingness of smelters and refiners to process mine products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operators of expenses incurred in the operation of the royalty/stream properties, the establishment by the operators of reserves for such expenses or the insolvency of the operator. The Company's rights to payment under the royalties/streams must, in most cases, be enforced by contract without the protection of the ability to liquidate a property. This inhibits Metalla's ability to collect outstanding royalties/streams upon a default. Additionally, some agreements may provide limited recourse in particular circumstances which may further inhibit the Metalla's ability to recover or obtain equitable relief in the event of a default under such agreements. In the event of a bankruptcy of an operator or owner, it is possible that an operator may claim that the Company should be treated as an unsecured creditor and, therefore, have a limited prospect for full recovery of revenue and a possibility that a creditor or the operator may claim that the royalty or stream agreement should be terminated in the insolvency proceeding. Failure to receive payments from the owners and operators of the relevant properties or termination of Metalla's rights may result in a material and adverse effect on the Company's profitability, results of operations, cash flows, and financial condition.

#### Unfulfilled contractual obligations

Royalty, stream, and similar production-based interests in natural resource properties are largely contractual in nature. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalty, stream, and similar production-based interests do not abide by their contractual obligations, the Company would be forced to take legal action to enforce its contractual rights. Such litigation may be time consuming and costly and there is no guarantee of success. Any pending proceedings or actions or any decisions determined adversely to the Company, may have a material and adverse effect on Metalla's profitability, results of operations, cash flows, financial condition, and the trading price of Metalla securities.

#### Third party rights

Some royalty, stream, and similar production-based interests are subject to: (a) buy-down right provisions pursuant to which an operator may buy-back all or a portion of the royalty/stream, (b) pre-emptive rights pursuant to which parties to operating and royalty/stream agreements have the right of first refusal or first offer with respect to a proposed sale or assignment of a royalty/stream to the Company, or (c) claw back rights pursuant to which the seller of a royalty/stream to the Company has the right to re-acquire the royalty/stream. Holders may exercise these rights such that certain royalty, stream, or non-operating interests would no longer be held by the Company.

#### Risk factors applicable to property owners and operators

To the extent that they relate to the production or minerals from or the continued operation of, properties in which Metalla holds a royalty, stream, or other production-based interest, Metalla will be subject to the risk factors applicable to the owners and operators of such mines or projects.

#### No assurance of titles or borders

A defect in the chain of title to any of the properties underlying the royalty, stream or similar production-based interests or necessary for the anticipated development or operation of a particular project to which a royalty, stream or other production-base interest relates may arise to defeat or impair the claim of the operator to a property. In addition, claims by third parties or aboriginal groups in Canada and elsewhere may impact on the operator's ability to conduct activities on a property to the detriment of Metalla's royalty, stream, or other production-based interests. To the extent an owner or operator does not have title to the property, it may be required to cease operations or transfer operational control to another party. Many royalty, stream, or non-operating interests are contractual, rather than an interest in land, with the risk that an assignment or bankruptcy or insolvency proceedings by an owner will result in the loss of any effective royalty, stream, or other production-base interest in a particular property. Further, even in those jurisdictions where there is a right to record or register royalty, stream, or non-operating interests held by the Company in land registries or mining recorders offices, such registrations may not necessarily provide any protection to the holder of such interests. Accordingly, the holder of such interests may be subject to risk from third parties. As a result, known title defects, as well as unforeseen and unknown title defects may impact operations at a project in which the Company has a royalty, stream, or other production-base interest and may result in a material and adverse effect on Metalla's profitability, results of operations, cash flows, financial condition and the trading price of Metalla securities.

#### Unknown defects or impairments in the asset portfolio

Unknown defects in or disputes relating to the royalty, stream, and similar production-based interests the Company hold or acquire may prevent management from realizing the anticipated benefits from such royalty, stream, and similar production-based interests, and could have a material adverse effect on Metalla's profitability, results of operations, and financial condition. It is also possible that material changes could occur that may adversely affect management's estimate of the carrying values of royalty, stream, and similar production-based interests and could result in impairment charges. While the Company seeks to confirm the existence, validity, enforceability, terms and geographic extent of the royalty, stream, and similar production-based interests acquired, there can be no assurance that disputes over these and other matters will not arise. Confirming these matters, as well as the title to underlying mining property on which Metalla holds or seeks to acquire a royalty, stream, and other production-base interest, is a complex matter, and is subject to the application of the laws of each jurisdiction to the particular circumstances of each parcel of mining property and to the documents reflecting the royalty or stream interest. Similarly, royalty, stream, and similar production-based interests in many jurisdictions are contractual in nature, rather than interests in land, and therefore may be subject to change of control, bankruptcy or the insolvency of operators. The Company often does not have the protection of security interests over property that we could liquidate to recover all or part of Metalla's investment in a royalty, stream, and other production-base interest. Even if the Company retains its royalty, stream, and similar production-based interests in a mining project after any change of control, bankruptcy or insolvency of the operator, the project may end up under the control of a new operator, who may or may not operate the project in a similar manner to the current operator, which may have a material and adverse effect on Metalla's profitability, results of operations, cash flows, financial condition, and the trading price of Metalla securities.

#### Potential litigation involving underlying properties

Potential litigation may arise on a property on which the Company holds or has a royalty, stream, or other production-base interest (for example, litigation between joint venture partners or between operators and original property owners or neighbouring property owners). As a royalty/stream holder, the Company will not generally have any influence on the litigation and will not generally have access to data. Any such litigation that results in the cessation or reduction of production from a property (whether temporary or permanent) could have a material and adverse effect on Metalla's profitability, results of operations, cash flows, financial condition, and the trading price of Metalla securities.

#### Legal proceedings

Due to the nature of its business, the Company may be subject to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on the Metalla's profitability, results of operations, cash flows, financial condition, and the trading price of Metalla securities.

#### Insurance

Where practical, a reasonable amount of insurance is maintained against risks in the Company's operations, but coverage has exclusions and limitations. There is no assurance that the Company's insurance will be adequate to cover all liabilities or that it will continue to be available and at terms that are economically acceptable. Losses from un-insured or under-insured events may cause the Company to incur significant costs that could have a material and adverse effect on Metalla's profitability, results of operations, cash flows, financial condition, and the trading price of Metalla securities.

#### Environmental risks

All phases of mine operation or development are subject to governmental regulation including environmental regulation in the various jurisdictions in which they operate. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental hazards may exist on the properties at present which were caused by previous or existing owners or operators of the properties and which could impair the commercial success, levels of production and continued feasibility and project development and mining operations on these properties. One or more of the mining companies may become liable for such environmental hazards caused by previous owners or operators of the properties.

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 operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

#### Dependence on key personnel

The Company is dependent upon the continued availability and commitment of its key management, whose contributions to immediate and future operations of Metalla are of significant importance. The loss of any such key management could negatively affect business operations. From time to time, the Company may also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. The number of persons skilled in the acquisition and development of royalties/streams is limited and competition for such persons is intense. Recruiting and retaining qualified personnel is critical to Metalla's success and there can be no assurance of such success. If the Company is not successful in attracting and retaining qualified personnel, Metalla's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations, and financial condition. The Company does not intend to maintain "key man" insurance for any members of its management.

#### Relations with employees

Production at mines or projects in which Metalla holds an interest depend on the efforts of employees. There is global competition for geologists and persons with mining expertise. The ability of a mining company to hire and retain geologists and persons with mining expertise is key to the specific mines or projects in which Metalla holds or may hold an interest. Further, relations with employees may be affected by changes in the scheme or labor relations that may be introduced by the relevant governmental authorities in the jurisdictions in which specific mines operate or in which a specific project is conducted. Changes in such legislation or otherwise in a mining company's relationships with their employees may result in strikes, lockouts or other work stoppages, any of which could have a material adverse effect on the operation of mines or projects, the results of operations and financial condition.

#### Conflict of interest

Certain of the directors and officers of the Company also serve as directors or officers of, or have significant shareholdings in, other companies involved in precious metals royalty and streaming business, to the extent that such other companies may engage in transactions or participate in the same ventures in which the Company participates, or in transactions or ventures in which the Company may seek to participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In all cases where directors and officers have an interest in other companies, such other companies may also compete with Metalla for the acquisition of royalty, stream, or non-operating interests. Such conflicts of the directors and officers may result in a material and adverse effect on Metalla's profitability, results of operations, cash flows, financial condition, and the trading price of Metalla securities.

#### New acquisitions or other material royalty or streaming transactions

The Company is continuously reviewing opportunities to acquire existing royalties or streams, to create new royalty interests or streaming arrangements through the financing of mining projects, financing of new acquisitions or to acquire companies that hold royalties or streams. At any given time, the Company may have various types of transactions and acquisition opportunities in various stages of active review, including submission of indications of interest and participation in discussions or negotiations in respect of such transactions. This process also involves the engagement of consultants and advisors to assist in analyzing particular opportunities. Any such acquisition or transaction could be material to the Company and may involve the issuance of securities by the Company or the incurring of indebtedness to fund any such acquisition. In addition, any such acquisition or other royalty or streaming transaction may have other transaction specific risks associated with it, including risks related to the completion of the transaction, the project operators or the jurisdictions in which assets may be acquired. Additionally, the Company may consider opportunities to restructure its royalties or stream arrangements where it believes such a restructuring may provide a long-term benefit to the Company, even if such restructuring may reduce near-term revenues or result in the Company incurring transaction related costs. The Company may enter into one or more acquisitions, restructurings or other royalty and streaming transactions at any time.

#### Competition

Many companies are engaged in the search for and the acquisition of royalty, stream, and similar production-based interests, and there is a limited supply of desirable royalty, stream, and similar production-based interests. The precious metals royalty and streaming businesses is competitive in all phases. Many companies are engaged in the acquisition of precious metals royalty and streaming, including large, established companies with substantial financial resources, operational capabilities and long earnings records. The Company may be at a competitive disadvantage in acquiring those interests, whether by way of royalty, stream or other form of investment, as competitors may have greater financial resources and technical staffs. There can be no assurance that the Company will be able to compete successfully against other companies in acquiring new natural resource properties and royalty/stream interests. In addition, the Company may be unable to acquire royalties or streams at acceptable valuations which may result in a material and adverse effect on Metalla's profitability, results of operations, cash flows, financial condition, and the trading price of Metalla securities.

#### Securities price volatility

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of the Company include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries or asset classes. There can be no assurance that continued fluctuations in precious metals prices will not occur. As a result of any of these factors, the market price of Metalla's securities at any given time may not accurately reflect the long term value of the Company. In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against them. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm profitability and the reputation of the Company.

#### Uncertainty of dividends on its common shares

Payment of dividends on the Metalla common shares is within the discretion of the Company's Board of Directors and will depend upon Metalla's future earnings, cash flows, acquisition capital requirements, financial condition, and other relevant factors. There can be no assurance that it will be in a position to declare dividends due to the occurrence of one or more of the risks described herein.

#### Limitations on enforcement of civil judgments

A substantial portion of the assets of the Company is located outside of Canada. As a result, it may not be possible for investors in Metalla securities to collect from Metalla judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation of certain of the provinces and territories of Canada. It may also be difficult for investors in Metalla securities to succeed in a lawsuit in the United States, based solely on violations of Canadian securities laws.

#### Passive foreign investment company ("PFIC")

If the Company were to constitute a PFIC for any year during a U.S. holder's holding period, then certain potentially adverse U.S. federal income tax rules would affect the U.S. federal income tax consequences to such U.S. holder resulting from the acquisition, ownership, and disposition of common shares of the Company. The U.S. Treasury Department has not issued specific guidance on how the income and assets of a non-U.S. corporation such as Metalla will be treated under the PFIC rules. The Company believes, on a more-likely-than-not basis, that it was not a PFIC for its tax year ended May 31, 2017, and, based on its current and anticipated business activities and financial expectations, the Company expects, on a more-likely-than-not basis, that it will not be a PFIC for its current tax year and for the foreseeable future. The determination as to whether a corporation is, or will be, a PFIC for a particular tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations and uncertainty. In addition, there is limited authority on the application of the relevant PFIC rules to entities such as Metalla. Accordingly, there can be no assurance that the Internal Revenue Service will not challenge the views of the Company concerning its PFIC status. In addition, whether any corporation will be a PFIC for any tax year depends on its assets and income over the course of such tax year, and, as a result, Metalla's PFIC status for its current tax year and any future tax year cannot be predicted with certainty. Each U.S. holder should consult its own tax adviser regarding the PFIC status of Metalla. This risk factor is qualified in its entirety by the discussion set forth under the heading, "United States Federal Income Tax Considerations" contained in Metalla's Information Circular which has been filed with the SEC and can be found at the SEC's website [www.sec.gov](http://www.sec.gov).

#### Future financing and dilution to existing shareholders

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could impede Metalla's funding obligations, or result in delay or postponement of further business activities which may result in a material and adverse effect on

Metalla's profitability, results of operations, and financial condition. The Company may require new capital to continue to grow its business and there are no assurances that capital will be available when needed, if at all. It is likely that, at least to some extent, such additional capital will be raised through the issuance of additional equity. To the extent additional securities are issued, Metalla's existing securityholders could be diluted and some or all of Metalla's financial measures could be reduced on a per share basis. Additionally, Metalla securities issued in connection with a transaction may not be subject to resale restrictions and, as such, the market price of Metalla securities may decline if certain large holders of Metalla securities or recipients of Metalla securities in connection with an acquisition, sell all or a significant portion of such securities or are perceived by the market as intending to sell such securities. In addition, such issuances of securities may impede Metalla's ability to raise capital through the sale of additional equity securities in the future.

#### Changes in tax legislation or accounting rules

Changes to, or differing interpretation of, taxation laws or regulations in any of Canada, Cayman Islands, Guernsey, or any of the countries in which Metalla's assets or relevant contracting parties are located could result in some or all of Metalla's profits being subject to additional taxation. No assurance can be given that new taxation rules or accounting policies will not be enacted or that existing rules will not be applied in a manner which could result in Metalla's profits being subject to additional taxation or which could otherwise have a material adverse effect on Metalla's profitability, results of operations, cash flows, financial condition and the trading price of Metalla securities. In addition, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make royalty, stream, or non-operating interests by the Company less attractive to counterparties. Such changes could adversely affect Metalla's ability to acquire new assets or make future investments.

#### Corporate governance and public disclosure regulations

The Company is subject to changing rules and regulations promulgated by a number of Canadian governmental and self-regulated organizations, including the Canadian Securities Administrators, the CSE, and the IASB. These rules and regulations continue to evolve in scope and complexity making compliance more difficult and uncertain. For example, new rules have been proposed and enacted that will require the Company to disclose on an annual basis certain payments made by Metalla, its subsidiaries or entities controlled by it, to domestic and foreign governments, including sub-national governments. Further, Metalla's efforts to comply with these and other new and existing rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

#### Third party reporting

Metalla relies on public disclosure and other information regarding specific mines or projects that is received from the owners or operators of the mines or other independent experts. The information received may be susceptible to being imprecise as the result of it being compiled by certain third parties. The disclosure created by Metalla may be inaccurate if the information received contains inaccuracies or omissions, which could create a material adverse effect on Metalla. In addition, a royalty, stream or other precious metals agreement may require an owner or operator to provide Metalla with production and operating information that may, depending on the completeness and accuracy of such information, enable Metalla to detect errors through its associated internal controls and procedures is limited, and the possibility exists that Metalla will need to make retroactive revenue adjustments.

As a holder of an interest in a royalty, stream, or other production-based interest, Metalla will have limited access to data on the operations or to the actual properties underlying such interest. This limited access to data or disclosure regarding operations could affect the ability of Metalla to assess the performance of the royalty, stream, or other production-based interest. This could result in delays in cash flow from that which is anticipated by Metalla based on the stage of development of the properties covered by the assets within Metalla's asset portfolio.

#### Foreign currency

The Company's certain royalty, stream, and similar production-based interests are subject to foreign currency fluctuations and inflationary pressures, which may have a material and adverse effect on the Company's profitability, results of operations and financial condition. At this time, there are no currency hedges in place. Therefore, a weakening of the Canadian dollar against such foreign currencies may have a material and adverse effect on Metalla's profitability, results of operations, cash flows, and financial condition.

#### Foreign jurisdictions and political risks

Many of the Company's royalty, stream, and similar production-based interests relate to properties outside of the Canada, including in Africa and Latin America. In addition, future investments may expose the Company to new jurisdictions. The ownership, development, and operation of these properties and the mines and projects thereupon by their owners and operators are subject to the risks normally associated with conducting business in foreign countries. These risks include, depending on the country, nationalization and expropriation, social unrest and political instability, less developed legal and regulatory systems, uncertainties in perfecting mineral titles, trade barriers, exchange controls and material changes in taxation. These risks may, among other things, limit or disrupt the ownership, development or operation of properties, mines or projects in respect of which the Company holds royalty, stream, and similar production-based interests, restrict the movement of funds, or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation. The Company applies various methods, where practicable, to identify, assess and, where possible, mitigate these risks prior to entering into stream and royalty agreements. Such methods generally include: conducting due diligence on the political, social, legal and regulatory systems and on the ownership, title and regulatory compliance of the properties subject to the royalty or stream interest; engaging experienced local counsel and other advisors in the applicable jurisdiction; negotiating where possible so that the applicable royalty or stream agreement contains appropriate protections, representations, warranties and, in each case as the Company deems necessary or appropriate in the circumstances, all applied on a risk adjusted basis. There can be no assurance, however, that the Company will be able to identify or mitigate all risks relating to holding royalty, stream, and similar production-based interests in respect of properties, mines and projects located in foreign jurisdictions, and the occurrence of any of the factors and uncertainties described above could have a material adverse effect on the Metalla's profitability, results of operations, cash flows, financial condition, and trading price of Metalla securities.

There is sovereign risk in investing in foreign countries, including the risk that the resource concessions may be susceptible to revision or cancellation by new laws, may not be renewed as anticipated or may otherwise be adversely impacted by changes in direction by the government in question. It is possible that changes in applicable laws, regulations, or in their enforcement or regulatory interpretation could result in adverse changes to mineral or oil & natural gas operations. These are matters over which Metalla has no control. There is no assurance that future political and economic conditions in such countries will not result in the adoption of different policies or attitudes respecting the development and ownership of resources. Any such changes in policy or attitudes may result in changes in laws affecting ownership of assets, land tenure and resource concessions, licensing fees, taxation, royalties, price controls, exchange rates, export controls, environmental protection, labour relations, foreign investment, nationalization, expropriation, repatriation of income and return of capital, which may affect both the ability to undertake exploration and development on, or production from, the properties in which Franco-Nevada holds a royalty, stream or other production-base interest. In certain areas where Franco-Nevada holds a royalty, stream or other production-base interest, the regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability are beyond the control of Franco-Nevada and the owners and operators of the properties in which Franco-Nevada has an interest and such changes may result in a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities. Additionally, Franco-Nevada is indirectly exposed to the risks faced by the owners and operators of the properties in which Franco-Nevada holds or will hold royalty, stream or similar production-based interests in foreign jurisdictions. These include risks related to political and economic instability, under-developed

legal systems, inconsistencies in the application of local laws and other legal uncertainty, terrorism, military repression, political violence, crime, corruption, infectious diseases, unsophisticated infrastructure and inaccessibility.

Continued challenging global financial conditions

Global financial conditions have been characterized by ongoing volatility. Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults.

Any sudden or rapid destabilization of global economic conditions could negatively impact Metalla's ability, or the ability of the operators of the properties in which Metalla holds royalty, stream or similar production-based interests, to obtain equity or debt financing or make other suitable arrangements to finance their projects. Additionally, the Company may be subject to counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to (a) through financial institutions that hold Metalla's cash, (b) through companies that have payables to Metalla, (c) through Metalla's insurance providers, and (d) through Metalla's lenders. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans or other credit facilities or obtain equity financing in the future or to obtain them on terms favourable to the Company. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, Metalla's profitability, results of operations, cash flows, financial condition, and the trading price of Metalla securities could be adversely impacted.

#### SHARE POSITION AND OUTSTANDING WARRANTS AND OPTIONS

As at the date of this MD&A, the Company had 73,098,479 common shares issued and outstanding. There were also 6,000,000 options and 10,494,168 share purchase warrants outstanding with expiry dates ranging from March 15, 2018 to July 31, 2022.

#### QUALIFIED PERSONS

Charles Beaudry, Metalla's director and holds a Masters of Geology from McGill University, is a Qualified Person as defined by NI 43-101 Standards of Disclosure for Mineral Projects, has reviewed and has approved the disclosure of the technical information in the MD&A regarding the Company's royalty, stream, and other production-base interests.

#### CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and U.S. securities legislation. The forward-looking statements herein are made as of the date of this MD&A only and the Company does not assume any obligation to update or revise them to reflect new information, estimates or opinions, future events or results or otherwise, except as required by applicable law.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budgets", "scheduled", "estimates", "forecasts", "predicts", "projects", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events or future performance of Metalla, disclosure regarding the precious metal purchase agreements and royalty payments to be paid to



Metalla by property owners or operators of mining projects pursuant to net smelter returns and other royalty agreements of Metalla, management's expectations regarding Metalla's growth, results of operations, estimated future revenues, carrying value of assets, future dividends, and requirements for additional capital, production estimates, production costs and revenue, future demand for and prices of commodities, expected mining sequences, business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. A number of factors could cause actual events or results to differ materially from any forward-looking statements, including, without limitation: fluctuations in the prices of the primary commodities that drive royalty and stream revenue (gold and silver); fluctuations in the value of the U.S. dollar and any other currency in which revenue is generated, relative to the Canadian dollar; changes in national and local government legislation, including permitting and licensing regimes and taxation policies and the enforcement thereof; regulatory, political or economic developments in any of the countries where properties in which the Company holds a royalty, stream, or other production-base interest are located or through which they are held; risks related to the operators of the properties in which the Company holds a royalty, stream, or other production-base interest, including changes in the ownership and control of such operators; influence of macroeconomic developments; business opportunities that become available to, or are pursued by the Company; reduced access to debt and equity capital; litigation; title, permit or license disputes related to interests on any of the properties in which the Company holds a royalty, stream, or non-operating interest; whether or not the Company is determined to have "passive foreign investment company" ("PFIC") status as defined in Section 1297 of the United States Internal Revenue Code of 1986, as amended; potential changes in Canadian tax treatment of offshore streams; excessive cost escalation as well as development, permitting, infrastructure, operating or technical difficulties on any of the properties in which the Company holds a royalty, stream, or other production-based interest; the possibility that actual mineral content may differ from the reserves and resources contained in technical reports; rate and timing of production differences from resource estimates, other technical reports and mine plans; risks and hazards associated with the business of development and mining on any of the properties in which the Company holds a royalty, stream, or other production-based interest, including, but not limited to unusual or unexpected geological and metallurgical conditions, slope failures or cave-ins, flooding and other natural disasters, terrorism, civil unrest or an outbreak of contagious diseases; and the integration of acquired assets.

The forward-looking statements contained in this MD&A are based on reasonable assumptions that have been made by management as at the date of such information and is subject to unknown risks, uncertainties and other factors that may cause the actual actions, events or results to be materially different from those expressed or implied by such forward-looking information, including, without limitation: the impact of general business and economic conditions; the ongoing operation of the properties in which the Company holds a royalty, stream, or other production-base interest by the owners or operators of such properties in a manner consistent with past practice; the accuracy of public statements and disclosures made by the owners or operators of such underlying properties; no material adverse change in the market price of the commodities that underlie the asset portfolio; the Company's ongoing income and assets relating to determination of its PFIC status; no material changes to existing tax treatment; no adverse development in respect of any significant property in which the Company holds a royalty, stream, or other production-base interest; the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production; integration of acquired assets; actual results of mining and current exploration activities; conclusions of economic evaluations and changes in project parameters as plans continue to be refined; problems inherent to the marketability of precious metals; stock market volatility; competition; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended.

Although Metalla has attempted to identify important factors that could cause actual actions, events or results to differ materially from those contained 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 such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Investors

are cautioned that forward-looking statements are not guarantees of future performance. The Company cannot assure investors that actual results will be consistent with these forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements or information.

This MD&A contains future-orientated information and financial outlook information (collectively, "FOFI") about the Company's revenues from royalties, streams and other projects which are subject to the same assumptions, risk factors, limitations and qualifications set forth in the above paragraphs. FOFI contained in this MD&A was made as of the date of this MD&A and was provided for the purpose of providing further information about the Company's anticipated business operations. Metalla disclaims any intention or obligation to update or revise any FOFI contained in this MD&A, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. FOFI contained in this MD&A should not be used for the purposes other than for which it is disclosed herein.