



WestBay Research

METALLIS RESOURCES INC. Exceptional Gold Discovery Potential in a Prolific Region

Metallis is about to begin drilling on a highly prospective property located in one of the most prolific gold-bearing regions on the planet. The company's geological team comprises some of the leading experts in this region.

If the results of the drilling are even a small fraction of what this distinguished geological team is expecting, the value of this company could increase by a multiple.

Metallis holds a large property position in the Golden Triangle region of British Columbia. That region has already turned up as much gold as the fabled Carlin Trend of Nevada, with a lot more to come, as exploration of the Golden Triangle is still at an early stage.

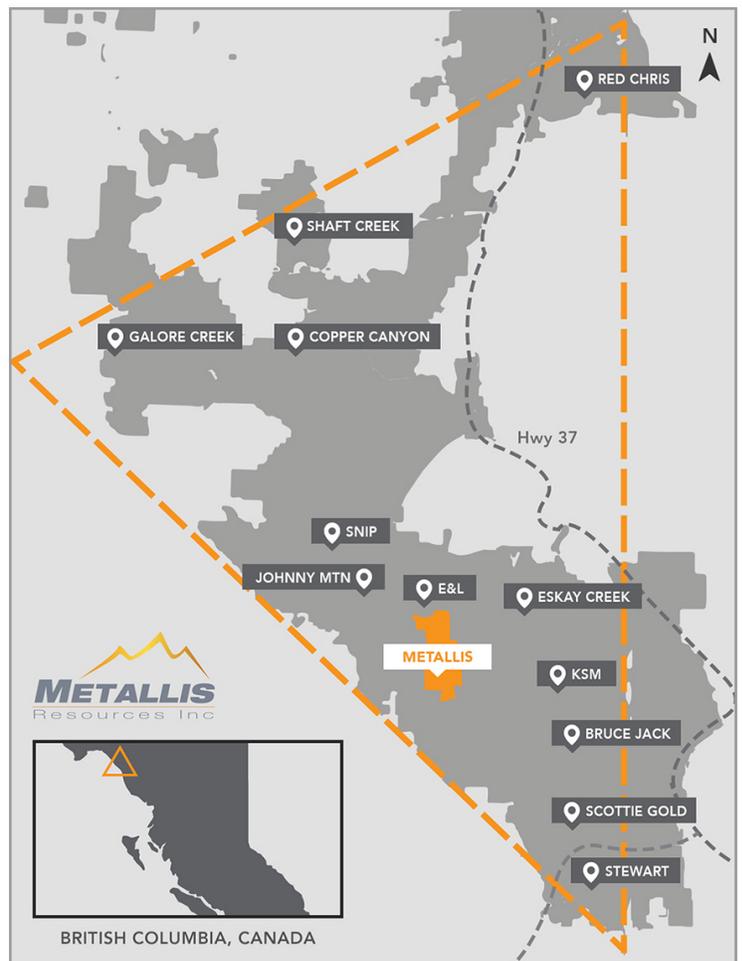
The enormous mineral wealth of that region was recognized for decades, but largely passed over due to the lack of infrastructure. The situation has changed dramatically over the past few years: there is now good road access; there is a power line to the region; one mine began operating in 2015, and another is now starting production. Several other advanced projects are headed toward development.

For years, it was hard for exploration companies to raise money for that region. With the improved infrastructure, and two mine developments, interest in the region has come alive. Two "juniors" with projects in the region have a collective market value of C\$3 billion! Other juniors have enjoyed several-fold increases in value over the past year.

Metallis is a low-key company, under the radar of most investors, totally focused on advancing its project. It has so far done little to attract investor attention. It has a tiny market value in relation to the extent and the highly prospective nature of its well-located property. Metallis is valued at one tenth of the value of its neighbors.

As a testament to the dedication of the geological team, and their belief in the merits of the project, they are taking minimal or no salaries: their compensation is almost entirely based on demonstrating the value of the project. Even the driller, who knows the team and the project very well, offered to drill the project in return for shares.

With a drilling program about to test targets that could multiply the value of this company, investors are about to take notice.



ABOUT THE COMPANY

Symbol:	TSX.V: MTS
Shares:	19,952,617
Current Price:	\$0.17*
Market Value:	\$3.3 Mil

*As of May 25, 2017

CONTACT DETAILS

Metallis Resources Inc.	Telephone: 604-688-5077
515 – 850 West Hastings St	Email: info@metallisresources.com
Vancouver, BC V6C 1E1	www.metallisresources.com

A TARGET-RICH PROJECT

The core of the Metallis property was accumulated over a number of years by one of the top geological authorities in the region and sold to Metallis by his widow in return for shares. The vast property had been explored for decades on a piece-meal basis, with each program adding information that helped put together the geological story and leading to the accumulation of claims by that renowned geologist.

The highly-experienced and successful geological team at Metallis has continued to advance the project, which is now ready for drill testing. Gold and other metals are hosted in three main deposit types in the Golden Triangle. The Metallis property has abundant evidence for all three styles of mineralization.

The work that is soon to get under way will test all three target types. If the first phase of drilling does no more than find geological support for any one of those target types, it will multiply the value of the project and the company. There is a chance that one or more of the first phase holes could hit a bull's eye...

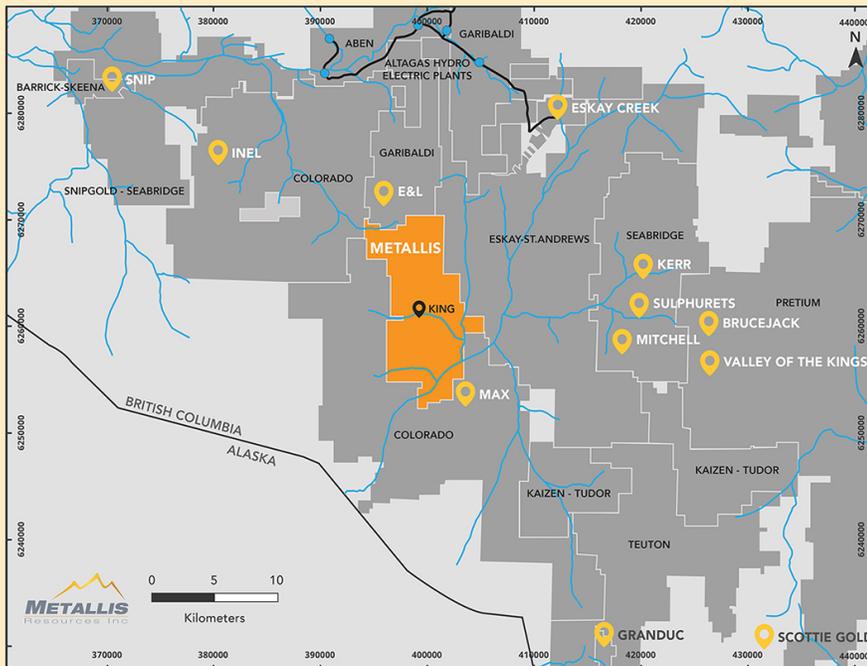
THE EMERGENCE OF THE GOLDEN TRIANGLE

To really appreciate the significance of the Metallis property position, it is important to know a little about the region.

British Columbia's emerging Golden Triangle has already turned up as much gold as Nevada's Carlin Trend, which is generally recognized as the biggest repository of gold in the Western Hemisphere. The Golden Triangle deposits also contain silver, copper and other metals which have an equivalent value to the value of the gold endowment.

In other words, the ore mined and the resources already delineated in the Golden Triangle have an in situ value two-times that of the Carlin Trend. Several of the major mining companies explored the region from the 1950s through the 1970s. Numerous discoveries were made, but a lack of infrastructure saw those discoveries put on hold.

The 1989 discovery of the Eskay Creek deposit reawakened the district. Hole 109 returned a 682-ft. interval grading an average of 0.87 ounces per ton gold with credits of silver, lead and zinc. That spectacular hole rocked the mining world, leading to a staking rush. Literally hundreds of companies explored small scattered claims, hoping to repeat the Eskay success.



Eskay quickly became a mine which was taken over by Barrick and produced 3 million ounces of gold and 160 million ounces of silver from ore with a spectacular grade of 49 g/t gold and 2,406 g/t silver.

In the early days of exploring that region, the complex geological setting that spawned the rich Eskay deposit was not well understood. Over the following decades, geologists gradually developed an understanding of the region.

In the meantime, Seabridge Gold (SEA-T) picked up one of the cast-off porphyry deposits discovered in past decades and proceeded to delineate a deposit with a measured and indicated resource with 13 billion pounds of copper and 50 million ounces of gold. A pre-feasibility study on that deposit has earned Seabridge a market value of C\$800 million.

On the other side of Highway 37, Imperial Metals began production in 2015 from its Red Chris deposit. At an annual production level of 84 million pounds of copper and 50,000 ounces of gold, Red Chris has earned that company a market value of C\$550 million.

Pretium is about to begin production at Brucejack, with commissioning of the process plant now well underway. The Valley of the Kings deposit has proven and probable reserves hosting 8.1 million ounces of gold at a grade of 16.1 g/t.

Other than Eskay, all the deposits noted above were known for many years before their significance was really appreciated. In each case, improved geological understanding led to a closer look and the ultimate success.

For example, Brucejack was first discovered in 1935. Over the following decades, it was explored by four companies, including one of the majors. In the late 1990s, a junior developed a mine, but the project was halted by the low gold price and a lack of capital. It was then acquired by Silver Standard, who sat on it until it was purchased by Pretium. Further exploration and mine development has resulted in a valuation of C\$2.2 billion for a project that was ignored for decades.

THE KIRKHAM DEPOSIT – HAND-PICKED GEMS IN GOOD HANDS

One of the geologists who dedicated his life to understanding the rich but complex geology of the Golden Triangle was Rodney Kirkham. Dr. Kirkham was a world-renowned copper-gold expert who served for many years with the Geological Survey of Canada. He worked throughout Canada and around the world but had a strong attraction to northwest BC, recognizing the exceptional concentration of metal in that region. After retiring from the GSC, Dr. Kirkham privately accumulated a substantial property position which he regarded as the most highly prospective ground in the region.

Dr. Kirkham's widow was pleased to entrust her late husband's legacy to Metallis: that junior, although broke, had a highly experienced geological team. That team has the ability to advance the geological theories and turn them into valuable deposits.

David DuPre, vice president of exploration, is a professional geologist with over 45 years of exploration experience. He has worked and collaborated with both major and junior mining companies in projects spanning the world. Since 1988, he has concentrated his efforts in the "Golden Triangle" area of northwest British Columbia. He was intimately involved in the discovery of the Eskay Creek mine as project manager.

Dr. Dave Webb, director, is a geologist with over 30 years of experience in mineral exploration, development and production in Canada and internationally. During his tenures as president of both public and private companies, projects have been developed from pre-discovery to production.

The company is led by Fiore Aliperti, who has a long and successful business career. He joined the Company in 2010 and was appointed President & CEO in 2013. Since his appointment, Fiore focused in on the Golden Triangle and was key in acquiring the Kirkham property. With his knowledge and vast experience, he has played a pivotal role in maintaining a low share structure while fulfilling the requirements to complete work on the property and run a publicly traded company.

Recent additions to the geological team speak volumes about the geological potential of this project. Two geologists who are recognized as leading authorities on the geology of the Golden Triangle have joined the Metallis team as members of the Advisory Council.

Stephen Wetherup is a structural and economic geologist with over 20 years of global exploration experience. He has worked as a consulting geologist for numerous exploration companies, both juniors and majors. Stephen is recognized as one of the leading experts in the geological understanding of northwest BC.

Jeff Kyba has worked for exploration companies in Canada and abroad. He spent the past five years as the Regional Geologist for the BC Ministry of Mines responsible for monitoring mineral exploration and mining activity in northwest BC. He devoted a good deal of effort to looking for geological aspects that could help in the discovery of new deposits. An important achievement was recognizing the relationship between metal deposits in northwestern BC and the contact between the Triassic-age Stuhini Group and the Jurassic-age Hazelton Group. This important marker, now referred to as the "Red Line", has been traced over a 10 km strike-length on Metallis' Kirkham Property. Small wonder that Jeff has joined the company!

DECADES OF PRIOR WORK LAY THE BASIS FOR METALLIS

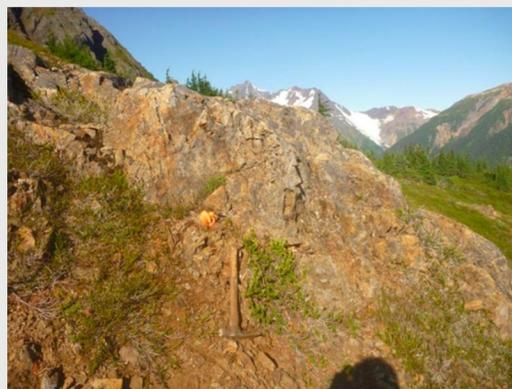
The area around the Kirkham property was first explored in the 1890s by gold seekers, with some exploration activity in the 1920s and 1930s. Access was difficult at that time, so not a lot was done. Helicopter-supported work in the 1950s through the 1970s was conducted mainly by majors seeking large base metal deposits.

Development of Highway 37 improved access to the area leading to gold exploration in the 1980s. Discovery of the Eskay Creek deposit and opening of the Eskay and Snip mines accelerated interest in the region.

Numerous companies, including two of the majors, explored on and around the present Kirkham property from the 1980s onward. Mr. Dupre supervised much of this work as President of Keewatin Engineering from 1988-1992. The work included geological mapping, surface sampling, geophysical and geochemical surveys culminating in 5 drill holes on one prospect in 2009.

That work was mostly done on individual claims with limited extent. It was not until Dr. Kirkham consolidated the property (later expanded by Metallis) that geologists have had the ability to look at the big picture. Decades of prior work provides valuable information to help the Metallis team to interpret the local geology.

Importantly, Metallis is also able to draw on the decades of work throughout the region that led to a greatly enhanced understanding of the regional geology.



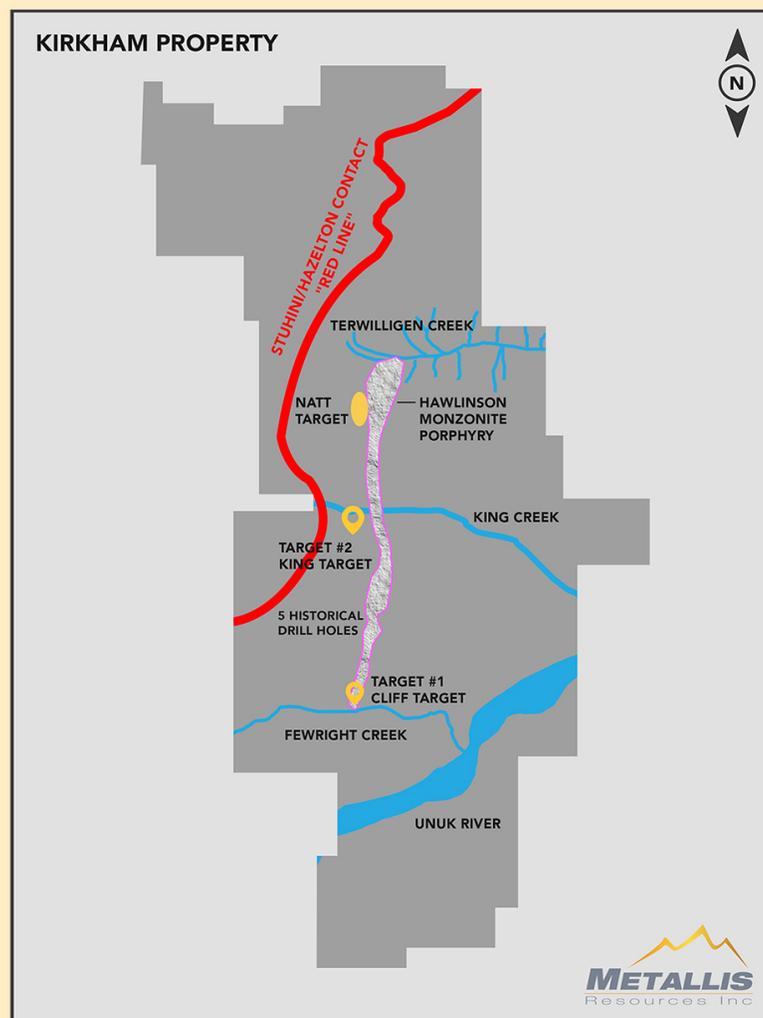
Kirkham Property, British Columbia

MULTIPLE DEPOSIT TYPES; MULTIPLE TARGETS

The incredible mineral wealth of the Golden Triangle is hosted in three main deposit types:

1. The Red Chris Mine and the deposits such as Galore, Copper Canyon, Schaft Creek, GJ, Sheslay, and Seabridge's enormous KSM are all porphyry deposits. These deposits are typically hundreds of millions of tonnes and globally are an important source of copper and gold.
2. Pretium's Valley of the Kings, Johnny Mountain, Scottie Gold, Premier (Stewart), Snip and several others are vein deposits, including a range of styles. Typically, veins are narrow but can carry good grades of gold and silver. Valley of the Kings, to the east of the Kirkham property, averages 16 grams per tonne gold. Snip, to the north of Kirkham, averaged 27 g/t over its mine life.
3. Eskay Creek is a VMS (volcanogenic massive sulphide) deposit. VMS deposits are typically measured in millions or tens of millions of tonnes, they typically occur in clusters extending over tens of kilometers and can have high grades. Eskay, to the northeast of Kirkham, averaged 49 g/t gold and 2,406 g/t silver to produce 3 million ounces of gold and 160 million ounces of silver over its 14-year mine life.

The Kirkham property has abundant evidence for all three deposit types!



The "Red Line", marking the contact between the Stuhini and Hazelton rocks extends for 10 kilometers across the property. Jeff Kyba, as regional geologist in that area with the BC Ministry of Mines noted that most of the deposits were on or close to that geological marker.

An intrusive body known as the Hawlison Monzonite Porphyry outcrops for about 6 kilometers roughly parallel to the Red Line. That porphyry body is part of the Texas Creek Plutonic Suite, a swarm of intrusive bodies that are associated with most of the copper-gold mineral deposits in the Golden Triangle. That geological setting is similar to the KSM deposits, located 20 kilometers east of the Kirkham property.

Another important geological feature in the Golden Triangle is the Eskay Rift or the Eskay Trough. That structure was an important feature in the formation of the fabulously-rich Eskay Creek mine. The Eskay Trough is also present on the Kirkham property.

There is no question that Dr. Kirkham acquired property with the right geological settings to host major deposits. Decades of work have found widespread gold, silver and copper values at surface. The geochemical and geophysical surveys all support the highly prospective nature of this property.

PROVING THE CONCEPT

Dr. Kirkham, and then the Metallis geological team, spent years assembling the results of decades of work on and around the property. That work has led to pinpointing the first set of drill targets.

The first target for the summer drill program will be the Cliff Target. Extensive work, including drilling, has demonstrated the porphyritic nature of the intrusive. Surface sampling around the target found widespread gold and copper values. The Fewright Creek Placer deposit occurs below the target area, produced and abundant amount of gold. Alteration associated with the intrusive increases in intensity down slope and there are widespread copper and gold values on surface.

The Hawlison Monzonite Porphyry attracted a considerable amount of earlier work, leading to five shallow drill holes in 2009. The holes were drilled from the plateau on a small property then held by that junior which was internal to the Kirkham property.

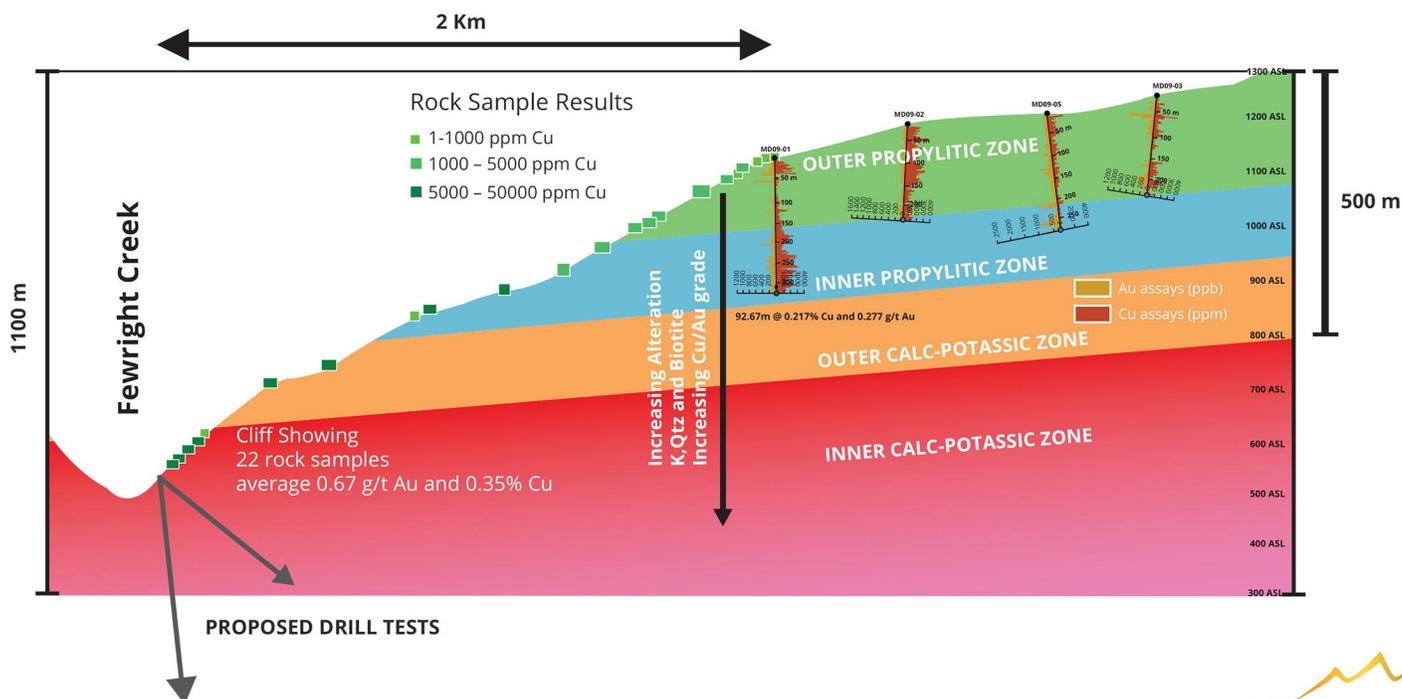
Those holes show that the copper and gold grades increase with depth. Drill hole MD-09-01, which most deeply penetrated the porphyry, encountered 93 meters at 0.22% Cu and 0.28 g/t Au at the bottom. The results of those holes confirmed the geological model, but that company was unable to fund further work. The property was later acquired by Metallis.

The most interesting aspect of the drilling was the alteration revealed by the holes: they first encountered the outer propylitic zone and transitioned to the inner propylitic zone at depth, with the typical porphyry alteration pattern pointing to a core below the earlier drill holes.

Rock samples taken from the Cliff show improving grades down section. The magnetite, potassium feldspars, quartz veins, biotite alteration and mineralization distribution indicate that the lower part of the exposed Monzonite is proximal to the high-grade potassic core, further demonstrating the classic porphyry alteration.

Metallis plans to drill test the mineralized monzonite below the previous drilling intercepts. The earlier holes were drilled from the plateau; these holes will start near the bottom of the valley, thereby penetrating a deeper zone in the system. The intent of the holes is to confirm the geological model. Given that these holes will be testing below the earlier hole that hit good grades at the bottom, there are also prospects for encountering good grades. That would be a bonus.

TARGET #1 CLIFF TARGET - SUMMER 2017 DRILL TEST LOCATION

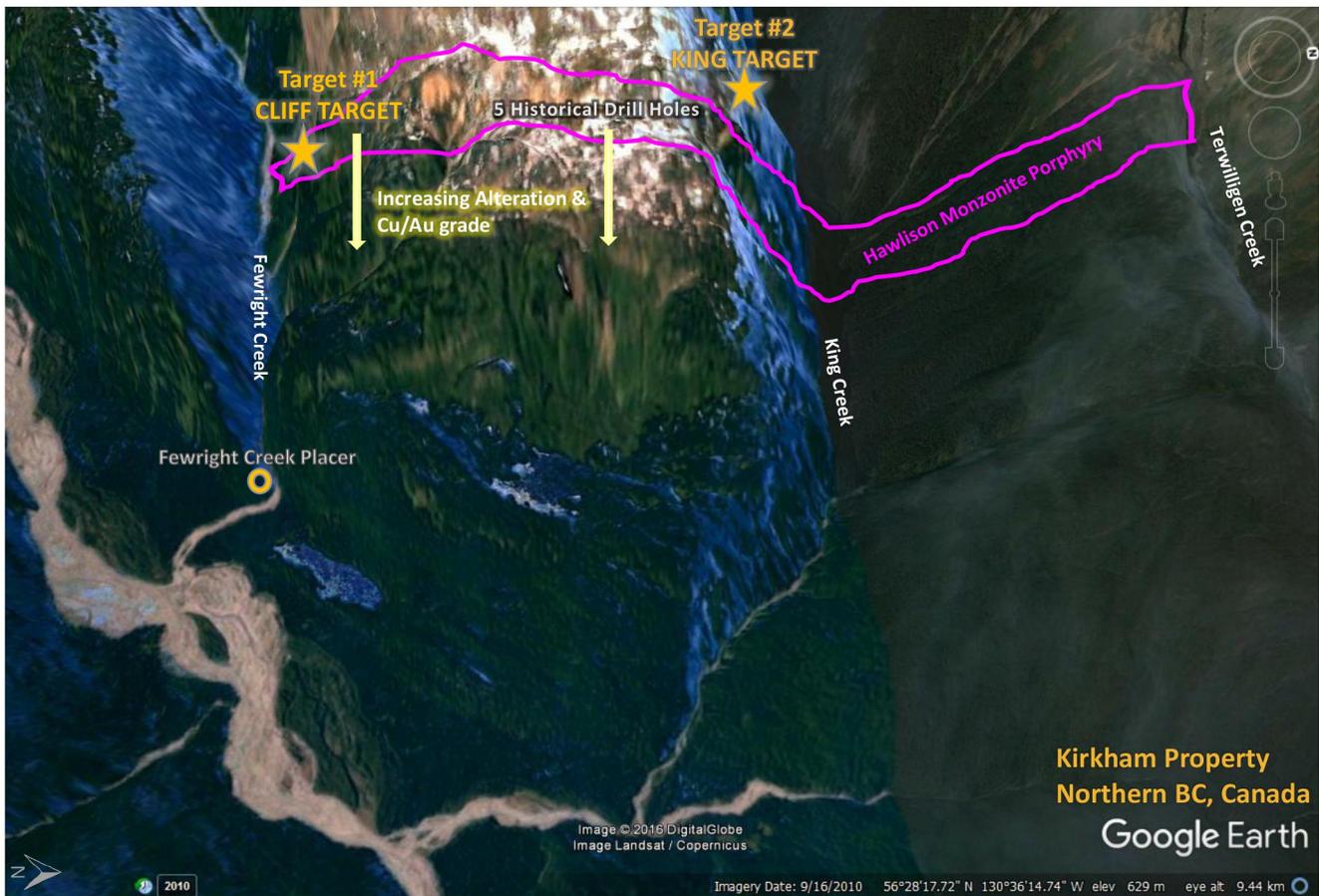




Mineralized West Face of Cliff Target viewed from the East

THE SECOND PROSPECT TO BE DRILL TESTED WILL BE THE KING TARGET

A 2016 geophysical survey confirmed a planar, very strong, coincident resistivity and magnetic anomaly that is outboard from the mineralized Hawlison Porphyry. The probable generator of this anomaly is a mineralized shear/vein system belonging to the "Intrusion-Related Gold Pyrrhotite Veins" type categorized by the BC Geological Survey. The Snip Mine, located 40 km northwest, is the best example of this class of mineralized deposits. From 1991 to 1999, the Snip Mine produced over 1.1 million ounces of gold (plus silver and copper) from 1.2 million tonnes.



Modelling of the geophysical responses at King indicate that they are related to a plate-like conductor that is approximately 400 meters long, 15 meters thick and at least 220 meters down-dip. That target is 3 times the size of the Snip deposit.

A heavy mineral sample collected several hundred meters downstream from this target returned a very anomalous assay of 3.8 g/t gold.

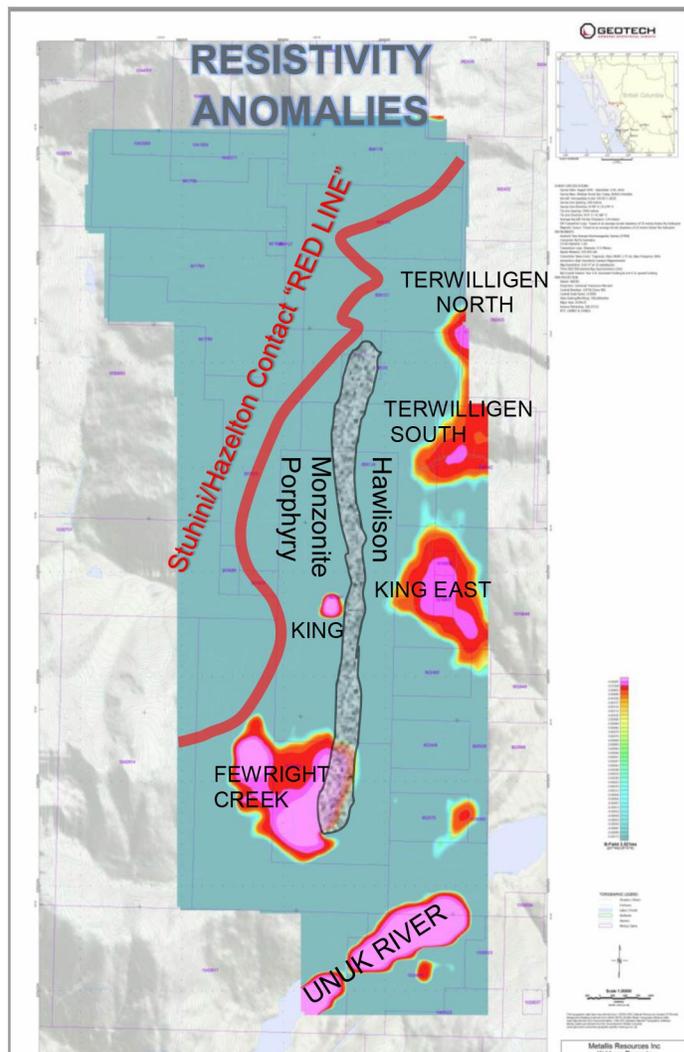
A third target, King East, features large coincident magnetic and resistivity anomalies. Numerous gold-bearing veins and several small felsic stocks have been mapped on the southern part of this target and there are soil geochemical anomalies. The co-incident geophysical targets with gold values makes this an attractive target.

The Fewright Creek target features an arcuate resistivity and magnetic anomaly surrounding a magnetic low. A small felsic plug has been mapped within this target. A large gossan occurs on the western side of the target. These features are interpreted to represent a classic alkaline porphyry copper-gold system that has experienced magnetite destruction in the center and propylitic alteration around the rim. The geophysical results indicate that this anomaly increases in size with depth. The resistivity anomaly is coincident with the southern part of the Hawlison Monzonite porphyry.

The North and South Terwilligen targets are characterized by coincident magnetic and resistivity anomalies. The propylitic alteration minerals suggest that this target is high in the porphyry system. The geophysical modelling indicates the intrusion is quite near the surface. Historically, very limited programs have been done around these areas and they are attractive targets which are suitable for follow-up.

The Natt prospect, near the center of the property, is an Eskay-type target. It features a strong, apparently stratabound, multi-element soil geochem anomaly. Of particular interest are gold, silver and zinc values. This target area is on the edge of the Eskay Rift.

In essence, a north-south rift, or opening in the crust, resulted in down-dropped blocks along a trend that extends from Stewart and across the Golden Triangle. The opening allowed magma to come to surface, creating volcanoes. The Eskay Creek deposit (like other VMS deposits) formed from volcanic activity on the sea floor. Hot metal-bearing fluids exuding from the volcanic material entered sea water and precipitated the metals on the sea floor.



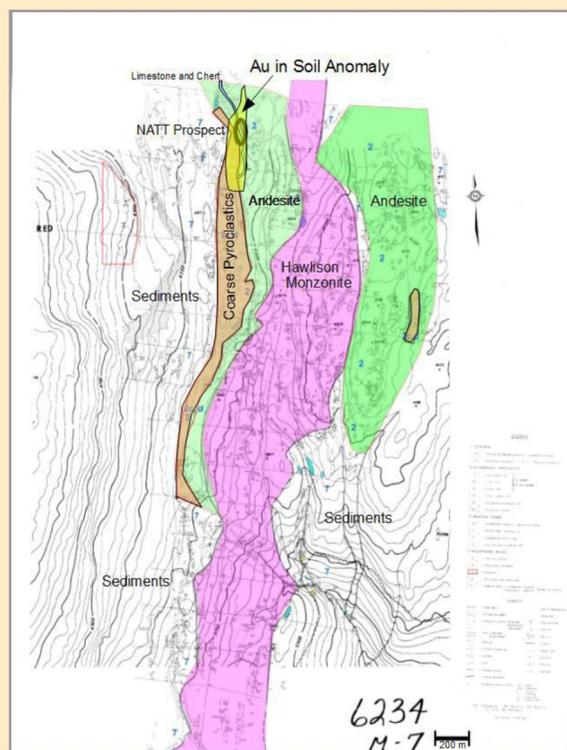
The NATT prospect features typical rift-fill sediments such as argillaceous limestone. There are also exhalites, including chert, which demonstrate the presence of an active hydrothermal system. Those marine sediments and exhalites are similar to the sediments that host the Eskay deposit, and have a similar age. The presence of gold, silver, lead and zinc in the sediments points to the presence of metals in the system at the time of formation.

It is extremely encouraging to find metal-bearing marine sediments in the Eskay Rift, not far south of the famous deposit. Work is underway to pinpoint the most likely location to find concentrations of metal.

A drilling contractor who knows both the project and the management team well has offered to conduct the summer drilling program in return for shares. This arrangement is an exceptional endorsement of the company. It also ensures an alignment of the driller with the company.

Other than the 5 shallow holes in 2009, the upcoming drill program will be the first test of a property in the heart of an exceptionally well-endowed district.

Some of the top geological experts in this region have put a lot of effort into understanding this property and identifying compelling drill targets. If those drill holes do nothing more than add to the geological understanding, the program will be an enormous success and add enormous value to the company.



FINANCIAL

Metallis has a fewer than 20 million shares outstanding, which is exceptional in that the company has assembled a large and highly prospective property position. They have advanced that property to the drill ready stage, while preserving an attractive share structure. Trading at C\$0.17 per share, the company has a miniscule market value of C\$3.3 million.

Metallis has just raised raising C\$339,000 to fund the summer drill program, and is raising another \$200,000. Those funds will go far, as the drilling contractor has offered to accept shares for the work.

The private placement is priced at 18 cents per unit, with a half warrant at 35 cents per share for two years. There are also flow-through units priced at 25 cents per flow-through unit, with a half warrant at 35 cents for two years.

Directors and advisors are committing their efforts to the company in return for stock options. Nearly everybody connected to the company is working on the basis of being rewarded for the success of the company.

The extent to which this company is undervalued is illustrated by looking at its neighbors. Several other companies with exploration projects in the Golden Triangle have market values substantially higher than Metallis. While not directly comparable these companies provide vivid examples of just how undervalued Metallis is.

Eskay Mining (ESK-TSXV) holds the exploration property to the east of Kirkham. Eskay has a market value of C\$37 million.

Colorado Resources (CXO-TSXV) holds the exploration property to the west and south of Kirkham and has a market value of C\$24 million.

Skeena Gold (SKE-TSXV) holds the past producing Snip mine and exploration property near Red Chris. Skeena's market value is C\$32 million.

GT Gold (GT-TSXV) holds property near Red Chris and has a market value of C\$25 million.

Those comparables have values of 7 to 11 times the value of Metallis.

CONCLUSIONS

Metallis is about to begin drilling on a highly prospective property located in the heart of one of the most prolific metal-bearing regions on the planet.

An exceptional geological team has assembled and interpreted decades of prior work on and around the property. That work has identified numerous drill targets, representing all three of the major deposit types in the Golden Triangle.

Metallis is grossly undervalued in relation to companies with comparable properties around the Metallis property. Those companies have values of 7 to 11 times the value of Metallis.

The market value of Metallis is likely to increase substantially on news that drilling will soon be getting underway. Results from the drilling could add a multiple to the current value.

About the Author

Lawrence Roulston is a mining analyst with over 35 years of diverse hands-on experience. He recently founded West-Bay Capital Advisors, providing business advisory and capital markets expertise to the junior and mid-tier sectors of the mining industry. From 2014-2016 Lawrence was President of Quintana Resources Capital, which provided resource advisory services for US private investors. Before Quintana, he was a mining analyst and consultant, as well as the editor of "Resource Opportunities", an independent investment publication focused on the mining industry. Prior to this, Lawrence was an analyst or executive

with various companies in the resources industry, both majors and juniors. He has graduate-level training in business and holds a B.Sc. in geology.

Lawrence has had a 30 year involvement in mineral exploration in north-west BC. In 1986, as vice president of a group of exploration companies, he was involved in a program in that region that led to a gold discovery. Since then, he has revisited the region numerous times, and been on the ground on 8 separate projects. He has written extensively on the region and the companies working there.



**Lawrence Roulston, Geol.
West Bay Research**

FORWARD LOOKING STATEMENTS, DISCLOSURE OF INTEREST AND CAUTIONS:

All statements in this report, other than statements of historical fact should be considered forward-looking statements. Much of this report is comprised of forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in these forward-looking statements. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. WestBay and the author of this report do not undertake any obligation to update any statements made in this report.

Nothing in this report should be construed as a solicitation to buy or sell any securities mentioned. WestBay, its owners and Lawrence Roulston, the author of this report, are not registered broker-dealers or financial advisors. Before investing in any securities, investors should consult with their financial advisor and/or a registered broker-dealer and/or otherwise do adequate independent due diligence.

An entity affiliated with the author of this report was paid a fee by Metallis, the company that is the subject of this report for the preparation of the report. The author owns shares and warrants of Metallis and is a member of the Advisory Council, for which he has been granted a stock option.

The author's views and opinions regarding the company are his own views and are based on information that he has researched independently and which he has received from the company, which the author believes to be reliable based on reasonable due diligence. The Company has reviewed the factual portions of this report for completion and accuracy but has not reviewed the conclusions prior to publication. WestBay and the author of this report do not guarantee the accuracy, completeness, or usefulness of any portion of this report, nor its fitness for any particular purpose.