MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

The following Management's Discussion and Analysis ("**MD&A**") is for Foran Mining Corporation's (the "**Company**") year ended December 31, 2016 and covers information up to the date of this MD&A as stated below.

This MD&A should be read in conjunction with the Company's consolidated financial statements and the notes thereto for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

This MD&A may contain forward-looking statements that reflect Management's current expectations with regards to future events. By their nature, these statements involve risk and uncertainties, many of which are beyond the Company's control. Actual results may differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

All amounts are stated in Canadian dollars unless otherwise indicated. Additional information regarding the Company, including copies of the Company's continuous disclosure materials is available through the SEDAR website at www.sedar.com or on the Company's website at www.foranmining.com.

This MD&A is dated March 8, 2017.

NATURE OF BUSINESS

The Company was originally incorporated under the laws of British Columbia ("**BC**") on June 21, 1989, was continued into Saskatchewan on November 13, 2007 and was continued back into BC on May 28, 2014. The Company is a reporting issuer in BC, Alberta, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador. The Company's common shares are traded on the TSX Venture Exchange under the symbol "FOM". The Company's principal business activity is the acquisition, exploration and development of mineral properties with the objective of discovering mineral reserves and the development of an operating mine.

To date the Company has not generated any revenues.

OUTLOOK

In November 2014, the Company announced the results of a positive Preliminary Economic Assessment ("**PEA**") on the Company's flagship project, the 100% owned McIlvenna Bay deposit ("**McIlvenna Bay Deposit**") located within the Hanson Lake Volcanogenic Massive Sulphide ("**VMS**") Camp in east-central Saskatchewan, approximately 65 kilometres ("**km**") west of Flin Flon, Manitoba. The PEA estimated that the project had a pre-tax net present value using a seven percent discount rate ("**$NPV_{7\%}$**") of $381.7 million, a 21.9% internal rate of return ("**IRR**") and a 4.1 year payback; post-tax $NPV_{7\%}$ of $262.6 million, a 18.9% IRR and a 4.1 year payback. The PEA envisions an average throughput rate of 4,800 tonnes per day as a conventional underground operation with pre-production capital cost estimated at $248.8 million. Sustaining capital is estimated at $150.3 million. Based on the positive results of the PEA, Management believes a Feasibility Study should be conducted on the McIlvenna Bay Deposit.

OUTLOOK (continued)

For additional information on the McIlvenna Bay Deposit PEA, see the Company's news release dated November 12, 2014 and the Company's PEA report entitled "Preliminary Economic Assessment Technical Report McIlvenna Bay Project, Saskatchewan, Canada" revised January 21, 2015 at www.foranmining.com or www.sedar.com.

Management's long-term strategy is to develop and build a new base metal mining camp in the Flin Flon region, with the large tonnage McIlvenna Bay deposit providing the centre of gravity necessary to support the construction of a central mill and concentrator. Exploration in the area continues to identify new exploration targets and enhance both historic deposits and mineral occurrences which could provide future mill feed for an operation at McIlvenna Bay. The Company plans to realize its strategy by continuing to advance the McIlvenna Bay Deposit, while simultaneously advancing new discoveries and historic resources within the Hanson Lake VMS Camp.

Management is contemplating various strategies to secure financing required for general corporate purposes, the advancement of satellite deposits in the Hanson Lake VMS Camp, a Feasibility Study for the McIlvenna Bay Deposit and the construction of a mine in the Hanson Lake VMS Camp.

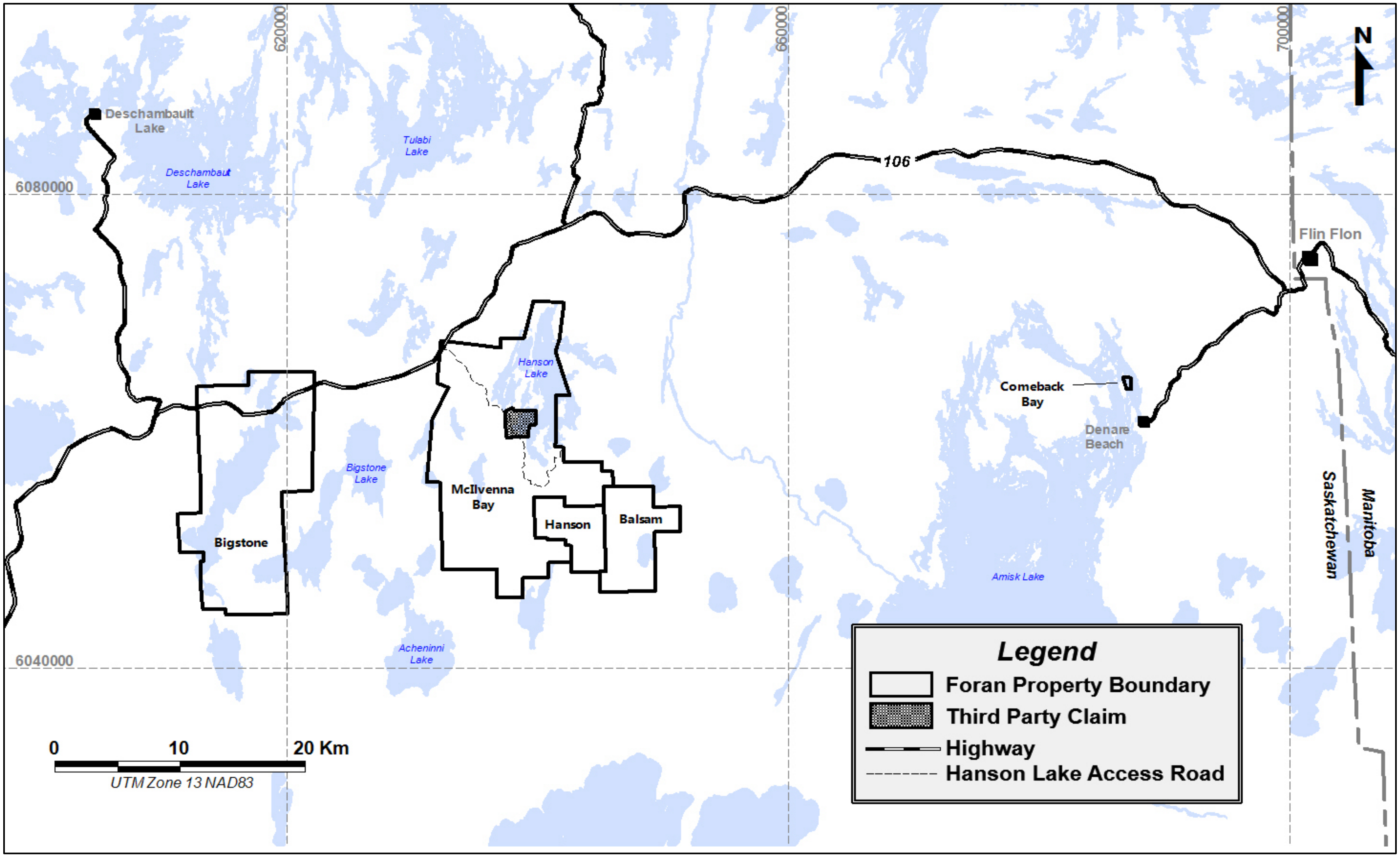
QUALIFIED PERSON

Mr. Roger March, P.Geo., VP Project Exploration for the Company and a Qualified Person within the meaning of National Instrument ("**NI**") 43-101, has reviewed the technical information in this MD&A.

MINERAL PROPERTIES

SASKATCHEWAN PROPERTIES

As of the date of this report, the Company has five properties in Saskatchewan comprising a total of 53 claims for 43,178 hectares ("**ha**"), located between 15 and 90km west of Flin Flon, Manitoba. The four westernmost properties are higher priority, consisting of the McIlvenna Bay Property which contains the McIlvenna Bay Deposit, two properties contiguous to the McIlvenna Bay Property (Hanson and Balsam) and one non-contiguous property (Bigstone), all of which occur at the western limit of the Flin Flon Greenstone Belt. All four properties are underlain by prospective felsic volcanic stratigraphy that hosts variably significant VMS styles of alteration and mineralization. The easternmost property in Saskatchewan (Comeback Bay) is of lower priority having both precious and base metal VMS potential within the western limit of the Flin Flon Arc Assemblage (Birch Lake Belt).


Deschambault Lake
Deschambault Lake
Tulabi Lake
620000
660000
700000
N
106
6080000
Flin Flon
Hanson Lake
Comeback Bay
Denare Beach
Bigstone Lake
McIlvenna Bay
Hanson
Balsam
Bigstone
Saskatchewan
Manitoba
Amisk Lake
Acheninni Lake
6040000
Legend
Foran Property Boundary
Third Party Claim
Highway
Hanson Lake Access Road
0
10
20 Km
UTM Zone 13 NAD83

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

1) MCILVENNA BAY PROPERTY

The Company has a 100% interest in the McIlvenna Bay Property in east central Saskatchewan. The McIlvenna Bay Property consists of 30 claims covering a total of 20,382 ha. The McIlvenna Bay Deposit is located on the McIlvenna Bay Property, approximately one km south of Hanson Lake, Saskatchewan, 375km northeast of Saskatoon, Saskatchewan and 65km west south-west of Flin Flon, Manitoba. The McIlvenna Bay Deposit is linked to Flin Flon, Manitoba by 85km of highway followed by 18km of unsealed secondary road.

Some of the claims that make up the McIlvenna Bay Property are subject to a Net Tonnage Royalty of $0.75 per tonne of ore extracted, with a right of first refusal in favour of the Company if an offer to purchase the Net Tonnage Royalty is made.

Cameco Corporation ("**Cameco**") and BHP Billiton ("**Billiton**") collectively hold a 1% Net Smelter Return ("**NSR**") royalty interest on McIlvenna Bay, which can be purchased by the Company at any time for $1,000,000.

The McIlvenna Bay Deposit was discovered in 1988 and includes two distinct styles of VMS mineralization which include massive to semi-massive sulphides and copper stockwork. In November 2014, the Company announced the results of a positive PEA on the McIlvenna Bay Deposit. The PEA was completed by JDS Energy & Mining Inc.

For additional information on the McIlvenna Bay Deposit PEA, see the Company's news release dated November 12, 2014 and the Company's PEA report entitled "Preliminary Economic Assessment Technical Report McIlvenna Bay Project, Saskatchewan, Canada" revised January 21, 2015 at www.foranmining.com or www.sedar.com.

Other Activities

Since 2011, the Company has been working to advance the McIlvenna Bay Deposit through continued exploration, resource definition and environmental and engineering studies. Information on completed studies on the McIlvenna Bay Deposit is included in the PEA.

The Company continues to conduct exploration activities directed towards identifying additional resources on its Hanson Lake VMS Camp landholdings surrounding the McIlvenna Bay Deposit.

2017 Expenditure Requirements

There are no expenditures required in fiscal 2017 to keep the McIlvenna Bay Property in good standing.

SASKATCHEWAN PROPERTIES (continued)

2) BIGSTONE

The Company has a 100% interest in the Bigstone Property, which is comprised of 13 claims totalling 16,117 ha oriented north-south to cover roughly 20km of prospective volcanic stratigraphy.

The Bigstone Property hosts a deposit (the "**Bigstone Deposit**") with an historic mineral resource estimate prepared by past operators in 1990. The Company is not treating the historic estimates as current as a Qualified Person within the meaning of NI 43-101 has not completed sufficient work to classify the historic estimate as current; additional work, including re-surveying, re-logging and drill core QA/QC would be required to verify and upgrade the historic estimate to current.

For additional information on the Bigstone Deposit, see the Company's website at www.foranmining.com under the Properties/Bigstone link.

In October 2014, the Company completed an agreement with Teck Resources Limited ("**Teck**") whereby certain back-in rights held by Teck on the Company's Bigstone, Balsam and Hanson properties were extinguished in exchange for 1,000,000 shares of the Company, 1,000,000 share purchase warrants, and certain future sale participation rights. Each warrant was exercisable into one common share of the Company at a price of $0.24 per share with an expiry of two years from date of issue. These warrants expired on October 14, 2016.

In the event that the Company sells or options any of the Bigstone, Balsam and Hanson Properties prior to September 30, 2018, the Company will pay Teck in-kind an amount equal to 10% of the proceeds.

Some of the claims that make up the Bigstone Property are subject to a 2% NSR royalty.

2017 Expenditure Requirements

Expenditures of $6,856 are required in 2017 to keep the Bigstone Property in good standing.

3) BALSAM

The Company has a 100% interest in the Balsam Property, which is comprised of seven claims totalling 4,066 ha contiguous with the McIlvenna Bay and Hanson Properties. Balsam claims cover the southeast strike extension of McIlvenna Bay stratigraphy and host a number of significant VMS occurrences including recently discovered high-grade copper mineralization in the Thunder Zone, as well as the Balsam Zone, where an historic mineral resource estimate has been outlined. Further drilling, sampling and geological interpretation will be required to upgrade the historic resource to current.

SASKATCHEWAN PROPERTIES (continued)

3) BALSAM (continued)

In October 2014, the Company completed an agreement with Teck whereby certain back-in rights held by Teck on the Company's Bigstone, Balsam and Hanson Properties were extinguished (see 'Bigstone' above).

Some of the claims that make up the Balsam Property are subject to a 2% NSR royalty.

2017 Expenditure Requirements

There are no expenditures required in fiscal 2017 to keep the Balsam Property in good standing.

4) HANSON

The Company has a 100% interest in the Hanson Property, which is comprised of two claims totalling 2,565 ha contiguous with the McIlvenna Bay Property to the north and west and the Balsam Property to the east. A number of VMS targets are known from past exploration.

In October 2014, the Company completed an agreement with Teck whereby certain back-in rights held by Teck on the Company's Bigstone, Balsam and Hanson Properties were extinguished (see 'Bigstone' above).

2017 Expenditure Requirements

There are no expenditures required in 2017 to keep the Hanson claims in good standing.

5) SAM

The Company had a 100% interest in the Sam Property, which was comprised of two contiguous claims totalling 379 ha, located 12km west of Flin Flon. As a result of the Company's ongoing review of its non-core assets, the Company decided not to complete any further exploration work on its Sam Property and consequently, the existing two claims lapsed in July and August 2016.

6) COMEBACK BAY

The Comeback Bay Property is comprised of one claim totalling 48 ha which is located 15km southwest of Flin Flon.

The Comeback Bay claim is subject to a joint venture agreement in which the Company owns a 65% interest and Coronation Mines Ltd. (a subsidiary of Cobalt Solutions Inc.) owns the remaining 35%. This claim is subject to a 2.5% NSR royalty and a 10% NPI.

2017 Expenditure Requirements

There are no expenditures required in fiscal 2017 to keep the remaining Comeback Bay claim in good standing.

MANITOBA PROPERTY

REED LAKE

The Company has a 100% interest in the Reed Lake Property, which is comprised of a single claim totaling 195 ha located 105km east of Flin Flon and 21km southwest of Snow Lake.

Reed Lake is subject to a 1% NSR royalty. Geologically, the claim occurs within the Snow Lake arc assemblage at the eastern limit of the Flin Flon Greenstone Belt. Historic drilling has intersected altered and weakly mineralized felsic to intermediate volcanic rocks equivalent to those hosting the HudBay Minerals Inc.'s Lalor deposit, situated 15km to the northeast.

2017 Expenditure Requirements

There are no expenditures required in fiscal 2017 to keep the Reed Lake claims in good standing.

OVERALL PERFORMANCE

FINANCIAL CONDITION

The net assets of the Company increased from $26,803,487 at December 31, 2015 to $27,035,100 at December 31, 2016, an increase of $231,613. The most significant assets at December 31, 2016 were exploration and evaluation assets of $25,704,608 (December 31, 2015: $25,276,393) and cash and cash equivalents of $1,028,701 (December 31, 2015: $1,016,037).

The $428,215 increase in exploration and evaluation assets was a result of the Company capitalizing certain exploration costs on its McIlvenna Bay Property and other Saskatchewan properties. The most significant exploration costs consisted of administration and consulting costs of $196,930 and $170,643, respectively.

The Company's liabilities at December 31, 2016 consisted of deferred share units of $324,972 (December 31, 2015: $64,504) and accounts payable and accrued liabilities of $51,802 (December 31, 2015: $146,686).

The Company has a deferred share unit plan ("**DSU Plan**") which awards deferred share units to participants of the DSU Plan. Awards are initially charged to operations using the market value of the Company's common shares that best represents the period for which the awards were earned, with the corresponding liability recorded as deferred share units. At each period end, the liability is revalued using the market value of the Company's common shares, with the corresponding increase or decrease recorded to operations as a revaluation of deferred share units.

Upon separation from the Company, a participant will receive the cash equivalent of the fair market value of the DSUs based on the market value of the Company's common shares on the date of separation.

FINANCIAL CONDITION (continued)

Effective December 1, 2014, the Company entered into an agreement with its Executive Chairman whereby the Executive Chairman will be compensated for his services with DSUs on a monthly basis, to a maximum of $8,000 per month. Effective January 1, 2016, the Chairman agreed to reduce his monthly DSU allocation by approximately 50%. At December 31, 2016, an amount of $265,112 (December 31, 2015: $43,027) was owed to the Executive Chairman. The number of outstanding DSUs owed to the Executive Chairman at December 31, 2016 was 855,199 (December 31, 2015: 537,838).

Effective January 1, 2015, the Company began compensating its independent directors with DSUs on a quarterly basis in an amount of $4,000 per director. Effective October 1, 2015, the Company's Board of Directors passed a resolution to suspend the DSU arrangement with its independent directors. At December 31, 2016 an amount of $59,857 (December 31, 2015: $21,477) was owed to the independent directors. The number of outstanding DSUs owed to independent directors at December 31, 2016 was 193,087 (December 31, 2015: 257,448).

RESULTS OF OPERATIONS

Year ended December 31, 2016

The Company recorded a net loss of $1,033,770 for the year ended December 31, 2016 (2015: $1,575,649). Expenses before other items were $819,863 (2015: $1,529,023) with the most significant being salaries and benefits of $274,376 (2015: $681,583), office and administration costs of $175,344 (2015: $218,528) and share-based payments expense of $124,923 (2015: $117,845). Other items for the year ended December 31, 2016 included an unrealized loss of $218,496 (2015: unrealized gain of $71,496) on the revaluation of deferred share units, interest income of $4,589 (2015: $21,371), a write-off of exploration and evaluation assets of $Nil (2015: $154,241) and a gain on sale of investments of $Nil (2015: $14,748).

The decrease of $407,207 in salaries and benefits was a result of a severance accrual of $84,630 recorded in 2015, the Executive Chairman earning fewer DSUs during the year ended December 31, 2016, shortened work weeks for existing employees in 2016 and the Company having one less employee in 2016 than in 2015. The Executive Chairman earned 317,361 DSUs (2015: 537,838) for a total value of $48,000 (2015: $88,000).

Share-based payments expense was $7,078 higher for the year ended December 31, 2016. The Company applies the fair value method of accounting for all awards of stock options by using the Black-Scholes Option Pricing Model. Variations in share-based payments expense is based on a number of factors including, but not limited to, the size and occurrence of grants during a particular period, the Company's share price at the time of an option grant and the timing of recording share-based payments expense based on vesting schedules. During the year ended December 31, 2016, the Company granted 975,000 stock options (2015: 2,760,000) with a weighted average exercise price of $0.20 (2015: $0.11).

The $154,241 write-off of exploration and evaluation assets during the year ended December 31, 2015 related to the Company's Sam, Comeback Bay and Reed Lake Properties.

As DSUs are revalued each period end, the unrealized loss of $218,496 on the revaluation of DSUs is mostly a result of the Company's share price increasing from $0.08 at December 31, 2015 to $0.31 at December 31, 2016.

CASH FLOWS

Year ended December 31, 2016

Cash and cash equivalents increased by $12,664 during the year ended December 31, 2016, from $1,016,037 at December 31, 2015 to $1,028,701 at December 31, 2016. The increase was a result of cash of $1,038,512 provided by financing activities, cash of $629,522 used in operating activities and cash of $396,326 used in investing activities.

The cash provided by financing activities consisted of the receipt of net proceeds of $993,512 pursuant to a non-brokered private placement of 5,882,352 units at a price of $0.17 per unit and the receipt of $45,000 pursuant to the exercise of 225,000 stock options. Each unit from the private placement consisted of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company at a price of $0.25 per share, with an expiry of December 30, 2017.

The cash used in operating activities consisted of a net loss of $1,033,770, non-cash items of $480,976 and a net change in non-cash working capital items of $76,728. The cash used in investing activities consisted exclusively of exploration and evaluation asset expenditures.

SELECTED ANNUAL INFORMATION

The following table provides information for the years ended December 31:

	2016	2015	2014
	$	$	$
Interest income	4,589	21,371	47,863
Gain (loss) on sale of investments	-	14,748	11,458
Revaluation of deferred share units	(218,496)	71,496	-
Expenses	(819,863)	(1,529,023)	(1,524,003)
Write-off of exploration and evaluation assets	-	(154,241)	-
Net loss for the year	(1,033,770)	(1,575,649)	(1,464,682)
Basic and diluted loss per share	(0.01)	(0.02)	(0.02)
Total assets	27,411,874	27,014,677	28,467,756
Total long-term financial liabilities	324,972	64,504	-
Cash dividends declared	-	-	-

SUMMARY OF QUARTERLY RESULTS

	Q4, 2016	Q3, 2016	Q2, 2016	Q1, 2016
	$	$	$	$
Net loss for the period	(240,019)	(173,542)	(304,774)	(315,435)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	Q4, 2015	Q3, 2015	Q2, 2015	Q1, 2015
	$	$	$	$
Net loss for the period	(374,304)	(274,757)	(416,187)	(510,401)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)

Over the last eight quarters, the Company's net loss has ranged from $173,542 in Q3, 2016 to $510,401 in Q1, 2015.

Included in the loss of $416,187 in Q2, 2015 and $510,401 in Q1, 2015 were amounts of $51,675 and $100,583, respectively, relating to the write-off of the Company's Sam and Comeback Bay Properties. Included in the loss of $374,304 in Q4, 2015 was a severance cost of $84,630 relating to the termination of the Company's VP of Corporate Development as a result of market conditions and cost-cutting measures.

The following table provides a breakdown of the expenses that contributed to the quarterly net losses:

	Q4, 2016	Q3, 2016	Q2, 2016	Q1, 2016
	$	$	$	$
Share-based payments expense	21,807	21,808	21,570	59,738
Salaries and benefits	58,381	62,115	66,005	87,875
Other expenses	73,534	88,219	117,693	141,118
Total expenses for the period	153,722	172,142	205,268	288,731

	Q4, 2015	Q3, 2015	Q2, 2015	Q1, 2015
	$	$	$	$
Share-based payments expense	20,193	20,193	19,978	57,481
Salaries and benefits	216,782	132,112	166,550	166,139
Other expenses	157,796	157,825	224,667	189,307
Total expenses for the period	394,771	310,130	411,195	412,927

SUMMARY OF QUARTERLY RESULTS (continued)

Together, share-based payments expense and salaries and benefits comprised a significant portion (between 43% in Q2, 2016 and 60% in Q4, 2015) of the expenses which contributed to the net loss for each of the quarters from Q2, 2014 to Q1, 2016.

The share-based payments expense was the fair value of the stock options that vested in each respective quarter.

Salaries and benefits in Q4, 2015 included a severance accrual of $84,630 for the Company's Vice President of Corporate Development who was terminated in December 2015 as a result of market conditions and cost-cutting measures. Salaries and benefits also included amounts of $12,000 in each quarter from Q4, 2015 to Q4, 2016, $20,000 in Q3, 2015, $24,000 in Q2, 2015 and $32,000 in Q1, 2015, respectively, relating to compensation for the Company's Executive Chairman pursuant to the DSU Plan. Other expenses in Q3 and Q2, 2015 included amounts of $16,000 and $32,000, respectively, for directors' fees (see '*Financial Condition*' above).

The Company continues to take cost-cutting measures which are evidenced by expenses in Q4, 2016 totaling $153,722, the lowest of the most recent eight quarters.

Other expenses include items such as amortization, directors' fees, investor relations costs, office and administration, professional fees and travel and accommodation.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to determine the funds required to support the Company's operating requirements as well as its planned capital expenditures. The Company manages its financial resources to ensure that there is sufficient working capital to fund near term planned exploration work and operating expenditures. The Company has considerable discretion to reduce or increase plans or budgets depending on current or projected liquidity. When appropriate, the Company will seek joint venture partners in order to fund or share the funding of its exploration properties to minimize shareholder risk.

The Company does not currently own or have an interest in any producing mineral properties and does not derive any revenues from operations. Operational activities have been funded through private placements. At December 31, 2016, the Company had working capital of $1,058,274 (December 31, 2015: $969,749). While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future. These uncertainties raise significant doubt about the Company's ability to continue as a going concern.

The Company has no bank debt or banking credit facilities in place.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

The Company has an estimated future minimum lease payment of approximately $21,000 relating to an office lease that expires June 30, 2017.

RELATED PARTY TRANSACTIONS

Key Management compensation

Key Management personnel at the Company are the Directors and Officers of the Company.

The remuneration of key Management personnel for the year ended December 31 was as follows:

		Year ended December 31, 2016	2015
		$	$
Short-term benefits	1	378,211	787,499
Share-based payments	2	157,988	142,276
Deferred share units	3	48,000	136,000
Total		584,199	1,065,775

1 Short-term benefits consisted exclusively of salaries and health benefits and consulting fees for key Management personnel, some of which have been capitalized to exploration and evaluation assets.

2 Share-based payments were non-cash items that consisted of the fair value of stock options and warrants that had been granted to key Management personnel, some of which have been capitalized to exploration and evaluation assets.

3 Deferred share units consisted of DSUs awarded to the Company's Executive Chairman which was recorded as salaries and benefits.

On June 21, 2016, the related company described in a), b) and c) below was acquired by another company and as such, ceased to be related effective June 22, 2016.

a) During the year ended December 31, 2016, the Company charged a company that had two directors and two officers in common $9,000 (2015: $12,000) for administration expenses including office rent and office operating costs.

b) During the year ended December 31, 2016, the Company was charged $17,508 (2015: $38,099) for office administrator services by a company that had two directors and two officers in common. At December 31, 2016, accounts payable and accrued liabilities included an amount of $Nil (December 31, 2015: $2,187) for these services.

c) During the year ended December 31, 2016, the Company charged a company that had two directors and two officers in common $22,200 (2015: $27,528) for CFO services. At December 31, 2016, accounts receivable included an amount of $Nil (December 31, 2015: $3,600) for these services.

RELATED PARTY TRANSACTIONS (continued)

d) During the year ended December 31, 2016, the Company was charged $14,176 (2015: $8,776) by the Executive Chairman for office rent. At December 31, 2016, accounts payable and accrued liabilities included an amount of $5,399 (December 31, 2015: $Nil) for this expense.

e) At December 31, 2016, the Company owed a total of 1,048,286 DSUs (December 31, 2015: 795,286) fair valued at $324,972 (December 31, 2015: $64,504) to key management personnel, which is included in the consolidated statement of financial position.

FOURTH QUARTER

The Company recorded a net loss of $240,019 for the quarter ended December 31, 2016. The net loss comprised of total expenses of $153,722, a revaluation loss of deferred share units of $87,932 and interest income of $1,635. The most significant expenses consisted of salaries and benefits of $58,381, share-based payment expense of $21,807 and professional fees of $21,785.

PROPOSED TRANSACTIONS

As of the date of this report, there were no proposed transactions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Significant assumptions about the future and other sources of estimation uncertainty that Management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Critical accounting estimates

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

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by Management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

The going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Impairment

The assessment of any impairment of plant and equipment and exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions and the useful lives of assets. Judgment is required in assessing the appropriate level of cash generating units to be tested for such impairment.

Decommissioning liabilities

In the event that decommissioning liabilities are required to be recognized, such liabilities would be stated at the fair value of estimated future costs. Such estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices.

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the consolidated financial statements for the year ended December 31, 2016.

FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 11 of the Company's consolidated financial statements for the year ended December 31, 2016.

OTHER MD&A REQUIREMENTS

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

General and administration expenses for the year ended December 31 were as follows:

	2016	2015
	$	$
Depreciation	89,117	108,279
Directors' fees	-	48,000
Investor relations	57,610	225,291
Office and administration	175,344	218,528
Professional fees	78,671	93,216
Salaries and benefits	274,376	681,583
Share-based payments expense	124,923	117,845
Transfer agent, regulatory and filing fees	16,195	33,260
Travel and accomodation	3,627	3,021
	819,863	1,529,023

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value.

As at the date of this report, there were 98,448,451 common shares issued and outstanding.

As at the date of this report, there were 6,415,000 stock options and 1,374,000 share purchase warrants outstanding.

RISKS AND UNCERTAINTIES

The principal risk faced in the advanced exploration stage is the ability to raise the funds required to further assess the viability of a mineral deposit. This phase requires high expenditures to determine if a deposit may be profitable to mine. The Company does not operate any producing properties and as such, is dependent on the ability to raise funds. Although the Company believes it has sufficient access to financial markets to support its intended work plan, failure to do so would result in future work being suspended. While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future. These uncertainties raise significant doubt about the Company's ability to continue as a going concern.

RISKS AND UNCERTAINTIES (continued)

Financial assets and liabilities consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities and deferred share units. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial assets and liabilities.

The Company's activities involve the application for permits from Provincial authorities and such activities are governed by various laws and regulations that cover the protection of the environment, land use, exploration, development, co-ordination of operations and infrastructure with third parties engaged in other activities on the lands, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation in Canada provides restrictions and prohibitions on spills and various substances produced in association with certain exploration activities which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of activities require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of higher standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations.

The Company believes that it is in compliance with all material laws and regulations which currently apply to its activities. There can be no absolute assurance, however, that all permits which the Company may require for exploration activities and land use will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations will not have an adverse effect on any exploration projects that the Company may undertake.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations within the Company will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to property, and possible environmental damage. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruption, impaired access to site, legal or regulatory changes, flooding, explosions, cave-ins, landslides, weather conditions and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in extraction operations and the conduct of exploration programs. The Company's exploration activities will be subject to the availability of third party contractors and equipment. There are also physical risks to the exploration personnel. If any of the Company's properties are found to have commercial quantities of mineralization, the Company could be subject to additional risks respecting any development and production activities.

RISKS AND UNCERTAINTIES (continued)

All of the properties in which the Company has an interest are in the exploration stage and are currently without reserves. Development of these mineral properties will only follow upon obtaining satisfactory exploration results, receipt of positive engineering studies, access to adequate funding, community support and all necessary permits, licenses and approvals. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and the infrastructure at any site chosen for mining. There is no assurance that these mineral exploration and development activities will result in any discoveries of commercial mineral deposits. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond the Company's control.

Factors beyond the control of the Company may affect the market price of minerals produced and the marketability of any ore or minerals discovered at and extracted from the Company's properties. Metal prices are subject to significant fluctuation and are affected by numerous factors beyond the Company's control including international economic, financial and political events, global or regional supply and demand patterns and speculative activities. The effect of these factors on the Company's operations cannot accurately be predicted.