



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

The following Management's Discussion and Analysis ("**MD&A**") of Foran Mining Corporation ("**Foran**" or the "**Company**") is for the nine months ended September 30, 2019 and covers information up to the date of this MD&A.

This MD&A is dated **November 20, 2019**.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements and the notes thereto for the nine months ended September 30, 2019, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards ("**IAS**") 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 System for Electronic Document Analysis and Retrieval ("**SEDAR**") website at www.sedar.com or on the Company's website at www.foranmining.com.

NATURE OF BUSINESS

The Company was originally incorporated under the laws of British Columbia ("**BC**") on June 21, 1989. 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. The Company's flagship property is its 100% owned Mcllvenna Bay Property in Saskatchewan, Canada, 65 kilometres ("**km**") west of Flin Flon, Manitoba.

In December 2017, the Company announced the execution of a Technical Services Agreement ("**TS Agreement**") with Glencore Canada Corporation ("**Glencore**"). The TS Agreement provides for Glencore to contribute technical expertise, guidance and advice towards the completion of a feasibility study on the Mcllvenna Bay deposit (the "**Feasibility Study**"). In consideration for this contribution, Glencore has been given an exclusive off-take contract to purchase or toll process all of the concentrate and/or other mineral products produced from the Mcllvenna Bay deposit at prevailing market rates.

To date the Company has not generated any revenues.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

HIGHLIGHTS AND KEY DEVELOPMENTS (to the date of this report)

Below is a summary of activities undertaken in 2019:

- On May 28, 2019, Foran announced a revised resource estimate ("**2019 Resource Estimate**") for McIlvenna Bay which incorporated the results of the 2018 drill program. The 2019 Resource Estimate indicates that there has been significant growth in the deposit since the last NI 43-101 resource estimate, which was released on March 27, 2013. The 2019 Resource Estimate indicates that the McIlvenna Bay deposit:
 - is host to an indicated resource of 22.95 million tonnes ("**Mt**"), which represents a 65% increase from the 13.9Mt indicated resource in 2013;
 - contains an additional 11.15Mt in inferred resources;
 - contains 1.5 billion pounds of zinc ("**Zn**") and 590 million pounds of copper ("**Cu**") in the indicated category, which is an 89% increase in zinc and a 52% increase in copper as compared to the 2013 resource; and
 - contains an additional 450 million pounds of Zn and 340 million pounds of Cu in the inferred category;
- Work on the Feasibility Study is currently underway, incorporating the results of the 2019 Resource Estimate. The Feasibility Study work includes mine planning and multidisciplinary scientific and engineering studies which are being conducted under contracts with a number of consultants and firms, including: Base Metallurgical Laboratories Ltd. ("**BaseMet**"), BBA Engineering Ltd. ("**BBA**"), BGC Engineering Inc. ("**BGC**"), Canada North Environmental Services, Halyard Inc. ("**Halyard**"), Hydro-Resources Inc. ("**Hydro-Resources**"), Kingsmere Resource Services Inc., Micon International Limited, and Mine Design Engineering Inc. ("**MDEng**");
- In January 2019 the Company made its third attempt to explain a large geophysical anomaly ("**Target A**"), identified by a ground-based time-domain electromagnetic geophysical survey conducted in 2013 along strike from the McIlvenna Bay deposit. Foran's technical team took on this highly technical challenge and completed a 1,749m hole under strict geological control which encountered the source of the anomaly, an exhalative horizon containing minor fracture-fill and stringer sulphides, along with minor graphite. Although the interval didn't contain significant base metal concentrations, the occurrence of the exhalative geology indicates that the correct geological environment for the occurrence of volcanogenic massive sulphide ("**VMS**") deposits was intersected by the drill hole. Given that the Target A anomaly extends over one km in length, only a small portion of which has been tested by drilling, there remains potential to uncover sulphides of merit along the trend of the anomaly with further drilling;
- Between January 1, 2019 and the date of this report, a total of 2,100,000 stock options with a weighted average exercise price of \$0.18 were exercised for total proceeds of \$383,250; and
- On March 27, 2019 Foran announced the appointment of Mr. Mario Grossi to Foran's Board of Directors. Mr. Grossi's hands-on mining experience is valuable to Foran as it moves the McIlvenna Bay Project beyond feasibility. As a founder of Technica Mining, Ontario's second largest mining contractor, Mr. Grossi's experience will enhance the Company's ability to evaluate the best way to develop McIlvenna Bay. Foran anticipates both shareholders and the Board will benefit from his involvement.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

OUTLOOK

Moving Mcllvenna Bay to Feasibility

The Feasibility Study is being prepared by Glencore who is responsible for all engineering and technical aspects of the work. Glencore has agreed to assist Foran with the procurement of project financing in order to complete the development and placing of the Mcllvenna Bay deposit into commercial production. Glencore may also provide technical services while the mine is in construction and ramping up to commercial production. Foran is responsible for all infill drilling on the Mcllvenna Bay deposit, as well as the environmental and socio-economic parts of the Feasibility Study. In consideration, the Company has granted Glencore an exclusive off-take contract to purchase or toll process all of the concentrates and/or other mineral products produced from the Mcllvenna Bay project at prevailing market rates. For additional information on the TS Agreement, see the Company's news release dated December 4, 2017 at www.foranmining.com or on SEDAR. Micon International Limited has been retained to provide services of independent qualified persons for the review and approval of the technical report.

Glencore has made no statement or representation as to the economic viability of the Mcllvenna Bay project.

Since December 2017, Foran has raised total gross proceeds of \$10,190,896 pursuant to the issuance of 21,020,500 flow-through shares and \$4,142,490 pursuant to the issuance of 6,276,500 non-flow-through shares. These funds were used to complete a 65 hole, 27,085 metre ("m") drill program in 2018, complete contract studies in connection with the Feasibility Study, along with environmental and socio-economic studies, exploration and general and administrative costs.

The 2019 Resource Estimate for the Mcllvenna Bay Deposit was released on May 28, 2019 and is based on over 115,000m of drilling in 239 drill holes, including the 27,084m of infill and expansion drilling completed in 2018. The 2019 Resource Estimate shows that the Mcllvenna Bay deposit is host to a large metal endowment and the 2018 program has demonstrated that the deposit continues to display good continuity at depth and remains open for expansion. The 2019 Resource Estimate indicates that the deposit is host to an indicated resource of 22.95Mt grading 1.17% Cu, 3.05% Zn, 0.19% lead, 0.44 grams per tonne ("g/t") gold ("Au") and 16.68 g/t silver ("Ag"); with an additional inferred resource of 11.15Mt grading 1.38% Cu, 1.83% Zn, 0.10 % lead, 0.47 g/t Au and 14.81 g/t Ag. See Tables 1 and 2 on pages 4 and 5 for detailed information on the 2019 Resource Estimate and contained metal in the deposit and Figures 1 and 2 on pages 6 and 7 for longitudinal sections that illustrate the outline and classification of the resource estimate.

The Mcllvenna Bay deposit consists of several zones and two distinct styles of mineralization, typical of VMS deposits:

- massive to semi-massive sulphide mineralization in the Main Lens and Lens 3;
- stockwork-style sulphide mineralization in a Copper Stockwork Zone ("CSZ") that directly underlies the Main Lens;
- two other small lenses of stockwork-style mineralization occur in the deposit:
 - the Stringer Zone which is located between the Main Lens and Lens 3
 - the Copper Stockwork Footwall Zone ("CSFWZ") which occurs as a separate lens underneath the CSZ for approximately 140m of strike length which could represent a fault offset and repetition of the Main Lens and CSZ.

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OUTLOOK (continued)

Moving McIlvenna Bay to Feasibility (continued)

Table 1. McIlvenna Bay 2019 Mineral Resource (US\$60/t NSR cut-off) ¹⁻⁵

Zone	Tonnage (Mt)	Cu (%)	Zn (%)	Pb (%)	Au (g/t)	Ag (g/t)	CuEq (%)	ZnEq (%)
Indicated								
Main Lens – Massive Sulphide	9.25	0.90	6.43	0.40	0.52	25.97	-	10.25
Lens 3	1.99	0.85	3.29	0.14	0.27	14.71	-	6.45
Stringer Zone	0.70	1.38	0.62	0.04	0.35	13.34	1.73	-
Copper Stockwork Zone	10.30	1.43	0.28	0.02	0.40	9.30	1.73	-
Copper Stockwork Footwall Zone	0.71	1.60	1.04	0.04	0.54	11.47	2.20	-
Total Indicated	22.95	1.17	3.05	0.19	0.44	16.68		
Inferred								
Main Lens – Massive Sulphide	2.97	1.29	4.79	0.29	0.47	23.58	-	9.70
Copper Stockwork Zone	8.18	1.42	0.76	0.03	0.47	11.63	1.77	-
Total Inferred	11.15	1.38	1.83	0.10	0.47	14.81		

¹ Effective date May 7, 2019; CIM definitions were followed for Mineral Resources; CuEq = copper equivalent; ZnEq = zinc equivalent; NSR = Net Smelter Return.

² The base case mineral resource is estimated based on 239 diamond drill holes and a NSR cut-off grade of US\$60/t. NSR grades were calculated using high-grade caps and include provisions for metallurgical recovery and estimates of current shipping terms and smelter rates for similar concentrates. Metal prices used are US\$3.30/lb. Cu, US\$1.25/lb. Zn, US\$1.00/lb. Pb, US\$1,310/oz. Au, and US\$16.20/oz. Ag. Specific gravity was interpolated for each block based on measurements taken from core specimens.

³ Mr. William Lewis, P.Geo., of Micon International Limited, has reviewed and verified this mineral resource estimate. Mr. Lewis is independent of Foran and is a "Qualified Person" within the meaning of NI 43-101. A technical report regarding the 2019 Resource Estimate and prepared in accordance with NI 43-101 was filed on www.sedar.com on July 11, 2019.

⁴ Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, marketing or other issues.

⁵ CuEq and ZnEq values were calculated from the NSR values for the zones using a factor of \$55.71 per % Cu for the CSZ and a factor of \$46.69 per % Cu and \$15.10 per % Zn for all other zones.

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OUTLOOK (continued)

Moving McIlvenna Bay to Feasibility (continued)

Table 2. Contained Metal (US\$60/t NSR cut-off) ^{1,2}

Zone	Resource Classification	Zn Mlb	Cu Mlb	Ag Koz	Au Koz	Pb Mlb
CSZ	Indicated	63.6	325.2	3,077.1	132.5	5.1
	Inferred	136.3	255.7	3,059.3	124.2	5.6
FW	Indicated	16.3	25.1	262.4	12.4	0.7
Lens 3	Indicated	144.5	37.6	943.0	17.4	6.0
MS	Indicated	1,310.7	183.8	7,724.9	153.5	81.6
	Inferred	314.0	84.3	2,253.0	44.9	19.3
Stringer	Indicated	9.5	21.2	299.7	7.8	0.6
Total	Indicated	1,544.7	592.9	12,307.1	323.7	93.8
	Inferred	450.3	339.9	5,312.3	169.1	24.9

¹Totals may not add due to rounding

²See footnotes 1-5 for Table 1

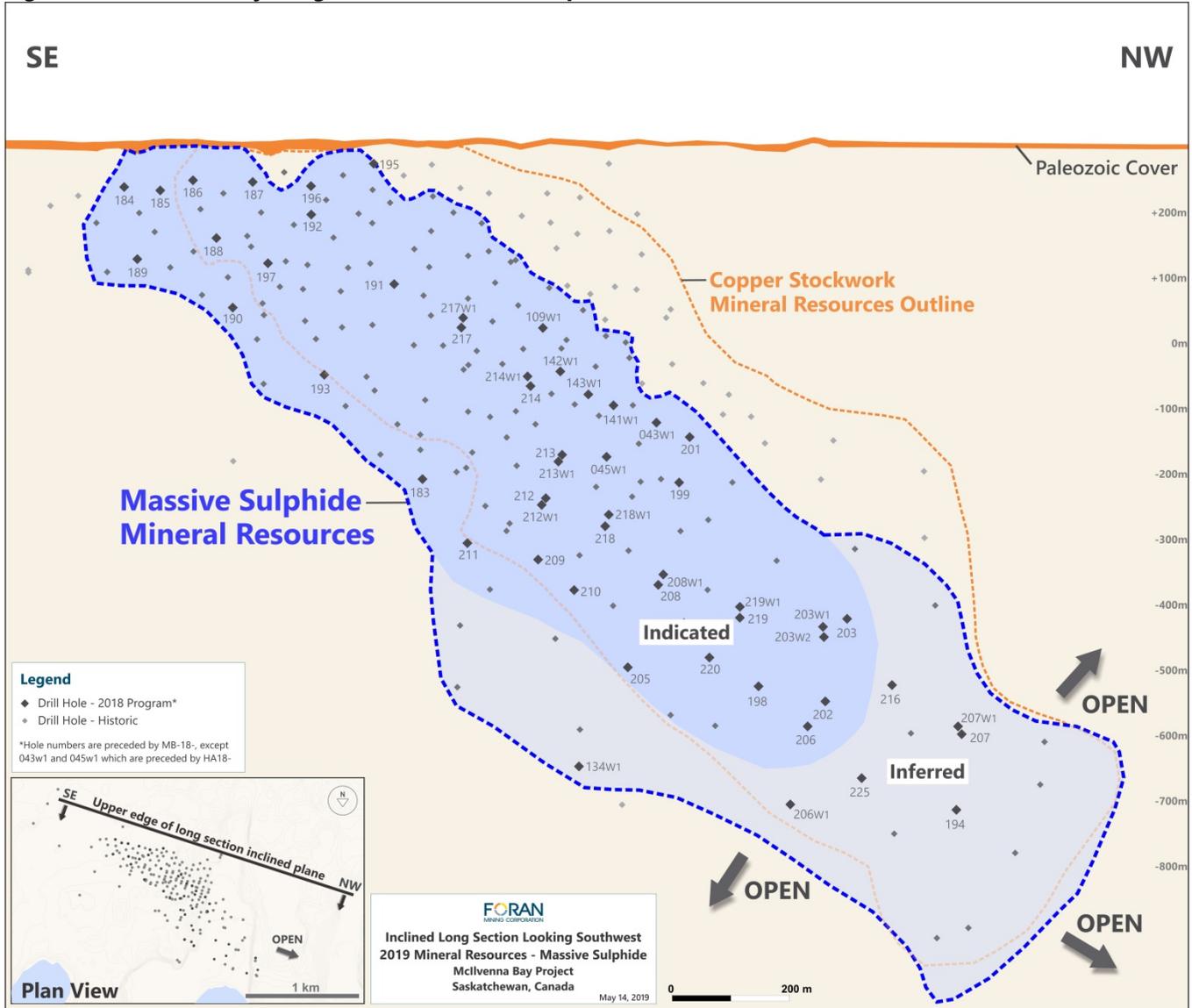
The Main Lens at McIlvenna Bay is a large massive to semi-massive sulphide horizon containing a metal zonation consisting of Cu-Au-rich material near the upper plunge line of the deposit which transitions down dip into a more Zn-Ag-dominant massive sulphide. In the 2013 Resource, the Main Lens was sub-divided into the Upper West Zone ("UWZ") and Zone 2 based on these differences in mineralogy, but for the 2019 Resource Estimate the Main Lens massive sulphide is reported as a single zone. This is a result of statistical analysis of the assay grades within the lens that suggests that there is a gradational transition between the two zones and that a hard boundary is not really appropriate, coupled with the fact that they will likely be mined together without any distinction between the zones in the Feasibility Study. The Main Lens massive sulphide is a continuous mineralized horizon which varies from 0.1 to 36.0m in thickness and averages 5.5m overall, with a strike length of 1,700m (Figure 1 on Page 7).

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OUTLOOK (continued)

Moving McIlvenna Bay to Feasibility (continued)

Figure 1: McIlvenna Bay Long Section – Massive Sulphide



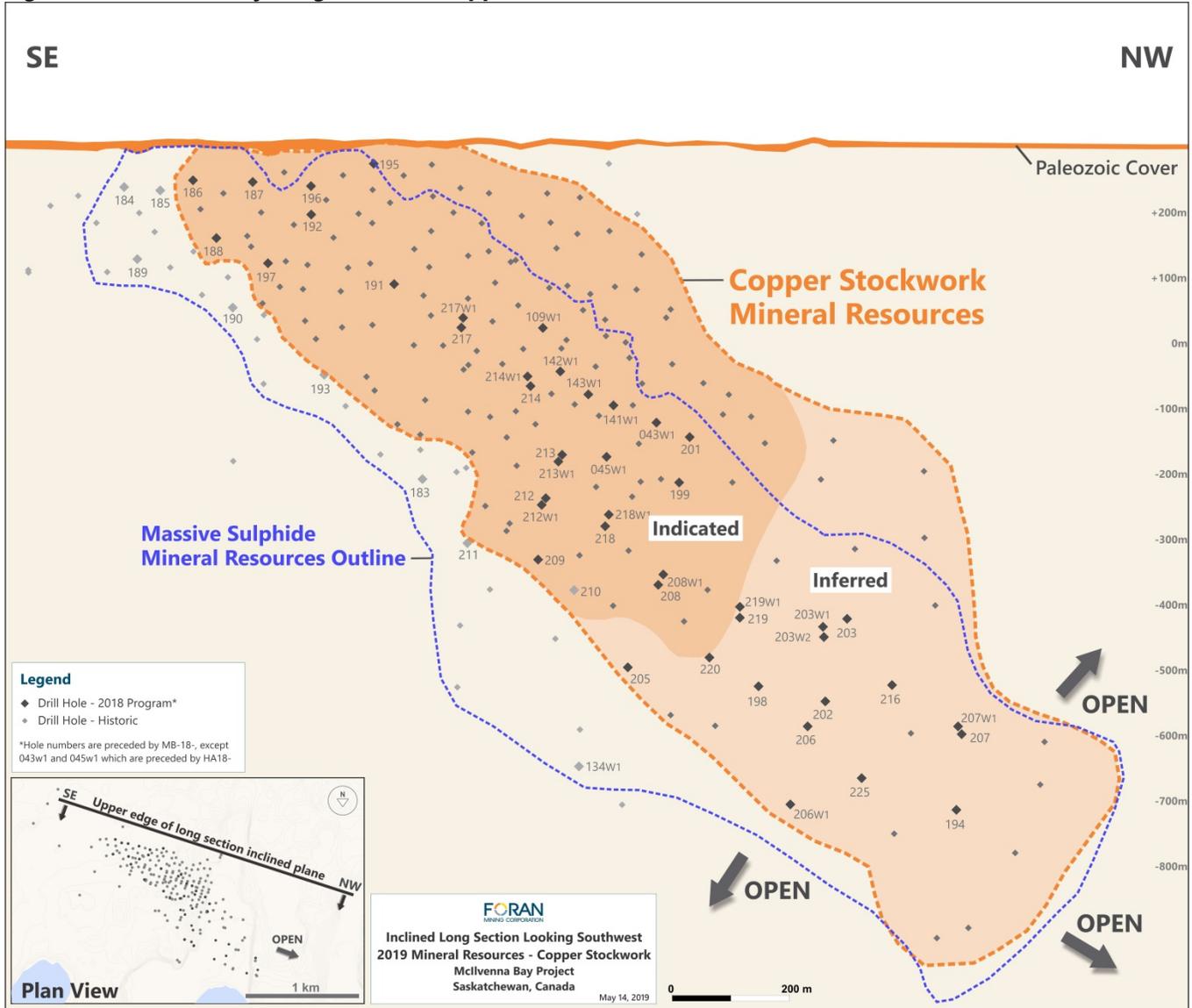
The CSZ is a zone of stockwork style copper-rich mineralization that directly underlies and is in contact with the massive sulphide and is interpreted to represent the feeder zone to the massive sulphide system. The CSZ varies from 0.3 to 37.2m in thickness with an average thickness of 12.1m. The Main Lens massive sulphide and the underlying CSZ are generally in contact with one another throughout the deposit, giving the bulk of the deposit an average thickness of 17.6m overall. The deposit plunges at approximately 45 degrees from surface for a down plunge length of approximately 2,000m (Figure 2 on Page 7).

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OUTLOOK (continued)

Moving McIlvenna Bay to Feasibility (continued)

Figure 2: McIlvenna Bay Long Section – Copper Stockwork Zone



Lens 3 sits approximately 10 to 30m in the hangingwall above the Main Lens and demonstrates the presence of stacked sulphide lenses in the Deposit. This lens has been traced intermittently along a strike length of 1,440m and plunges parallel to the underlying Main Lens and CSZ. The lens ranges in thickness from 0.1 to 12.5m and averages 2.8m. The Stringer Zone is a narrow intermittent lens of stringer-style sulphide that occurs sporadically between the Main Lens and Lens 3 through the deposit.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

OUTLOOK (continued)

Moving McIlvenna Bay to Feasibility (continued)

The CSFWZ is a separate lens that underlies the CSZ and has been intersected in nine drill holes over approximately 140m of strike length in the up-dip, central part of the deposit. The lens varies in thickness from 0.3 to 17m with an average thickness of 4.4m. The CSFWZ dominantly consists of stockwork style copper-rich mineralization similar to the CSZ, although in several holes narrow massive sulphide was also intersected at the top of the interval. It is possible that the CSFWZ represents a fault offset and repetition of the Main Lens and CSZ, but further drilling is required to prove the relationship of this lens to the rest of the deposit. The reader is referred to Foran News Release from May 28, 2019 for more detailed information of the 2019 Resource Estimate.

The results of the 2019 Resource Estimate will be incorporated into the ongoing Feasibility Study and used to estimate minable reserves for the deposit which will be used for the mine plan and detailed engineering. In connection with the Feasibility Study, a number of contracts are still underway, including Metallurgical testwork, Infrastructure and Mining Studies.

During its tenure, the current management team of Foran has held community meetings at the Peter Ballantyne Cree Nation ("PBCN") communities of Amisk Lake and Deschambault. Regular community meetings are an important part of the engagement process to keep communities abreast of activities as the McIlvenna Bay project progresses. Wherever practical, Foran hires local PBCN members to assist in advancing the project. As McIlvenna Bay is advanced, communicating effectively and working with the communities affected by Foran's activities is one of its priorities.

Foran plans to leverage its strengths, notably its staff and the project location and jurisdiction. Foran's experienced team members have track-records of taking projects to feasibility and production. The McIlvenna Bay project is the largest undeveloped VMS deposit in the prolific Flin Flon Mining Belt. It is close to infrastructure, a mining town and workforce, a concentrator and zinc plant. These advantages, along with base metal forecasts that project future strong demand for zinc and copper, are reasons Foran Management is of the view that the McIlvenna Bay deposit and the Hanson Lake base metals district are unique among their peer group.

QUALIFIED PERSON

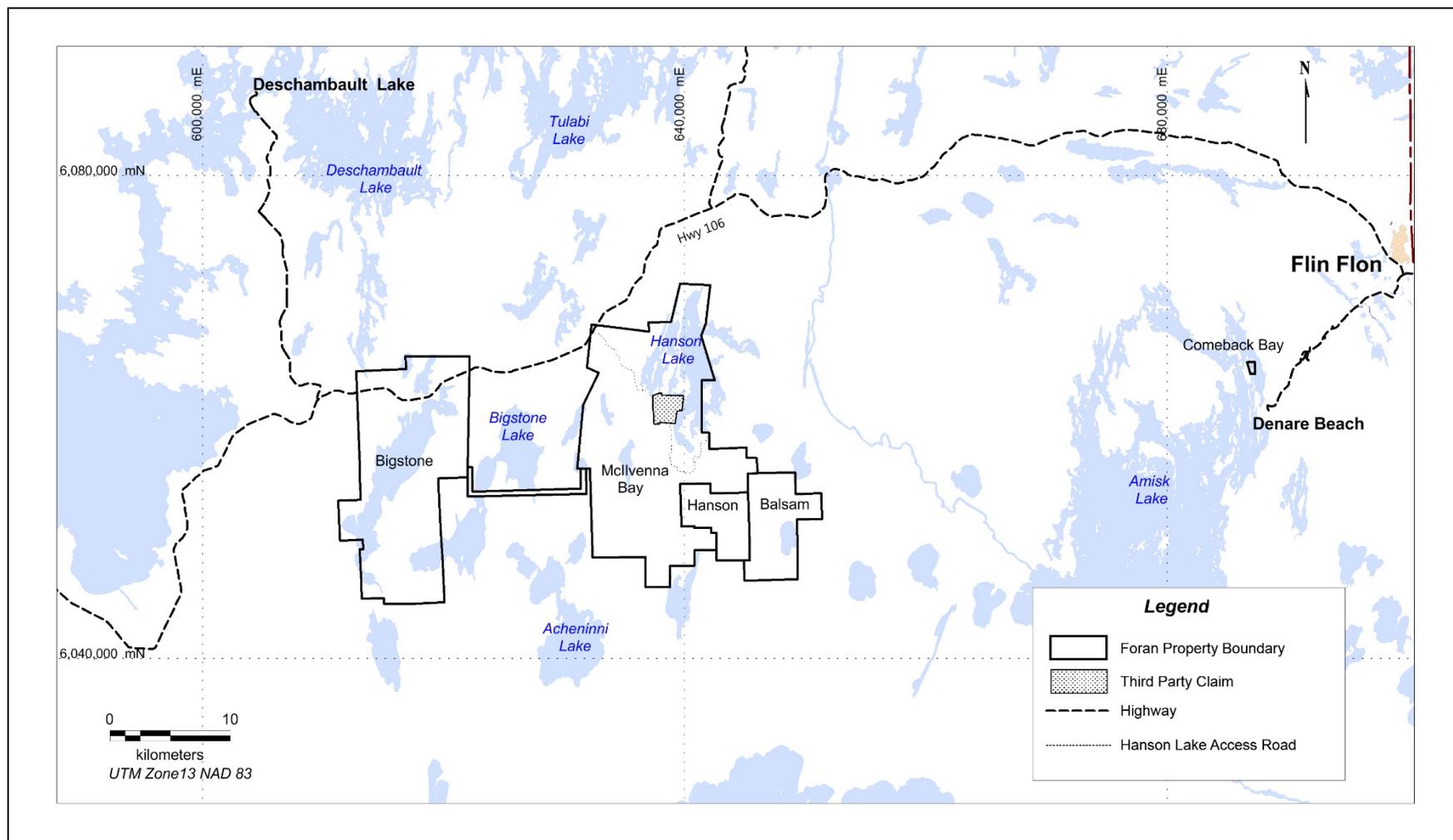
Mr. Roger March, P.Geo., VP Exploration for the Company and a Qualified Person within the meaning of National Instrument ("NI") 43-101, has reviewed and approved the technical information in this MD&A.

MINERAL PROPERTIES

SASKATCHEWAN PROPERTIES

As of the date of this report, the Company has five properties in Saskatchewan comprising a total of 61 claims for 43,703 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, and three properties contiguous to the McIlvenna Bay Property (Hanson, Balsam and 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 fifth property located 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).

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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 38 claims covering a total of 20,907 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. Since 2011, the Company has been working to advance the McIlvenna Bay deposit through continued exploration, resource definition and environmental and engineering studies. This work culminated in the issuance of a PEA demonstrating the potential for a robust operation on the McIlvenna Bay Property and the decision to proceed with the Feasibility Study.

The Company announced the results of a positive PEA on the McIlvenna Bay deposit in November 2014, which was completed by JDS Energy & Mining Inc. An overview of the results of the PEA are provided below and for additional information the reader is referred to 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 on SEDAR.

The resource estimate used within this PEA was completed in 2013 and does not include the recent drilling completed for the updated 2019 Resource Estimate. The results and conclusions of any updated PEA or Feasibility Study incorporating the 2019 Resource Estimate will be materially different than those previously disclosed. Accordingly, the 2019 Resource Estimate described herein supersedes the PEA and the PEA can no longer be considered current.

Summary of the Results of the McIlvenna Bay Preliminary Economic Assessment

In November 2014, the Company announced the results of a positive PEA on the Company's flagship project, the 100% owned McIlvenna Bay deposit located within the Hanson Lake Volcanogenic Massive Sulphide ("**VMS**") Camp in east-central Saskatchewan, approximately 65km 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 envisioned 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 was estimated at \$150.3 million. Based on the positive results of the PEA, and the execution of the TS Agreement, it was decided to proceed with the Feasibility Study, which is currently underway.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

1) MCILVENNA BAY PROPERTY (continued)

Summary of the Results of the Mcllvenna Bay Preliminary Economic Assessment (continued)

The PEA results should be considered stale dated and not current, since the PEA is based on an old historic 2013 resource which has been superseded by the current 2019 mineral resource estimate. A copy of the Preliminary Economic Assessment Technical Report, Mcllvenna Bay Project, Saskatchewan, Canada, can be found on SEDAR or on the Company's website at www.foranmining.com.

The Technical Report for the 2019 mineral resource estimate was filed on SEDAR on July 10, 2019, entitled: "Technical Report for the 2019 Mineral Resource Estimate on the Mcllvenna Bay Project, Saskatchewan, Canada", is the most current 43-101 technical report for the Mcllvenna Bay project. This report was filed on SEDAR on July 10, 2019. For details on the current resource estimate, the reader is referred to this report available on SEDAR or on the Company's website.

Following the release of the PEA, metal prices declined and investors' interest in funding base metals projects waned. Foran Management became concerned that taking the Mcllvenna Bay project to feasibility by itself in this environment would place a large burden on its shareholder base to finance a feasibility study and would in turn be highly dilutionary to existing shareholders. Management spent time contacting various parties it deemed would be interested in partnering with Foran in taking the Mcllvenna Bay project to Feasibility and would also have the financial capability, on a positive outcome to a feasibility study, of carrying the Mcllvenna Bay project through construction to commercial production.

Foran underwent discussions with many parties during its search. In the spring of 2017, Management engaged Micon to conduct a technical review of the PEA. Micon also conducted a review of the resource model, the mine plan, metallurgical recoveries and options to improve on capital and operating efficiencies, taking into account changes in economic inputs since the PEA. Following the review, Micon prepared a list of potential trade-offs and development options. These trade-off studies included such items as mining the high-grade massive sulphides only, lowering throughput rates and/or the potential for toll or contract processing. The review laid out options for development in terms of timing and costs, putting the Company in a better position to choose the best path forward to complete a preliminary feasibility study and/or subsequent feasibility study on the Mcllvenna Bay project. Micon did not prepare a 43-101 compliant report on its study.

As a result of the Company's search to find a partner with the vision to develop the Mcllvenna Bay project, Foran and Glencore evaluated the possibility of Glencore using its technical expertise to assist the Company in completing a feasibility study on the Mcllvenna Bay project in return for exclusive concentrate off-take rights.

On review of the terms of the Glencore TS Agreement, Foran's Board of Directors (the "**Board**") felt that it offered the best route to advance the Mcllvenna Bay project to feasibility. Management's long-term strategy is to develop and build a new base metal camp in the Hanson Lake Mining District. Management sees the TS Agreement as potentially acting as a catalyst to get Foran to its stated objective of building a large tonnage mine at Mcllvenna Bay that could be the centre of gravity necessary to support the construction of a central mill and concentrator and allow the exploitation of numerous deposits and exploration targets identified in the Hanson Lake Mining District to date.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

1) MCILVENNA BAY PROPERTY (continued)

2019

In January 2019 the Company made its third attempt to explain the Target A geophysical anomaly. The promise of a second large deposit at depth held great allure. Foran's technical team took on this highly technical challenge, and, supported by a professional team of drillers and field crew. After several unsuccessful attempts to wedge a hole from drill hole MR-17-09, a new 1,749m hole was drilled under strict geological control to provide a deeper test of the conductor. In April, the drill encountered the source of the anomaly, however the sulphides that were intersected did not return the desired results. The source of the anomaly is represented by an exhalative horizon containing minor fracture-fill and stringer sulphides, along with minor graphite. The occurrence of the exhalative geology indicates that the correct geological environment for the occurrence of VMS deposits was intersected by the drill hole. Given that the Target A anomaly extends over one km in length, and since only a small portion of the conductor has been tested by the two drill intersections completed to date, there remains potential to uncover sulphides of merit along the trend of the anomaly with further drilling. It is common for massive sulphide deposits to require a number of test drill-holes prior to making a discovery. Management will review its options with respect to future exploration of the Target A anomaly.

On May 28, 2019 Foran released the 2019 Resource Estimate for the McIlvenna Bay deposit. The 2019 Resource Estimate is based on over 115,000m of drilling in 239 drill holes, which includes over 27,000m of infill and expansion drilling completed in 2018. The new resource estimate shows that the deposit is host to a large metal endowment and the 2018 program has demonstrated that the deposit continues to display good continuity at depth and remains open for expansion. The 2019 Resource Estimate indicates that the deposit is host to an indicated resource of 22.95Mt grading 1.17% copper, 3.05% zinc, 0.19% lead, 0.44 g/t Au and 16.68 g/t Ag; with an additional inferred resource of 11.15Mt grading 1.38% copper, 1.83% zinc, 0.10 % lead, 0.47 g/t Au and 14.81 g/t Ag. The reader is referred to the "Outlook" section and Foran's news release of May 28, 2019 for further details on the 2019 Resource Estimate.

The Feasibility Study for the McIlvenna Bay deposit is ongoing at this time, including incorporating the results of the 2019 Resource Estimate. A number of final reports have been received from sub-contractors who have been completing specific tasks related to the Feasibility Study including: geotechnical (MDEng), underground infrastructure (BBA), surface infrastructure (Halyard), hydrogeology (Hydro-Resources) and off-site tailings disposal (BCG). Work on the final metallurgical studies (BaseMet), along with a number of trade-off studies, are still underway.

Expenditure Requirements

The claims that comprise the McIlvenna Bay Property are in good standing for a period of between 10 and 15 years, with the exception of one claim which is 7 years.



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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.

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

Expenditure Requirements

The claims that comprise the Bigstone Property are in good standing for a period of between 8 and 12 years.

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 high-grade copper mineralization discovered in the Thunder Zone in 2013, and 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.

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

Expenditure Requirements

The claims that comprise the Balsam Property are in good standing for a period of between 8 and 10 years.

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.

Expenditure Requirements

The claims that comprise the Hanson Property are in good standing for 9 years.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

SASKATCHEWAN PROPERTIES (continued)

5) 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.

Expenditure Requirements

The Comeback Bay claim is in good standing for two years.

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.

Expenditure Requirements

There are no expenditures required in 2019 to keep the Reed Lake claims in good standing.

OVERALL PERFORMANCE

FINANCIAL CONDITION

The net assets of the Company decreased from \$40,405,092 at December 31, 2018 to \$40,179,821 at September 30, 2019, a decrease of \$225,271. The most significant assets at September 30, 2019 were exploration and evaluation assets of \$39,406,174 (December 31, 2018: \$36,496,338) and cash and cash equivalents of \$1,062,175 (December 31, 2018: \$4,166,773).



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

OVERALL PERFORMANCE (continued)

FINANCIAL CONDITION (continued)

The \$2,909,836 increase in exploration and evaluation assets was a result of the Company capitalizing exploration costs on its McIlvenna Bay Property pursuant to a drill program it completed from January to April 2019 and costs relating to the Feasibility Study. The most significant capitalized exploration costs consisted of Feasibility Study costs of \$1,355,379, drilling costs of \$585,345, salaries and benefits of \$273,513, consulting fees of \$230,457 and administration costs of \$194,010.

The decrease of \$3,104,598 in cash and cash equivalents was primarily attributed to the Company spending \$2,616,195 on its drill program and Feasibility Study costs.

The Company's liabilities at September 30, 2019 consisted of accounts payable and accrued liabilities of \$417,795 (December 31, 2018: \$223,714), deferred share units of \$526,296 (December 31, 2018: \$612,285) and a lease liability totaling \$176,185, with \$97,098 considered a current liability and \$79,087 considered a non-current liability.

The majority of the accounts payable and accrued liabilities at September 30, 2019 related to Feasibility Study costs.

The Company has a Long-Term Performance Incentive Plan which includes, as one of the awards, deferred share units ("**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, participants will, at their choice, receive either the equivalent number of common shares in the Company, or the cash equivalent of the fair market value of the DSUs based on a volume weighted average of the Company's share price.

The Company's Executive Chairman is compensated for his services with DSUs on a monthly basis, to a maximum of \$10,417 per month. At September 30, 2019, an amount of \$391,411 (December 31, 2018: \$483,151) was owed to the Executive Chairman. The number of outstanding DSUs owed to the Executive Chairman at September 30, 2019 was 1,701,787 (December 31, 2018: 1,380,432).

The Company's independent directors are compensated for their services with DSUs. At September 30, 2019 an amount of \$134,885 (December 31, 2018: \$129,131) was owed to the independent directors. The number of outstanding DSUs owed to independent directors at September 30, 2019 was 534,491 (December 31, 2018: 368,947).

With respect to the lease liability of \$176,185, the Company adopted IFRS 16 *Leases* ("**IFRS 16**") effective January 1, 2019. Please refer to "*IFRS 16 Leases*" on pages 23 to 25 of this MD&A for a complete explanation.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

RESULTS OF OPERATIONS

Three months ended September 30, 2019

The Company recorded a net loss of \$256,448 for the three months ended September 30, 2019 (2018: net income of \$831,427). Expenses before Other Items were \$369,928 (2018: \$552,654) with the most significant being salaries and benefits of \$138,847 (2018: \$223,617), share-based payments expense of \$72,613 (2018: \$106,103), and professional fees of \$45,161 (2018: \$89,030). Other Items for the three months ended September 30, 2019 and 2018 consisted of an unrealized gain of \$99,897 (2018: \$272,448) on the revaluation of deferred share units, interest and miscellaneous income of \$13,583 (2018: \$24,487) and other income of \$Nil (2018: \$1,087,146).

Salaries and benefits decreased by \$84,770 mainly as a result of the Company's Executive Chairman earning a bonus of \$100,000 during Q3, 2018.

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. Share-based payments expense was \$33,490 lower for the three months ended September 30, 2019.

The majority of the unrealized gain of \$99,897 on the revaluation of deferred share units was a result of the Company's stock decreasing from \$0.28 per share at June 30, 2019 to \$0.23 per share at September 30, 2019.

Other income of \$1,087,146 for the three months ended September 30, 2018 was a result of the Company incurring a significant amount of the required qualifying expenditures in relation to the private placement of FT Shares that was completed in December 2017.

Nine months ended September 30, 2019

The Company recorded a net loss of \$1,115,760 for the nine months ended September 30, 2019 (2018: net income of \$446,961). Expenses before Other Items were \$1,382,074 (2018: \$1,636,810) with the most significant being salaries and benefits of \$451,750 (2018: \$479,378), share-based payments expense of \$316,832 (2018: \$511,106) and investor relations costs of \$157,383 (2018: \$142,450). Other Items for the nine months ended September 30, 2019 and 2018 consisted of an unrealized gain of \$228,072 (2018: \$195,024) on the revaluation of deferred share units, interest and miscellaneous income of \$38,242 (2018: \$43,681) and other income of \$Nil (2018: \$1,845,066).

Salaries and benefits decreased by \$27,628. The Company's Executive Chairman earned a bonus of \$100,000 during Q3, 2018. This was partially offset by the Company's Senior Management team receiving salary increases effective September 2018 and the Company's Executive Chairman earning \$93,750 of DSUs during the nine months ended September 30, 2019 as compared to \$74,417 during the nine months ended September 30, 2018.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

RESULTS OF OPERATIONS (continued)

Share-based payments expense was \$194,274 lower for the nine months ended September 30, 2019 as a result of the factors mentioned above in *"Three months ended September 30, 2019"*. During the nine months ended September 30, 2019, the Company granted 2,070,000 stock options (2018: 1,945,000) with a weighted average exercise price of \$0.34 (2018: \$0.57).

CASH FLOWS

Quarter ended September 30, 2019

Cash and cash equivalents decreased by \$1,028,201 during the three months ended September 30, 2019, from \$2,090,376 at June 30, 2019 to \$1,062,175 at September 30, 2019. The decrease was a result of cash of \$854,475 used in investing activities, \$147,115 used in operating activities and cash of \$26,611 used in financing activities.

The cash of \$854,475 used in investing activities consisted exclusively of exploration and evaluation asset expenditures, with the majority relating to the Company's Feasibility Study contracts.

The cash of \$147,115 used in operating activities consisted of the net loss of \$256,449, partially offset by a net change in non-cash working capital items of \$50,010 and a total of \$59,324 for items not involving cash.

The cash of \$26,611 used in financing activities consisted exclusively of lease liability payments in the amount of \$26,611 relating to the Company's office lease.

Nine months ended September 30, 2019

Cash and cash equivalents decreased by \$3,104,598 during the nine months ended September 30, 2019, from \$4,166,773 at December 31, 2018 to \$1,062,175 at September 30, 2019. The decrease was a result of cash of \$2,616,195 used in investing activities and \$792,978 used in operating activities, partially offset by cash of \$304,575 provided by financing activities.

The cash of \$2,616,195 used in investing activities consisted exclusively of exploration and evaluation asset expenditures, with the majority relating to the Company's winter drill program and the Company's Feasibility Study contracts.

The cash of \$792,978 used in operating activities consisted of the net loss of \$1,115,760 and a net change in non-cash working capital items of \$31,030, partially offset by a total of \$353,812 for items not involving cash.

The cash provided by financing activities consisted of proceeds of \$383,250 pursuant to the exercise of 2,100,000 stock options with a weighted average exercise price of \$0.18 per share. This was partially offset by lease liability payments in the amount of \$78,675 relating to the Company's office lease. See *"IFRS 16 Leases"* on pages 23 to 25 of this MD&A for a complete explanation.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

SUMMARY OF QUARTERLY RESULTS

	Q3, 2019	Q2, 2019	Q1, 2019	Q4, 2018
	\$	\$	\$	\$
Net loss for the period	(256,448)	(337,307)	(522,005)	(508,726)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	Q3, 2018	Q2, 2018	Q1, 2018	Q4, 2017
	\$	\$	\$	\$
Net income (loss) for the period	831,427	(144,061)	(240,405)	(418,528)
Basic and diluted income (loss) per share	0.01	(0.00)	(0.00)	(0.00)

With the exception of Q3, 2018 (net income of \$831,427), the Company's operating results for the last eight quarters ranged from a net loss of \$522,005 in Q1, 2019 to a net loss of \$144,061 in Q2, 2018.

The net loss of \$256,448 in Q3, 2019 consisted of expenses before Other Items of \$369,928 with the most significant being salaries and benefits of \$138,847, share-based payments expense of \$72,613 and professional fees of \$45,161. Other Items for Q3, 2019 consisted of an unrealized gain of \$99,897 on the revaluation of deferred share units and interest and miscellaneous income of \$13,583.

The net income of \$831,427 in Q3, 2018 consisted of expenses before other items of \$552,654 with the most significant being salaries and benefits of \$223,617 and share-based payments expense of \$106,103. Other items, which more than offset the expenses, consisted of other income of \$1,087,146, an unrealized gain of \$272,448 on the revaluation of deferred share units and interest income of \$24,487. Other income was a result of the Company incurring the remaining qualifying expenditures in relation to the private placements of FT Shares that were completed in June and July 2018.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

SUMMARY OF QUARTERLY RESULTS (continued)

Together, share-based payments expense and salaries and benefits consistently comprised a significant portion (between 50% in Q4, 2018 and 66% in Q1, 2018) of the expenses that contributed to the net income or loss for each of the quarters from Q4, 2017 to Q3, 2019. The following table provides a breakdown of the expenses, before Other Items, that contributed to the quarterly net losses:

	Q3, 2019	Q2, 2019	Q1, 2019	Q4, 2018
	\$	\$	\$	\$
Share-based payments expense	72,613	72,929	171,290	82,916
Salaries and benefits	138,847	152,617	160,286	160,159
Other expenses	158,468	193,834	261,190	241,276
Total expenses for the period	369,928	419,380	592,766	484,351

	Q3, 2018	Q2, 2018	Q1, 2018	Q4, 2017
	\$	\$	\$	\$
Share-based payments expense	106,103	95,851	309,152	50,207
Salaries and benefits	223,617	130,745	125,016	79,331
Other expenses	222,934	201,027	222,365	126,697
Total expenses for the period	552,654	427,623	656,533	256,235

The share-based payments expense was the fair value of the stock options that vested in each respective quarter. The Company granted 2,070,000 stock options with an exercise price of \$0.34 per share in Q1, 2019 which contributed to the large share-based payments expense of \$171,290 in Q1, 2019, as one-third of the stock options vested immediately.

From Q1, 2018 to Q3, 2019, salaries and benefits remained relatively consistent with the exception of Q3, 2018. During Q3, 2018 the Company's Executive Chairman earned a bonus of \$100,000.

Other expenses in Q3, 2019 consisted of professional fees of \$45,161, depreciation of \$37,815, office and administration of \$30,173 and investor relations costs of \$28,161. Total expenses in Q3, 2019 were the lowest since Q4, 2017 as a result of the Company conserving cash during the July – September period in 2019.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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 and stock option exercises. At September 30, 2019, the Company had working capital of \$776,963 (December 31, 2018: \$4,120,175). 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. A material uncertainty exists that may cast 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.

RELATED PARTY TRANSACTIONS

Under IAS, a related party transaction is a transfer of resources, services or obligations between an issuer and a party related to the issuer or its Executive Directors or Officers. Under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, a related party transaction is a transaction between the issuer and a related party of the issuer at the time the transaction is agreed to as a consequence of which the issuer directly or indirectly enters into specified transactions, including a purchase or sale of assets, issuing securities or subscribing for securities, borrowing or lending money, and forgiving debts or liabilities.

Key management compensation

Key management personnel at the Company are the Directors and Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

RELATED PARTY TRANSACTIONS (continued)

a) Related Party Transactions

The Company's related party transactions for the three and nine months ended September 30 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$		
Short-term benefits	167,899	252,109	545,175	644,450
Share-based payments expense	61,131	90,713	292,874	511,551
Directors' fees	15,000	15,000	48,333	39,000
Total	244,030	357,822	886,382	1,195,001

¹ Short-term benefits consisted exclusively of salaries, health benefits and DSUs 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 that had been granted to key management personnel, some of which have been capitalized to exploration and evaluation assets.

³ Directors' fees consisted exclusively of DSUs awarded to the independent directors.

b) During the nine months ended September 30, 2019, the Company was charged \$7,425 (2018: \$8,501) by the Executive Chairman for office rent, the amount of which was included in office and administration expenses in the condensed consolidated interim statement of loss and comprehensive loss. At September 30, 2019, accounts payable and accrued liabilities included an amount of \$Nil (December 31, 2018: \$2,096) for this expense.

c) At September 30, 2019, the Company owed a total of 2,236,278 DSUs (December 31, 2018: 1,749,379) fair valued at \$526,296 (December 31, 2017: \$612,285) to key management personnel, which is included in the condensed consolidated interim statement of financial position.

PROPOSED TRANSACTIONS

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



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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.

Flow-through share private placements

As an incentive to complete private placements, the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions for tax purposes to the Company. The shares are usually issued at a premium to the trading price of the Company's shares. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

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:

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.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

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, 2018.

IFRS 16 Leases

The Company adopted IFRS 16 *Leases* ("**IFRS 16**") effective January 1, 2019. The following is the new accounting policy for leases under IFRS 16.

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as lessee, is required to recognize a right-of-use asset ("**ROU asset**"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset by asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated depreciation, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is depreciated from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

IFRS 16 Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in the consolidated statement of comprehensive loss in the period in which they are incurred.

The ROU assets are presented within "Right-of-use assets" and the lease liabilities are presented in "Lease liability" on the consolidated statements of financial position.

Adoption of IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The comparative figures for the 2018 reporting period have not been restated and are accounted for under IAS 17 *Leases*, and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard.

The Company applied the exemption not to recognize ROU asset and lease liabilities for leases with less than 12 months of lease term and leases for low-value assets when applying IFRS 16 to leases previously classified as operating leases under IAS 17.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

Adoption of IFRS 16 Leases (continued)

The Company has an office lease for its headquarters in Vancouver, British Columbia which was classified as operating leases under IAS 17. Upon transition to IFRS 16, these lease liabilities were measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 7% as of January 1, 2019. As a result, the Company, as a lessee, recognized \$244,363 as a lease liability, representing its obligation to make lease payments. A ROU asset of the same amount was recognized as a Right-of-use Asset, representing its right to use the underlying asset.

The following table summarizes the difference between the operating lease commitments disclosed immediately preceding the date of initial application and lease liability recognized on the consolidated balance sheet at the date of initial application:

	\$
Operating lease liability as at December 31, 2018	267,282
Effect of discounting at incremental borrowing rate	<u>(22,919)</u>
Lease liability recognized as of January 1, 2019	<u><u>244,363</u></u>

FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 12 of the Company's consolidated financial statements for the year ended December 31, 2018.

OTHER MD&A REQUIREMENTS

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

General and administration expenses for the nine months ended September 30 were as follows:

	2019	2018
	\$	\$
Depreciation	115,167	47,622
Directors' fees	48,333	39,000
Investor relations	157,383	142,450
Office and administration	110,081	165,823
Professional fees	147,445	207,561
Salaries and benefits	451,750	479,378
Share-based payments expense	316,832	511,106
Transfer agent, regulatory and filing fees	28,620	24,371
Travel and accomodation	6,463	19,499
	<u>1,382,074</u>	<u>1,636,810</u>



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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 130,124,451 common shares issued and outstanding.

As at the date of this report, there were 8,541,666 stock options 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.

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 licenses and permits from government 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

RISKS AND UNCERTAINTIES (continued)

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.

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. The Company has not completed a feasibility study on any of its properties and 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.

DIRECTORS & OFFICERS

As of the date of this MD&A, the Company's directors and officers were as follows:

Patrick Soares – President, CEO and Director

Darren Morcombe – Executive Chairman of the Board

Maurice Tagami – Director, Chair of the Governance and Corporate Compensation Committee

David Petroff – Director, Chair of the Audit & Risk Committee

Mario Grossi – Director, Chair of the Environmental, Health & Safety Committee

Tim Thiessen – CFO and Corporate Secretary

Roger March – VP Exploration