

FORAN MINING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management and approved by the Audit & Risk Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

FORAN MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

| | Note | June 30, 2020 | December 31, 2019 |
|--|----------|-------------------|----------------------|
| ASSETS | | \$ | \$ |
| Current | | | |
| Cash and cash equivalents | | 517,369 | 391,610 |
| Accounts receivable | | 16,676 | 43,137 |
| Prepaid expenses and deposits | | 26,621 | 67,147 |
| | | 560,666 | 501,894 |
| Non-Current | | | |
| Deposits | | 11,000 | 11,000 |
| Investments | 3 | 139,215 | 146,415 |
| Plant and equipment | 5 | 239,989 | 263,308 |
| Right-of-use asset | 4 | 98,483 | 147,725 |
| Exploration and evaluation assets | 6, 9 | 40,304,778 | 39,826,171 |
| | | 41,354,131 | 40,896,513 |
| LIABILITIES | | | |
| Current | | | |
| Accounts payable and accrued liabilities | 9, 12 | 154,966 | 265,277 |
| Lease liability | 4 | 115,376 | 100,293 |
| | | 270,342 | 365,570 |
| Non-Current | | | |
| Deferred share units | 7, 12(c) | 404,300 | 683,706 |
| Lease liability | 4 | - | 53,625 |
| | | 674,642 | 1,102,901 |
| EQUITY | | | |
| Share capital | 8 | 82,728,154 | 81,566,075 |
| Share-based payments reserve | | 1,462,699 | 1,628,186 |
| Accumulated other comprehensive income | | 37,705 | 44,905 |
| Deficit | | (43,549,069) | (43,445,554) |
| | | 40,679,489 | 39,793,612 |
| | | 41,354,131 | 40,896,513 |

Approved on behalf of the Board:

"David Petroff", Director

"Darren Morcombe", Director

FORAN MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE
LOSS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30
(Unaudited - Expressed in Canadian dollars)

| | Note | Three months ended June 30, | | Six months ended June 30, | |
|--|-------------|--------------------------------|--------------------|------------------------------|--------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| | | \$ | \$ | \$ | \$ |
| Expenses | | | | | |
| Consulting | | 16,795 | - | 51,282 | - |
| Depreciation | 5, 6 | 35,930 | 38,382 | 72,561 | 77,352 |
| Directors' fees | 7, 12(a) | 12,802 | 18,333 | 27,802 | 33,333 |
| Investor relations | | 6,715 | 44,433 | 33,752 | 129,222 |
| Office and administration | 12(b) | 22,187 | 39,954 | 50,076 | 79,908 |
| Professional fees | | 10,743 | 45,393 | 24,303 | 102,284 |
| Salaries and benefits | 12(a) | 71,721 | 152,617 | 231,716 | 312,903 |
| Share-based payments expense | 8(d), 12(a) | 50,308 | 72,929 | 101,178 | 244,219 |
| Transfer agent, regulatory and filing fees | | 7,864 | 4,865 | 18,253 | 28,016 |
| Travel and accommodation | | - | 2,474 | 823 | 4,909 |
| | | 235,065 | 419,380 | 611,746 | 1,012,146 |
| Other Items | | | | | |
| Interest and miscellaneous income | | (11,735) | (5,813) | (12,085) | (24,659) |
| Revaluation of deferred share units | 7 | 76,060 | (76,260) | (369,708) | (128,175) |
| | | 64,325 | (82,073) | (381,793) | (152,834) |
| Net loss for the period | | (299,390) | (337,307) | (229,953) | (859,312) |
| Other Comprehensive Loss | | | | | |
| Unrealized gain (loss) on investments | 3 | 52,806 | - | (7,200) | - |
| Total comprehensive loss for the period | | (246,584) | (337,307) | (237,153) | (859,312) |
| Basic and diluted loss per share | | \$ (0.00) | \$ (0.00) | \$ (0.00) | \$ (0.01) |
| Basic and diluted weighted average number of shares outstanding | | 137,754,836 | 129,971,154 | 135,083,572 | 129,109,810 |

FORAN MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian dollars)

| | Note | Number of shares | Share capital \$ | Share-based payments reserve \$ | Accumulated other comprehensive income (loss) \$ | Deficit \$ | Total \$ |
|---|------|---------------------|------------------------|--|--|---------------------|-------------------|
| Balance, December 31, 2018 | | 128,024,451 | 80,833,461 | 1,601,841 | (29,502) | (42,000,708) | 40,405,092 |
| Net loss for the period | | - | - | - | - | (859,312) | (859,312) |
| Issued pursuant to exercise of stock options | 8(b) | 2,100,000 | 615,509 | (232,259) | - | - | 383,250 |
| Share-based payments expense | 8(d) | - | - | 336,626 | - | - | 336,626 |
| Reclass of expired stock options | 8(d) | - | - | (218,597) | - | 218,597 | - |
| Balance, June 30, 2019 | | 130,124,451 | 81,448,970 | 1,487,611 | (29,502) | (42,641,423) | 40,265,656 |
| Net loss for the period | | - | - | - | - | (811,591) | (811,591) |
| Other comprehensive income | | - | - | - | 74,407 | - | 74,407 |
| Issued pursuant to exercise of stock options | | 600,000 | 117,105 | (44,355) | - | - | 72,750 |
| Share-based payments expense | | - | - | 192,390 | - | - | 192,390 |
| Reclass of expired or forfeited stock options | | - | - | (7,460) | - | 7,460 | - |
| Balance, December 31, 2019 | | 130,724,451 | 81,566,075 | 1,628,186 | 44,905 | (43,445,554) | 39,793,612 |
| Net loss for the period | | - | - | - | - | (229,953) | (229,953) |
| Other comprehensive loss | | - | - | - | (7,200) | - | (7,200) |
| Issued pursuant to private placement | | 7,100,000 | 704,141 | - | - | - | 704,141 |
| Issued pursuant to exercise of stock options | 8(b) | 2,115,000 | 457,938 | (173,088) | - | - | 284,850 |
| Share-based payments expense | 8(d) | - | - | 134,039 | - | - | 134,039 |
| Reclass of expired or forfeited stock options | 8(d) | - | - | (126,438) | - | 126,438 | - |
| Balance, June 30, 2020 | | 139,939,451 | 82,728,154 | 1,462,699 | 37,705 | (43,549,069) | 40,679,489 |

FORAN MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020
(Unaudited - Expressed in Canadian dollars)

| | Note | Three months ended June 30, | | Six months ended June 30, | |
|---|------------|--------------------------------|-------------|------------------------------|-------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Operating Activities | | | | | |
| Net loss for the period | | (299,390) | (337,307) | (229,953) | (859,312) |
| Items not involving cash: | | | | | |
| Depreciation | | 35,930 | 38,382 | 72,561 | 77,352 |
| Directors' fees | 7 | 12,802 | 18,333 | 27,802 | 33,333 |
| Interest expense | | - | 6,908 | - | 6,908 |
| Interest income | | - | - | - | (1,649) |
| Lease interest | 4 | - | - | 2,727 | - |
| Revaluation of deferred share units | 7 | 76,060 | (76,260) | (369,708) | (128,175) |
| Salaries and benefits | 7 | 31,250 | 31,250 | 62,500 | 62,500 |
| Share-based payments expense | 8(d) | 50,308 | 72,929 | 101,178 | 244,219 |
| | | (93,040) | (245,765) | (332,893) | (564,824) |
| Net change in non-cash working capital | 9 | 22,260 | (24,236) | 117,561 | (81,040) |
| Cash used in operating activities | | (70,780) | (270,001) | (215,332) | (645,864) |
| Investing Activity | | | | | |
| Exploration and evaluation assets expenditures | 6, 8(d), 9 | (182,407) | (839,584) | (606,631) | (1,761,720) |
| Cash used in investing activity | | (182,407) | (839,584) | (606,631) | (1,761,720) |
| Financing Activities | | | | | |
| Proceeds received pursuant to private placement | | 710,000 | - | 710,000 | - |
| Share issue costs | | (5,859) | - | (5,859) | - |
| Cash received on exercise of stock options | 8(b) | - | 60,000 | 284,850 | 383,250 |
| Lease liability payments | 4 | (14,448) | (26,033) | (41,269) | (52,064) |
| Cash provided by financing activities | | 689,693 | 33,967 | 947,722 | 331,186 |
| Net increase (decrease) in cash and cash equivalents | | 436,506 | (1,075,618) | 125,759 | (2,076,398) |
| Cash and cash equivalents, beginning of period | | 80,863 | 3,165,993 | 391,610 | 4,166,773 |
| Cash and cash equivalents, end of period | | 517,369 | 2,090,375 | 517,369 | 2,090,375 |
| Cash and cash equivalents is comprised of: | | | | | |
| Guaranteed Investment Certificates | | 20,898 | 20,898 | 20,898 | 20,898 |
| Cash | | 496,471 | 2,069,477 | 496,471 | 2,069,477 |
| | | 517,369 | 2,090,375 | 517,369 | 2,090,375 |
| Supplemental cash flow information | 9 | | | | |

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Foran Mining Corporation (the "**Company**") is a publicly listed company on the TSX Venture Exchange, incorporated under the laws of British Columbia. The Company and its subsidiary are involved in activities that include the acquisition and exploration of mineral properties.

The Company's head office and registered and records office is located at 904 - 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

These condensed consolidated interim financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of \$229,953 for the six months ended June 30, 2020 (2020: \$859,312). As at June 30, 2020, the Company had an accumulated deficit of \$43,549,069, (December 31, 2019: \$43,445,554). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financing capabilities. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these condensed consolidated interim financial statements, the Company's stock price has declined in excess of 50% since year-end. Should the stock price remain at or below currently prevailing levels for an extended period, this could have a further significant adverse impact on the Company's financial position and results of operations in future periods.

The Company has incurred significant operating losses in its exploration operations and its ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete their development and fund their operations until commercially successful and future production or proceeds from the disposition thereof. 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, therefore, a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the condensed consolidated interim statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board ("**IASB**") using accounting principles consistent with International Financial Reporting Standards ("**IFRS**") as issued by the IASB.

These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019 which include the accounting policies used in the preparation of these condensed consolidated interim financial statements.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

These condensed consolidated interim financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors (the “**Board**”) approved these condensed consolidated interim financial statements on August 27, 2020.

3. INVESTMENTS

As at June 30, 2020, the Company owned shares of one mineral exploration company listed publicly on the Canadian Securities Exchange that were classified as financial assets measured at fair value through other comprehensive income (“**FVTOCI**”) and carried at fair market value based on quoted market prices.

A summary of the changes in FVTOCI investments is presented below:

| | |
|---------------------------------------|-----------------------|
| | \$ |
| Balance, December 31, 2019 | 146,415 |
| Unrealized loss on FVTOCI investments | <u>(7,200)</u> |
| Balance, June 30, 2020 | <u><u>139,215</u></u> |

4. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company has a lease agreement for its headquarter office space in Vancouver, British Columbia. Upon transition to IFRS 16, the Company recognized \$244,363 for the ROU asset and \$244,363 for the lease liability.

The continuity of the ROU asset and lease liability for the six months ended June 30, 2020 is as follows:

| | |
|---|-----------------------|
| Right-of-use asset | \$ |
| Value of right-of-use asset as at December 31, 2019 | 147,725 |
| Depreciation | <u>(49,242)</u> |
| Value of right-of-use asset as at June 30, 2020 | <u><u>98,483</u></u> |
| Lease liability | |
| Lease liability recognized as of December 31, 2019 | 153,918 |
| Lease payments | (41,269) |
| Lease interest | <u>2,727</u> |
| Lease liability recognized as of June 30, 2020 | <u><u>115,376</u></u> |
| Current portion | <u><u>115,376</u></u> |

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Unaudited - Expressed in Canadian dollars)

5. PLANT AND EQUIPMENT

As at June 30, 2020, the Company's plant and equipment consisted of the following:

| | Computer and survey equipment | Camp Equipment | Furniture and fixtures | Plant | Trailers | Vehicles | Total |
|---------------------------------|-------------------------------------|-------------------|------------------------------|----------------|---------------|----------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | | | |
| Balance, December 31, 2019 | 166,610 | 356,258 | 40,278 | 734,656 | 22,409 | 100,613 | 1,420,824 |
| Additions | - | - | - | - | - | - | - |
| Balance, June 30, 2020 | 166,610 | 356,258 | 40,278 | 734,656 | 22,409 | 100,613 | 1,420,824 |
| Accumulated Depreciation | | | | | | | |
| Balance, December 31, 2019 | 143,025 | 334,097 | 34,987 | 530,425 | 21,331 | 93,651 | 1,157,516 |
| Depreciation for the period | 3,396 | 3,191 | 609 | 14,990 | 130 | 1,003 | 23,319 |
| Balance, June 30, 2020 | 146,421 | 337,288 | 35,596 | 545,415 | 21,461 | 94,654 | 1,180,835 |
| Carrying Amount | | | | | | | |
| Balance, December 31, 2019 | 23,585 | 22,161 | 5,291 | 204,231 | 1,078 | 6,962 | 263,308 |
| Balance, June 30, 2020 | 20,189 | 18,970 | 4,682 | 189,241 | 948 | 5,959 | 239,989 |

6. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation assets is presented below:

| | Mcllvenna Bay | Other Saskatchewan Properties | Total |
|-----------------------------------|-------------------|-------------------------------------|-------------------|
| | \$ | \$ | \$ |
| Balance, December 31, 2019 | 33,228,837 | 6,597,334 | 39,826,171 |
| Exploration Costs | | | |
| Administration | 69,188 | - | 69,188 |
| Consulting | 12,760 | - | 12,760 |
| Equipment and communications | 2,306 | - | 2,306 |
| Fuel | 221 | - | 221 |
| Pre-Feasibility | 374,290 | - | 374,290 |
| Salaries and benefits | 7,339 | - | 7,339 |
| Transportation and travel | 9,503 | 3,000 | 12,503 |
| Total exploration costs | 475,607 | 3,000 | 478,607 |
| Balance, June 30, 2020 | 33,704,444 | 6,600,334 | 40,304,778 |

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Unaudited - Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

a) McIlvenna Bay, Saskatchewan

The Company owns a 100% interest in the McIlvenna Bay mineral property located in Saskatchewan ("**McIlvenna Bay**").

Certain claims that make up McIlvenna Bay 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 and BHP Billiton Limited collectively hold a 1% net smelter return ("**NSR**") royalty interest in McIlvenna Bay, which can be purchased at any time for \$1,000,000.

On March 12, 2020, the Company announced results of a pre-feasibility study ("**PFS**") on its flagship McIlvenna Bay project, including a \$219 million pre-tax net present value using a 7.5% discount rate and an internal rate of return of 23.4% using three-year trailing average metal prices for zinc, copper, gold and silver. The details of the PFS are more fully described in the Company's MD&A for the year ended December 31, 2019.

b) Other Saskatchewan Properties

The Company holds interests ranging from 65% to 100% in five mining claim groups in its Saskatchewan property portfolio, exclusive of McIlvenna Bay ("**Other Saskatchewan Properties**").

The Company has committed, through previous mineral property ownership agreements associated with its Other Saskatchewan Properties, to pay various NSR and net profits interest ("**NPI**") royalties. The NSR royalties range from 2% to 2.5%, with buyout provisions for up to one-half of some of these NSR royalties, and the NPI royalties range from 6% to 10%.

c) Manitoba Property

The Company holds a 100% interest in one Manitoba property consisting of one claim, which has a carrying value of \$Nil at June 30, 2020.

7. DEFERRED SHARE UNITS

The Company has a Long-Term Performance Incentive Plan ("**LTIP**") that allows the Company to grant various awards, including DSUs, to directors, officers, employees and consultants of up to an aggregate maximum of 10% of the common shares outstanding.

The LTIP also introduces the availability of the Company to award restricted share units, performance share units and stock appreciation rights. The purpose of the LTIP is to attract and retain highly qualified individuals by allowing the Company to offer a broader range of incentives to diversify and customize the rewards for management, directors and consultants to promote long-term retention.

The Company's Executive Chairman is compensated for his services with DSUs on a monthly basis, to a maximum of \$10,417 per month. For the six months ended June 30, 2020, the Executive Chairman earned 407,084 DSUs (2019: 200,282) for a total value of \$62,500 (2019: \$62,500) which is recorded as salaries and benefits. The number of outstanding DSUs owed to the Executive Chairman at June 30, 2020 was 2,235,892 (December 31, 2019: 1,828,808) for a total value of \$279,487 (December 31, 2019: \$512,066) with the liability included in deferred share units on the condensed consolidated interim statement of financial position.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Unaudited - Expressed in Canadian dollars)

7. DEFERRED SHARE UNITS (continued)

The Company compensates each of its independent directors with DSUs. For the six months ended June 30, 2020, the independent directors earned a total of 178,398 DSUs (2019: 95,265) valued at \$27,802 (2019: \$33,333), which is recorded as directors' fees. The total number of outstanding DSUs owed to the current independent directors and former directors at June 30, 2020 was 775,389 (December 31, 2019: 596,991) for a total value of \$124,813 (December 31, 2019: \$171,640) with the liability included in deferred share units on the condensed consolidated interim statement of financial position.

For the six months ended June 30, 2020, the Company recognized an unrealized gain of \$369,708 (2019: \$128,175) on the revaluation of DSUs.

8. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value
An unlimited number of preference shares without par value

b) Share issuance details

Six months ended June 30, 2020

On April 29, 2020, the Company completed a non-brokered private placement issuing 7,100,000 units at a price of \$0.10 per unit for gross proceeds of \$710,000. Each unit consisted of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at a price of \$0.15 with an expiration date of April 29, 2023. Share issue costs totaled \$5,859. The Company's share price on April 29, 2020 was \$0.125 per share and consequently no value was attributed to the warrants.

During the six months ended June 30, 2020, the Company issued 2,115,000 common shares pursuant to the exercise of 2,115,000 stock options with a weighted average exercise price of \$0.13 per share for proceeds of \$284,850. In connection with the exercise, an amount of \$173,088 was reclassified from share-based payments reserve to share capital.

Six months ended June 30, 2019

During the six months ended June 30, 2019, the Company issued 2,100,000 common shares pursuant to the exercise of 2,100,000 stock options with a weighted average exercise price of \$0.18 per share for proceeds of \$383,250. In connection with the exercise, an amount of \$232,259 was reclassified from share-based payments reserve to share capital.

c) Stock options

As noted in Note 7, the Company's LTIP allows the Company to grant various awards, including stock options, to directors, officers, employees and consultants of up to an aggregate maximum of 10% of the common shares outstanding. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Unaudited - Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

c) Stock options (continued)

A summary of the changes in stock options is presented below:

| | Number of options | Weighted average exercise price |
|----------------------------|----------------------|------------------------------------|
| | | \$ |
| Balance, December 31, 2019 | 7,908,333 | 0.34 |
| Granted | 1,520,000 | 0.09 |
| Exercised | (2,115,000) | 0.13 |
| Expired | (626,666) | 0.31 |
| Balance, June 30, 2020 | <u>6,686,667</u> | <u>0.35</u> |

The following stock options were outstanding as at June 30, 2020:

| Outstanding | Exercisable | Weighted average Exercise Price | Expiry Date | Weighted average remaining life (in years) |
|------------------|------------------|------------------------------------|------------------|--|
| | | \$ | | |
| 206,667 | 137,779 | 0.39 | November 8, 2020 | 0.36 |
| 65,000 | 65,000 | 0.11 | March 8, 2021 | 0.69 |
| 1,250,000 | 1,250,000 | 0.40 | March 9, 2022 | 1.69 |
| 1,505,000 | 1,505,000 | 0.57 | January 31, 2023 | 2.59 |
| 80,000 | 80,000 | 0.57 | March 7, 2023 | 2.68 |
| 190,000 | 126,667 | 0.41 | August 23, 2023 | 3.15 |
| 1,870,000 | 1,246,666 | 0.34 | March 27, 2024 | 3.74 |
| <u>1,520,000</u> | <u>506,667</u> | <u>0.09</u> | April 3, 2025 | <u>4.76</u> |
| <u>6,686,667</u> | <u>4,917,779</u> | <u>0.35</u> | | <u>3.17</u> |

1 Two of the Company's employees were terminated without cause during the year ended December 31, 2019 and consequently, the expiry dates of certain stock options were amended to one year from the date of termination.

d) Share purchase warrants

A summary of the changes in warrants is presented below:

| | Number of warrants | Weighted average exercise price |
|--------------------------------------|-----------------------|------------------------------------|
| | | \$ |
| Balance, December 31, 2019 | - | - |
| Issued pursuant to private placement | 3,550,000 | 0.15 |
| Balance, June 30, 2020 | <u>3,550,000</u> | <u>0.15</u> |

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Unaudited - Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

d) Share purchase warrants (continued)

The following warrants were outstanding as at June 30, 2020:

| Outstanding | Exercisable | Exercise Price | Expiry Date |
|------------------|------------------|----------------|----------------|
| | | \$ | |
| <u>3,550,000</u> | <u>3,550,000</u> | 0.15 | April 29, 2023 |

e) Share-based payments and share-based payments reserve

The share-based payments expense for the stock options that vested during the six months ended June 30, 2020 was \$134,039 (2019: \$336,626). Of this amount, \$101,178 (2019: \$244,219) was recorded as share-based payments expense in the condensed consolidated interim statements of loss and comprehensive loss and \$32,861 (2019: \$92,407) was capitalized to exploration and evaluation assets.

The fair value of the stock options that were granted during the six months ended June 30, 2020 and 2019 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

| | 2020 | 2019 |
|---------------------------------|-------|-------|
| Risk-free interest rate | 0.38% | 1.47% |
| Expected stock price volatility | 81% | 83% |
| Expected dividend yield | 0.0% | 0.0% |
| Expected option life in years | 5.0 | 5.0 |

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

During the six months ended June 30, 2020, the Company reclassified \$126,438 (2019: \$218,597) from share-based payments reserve to deficit with respect to options that either expired or were forfeited during the period.

9. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the six months ended June 30 consisted of the following:

| | 2020 | 2019 |
|--|----------------|-----------------|
| | \$ | \$ |
| Accounts receivable | 26,461 | (60,810) |
| Prepaid expenses and deposits | 40,526 | (28,692) |
| Accounts payable and accrued liabilities | 50,574 | 8,462 |
| | <u>117,561</u> | <u>(81,040)</u> |

During the six months ended June 30, 2020 and 2019, share-based payments expense of \$32,861 and \$92,407, respectively, were capitalized to exploration and evaluation assets.

As at June 30, 2020, accounts payable and accrued liabilities included \$7,867 (December 31, 2019: \$168,752) of exploration and evaluation asset expenditures.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Unaudited - Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS

The Company examines the various financial instruments to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk (including interest rate, currency and other price risk). The risk related to financial instruments is managed by senior management of the Company under policies and directions approved by the Board. Relevant policies include the Treasury Management Policy and the approval allowing a portion of the Company's cash to be held in US dollars at the discretion of the Chief Executive Officer and the Chief Financial Officer. The Board monitors these policies on an annual basis. The Company's Board has not approved the use of derivative financial products.

a) Fair value of financial instruments

The fair value hierarchy established by IFRS 13 *Fair Value Measurement* has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's accounts receivable, deposits and accounts payable are equivalent to their carrying values due to their short-term nature. Investments, which are measured at FVOCI, are valued using Level 1 measurements.

b) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations.

The credit risk associated with cash and cash equivalents is minimized as these financial instruments are held with major Canadian commercial banks. In respect of accounts receivable, the Company is not exposed to significant credit risk as the majority consists of amounts due from Canadian governmental agencies.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company 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 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.

d) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash and cash equivalents. A 1% change in short-term rates would not have a material impact on net loss or comprehensive loss.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Unaudited - Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS (continued)

d) Market risk (continued)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company holds substantially all of its cash resources in Canadian dollars with an insignificant amount held in US dollars, making currency risk minimal.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financing instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk in terms of its investment and the deferred share units. There is no material impact to deferred share units resulting from a 10% change in market prices.

11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company's strategy remains unchanged from the year ended December 31, 2018.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board.

In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's treasury management policy is to invest its cash in highly rated liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements.

12. RELATED PARTY 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.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Unaudited - Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS (continued)

a) Related Party Transactions

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

| | | Three months ended | | Six months ended | |
|------------------------------|---|--------------------|----------------|------------------|----------------|
| | | June 30, | | June 30, | |
| | | 2020 | 2019 | 2020 | 2019 |
| | | \$ | \$ | \$ | \$ |
| Short-term benefits | 1 | 88,639 | 185,413 | 276,508 | 377,276 |
| Share-based payments expense | 2 | 44,877 | 66,510 | 89,501 | 231,743 |
| Directors' fees | 3 | 12,802 | 18,333 | 27,802 | 33,333 |
| Office rent | 4 | - | 3,182 | 4,477 | 7,425 |
| Total | | 146,318 | 273,438 | 398,288 | 649,777 |

1 Short-term benefits consisted 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, which is more fully described in Note 7.

4 Office rent is charged by the Company's Executive Chairman, which is included in office and administration in the condensed consolidated interim statement of loss and comprehensive loss.

b) Related Party Balances

The following related party balances were included in accounts payable and accrued liabilities:

| | | June 30, | December 31, |
|------------------------|---------------------|---------------|--------------|
| | | 2020 | 2019 |
| Amounts due to: | Service for: | \$ | \$ |
| President & CEO | Accrued salary | 29,167 | - |
| CFO | Accrued salary | 3,822 | - |
| VP Exploration | Accrued salary | 7,590 | - |
| Executive Chairman | Office rent | 4,477 | 6,396 |
| | | 45,056 | 6,396 |

The Company had the following additional related party balances:

- At June 30, 2020, the Company owed a total of 3,011,281 DSUs (December 31, 2019: 2,425,799) with a fair value of \$404,300 (December 31, 2019: \$683,706) to key management personnel, which is included in the condensed consolidated interim statement of financial position.
- At June 30, 2020, the Company had a receivable of \$Nil (December 31, 2019: \$11,367) from a related party through common management for reimbursement of salaries and wages.