FORAN
MINING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2021

The following Management's Discussion and Analysis ("**MD&A**") of Foran Mining Corporation ("**Foran**" or the "**Company**") is for the six months ended June 30, 2021, and covers information up to the date of this MD&A.

This MD&A is dated **August 26, 2021.**

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements and the notes thereto for the six months ended June 30, 2021, 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 McIlvenna Bay property in Saskatchewan, Canada, 65 kilometres ("**km**") west of Flin Flon, Manitoba.

To date the Company has not generated any revenues.

OUTLOOK

Foran is presently in the feasibility stage of development for the McIlvenna Bay project ("**McIlvenna Bay**"). McIlvenna Bay is a Cu-Zn-Au-Ag rich volcanic hosted massive sulphide deposit intended to be the center of a new mining camp in a prolific district that has already been producing for 100 years.

OUTLOOK (continued)

Foran's goal is to build the first mine in Canada designed to be carbon neutral from day one of commercial production. Foran is committed to supporting a greener future and creating value for all stakeholders including creating safe jobs, supporting local communities as well as both preserving and enhancing the environment. These commitments are part of the Company's broader mission to create a blueprint for responsible mining that causes the least possible harm through the innovative use of technology and renewable energy. By offsetting the carbon emitted in the exploration phase, Foran aims to ensure that it accounts for the impact of the project over its entire lifecycle.

HIGHLIGHTS AND KEY DEVELOPMENTS (to the date of this MD&A)

- From January to June 2021, the Company completed a two-pronged drill program of approximately 19,500 metres ("**m**") at its McIlvenna Bay property. The purpose of the program was to conduct infill and expansion drilling at the McIlvenna Bay deposit to support its ongoing feasibility study and significantly enhance the economic value of the project. The infill drilling program was focused on increasing the drill density and upgrading the classification of the deeper parts of the McIlvenna Bay deposit while the expansion program was focused on growing the size of the overall deposit through substantial up-dip step-outs. Between February 4, 2021 and July 29, 2021, the Company issued a number of news releases regarding results of the drill program, which can be found on www.sedar.com or on the Company's website www.foranmining.com;

- On August 6, 2021, the Company announced the completion of the strategic $100 million private placement that was originally announced on May 25, 2021. Fairfax Financial Holdings Limited, through certain of its subsidiaries (collectively "**Fairfax**"), subscribed for 27,777,778 units at a price of $1.80 per unit for proceeds of $50 million with each unit consisting of one voting common share of the Company and 0.288 share purchase warrants (8 million warrants). Each whole warrant is exercisable into one common share of the Company at a price of $2.09 for a period of 5 years from the date of issuance. Fairfax also subscribed for another 27,777,778 non-voting units with the same terms as the voting units. Foran is very pleased to welcome such a highly respected and supportive shareholder in Fairfax to its shareholder registry as its largest investor;

- On July 29, 2021, the Company announced that its infill program at the McIlvenna Bay program was completed, with remaining results to be disseminated over the coming weeks as they are made available from the assay lab. In addition, Foran announced it has turned its focus to an approximate 25,000m near-mine expansionary and helicopter-supported brownfields and greenfields regional exploration program focused on certain high-priority targets;

- On June 23, 2021, the Company announced the appointment of James Steels as Chief Financial Officer. Mr. Steels is a corporate finance and capital markets professional in the metals and mining sector and specializes in valuations, risk management, financings, strategic initiatives, transaction structuring and equity investments. Mr. Steels is a Chartered Professional Accountant and holds the Chartered Financial Analyst designation;

HIGHLIGHTS AND KEY DEVELOPMENTS (to the date of this MD&A) (continued)

- On June 8, 2021, Foran announced six new high-priority targets on its extensive land package at its McIlvenna Bay property. A phased exploration program to test these targets commenced in July 2021. These targets are shallow in nature and lie in close proximity to planned centralized processing infrastructure, allowing Foran to potentially sequence new discoveries into the existing mine plan at McIlvenna Bay with relative ease;

- On June 1, 2021, the Company announced drill results for one of the widest intercepts of continuous high-grade copper mineralization to date, with the hole encountering 28.7m of continuous mineralization grading 2.05% copper equivalent ("**CuEq**");

- On May 18, 2021, the Company announced the McIlvenna Bay project became the world's first carbon neutral copper development project following the completion of carbon offset purchases to offset emissions from exploration activities undertaken over the past 10 years;

- On May 12, 2021, the Company announced drill results for five holes from its drill program at McIlvenna Bay;

- On April 22, 2021, the Company announced that it has partnered with Synergy Enterprises and Carbonzero to provide third party authentication of the record of greenhouse gas emissions and the intent to purchase verified offsets for the carbon emitted from all exploration activities over the past 10 years related to McIlvenna Bay exploration activities;

- On April 21, 2021, the Company announced the grant of 1,725,000 incentive stock options to Directors, Officers, employees and consultants of the Company, at an exercise price of $1.05 per share, subject to certain vesting requirements, with an expiry date of April 21, 2026;

- On April 20, 2021, the Company announced commencement of trading on the OTCQX Market;

- On April 7, 2021, the Company announced further drill results from its McIlvenna Bay deposit, including an intercept of 22m of copper rich mineralization;

- On March 31, 2021, the Company announced the composition of its world-class feasibility study team and confirmed its intention to build the world's first permitted carbon neutral copper mine;

- On March 24, 2021, the Company announced the appointment of Dr. Jean Rogers to the Board of Directors. Dr. Rogers is an internationally recognized leader in the ESG space. She is the founder and former CEO of the Sustainability Accounting Standards Board, which is recognized around the world;

- On March 18, 2021, the Company announced the results of two additional holes at McIlvenna Bay which contained wide copper rich intercepts;

- On March 15, 2021, the Company announced the first drill results for the 2021 winter drilling campaign, noting that 26m of continuous copper rich mineralization was intersected across the massive sulphide ("**MS**") and copper stockwork ("**CSZ**") zones; and

HIGHLIGHTS AND KEY DEVELOPMENTS (to the date of this MD&A) (continued)

- On February 2, 2021, the Company announced the completion of a brokered private placement issuing a total of 30,665,000 common shares of the Company for gross proceeds of $25,000,640. The private placement was comprised of 11,539,000 common shares on a non-flow-through basis at a price of $0.65 per non-flow-through share for gross proceeds of $7,500,350 and 19,126,000 common shares on a flow-through basis at a price of $0.915 per flow-through share for gross proceeds of $17,500,290. The gross proceeds from the sale of flow-through shares will be used by the Company to incur eligible "Canadian exploration expenses" on its Saskatchewan projects that will qualify as "flow-through mining expenditures" as defined in the Income Tax Act (Canada). The net proceeds from the sale of common shares will be used by the Company for work towards completing a feasibility study, working capital and general corporate purposes (see Page 17 for a breakdown of expected use of proceeds).

QUALIFIED PERSON

Mr. Roger March, P.Geo., Senior Geoscientist for the Company and a Qualified Person within the meaning of NI 43-101, has reviewed and approved the technical information in this section of the MD&A.

MINERAL PROPERTIES

SASKATCHEWAN PROPERTIES

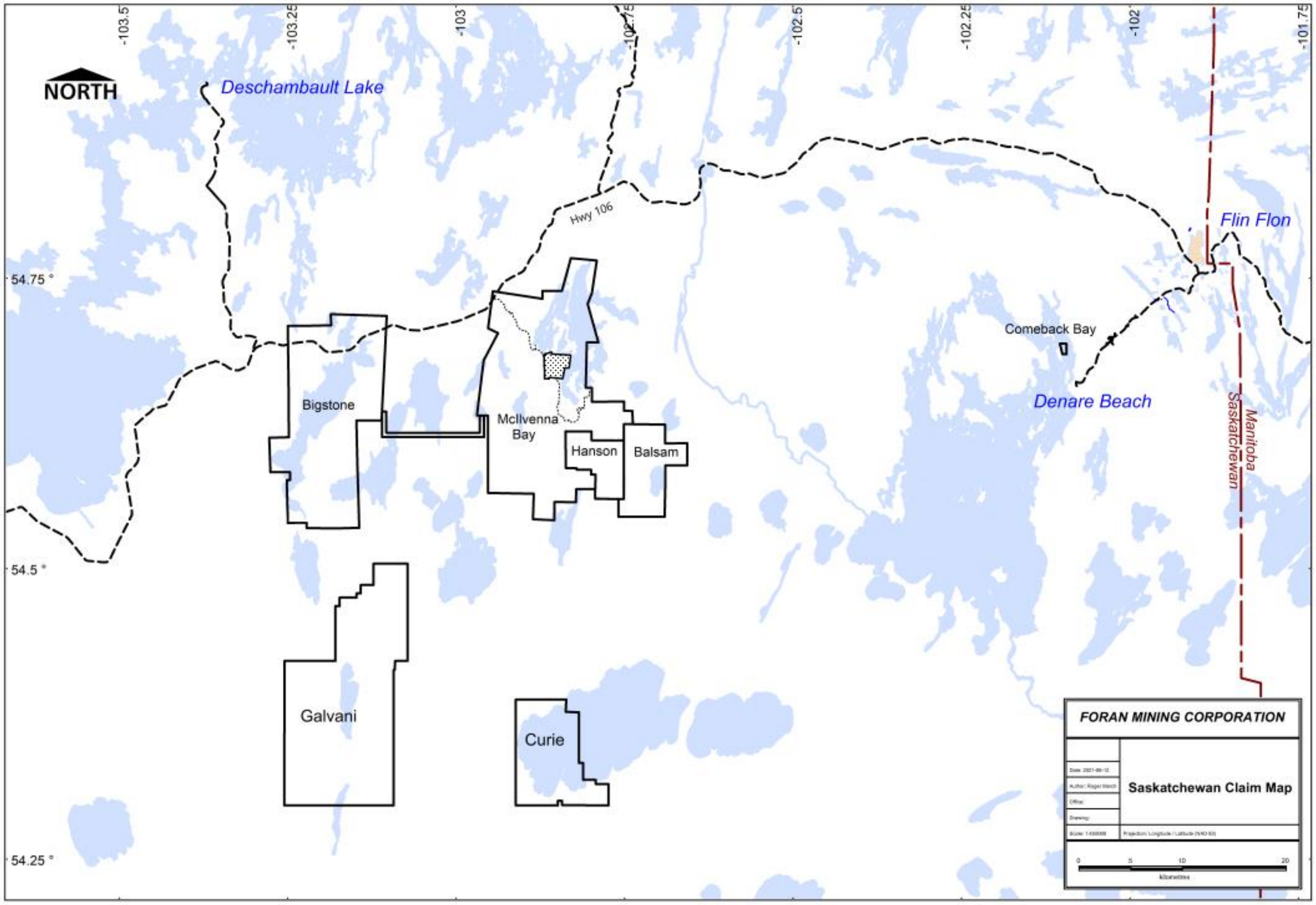
As of the date of this MD&A, the Company has seven properties in Saskatchewan comprising a total of 69 claims covering approximately 70,400 hectares ("**ha**"), located between 15 and 100km west of Flin Flon, Manitoba.

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 VHMS styles of alteration and mineralization. The fifth property located in Saskatchewan (Comeback Bay) is of lower priority having both precious and base metal VHMS potential within the western limit of the Flin Flon Arc Assemblage (Birch Lake Belt).

In June, 2021 Foran acquired two additional properties (Galvani and Curie) through staking, which are located to the south of McIlvenna Bay and Bigstone. These prospective properties are both believed to be underlain by similar Flin Flon Greenstone Belt geology that underlies the existing properties to the north.

See Figure 1 on Page 5 for a map of the Company's Saskatchewan properties.

Figure 1: Map of Foran's properties in Saskatchewan, Canada



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 VHMS 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.

2021

On February 4, 2021, the Company announced that it had commenced a new infill and expansion drill program at the McIlvenna Bay Property. The infill drill program is now complete and was conducted to expand and infill the McIlvenna Bay Deposit to support its ongoing feasibility study. The expansion program is focused on growing the size of the overall deposit through up-dip step-outs. Results from the drill program are being released as they become available.

As noted in its press release dated July 29, 2021, Foran has turned its focus to an approximate 25,000m near-mine expansionary and helicopter-supported brownfields and greenfields regional exploration program focused on certain high-priority targets. Foran is optimizing its investment in exploration through a disciplined approach to target generation and prioritization, integration of multidisciplinary data, and staged drilling campaigns so that learnings can be incorporated into subsequent targeting.

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

1) MCILVENNA BAY PROPERTY (continued)

2020

On March 12, 2020, Foran announced positive pre-feasibility study results of the McIlvenna Bay project. The results include a $219M pre-tax NPV using a 7.5% discount rate ($147M after-tax) and an IRR of 23.4% (19.2% after-tax) using 3 year trailing average metal prices of US$1.26 per lb Zn, US$2.82/lb Cu, US$1,312/oz Au and US$16.30/oz Ag, foreign exchange rate CAD:USD $1.30 / USD:CAD $0.77. For more detail on the pre-feasibility study, please refer to the NI 43-101 Technical Report on the Company's webpage at www.foranmining.com.

2019 McIlvenna Bay Resource Estimate

On May 28, 2019, the Company released a revised resource estimate on McIlvenna Bay (the "**2019 Resource Estimate**") 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 McIlvenna Bay deposit is host to a large metal endowment and the 2018 program has demonstrated that the deposit displays 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 g/t Au and 16.68 g/t 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.

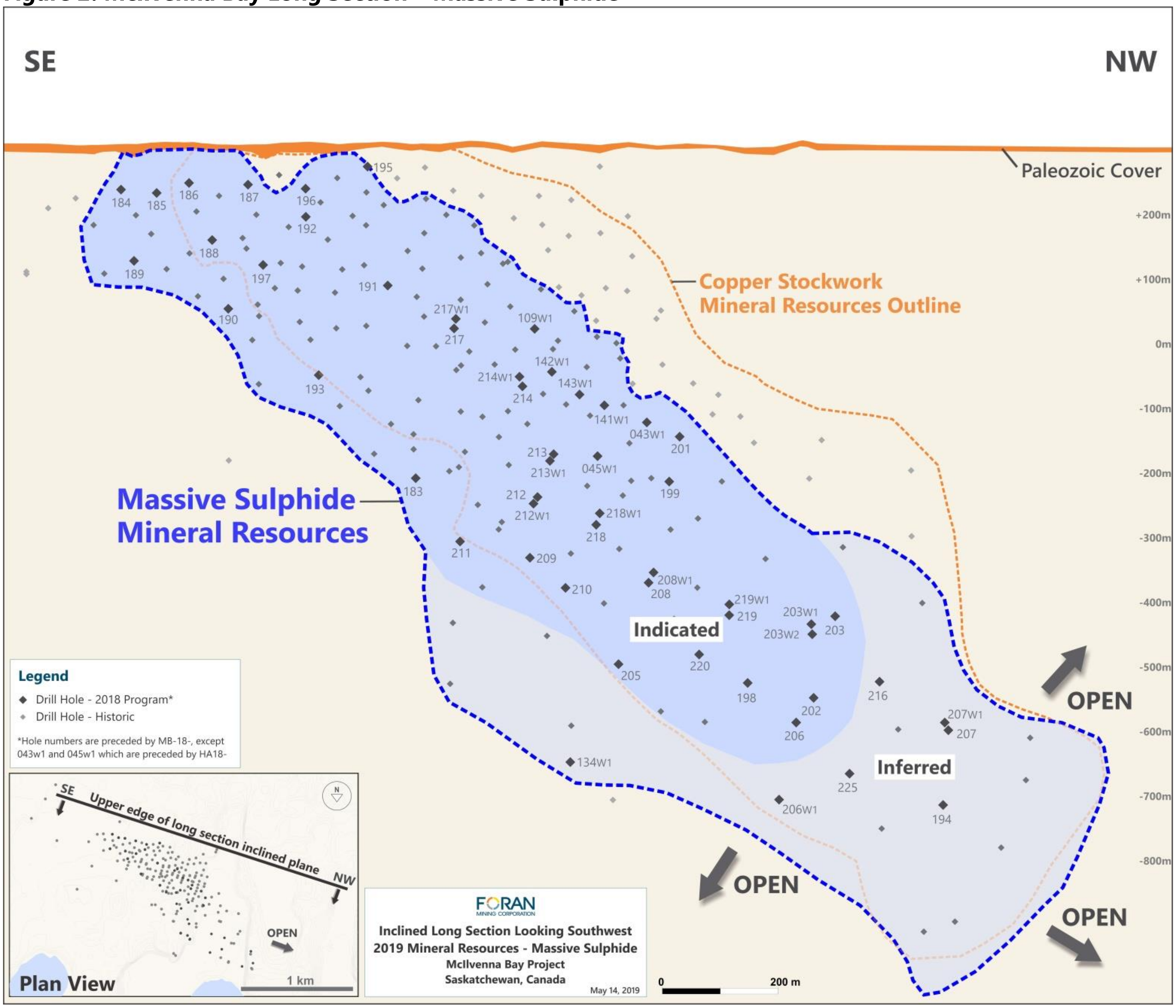
For more detailed information on the 2019 Resource Estimate and contained metal in the McIlvenna Bay deposit, please refer to the Company's independent NI 43-101 technical report titled "*Technical Report for the 2019 Mineral Resource Estimate on the McIlvenna Bay Project, Saskatchewan, Canada*" which is available on the Company's website www.foranmining.com or under the Company's profile on SEDAR at www.sedar.com;

See Figures 2 and 3 on pages 8 and 9, respectively, for longitudinal sections that illustrate the outline and classification of the resource estimate.

Expenditure Requirements

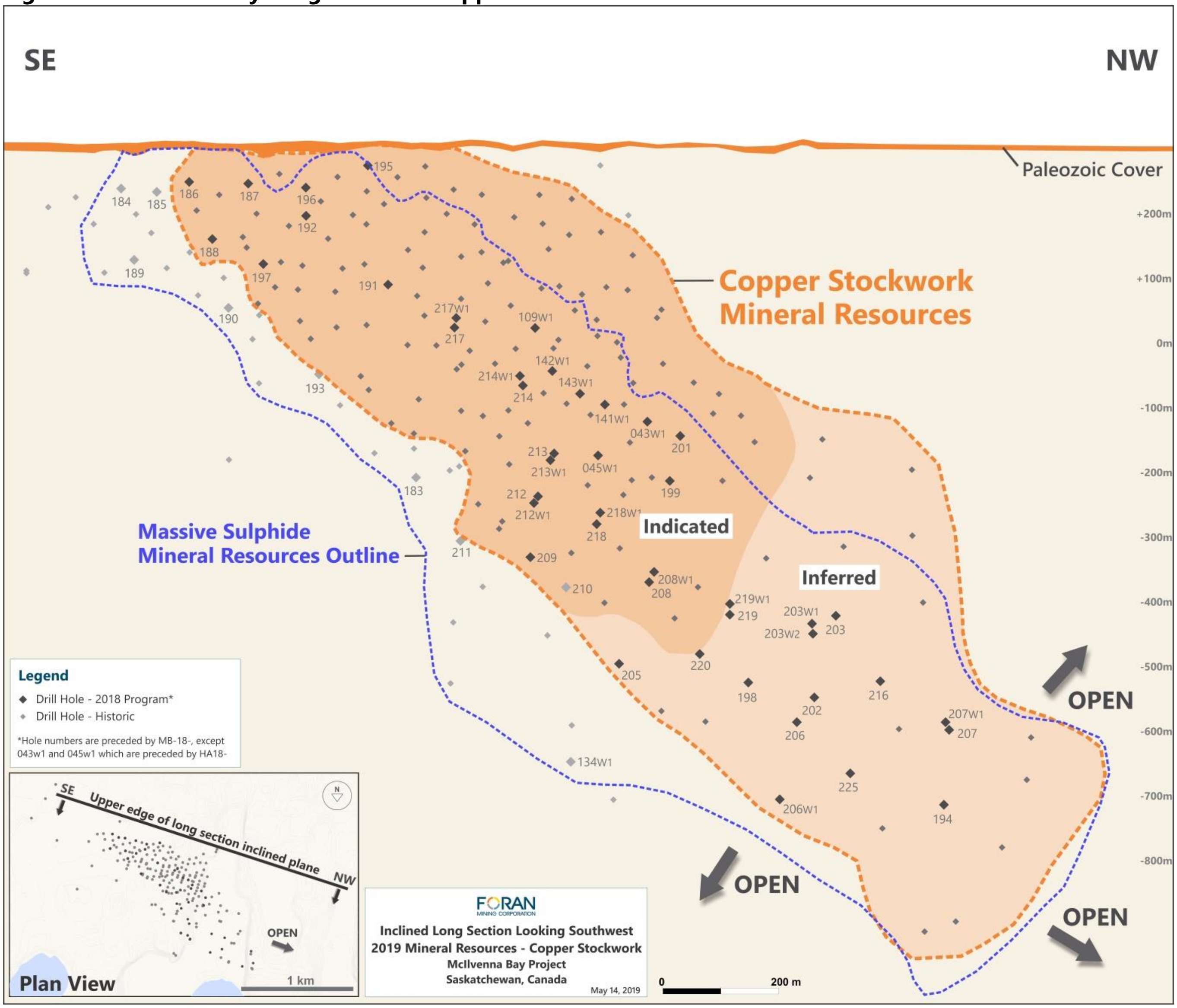
The claims that comprise the McIlvenna Bay Property are in good standing for a period of between 10 and 22 years.

Figure 2: McIlvenna Bay Long Section – Massive Sulphide



The Copper Stockwork Zone ("**CSZ**") is a zone of stockwork style copper-rich mineralization that directly underlies and is in contact with the massive sulphide ("**MS**") 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 MS 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 3: McIlvenna Bay Long Section – Copper Stockwork Zone



Lens 3 sits approximately 10 to 30m in the hanging-wall 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.

MINERAL PROPERTIES (continued)

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.

On December 7, 2020, the Company announced an initial NI 43-101 compliant resource on its 100% owned Bigstone deposit located in east-central Saskatchewan. Bigstone represents the second NI 43-101 compliant resource defined by Foran within the Hanson Lake District and could be an important contributor to a long-life mining camp that could be developed in the region. Indicated resources are estimated at 1.98 million tonnes ("**Mt**") grading 2.22% CuEq and inferred resources are estimated at 1.88Mt grading 2.14% CuEq. On January 21, 2021, the Company filed the independent NI 43-101 technical report titled "*Technical Report on the Bigstone Project, East Central Saskatchewan, Canada*" and is available on the Company's website www.foranmining.com or under the Company's profile on SEDAR at www.sedar.com;

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 22 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 VHMS 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 11 and 22 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 VHMS targets are known from past exploration.

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

4) HANSON (continued)

Expenditure Requirements

The two claims that comprise the Hanson Property are in good standing for 17 and 22 years.

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.

6) GALVANI

In June 2021, the Company acquired 20,024 ha of prospective claims as a result of staking, which make up the Galvani property (Figure 1). Total cost of staking was approximately $12,000.

The Galvani Property is considered an extension of the Northern Lights domain that hosts Bigstone. Interpretation of regional magnetics data suggests that structures observed at Bigstone continue to the south into Galvani. The property is covered by 30 – 50m of cover, similar to the majority of Bigstone and McIlvenna Bay that has hindered traditional exploration.

Expenditure Requirements

To keep the Galvani claims in good standing, annual expenditures of approximately $300,000 are required on the property.

7) CURIE

In June 2021, the Company acquired 6,725 ha of prospective claims as a result of staking, which make up the Curie property (Figure 1). Total cost of staking was approximately $4,000.

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

7) CURIE (continued)

The magnetic signature at the Curie Property is similar to that observed within Hudbay Minerals Inc.'s properties to the east. Historical drill holes on these properties have returned anomalous results and suggest that the Curie ground is prospective for Cu, Zn, Au and Ag.

Expenditure Requirements

To keep the Curie claims in good standing, annual expenditures of approximately $100,000 are required on the property.

MANITOBA PROPERTY

8) 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 HudBay's Lalor deposit, situated 15km to the northeast.

Expenditure Requirements

There are no expenditures required in 2021 to keep the Reed Lake claims in good standing.

OVERALL PERFORMANCE

FINANCIAL CONDITION

The net assets of the Company increased from $41,134,687 at December 31, 2020 to $59,840,100 at June 30, 2021, an increase of $18,705,413. The most significant assets at June 30, 2021 were exploration and evaluation assets of $53,392,881 (December 31, 2020: $40,605,245), cash and cash equivalents of $15,557,079 (December 31, 2020: $1,049,592) and plant and equipment of $857,665 (December 31, 2020: $218,809).

- The majority of the $12,787,636 increase in exploration and evaluation assets was a result of the Company’s 2021 drill program on its McIlvenna Bay property. The most significant costs were drilling costs of $5,879,773 and geological consulting costs of $1,770,065. The Company also incurred $1,694,491 of costs associated with its ongoing feasibility study.

The Company’s liabilities at June 30, 2021 consisted of accounts payable and accrued liabilities of $5,893,333 (December 31, 2020: $276,046), deferred share units (“**DSU**”) liability of $2,837,540 (December 31, 2020: $709,904) and a flow-through share premium liability of $2,212,123 (December 31, 2020: $Nil).

- **Accounts payable and accrued liabilities** - The majority of the Company’s accounts payable and accrued liabilities of $5,893,333 at June 30, 2021 were related to the Company’s ongoing exploration program at its McIlvenna Bay property, with the increase relative to December 31, 2020 being associated with the higher level of activity.

- **Deferred share units liability** - The deferred liability of $2,837,540 at June 30, 2021 related to the company’s Long-Term Performance Incentive Plan (“**LTIP**”) which includes DSUs as one of the awards. Awards are initially recognized 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 upon recognition. At each period end, the liability is subsequently revalued using the market value of the Company’s common shares, while the corresponding increase or decrease associated with the revaluation is recorded to the statement of comprehensive loss. Participants can, upon Board approval, 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 5-day volume weighted average closing price of the Company’s shares. The DSU liability at June 30, 2021 consisted of the following:

    - The Company’s CEO is compensated for his services with DSUs on a quarterly basis in the amount of $62,500. At June 30, 2021, 613,970 (December 31, 2020: 410,966) DSUs valued at $1,405,992 (December 31, 2020: $238,360) were owed to the CEO.

    - The Company’s independent directors are compensated for their services with DSUs. At June 30, 2021, 625,129 (December 31, 2020: 709,331) DSUs valued at $1,431,548 (December 31, 2020: $411,411) were owed to the current directors.

OVERALL PERFORMANCE (continued)

FINANCIAL CONDITION (continued)

- **Flow-through share premium liability** - The reason for the increase in flow-through share premium liability is twofold. Under IFRS, when a Company issues flow-through shares, the Company allocates the flow-through Share into i) share capital, and ii) a flow-through share premium, equal to the estimated premium if any, investors pay for the flow-through feature, which is recognized as a liability. Upon incurring qualifying expenditures, the Company reduces the liability and recognizes the corresponding amount in other income. At the end of a period, the flow-through share premium liability consists of the portion of the original premium on flow-through shares related to the portion of qualifying exploration expenditures that have not yet been incurred.

  The Company completed a private placement on February 2, 2021. The Company issued flow-through shares at $0.915 per share and non-flow-through shares at $0.65 per share. A flow-through share premium liability of $5,068,390 was calculated by multiplying the 19,126,000 flow-through shares issued by the difference in issue prices. During the six months ended June 31, 2021, the Company incurred $9,862,205 of qualifying flow-through expenditures which represents approximately 56% of the $17,500,290 of flow-through funds that were raised. These expenditures reduced the flow-through share premium liability by $2,856,267, leaving a balance of $2,212,123.

RESULTS OF OPERATIONS

Quarter ended June 30, 2021

The Company recorded a net loss of $1,415,472 for the three months ended June 30, 2021 (2020: $299,390). Expenses before Other Items totaled $1,645,536 (2020: $235,065) with the most significant being share-based payments expense of $672,477 (2020: $50,308), professional fees of $297,314 (2020: 10,743) and consulting fees of $210,867 (2020: $16,795). The most significant Other Items for the three months ended June 30, 2021, consisted of a recovery of flow-through share premium of $1,594,179 (2020: $Nil) and an unrealized loss on the revaluation of deferred share units of $1,380,370 (2020: $76,060).

Explanations for the expenses and Other Items noted above are as follows:

- **Share-based payments expense** – The Company applies the fair value method of accounting for all awards of stock options by using the Black-Scholes Option Pricing Model ("**Black-Scholes**"). Variations in share-based payments expense are expected and are based on a number of factors including, but not limited to, the size and occurrence of grants during a particular period, the Company's share price at the time of an option grant and the timing of recording share-based payments expense based on vesting schedules. During the three months ended June 30, 2021, the Company granted 3,825,000 stock options (2020: 1,520,000) with a weighted average exercise price of $1.13 (2020: $0.09).

OVERALL PERFORMANCE (continued)

RESULTS OF OPERATIONS (continued)

Quarter ended June 30, 2021 (continued)

- **Professional fees** – The majority of professional fees of $297,314, which consisted of $250,000 incurred for investment banking services.

- **Consulting fees** – The majority of consulting fees of $210,867 consisted of an amount of $62,500 earned by the Company's CEO (in DSUs), $53,780 earned by the Company's Corporate Strategist, and an amount of $63,000 earned by the Company's Executive Director.

- **Flow-through share premium recovery** – The Company incurred $5,504,433 of qualifying flow-through expenditures during the three months ended June 30, 2021, and consequently the flow-through share premium liability was reduced by $1,594,179 which was recorded in the condensed consolidated interim statement of loss.

- **Unrealized loss on the revaluation of DSUs** - As noted in '*Financial Condition*' above, the Company compensates its CEO and independent directors with DSUs which are revalued at the end of every quarter. The majority of the unrealized loss of $1,380,370 on the revaluation of deferred share units was a result of the Company's stock increasing from $1.19 per share on March 31, 2021, to $2.29 per share on June 30, 2021.

Six months ended June 30, 2021

The Company recorded a net loss of $2,299,394 for the six months ended June 30, 2021 (2020: $229,953). Expenses before Other Items totaled $2,987,119 (2020: $611,746) with the most significant being share-based payments expense of $946,507 (2020: $101,178), executive bonuses of $652,963 (2020: $Nil), and consulting fees of $400,106 (2020: $51,282). The most significant Other Items for the six months ended June 30, 2021 consisted of a recovery of the flow-through share premium liability of $2,856,267 (2020: $Nil) and an unrealized loss on the revaluation of deferred share units of $2,196,589 (2020: gain of $369,708).

Explanations for the expenses and Other Items noted above are as follows:

- **Share-based payments expense** – The Company applies the fair value method of accounting for all awards of stock options by using the Black-Scholes Option Pricing Model ("**Black-Scholes**"). Variations in share-based payments expense are expected and are based on a number of factors including, but not limited to, the size and occurrence of grants during a particular period, the Company's share price at the time of an option grant and the timing of recording share-based payments expense based on vesting schedules. During the six months ended June 30, 2021, the Company granted 4,025,000 stock options (2020: 1,520,000) with a weighted average exercise price of $1.13 (2020: $0.09).

OVERALL PERFORMANCE (continued)

RESULTS OF OPERATIONS (continued)

Six months ended June 30, 2021 (continued)

- **Executive bonuses** – The Company's Executive Director earned a one-time Board-approved bonus totaling $577,963, consisting of a cash bonus of $200,000 as well as 343,603 DSUs valued at $377,963 to compensate him for recruiting a new CEO in November 2020, his involvement in the $25,000,640 private placement that was completed in February 2021 and in increasing the Company's market capitalization from approximately $30 million in November 2020 to $180 million in March 2021. In addition, the Company's Chief Financial Officer received a $75,000 signing bonus when he joined the Company.

- **Consulting fees** – The majority of consulting fees of $400,106 consisted of an amount of $125,000 earned by the Company's CEO (in DSUs), $102,610 earned by the Company's Corporate Strategist, and an amount of $78,750 earned by the Company's Executive Director. Until February 28, 2021, the Executive Director earned DSUs. Effective March 1, 2021, the Executive Director earns cash fees through a consulting contract.

CASH FLOWS

Quarter ended June 30, 2021

Cash and cash equivalents decreased by $5,203,045 during the three months ended June 30, 2021, from $20,760,124 at March 31, 2021 to $15,557,079 at June 30, 2021. The decrease was primarily result of cash of $4,285,224 used in investing activities and cash of $770,697 used in operating activities.

The cash of $770,697 used in operating activities consisted of the net loss of $1,415,472, partially offset by a net change in non-cash working capital items of $59,525 and items not involving cash of $585,250.

The cash of $4,285,224 used in investing activities consisted of exploration and evaluation asset expenditures of $4,105,999 and the purchase of plant and equipment of $179,225.

The cash of $147,124 used by financing activities consisted of lease liability payments of $170,475 relating to trailers at camp and the Company's office lease, partially offset by cash of $20,350 received on the exercise of stock options.

Six months ended June 30, 2021

Cash and cash equivalents increased by $14,507,487 during the six months ended June 30, 2021, from $1,049,592 at December 31, 2020 to $15,557,079 at June 30, 2021. The increase was a result of cash of $23,611,067 provided by financing activities, partially offset by cash of $7,814,666 used in investing activities and cash of $1,228,914 used in operating activities.

OVERALL PERFORMANCE (continued)

CASH FLOWS (continued)

Six months ended June 30, 2021 (continued)

The cash of $1,288,914 used in operating activities consisted of the net loss of $2,229,394, partially offset by a net change in non-cash working capital items of $67,326 and items not involving cash of $943,154.

The cash of $7,814,666 used in investing activities consisted of exploration and evaluation asset expenditures of $7,528,267 and the purchase of plant and equipment of $286,399.

The cash of $23,611,067 provided by financing activities consisted of the Company completing a private placement of flow-through and non-flow-through common shares, as described in "*Highlights and Key Developments*" on Page 4, for net proceeds of $23,417,375, cash of $389,664 received on the exercise of stock options, partially offset by lease liability payments of $198,972 relating to trailers at camp and the Company's office lease.

SUMMARY OF QUARTERLY RESULTS

	Q2, 2021	Q1, 2021	Q4, 2020	Q3, 2020
	$	$	$	$
Net loss for the period	(1,415,472)	(883,922)	(1,473,154)	(349,584)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.00)
Weighted average shares	180,603,066	168,649,358	142,650,998	139,939,451

	Q2, 2020	Q1, 2020	Q4, 2019	Q3, 2019
	$	$	$	$
Net income (loss) for the period	(299,390)	69,437	(555,143)	(256,448)
Basic and diluted income (loss) per share	(0.00)	0.00	(0.00)	(0.00)
Weighted average shares	137,754,836	132,412,308	130,130,973	129,971,154

With the exception of Q1, 2020 (net income of $69,437), the Company's operating results for the last eight quarters ranged from a net loss of $256,448 in Q3, 2019 to a net loss of $1,415,472 in Q2, 2021. The Company has increased its activity significantly since November 2020 and is currently in the midst of both a drill program and a feasibility study on its McIlvenna Bay deposit, and consequently the net losses for Q4, 2020, Q1, 2021 and Q2, 2021 are significantly higher than their comparative quarters.

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 and warrant exercises. At June 30, 2021, the Company had working capital of $10,433,796 (December 31, 2020: $774,053). As noted in "*Highlights and Key Developments*", on August 6, 2021, the Company completed a private placement of 55,555,556 common share units at $1.80 per common share unit for gross proceeds of $100,000,000.

As noted in "*Highlights and Key Development*", on February 2, 2021, the Company announced the completion of a brokered private placement issuing a total of 30,665,000 common shares of the Company for gross proceeds of $25,000,640. The private placement was comprised of 11,539,000 common shares at a price of $0.65 per share for gross proceeds of $7,500,350 and 19,126,000 flow-through common shares at a price of $0.915 per flow through share for gross proceeds of $17,500,290. The net proceeds from the issuance of flow through and non-flow-through common shares were $5,917,084.

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. Although the above-noted financing has closed, a material uncertainty still exists that may cast doubt about the Company's ability to continue as a going concern. The Company has no bank debt or banking credit facilities in place.

LIQUIDITY AND CAPITAL RESOURCES (continued)

The table below summarizes the expected and actual use of proceeds:

Category	Expected use of procceds	Approximate expenditures to June 30, 2021	Approximate use of proceeds remaining as at June 30, 2021
	$	$	$
Flow-through financing			
Infill, expansion and geotechnical drilling on McIlvenna Bay	13,000,000	9,780,448	3,219,552
Infill and expansion drilling on Bigstone	2,500,000	12,452	2,487,548
Exploration drilling	2,000,290	69,305	1,930,985
Total of flow-through financing proceeds	17,500,290	9,862,205	7,638,085
Non-flow-through financing			
Feasibility study	5,500,000	1,694,491	3,805,509
General corporate and working capital	417,084	417,084	-
Total of non-flow-through financing proceeds	5,917,084	2,111,575	3,805,509

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, borrowing or lending money, and forgiving debts or liabilities.

Key management compensation

Key management personnel at the Company are the current 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.

RELATED PARTY TRANSACTIONS (continued)

a) Related Party Transactions

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

		2021	2020
		$	$
Short-term benefits	1	200,651	276,508
Share-based payments expense	2	750,634	89,501
Directors' fees	3	25,400	27,802
Executive bonus	4	652,963	-
Consulting fees	5	245,717	-
Office rent		6,522	4,477
Total		1,881,887	398,288

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 expense 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.

4 Executive bonuses for the six months ended June 30, 2021, consisted of a $75,000 signing bonus earned by the Company's Chief Financial Officer, a cash payment of $200,000 and an issuance of 343,603 DSUs valued at $377,963 to the Company's Executive Director. The DSUs were immediately exercised resulting in the Company issuing 343,603 common shares of the Company to the Executive Director.

5 Consulting fees for the six months ended June 30, 2021, consisted of CEO fees of $125,000 consisting of 203,004 DSUs earned by the Company's CEO through Myerson Holdings Ag, a company controlled by the CEO, and an amount of $120,417 earned by the Company's Executive Director.

b) Related Party Balances

The following balances were owed to related parties:

		June 30, 2021	December 31, 2020
Amounts due to:	**Service for:**	$	$
CEO	Accrued salary (DSUs)	1,405,992	238,360
Executive Director	Accrued consulting fees	21,000	-
Executive Director	Office rent	6,522	10,350
		1,433,514	248,710

RELATED PARTY TRANSACTIONS (continued)

In addition to the above, at June 30, 2021, the Company owed a total of 625,129 DSUs (December 31, 2020: 709,331) with a fair value of $1,431,548 (December 31, 2020: $411,411) to directors.

PROPOSED TRANSACTIONS

As of the date of this MD&A, there were no proposed transactions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

i) Critical accounting estimates

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

Share-based payments

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

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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

i) Critical accounting estimates (continued)

Right-of-use asset

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

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.

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.

Right-of-use asset

The Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

ii) Critical accounting judgments (continued)

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.

Estimated useful lives and related rates of depreciation of plant and equipment

The Company estimates depreciation rates and selects methods used to allocate depreciable amounts of plant and equipment in a systematic basis over their estimated useful lives. Technical obsolescence of plant and equipment could significantly impact estimated residual useful lives and in turn carrying values being over or understated.

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the consolidated financial statements for the year ended December 31, 2020.

FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 11 of the Company's condensed consolidated interim financial statements for the three and six months ended June 30, 2021.

OTHER MD&A REQUIREMENTS

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

General and administration expenses for the six months ended June 30 were as follows:

	2021	2020
	$	$
Consulting	400,106	51,282
Depreciation - plant and equipment	35,902	23,319
Depreciation - right-of-use asset	49,242	49,242
Directors' fees	25,400	27,802
Executive bonus	652,963	-
Investor relations	171,829	33,752
Office and administration	106,065	50,076
Professional fees	329,938	24,303
Salaries and benefits	154,774	231,716
Share-based payments expense	946,507	101,178
Regulatory and filing fees	98,734	18,253
Travel and accommodation	15,659	823
	2,987,119	611,746

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 MD&A, there were 208,887,920 voting common shares and 27,777,778 non-voting common shares issued and outstanding, 14,989,002 stock options outstanding, 25,144,285 warrants outstanding and 1,272,121 DSUs outstanding for a fully-diluted figure of 278,071,106.

RISKS AND UNCERTAINTIES

Going Concern Risk

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 may cast significant doubt about the Company's ability to continue as a going concern.

Financial Instruments Risk

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.

Environmental and Permitting Risk

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.

RISKS AND UNCERTAINTIES (continued)

Exploration Risk

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 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.

Commodity Price Risk

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.

Liquidity of Common Shares

There can be no assurance that an active and liquid market for the Company's common shares will continue to exist, and investors may find it difficult to resell their common shares. In addition, trading in the common shares of the Company may be halted from time to time.

RISKS AND UNCERTAINTIES (continued)

Global Pandemic Risk (COVID-19)

In March 2020, the World Health Organization declared the spread of a coronavirus COVID-19 a global pandemic. This ongoing contagious disease outbreak has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. While the full impact of COVID-19 on the global economy is uncertain, continued 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, this could have a further significant adverse impact on the Company's financial position and results of operations for future periods.

DIRECTORS & OFFICERS

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

Daniel Myerson – CEO and Executive Chair of the Board
Darren Morcombe – Executive Director
David Petroff – Director, Chair of the Audit & Risk Committee
Jean Rogers – Director, Chair of the Governance and Corporate Compensation Committee
Maurice Tagami – Director, Chair of the Environmental, Health & Safety Committee
James Steels – Chief Financial Officer
Alicia Milne – Corporate Secretary