

FORAN MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021, AND 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 Chartered Professional Accountants of Canada 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, 2021	December 31, 2020
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		15,557,079	1,049,592
Accounts receivable		461,262	23,933
Prepaid expenses and deposits		164,850	41,479
Right-of-use asset	3	481,382	49,242
		16,664,573	1,164,246
Non-Current			
Deposits		11,000	11,000
Investments	4	194,421	175,219
Plant and equipment	5	857,665	218,809
Exploration and evaluation assets	6, 10	53,392,881	40,605,245
		71,120,540	42,174,519
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10, 13(b)	5,893,333	276,046
Deferred share units	8, 13(b)	-	60,265
Lease liability	3	337,444	53,882
		6,230,777	390,193
Non-Current			
Deferred share units	8, 13(b)	2,837,540	649,639
Flow-through share premium liability	7	2,212,123	-
		11,280,440	1,039,832
EQUITY			
Share capital	9	104,429,924	84,785,546
Share-based payments reserve	9(e)	2,922,291	1,647,239
Accumulated other comprehensive income		92,911	73,709
Deficit		(47,605,026)	(45,371,807)
		59,840,100	41,134,687
		71,120,540	42,174,519

Approved on behalf of the Board:

"David Petroff" , Director

"Dan Myerson" , CEO & Executive Chairman

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,	
		2021	2020	2021	2020
		\$	\$		
Expenses					
Consulting	8,13(a)	210,867	16,795	400,106	51,282
Depreciation - plant and equipment	5	23,746	11,309	35,902	23,319
Depreciation - right-of-use asset	3	24,621	24,621	49,242	49,242
Directors' fees	8,13(a)	15,400	12,802	25,400	27,802
Executive bonuses	13(a)	75,000	-	652,963	-
Investor relations		121,106	6,715	171,829	33,752
Office and administration	13(a)	66,508	22,187	106,065	50,076
Professional fees		297,314	10,743	329,938	24,303
Salaries and benefits	13(a)	102,960	71,721	154,774	231,716
Share-based payments expense	9(e),13(a)	672,477	50,308	946,507	101,178
Regulatory and filing fees		25,682	7,864	98,734	18,253
Travel and accommodation		9,855	-	15,659	823
		<u>1,645,536</u>	<u>235,065</u>	<u>2,987,119</u>	<u>611,746</u>
Other Items					
Interest and miscellaneous income		(16,255)	(11,735)	(28,047)	(12,085)
Flow-through share premium recovery	7	(1,594,179)	-	(2,856,267)	-
Revaluation of deferred share units	8	1,380,370	76,060	2,196,589	(369,708)
		<u>(230,064)</u>	<u>64,325</u>	<u>(687,725)</u>	<u>(381,793)</u>
Net loss for the period		<u>(1,415,472)</u>	<u>(299,390)</u>	<u>(2,299,394)</u>	<u>(229,953)</u>
Other Comprehensive Gain					
Unrealized gain (loss) on investments	4	38,404	52,806	19,202	(7,200)
Total comprehensive loss for the period		<u>(1,377,068)</u>	<u>(246,584)</u>	<u>(2,280,192)</u>	<u>(237,153)</u>
Basic and diluted loss per share		\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Basic and diluted weighted average number of shares outstanding		180,603,066	137,754,836	174,659,233	135,083,572

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, 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 placements, net		7,100,000	704,141	-	-	-	704,141
Issued pursuant to exercise of stock options		2,115,000	457,938	(173,088)	-	-	284,850
Share-based payments expense	9(e)	-	-	134,039	-	-	134,039
Reclass of expired stock options		-	-	(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
Net loss for the period		-	-	-	-	(1,822,738)	(1,822,738)
Other comprehensive income		-	-	-	36,004	-	36,004
Issued pursuant to private placements, net		5,714,285	993,957	-	-	-	993,957
Issued pursuant to exercise of stock options		10,000	1,773	(673)	-	-	1,100
Issued pursuant to exercise of DSUs		2,514,474	1,046,662	-	-	-	1,046,662
Issued pursuant to exercise of warrants		100,000	15,000	-	-	-	15,000
Share-based payments expense		-	-	185,213	-	-	185,213
Balance, December 31, 2020		148,278,210	84,785,546	1,647,239	73,709	(45,371,807)	41,134,687
Net loss for the period		-	-	-	-	(2,299,394)	(2,299,394)
Other comprehensive income		-	-	-	19,202	-	19,202
Issued pursuant to private placements, net	9(b)	30,665,000	23,417,375	-	-	-	23,417,375
Flow-through share premium liability	7	-	(5,068,390)	-	-	-	(5,068,390)
Issued pursuant to exercise of stock options	9(b)	1,064,369	653,411	(263,747)	-	-	389,664
Issued pursuant to exercise of DSUs	8	603,564	638,982	-	-	-	638,982
Issued pursuant to exercise of warrants		20,000	3,000	-	-	-	3,000
Share-based payments expense	9(e)	-	-	1,604,974	-	-	1,604,974
Reclass of forfeited stock options		-	-	(66,175)	-	66,175	-
Balance, June 30, 2021		180,631,143	104,429,924	2,922,291	92,911	(47,605,026)	59,840,100

FORAN MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
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,	
		2021	2020	2021	2020
		\$	\$	\$	\$
Operating Activities					
Net loss for the period		(1,415,472)	(299,390)	(2,299,394)	(229,953)
Items not involving cash:					
Consulting	8	62,500	-	125,000	-
Depreciation - plant and equipment	5	23,746	11,309	35,902	23,319
Depreciation - right-of-use asset	3	24,621	24,621	49,242	49,242
Directors' fees	8	15,400	12,802	25,400	27,802
Executive bonus	8(a)	-	-	377,962	-
Flow-through share premium recovery	7	(1,594,179)	-	(2,856,267)	-
Lease interest	3	315	-	1,152	2,727
Revaluation of deferred share units	8	1,380,370	76,060	2,196,589	(369,708)
Salaries and benefits	8	-	31,250	41,667	62,500
Share-based payments expense	9(e)	672,477	50,308	946,507	101,178
		(830,222)	(93,040)	(1,356,240)	(332,893)
Net change in non-cash working capital	10	59,525	22,260	67,326	117,561
Cash used in operating activities		(770,697)	(70,780)	(1,288,914)	(215,332)
Investing Activities					
Exploration and evaluation expenditures	6,9(e),10	(4,105,999)	(182,407)	(7,528,267)	(606,631)
Purchase of plant and equipment		(179,225)	-	(286,399)	-
Cash used in investing activities		(4,285,224)	(182,407)	(7,814,666)	(606,631)
Financing Activities					
Private placement proceeds	9(b)	-	710,000	25,000,640	710,000
Share issue costs	9(b)	-	(5,859)	(1,583,265)	(5,859)
Cash received on exercise of stock options	9(b)	20,351	-	389,664	284,850
Cash received on exercise of warrants		3,000	-	3,000	-
Lease liability payments	3	(170,475)	(14,448)	(198,972)	(41,269)
Cash (used in) provided by financing activities		(147,124)	689,693	23,611,067	947,722
Net (decrease) increase in cash and cash equivalents		(5,203,045)	436,506	14,507,487	125,759
Cash and cash equivalents, beginning of period		20,760,124	80,863	1,049,592	391,610
Cash and cash equivalents, end of period		15,557,079	517,369	15,557,079	517,369
Cash and cash equivalents is comprised of:					
Guaranteed Investment Certificates		130,000	20,898	130,000	20,898
Cash		15,427,079	496,471	15,427,079	496,471
		15,557,079	517,369	15,557,079	517,369
Supplemental cash flow information	10				

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30
(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 and OTCQX, incorporated under the laws of British Columbia. The Company is involved in activities that include the acquisition, exploration and development 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 \$2,299,394 for the six months ended June 30, 2021 (June 30, 2020: \$229,953). As at June 30, 2021, the Company had an accumulated deficit of \$47,605,026 (December 31, 2020: \$45,371,807). 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.

The ongoing effects of the coronavirus global pandemic ("**COVID-19**") has affected the global economy and 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 and other countries to contain and treat the disease. The Company adopted a COVID-19 Site Operations Policy, and is attempting to take all necessary precautionary measures to avoid a COVID-19 outbreak during its exploration programs. However, it is not possible to reliably estimate the length or severity of these developments and their financial impact on the Company's operations.

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. Subsequent to June 30, 2021, the Company completed a \$100,000,000 private placement financing (Note 14).

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, 2020 which include the accounting policies used in the preparation of these condensed consolidated interim financial statements.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30
(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 26, 2021.

3. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The continuity of the ROU asset and lease liability for the six months ended June 30, 2021 is as follows:

Right-of-use asset	\$
Value of right-of-use asset as at December 31, 2020	49,242
Depreciation	(49,242)
Change in future lease payments pursuant to new leases	<u>481,382</u>
Value of right-of-use asset as at June 30, 2021	<u>481,382</u>
 Lease liability	
Lease liability recognized as of December 31, 2020	53,882
Lease payments	(198,972)
Lease interest	1,152
Change in future lease payments pursuant to new leases	<u>481,382</u>
Lease liability recognized as of June 30, 2021	<u>337,444</u>
 Current portion	 <u>337,444</u>

4. INVESTMENTS

As at June 30, 2021, the Company owned shares of one mineral exploration company listed publicly on the Canadian Securities Exchange that were classified as 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, 2020	175,219
Unrealized gain on FVTOCI investments	<u>19,202</u>
Balance, June 30, 2021	<u>194,421</u>

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

5. PLANT AND EQUIPMENT

As at June 30, 2021, 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, 2020	166,610	356,258	40,278	734,656	22,409	100,613	1,420,824
Additions	6,772	311,353	-	356,633	-	-	674,758
Balance, June 30, 2021	173,382	667,611	40,278	1,091,289	22,409	100,613	2,095,582
Accumulated Depreciation							
Balance, December 31, 2020	149,359	340,048	36,056	559,454	21,577	95,521	1,202,015
Depreciation for the period	3,441	6,694	408	24,529	101	729	35,902
Balance, June 30, 2021	152,800	346,742	36,464	583,983	21,678	96,250	1,237,917
Carrying Amount							
Balance, December 31, 2020	17,251	16,210	4,222	175,202	832	5,092	218,809
Balance, June 30, 2021	20,582	320,869	3,814	507,306	731	4,363	857,665

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, 2020	33,935,763	6,669,482	40,605,245
Acquisition costs			
Staking	-	16,650	16,650
Exploration Costs			
Administration	861,138	-	861,138
Analysis	126,905	-	126,905
Camp costs	542,818	-	542,818
Carbon offset	96,395	-	96,395
Consulting	1,770,065	34,807	1,804,872
Drilling	5,879,773	5,470	5,885,243
Equipment and communications	414,003	-	414,003
Feasibility	1,694,491	-	1,694,491
Fuel	662,692	-	662,692
Geophysics	116,750	-	116,750
Permitting and licenses	88,142	-	88,142
Salaries and benefits	330,535	-	330,535
Transportation and travel	147,002	-	147,002
Total Exploration Costs	12,730,709	40,277	12,770,986
Balance, June 30, 2021	46,666,472	6,726,409	53,392,881

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30
(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.

b) Other Saskatchewan Properties

The Company holds interests ranging from 65% to 100% in six 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 certain of 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, 2021.

7. FLOW-THROUGH SHARE PREMIUM LIABILITY

A summary of the changes in the Company's flow-through share premium liability was as follows:

	\$
Balance, December 31, 2020	-
Flow-through share premium liability on the issuance of flow-through common shares	5,068,390
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	<u>(2,856,267)</u>
Balance, June 30, 2021	<u><u>2,212,123</u></u>

8. 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 share 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.

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

8. DEFERRED SHARE UNITS (continued)

- a) Until February 28, 2021, the Company's Executive Director was compensated for his services with DSUs on a monthly basis. For the six months ended June 30, 2021, the Executive Director earned 52,378 DSUs (2020: 407,084) for a total value of \$41,666 (2020: \$62,500) which was recorded as salaries and benefits. During the six months ended June 30, 2021, the Executive Director earned a one-time bonus of 343,603 DSUs valued at \$377,963, the amount of which is included in executive bonuses.
- b) The Company compensates each of its independent directors with DSUs. For the six months ended June 30, 2021, the independent directors earned a total of 19,702 DSUs (2020: 178,398) valued at \$25,400 (2020: \$27,802), which is recorded as directors' fees.

At June 30, 2021, the total number of outstanding DSUs owed to directors was 625,129 (December 31, 2020: 709,331) for a total value of \$1,431,548 (December 31, 2020: \$411,411) with the liability included in deferred share units on the condensed consolidated interim statement of financial position.

- c) The Company's CEO and Executive Chair of the Company earns his annual salary of \$250,000 in the form of DSUs, to be earned on a quarterly basis, in advance. During the six months ended June 30, 2021, the CEO earned 203,004 DSUs valued at \$125,000 which is included in consulting fees.

At June 30, 2021, the number of outstanding DSUs owed to the CEO was 613,970 (December 31, 2020: 410,966) for a total value of \$1,405,992 (December 31, 2020: \$238,360) with the liability included in deferred share units on the condensed consolidated interim statement of financial position.

A summary of the changes in DSUs is presented below:

	Number of DSUs	Value \$
Balance, December 31, 2020	1,223,976	709,904
Earned	618,687	570,029
Exercised	(603,564)	(638,982)
Revalued	-	2,196,589
Balance, June 30, 2021	<u>1,239,099</u>	<u>2,837,540</u>

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

8. DEFERRED SHARE UNITS (continued)

The DSU liability on the condensed consolidated interim statement of financial position is presented as follows:

	June 30, 2021	December 31, 2020
	\$	\$
Current portion	-	60,265
Non-current portion	2,837,540	649,639
	<u>2,837,540</u>	<u>709,904</u>

9. 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, 2021

Private Placements

On February 2, 2021, the Company completed a non-brokered private placement totaling 30,665,000 common shares for gross proceeds of \$25,000,640. The Company issued 11,539,000 common shares at a price of \$0.65 per 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.

As a result of subscribers paying a premium for the flow-through shares, the Company allocated \$5,068,390 of the gross proceeds of the flow-through shares to flow-through share premium liability and the remaining \$12,431,900 to share capital.

In connection with the private placement share issue costs totaled \$1,583,265.

DSUs

During the six months ended June 30, 2021, the Company issued 603,564 common shares pursuant to the exercise of 603,564 DSUs. As this was a non-cash transaction, no cash was received pursuant to the exercise.

Stock Options

During the six months ended June 30, 2021, the Company issued 1,064,369 common shares pursuant to the exercise of 1,070,332 stock options for proceeds of \$389,664. Included in the option exercise were 45,000 options with stock appreciation rights that were converted to 39,037 common shares. In connection with the exercise, an amount of \$263,747 was reclassified from share-based payments reserve to share capital.

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

9. SHARE CAPITAL (continued)

c) Stock options

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.

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

	Number of options	Weighted average exercise price \$
Balance, December 31, 2020	12,570,000	0.28
Granted	4,025,000	1.13
Exercised	(1,070,332)	0.37
Forfeited	(6,667)	0.09
Balance, June 30, 2021	<u>15,518,001</u>	<u>0.49</u>

The following stock options were outstanding as at June 30, 2021:

Outstanding	Exercisable	Weighted average Exercise Price \$	Expiry Date	Weighted average remaining life (in years)
168,000	168,000	0.09	September 30, 2021	0.25
1,025,000	1,025,000	0.40	March 9, 2022	0.69
715,000	590,000	0.45	June 21, 2022	0.98
1,020,000	1,020,000	0.57	January 31, 2023	1.59
80,000	80,000	0.57	March 7, 2023	1.68
170,000	170,000	0.41	August 23, 2023	2.15
1,306,667	1,306,667	0.34	March 27, 2024	2.74
1,016,667	677,778	0.09	April 3, 2025	3.76
100,000	66,667	0.15	July 9, 2025	4.03
6,000,000	-	0.20	November 7, 2025	4.36
200,000	66,667	1.05	March 24, 2026	4.73
500,000	-	1.15	April 5, 2026	4.77
1,000,000	-	1.15	April 20, 2026	4.81
1,616,667	533,334	1.05	April 21, 2026	4.81
600,000	-	1.33	May 5, 2026	4.85
<u>15,518,001</u>	<u>5,704,113</u>	<u>0.49</u>		<u>3.63</u>

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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9. SHARE CAPITAL (continued)

d) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2020	9,164,285	0.21
Exercised	(20,000)	0.15
	<hr/>	<hr/>
Balance, June 30, 2021	<u>9,144,285</u>	<u>0.21</u>

The following warrants were outstanding as at June 30, 2021:

Outstanding	Exercisable	Exercise Price \$	Expiry Date
3,430,000	3,430,000	0.15	April 29, 2023
<u>5,714,285</u>	<u>5,714,285</u>	0.25	November 26, 2025
<u>9,144,285</u>	<u>9,144,285</u>		

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

The share-based payments expense for the stock options during the six months ended June 30, 2021, was \$1,604,974 (2020: \$134,039). Of this amount, \$946,507 (2020: \$101,178) was recorded as share-based payments expense in the condensed consolidated interim statements of loss and comprehensive loss and \$658,467 (2020: \$32,861) was capitalized to exploration and evaluation assets.

The fair value of the stock options that were granted during the six months ended June 30, 2021, was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.74%
Expected stock price volatility	86%
Expected dividend yield	0.0%
Expected option life in years	5.0

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

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10. 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:

	2021	2020
	\$	\$
Accounts receivable	(437,329)	26,461
Prepaid expenses and deposits	(123,371)	40,526
Accounts payable and accrued liabilities	628,026	50,574
	<u>67,326</u>	<u>117,561</u>

As at June 30, 2021, accounts payable and accrued liabilities included \$4,738,746 (December 31, 2020: \$137,845) of exploration and evaluation asset expenditures and \$388,359 (2020: Nil) of plant and equipment purchases.

11. 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.

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11. FINANCIAL INSTRUMENTS (continued)

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.

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.

(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.

12. 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, 2020.

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 or interim expenditure budgets that are updated as necessary. The budgets are approved by the Board.

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12. CAPITAL MANAGEMENT (continued)

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.

13. RELATED PARTY TRANSACTIONS

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.

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 June 30,		Six months ended June 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
Short-term benefits	1	82,811	88,639	200,651	276,508
Share-based payments expense	2	534,831	44,877	750,634	89,501
Directors' fees	3	15,400	12,802	25,400	27,802
Executive bonus	4	75,000	-	652,963	-
Consulting fees	5	125,500	-	245,417	-
Office rent		6,522	-	6,522	4,477
Total		840,064	146,318	1,881,587	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, which is more fully described in Note 8.

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.

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13. RELATED PARTY TRANSACTIONS (continued)

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
		<u>1,433,514</u>	<u>248,710</u>

In addition, 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, which is included in the condensed consolidated interim statement of financial position.

14. SUBSEQUENT EVENT

The following event occurred subsequent to June 30, 2021:

On August 6, 2021, the Company completed a strategic \$100,000,000 private placement with certain entities controlled by Fairfax Financial Holdings Limited.

The private placement consisted of 27,777,778 common shares units of the Company at a price of \$1.80 per common share unit for gross proceeds of \$50,000,000, which included warrants to purchase an aggregate 8,000,000 additional common shares at an exercise price of \$2.09 per common share with an expiry of five years. The placement also consisted of 27,777,778 non-voting common share units of the Company at a price of \$1.80 per non-voting common share unit for gross proceeds of \$50,000,000, which included warrants to purchase an aggregate 8,000,000 additional common shares at an exercise price of \$2.09 per common share with an expiry of five years.