

FORAN MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014

(Unaudited)

NOTICE OF AUDITOR REVIEW

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

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

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

	September 30, 2014	December 31, 2013
ASSETS	\$	\$
Current		
Cash and cash equivalents	3,356,861	4,276,480
Accounts receivable	41,599	49,499
Prepaid expenses	79,814	44,431
	<u>3,478,274</u>	4,370,410
Deposits	40,585	40,585
Investments (Note 3)	126,875	114,030
Plant and equipment (Note 4)	633,364	733,437
Exploration and evaluation assets (Note 5)	22,702,267	21,267,558
	<u>26,981,365</u>	<u>26,526,020</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	193,448	106,468
EQUITY		
Share capital (Note 6)	64,343,016	63,172,134
Share-based payments reserve	4,689,941	4,439,722
Accumulated other comprehensive loss	12,845	-
Deficit	(42,257,885)	(41,192,304)
	<u>26,787,917</u>	26,419,552
	<u>26,981,365</u>	<u>26,526,020</u>

Approved on behalf of the Board:
"David Petroff", Director
"Darren Morcombe", Director

FORAN MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE
LOSS
FOR THE NINE MONTHS ENDED SEPTEMBER 30
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	\$	\$		
Expenses				
Depreciation	31,908	39,663	100,073	124,505
Investor relations	35,469	19,624	115,535	146,868
Office and administration	55,642	66,601	164,337	187,407
Professional fees	32,166	12,244	90,152	65,581
Salaries and benefits	118,516	146,261	403,732	624,460
Share-based payments expense (Note 6(d))	45,702	62,712	201,708	343,629
Transfer agent, regulatory and filing fees	1,432	1,442	33,746	29,714
Travel and accomodation	3,584	517	18,270	9,637
	324,419	349,064	1,127,553	1,531,801
Other Items				
Interest income	(11,210)	(15,389)	(37,994)	(57,904)
Other	-	-	(23,978)	-
Flow-through share premium reversal	-	-	-	(100,711)
Write-off of exploration and evaluation assets	-	86,297	-	86,297
	(11,210)	70,908	(61,972)	(72,318)
Net loss for the period	(313,209)	(419,972)	(1,065,581)	(1,459,483)
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss				
Unrealized loss on available-for-sale investments	25,365	(60,315)	12,845	(180,945)
Total comprehensive loss for the period	(287,844)	(480,287)	(1,052,736)	(1,640,428)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Basic and diluted weighted average number of shares outstanding	83,373,922	77,198,922	82,451,303	77,198,922

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

	Number of shares	Share capital \$	Share-based payments reserve \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance, December 31, 2012	77,198,922	63,172,134	3,939,956	(417,224)	(38,814,722)	27,880,144
Net loss for the period	-	-	-	-	(1,459,483)	(1,459,483)
Other comprehensive loss	-	-	-	(180,945)	-	(180,945)
Share-based payments expense	-	-	451,569	-	-	451,569
Balance, September 30, 2013	77,198,922	63,172,134	4,391,525	(598,169)	(40,274,205)	26,691,285
Net loss for the period	-	-	-	-	(918,099)	(918,099)
Other comprehensive income	-	-	-	598,169	-	598,169
Share-based payments expense	-	-	48,197	-	-	48,197
Balance, December 31, 2013	77,198,922	63,172,134	4,439,722	-	(41,192,304)	26,419,552
Net loss for the period	-	-	-	-	(1,065,581)	(1,065,581)
Other comprehensive income	-	-	-	12,845	-	12,845
Private placement, net of share issuance costs	6,075,000	1,152,882	-	-	-	1,152,882
Shares issued pursuant to NPI purchase (Note 5(b))	100,000	18,000	-	-	-	18,000
Share-based payments expense	-	-	250,219	-	-	250,219
Balance, September 30, 2014	83,373,922	64,343,016	4,689,941	12,845	(42,257,885)	26,787,917

FORAN MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Operating Activities				
Net loss for the period	(313,209)	(419,972)	(1,065,581)	(1,459,483)
Items not involving cash:				
Depreciation	31,908	39,663	100,073	124,505
Flow-through share premium reversal	-	-	-	(100,711)
Share-based payments expense	45,702	62,712	201,708	343,629
Other	-	-	(23,978)	-
Interest income	-	(2,010)	583	(21,985)
Write-off of exploration and evaluation assets	-	86,297	-	86,297
	(235,599)	(233,310)	(787,195)	(1,027,748)
Net change in non-cash working capital (Note 7)	(19,915)	(13,323)	(43,908)	(5,945)
Cash used in operating activities	(255,514)	(246,633)	(831,103)	(1,033,693)
Investing Activities				
Purchase of NPI (Note 5(b))	-	-	(50,000)	-
Purchase of plant and equipment	-	(7,027)	-	(7,027)
Exploration and evaluation assets expenditures	(267,385)	(440,832)	(1,215,376)	(3,090,439)
Redemption of short-term investments (net)	-	1,500,000	23,978	-
Cash provided by (used in) investing activities	(267,385)	1,052,141	(1,241,398)	(3,097,466)
Financing Activities				
Issuance of shares for cash pursuant to private placement	-	-	1,200,000	-
Share issue costs	-	-	(47,118)	-
Cash provided by financing activities	-	-	1,152,882	-
Net increase (decrease) in cash and cash equivalents	(522,899)	805,508	(919,619)	(4,131,159)
Cash and cash equivalents, beginning of period	3,879,760	3,750,618	4,276,480	8,687,285
Cash and cash equivalents, end of period	3,356,861	4,556,126	3,356,861	4,556,126
Cash and cash equivalents is comprised of:				
Guaranteed Investment Certificates	20,000	20,000	20,000	20,000
Cash	3,336,861	4,536,126	3,336,861	4,536,126
	3,356,861	4,556,126	3,356,861	4,556,126

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

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

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

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 raising financing to date, there can be no assurances that it will be able to do so in the future.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the consolidated 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 fifteen month period ended December 31, 2013 which include the accounting policies used in the preparation of these condensed consolidated interim financial statements.

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 approved these condensed consolidated interim financial statements on November 18, 2014.

3. INVESTMENTS

As at September 30, 2014, the Company owned investments that were classified as available-for-sale ("**AFS**") and carried at fair market value based on quoted market prices. A summary of the changes in AFS investments is presented below:

Balance, December 31, 2013	\$ 114,030
Unrealized gain on AFS investments	<u>12,845</u>
Balance, September 30, 2014	<u>\$ 126,875</u>

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

4. PLANT AND EQUIPMENT

As at September 30, 2014, 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, 2013	138,894	332,552	40,278	734,656	22,409	100,613	1,369,402
Additions	-	-	-	-	-	-	-
Balance, September 30, 2014	138,894	332,552	40,278	734,656	22,409	100,613	1,369,402
Accumulated Amortization							
Balance, December 31, 2013	81,912	236,154	22,142	223,120	17,327	55,310	635,965
Depreciation for the period	11,853	20,053	2,580	55,271	892	9,424	100,073
Balance, September 30, 2014	93,765	256,207	24,722	278,391	18,219	64,734	736,038
Carrying Amount							
Balance, December 31, 2013	56,982	96,398	18,136	511,536	5,082	45,303	733,437
Balance, September 30, 2014	45,129	76,345	15,556	456,265	4,190	35,879	633,364

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

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

	McIlvenna Bay	Other Saskatchewan Projects	Manitoba Projects	Total
	\$	\$	\$	\$
Balance, December 31, 2013	17,218,285	4,047,514	1,759	21,267,558
Acquisition and Maintenance Costs				
Purchase of exploration and evaluation asset interests (Note 5(b))	-	68,000	-	68,000
License fees	-	27,983	-	27,983
Total Acquisition and Maintenance Costs	-	95,983	-	95,983
Exploration Costs				
Administration	207,486	56,100	-	263,586
Camp costs	51,297	140	-	51,437
Consulting	143,170	103,089	-	246,259
Geophysics	64,992	-	-	64,992
Drilling and analysis	313,201	-	-	313,201
Equipment and communications	37,822	27,033	-	64,855
Fuel	97,264	1,500	-	98,764
Preliminary Economic Assessment	75,184	-	-	75,184
Salaries and benefits	90,198	16,811	-	107,009
Transportation and travel	37,995	15,444	-	53,439
Total Exploration Costs	1,118,609	220,117	-	1,338,726
Balance, September 30, 2014	18,336,894	4,363,614	1,759	22,702,267

	McIlvenna Bay	Other Saskatchewan Projects	Manitoba Projects	Total
	\$	\$	\$	\$
Balance, December 31, 2012	15,582,731	2,355,288	88,056	18,026,075
Acquisition Costs				
License fees	-	33,558	-	33,558
Exploration Costs				
Administration	297,605	370,916	-	668,521
Camp costs	33,302	33,680	-	66,982
Consulting	788,009	175,019	-	963,028
Drilling and analysis	302,805	760,603	-	1,063,408
Equipment and communications	43,297	27,638	-	70,935
Fuel	72,794	90,772	-	163,566
Salaries and benefits	37,528	92,144	-	129,672
Transportation and travel	20,230	34,253	-	54,483
Total Exploration Costs	1,595,569	1,585,025	-	3,180,594
Property write-offs	-	-	(86,297)	(86,297)
Balance, September 30, 2013	17,178,300	3,973,871	1,759	21,153,930

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

5. 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**").

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.

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 Projects

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

The Company has committed, through previous mineral property ownership agreements associated with these Saskatchewan projects, to pay various NSR and net profits interest ("**NPI**") royalty fees. The NSR royalty fees range from 2% to 2.5%, with buyout provisions for up to one-half of some of these NSR royalties, and the NPI royalty fees range from 6% to 10%. Previously, Teck Resources Limited held a back-in right to the majority of these Other Saskatchewan Projects, however subsequent to September 30, 2014, these back-in rights were extinguished for the Bigstone, Balsam and Hanson properties (see Note 12).

On January 29, 2014, the Company purchased various NPI royalty fees from Thundermin Resources Inc. ("**Thundermin**") on certain of the Company's Other Saskatchewan Projects and Manitoba Projects in consideration for a cash payment of \$50,000 and 100,000 common shares of the Company with a fair value of \$18,000.

c) Manitoba Projects

The Company holds a 100% interest in one Manitoba property consisting of one claim.

6. SHARE CAPITAL

a) Authorized

An unlimited number of common shares

b) Share issuance details

- (i) On February 11, 2014, the Company completed a non-brokered private placement of 6,000,000 units of the Company (the "**Units**") at a price of \$0.20 per Unit for gross proceeds of \$1,200,000. Each Unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of \$0.30 per share, expiring August 11, 2015. All securities issued in this private placement were subject to a four month hold period.

In connection with the private placement, the Company issued 75,000 finder units, with each finder unit having the same terms as a Unit with the exception that the common shares were not issued on a flow-through basis. The Company paid a total of \$47,118 in share issuance fees.

FORAN MINING CORPORATION
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(Unaudited)

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

c) Stock options

The Company has a Rolling Stock Option Plan whereby the Company may grant options to directors, officers, employees and consultants of up to 10% of the common shares outstanding at the time of grant. The exercise price, term and vesting period of each option are determined by the board of directors within regulatory guidelines.

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

	Number of options	Weighted average exercise price \$
Balance, December 31, 2013	5,440,000	0.89
Granted	2,125,000	0.20
Forfeited	(515,000)	0.58
Balance, September 30, 2014	<u>7,050,000</u>	<u>0.71</u>

The following stock options were outstanding as at September 30, 2014:

Outstanding	Exercisable	Weighted average Exercise Price \$	Expiry Date	Weighted average remaining life (in years)
200,000	200,000	0.40	September 23, 2015	0.98
1,600,000	1,600,000	1.25	February 2, 2016	1.34
400,000	400,000	1.25	February 27, 2016	1.41
500,000	500,000	0.90	April 13, 2016	1.54
900,000	900,000	0.80	January 24, 2017	2.32
200,000	200,000	0.67	April 19, 2017	2.55
1,150,000	776,667	0.59	January 24, 2018	3.32
2,000,000	674,933	0.20	January 24, 2019	4.32
100,000	33,333	0.17	May 28, 2019	4.66
<u>7,050,000</u>	<u>5,284,933</u>	<u>0.71</u>		<u>2.72</u>

d) Share-based payments

(i) The share-based payments expense for the stock options that vested during the nine month period ended September 30, 2014 was \$250,219 (2013: \$451,569). Of this amount, \$201,708 (2013: \$343,629) was recorded as share-based payments expense in the condensed consolidated interim statement of loss and comprehensive loss and \$48,511 (2013: \$107,940) was capitalized to exploration and evaluation assets. The fair value of the stock options that were vested during the nine month periods ended September 30, 2014 and September 30, 2013, was calculated using the following weighted average assumptions:

	2014	2013
Risk-free interest rate	1.46%	1.68%
Expected stock price volatility	74%	89%
Expected dividend yield	0.0%	0.0%
Expected option life in years	5.0	5.0

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

e) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2013	1,000,000	0.70
Issued pursuant to private placement	3,037,500	0.30
Balance, September 30, 2014	<u>4,037,500</u>	<u>0.40</u>

The following warrants were outstanding as at September 30, 2014:

Outstanding	Exercisable	Exercise Price \$	Expiry Date
1,000,000	750,000	0.70	December 22, 2015
<u>3,075,000</u>	<u>3,075,000</u>	0.30	August 11, 2015
<u>4,075,000</u>	<u>3,825,000</u>		

7. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the three and six month periods ended September 30, 2014 and September 30, 2013 consisted of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Accounts receivable	18,762	164	7,317	74,826
Prepaid expenses	(57,158)	(32,216)	(35,383)	13,761
Accounts payable and accrued liabilities	18,481	18,729	(15,842)	(94,532)
	<u>(19,915)</u>	<u>(13,323)</u>	<u>(43,908)</u>	<u>(5,945)</u>

During the nine month periods ended September 30, 2014 and September 30, 2013, share-based payments amounting to \$48,511 and \$107,940, respectively, were capitalized to exploration and evaluation assets.

As at September 30, 2014, accounts payable and accrued liabilities included \$89,639 (December 31, 2013: \$31,487) of expenditures for exploration and evaluation assets.

The non-cash transaction for the nine month period ended September 30, 2014 consisted of the Company issuing 100,000 common shares to Thundermin as part of the purchase of various NPI royalty fees from Thundermin.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

8. 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 price risk (including currency, interest rate and other price risks). The risk related to financial instruments is managed by senior management of the Company under policies and directions approved by the Board of Directors (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 a quarterly 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 7 “*Financial Instruments: Disclosures*” 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 and accounts payable and accrued liabilities are equivalent to their carrying values due to their short-term nature. AFS financial instruments are comprised of marketable securities which 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 and investments is minimized as these financial instruments are held with major Canadian commercial banks. In respect to accounts receivable, the Company is not exposed to significant credit risk as the majority consists of amounts due from Canadian governmental agencies.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to determine the funds required to support the Company’s operating requirements as well as its planned capital expenditures. The Company manages its financial resources to ensure 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. As at September 30, 2014, the Company had sufficient cash to meet its obligations related to accounts payable and accrued liabilities and required administrative and property expenditures over the next twelve months.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS (continued)

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.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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. A 10% change in price would not have a material impact on other comprehensive loss.

9. 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 fifteen month period ended December 31, 2013.

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

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

In order to maximize ongoing exploration efforts, the Company does not pay out 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.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the directors and officers of the Company.

The remuneration of key management personnel during the three and nine month periods ended September 30, 2014 and September 30, 2013, was as follows:

		Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
Short-term benefits	1	184,537	186,433	553,665	811,023
Share-based payments	2	51,476	73,075	239,451	404,501
Total		<u>236,013</u>	<u>259,508</u>	<u>793,116</u>	<u>1,215,524</u>

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

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

During the nine month period ended September 30, 2014, the Company earned \$22,500 (2013: \$Nil) from a company with two common Directors and two common Officers for the sharing of administration expenses including office rent and office operating costs, the amount of which was netted against office and administration expenses in the condensed consolidated interim statement of loss and comprehensive loss.

At September 30, 2014, accounts receivable included an amount of \$6,468 (December 31, 2014: \$Nil) owed from, and accounts payable and accrued liabilities included an amount of \$2,860 (December 31, 2014: \$Nil) owed to a company with two common Directors and two common Officers.

11. COMMITMENT

In March 2011, the Company entered into a five year office lease agreement, which commenced on July 1, 2011 and ends on June 30, 2016.

Future minimum lease payments over the next three calendar years are estimated to be as follows:

2014	\$ 27,399
2015	\$ 109,596
2016	\$ 54,798

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

12. SUBSEQUENT EVENT

In October 2014, the Company completed an agreement with Teck Resources Limited ("**Teck**") to extinguish certain back-in rights held by Teck on the Company's Bigstone, Balsam and Hanson properties (the "**Properties**"). In consideration for the extinguishment of the back-in rights, the Company issued 1,000,000 common shares of the Company and 1,000,000 share purchase warrants to Teck. Each warrant is exercisable into one common share of the Company at a price of \$0.24 per share with an expiry of October 14, 2016.

In the event that the Company sells or options any of the Properties prior to September 30, 2018 (a "**Future Sale**"), the Company will pay Teck in-kind an amount equal to 20% of the proceeds from any Future Sale occurring prior to September 30, 2016 and 10% of the proceeds from any Future Sale occurring after September 30, 2016 but prior to September 30, 2018.