FORAN MINING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2014

The following Management's Discussion and Analysis ("**MD&A**") is for Foran Mining Corporation's (the "**Company**") three month period ended March 31, 2014 and covers information up to the date of this MD&A as stated below.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements and the notes thereto for the three month period ended March 31, 2014, which have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting*.

In April of 2013, the Company changed its financial year-end from September 30 to December 31. The comparative information in the condensed consolidated interim financial statements is for the three month period ending March 31, 2013.

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 SEDAR website at www.sedar.com or on the Company's website at www.foranmining.com.

This MD&A is dated May 28, 2014.

NATURE OF BUSINESS

The Company was originally incorporated under the laws of British Columbia on June 21, 1989, was continued into Saskatchewan on November 13, 2007 and was continued back into British Columbia on May 28, 2014. The Company is a reporting issuer in British Columbia, 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 and exploration of mineral properties with the objective of discovering economically recoverable mineral reserves for development of an operating mine.

To date the Company has not generated any revenues.

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

- In May 2014, the Company announced the results of a winter exploration program on its McIlvenna Bay and Bigstone properties in east-central Saskatchewan. Exploration activities included initial diamond drilling on a recently identified high-priority geophysical target ("**Target A**") that is located on the McIlvenna Bay property approximately 1.5 km southeast of the McIlvenna Bay deposit (the "**Deposit**"), as well as geophysical surveys on both the McIlvenna Bay and Bigstone properties (see the Company's news release dated May 1, 2014);

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

- 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, with expiry of August 11, 2015; and

- On January 29, 2014, the Company closed the purchase of various net profit interests from Thundermin Resources Inc. ("**Thundermin**") on certain of the Company's exploration properties in Saskatchewan and Manitoba in consideration for $50,000 in cash and 100,000 common shares of the Company.

As at March 31, 2014, the Company had a total of $4.7 million in cash and cash equivalents (December 31, 2013: $4.3 million). Working capital totaled $4.4 million (December 31, 2013: $4.3 million). For the three month period ended March 31, 2014, the Company recorded a net loss of $0.4 million (2013: $0.6 million).

OUTLOOK

The Company's fiscal 2014 budget, which was approved in November 2013, totaled $2.8 million, with $1.5 million of it allocated to exploration and development work, including a winter drill program of up to 2,000 metres ("**m**"). During fiscal 2014 the Company is expecting to continue to advance work on the Deposit including additional environmental and metallurgical work and continued engineering studies related to proposed mine infrastructure and development. This work will provide the basis for a preliminary economic assessment on the Deposit.

Management's long-term goals are to complete work requirements for an environmental impact assessment and feasibility studies on the Deposit, and ultimately develop the Deposit into a profitable Canadian mine, as well as to locate other mineral deposits on the Company's landholdings.

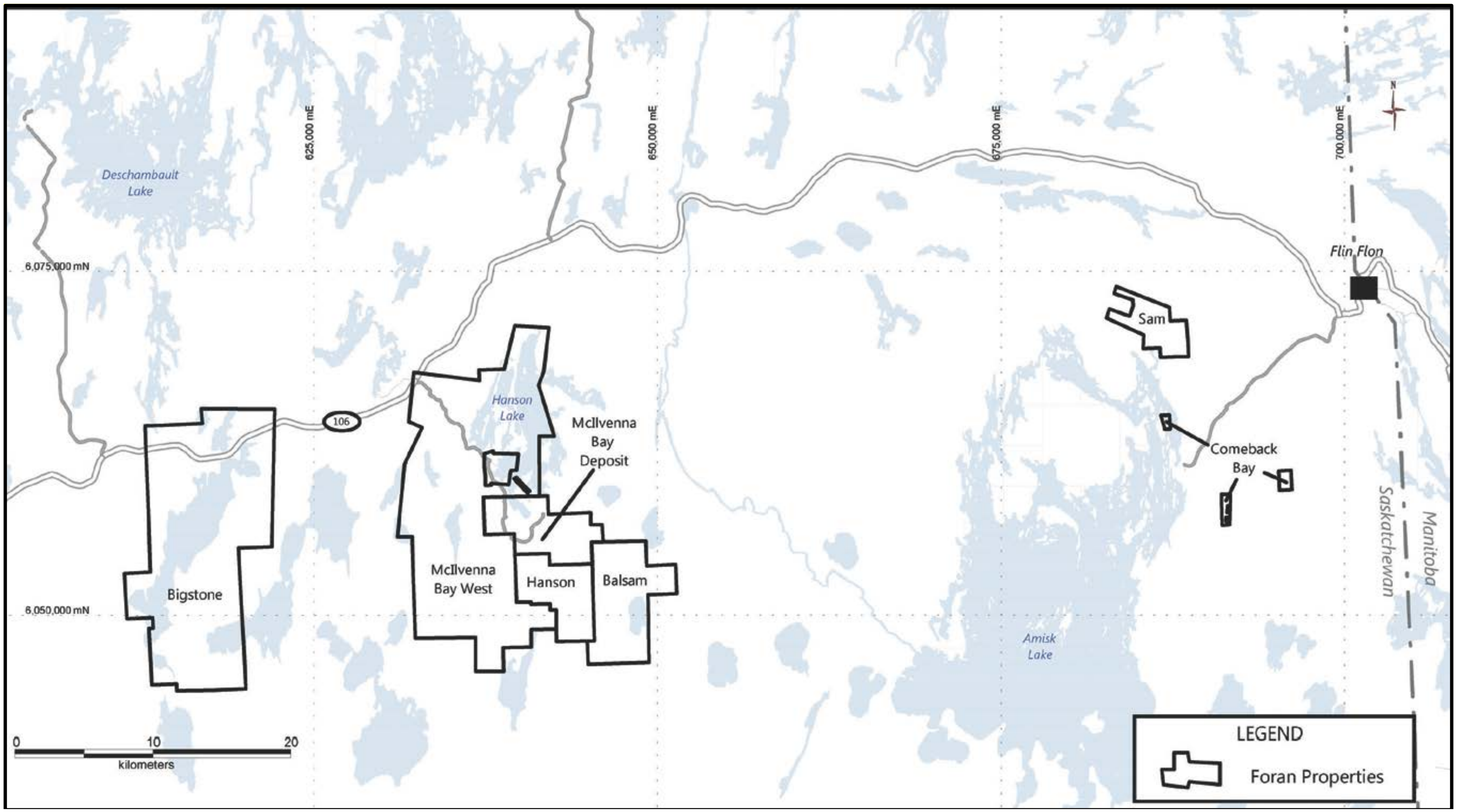
QUALIFIED PERSON

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

MINERAL PROPERTIES

SASKATCHEWAN PROJECTS

As of the date of this report, the Company has six properties in Saskatchewan comprising a total of 59 claims for 44,969 hectares ("**ha**"), located between 12 and 90 kilometres ("**km**") west of Flin Flon, Manitoba. The four westernmost properties are higher priority, consisting of the flagship McIlvenna Bay property (shown on the attached map as McIlvenna Bay Deposit and McIlvenna Bay West properties) containing the Deposit, two contiguous properties (Hanson and Balsam) and one non-contiguous property (Bigstone) occurring at the western limit of the Flin Flon Greenstone Belt. All four properties are underlain by prospective felsic volcanic stratigraphy that hosts variably significant Volcanogenic Massive Sulphide ("**VMS**") styles of alteration and mineralization. The two easternmost properties in Saskatchewan (Sam and Comeback Bay) are of lower priority having both precious and base metal VMS potential within the western limit of the Flin Flon Arc Assemblage (Birch Lake Belt).


Deschambault Lake
625,000 mE
650,000 mE
675,000 mE
700,000 mE
6,075,000 mN
6,050,000 mN
Flin Flon
Sam
106
Hanson Lake
McIlvenna Bay Deposit
Comeback Bay
Saskatchewan
Manitoba
Bigstone
McIlvenna Bay West
Hanson
Balsam
Amisk Lake
0
10
20
kilometers
LEGEND
Foran Properties

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROJECTS (continued)

1) MCILVENNA BAY PROPERTY

The Company has a 100% interest in McIlvenna Bay, which refers to a large claim block north, west and south of Hanson Lake, in east central Saskatchewan designated as "McIlvenna Bay Deposit" and "McIlvenna Bay West" in the map contained in this MD&A. McIlvenna Bay consists of 30 claims with a total of 20,382 ha.

Some of the claims that make up the McIlvenna Bay properties are subject to a Net Tonnage Royalty of $0.75 per tonne ore extracted, with a right of first refusal in favor of the Company.

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.

A) MCILVENNA BAY DEPOSIT

Of the 30 claims comprising McIlvenna Bay, the Deposit sits on 10 claims totaling 2,910 ha. The Deposit is located approximately one km south of Hanson Lake, Saskatchewan, 375 km northeast of Saskatoon, Saskatchewan and 65 km west south-west of Flin Flon, Manitoba.

The Deposit was discovered in 1988 and is comprised of four different zones and includes two distinct styles of mineralization which include massive to semi-massive sulphides and copper stockwork. The most recent NI 43-101 compliant resource estimate for the Deposit was completed in 2013 by Roscoe Postle Associates Inc. ("**RPA**").

2013 Resource

On March 27, 2013, the Company announced an updated mineral resource estimate for the Deposit (the "**2013 Resource**"). The 2013 Resource estimate completed by RPA incorporated the results from approximately 90,000m of drilling on the Deposit, updated geology and wireframe modeling of the mineralized horizons, resurveying of historic collar locations, updated downhole surveys of as many historic holes as possible using a Gyro survey tool and a newly verified and validated historic assay database.

Highlights of the 2013 Resource as compared to the previous mineral resource estimate announced on November 2, 2011, included an increase of 15% in the tonnage of the indicated resource to 13.9 million tonnes ("**Mt**") grading 1.96% copper equivalent ("**CuEq**") or 13.2% zinc equivalent ("**ZnEq**") and an increase of 18% in the tonnage of the inferred resource to 11.3 Mt grading 2.01% CuEq or 13.5% ZnEq, using a base case NSR cut-off of US$60/t. At a US$45/t NSR cut-off, the resource estimate totals 16.3Mt grading 1.82% CuEq or 12.2% ZnEq in the indicated category and a further 13.1Mt grading 1.87% CuEq or 12.6% ZnEq in the inferred category, highlighting the very large resource base for the Deposit.

SASKATCHEWAN PROJECTS (continued)

1) A) MCILVENNA BAY DEPOSIT (continued)

The 2013 Resource is outlined in the following table (US$60/t NSR cut-off) [1-5]:

Zone	Tonnes (kt)	Copper (%)	Zinc (%)	Gold (g/t)	Silver (g/t)	CuEq (%)	ZnEq (%)
Indicated							
Main Lens - Upper West Zone	2,148	1.66	4.10	0.88	31	2.79	18.75
Main Lens - Zone 2	3,386	0.31	7.15	0.24	24	1.51	10.19
Lens 3	756	1.23	2.55	0.30	15	1.79	12.03
Copper Stockwork Zone	7,610	1.60	0.30	0.50	11	1.90	13.10
Total Indicated	**13,900**	**1.28**	**2.67**	**0.49**	**17**	**1.96**	**13.19**
Inferred							
Main Lens - Upper West Zone	2,913	1.63	3.68	0.51	19	2.47	16.62
Main Lens - Zone 2	2,796	0.51	7.13	0.38	26	1.79	12.04
Lens 3	124	1.61	2.67	0.51	18	2.31	15.52
Copper Stockwork Zone	5,478	1.56	0.47	0.42	12	1.87	12.59
Total Inferred	**11,311**	**1.32**	**2.97**	**0.43**	**17**	**2.01**	**13.52**

[1]Effective date January 1, 2013; CIM definitions were followed for Mineral Resources; CuEq = copper equivalent; ZnEq = zinc equivalent; NSR = Net Smelter Return.

[2]The base case mineral resource is estimated based on 178 diamond drill holes and a NSR cut-off grade of US$60/t. NSR grades were calculated and high grade caps were applied as per the discussion in the Foran news release dated March 27, 2013 and include provisions for metallurgical recovery and estimates of current shipping terms and smelter rates for similar concentrates. Metal prices used are US$3.25/lb. Cu, US$1.10/lb. Zn, US$1,400/oz. Au and US$25/oz. Ag. Specific gravity was interpolated for each block based on measurements taken from core specimens.

[3]Mr. David Rennie, P.Eng., of RPA, prepared this mineral resource estimate. Mr. Rennie is independent of Foran and is a "Qualified Person" within the meaning of NI 43-101.

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

[5]CuEq and ZnEq values were estimated based on $53.94 per % Cu, $8.11 per % Zn, $31.16 per g/t Au and $0.03 per g/t Ag.

SASKATCHEWAN PROJECTS (continued)

1) A) MCILVENNA BAY DEPOSIT (continued)

2013 Resource (continued)

The following table displays the estimated contained metal based on the 2013 Resource (US$60/t NSR cut-off) [1, 2]:

Category	Zone(s)	Copper (M lbs.)	Zinc (M lbs.)	Gold (k oz.)	Silver (k oz.)
Indicated	Main Zone Massive to semi-massive sulphides (Upper West Zone, Zone 2, Lens 3)	122	770	94	5,054
	Copper Stockwork Zone	269	47	126	2,598
	Total Indicated	**391**	**817**	**220**	**7,651**
Inferred	Main Zone Massive to semi-massive sulphides (Upper West Zone, Zone 2, Lens 3)	140	683	83	4,191
	Copper Stockwork Zone	188	57	73	2,136
	Total Inferred	**328**	**740**	**157**	**6,327**

[1]Totals may not add due to rounding
[2]See footnotes 1-5 in 2013 Resource table above

Recent Activities

Since 2011, the Company has been working to advance the Deposit through continued exploration, resource definition and environmental and engineering studies.

Canada North Environmental Services L.P. ("**CanNorth**") was commissioned to complete an Environmental Baseline Study for the Deposit. Field work for this study was conducted in 2012 and a final report was received from CanNorth in November 2013. The Company also engaged ASKI Resource Management and Environmental Services Inc. ("**ASKI**") to conduct a Traditional Land Use study for the McIlvenna Bay project area. Within the scope of the study, ASKI personnel conducted interviews with Elders, as well as members of the Deschambault Lake and Denare Beach communities involved in hunting, fishing, trapping and harvesting in the area with respect to potential mine development of the Deposit. A final report on the results of the study was received from ASKI in December 2012 which documented that no comments indicating opposition to the project was received during the course of the study.

SASKATCHEWAN PROJECTS (continued)

1) A) MCILVENNA BAY DEPOSIT (continued)

The Company engaged Golder Associates Ltd. ("**Golder**") to conduct various engineering studies. This work included geotechnical data collection on the Deposit, initial hydrogeological studies, waste rock geochemical characterization studies and a preliminary mine waste management study designed to identify prospective tailings storage areas in the local project area. Final reports on the preliminary design criteria for both potential underground and open pit development, the results of the geochemical studies and the preliminary mine waste management study were received in late 2013.

In 2013, the Company engaged JDS Energy and Mining Inc. ("**JDS**") to conduct engineering studies for a high-level review of the Deposit. Included in this work are high-level engineering and development plans for the Deposit, mine planning and scheduling, mineral processing and flow-sheet design, and comparative operating and capital cost analysis of similar scale operations. In its work, JDS is incorporating the results of initial metallurgical testwork (see the Company's news release dated June 20, 2012), the 2013 Resource, revised geological interpretation which was incorporated into the updated mineral resource estimate and geotechnical and geochemical studies conducted by Golder. Work by JDS is currently ongoing.

The Company continues to conduct exploration activities directed towards identifying additional resources in and around the Deposit. In February 2013, the Company engaged Koop Geotechnical Geoservices Inc. ("**KGSI**") to conduct a ground-based, deep-penetrating time-domain electromagnetic geophysical survey (the "**DEEP-EM Survey**") on two grids on the Company's McIlvenna Bay, Balsam and Hanson properties, in proximity to the Deposit. Approximately 98 line kilometres ("**line km**") was surveyed including 60.65 line km on the McIlvenna Bay Grid and 37.45 line km on the Balsam Grid.

In October 2013, the Company received a final report from KGSI on the DEEP-EM Survey. The DEEP-EM Survey identified two high-priority targets, Target A on the McIlvenna Bay property and Target B on the Balsam property. For additional information see the Company's news releases dated October 31, 2013 and May 1, 2014.

Winter 2014 Work Program

From February to April 2014, the Company completed a winter exploration program on the McIlvenna Bay property to follow up on the results of the DEEP-EM Survey. Exploration activities included 17.1 line km of detailed large loop time-domain electromagnetic ("**TDEM**") surveying over Target A to refine the conductors prior to testing the target with diamond drilling. A total of 1,894m in two holes were drilled on Target A. The first hole was abandoned at 211m due to excessive flattening. The second hole was drilled to a depth of 1,683m and encountered geology consistent with the hangingwall stratigraphy above the Deposit, including several key marker units. A felsic fragmental unit with chlorite-pyrrhotite and a quartz feldspar porphyry ("**QFP**") body were encountered at the target depth of the main conductor. The QFP unit is interpreted to have cut the volcanics and displaced the conductive source at this location. Minor base metal sulphides were observed however no significant assay values were returned.

SASKATCHEWAN PROJECTS (continued)

1) A) MCILVENNA BAY DEPOSIT (continued)

Preliminary modelling of the borehole electromagnetic ("**EM**") survey data indicates a strong off-hole conductor below the trace of the drill hole at approximately 1,200m downhole. This is interpreted to be the source of the principal Target A conductor. Although the Company's initial test hole did not intersect massive sulphides, Target A remains a high-priority target for further drill testing.

Neighbouring Quarry Dispositions

A sand quarry is currently operating under certain quarry leases immediately northeast of the Deposit. A portion of the quarry leases are located in proximity to and overlie a portion of the east-central part of the Deposit. In addition, the Company has permits for road access to the area with which it grants access to the sand quarry. The activities of sand quarrying may interfere with exploration and the location of infrastructure facilities should the Deposit be placed into production. The Company is engaged in ongoing discussions with the relevant government departments and the sand quarry operator. If the Company is not able to co-ordinate exploration and development activities with sand quarry operations, and if permits are not granted which recognize the needs of the Company for access and optimal infrastructure location, exploration and development may be delayed and/or rendered more expensive.

There are no expenditures required in fiscal 2014 to keep the McIlvenna Bay Deposit claims in good standing.

1) B) MCILVENNA BAY WEST

Of the 30 claims comprising McIlvenna Bay, McIlvenna Bay West is comprised of 20 claims totalling 17,472 ha located to the north, west and south of the Deposit. McIlvenna Bay West is comprised of a combination of historic claims from the Cameco-Foran purchase agreement as well as newly staked and acquired claims from 2010. The claim block covers the northwest extension of the stratigraphy that hosts the past producing Hanson Lake Mine and other mineralized occurrences such as the Miskat Zone located 10 km south of the Deposit.

During the summer of 2013, a program of mapping and geochemical sampling was completed in the Hanson Lake area. The program focused on sampling material from the islands and shore line around the lake that are along trend from McIlvenna Bay in an effort to identify the location of prospective stratigraphy under the lake to the north of the Deposit. The sampling program was conducted as part of a M.Sc. thesis being completed by a student from a Canadian university designed to characterize the lithogeochemistry of the Hanson Lake area. A total of 300 samples were collected from July 5 to 31, 2013. The analytical results from the sampling are being evaluated and an additional program of sampling is being planned for the summer of 2014.

There are no expenditures required in fiscal 2014 to keep the McIlvenna Bay West claims in good standing.

SASKATCHEWAN PROJECTS (continued)

2) BIGSTONE

The Company has a 100% interest in the Bigstone property, which is comprised of 13 claims totalling 16,117 ha oriented north-south to cover roughly 20km of prospective volcanic stratigraphy. The property hosts the Bigstone deposit with an historic mineral resource estimate prepared by past operators in 1990 of 3.75 Mt grading 2.03% Cu and 0.33 g/t Au in the Copper Zone using a 1% Cu cut-off. A sensitivity analysis was completed with the historic mineral resource using cut-off grades from 1.0% to 2.5% which is presented below. The Company is not treating the historic estimate as current as a Qualified Person within the meaning of NI 43-101 has not completed sufficient work to classify the historic estimate as current; additional work, including re-surveying, re-logging and drill core QA/QC would be required to verify and upgrade the historic estimate to current.[1]

Bigstone deposit historic resource estimate sensitivity analysis[1].

Cu cut-off (%Cu)	Tonnage	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
1.0	3,747,500	2.03	0.14	0.33	9.3
1.5	3,136,600	2.26	0.15	0.36	9.9
2.0	1,983,600	2.57	0.17	0.48	11.3
2.5	1,199,300	3.11	0.20	0.61	13.5

The Bigstone property is subject to a back-in right to Teck Resources Limited ("**Teck**") and some of the claims that make up the property are subject to a 2% NSR royalty.

Winter 2014 Work Program

In April 2014 the Company completed 45 line km of TDEM surveying over and along strike from the Bigstone historic mineral resource using an HT Squid B-field sensor. Preliminary interpretation of the survey results indicate the historic resource is effectively defined by the TDEM. Detailed modelling of the survey data will be conducted to delineate targets for drill testing.

In order to keep the Bigstone claims in good standing, the minimum required expenditure in fiscal 2014 is $97,740. This amount has been covered by expenditures related to the winter 2014 geophysical survey.

SASKATCHEWAN PROJECTS (continued)

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 property. Balsam claims cover the southeast strike extension of McIlvenna Bay stratigraphy and host a number of significant VMS occurrences including recently discovered high-grade copper mineralization in the Thunder Zone, as well as the Balsam Zone, where an historic mineral resource estimate has been outlined[1]. Further drilling, sampling and geological interpretation will be required to upgrade the historic resource to current.

The Balsam property is subject to a back-in right to Teck and some of the claims that make up the property are subject to a 2% NSR royalty.

[1] *Foran is not treating the historic estimate as current; a Qualified Person within the meaning of National Instrument 43-101 has not completed sufficient work to classify the historic estimate as current; additional work, including re-surveying, re-logging and drill core QA/QC would be required to verify and upgrade the historic estimate to current.*

Winter 2013 Work Program

The DEEP-EM Survey described above also covered parts of the Balsam property. The survey outlined several prospective target areas, including Target B on the Balsam property. As described below and in the Company's news release dated April 8, 2013, this target was drill tested in 2013.

In October 2013, the Company received a final report from KGSI on the DEEP-EM Survey which identified two high-priority targets, one on McIlvenna Bay and one on the Balsam property. For additional information see the Company's news release dated October 31, 2013.

From January to March, 2013, the Company conducted a regional drill program, which ran concurrently with the DEEP-EM Survey. The drill program, which was completed on time and under budget, totaled 4,163m in 11 drill holes, including 3,211m in nine holes on the Balsam property. An initial drill test of Target B resulted in the discovery of high-grade copper mineralization in the Thunder Zone, where drillhole BA-13-77 returned 4.1% Cu, 0.43 g/t Au and 27.0 g/t Ag over 3.66m, including 10.6% Cu, 0.70 g/t Au and 62.5 g/t Ag over 1.10m. Also in this program, further drilling southeast in the previously identified B2 (Balsam) Zone intersected 1.29% Cu, 0.28 g/t Au and 12.3 g/t Ag over 4.56m, including 3.97% Cu, 0.84 g/t Au and 39.1 g/t Ag over 0.85m in hole BA-13-74 and 8.40% Zn, 0.28 g/t Au and 12.6 g/t Ag over 3.21m, followed approximately 3m further downhole by 6.66% Zn, 0.27 g/t Au and 10.6 g/t Ag over 0.78m in hole BA-13-78.

Both the Thunder and B2 (Balsam) Zones contain VMS mineralization in volcanic stratigraphy similar to the Deposit and lie approximately 7km southeast of the Deposit.

There are no expenditures required in fiscal 2014 to keep the Balsam claims in good standing.

SASKATCHEWAN PROJECTS (continued)

4) HANSON

The Company has a 100% interest in the Hanson property, which is comprised of two claims totalling 2,565 ha contiguous with the McIlvenna Bay property to the north and west and the Balsam property to the east. A number of VMS targets are known from past exploration.

The Hanson property is subject to a back-in right to Teck.

Winter 2013 Work Program

The DEEP-EM Survey which also covered parts of the Hanson property was completed in March 2013 and the results outlined several prospective target areas.

In October 2013, the Company received a final report from KGSI on the DEEP-EM Survey which identified two high-priority targets, one on McIlvenna Bay and one on the Balsam property. For additional information see the Company's news release dated October 31, 2013.

There are no expenditures required in fiscal 2014 to keep the Hanson claims in good standing.

5) SAM

The Company has a 100% interest in the Sam property, which is comprised of four contiguous claims totalling 1,529 ha, located 12 km west of Flin Flon. Historic exploration at the Sam property has identified shear-zone hosted Au potential in addition to limited VMS-type copper mineralization.

The Sam property is subject to a back-in right to Teck and some of the claims that make up the property are subject to a 2% NSR royalty.

In order to keep the Sam claims in good standing, the minimum required expenditure in fiscal 2014 is $28,750.

6) COMEBACK BAY

The Comeback Bay property is comprised of three claims totalling 310 ha which is located 15 km southwest of Flin Flon. The claims are underlain by felsic volcanic stratigraphy prospective for VMS mineralization.

Two of the three Comeback Bay claims are subject to a joint venture agreement in which the Company owns a 65% interest with Coronation Mines Ltd. (a subsidiary of Formation Metals Ltd.) owning the remaining 35%. These claims are subject to a 2.5% NSR royalty and a 10% NPI. The Company has a 100% interest in the other Comeback Bay claim with no encumbrances.

In order to keep the Comeback Bay claims in good standing, the minimum required expenditure in fiscal 2014 is $6,210.

MANITOBA PROJECTS

1) REED LAKE

The Company has a 100% interest in the Reed Lake property, which is comprised of a single claim totaling 195 ha located 105 km east of Flin Flon and 21 km 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 volcanics equivalent to those hosting the HudBay Minerals Inc.'s Lalor deposit, situated 15 km to the northeast.

There are no expenditures required in fiscal 2014 to keep the Reed Lake claims in good standing.

OVERALL PERFORMANCE

FINANCIAL CONDITION

The net assets of the Company increased from $26,419,552 at December 31, 2013 to $27,554,054 at March 31, 2014, an increase of $1,134,502. The most significant assets at March 31, 2014 were exploration and evaluation assets of $22,093,748 (December 31, 2013: $21,267,558) and cash and cash equivalents of $4,681,113 (December 31, 2013: $4,276,480).

The increase in exploration and evaluation assets was a result of the Company capitalizing $68,000 of acquisition costs and $758,190 of exploration costs on its McIlvenna Bay property and other Saskatchewan properties. The most significant costs included drilling and analysis of $249,279, consulting costs of $138,345 and fuel costs of $95,940.

Acquisition costs totaled $68,000 as a result of the Company purchasing various net profit interests from Thundermin on certain of the Company's properties in Saskatchewan and Manitoba. The Company paid Thundermin $50,000 in cash and issued 100,000 common shares of the Company valued at $18,000 to Thundermin.

RESULTS OF OPERATIONS

Three month period ended March 31, 2014

The Company recorded a net loss of $391,005 for the three month period ended March 31, 2014 (2013: $643,079). Expenses before other items were $413,023 (2013: $760,938) with the most significant being salaries and benefits of $136,830 (2013: $303,163), share-based payments expense of $113,929 (2013: $213,749) and office and administration of $51,849 (2013: $61,101). Other items included interest income of $13,918 (2013: $17,148) and a flow-through share premium reversal of $Nil (2013: $100,711).

RESULTS OF OPERATIONS (continued)

Three month period ended March 31, 2014 (continued)

The majority of the decrease in salaries and benefits of approximately $166,000 for the three month period ended March 31, 2014 was a result of the Company paying out $125,000 in bonuses in January 2013. The remaining $41,000 decrease was a result of the Company's staff working a reduced work week in Q1, 2014.

The Company applies the fair value method of accounting for all awards of stock options by using the Black-Scholes Option Pricing Model. The share-based payments expense of $113,929 (2013: $213,749) related to the fair value of stock options that vested during the three month period ended March 31, 2014.

The flow-through share premium reversal of $100,711 for the three month period ended March 31, 2013 related to the Company's August 2012 flow-through financing. Under IFRS, on issuance, 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 called flow-through share premium liability. Upon incurring qualifying exploration expenditures, the Company derecognizes the liability and recognizes a flow-through share premium reversal in income for the amount of tax reduction renounced to the shareholders.

CASH FLOWS

Three month period ended March 31, 2014

Cash and cash equivalents increased by $404,633 during the three months ended March 31, 2014, from $4,276,480 at December 31, 2013 to $4,681,113 at March 31, 2014. The increase was a result of the Company raising gross proceeds of $1.2 million pursuant to the completion of a non-brokered private placement of 6,000,000 units at a price of $0.20 per unit. Partially offsetting this increase were exploration and evaluation asset expenditures of $432,068, share issue costs of $47,118, cash of $50,000 spent on purchasing net profit interests from Thundermin and the Company using $274,281 in operating activities. The cash used in operating activities was comprised of a net loss of $391,005, a net change of $140,355 in items not involving cash and a net change of $23,631 in non-cash working capital balances.

SUMMARY OF QUARTERLY RESULTS

	Q1, 2014	Q5, 2013	Q4, 2013	Q3, 2013
	$	$	$	$
Net loss for the period	(391,005)	(918,099)	(419,972)	(396,432)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.01)

SUMMARY OF QUARTERLY RESULTS (continued)

	Q2, 2013	Q1, 2013	Q4, 2012	Q3, 2012
	$	$	$	$
Net loss for the period before flow-through share premium reversal	(743,790)	(466,139)	(253,686)	(560,480)
Flow-through share premium reversal	100,711	44,382	113,802	289,054
Net loss for the period	(643,079)	(421,757)	(139,884)	(271,426)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.00)

In April 2013 the Company changed its financial year-end from September 30 to December 31 and consequently fiscal 2013 had five quarters as noted in the table above.

Over the last eight quarters, the Company's net loss has ranged from $139,884 in Q4, 2012 to $918,099 in Q5, 2013. As noted in "*Selected Annual Information*" above, $551,816 of the loss in Q5, 2013 was a result of an "other-than-temporary" decline in the Company's investments.

See "*Results of Operations*" above for the explanation of the flow-through share premium reversal that was recorded in each of the quarters from Q3, 2012 to Q2, 2013.

The following table provides a breakdown of the expenses that contributed to the quarterly net losses:

	Q1, 2014	Q5, 2013	Q4, 2013	Q3, 2013
	$	$	$	$
Share-based payments expense	113,929	63,627	62,712	67,168
Salaries and benefits	136,830	124,256	146,261	175,036
Other expenses	162,264	147,879	140,091	179,595
Total expenses for the period	413,023	335,762	349,064	421,799

	Q2, 2013	Q1, 2013	Q4, 2012	Q3, 2012
	$	$	$	$
Share-based payments expense (recovery)	213,749	140,519	(59,859)	207,796
Salaries and benefits	303,163	180,211	161,066	168,694
Other expenses	244,026	171,932	184,751	200,701
Total expenses for the period	760,938	492,662	285,958	577,191

Share-based payments expense and salaries and benefits comprised a significant portion of the expenses which contributed to the net loss for each of the quarters from Q3, 2012 to Q1, 2014.

The share-based payments expense was the fair value of the stock options and warrants that vested in each respective quarter. The share-based payments recovery in Q4, 2012 was a result of the Company capitalizing an amount of $205,870 to exploration and evaluation assets pertaining to the fair value of stock options granted to exploration personnel and recording a recovery of $31,035 pertaining to the forfeiture of certain stock options.

SUMMARY OF QUARTERLY RESULTS (continued)

Salaries and benefits in Q2, 2013 included bonuses of $120,000 that were approved by the Company's Board of Directors and paid out to the Company's executive officers. Salaries and benefits in Q5, 2013 and Q1, 2014 were the lowest in all eight quarters as a result of the Company implementing cost cutting measures as a result of adverse market conditions.

Other expenses included items such as amortization, investor relations costs, office and administration, professional fees and travel and accommodation.

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. At March 31, 2014, the Company had working capital of $4.4 million (December 31, 2013: $4.3 million). In management's opinion, the Company's working capital is sufficient to cover the Company's budgeted exploration programs and short-term obligations to December 31, 2014.

The Company has no bank debt or banking credit facilities in place.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

The Company has the following contractual obligations relating to an office lease agreement:

2014	$	82,197
2015	$	109,596
2016	$	54,798

RELATED PARTY TRANSACTIONS

Key management compensation

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

RELATED PARTY TRANSACTIONS (continued)

Key management compensation (continued)

The remuneration of key management personnel during the three month periods ended March 31, 2014 and March 31, 2013, was as follows:

		March 31, 2014	March 31, 2013
		$	$
Short-term benefits	1	189,858	406,699
Share-based payments	2	139,214	254,010
Total		329,072	660,709

1 Short-term benefits consisted exclusively of salaries, bonuses and health benefits 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.

PROPOSED TRANSACTIONS

As of the date of this report, 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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

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.

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:

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.

Decomissioning liabilities

In the event that decommissioning liabilities are required to be recognized, such liabilities would be stated at the fair value of estimated future costs. Such estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices.

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the consolidated financial statements for the fifteen month period ended December 31, 2013.

FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 8 of the Company's March 31, 2014 condensed consolidated interim financial statements.

OTHER MD&A REQUIREMENTS

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

General and administration expenses for the three month periods ended March 31, 2014 and March 31, 2013 were as follows:

	March 31, 2014	March 31, 2013
	$	$
Amortization	34,825	43,363
Investor relations	44,352	84,765
Office and administration	51,849	61,101
Professional fees	7,337	31,148
Salaries and benefits	136,830	303,163
Share-based payments expense	113,929	213,749
Transfer agent, regulatory and filing fees	23,664	20,413
Travel and accomodation	237	3,236
	413,023	760,938

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value.

As at the date of this report, there were 83,373,922 common shares issued and outstanding.

As at the date of this report, there were 7,015,000 stock options and 4,037,500 share purchase warrants outstanding.

RISKS AND UNCERTAINTIES

The principal risk faced in the advanced exploration stage is the ability to raise the funds required to further assess the viability of a mineral deposit. This phase requires high expenditures to determine if a deposit may be profitable to mine. The Company does not operate any producing properties and as such, is dependent on the ability to raise funds. Although the Company believes it has sufficient access to financial markets to support its intended work plan, failure to do so would result in future work being suspended.

As of the date of this report, the Company believes it has sufficient funds on hand to meet its financial obligations to December 31, 2014. Financial assets and liabilities consist of cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial assets and liabilities.

RISKS AND UNCERTAINTIES (continued)

The Company's activities involve the application for permits from Provincial 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.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations within the Company will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to property, and possible environmental damage. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruption, impaired access to site, legal or regulatory changes, flooding, explosions, cave-ins, landslides, weather conditions and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in extraction operations and the conduct of exploration programs. The Company's exploration activities will be subject to the availability of third party contractors and equipment. There are also physical risks to the exploration personnel. If any of the Company's properties are found to have commercial quantities of mineralization, the Company could be subject to additional risks respecting any development and production activities.

All of the properties in which the Company has an interest are in the exploration stage and are currently without reserves. Development of these mineral properties will only follow upon obtaining satisfactory exploration results, receipt of positive engineering studies, access to adequate funding, community support and all necessary permits, licenses and approvals. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and the infrastructure at any site chosen for mining. 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.

RISKS AND UNCERTAINTIES (continued)

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.