FORAN MINING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014

The following Management's Discussion and Analysis ("**MD&A**") is for Foran Mining Corporation's (the "**Company**") nine month period ended September 30, 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 nine month period ended September 30, 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 nine month period ending September 30, 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 November 19, 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)

- On November 12, 2014, Foran released the results of a positive Preliminary Economic Assessment ("**PEA**") on the Company's 100% owned McIlvenna Bay deposit (the "**Deposit**"; see '*McIlvenna Bay Property*' below for additional information);

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

- In October 2014, the Company completed an agreement with Teck Resources Limited ("**Teck**") to extinguish back-in rights held by Teck on the Company's Bigstone, Balsam and Hanson properties in exchange for 1,000,000 common shares of the Company, 1,000,000 share purchase warrants, and certain future sale participation rights. In addition to adding a significant industry player to the Company's shareholder base, this transaction also simplifies any potential combined mining with the Deposit and increases financing alternatives;

- On September 24, 2014 Mr. Pierre Lassonde, a significant shareholder of the Company and on August 1, 2014 Mr. Darren Morcombe, Chairman of the Company's Board of Directors, announced that they had increased their ownership interests to 12.1% and 12.5%, respectively, of the Company's issued and outstanding common shares;

- In July 2014, the Company successfully completed a program of geological mapping, lithogeochemical sampling and historic drill core rehabilitation and logging on its four westernmost Saskatchewan properties;

- On May 1, 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 Deposit, as well as geophysical surveys on both the McIlvenna Bay and Bigstone properties;

- On February 11, 2014, the Company announced the completion of 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 28, 2014, the Company announced 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 September 30, 2014, the Company had a total of $3.4 million in cash and cash equivalents (December 31, 2013: $4.3 million). Working capital totaled $3.3 million (December 31, 2013: $4.3 million). For the nine month period ended September 30, 2014, the Company recorded a net loss of $1.1 million (2013: $1.5 million).

OUTLOOK

As noted in '*Highlights and Key Developments*' above, the Company announced the results of a positive PEA on the Deposit in November 2014. Based on the encouraging results of the PEA, management believes the Deposit should be advanced to a Feasibility Study and consequently, management is pursuing opportunities to do so. The Company is evaluating plans to conduct a winter 2015 exploration program on its properties in east-central Saskatchewan and will provide an update in due course.

Management's long-term strategy is to develop and build a new base metal mining camp in the Flin Flon region. It plans to realize this strategy by continuing to advance the Deposit, while simultaneously advancing new discoveries and historic resources in order to delineate nearby satellite deposits, with the objective of creating a combined economic model for the camp as a whole.

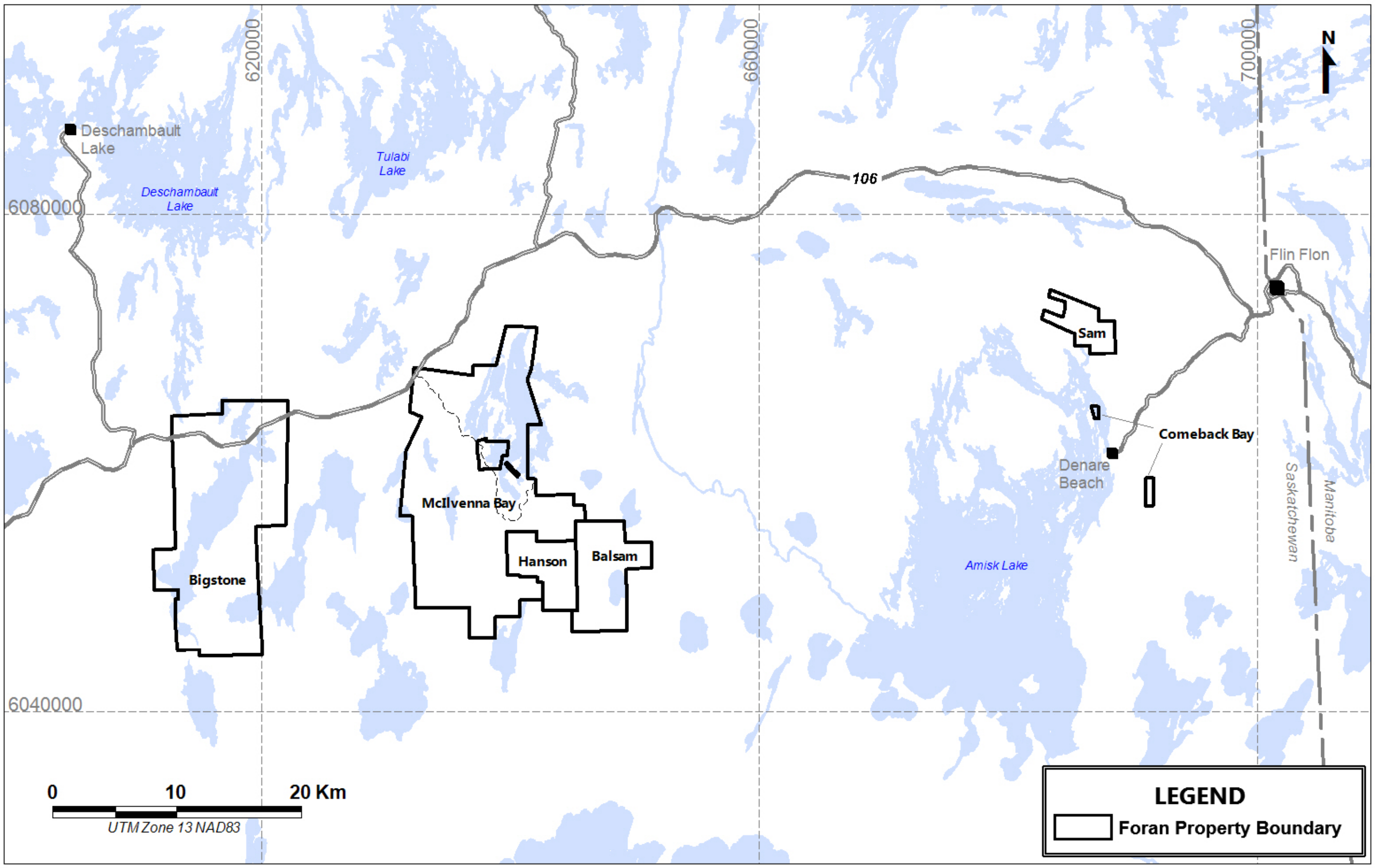
QUALIFIED PERSON

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).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LEGEND
Foran Property Boundary

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROJECTS (continued)

1) MCILVENNA BAY PROPERTY

The Company has a 100% interest in McIlvenna Bay in east central Saskatchewan. McIlvenna Bay consists of 30 claims covering a total of 20,382 ha. The Deposit is located on the McIlvenna Bay property, approximately one km south of Hanson Lake, Saskatchewan, 375 km northeast of Saskatoon, Saskatchewan and 65 km west south-west of Flin Flon, Manitoba.

Some of the claims that make up the McIlvenna Bay properties are subject to a Net Tonnage Royalty of $0.75 per tonne of 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.

The Deposit was discovered in 1988 and includes two distinct styles of mineralization which include massive to semi-massive sulphides and copper stockwork. In November 2014 the Company announced the results of a positive PEA on the Deposit. The PEA was completed by JDS Energy & Mining Inc. ("**JDS**") and the results and inputs to this study are summarized below.

Deposit PEA

The PEA on the Deposit yielded an estimated pre-tax net present value with a seven percent discount rate ("**$NPV_{7\%}$**") of $381.7 million, with a 21.9% internal rate of return ("**IRR**") and a 4.1 year payback; post-tax $NPV_{7\%}$ is $262.6 million, with a 18.9% IRR and a 4.1 year payback.

The PEA envisions an average throughput rate of 5,000 tonnes per day ("**tpd**") as a conventional underground operation through longhole stoping and cemented paste backfill. The mine is expected to have a 14 year life, with potential to extend the life of operations through resource expansion at depth or delineation of nearby satellite deposits. A stand-alone concentrator is proposed to be constructed adjacent to the McIlvenna Bay mine.

Total payable life of mine ("**LOM**") production is expected to be 804.7 million pounds ("**Mlbs.**") of zinc, 513.7 Mlbs. of copper, 15.8 Mlbs. of lead, 218,000 ounces of gold and 5.44 million ounces of silver.

Pre-production capital cost ("**CapEx**") is estimated at $207.3 million, with a $41.5 million contingency, for a total of $248.8 million. Sustaining capital is estimated at $125.2 million, with a $25.0 million contingency, for a total of $150.3 million. The total estimated capital cost over the LOM including closure costs net of salvage value is estimated at $332.5 million, with a $66.5 million contingency, for a total of $399.1 million. The majority of mine construction is expected to take 18 months, with underground mine development adding an additional 6 months to the build-out period.

1) MCILVENNA BAY PROPERTY (continued)

Deposit PEA (continued)

Summary of Key Parameters

Parameter	
	13.7 years
Plant Throughput (LOM average)	4,761 tpd
Revenue	$2,504.9 million LOM
Operating Costs	$1,211.3 million LOM $51.03/tonne milled
Net Pre-tax Cash Flow	$894.6 million LOM $65.5 million /year
Net After-tax Cash Flow	$646.2 million LOM $47.3 million /year
Cash Cost (Net of By-Product)[1] Cu Zn	 US$0.84/lb. (US$0.37/lb.)
Pre-Tax $NPV_{7\%}$ Pre-Tax IRR Pre-Tax Payback	$381.7 million 21.9% 4.1 years
After-Tax $NPV_{7\%}$ After-Tax IRR After-Tax Payback	$262.6 million 18.9% 4.1 years

[1] Includes all Treatment & Refining charges, transportation charges, deductions, operating costs and royalties.

The average on-site operating costs ("**OpEx**") total $51.03 per tonne processed, which is comprised of $33.54 per tonne for mining, $13.39 per tonne for milling and $4.10 per tonne for general and administrative ("**G&A**"). OpEx estimates for the Deposit were prepared incorporating both off-site and on-site infrastructure as related to the mine plan and process schedule.

1) MCILVENNA BAY PROPERTY (continued)

Deposit PEA (continued)

The base case metal price deck and exchange rate are based on spot prices as at October 15, 2014 and are US$3.08/lb for copper, US$1.06/lb for zinc, US$0.93/lb for lead, US$1,238/oz. for gold, and US$17.00/oz. for silver, with a CDN$/US$ exchange rate of 0.89.

Summary of Capital Expenditures

	Base (million)	Contingency (20%) (million)	Total (million)
Pre-Production CapEx	$207.3	$41.5	$248.8
Sustaining Capital	$125.2	$25.0	$150.3
LOM	$332.5	$66.5	$399.1

Breakdown of Operating Costs

Average Operating Costs	Per tonne milled	LOM
Mining	$33.54	$796.2M
Processing	$13.39	$317.7M
G&A	$4.10	$97.4M
Total	$51.03	$1,211.3M

Summary of Payable Metal Production

Metal	Per annum		LOM	
	(Mlbs.)	tonnes	(Mlbs.)	tonnes
Zinc	58.9	26,717	804.7	365,101
Copper	37.6	17,055	513.7	233,013
Lead	1.2	544	15.8	7,167
	oz.		oz.	
Gold	16,000		218,000	
Silver	398,000		5,437,000	

1) MCILVENNA BAY PROPERTY (continued)

Deposit PEA (continued)

All input estimates are based on budget quotations, peer comparisons and JDS' recent experience in projects of similar scope.

Infrastructure

The Deposit is linked to Flin Flon, Manitoba by 85 km of highway followed by 18 km of unsealed secondary road. It is expected that the secondary road will require ongoing maintenance for heavy machinery delivery and concentrate trucking.

A power line currently crosses the property in the vicinity of the Deposit. It is anticipated that this line would require upgrading to support a 25 megawatt load required to operate mine operations and a concentrator.

It is envisaged that concentrate would be trucked weekly from the minesite and that no long-term storage facility would be required on-site.

Mining & Processing

The PEA is based on a conventional underground mine similar to existing mining operations in the region, with a ramp and shaft to optimize resource extraction. Zinc and copper concentrates are not assumed to be transported to the nearest smelters, but to a North American smelter for zinc and an Asian smelter for copper.

Due to the broad horizontal thickness and steep dip of the mineralized zones, the mine will utilize longhole stoping. Structural backfill in the form of cemented paste fill will be pumped underground from a surface paste facility to fill 73% of the open stope voids, while the remaining 27% will be filled with run of mine waste as it is produced. A concentrator with conventional milling and flotation is envisaged to be built on-site.

The PEA contemplates a 5,000 tpd process plant flow sheet design which follows conventional crushing, a semi-autogenous mill with a pebble crushing circuit, a ball mill grinding circuit using cyclones for classification followed by a talc pre-flotation step to remove detrimental talc prior to copper/zinc/bulk flotation. The metallurgical processing selected for the different mineralization types were designed to produce copper concentrates, zinc concentrates and/or a bulk concentrate as final products depending on the mineralization type batch fed to the plant. Details on the various mineralization types are provided below.

The PEA utilized the results of metallurgical testwork conducted in 2012 on the three main styles of mineralization at the Deposit, namely the Main Lens Upper West Zone massive to semi-massive sulphides, the Main Lens Zone 2 massive sulphides, and the Copper Stockwork Zone, to determine metallurgical recoveries for the Deposit. This work indicated the Deposit would produce marketable copper, zinc and lead-copper concentrates, with the copper and zinc concentrates being characterized by low to very low levels of deleterious elements and good copper and zinc grades, respectively.

1) MCILVENNA BAY PROPERTY (continued)

Deposit PEA (continued)

Mineral Resource Estimate

In March 2013, Foran updated the mineral resource estimate for the Deposit (the "**2013 Resource**"). The PEA incorporates the results from the 2013 Resource, of which 55% was classified as indicated and 45% was classified as inferred.

Mineral Resource Estimate (US$60/t NSR cut-off) [1-4]

Zone	Tonnage (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 Roscoe Postle Associates Inc. ("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] 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.

Potentially Mineable Resources

Within the scope of the PEA, JDS re-interpreted the potentially economically viable portion of the resource through mine planning exercises and a recalculation of the NSR formulas. The diluted potentially mineable tonnes JDS has identified meets the mine planning criteria and utilizes a NSR cut-off of US$65/tonne.

1) MCILVENNA BAY PROPERTY (continued)

Deposit PEA (continued)

Potentially Mineable Resource (US$65/t NSR cut-off)[1]

Zone	Tonnage (kt)	Copper (%)	Zinc (%)	Lead (%)	Gold (g/t)	Silver (g/t)	NSR ($/t)
Indicated							
Main Lens - Upper West Zone	2,326	1.47	3.58	0.33	0.77	26.57	136.45
Main Lens - Zone 2	3,157	0.23	6.59	0.42	0.20	2136	89.06
Lens 3	76	0.37	5.41	0.09	0.17	9.58	71.69
Copper Stockwork Zone	7,025	1.39	0.22	0.02	0.46	9.26	97.79
Copper Stockwork Zone Footwall	968	1.50	0.39	0.03	0.49	9.34	104.55
Total Indicated	**13,552**						
Main Lens - Upper West Zone	2,729	1.45	3.33	0.11	0.44	16.91	121.22
Main Lens - Zone 2	1,901	0.33	6.91	0.43	0.28	21.58	93.49
Lens 3	0	0	0	0	0	0	0
Copper Stockwork Zone	5,555	1.38	0.44	0.04	0.39	10.90	95.32
Copper Stockwork Zone Footwall	0	0	0	0	0	0	0
Total Inferred	**10,185**						

[1] NSR calculation based on US$3.25/lb Cu, US$1.10/lb Zn, US$1.00/lb Pb, US$25/oz Ag, US$1,400/oz Au, F/X CDN$/US$ 1.00.

SASKATCHEWAN PROJECTS (continued)

1) MCILVENNA BAY PROPERTY (continued)

Other 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.

The Company engaged Golder Associates Ltd. 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.

The Company continues to conduct exploration activities directed towards identifying additional resources in and around the Deposit. In February 2013, the Company conducted 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.

During the summer of 2013, a surface exploration program was completed in the Hanson Lake area. The sampling program was conducted as part of a M.Sc. thesis that is designed to characterize the lithogeochemistry of the Hanson Lake area and is being conducted by a student from a Canadian university.

In October 2013, the Company received a final report 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 and the Balsam property section below.

SASKATCHEWAN PROJECTS (continued)

1) MCILVENNA BAY PROPERTY (continued)

Other Activities (continued)

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. A felsic fragmental unit with chlorite-pyrrhotite and a quartz feldspar porphyry ("**QFP**") body was 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.

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.

Summer 2014 Work Program

In the summer of 2014, the Company conducted a surface exploration program on its McIlvenna Bay, Balsam and Hanson properties. The primary objectives of this program were to better define the stratigraphy most prospective for VMS mineralization north and south of the Deposit and to identify local hydrothermal alteration zones associated with VMS mineralization. This work was conducted as part of a M.Sc. thesis being completed by a student from a Canadian university. The thesis is designed to characterize the lithogeochemistry of the Hanson Lake area and is being sponsored principally by the Company and the Saskatchewan Ministry of Economy.

Neighbouring Quarry Dispositions

A sand quarry with certain quarry leases is located 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.

Fiscal 2014 Expenditures

There are no expenditures required in fiscal 2014 to keep the McIlvenna Bay property 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 metric tonnes 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.

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

[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.*

Until October 2014, the Bigstone property was subject to a back-in right to Teck. In October 2014 the Company completed an agreement with Teck whereby certain back-in rights held by Teck on the Company's Bigstone, Balsam and Hanson properties were extinguished in exchange for 1,000,000 shares of the Company, 1,000,000 share purchase warrants, and certain future sale participation rights. 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.

Some of the claims that make up the Bigstone property are subject to a 2% NSR royalty.

SASKATCHEWAN PROJECTS (continued)

2) BIGSTONE (continued)

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.

Fiscal 2014 Expenditures

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.

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.

Until October 2014, the Balsam property was subject to a back-in right to Teck (see 'Bigstone' above).

Some of the claims that make up the Balsam property are subject to a 2% NSR royalty.

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 and encountered high-grade copper mineralization in the Thunder Zone (see below).

In October 2013, the Company received a final report 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.

SASKATCHEWAN PROJECTS (continued)

3) BALSAM (continued)

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.

Fiscal 2014 Expenditures

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

Summer 2014 Work Program

As part of its July 2014 work program, the Company collected samples from historic drill hole BA-08 to be used in its continued lithogeochemical investigation of Balsam drill core.

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.

Until October 2014, the Hanson property was subject to a back-in right to Teck (see 'Bigstone' above).

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 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.

Fiscal 2014 Expenditures

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

SASKATCHEWAN PROJECTS (continued)

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.

Fiscal 2014 Expenditures

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

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.

Fiscal 2014 Expenditures

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

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.

Fiscal 2014 Expenditures

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 $26,787,917 at September 30, 2014, an increase of $368,365. The most significant assets at September 30, 2014 were exploration and evaluation assets of $22,702,267 (December 31, 2013: $21,267,558) and cash and cash equivalents of $3,356,861 (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, $27,983 of license fees and $1,338,726 of exploration costs on its McIlvenna Bay property and other Saskatchewan properties. The most significant costs included drilling and analysis of $313,201, administration and overhead costs of $263,586 and consulting costs of $246,259.

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 September 30, 2014

The Company recorded a net loss of $313,209 for the three month period ended September 30, 2014 (2013: $419,972). Expenses before other items were $324,419 (2013: $349,064) with the most significant being salaries and benefits of $118,516 (2013: $146,261), office and administration of $55,642 (2013: $66,601), share-based payments expense of $45,702 (2013: $62,712) and professional fees of $32,166 (2013: $12,244). Other items included interest income of $11,210 (2013: $15,389) and a write-off of exploration and evaluation assets of $Nil (2013: $86,297).

The majority of the decrease in salaries and benefits of approximately $28,000 for the three month period ended September 30, 2014 was a result of the Company's staff working a reduced work week in Q3, 2014. Approximately $10,500 of the increase in professional fees was a result of the Company outsourcing its office administrator and corporate secretary roles.

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 $45,702 (2013: $62,712) related to the fair value of stock options that vested during the three month period ended September 30, 2014.

RESULTS OF OPERATIONS (continued)

Nine month period ended September 30, 2014

The Company recorded a net loss of $1,065,581 for the nine month period ended September 30, 2014 (2013: $1,459,483). Expenses before other items were $1,127,553 (2013: $1,531,801) with the most significant being salaries and benefits of $403,732 (2013: $624,460), share-based payments expense of $201,708 (2013: $343,629), office and administration of $164,337 (2013: $187,407) and investor relations expenses of $115,535 (2013: $146,868). Other items included interest income of $37,994 (2013: $57,904), other income of $23,978 (2013: $Nil), flow-through share premium reversal of $Nil (2013: $100,711) and a write-off of exploration and evaluation assets of $Nil (2013: $86,297).

The decrease of $220,728 in salaries and benefits was a result of the Company paying out a total of $120,000 in bonuses to the Company's executive officers during the comparative period (nine months ended September 30, 2013), the Company having to downsize its head office staff in Q3, 2013 and the Company's remaining staff working reduced work weeks.

The decrease of $141,921 in share-based payments expense for the nine month period ended September 30, 2014 was based on a number of factors including, but not limited to, the occurrence of grants during a particular period, the Company's share price at the time of an option grant and the timing of recording share-based payments expense based on vesting schedules.

The flow-through share premium reversal of $100,711 for the nine month period ended September 30, 2013 related to the Company's August 2012 flow-through financing. Under International Financial Reporting Standards, 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 September 30, 2014

Cash and cash equivalents decreased by $522,899 during the three months ended September 30, 2014, from $3,879,760 at June 30, 2014 to $3,356,861. The decrease was a result of exploration and evaluation asset expenditures of $267,385 and the Company using $255,514 in operating activities. The cash used in operating activities was comprised of a net loss of $313,209, a net change of $77,610 in items not involving cash and a net change of $19,915 in non-cash working capital balances.

CASH FLOWS (continued)

Nine month period ended September 30, 2014

Cash and cash equivalents decreased by $919,619 during the nine months ended September 30, 2014, from $4,276,480 at December 31, 2013 to $3,356,861. The decrease was a result of exploration and evaluation asset expenditures of $1,215,376, $50,000 spent on the purchase of net profit interests from Thundermin and the Company using $831,103 in operating activities. This was partially offset by the receipt of net proceeds of $1,152,882 pursuant to the Company completing a private placement of 6,000,000 units in February 2014 and the Company redeeming short-term investments for proceeds of $23,978. The cash used in operating activities was comprised of a net loss of $1,065,581, a net change of $278,386 in items not involving cash and a net change of $43,908 in non-cash working capital balances.

SUMMARY OF QUARTERLY RESULTS

	Q3, 2014	Q2, 2014	Q1, 2014	[1] Q5, 2013
	$	$	$	$
Net loss for the period	(313,209)	(361,367)	(391,005)	(918,099)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)

	Q4, 2013	Q3, 2013	Q2, 2013	Q1, 2013
	$	$	$	$
Net loss for the period before flow-through share premium reversal	(419,972)	(396,432)	(743,790)	(466,139)
Flow-through share premium reversal	-	-	100,711	44,382
Net loss for the period	(419,972)	(396,432)	(643,079)	(421,757)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

[1]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 $313,209 in Q3, 2014 to $918,099 in Q5, 2013. $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 Q1, 2013 and Q2, 2013.

SUMMARY OF QUARTERLY RESULTS (continued)

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

	Q3, 2014	Q2, 2014	Q1, 2014	Q5, 2013
	$	$	$	$
Share-based payments expense	45,702	42,077	113,929	63,627
Salaries and benefits	118,516	148,386	136,830	124,256
Other expenses	160,201	199,648	162,264	147,879
Total expenses for the period	324,419	390,111	413,023	335,762

	Q4, 2013	Q3, 2013	Q2, 2013	Q1, 2013
	$	$	$	$
Share-based payments expense	62,712	67,168	213,749	140,519
Salaries and benefits	146,261	175,036	303,163	180,211
Other expenses	140,091	179,595	244,026	171,932
Total expenses for the period	349,064	421,799	760,938	492,662

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 Q1, 2013 to Q3, 2014.

The share-based payments expense was the fair value of the stock options and warrants that vested in each respective quarter.

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 from Q4, 2013 to Q3, 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 September 30, 2014, the Company had working capital of $3.3 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	$ 27,399
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 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		236,013	259,508	793,116	1,215,524

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.

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:

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

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.

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.

Decommissioning liabilities

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

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 September 30, 2014 condensed consolidated interim financial statements.

OTHER MD&A REQUIREMENTS

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

General and administration expenses for the nine month periods ended September 30, 2014 and September 30, 2013 were as follows:

	September 30, 2014	September 30, 2013
	$	$
Amortization	100,073	124,505
Investor relations	115,535	146,868
Office and administration	164,337	187,407
Professional fees	90,152	65,581
Salaries and benefits	403,732	624,460
Share-based payments expense	201,708	343,629
Transfer agent, regulatory and filing fees	33,746	29,714
Travel and accomodation	18,270	9,637
	1,127,553	1,531,801

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 84,373,922 common shares issued and outstanding.

As at the date of this report, there were 7,050,000 stock options and 5,037,500 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.