MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

The following Management's Discussion and Analysis ("**MD&A**") of Foran Mining Corporation ("**Foran**" or the "**Company**") is for the year ended December 31, 2017 and covers information up to the date of this MD&A.

This MD&A is dated March 7, 2018.

This MD&A should be read in conjunction with the Company's consolidated financial statements and the notes thereto for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

This MD&A may contain forward-looking statements that reflect Management's current expectations with regards to future events. By their nature, these statements involve risk and uncertainties, many of which are beyond the Company's control. Actual results may differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

All amounts are stated in Canadian dollars unless otherwise indicated. Additional information regarding the Company, including copies of the Company's continuous disclosure materials is available through the SEDAR website at www.sedar.com or on the Company's website at www.foranmining.com.

NATURE OF BUSINESS

The Company was originally incorporated under the laws of British Columbia ("**BC**") on June 21, 1989, was continued into Saskatchewan on November 13, 2007 and was continued back into BC on May 28, 2014. The Company is a reporting issuer in BC, Alberta, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador. The Company's common shares are traded on the TSX Venture Exchange under the symbol "FOM". The Company's principal business activity is the acquisition, exploration and development of mineral properties with the objective of discovering mineral reserves and the development of an operating mine. The Company's flagship property is its 100% owned McIlvenna Bay Property in Saskatchewan, Canada, 65 kilometres ("**km**") west of Flin Flon, Manitoba.

To date the Company has not generated any revenues.

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

- On December 4, 2017, the Company announced the execution of a technical services agreement (the "**Technical Services Agreement**") with Glencore Canada Corporation ("**Glencore**"). In return for an exclusive concentrate off-take contract, Glencore will contribute its professional and technical services, assistance, guidance and advice in connection with the objective of completing a feasibility study on the Company's McIlvenna Bay deposit (the "**Feasibility Study**"). Glencore had 60 days to complete a preliminary analysis of the McIlvenna Bay project;

- On January 25, 2018, the Company announced that Glencore completed its preliminary analysis on the McIlvenna Bay project resulting in a decision to move the McIlvenna Bay project towards feasibility;

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

- On January 22, 2018, the Company announced the commencement of a 10,000 metre ("**m**") winter drill program on its McIlvenna Bay Property in Saskatchewan, with a focus on conducting infill and resource definition drilling in order to upgrade the existing resource on its McIlvenna Bay deposit. The program also included deepening a drill-hole ("**MR-17-09**") that was originally drilled in March and April 2017 to test a large geophysical anomaly ("**Target A**") that had been identified by a ground-based time-domain electromagnetic (TDEM) geophysical survey conducted on its McIlvenna Bay Property in 2013 along strike from the Company's McIlvenna Bay deposit. An early spring break-up in 2017 forced the stoppage of MR-17-09 short of the interpreted depth of Target A;

- On February 8, 2018, the Company provided an update on its previously announced winter drill program. Nine infill drill-holes have been completed and assays have been sent for analysis and results are pending. In addition, extension drilling on drill-hole MR-17-09 successfully intersected what is believed to be the upper edge of modelled Target A conductor plates. A wedged drill-hole is planned to further test the target down dip below MR-17-09.

- With respect to financing its winter drill program, on December 21 and 29, 2017, the Company completed two tranches of a non-brokered private placement which consisted of the Company issuing a total of 10,105,600 common shares on a flow-through basis ("**FT Shares**") at a price of $0.49 per FT Share for gross proceeds of $4,951,744. The proceeds will be used to incur qualified Canadian Exploration Expenses, within the meaning of the Income Tax Act (Canada);

- In January 2018, Management and Directors of the Company exercised stock options to acquire 905,000 common shares of the Company at a price of $0.59 per share for proceeds to the Company of $533,950, of which 800,000 shares were subsequently sold in a private transaction to an arms-length party for investment purposes;

- In February 2017, 2,084,676 warrants with an exercise price of $0.25 were exercised resulting in proceeds of $521,169 to the Company;

- During the quarter ended March 31, 2017, the Company sold a non-core marketable security from its investment portfolio, realizing a gain on sale of approximately $257,000; and

- In April 2017 the Company engaged Micon International Limited ("**Micon**") to conduct a technical review of the Preliminary Economic Assessment ("**PEA**") on Foran's McIlvenna Bay deposit, as discussed in '*Outlook*' below;

OUTLOOK

Moving McIlvenna Bay to Feasibility

As noted in '*Highlights and Key Developments*' above, on December 4, 2017, the Company announced the execution of the Technical Services Agreement with Glencore. Glencore will contribute its professional and technical services, assistance, guidance and advice in connection with the objective of completing the Feasibility Study. Foran is responsible for all infill drilling on the McIlvenna Bay deposit, as well as the environmental and socio economic parts of the Feasibility Study. In consideration, the Company has granted Glencore an exclusive off-take contract to purchase or toll process all of the concentrates and/or other mineral products produced from the McIlvenna Bay project at prevailing market rates.

In January 2018, Foran commenced infill diamond drilling on the McIlvenna Bay deposit. Approximately 22 holes have been planned for a winter drill program. Much of the winter drill program will take advantage of frozen conditions to drill off areas that are overlain by swamp. Drilling will continue in spring on higher ground that can be more readily accessed under summer conditions.

Glencore will be responsible for all engineering and technical aspects of the Feasibility Study which is to be delivered nine months from the date of receiving the final assays from the infill drilling program. Glencore has agreed to assist Foran with the procurement of project financing in order to complete the development and placing of the McIlvenna Bay project into commercial production. They may also provide technical services while the mine is in construction and ramping up to commercial production.

Glencore has made no statement or representation as to the economic viability of the McIlvenna Bay project.

For additional information on the Technical Services Agreement, see the Company's news release dated December 4, 2017 at www.foranmining.com or www.sedar.com.

Results of the McIlvenna Bay Preliminary Economic Assessment

In November 2014, the Company announced the results of a positive PEA on the Company's flagship project, the 100% owned McIlvenna Bay deposit located within the Hanson Lake Volcanogenic Massive Sulphide ("**VMS**") Camp in east-central Saskatchewan, approximately 65km west of Flin Flon, Manitoba. The PEA estimated that the project had a pre-tax net present value using a seven percent discount rate ("**$NPV_{7\%}$**") of $381.7 million, a 21.9% internal rate of return ("**IRR**") and a 4.1 year payback; post-tax $NPV_{7\%}$ of $262.6 million, a 18.9% IRR and a 4.1 year payback. The PEA envisions an average throughput rate of 4,800 tonnes per day as a conventional underground operation with pre-production capital cost estimated at $248.8 million. Sustaining capital is estimated at $150.3 million. Based on the positive results of the PEA, and the execution of the Technical Services Agreement, Management is proceeding with the Feasibility Study.

OUTLOOK (continued)

Results of the McIlvenna Bay Preliminary Economic Assessment (continued)

The following tables summarize the Metal Price Sensitivity Analysis derived from the PEA:

	-10%	Base Case	+10%
Metal Price Sensitivity			
Zinc (US$/lb.)	0.95	**1.06**	1.17
Copper (US$/lb.)	2.77	**3.08**	3.39
Lead (US$/lb.)	0.84	**0.93**	1.02
Gold (US$/oz.)	1,114	**1,238**	1,362
Silver (US$/oz.)	15.30	**17.00**	18.70
Pre-tax			
$NPV_{7\%}$	$200.6M	**$381.7M**	$562.9M
IRR	15.4%	**21.9%**	27.6%
Payback	5.4 years	**4.1 years**	3.4 years
Post-tax			
$NPV_{7\%}$	$129.4M	**$262.6M**	$394.5M
IRR	13.3%	**13.3%**	24.0%
Payback	5.4 years	**5.4 years**	3.5 years

	-10%	Base Case	+10%
Exchange Rate Sensitivity			
CDN$:US$	0.98	**0.89**	0.80
Pre-tax			
$NPV_{7\%}$	$251.3M	**$381.7M**	$541.1M
IRR	17.2%	**21.9%**	26.9%
Payback	4.9 years	**4.1 years**	3.5 years
Post-tax			
$NPV_{7\%}$	$166.9M	**$262.6M**	$378.7M
IRR	14.9%	**13.3%**	23.4%
Payback	4.9 years	**5.4 years**	3.5 years

For additional information on the McIlvenna Bay deposit PEA, see the Company's news release dated November 12, 2014 and the Company's PEA report entitled "Preliminary Economic Assessment Technical Report McIlvenna Bay Project, Saskatchewan, Canada" revised January 21, 2015 at www.foranmining.com or www.sedar.com.

OUTLOOK (continued)

Following the release of the PEA, metals prices declined and investors' interest in funding base metals projects waned. Foran Management became concerned that taking the McIlvenna Bay project to Feasibility by itself in this environment would place a large burden on its shareholder base to finance a feasibility study and would in turn be highly dilutionary to existing shareholders. Management spent time contacting various parties it deemed would be interested in partnering with Foran in taking the McIlvenna Bay project to Feasibility and would also have the financial capability, on a positive outcome to a feasibility study, of carrying the McIlvenna Bay project through construction to commercial production.

Foran underwent discussions with many parties during its search. In the spring of 2017, Management engaged Micon to conduct a technical review of the PEA. Micon also conducted a review of the resource model, the mine plan, metallurgical recoveries and options to improve on capital and operating efficiencies, taking into account changes in economic inputs since the PEA. Following the review, Micon prepared a list of potential trade-offs and development options. These trade-off studies included such items as mining the high-grade massive sulfides only, lower throughput rates and/or the potential for toll or contract processing. The review laid out options for development in terms of timing and costs, putting the Company in a better position to choose the most appropriate path forward to complete a preliminary feasibility study and/or subsequent feasibility studies on the McIlvenna Bay project. Micon did not prepare a 43-101 compliant report on its study.

As a result of the Company's search to find a partner with the vision to develop the McIlvenna Bay project, Foran and Glencore evaluated the possibility of Glencore using its technical expertise to assist the Company in completing a feasibility study on the McIlvenna Bay project in return for exclusive concentrate off-take rights.

On review of the terms of the Glencore Technical Services Agreement, Foran's Board of Directors (the "**Board**") felt that it offered the best route to advance the McIlvenna Bay project to feasibility. Management's long-term strategy is to develop and build a new base metal mine in the Hanson Lake Mining District. Management sees the Technical Services Agreement as potentially acting as a catalyst to get Foran to its stated objective of building a large tonnage McIlvenna Bay mine that can be the centre of gravity necessary to support the construction of a central mill and concentrator and allow the exploitation of numerous deposits and exploration targets identified in the Hanson Lake Mining District to date.

During its tenure, the current management team of Foran has held community meetings at the Peter Ballantyne Cree Nation ("**PBCN**") communities of Amisk Lake and Deschambault. Regular community meetings are an important part of the engagement process to keep communities abreast of activities as the McIlvenna Bay project progresses. Wherever possible, Foran will hire local PBCN members to assist in advancing the project. As McIlvenna Bay is advanced, communicating effectively and working with the communities affected by Foran's activities is one of its priorities.

OUTLOOK (continued)

Taking the McIlvenna Bay project to production will not come without challenges. Foran plans to leverage its strengths, notably its staff and the project location. Foran's experienced team members have track-records of taking projects to feasibility and production. The McIlvenna Bay project is the largest undeveloped VMS deposit in the prolific Flin Flon Mining Belt. It is close to infrastructure, a mining town and workforce, a concentrator and zinc plant. These attributes, along with a strong demand for zinc and copper, are critical success factors for the Company.

Management's long-term strategy is to develop and build a new base metal mine in the Hanson Lake Mining District. Foran plans to realize its strategy by moving the McIlvenna Bay project to a Feasibility Study, updating historic deposits, testing known mineral occurrences and identifying new exploration targets which could provide future mill feed for an operation on the McIlvenna Bay Property.

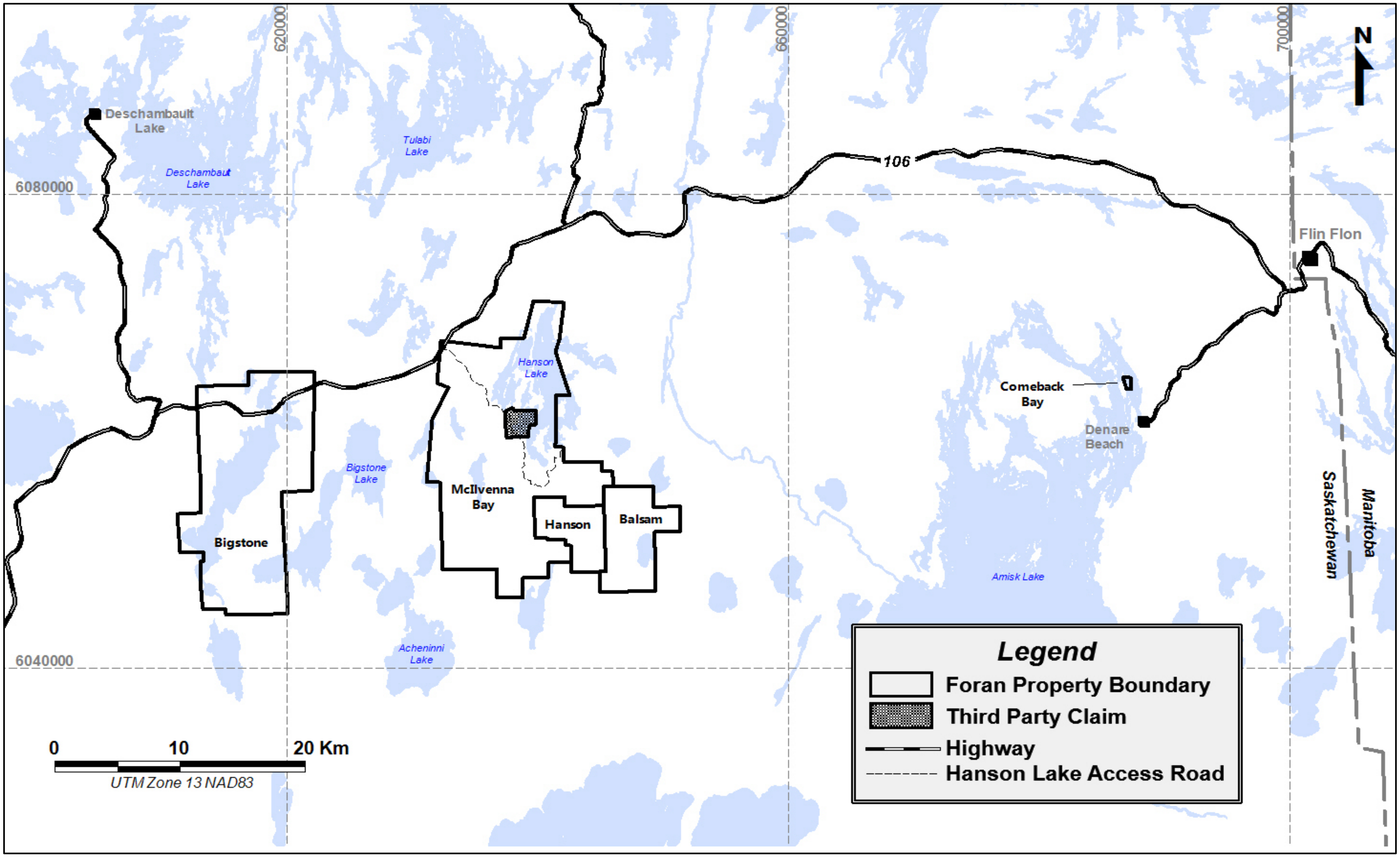
QUALIFIED PERSON

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 PROPERTIES

As of the date of this report, the Company has five properties in Saskatchewan comprising a total of 53 claims for 43,178 hectares ("**ha**"), located between 15 and 90km west of Flin Flon, Manitoba. The four westernmost properties are higher priority, consisting of the McIlvenna Bay Property which contains the McIlvenna Bay deposit, two properties contiguous to the McIlvenna Bay Property (Hanson and Balsam) and one non-contiguous property (Bigstone), all of which occur at the western limit of the Flin Flon Greenstone Belt. All four properties are underlain by prospective felsic volcanic stratigraphy that hosts variably significant VMS styles of alteration and mineralization. The easternmost property in Saskatchewan (Comeback Bay) is 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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Hanson Lake
Comeback Bay
Denare Beach
Bigstone Lake
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6040000
0
10
20 Km
UTM Zone 13 NAD83
Legend
Foran Property Boundary
Third Party Claim
Highway
Hanson Lake Access Road

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

1) MCILVENNA BAY PROPERTY

The Company has a 100% interest in the McIlvenna Bay Property in east central Saskatchewan. The McIlvenna Bay Property consists of 30 claims covering a total of 20,382 ha. The McIlvenna Bay deposit is located on the McIlvenna Bay Property, approximately one km south of Hanson Lake, Saskatchewan, 375km northeast of Saskatoon, Saskatchewan and 65km west south-west of Flin Flon, Manitoba. The McIlvenna Bay deposit is linked to Flin Flon, Manitoba by 85km of highway followed by 18km of unsealed secondary road.

Some of the claims that make up the McIlvenna Bay Property are subject to a Net Tonnage Royalty of $0.75 per tonne of ore extracted, with a right of first refusal in favour of the Company if an offer to purchase the Net Tonnage Royalty is made.

Cameco Corporation ("**Cameco**") and BHP Billiton ("**Billiton**") collectively hold a 1% Net Smelter Return ("**NSR**") royalty interest on McIlvenna Bay, which can be purchased by the Company at any time for $1,000,000.

The McIlvenna Bay deposit was discovered in 1988 and includes two distinct styles of VMS 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 McIlvenna Bay deposit. The PEA was completed by JDS Energy & Mining Inc.

For additional information on the McIlvenna Bay deposit PEA, see the Company's news release dated November 12, 2014 and the Company's PEA report entitled "Preliminary Economic Assessment Technical Report McIlvenna Bay Project, Saskatchewan, Canada" revised January 21, 2015 at www.foranmining.com or www.sedar.com.

Technical Services Agreement

As noted in "*Highlights and Key Developments*" on Page 2, in December 2017 the Company executed the Technical Services Agreement with Glencore. Glencore will contribute its professional and technical services, assistance, guidance and advice in connection with the objective of completing the Feasibility Study. In consideration, the Company has granted Glencore an exclusive off-take contract to purchase or toll process all of the concentrates and/or other mineral products produced from the McIlvenna Bay project at prevailing market rates. Glencore had 60 days to complete a preliminary analysis of the McIlvenna Bay project. In January 2018, the Company completed its preliminary analysis with Glencore and the decision was made to move the McIlvenna Bay project towards the Feasibility Study.

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

1) MCILVENNA BAY PROPERTY (continued)

Exploration Activities

2017

The Company conducted a winter 2017 drill program that consisted of one deep drill-hole designed to test Target A that had been identified by a ground based time-domain electromagnetic (TDEM) geophysical survey conducted on the property in 2013 along strike from the McIlvenna Bay deposit. Hole MR-17-09 was drilled in an area of muskeg and swamp and an early onset of spring break up forced the suspension of the winter drill program at Target A. MR-17-09 was stopped short of the interpreted depth of the Target A electromagnetic conductor. A borehole electromagnetic survey was conducted to better identify the location and characteristics of the Target A anomaly.

2018

In January 2018, the Company announced the commencement of a 10,000m winter drill program on its McIlvenna Bay Property, with a focus on conducting infill and resource definition drilling in order to upgrade the existing resource on its McIlvenna Bay deposit. The program also included deepening drill-hole MR-17-09 at Target A.

On February 8, 2018, the Company provided an update on its previously announced winter drill program. Nine infill drill-holes have been completed and assays have been sent for analysis and results are pending. In addition, extension drilling on drill-hole MR-17-09 successfully intersected what is believed to be the upper edge of modelled Target A conductor plates. A wedged drill-hole is planned to further test the target down dip below MR-17-09. On March 2, 2018, the Company announced the results of assays from six of the holes, which contained several high-grade zinc intervals. The drilling also confirmed the presence of high-grade zinc and elevated precious metals grades in the hanging wall lens approximately 200m above the currently defined resource. The Company will release further results as they come in.

Since 2011, the Company has been working to advance the McIlvenna Bay deposit through continued exploration, resource definition and environmental and engineering studies. This work culminated in the issuance of a PEA demonstrating the potential for a robust operation on the McIlvenna Bay Property and the decision to proceed with the Feasibility Study.

The Company continues to conduct exploration activities directed towards identifying additional resources on its Hanson Lake Mining District landholdings surrounding the McIlvenna Bay deposit.

SASKATCHEWAN PROPERTIES (continued)

1) MCILVENNA BAY PROPERTY (continued)

2018 Expenditure Requirements

There are no expenditures required in fiscal 2018 to keep the McIlvenna Bay Property in good standing.

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 Bigstone Property hosts a deposit (the "**Bigstone Deposit**") with an historic mineral resource estimate prepared by past operators in 1990. The Company is not treating the historic estimates 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.

For additional information on the Bigstone Deposit, see the Company's website at www.foranmining.com under the Properties/Bigstone link.

In October 2014, the Company completed an agreement with Teck Resources Limited ("**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 common shares of the Company, 1,000,000 share purchase warrants, and certain future sale participation rights. The warrants expired unexercised on October 14, 2016.

In the event the Company sells or options any of the Bigstone, Balsam and Hanson Properties prior to September 30, 2018, the Company will pay Teck in-kind an amount equal to 10% of the proceeds.

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

2018 Expenditure Requirements

Expenditures of $271,535 are required in 2018 to keep the Bigstone Property in good standing.

3) BALSAM

The Company has a 100% interest in the Balsam Property, which is comprised of seven claims totalling 4,066 ha contiguous with the McIlvenna Bay and Hanson Properties. Balsam claims cover the southeast strike extension of McIlvenna Bay stratigraphy and host a number of significant 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. Further drilling, sampling and geological interpretation will be required to upgrade the historic resource to current.

SASKATCHEWAN PROPERTIES (continued)

3) BALSAM (continued)

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 (see 'Bigstone' above).

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

2018 Expenditure Requirements

There are no expenditures required in fiscal 2018 to keep the Balsam Property in good standing.

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.

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 (see 'Bigstone' above).

2018 Expenditure Requirements

There are no expenditures required in 2018 to keep the Hanson claims in good standing.

5) COMEBACK BAY

The Comeback Bay Property is comprised of one claim totalling 48 ha which is located 15km southwest of Flin Flon.

The Comeback Bay claim is subject to a joint venture agreement in which the Company owns a 65% interest and Coronation Mines Ltd. (a subsidiary of Cobalt Solutions Inc.) owns the remaining 35%. This claim is subject to a 2.5% NSR royalty and a 10% NPI.

2018 Expenditure Requirements

There are no expenditures required in fiscal 2018 to keep the remaining Comeback Bay claim in good standing.

MANITOBA PROPERTY

REED LAKE

The Company has a 100% interest in the Reed Lake Property, which is comprised of a single claim totaling 195 ha located 105km east of Flin Flon and 21km southwest of Snow Lake.

Reed Lake is subject to a 1% NSR royalty. Geologically, the claim occurs within the Snow Lake arc assemblage at the eastern limit of the Flin Flon Greenstone Belt. Historic drilling has intersected altered and weakly mineralized felsic to intermediate volcanic rocks equivalent to those hosting the HudBay Minerals Inc.'s Lalor deposit, situated 15km to the northeast.

2018 Expenditure Requirements

There are no expenditures required in fiscal 2018 to keep the Reed Lake claims in good standing.

OVERALL PERFORMANCE

FINANCIAL CONDITION

The net assets of the Company increased from $27,035,100 at December 31, 2016 to $31,236,971 at December 31, 2017, an increase of $4,201,871. The most significant assets at December 31, 2017 were exploration and evaluation assets of $26,769,793 (December 31, 2016: $25,704,608) and cash and cash equivalents of $5,299,680 (December 31, 2016: $1,028,701).

The $1,065,185 increase in exploration and evaluation assets was a result of the Company capitalizing certain exploration costs on its McIlvenna Bay Property and other Saskatchewan properties. The most significant capitalized exploration costs consisted of administration of $402,472, drilling of $251,693, consulting of $116,174 and fuel of $71,810 related to the winter 2017 drill program described in '*Exploration Activities*' on Page 5.

The $4,270,979 increase in cash and cash equivalents was primarily attributed to the private placement the Company completed in December 2017. The Company issued 10,105,600 FT Shares at a price of $0.49 per share for gross proceeds of $4,951,744 which will be used in incur qualified Canadian Exploration Expenses, within the meaning of the Income Tax Act (Canada).

The Company's liabilities at December 31, 2017 consisted of accounts payable and accrued liabilities of $137,487 (December 31, 2016: $51,802), a flow-through share premium liability of $757,920 (December 31, 2016: $Nil) and deferred share units of $512,275 (December 31, 2016: $324,972).

OVERALL PERFORMANCE (continued)

FINANCIAL CONDITION (continued)

The flow-through share premium liability of $757,920 is a result of the private placement completed in December 2017. 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. The Company's share price at the time of the private placement was $0.415 which resulted in a premium of $757,920. Upon incurring qualifying exploration expenditures, the Company derecognizes the liability and recognizes a flow-through share premium reversal in income.

The Company has a deferred share unit plan ("**DSU Plan**") which awards DSUs to participants of the DSU Plan. Awards are initially charged to operations using the market value of the Company's common shares that best represents the period for which the awards were earned, with the corresponding liability recorded as deferred share units. At each period end, the liability is revalued using the market value of the Company's common shares, with the corresponding increase or decrease recorded to operations as a revaluation of deferred share units. Upon separation from the Company, a participant will receive the cash equivalent of the fair market value of the DSUs based on the market value of the Company's common shares on the date of separation.

Effective December 1, 2014, the Company entered into an agreement with its Executive Chairman whereby the Executive Chairman will be compensated for his services with DSUs on a monthly basis, to a maximum of $8,000 per month. Effective January 1, 2016, the Chairman agreed to reduce his monthly DSU allocation by approximately 50%. At December 31, 2017, an amount of $417,611 (December 31, 2016: $265,112) was owed to the Executive Chairman. The number of outstanding DSUs owed to the Executive Chairman at December 31, 2017 was 1,006,291 (December 31, 2016: 855,199). Effective January 2018, the Company's Board passed a resolution to increase the Executive Chairman's compensation back to a maximum of $8,000 per month.

Effective January 1, 2015, the Company began compensating its independent directors with DSUs on a quarterly basis in an amount of $4,000 per director. Effective October 1, 2015, the Board passed a resolution to suspend the DSU arrangement with its independent directors. Effective October 1, 2017, the Board passed another resolution to reinstate each independent director's compensation to $4,000 per quarter. At December 31, 2017 an amount of $94,660 (December 31, 2016: $59,857) was owed to the independent directors. The number of outstanding DSUs owed to independent directors at December 31, 2017 was 228,097 (December 31, 2016: 193,087).

OVERALL PERFORMANCE (continued)

RESULTS OF OPERATIONS

Year ended December 31, 2017

The Company recorded a net loss of $939,939 for the year ended December 31, 2017 (2016: $1,033,770). Expenses before other items were $1,070,668 (2016: $819,863) with the most significant being salaries and benefits of $323,694 (2016: $274,376), share-based payments expense of $293,047 (2016: $124,923) and office and administration costs of $168,097 (2016: $175,344). The majority of other items for the year ended December 31, 2017 was a gain on sale of investments of $257,028 (2016: $Nil) and an unrealized loss of $127,303 (2016: $218,496) on the revaluation of deferred share units.

The increase of $49,318 in salaries and benefits was primarily a result of the Company's management team increasing its work weeks during the year ended December 31, 2017.

The Company applies the fair value method of accounting for all awards of stock options by using the Black-Scholes Option Pricing Model. Variations in share-based payments expense is based on a number of factors including, but not limited to, the size and occurrence of grants during a particular period, the Company's share price at the time of an option grant and the timing of recording share-based payments expense based on vesting schedules.

Share-based payments expense was $168,124 higher for the year ended December 31, 2017. During the year ended December 31, 2017, the Company granted 1,685,000 stock options (2016: 2,760,000) with a weighted average exercise price of $0.40 (2016: $0.11). The difference in exercise price was the most significant factor contributing to the higher share-based payments expense.

The gain on sale of investments of $257,028 for the year ended December 31, 2017 was a result of the Company selling shares of a mineral exploration company listed on the Canadian Securities Exchange for proceeds of $257,028.

The majority of the unrealized loss of $127,303 on the revaluation of deferred share units was a result of the Company's stock increasing from $0.31 per share at December 31, 2016 to $0.415 per share at December 31, 2017.

CASH FLOWS

Year ended December 31, 2017

Cash and cash equivalents increased by $4,270,979 during the year ended December 31, 2017, from $1,028,701 at December 31, 2016 to $5,299,680 at December 31, 2017. The increase was a result of cash of $5,623,176 provided by financing activities, partially offset by cash of $615,201 used in operating activities and cash of $736,996 used in investing activities.

CASH FLOWS (continued)

The cash provided by financing activities consisted of net proceeds of $2,443,941 from the issuance of 10,105,600 FT Shares and the receipt of $735,294 pursuant to the exercise of 2,941,176 warrants.

The cash used in investing activities consisted of exploration and evaluation asset expenditures of $982,068 relating to the Company's winter 2017 drill program discussed in *'Exploration Activities'* on Page 5 and the purchase of equipment of $11,956. This was partially offset by proceeds on the sale of investments of $257,028 relating to the sale of shares of a mineral exploration company listed on the Canadian Securities Exchange.

The cash used in operating activities consisted of a net loss of $939,939, non-cash items of $42,426 and a net change in non-cash working capital items of $27,754.

SELECTED ANNUAL INFORMATION

The following table provides information for the years ended December 31:

	2017	**2016**	**2015**
	$	$	$
Interest income	1,004	4,589	21,371
Gain on sale of investments	257,028	-	14,748
Gain (loss) on revaluation of deferred share units	(127,303)	(218,496)	71,496
Expenses	(1,070,668)	(819,863)	(1,529,023)
Write-off of exploration and evaluation assets	-	-	(154,241)
Net loss for the year	(939,939)	(1,033,770)	(1,575,649)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)
Total assets	32,644,653	27,411,874	27,014,677
Total long-term financial liabilities	512,275	324,972	64,504
Cash dividends declared	-	-	-

SUMMARY OF QUARTERLY RESULTS

	Q4, 2017	Q3, 2017	Q2, 2017	Q1, 2017
	$	$	$	$
Net loss for the period	(418,528)	(171,390)	(246,214)	(103,807)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	Q4, 2016	Q3, 2016	Q2, 2016	Q1, 2016
	$	$	$	$
Net loss for the period	(240,019)	(173,542)	(304,774)	(315,435)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Over the last eight quarters, the Company's net loss has ranged from $103,807 in Q1, 2017 to $418,528 in Q4, 2017.

The majority of the loss of $418,528 in Q4, 2017 consisted of expenses of $256,235 and a loss of $162,479 on the revaluation of deferred share units. The most significant expenses were salaries and benefits of $79,331, share-based payments expense of $50,207 and office and administration costs of $45,952. The majority of the loss on the revaluation of deferred share units was a result of the Company's share price increasing from $0.28 at September 30, 2017 to $0.415 at December 31, 2017.

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

	Q4, 2017	Q3, 2017	Q2, 2017	Q1, 2017
	$	$	$	$
Share-based payments expense	50,207	50,207	49,662	142,971
Salaries and benefits	79,331	78,715	82,750	82,898
Other expenses	126,697	76,172	124,875	126,183
Total expenses for the period	256,235	205,094	257,287	352,052

SUMMARY OF QUARTERLY RESULTS (continued)

	Q4, 2016	Q3, 2016	Q2, 2016	Q1, 2016
	$	$	$	$
Share-based payments expense	21,807	21,808	21,570	59,738
Salaries and benefits	58,381	62,115	66,005	87,875
Other expenses	73,534	88,219	117,693	141,118
Total expenses for the period	153,722	172,142	205,268	288,731

Together, share-based payments expense and salaries and benefits comprised a significant portion (between 43% in Q2, 2016 and 64% in Q1, 2017) of the expenses which contributed to the net loss for each of the quarters from Q1, 2016 to Q4, 2017.

The share-based payments expense was the fair value of the stock options that vested in each respective quarter. The Company granted 1,685,000 stock options with an exercise price of $0.40 per share in Q1, 2017 which contributed to the large share-based payments expense of $142,971 in Q1, 2017, as one-third of the stock options vested immediately.

Salaries and benefits in the four quarters of 2017 were consistent and higher than the previous few quarters as the Company's management team increased its work week effective February 2017.

Other expenses include items such as amortization, directors' fees, 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 December 31, 2017, the Company had working capital of $5,246,061 (December 31, 2016: $1,058,274). While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future. These uncertainties raise significant doubt about the Company's ability to continue as a going concern.

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

As a result of the issuance of flow-through shares on December 21 and 29, 2017, the Company has a commitment to incur $4,951,744 in qualifying Canadian exploration expenditures on or before December 31, 2018. As at December 31, 2017, the entire commitment was remaining.

The Company has an estimated future minimum lease payment of approximately $42,000 relating to an office lease agreement that expires June 30, 2018.

RELATED PARTY TRANSACTIONS

Key Management compensation

Key Management personnel at the Company are the Directors and Officers of the Company.

The remuneration of key Management personnel was as follows:

		Year ended December 31,	
		2017	2016
		$	$
Short-term benefits	1	619,390	426,211
Share-based payments	2	350,227	157,988
Deferred share units	3	12,000	-
Total		981,617	584,199

[1] Short-term benefits consisted exclusively of salaries and 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 that had been granted to key Management personnel, some of which have been capitalized to exploration and evaluation assets.

[3] Directors' fees consisted exclusively of DSUs awarded to the independent directors for the quarter ended December 31, 2017.

On June 21, 2016, the related company described in notes a), b) and c) below was acquired by another company and as such ceased to be related effective June 22, 2016.

a) During the year ended December 31, 2017, the Company charged SnipGold Corp. ("**SnipGold**"), a company that had two directors and two officers in common $Nil (2016: $9,000) for administration expenses including office rent and office operating costs, the amount of which was netted against office and administration expenses in the consolidated statement of loss and comprehensive loss.

RELATED PARTY TRANSACTIONS (continued)

b) During the year ended December 31, 2017, the Company was charged $Nil (2016: $17,508) for office manager services by SnipGold, the amount of which was included in professional fees in the consolidated statement of loss and comprehensive loss.

c) During the year ended December 31, 2017, the Company charged SnipGold $Nil (2016: $22,200) for CFO services, the amount of which was netted against salaries and benefits in the consolidated statement of loss and comprehensive loss.

d) During the year ended December 31, 2017, the Company was charged $13,668 (2016: $14,176) by the Executive Chairman for office rent, the amount of which was included in office and administration expenses in the consolidated statement of loss and comprehensive loss. December 31, 2017, accounts payable and accrued liabilities included an amount of $8,363 (December 31, 2016: $5,399) for this expense.

e) At December 31, 2017, the Company owed a total of 1,234,388 DSUs (December 31, 2016: 1,048,286) fair valued at $512,271 (December 31, 2016: $324,972) to key Management personnel, which is included in the consolidated statement of financial position.

f) During the year ended December 31, 2017, the Company charged Metallic Minerals Corp., a company that has an officer in common $850 (2016: $Nil) for the sharing of certain office operating costs.

g) During the year ended December 31, 2017, the Company charged Group Ten Metals Inc., a company that has an officer in common $600 (2016: $Nil) for the sharing of certain office operating costs.

FOURTH QUARTER

The Company recorded a net loss of $418,528 for the quarter ended December 31, 2017. The net loss was comprised of total expenses of $256,235, a revaluation loss on deferred share units of $162,479 and interest income of $186. The most significant expenses consisted of salaries and benefits of $79,331, share-based payments expense of $50,207 and office and administration costs of $45,952. The majority of the revaluation loss was a result of the Company's stock increasing from $0.31 per share at December 31, 2016 to $0.415 per share at December 31, 2017.

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.

ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

The going concern assumption

The assessment of whether the going concern assumption is appropriate requires Management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Impairment

The assessment of any impairment of plant and equipment and exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions and the useful lives of assets. Judgment is required in assessing the appropriate level of cash generating units to be tested for such impairment.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

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 year ended December 31, 2017.

FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 12 of the Company's consolidated financial statements for the year ended December 31, 2017.

OTHER MD&A REQUIREMENTS

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

General and administration expenses for the year ended December 31 were as follows:

	2017	2016
	$	$
Depreciation	73,482	89,117
Directors' fees	12,000	-
Investor relations	68,219	57,610
Office and administration	168,097	175,344
Professional fees	94,521	78,671
Salaries and benefits	323,694	274,376
Share-based payments expense	293,047	124,923
Transfer agent, regulatory and filing fees	15,627	16,195
Travel and accommodation	21,981	3,627
	1,070,668	819,863

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 110,833,051 common shares issued and outstanding.

As at the date of this report, there were 8,835,000 stock options 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. While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future. These uncertainties raise significant doubt about the Company's ability to continue as a going concern.

Financial assets and liabilities consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities and deferred share units. It is Management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial assets and liabilities.

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.

RISKS AND UNCERTAINTIES (continued)

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.

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.