



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

The following Management's Discussion and Analysis ("**MD&A**") of Foran Mining Corporation ("**Foran**" or the "**Company**") is for the year ended December 31, 2019 and covers information up to the date of this MD&A.

This MD&A is dated **April 1, 2020**.

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, 2019, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards ("**IAS**") 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 System for Electronic Document Analysis and Retrieval ("**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. 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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

- In late 2018, Foran set out to complete a feasibility study to provide advanced definition of the McIlvenna Bay project (the "**Project**");
- During 2018, an infill drill program was conducted on McIlvenna Bay in order to upgrade the Project resource estimate. On May 28, 2019, Foran announced a revised resource estimate ("**2019 Resource Estimate**") for McIlvenna Bay which incorporated the results of the 2018 drill program. The 2019 Resource Estimate indicated that there has been significant growth in the deposit since the last resource estimate, which was released on March 27, 2013. The 2019 Resource Estimate indicates that the McIlvenna Bay deposit:
 - is host to an indicated resource of 22.95 million tonnes ("**Mt**"), which represents a 65% increase from the 13.9Mt indicated resource in 2013;
 - contains an additional 11.15Mt in inferred resources;
 - contains 1.5 billion pounds ("**lb**") of zinc ("**Zn**") and 590 million ("**M**") pounds of copper ("**Cu**") in the indicated category, which is an 89% increase in zinc and a 52% increase in copper as compared to the 2013 resource; and
 - contains an additional 450M pounds of Zn and 340M pounds of Cu in the inferred category;
- A comprehensive review of the Project was conducted in early 2018 to determine the possible options for developing McIlvenna Bay. It concluded that the best project option was off-site toll processing using existing facilities at Hudbay Minerals Inc.'s ("**Hudbay**") 777 complex in Flin Flon which would reduce the Capex required for the Project. As the feasibility study work advanced during 2019, it became clear that the cost of toll milling in Flin Flon and the related costs of tailings storage would create disproportionate commercial and environmental risks while decreasing the economic viability of the Project. It was determined that on-site processing offered a better economic outcome than off-site milling and toll processing;
- On-site processing requires additional pre-production capital but lowers operating costs, provides independence to the operations and enhanced developmental flexibility to construct a long-lived mine at McIlvenna Bay. In addition, mining efficiencies are improved by utilizing tailings for paste fill rock support, and potential environmental impacts are significantly reduced. Also, in this economic environment, fixed price construction contracts are available, allowing greater control over capital expenditures. An on-site study to feasibility standards would have required additional engineering that would further delay reporting Project economics, so a decision was made to deliver a Pre-Feasibility Study ("**PFS**") to provide timely economic review of the Project;
- On March 12, 2020, Foran announced positive PFS results of the Project. The results include a \$219M pre-tax net present value ("**NPV**") using a 7.5% discount rate (\$147M after-tax) and an internal rate of return ("**IRR**") of 23.4% (19.2% after-tax) using 3 year trailing average metal prices of US\$1.26 per lb Zn, US\$2.82/lb Cu, US\$1,312/ounce ("**oz**") gold ("**Au**") and US\$16.30/oz silver ("**Ag**"), foreign exchange rate CAD:USD \$1.30 / USD:CAD \$0.77. See Page 4 for more details;



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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

- Foran believes that this PFS, and the economics presented herein, could allow McIlvenna Bay to be fast-tracked to feasibility and an eventual production decision. Several opportunities exist to improve project margins which will be investigated during feasibility work, including:
 - refinement of the mine cut-off value to extend mine life with incremental economic material;
 - further refinement of the metallurgical program;
 - extend the use of BEVs to load-haul-dump (LHD) fleet;
 - cost savings from use of mine waste as backfill in secondary transverse stopes (currently all paste fill); and
 - large inferred resource remains which may be converted into additional reserves with further drilling to extend mine life;
- On the exploration front, in January 2019 the Company made its third attempt to explain a large geophysical anomaly ("**Target A**"), identified by a ground-based time-domain electromagnetic geophysical survey conducted in 2013 along strike from the McIlvenna Bay deposit. Foran's technical team took on this highly technical challenge and completed a 1,749m hole under strict geological control which encountered the source of the anomaly, an exhalative horizon containing minor fracture-fill and stringer sulphides, along with minor graphite. Although the interval didn't contain significant base metal concentrations, the occurrence of the exhalative geology indicates that the correct geological environment for the occurrence of volcanogenic massive sulphide ("**VMS**") deposits was intersected by the drill hole. Given that the Target A anomaly extends over one km in length, only a small portion of which has been tested by drilling, there remains potential to uncover sulphides of merit along the trend of the anomaly with further drilling;
- Between January 1, 2019 and the date of this report, insiders, employees and consultants exercised a total of 4,490,000 stock options with a weighted average exercise price of \$0.16 for total proceeds of \$705,100. with insiders selling no resulting shares; and
- On March 27, 2019 Foran announced the appointment of Mr. Mario Grossi to Foran's Board of Directors ("**Board**"). Mr. Grossi's hands-on mining experience is valuable to Foran as it moves the Project forward. As a founder of Technica Mining, Ontario's second largest mining contractor, Mr. Grossi's experience will enhance the Company's ability to evaluate the best way to develop McIlvenna Bay. Foran anticipates both shareholders and the Board will benefit from his involvement.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Mcllvenna Bay PFS

Highlights from the PFS are as follows:

Economics

- \$219M pre-tax NPV using a 7.5% discount rate (\$147M after-tax) and an IRR of 23.4% (19.2% after-tax) using 3 year trailing average metal prices of US\$1.26/lb Zn, US\$2.82/lb Cu, US\$1,312/oz Au and US\$16.30/oz Ag, foreign exchange rate CAD:USD \$1.30 / USD:CAD \$0.77 (see Table 1 on Page 5).
- Cash cost of US\$0.41/lb Zn or US\$0.44/lb Cu (net of by-product credits).
 - Cash cost includes mine cash operating costs (including sustaining capital), smelting and refining charges, royalties and transportation costs.
- Pre-production capital cost of \$261.3M and Life of Mine ("**LOM**") sustaining capital cost of \$338.6M.
- After-tax free cash flow of over \$626M (\$365M net of pre-production capital).
- Overall average operating cost of \$69.48 per tonne:
 - In addition, LOM sustaining capital of \$29.86 per tonne (calculated from total LOM sustaining capital of \$338.6M)

Reserves & Resources

- A Probable Mineral Reserve of 11.34 Mt at 4.01% Zn, 1.14% Cu, 0.54 grams per tonne ("**g/t**") Au and 20.97 g/t Ag, derived using a USD\$100/t net smelter return ("**NSR**") cut-off (see Table 4 on Page 10).
- Probable Reserves are contained within Indicated Resources outlined in the 2019 Mineral Resource Estimate (using a US\$60/t NSR cut-off) (see Table 6 on Page 17):
 - Indicated resources of 22.95Mt
 - Grading 1.17% Cu, 3.05% Zn, 0.44 g/t Au and 16.68 g/t Ag
 - Inferred resources of 11.15Mt
 - Grading 1.38% Cu, 1.83% Zn, 0.10 % lead, 0.47 g/t Au and 14.81 g/t Ag
 - Resources and reserves are open for expansion.

Mining & Processing

- Life-of-mine concentrate production containing over 800M lbs Zn, over 250M lbs Cu, over 155,000 oz Au and approximately 4.4 M oz Ag.
- Average annual production of 89.2M lbs Zn, 27.9M lbs Cu, 17,312 oz Au and 492,667 oz Ag.
- Underground mine with 9-year life, employing a combination of longitudinal longhole retreat ("**Avoca**") and sub-level transverse stoping methods to mine at a nominal rate of 3,600 tonnes per day ("**tpd**").
- Metallurgical testwork yielded robust metallurgical performance, with recoveries of 80% Zn, 88.2% Cu, 79.1% Au and 58.0% Ag into separate high-grade zinc and copper flotation concentrates.
- Low carbon footprint mining project:
 - Powered by existing hydroelectric power
 - Haulage of ore to surface using Battery Electric Vehicles ("**BEVs**")
 - Efficient ore haulage from deeper levels using vertical ore conveying technology

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Mcllvenna Bay PFS (continued)

Surface Infrastructure

- Modern on-site processing facilities, including conventional crushing, grinding, flotation and dewatering units.
- Cemented paste backfill plant.
- On-site 5.6Mt capacity filter tailing ("dry stack") storage impoundment.

Project Description

Mcllvenna Bay is a large polymetallic VMS deposit containing zinc, copper, lead, gold and silver which has been defined by 239 diamond drill holes and over 115,000 metres ("m") of diamond drilling. The bulk of the resource is contained in two contiguous lenses consisting of a large zinc +/- copper-rich massive sulphide lens and the underlying Copper Stockwork Zone ("CSZ") which represents a copper-rich feeder zone to the massive sulphide. These two lenses form a coherent mineralized body that averages 17.6m in thickness and plunges over 2,000m from surface, where it remains open for further expansion. Production will initially focus on mining the high value massive sulphide material with incremental production coming from the CSZ as metal prices allow.

Project economics are summarized in Table 1 below.

Table 1: Summary of Mcllvenna Bay PFS Economic Metrics⁽¹⁻⁴⁾

Pre-Tax NPV (7.5%) & IRR⁽³⁾	NPV: \$218.6M IRR: 23.4%
After-Tax NPV (7.5%) & IRR⁽¹⁾⁽³⁾	NPV: \$147.1M IRR: 19.2%
Undiscounted After-Tax Free Cash Flow (Life of Mine – "LOM") (Before pre-production capital deductions)	\$626 M
Undiscounted After-Tax Free Cash Flow (LOM) (Net of pre-production capital)	\$365.4 M
Payback Period from start of processing (undiscounted, after-tax cash flow) ⁽³⁾	3.8 years
Metal Prices⁽²⁾ (3 Year Trailing Average, CAD and USD)	\$1.67/lb Zn (US\$1.26/lb) \$3.66/lb Cu (US\$2.82/lb) \$1,704/oz Au (US\$1,312/oz) \$21.17/oz Ag (US\$16.30/oz)
Foreign Exchange Rate	CAD:USD - \$1.30 USD:CAD - \$0.77
Pre-Production Capital Expenditures (rounded)	\$261.3 M
LOM Sustaining Capital Expenditures (including closure)⁽³⁾	\$338.6 M



**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Mcllvenna Bay PFS (continued)

Project Description (continued)

Table 1: Summary of Mcllvenna Bay PFS Economic Metrics⁽¹⁻⁴⁾ (continued)

LOM Cash Cost (for either Zn or Cu): (per lb Zinc) (net of by-products) ⁽³⁾⁽⁴⁾ or (per lb Copper) (net of by-products) ⁽³⁾⁽⁴⁾	US\$0.41 US\$0.44
Nominal Throughput (tonnes per day)	3,600
Mine Life	9 years
Average Annual Metal Production (Y1-9)	89.17 M lb Zn 27.88 M lb Cu 17,312 oz Au 492,667 oz Ag
LOM Average Metallurgical Recoveries (Massive sulphide & CSZ blended)	80.0% Zn 88.2% Cu 79.1% Au 58.0% Ag

⁽¹⁾ All figures reported in 2020 Canadian dollars, and where applicable, using the 3-year trailing average foreign exchange rate of \$0.77 USD:CAD (\$1.30 CAD:USD).

⁽²⁾ 3 year trailing average metal prices to January 20, 2020.

⁽³⁾ Please see "Non-IFRS Financial Measures" at the end of this news release for a discussion of these measures.

⁽⁴⁾ Mcllvenna Bay gross revenues are derived from the production of zinc (48%), copper (38%), gold (11%) and silver (4%).

The Project, as envisaged by the PFS, is a conventional ramp-access underground mine producing zinc/copper ore at a nominal rate of 3,600 tpd. The mine will utilize modern technology (BEV haul trucks and a vertical conveyor) to bring ore to surface as feed for an on-site processing plant of equivalent capacity. Process plant tailings will be de-sulphurized, filtered and either used for cemented backfill or deposited on a small (5-6 Mt) dry stack tailings facility. Concentrate from the process plant would be shipped offsite via Flin Flon to copper and zinc smelters.

The underground mine design focuses on rapid development and access to high grade stopes utilizing a combination of Avoca and sub-level transverse stoping methods to extract the ore. The operation will utilize a fleet of 50-t BEV haul trucks to bring ore to the surface along the ramp for the first three years of production, followed by the installation of vertical conveyor technology to move ore to the surface from the deeper parts of the mine. Mineable reserves were calculated using a US\$100/t NSR cut-off which focuses initial mining on the higher value massive sulphide blocks within the resource. Current probable reserves for the deposit sit at 11.34Mt (inclusive of mining dilution) grading 4.01% Zn, 1.14% Cu, 0.54 g/t Au and 20.97 g/t Ag. Based on the 2019 resource estimate, the current mine plan captures most of the material available in the deposit above the US\$100/t NSR cut-off value.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Mcllvenna Bay PFS (continued)

Project Description (continued)

The Mcllvenna Bay processing plant utilizes a conventional mineral processing circuit with crushing, ball milling and sequential selective sulphide flotation to produce clean copper and zinc concentrates which will be readily saleable to smelters worldwide. Metallurgical testwork and modelling was advanced in 2019 and this highlighted the ability of massive sulphide and CSZ mineralization to be co-processed as a blended feed to the mill. A program of variability testwork helped to develop head grade vs. recovery relationships for the PFS, and these have been applied to the mine production schedule to define robust concentrate production profiles. Since metallurgical testing commenced in 2012, samples have displayed solid metallurgical characteristics and life of mine average zinc and copper recoveries of 80.0% and 88.2% respectively have been determined for the PFS. Separate zinc and copper flotation concentrates with grades of 54.7% Zn and 26.8% Cu respectively are indicated, and the copper concentrate also carries by-product credits for gold and silver (with recoveries of 79.1% and 58.0% respectively).

On-site infrastructure will include offices, workshops, mine dry, water treatment facilities, fuel storage areas and a paste plant. An overhead powerline will supply hydropower to the project from Pelican Narrows, some 65km north of the project site.

In order to advance the Project to a definitive feasibility study level, further detailed engineering and cost optimization must be undertaken for the on-site processing facilities and the dry stack tailings impoundment. This work is planned to start in earnest along with further optimization of the mine plan and cut-off calculations which are expected to provide additional upside for the Project.

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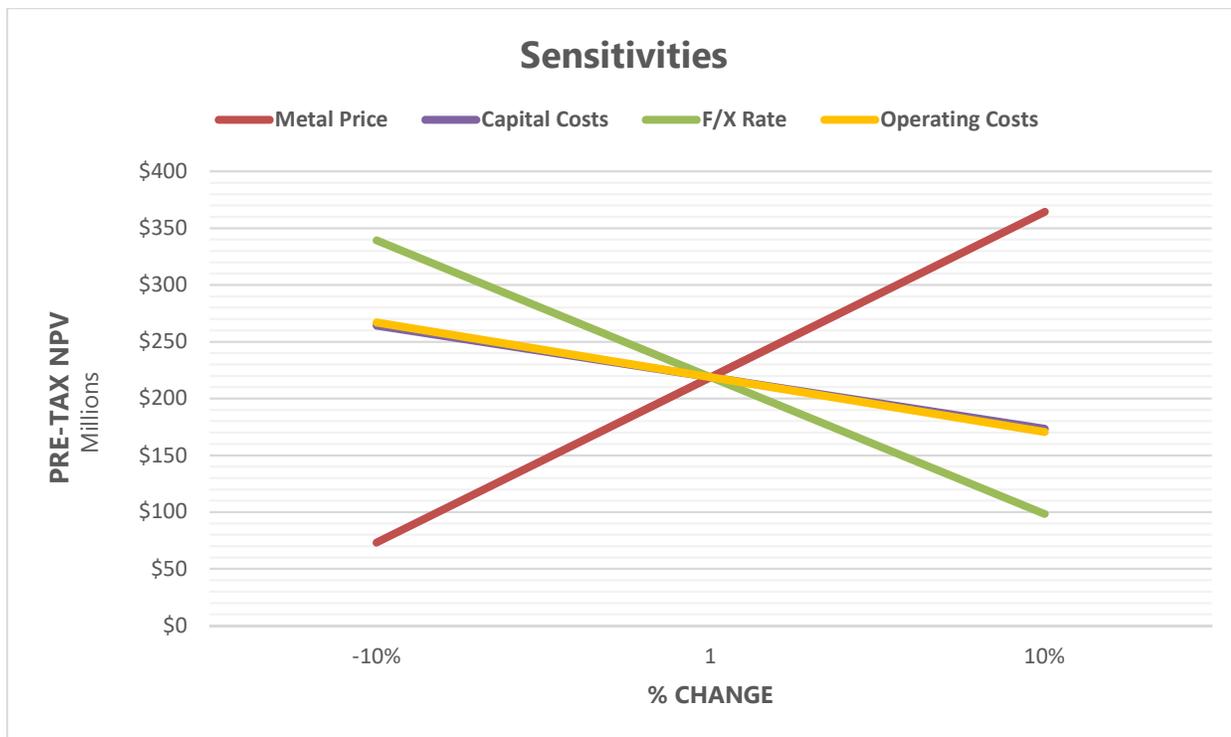
Mcllvenna Bay PFS (continued)

Economic Sensitivity to Metal Prices

A discounted cash flow (“**DCF**”) calculation was tabulated for the Project, based on the various PFS cost and revenue inputs. The DCF was developed using 3-year trailing average prices (in USD) for Zn (\$1.26/lb), Cu (\$2.82/lb), Au (\$1,312/oz) and Ag (\$16.30/oz). Figure 1 below illustrates the sensitivity of the estimated pre-tax NPV for the cash flow generated at Mcllvenna Bay related to changes in metals prices and cost inputs at the 7.5% discount rate.

Figure 1: Sensitivities (Pre-tax)

Sensitivity to +/- 10 % change in metal prices, capital costs, operating costs and foreign exchange is modeled below:



**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Mcllvenna Bay PFS *(continued)*

Capital and Operating Cost Estimates

Capital costs were prepared using information from a variety of sources, including derivation from first principles, equipment quotes, and factoring from other costs within the PFS. Capital costs are split into pre-production costs and sustaining costs and estimated to an accuracy of +/- 25%.

Table 2: Capital Cost Summary

Estimated Capital Cost	CAPEX, CAD millions		
	Pre-Production	Sustaining	Total
Mine	72.7	273.9	346.6
Mill	100.6	7.2	107.8
Infrastructure	50.8	0.0	50.8
G&A	0.7	0.0	0.7
Tailings	5.9	11.8	17.6
Closure	0.0	6.4	6.4
Sub-total	230.7	299.3	530.0
Contingency	30.6	39.3	70.0
Total	261.3	338.6	600.0

* All figures are rounded to reflect the relative accuracy of the estimate. Totals may not sum due to rounding as required by reporting guidelines

Table 3: Operating Cost Summary

Operating Costs	(CAD/t processed)
Mining	\$41.19
Milling	\$19.55
Infrastructure	\$2.82
G&A	\$4.13
Tailings	\$1.78
Subtotal	\$69.48
Sustaining Costs (Capitalized)*	\$29.86
Total	\$99.34

*Sustaining capital costs per tonne calculated from total sustaining costs outlined in Table 2.

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Mcllvenna Bay PFS *(continued)*

Mineral Reserve Statement

The Mineral Reserve Statement for Mcllvenna Bay is based on the Mineral Resource Estimate with an effective date of May 7, 2019 and described in this MD&A below (see news release titled "Foran Announces Significant Increase in Resources for Mcllvenna Bay Deposit" dated May 28, 2019 and available under the Company's profile on SEDAR and on the Company website). The Mineral Resources are inclusive of Mineral Reserves.

Table 4: Mineral Reserve Statement (@ US\$100/t NSR cut-off)

	Probable Tonnes	Grade			
		Zn (%)	Cu (%)	Au (g/t)	Ag (g/t)
Massive Sulphide	7,773,176	5.71	0.88	0.51	25.24
Copper Stockwork Zone	3,566,067	0.31	1.70	0.60	11.65
Total	11,339,243	4.01	1.14	0.54	20.97

Notes:

1. Mineral Reserves have an effective date of February 17, 2020. The Qualified Person for the estimate is Denis Flood, P.Eng.
2. The Mineral Reserves were estimated in accordance with the CIM Definition Standards for Mineral Resources and Reserves
3. The Mineral Reserves are supported by a mine plan, based on a preliminary cut off NSR value calculation. Inputs to that process are:
 - Metal prices of Zn \$1.25/lb, Cu \$3.30/lb, Au \$1310/oz and Ag \$16.20/oz
 - Average operating cost of C\$100/t
 - Recoveries of 81.1% Zn; 88.8% Cu; 69.7% Au; and 56.8% Ag
4. The Mineral Reserve Estimate incorporates a mining recovery of 95% and dilution of 10% globally.
5. All figures are rounded to reflect the relative accuracy of the estimate. Totals may not sum due to rounding as required by reporting guidelines.

Mining & Processing

Mcllvenna Bay will be mined using a combination of sub-level transverse stoping and Avoca producing 78% and 19% of the total ore respectively (with the balance to be produced from development). Sub-level intervals of 30m were used in the PFS design with panel widths of 20m. Ore will be drilled and blasted using conventional tophammer production drills and mucked with diesel LHD. In years 1-3, ore would be hauled to surface using 50t capacity BEVs, and tipped into the surface crushing plant feed bin. As underground ramp development passes the 0m level (about 400m below surface), an underground crushing station together with a vertical conveyor system (similar to that installed in 2017 at the Fresnillo Mine, Zacatecas, Mexico) will be commissioned to supplement the truck haulage. Production stopes will be backfilled using a combination of paste fill and development waste. Production is calculated at a nominal rate of 3,600 tpd over the 9-year mine life.

The material handling strategy represents a significant reduction in capital and operating costs over conventional diesel trucks due to the reduced ventilation requirements, which results in a reduction in the excavation of ventilation raises, reduced energy consumption and reduced fan sizes.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Mcllvenna Bay PFS (continued)

Mining & Processing (continued)

Regardless of primary crushing location, all coarse crushed ore would be stockpiled ahead of secondary surface crushing equipment and fine ore storage facilities. The fine ore would be fed into a two-stage ball milling circuit to reduce the particle size to 80% -75 microns prior to a sequential selective flotation process. Regrinding of zinc and copper rougher concentrates would be completed using high intensity grinding mills prior to multi-stage clear flotation. Separate zinc and copper concentrates would be dewatered using thickening and pressure filtration to form final saleable products.

Zinc flotation tailing slurry would be directed through a simple sulphur reduction flotation process designed to reduce the grade of sulphur in material destined for the dry stack tailings impoundment. The small volume of sulphur concentrate would be directed to the paste plant for incorporation into cemented paste fill material used underground.

Approximately half of tailings generated by the process plant would be used as paste backfill, with the remainder trucked to a dry stack tailings storage area – located on ground previously used as a sand quarry.

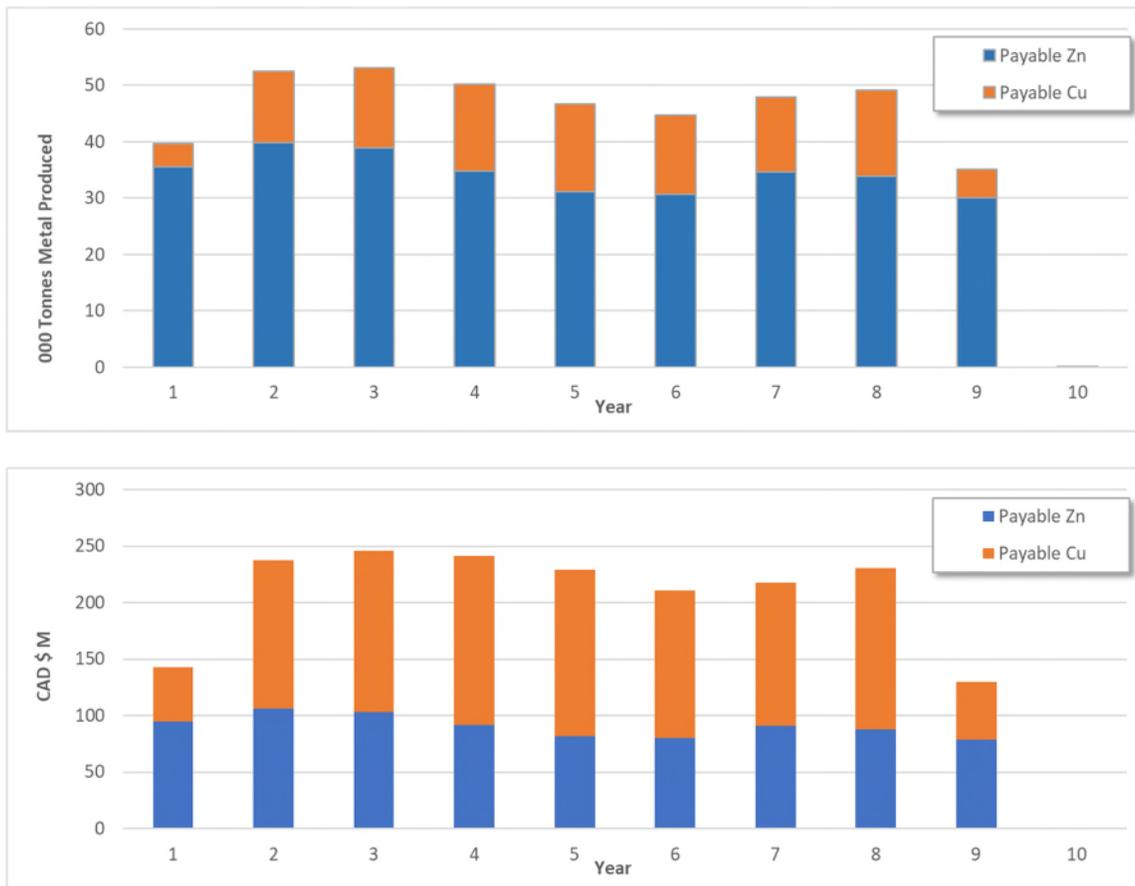
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Mcllvenna Bay PFS (continued)

Mining & Processing (continued)

Figure 2: Production Schedule

The proposed PFS payable metal production & net revenue profiles are shown in the figures below:



Note: there is a small amount of production in year 10. For the purposes of this news release, all annual production numbers have been calculated based on production for years 1 – 9.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Mcllvenna Bay PFS (continued)

Metallurgy

Metallurgical testing of Mcllvenna Bay samples began in 2012, and several subsequent programs have incrementally advanced the quality of metallurgical predictions. The most recent metallurgical testwork program, carried out at Base Metallurgical Laboratories Ltd in Kamloops, tested three master composite samples, fifteen variability composites, and four blend composites. Samples were submitted for mineralogy, comminution tests, open and locked cycle flotation test, dewatering tests and environmental characterization tests.

The sample selection procedures carried out in support of the 2019 program used larger masses of sample, including significant use of core drilled during the 2018 summer exploration program. The samples are considered to be representative of projected mine production in terms of grade and spatial coverage within the current resource.

Flowsheet development continued using the three master composites (zinc-rich massive sulphide, copper-rich massive sulphide and copper stockwork) in a program of open circuit and locked cycle lab tests. Various reagent recipes, flowsheet configurations and grinding targets (primary ore and rougher concentrates) were also tested to advance the understanding of metallurgical response. A variability program tested fifteen composites with a wide range of grades and metal ratios. The results from this program, together with historical lab test results and 2019 master composite results were used to support the development of various grade vs. recovery relationships suitable for PFS level NSR modelling.

Importantly, the 2019 work showed that the processing of several different blends of massive sulphide and CSZ material through the baseline flowsheet had no significant detrimental effects on metallurgical performance. The work shows that the conventional mill/flotation flowsheet proposed for Mcllvenna Bay will be able to accept blended feed from the mine, allowing significant simplification of the mining operation.

The Mcllvenna Bay deposit contains relatively low levels of lead on average, so current process designs make no attempt to separate lead from the copper concentrate. However, the 2019 metallurgical program did highlight the importance of the copper/lead ratio in the plant feed stream, with ratios below 1.5 noted to be quite detrimental to metallurgical performance. Modern online grade monitoring equipment has been included in the process flowsheet so that operators may measure and control this parameter prior to entering the plant. This refinement in metallurgical understanding helps engineers to fine-tune the process thereby mitigating process risk.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Mcllvenna Bay PFS *(continued)*

Metallurgy *(continued)*

Average metallurgical performance for the PFS flotation process is summarized in Table 5 below:

Table 5: Metallurgical Performance Summary

<u>Metallurgical Recovery (LOM Average)</u>		Copper	Zinc	Gold	Silver
Massive Sulphide Recovery	%	80.9	81.8	68.8	53.7
CSZ Recovery	%	96.2	10.0	97.5	78.5
Blended Recovery	%	88.2	80.0	79.1	58.0
<u>Concentrate Grades (LOM Average)</u>		Copper (%)	Zinc (%)	Gold (g/t)	Silver (g/t)
Copper Concentrate		26.8		11.5	326
Zinc Concentrate			54.7		

Infrastructure

In late 2018, Foran set out to complete a feasibility study to provide advanced definition of the Project. The original project scope included off-site toll processing using existing facilities at Hudbay's 777 complex in Flin Flon. As the feasibility study work advanced during 2019, it became clear that the cost of toll milling in Flin Flon and the related costs of tailings storage would create disproportionate commercial and environmental risks while decreasing the economic viability of the Project.

On-site processing requires additional pre-production capital but lowers operating costs, provides independence to the operations and enhanced developmental flexibility to construct a long-lived mine at Mcllvenna Bay. In addition, mining efficiencies are improved by utilizing tailings for paste fill rock support, and potential environmental impacts are significantly reduced. In addition, in this economic environment, fixed price construction contracts are available, allowing greater control over capital expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Mcllvenna Bay PFS (continued)

Infrastructure (continued)

Site infrastructure considers the following:

- **Water Supply:** The majority of water that will need to be managed at the site will arise from the dewatering of underground workings, followed by surface run off around site during major precipitation events. Water collected around site will be treated through an effluent treatment plant and recycled where possible to processing facilities and to underground equipment. Potable water will be supplied from an on-site well.
- **Power Supply:** Discussions with SaskPower are ongoing regarding the supply of hydropower to Mcllvenna Bay. The project site is already served by a 1.2MVA overhead line from Pelican Narrows (currently disconnected), and the PFS includes a plan to twin this line with a new parallel 10MVA line. An average power unit cost of \$75.00 per MWh has been used for the PFS.
- **Access Road:** the existing access road is already in good condition and would require minor upgrades.
- **Concentrate Transportation:** Approximately 732,000 wet tonnes of zinc concentrate and 460,000 wet tonnes of copper concentrate will be produced over the life of mine. Concentrates would be shipped via Flin Flon to domestic smelters, and a total transportation budget of \$142 million is budgeted over the life of mine.

Tailings

Approximately 50% of the tailings produced will be utilized as paste backfill for the underground mining operations. The remaining 50% of tailings (approximately 5.6Mt) will be stored on site, utilizing best available practices into a dry stack tailings facility. Tailings will be de-sulphurized to reduce the potential for acid generation, and then filter pressed to optimum moisture content prior to hauling and placement into the tailings facility. The facility will be located within the footprint of a previously operated frac sand quarry located within approximately 1 km of the mill which will minimize overall project impact on undisturbed areas.

A PFS level design of the dry stack tailings facility has been completed by Knight Piésold Ltd. The facility will be comprised of a tailings storage pad, a perimeter runoff and seepage collection ditch, and water management pond, all of which will be lined with a conventional polyethylene geomembrane to prevent seepage reporting to the environment. The tailings stack will be compacted during placement which will increase stability and minimize infiltration of precipitation. The outer slopes of the facility will be constructed at a shallow angle of 4H:1V up to an approximate height of 16m above original ground in order to minimize effort required at closure.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Mcllvenna Bay PFS (continued)

Social & Environmental

The Project lies in the Boreal Plain Ecozone on the boundary of Namew Lake Upland landscape area of the Mid-Boreal Lowland Ecoregion, and the Flin Flon Plain landscape area of the Churchill River Upland Ecoregion. The boundary between these two ecoregions passes through Mcllvenna Bay on Hanson Lake, such that the northern part of the baseline study area lies in the Churchill River upland, and the southern part lies in the Mid-Boreal Lowland. Extensive mining and exploration activities associated with other metal and silica sand mining projects have occurred in the Project area; therefore, the area does not represent undisturbed baseline conditions.

Comprehensive environmental baseline studies for Mcllvenna Bay were completed by Canada North Environmental Services in 2012. The baseline program was designed to prepare the Project for future licensing and regulatory requirements, and included collection of a full suite of environmental data including:

- climate and meteorology
- surface water hydrology
- plankton, benthic invertebrate, and fish communities
- fish spawning
- ecosite classification
- species at risk
- heritage resources
- noise
- water and sediment quality
- fish habitat
- fish chemistry
- vegetation communities
- wildlife communities

Follow-up hydrological studies were completed between 2013 and 2014 and in 2018 and 2019 to extend the hydrological data set and to characterize the hydrologic regime of the local area.

The Project lies within the area traditionally occupied by the Peter Ballantyne Cree Nation ("**PBCN**") and is located approximately 40km southeast of the settlement of Deschambault Lake and approximately 50km west of the community of Denare Beach. Approximately 1,500 PBCN members reside in these communities. The Project is also located within the Métis Nation of Saskatchewan Eastern Region 1. Foran has been meeting with members of the communities of Deschambault Lake and Denare Beach to update them about the Project since 2012. Foran also initiated a Traditional Land Use/Knowledge Inventory Study which was completed by ASKI Resource Management and Environmental Services (a corporation of the PBCN) in 2012. More recently, Foran has entered into discussion with the PBCN with the objective of negotiating a Memorandum of Understanding that outlines the terms and details of an understanding focused on areas of community engagement, environmental stewardship, training and employment opportunities, and business development.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

McIlvenna Bay PFS (continued)

A National Instrument 43-101 ("NI 43-101") Technical Report summarizing the results of the PFS and incorporating the initial reserve statement for the Project will be filed on SEDAR and the Company's website on or before April 26, 2020.

Qualified Persons

The following Qualified Persons ("QPs") will co-author the technical report based on the PFS. These QPs have approved the information in this MD&A that pertains to the sections of the PFS for which they take responsibility:

Geology:	Roger March, P.Geo. (Foran) (non-independent)
Metallurgy:	Andy Holloway, P.Eng. (AGP)
Mineral Resource:	William Lewis, P.Geo. (Micon)
Mining & Mineral Reserve:	Denis Flood, P.Eng. (AGP)
Processing:	Andy Holloway, P.Eng.(AGP)
Infrastructure:	Manoj Patel, P.Eng.(Halyard)
Economic Evaluation:	Stephen Cole, P.Eng.
Tailings:	Alex McIntyre, P.Eng. (Knight Piésold)
Environmental & Social:	Jocelyn Howery, P.Ag. (CanNorth)

Each of the above-named individuals are independent QPs (except for Roger March) for the purposes of NI 43-101. All scientific and technical information in this MD&A regarding the Project or the PFS upon which the information is based was prepared by or under the supervision of these individuals.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

2019 Resource Estimate

The 2019 Resource Estimate for the Mcllvenna Bay Deposit was released on May 28, 2019 and is based on over 115,000m of drilling in 239 drill holes, including the 27,084m of infill and expansion drilling completed in 2018. The 2019 Resource Estimate shows that the Mcllvenna Bay deposit is host to a large metal endowment and the 2018 program has demonstrated that the deposit continues to display good continuity at depth and remains open for expansion. The 2019 Resource Estimate indicates that the deposit is host to an indicated resource of 22.95Mt grading 1.17% Cu, 3.05% Zn, 0.19% lead, 0.44 g/t Au and 16.68 g/t Ag; with an additional inferred resource of 11.15Mt grading 1.38% Cu, 1.83% Zn, 0.10 % lead, 0.47 g/t Au and 14.81 g/t Ag. See Table 6 below and Table 7 on page 19 for detailed information on the 2019 Resource Estimate and contained metal in the deposit and Figures 3 and 4 on pages 20 and 21 for longitudinal sections that illustrate the outline and classification of the resource estimate.

The Mcllvenna Bay deposit consists of several zones and two distinct styles of mineralization, typical of VMS deposits:

- massive to semi-massive sulphide mineralization in the Main Lens and Lens 3;
- stockwork-style sulphide mineralization in a Copper Stockwork Zone (“**CSZ**”) that directly underlies the Main Lens;
- two other small lenses of stockwork-style mineralization occur in the deposit:
 - the Stringer Zone which is located between the Main Lens and Lens 3
 - the Copper Stockwork Footwall Zone (“**CSFWZ**”) which occurs as a separate lens underneath the CSZ for approximately 140m of strike length which could represent a fault offset and repetition of the Main Lens and CSZ.

The Mineral Resource Estimate is presented in Table 6 below.

Table 6: Mcllvenna Bay Resource Estimate (US\$60/t NSR cut-off) ¹⁻⁴

Zone	Tonnage (Mt)	Cu (%)	Zn (%)	Pb (%)	Au (g/t)	Ag (g/t)
Indicated						
Main Lens – Massive Sulphide	9.25	0.90	6.43	0.40	0.52	25.97
Lens 3	1.99	0.85	3.29	0.14	0.27	14.71
Stringer Zone	0.70	1.38	0.62	0.04	0.35	13.34
Copper Stockwork Zone	10.30	1.43	0.28	0.02	0.40	9.30
Copper Stockwork Footwall Zone	0.71	1.60	1.04	0.04	0.54	11.47
Total Indicated	22.95	1.17	3.05	0.19	0.44	16.68
Inferred						
Main Lens – Massive Sulphide	2.97	1.29	4.79	0.29	0.47	23.58
Copper Stockwork Zone	8.18	1.42	0.76	0.03	0.47	11.63
Total Inferred	11.15	1.38	1.83	0.10	0.47	14.81

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

2019 Resource Estimate (continued)

Notes:

1. Effective date May 7, 2019; CIM definitions were followed for Mineral Resources; NSR = Net Smelter Return.
2. The base case mineral resource is estimated based on 239 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 Estimation Methodology and Parameters below and include provisions for metallurgical recovery and estimates of current shipping terms and smelter rates for similar concentrates. Metal prices used are US\$3.30/lb. Cu, US\$1.25/lb. Zn, US\$1.00/lb. Pb, US\$1,310/oz. Au, and US\$16.20/oz. Ag. Specific gravity was interpolated for each block based on measurements taken from core specimens.
3. Mr. William Lewis, P.Geol., of Micon, has reviewed and verified this mineral resource estimate. Mr. Lewis is independent of Foran and is a "Qualified Person" within the meaning of NI 43-101.
4. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, marketing or other issues.

Table 7. Contained Metal (US\$60/t NSR cut-off) ^{1,2}

Zone	Resource Classification	Zn Mlb	Cu Mlb	Ag Koz	Au Koz	Pb Mlb
CSZ	Indicated	63.6	325.2	3,077.1	132.5	5.1
	Inferred	136.3	255.7	3,059.3	124.2	5.6
FW	Indicated	16.3	25.1	262.4	12.4	0.7
Lens 3	Indicated	144.5	37.6	943.0	17.4	6.0
MS	Indicated	1,310.7	183.8	7,724.9	153.5	81.6
	Inferred	314.0	84.3	2,253.0	44.9	19.3
Stringer	Indicated	9.5	21.2	299.7	7.8	0.6
Total	Indicated	1,544.7	592.9	12,307.1	323.7	93.8
	Inferred	450.3	339.9	5,312.3	169.1	24.9

¹Totals may not add due to rounding

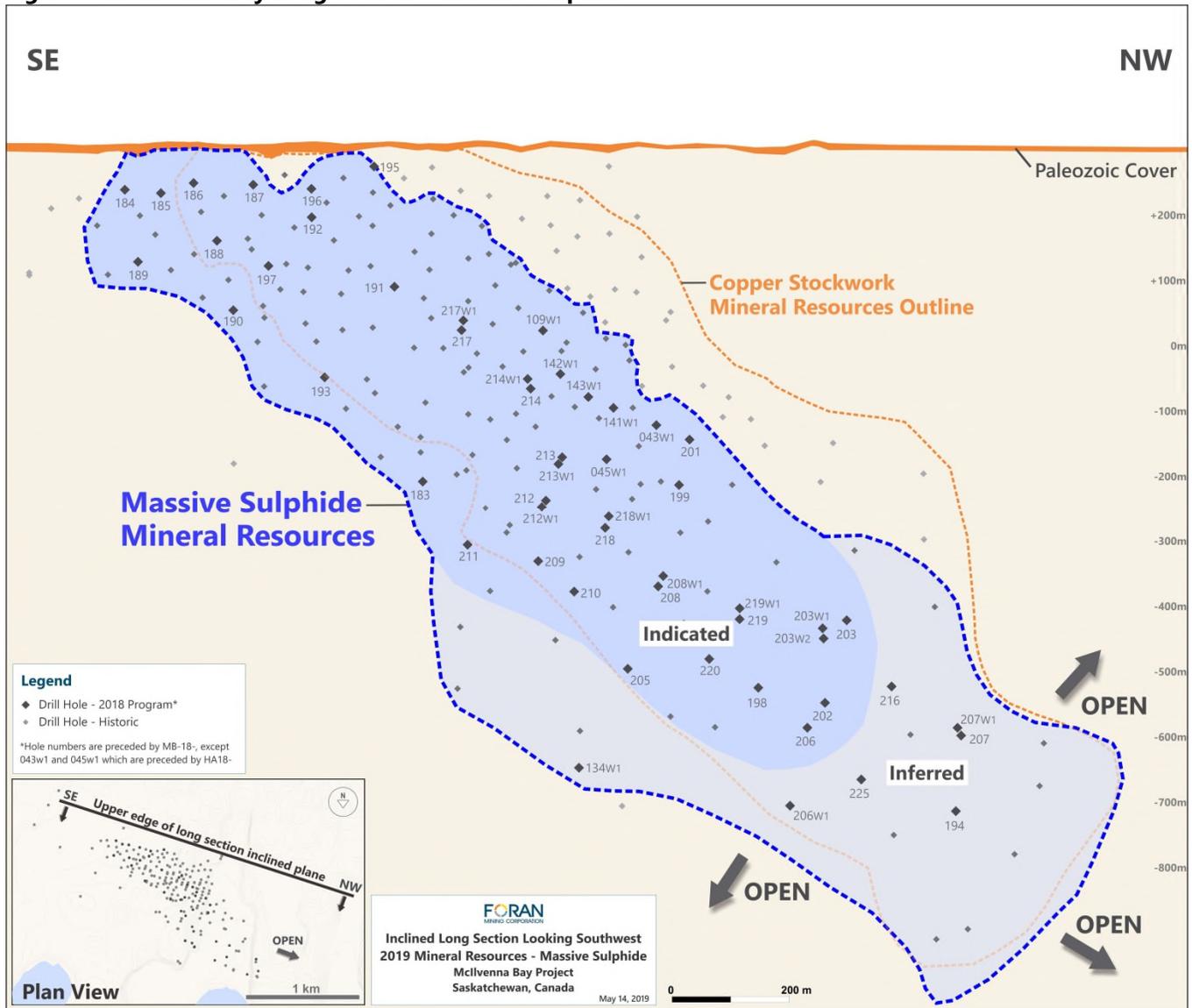
²See footnotes 1-4 for Table 6

The Main Lens at McIlvenna Bay is a large massive to semi-massive sulphide horizon containing a metal zonation consisting of Cu-Au-rich material near the upper plunge line of the deposit which transitions down dip into a more Zn-Ag-dominant massive sulphide. In the 2013 Resource, the Main Lens was sub-divided into the Upper West Zone ("UWZ") and Zone 2 based on these differences in mineralogy, but for the 2019 Resource Estimate the Main Lens massive sulphide is reported as a single zone. This is a result of statistical analysis of the assay grades within the lens that suggests that there is a gradational transition between the two zones and that a hard boundary is not really appropriate, coupled with the fact that they will likely be mined together without any distinction between the zones in the PFS. The Main Lens massive sulphide is a continuous mineralized horizon which varies from 0.1 to 36.0m in thickness and averages 5.5m overall, with a strike length of 1,700m (Figure 3 on Page 20).

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

2019 Resource Estimate (continued)

Figure 3: McIlvenna Bay Long Section – Massive Sulphide

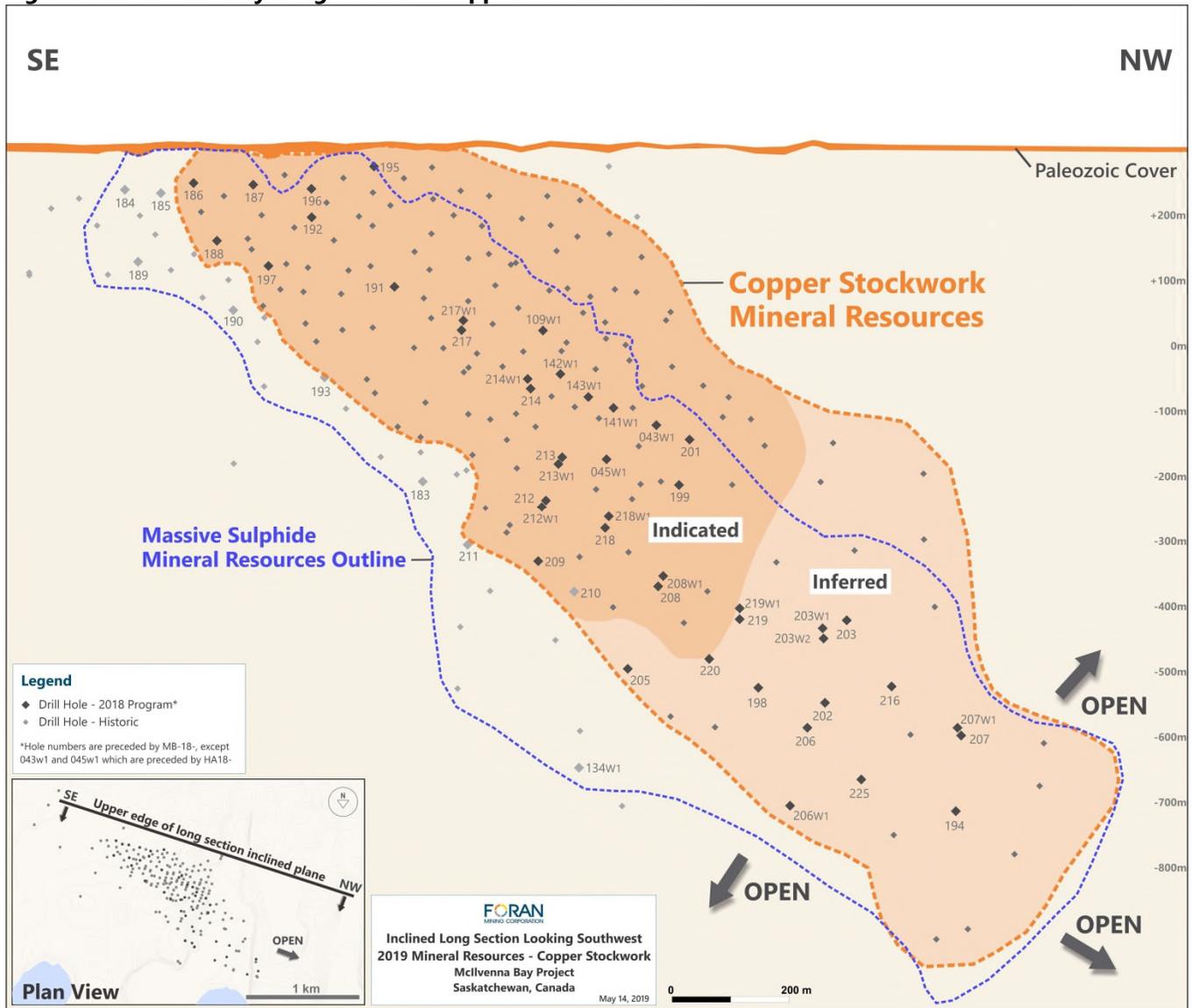


The CSZ is a zone of stockwork style copper-rich mineralization that directly underlies and is in contact with the massive sulphide and is interpreted to represent the feeder zone to the massive sulphide system. The CSZ varies from 0.3 to 37.2m in thickness with an average thickness of 12.1m. The Main Lens massive sulphide and the underlying CSZ are generally in contact with one another throughout the deposit, giving the bulk of the deposit an average thickness of 17.6m overall. The deposit plunges at approximately 45 degrees from surface for a down plunge length of approximately 2,000m (Figure 4 on Page 21).

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

2019 Resource Estimate (continued)

Figure 4: McIlvenna Bay Long Section – Copper Stockwork Zone



Lens 3 sits approximately 10 to 30m in the hangingwall above the Main Lens and demonstrates the presence of stacked sulphide lenses in the deposit. This lens has been traced intermittently along a strike length of 1,440m and plunges parallel to the underlying Main Lens and CSZ. The lens ranges in thickness from 0.1 to 12.5m and averages 2.8m. The Stringer Zone is a narrow intermittent lens of stringer-style sulphide that occurs sporadically between the Main Lens and Lens 3 through the deposit.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

2019 Resource Estimate (continued)

The CSFWZ is a separate lens that underlies the CSZ and has been intersected in nine drill holes over approximately 140m of strike length in the up-dip, central part of the deposit. The lens varies in thickness from 0.3 to 17m with an average thickness of 4.4m. The CSFWZ dominantly consists of stockwork style copper-rich mineralization similar to the CSZ, although in several holes narrow massive sulphide was also intersected at the top of the interval. It is possible that the CSFWZ represents a fault offset and repetition of the Main Lens and CSZ, but further drilling is required to prove the relationship of this lens to the rest of the deposit. The reader is referred to the Foran News Release from May 28, 2019 for more detailed information on the 2019 Resource Estimate.

OUTLOOK

The results of the PFS released on March 12, 2020 indicate that Mcllvenna Bay could be developed into a viable mining project which would provide economic benefits to the region for years to come. Foran is committed to advancing the project through feasibility and is now in a position, with the release of the PFS, to advance discussions with potential investors with experience in developing similar mines as Foran explores the best way to advance engineering work and build and operate Mcllvenna Bay.

During its tenure, the current management team of Foran has held community meetings at the 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 Mcllvenna Bay project progresses. Wherever practical, Foran hires local PBCN members to assist in advancing the project. As Mcllvenna Bay is advanced, communicating effectively and working with the communities affected by Foran's activities is one of its priorities.

Foran plans to leverage its strengths, notably its staff and the project location and jurisdiction. Foran's experienced team members have track-records of taking projects to feasibility and production. The Mcllvenna 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 advantages, along with base metal forecasts that project future strong demand for zinc and copper, are reasons Foran Management is of the view that the Mcllvenna Bay deposit and the Hanson Lake base metals district are unique among their peer group.

QUALIFIED PERSON

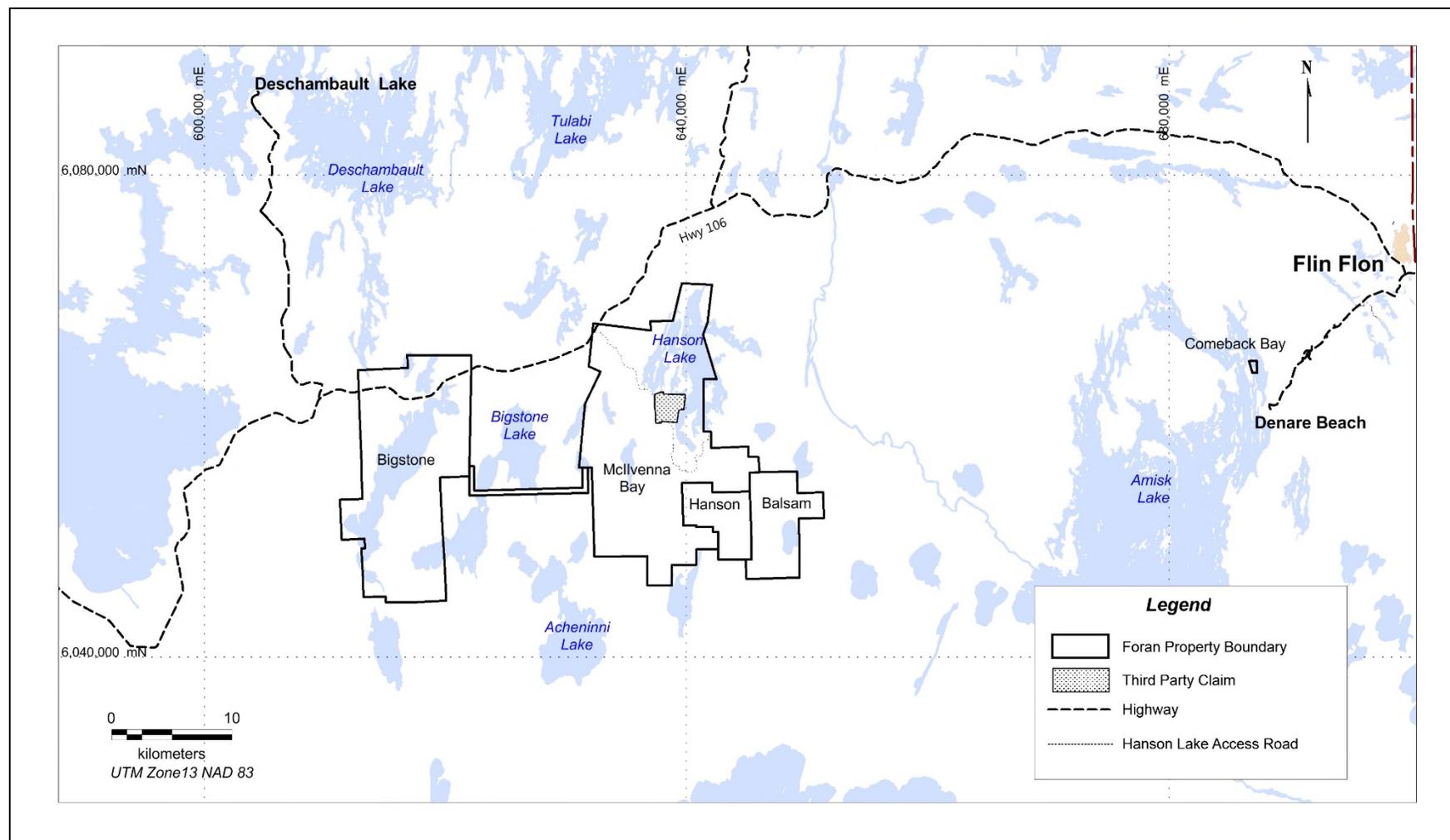
Mr. Roger March, P.Geo., VP Exploration for the Company and a QP within the meaning of National Instrument ("NI") 43-101, has reviewed and approved the technical information in this MD&A.

MINERAL PROPERTIES

SASKATCHEWAN PROPERTIES

As of the date of this report, the Company has five properties in Saskatchewan comprising a total of 61 claims for 43,703 hectares ("ha"), located between 15 and 90km west of Flin Flon, Manitoba. The four westernmost properties are higher priority, consisting of the Mcllvenna Bay Property which contains the Mcllvenna Bay deposit, and three properties contiguous to the Mcllvenna Bay Property (Hanson, Balsam and 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 fifth property located 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).

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**





MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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 38 claims covering a total of 20,907 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. Since 2011, the Company has been working to advance the McIlvenna Bay deposit through continued exploration, resource definition and environmental and engineering studies.

2019 and 2020

In January 2019 the Company made its third attempt to explain the Target A geophysical anomaly. The promise of a second large deposit at depth held great allure. Foran's technical team took on this highly technical challenge, and, supported by a professional team of drillers and field crew. After several unsuccessful attempts to wedge a hole from drill hole MR-17-09, a new 1,749m hole was drilled under strict geological control to provide a deeper test of the conductor. In April, the drill encountered the source of the anomaly, however the sulphides that were intersected did not return the desired results. The source of the anomaly is represented by an exhalative horizon containing minor fracture-fill and stringer sulphides, along with minor graphite. The occurrence of the exhalative geology indicates that the correct geological environment for the occurrence of VMS deposits was intersected by the drill hole. Given that the Target A anomaly extends over one km in length, and since only a small portion of the conductor has been tested by the two drill intersections completed to date, there remains potential to uncover sulphides of merit along the trend of the anomaly with further drilling. It is common for massive sulphide deposits to require a number of test drill-holes prior to making a discovery.

On May 28, 2019, Foran released the 2019 Resource Estimate for the McIlvenna Bay deposit. The 2019 Resource Estimate is based on over 115,000m of drilling in 239 drill holes, which includes over 27,000m of infill and expansion drilling completed in 2018. The new resource estimate shows that the deposit is host to a large metal endowment and the 2018 program has demonstrated that the deposit continues to display good continuity at depth and remains open for expansion. The 2019 Resource Estimate indicates that the deposit is host to an indicated resource of 22.95Mt grading 1.17% copper, 3.05% zinc, 0.19% lead, 0.44 g/t Au and 16.68 g/t Ag; with an additional inferred resource of 11.15Mt grading 1.38% copper, 1.83% zinc, 0.10 % lead, 0.47 g/t Au and 14.81 g/t Ag. The reader is referred to the "2019 Resource Estimate" section and Foran's news release of May 28, 2019 for further details on the 2019 Resource Estimate.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

1) MCILVENNA BAY PROPERTY (continued)

2019 and 2020 (continued)

On March 12, 2020, Foran announced positive PFS results of the Project. The results include a \$219M pre-tax net present value ("**NPV**") using a 7.5% discount rate (\$147M after-tax) and an internal rate of return ("**IRR**") of 23.4% (19.2% after-tax) using 3 year trailing average metal prices of US\$1.26 per lb Zn, US\$2.82/lb Cu, US\$1,312/ounce ("**oz**") gold ("**Au**") and US\$16.30/oz silver ("**Ag**"), foreign exchange rate CAD:USD \$1.30 / USD:CAD \$0.77. See Page 4 of this MD&A and the news release of March 12, 2020 for more details;

Expenditure Requirements

The claims that comprise the McIlvenna Bay Property are in good standing for a period of between 9 and 15 years, with the exception of one claim which is 6 years.

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.

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

Expenditure Requirements

The claims that comprise the Bigstone Property are in good standing for a period of between 8 and 11 years.

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 high-grade copper mineralization discovered in the Thunder Zone in 2013, and 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

3) BALSAM (continued)

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

Expenditure Requirements

The claims that comprise the Balsam Property are in good standing for a period of between 8 and 15 years.

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.

Expenditure Requirements

The two claims that comprise the Hanson Property are in good standing for 13 and 15 years.

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.

Expenditure Requirements

The Comeback Bay claim is in good standing for two years.

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.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

MINERAL PROPERTIES (continued)

MANITOBA PROPERTY (continued)

REED LAKE (continued)

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.

Expenditure Requirements

There are no expenditures required in 2020 to keep the Reed Lake claims in good standing.

OVERALL PERFORMANCE

FINANCIAL CONDITION

The net assets of the Company decreased from \$40,405,092 at December 31, 2018 to \$39,793,612 at December 31, 2019, a decrease of \$611,480. The most significant assets at December 31, 2019 were exploration and evaluation assets of \$39,826,171 (December 31, 2018: \$36,496,338) and cash and cash equivalents of \$391,610 (December 31, 2018: \$4,166,773).

The \$3,329,833 increase in exploration and evaluation assets was a result of the Company capitalizing exploration costs on its McIlvenna Bay Property pursuant to a drill program it completed from January to April 2019 and costs relating to the PFS. The most significant capitalized exploration costs consisted of PFS costs of \$1,617,248, drilling costs of \$585,345, salaries and benefits of \$309,416, consulting fees of \$249,470 and administration costs of \$247,994.

The decrease of \$3,775,163 in cash and cash equivalents was primarily attributed to the Company spending \$3,151,479 on its drill program and PFS costs.

The Company's liabilities at December 31, 2019 consisted of deferred share units of \$683,706 (December 31, 2018: \$612,285), accounts payable and accrued liabilities of \$265,277 (December 31, 2018: \$223,714) and a lease liability totaling \$153,918 (December 31, 2018: \$Nil), with \$100,293 classified as a current liability and \$53,625 classified as a non-current liability.

The majority of the accounts payable and accrued liabilities at December 31, 2019 related to PFS costs.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

OVERALL PERFORMANCE (continued)

FINANCIAL CONDITION (continued)

The Company has a Long-Term Performance Incentive Plan which includes, as one of the awards, deferred share units ("**DSUs**"). 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 DSUs. 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 DSUs. Upon separation from the Company, participants will, at their choice, receive either the equivalent number of common shares in the Company, or the cash equivalent of the fair market value of the DSUs based on a volume weighted average of the Company's share price.

The Company's Executive Chairman is compensated for his services with DSUs on a monthly basis, to a maximum of \$10,417 per month. At December 31, 2019, an amount of \$512,066 (December 31, 2018: \$483,151) was owed to the Executive Chairman. The number of outstanding DSUs owed to the Executive Chairman at December 31, 2019 was 1,828,808 (December 31, 2018: 1,380,432).

The Company's independent directors are compensated for their services with DSUs. At December 31, 2019 an amount of \$171,640 (December 31, 2018: \$129,131) was owed to the independent directors. The number of outstanding DSUs owed to independent directors at December 31, 2019 was 596,991 (December 31, 2018: 368,947).

With respect to the lease liability of \$153,918, the Company adopted IFRS 16 *Leases* ("**IFRS 16**") effective January 1, 2019. Please refer to "*IFRS 16 Leases*" on pages 23 to 25 of this MD&A for a complete explanation.

RESULTS OF OPERATIONS

Year ended December 31, 2019

The Company recorded a net loss of \$1,670,903 for the year ended December 31, 2019 (2018: \$61,765). Expenses before Other Items were \$1,828,978 (2018: \$2,121,161) with the most significant being salaries and benefits of \$593,732 (2018: \$639,537), share-based payments expense of \$387,792 (2018: \$594,022), investor relations costs of \$229,484 (2018: \$235,181) and professional fees of \$197,567 (2018: \$255,832). Other Items for the year ended December 31, 2019 consisted of an unrealized gain of \$116,912 (2018: \$109,657) on the revaluation of deferred share units, interest and miscellaneous income of \$41,163 (2018: \$62,049) and other income of \$Nil (2018: \$1,887,690). Explanations for these expenses and Other Items are as follows:

- Salaries and benefits decreased by \$45,805 mainly as a result of the Company's Executive Chairman earning a bonus of \$100,000 in 2018;



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

OVERALL PERFORMANCE (continued)

RESULTS OF OPERATIONS (continued)

Year ended December 31, 2019 (continued)

- 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 \$206,230 lower for the year ended December 31, 2019. The Company granted 1,865,000 stock options in January 2018 with an exercise price of \$0.57. The fair value per option was \$0.39. The Company granted 2,070,000 stock options in March 2019 with an exercise price of \$0.34. The fair value per option was \$0.22. This indicates that the exercise price is a significant factor in the calculated amount of share-based payments expense;
- The majority of investor relations expenses of \$229,484 for the year ended December 31, 2019 were \$108,945 in advertising costs and \$91,880 in conference costs;
- Professional fees of \$197,567 for the year ended December 31, 2019 included consulting fees of \$112,528 charged by the Company's strategic consultant, audit and tax related fees of \$37,518 and consulting fees of \$27,209 charged by the Company's Office Manager;
- The majority of the unrealized gain of \$116,912 on the revaluation of deferred share units was a result of the Company's stock decreasing from \$0.35 per share at December 31, 2018 to \$0.28 per share at December 31, 2019; and
- Other income of \$1,887,690 for the year ended December 31, 2018 was a result of the Company incurring all of the required qualifying expenditures in relation to the private placements of FT Shares that were completed in December 2017, June 2018 and July 2018.

CASH FLOWS

Year ended December 31, 2019

Cash and cash equivalents decreased by \$3,775,163 during the year ended December 31, 2019, from \$4,166,773 at December 31, 2018 to \$391,610 at December 31, 2019. The decrease was a result of cash of \$3,151,479 used in investing activities, \$974,479 used in operating activities, partially offset by cash of \$350,795 provided by financing activities.

The cash of \$3,151,479 used in investing activities consisted exclusively of exploration and evaluation asset expenditures, with the majority relating to the Company's PFS contracts, drilling costs and salaries and benefits.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

OVERALL PERFORMANCE (continued)

CASH FLOWS (continued)

Year ended December 31, 2019 (continued)

The cash of \$974,479 used in operating activities consisted of the net loss of \$1,670,903, partially offset by a total of \$625,159 for items not involving cash and a net change in non-cash working capital items of \$71,265.

The cash of \$350,795 provided by financing activities consisted of the Company receiving \$456,000 in proceeds pursuant to the exercise of 2,700,000 stock options with a weighted average exercise price of \$0.17, partially offset by lease liability payments of \$105,205 relating to the Company's office lease.

SELECTED ANNUAL INFORMATION

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

	2019	2018	2017
	\$	\$	\$
Interest and miscellaneous income	41,163	62,049	1,004
Gain on sale of investments	-	-	257,028
Gain (loss) on revaluation of deferred share units	116,912	109,657	(127,303)
Other income	-	1,887,690	-
Expenses	(1,828,978)	(2,121,161)	(1,070,668)
Write-off of exploration and evaluation assets	-	-	-
Net loss for the year	(1,670,903)	(61,765)	(939,939)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)
Total assets	40,896,513	41,241,091	32,644,653
Total long-term financial liabilities	737,331	612,285	512,275
Cash dividends declared	-	-	-



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SUMMARY OF QUARTERLY RESULTS

	Q4, 2019	Q3, 2019	Q2, 2019	Q1, 2019
	\$	\$	\$	\$
Net loss for the period	(555,143)	(256,448)	(337,307)	(522,005)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	Q4, 2018	Q3, 2018	Q2, 2018	Q1, 2018
	\$	\$	\$	\$
Net income (loss) for the period	(508,726)	831,427	(144,061)	(240,405)
Basic and diluted income (loss) per share	(0.00)	0.01	(0.00)	(0.00)

With the exception of Q3, 2018 (net income of \$831,427), the Company's operating results for the last eight quarters ranged from a net loss of \$555,143 in Q4, 2019 to a net loss of \$144,061 in Q2, 2018.

The net loss of \$555,143 in Q4, 2019 consisted of expenses before Other Items of \$446,905 with the most significant being salaries and benefits of \$141,982, investor relations costs of \$72,101, share-based payments expense of \$70,960 and professional fees of \$50,122. Other Items for Q4, 2019 consisted of an unrealized loss of \$111,160 on the revaluation of deferred share units and interest income of \$2,921.

The net income of \$831,427 in Q3, 2018 consisted of expenses before other items of \$552,654 with the most significant being salaries and benefits of \$223,617 and share-based payments expense of \$106,103. Other items, which more than offset the expenses, consisted of other income of \$1,087,146, an unrealized gain of \$272,448 on the revaluation of deferred share units and interest income of \$24,487. Other income was a result of the Company incurring the remaining qualifying expenditures in relation to the private placements of FT Shares that were completed in June and July 2018.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SUMMARY OF QUARTERLY RESULTS (continued)

Together, share-based payments expense and salaries and benefits consistently comprised a significant portion (between 48% in Q4, 2019 and 66% in Q1, 2018) of the expenses that contributed to the net income or loss for each of the quarters from Q1, 2018 to Q4, 2019. The following table provides a breakdown of the expenses, before Other Items, that contributed to the quarterly net losses:

	Q4, 2019	Q3, 2019	Q2, 2019	Q1, 2019
	\$	\$	\$	\$
Share-based payments expense	70,960	72,613	72,929	171,290
Salaries and benefits	141,982	138,847	152,617	160,286
Other expenses	233,962	158,468	193,834	261,190
Total expenses for the period	446,904	369,928	419,380	592,766

	Q4, 2018	Q3, 2018	Q2, 2018	Q1, 2018
	\$	\$	\$	\$
Share-based payments expense	82,916	106,103	95,851	309,152
Salaries and benefits	160,159	223,617	130,745	125,016
Other expenses	241,276	222,934	201,027	222,365
Total expenses for the period	484,351	552,654	427,623	656,533

The share-based payments expense was the fair value of the stock options that vested in each respective quarter. The Company granted 2,070,000 stock options with an exercise price of \$0.34 per share in Q1, 2019 which contributed to the significant share-based payments expense of \$171,290 in Q1, 2019, as one-third of the stock options vested immediately.

From Q1, 2018 to Q4, 2019, salaries and benefits remained relatively consistent with the exception of Q3, 2018, in which the Company's Executive Chairman earned a bonus of \$100,000.

The majority of other expenses in Q4, 2019 consisted of investor relations costs of \$72,101, professional fees of \$50,122, office and administration costs of \$44,662 and depreciation of \$37,126.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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 and stock option exercises. At December 31, 2019, the Company had working capital of \$136,324 (2018: \$4,120,175). 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. A material uncertainty exists that may cast 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.

RELATED PARTY TRANSACTIONS

Under IAS, a related party transaction is a transfer of resources, services or obligations between an issuer and a party related to the issuer or its Executive Directors or Officers. Under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, a related party transaction is a transaction between the issuer and a related party of the issuer at the time the transaction is agreed to as a consequence of which the issuer directly or indirectly enters into specified transactions, including a purchase or sale of assets, issuing securities or subscribing for securities, borrowing or lending money, and forgiving debts or liabilities.

Key management compensation

Key management personnel at the Company are the Directors and Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

RELATED PARTY TRANSACTIONS (continued)

a) Related Party Transactions

The Company's related party transactions for the year ended December 31 were as follows:

		2019	2018
		\$	\$
Short-term benefits	1	713,222	843,638
Share-based payments expense	2	354,006	603,629
Directors' fees	3	63,333	54,000
Total		1,130,561	1,501,267

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

² Share-based payments 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.

b) During the year ended December 31, 2019, the Company was charged \$13,821 (2018: \$10,597) 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. At December 31, 2019, accounts payable and accrued liabilities included an amount of \$6,396 (December 31, 2018: \$2,096) for this expense.

c) At December 31, 2019, the Company owed a total of 2,425,799 DSUs (December 31, 2018: 1,749,379) fair valued at \$683,706 (December 31, 2017: \$612,285) to key management personnel, which is included in the consolidated statement of financial position.

FOURTH QUARTER

The Company recorded a net loss of \$555,143 for the quarter ended December 31, 2019. The net loss consisted of expenses before other items of \$446,905, with the most significant being salaries and benefits of \$141,982, investor relations costs of \$72,101, share-based payments expense of \$70,960 and professional fees of \$50,122. Other items consisted of an unrealized loss of \$111,160 on the revaluation of deferred share units and interest income of \$2,921.

PROPOSED TRANSACTIONS

As of the date of this report, there were no proposed transactions.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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.

Flow-through share private placements

As an incentive to complete private placements, the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions for tax purposes to the Company. The shares are usually issued at a premium to the trading price of the Company's shares. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

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.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

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.

Right-of-use asset

The Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

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.

Estimated useful lives and related rates of depreciation of plant and equipment

The Company estimates depreciation rates and selects methods used to allocate depreciable amounts of plant and equipment in a systematic basis over their estimated useful lives. Technical obsolescence of plant and equipment could significantly impact estimated residual useful lives and in turn carrying values being over or understated.

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, 2019.

IFRS 16 Leases

The Company adopted IFRS 16 *Leases* ("**IFRS 16**") effective January 1, 2019. The following is the new accounting policy for leases under IFRS 16.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

IFRS 16 Leases (continued)

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as lessee, is required to recognize a right-of-use asset ("**ROU asset**"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset by asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated depreciation, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is depreciated from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in the consolidated statement of comprehensive loss in the period in which they are incurred.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

IFRS 16 Leases (continued)

The ROU assets are presented within "Right-of-use assets" and the lease liabilities are presented in "Lease liability" on the consolidated statements of financial position.

Adoption of IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The comparative figures for the 2018 reporting period have not been restated and are accounted for under IAS 17 *Leases*, and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard.

The Company applied the exemption not to recognize ROU asset and lease liabilities for leases with less than 12 months of lease term and leases for low-value assets when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

The Company has an office lease for its headquarters in Vancouver, British Columbia which was classified as operating leases under IAS 17. Upon transition to IFRS 16, these lease liabilities were measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 7% as of January 1, 2019. As a result, the Company, as a lessee, recognized \$244,363 as a lease liability, representing its obligation to make lease payments. A ROU asset of the same amount was recognized as a Right-of-use Asset, representing its right to use the underlying asset.

The following table summarizes the difference between the operating lease commitments disclosed immediately preceding the date of initial application and lease liability recognized on the consolidated balance sheet at the date of initial application:

	\$
Operating lease liability as at December 31, 2018	267,282
Effect of discounting at incremental borrowing rate	<u>(22,919)</u>
Lease liability recognized as of January 1, 2019	<u>244,363</u>

FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 13 of the Company's consolidated financial statements for the year ended December 31, 2019.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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:

	2019	2018
	\$	\$
Depreciation	152,293	65,855
Directors' fees	63,333	54,000
Investor relations	229,484	235,181
Office and administration	154,743	224,029
Professional fees	197,567	255,832
Salaries and benefits	593,732	639,537
Share-based payments expense	387,792	594,022
Transfer agent, regulatory and filing fees	29,556	25,277
Travel and accomodation	20,478	27,428
	1,828,978	2,121,161

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 132,839,451 common shares issued and outstanding.

As at the date of this report, there were 5,826,666 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

RISKS AND UNCERTAINTIES (continued)

The Company's activities involve the application for licenses and permits from government 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. The Company has not completed a feasibility study on any of its properties and 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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.

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financing capabilities. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these consolidated financial statements, the Company's stock price has declined in excess of 50% since year-end. Should the stock prices remain at or below currently prevailing levels for an extended period, this could have a further significant adverse impact on the Company's financial position and results of operations for future periods.

DIRECTORS & OFFICERS

As of the date of this MD&A, the Company's directors and officers were as follows:

Patrick Soares – President, CEO and Director

Darren Morcombe – Executive Chairman of the Board

Maurice Tagami – Director, Chair of the Governance and Corporate Compensation Committee

David Petroff – Director, Chair of the Audit & Risk Committee

Mario Grossi – Director, Chair of the Environmental, Health & Safety Committee

Tim Thiessen – CFO and Corporate Secretary

Roger March – VP Exploration