MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

The following Management's Discussion and Analysis ("**MD&A**") of Foran Mining Corporation ("**Foran**" or the "**Company**") is for the year ended December 31, 2020 and covers information up to the date of this MD&A.

This MD&A is dated **March 10, 2021.**

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, 2020, 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.

HIGHLIGHTS AND KEY DEVELOPMENTS (to the date of this MD&A)

- On February 4, 2021, the Company, which is planning to build the first mine in Canada designed to be carbon neutral from day one, announced that it has commenced its largest drill program to date. Foran expects to conduct a 30,000 metre ("**m**") drill program in order to expand and infill the McIlvenna Bay deposit to support the upcoming DFS and notably enhance the economic value of the asset, the camp and the Company. The infill drilling program is focused on increasing the drill density and upgrading the classification of the deeper parts of the McIlvenna Bay deposit. The expansion program is focused on growing the size of the overall deposit through substantial step-outs both up and down dip and along plunge.

HIGHLIGHTS AND KEY DEVELOPMENTS (to the date of this MD&A) (continued)

- On February 2, 2021, the Company announced the completion of a brokered private placement issuing a total of 30,665,000 common shares of the Company for gross proceeds of $25,000,640. The private placement was comprised of 11,539,000 common shares at a price of $0.65 per share for gross proceeds of $7.5 million, and 19,126,000 common shares on a flow-through ("**FT**") basis at a price of $0.915 per FT share for gross proceeds of $17.5 million. The gross proceeds from the sale of FT shares will be used by the Company to incur eligible "Canadian exploration expenses" on its Saskatchewan projects that will qualify as "flow-through mining expenditures" as defined in the Income Tax Act (Canada). The net proceeds from the sale of common shares will be used by the Company for work towards completing a DFS, working capital and general corporate purposes;

- On December 7, 2020, the Company announced an initial NI 43-101 compliant resource on its 100% owned Bigstone deposit located in east-central Saskatchewan. Bigstone represents the second NI 43-101 compliant resource defined by Foran within the Hanson Lake District and could be an important contributor to a long-life mining camp that could be developed in the region. Indicated resources are estimated at 1.98 million tonnes ("**Mt**") grading 2.22% copper equivalent and inferred resources are estimated at 1.88Mt grading 2.14% copper equivalent. On January 21, 2021, the Company filed the independent NI 43-101 technical report titled "*Technical Report on the Bigstone Project, East Central Saskatchewan, Canada*" and is available on the Company's website www.foranmining.com or under the Company's profile on SEDAR at www.sedar.com;

- On November 26, 2020, the Company completed a non-brokered private placement issuing 5,714,285 units at a price of $0.175 per unit for gross proceeds of $1,000,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.25 with an expiration date of November 26, 2025. Messrs. Myerson and Morcombe subscribed for all 5,714,285 units of the private placement with Mr. Myerson subscribing for 4,000,000 and Mr. Morcombe subscribing for 1,714,285;

- On November 9, 2020, the Company announced the appointment of Dan Myerson as CEO and Executive Chair of the Board of Directors. Mr. Myerson was previously the head of Glencore's Canadian zinc business, and has vast global experience in the metals and mining sector including refined metal and concentrates trading, mining and smelting operations and capital markets. Mr. Morcombe assumed the role of Executive Director. Mr. Myerson was granted 6,000,000 stock options at a price of $0.20 per share for a term of five years, with vesting in three tranches relating to completion of a definitive feasibility study ("**DFS**"), sourcing of project financing and obtaining project permits, with acceleration of vesting based on other valuation criteria and standard provisions;

- Effective September 30, 2020, the Company's President & CEO, Patrick Soares retired. Mr. Morcombe, the Company's Executive Chair, stepped in to assume the Interim CEO role. Mr. Soares agreed to remain on the Company's Technical Committee thereby continuing to provide his expertise and guidance;

HIGHLIGHTS AND KEY DEVELOPMENTS (to the date of this MD&A) (continued)

- On May 20, 2020, the Company announced the resignation of Mr. Mario Grossi from the Company's Board of Directors (the "**Board**"). Due to the challenges associated with the ongoing global health pandemic ("**COVID-19**"), Mr. Grossi, as President of Technica Mining, felt it was necessary to resign from Foran's Board in order to devote his time and attention to Technica. Mr. Grossi has agreed to join Foran's Technical Committee and will continue to offer his expertise in mining and construction to the Company;

- On April 29, 2020, the Company completed a non-brokered private placement issuing 7,100,000 units at a price of $0.10 per unit for gross proceeds of $710,000. Each unit consisted of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at a price of $0.15 with an expiration date of April 29, 2023;

- On April 3, 2020, the Company granted a total of 1,520,000 incentive stock options to Directors, Officers and Consultants of the Company. Each stock option will allow the holder to purchase one common share of Foran at a price of $0.09 per share subject to certain vesting requirements, with an expiry of April 3, 2025;

- On March 12, 2020, Foran announced positive Pre-Feasibility Study ("**PFS**") results of the McIlvenna Bay project. The results include a $219 Million ("**M**") 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 pound ("**lb**") zinc ("**Zn**"), US$2.82/lb copper ("**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. For more detail on the PFS, please refer to the NI 43-101 Technical Report on the Company's webpage at www.foranmining.com or under the Company's profile on SEDARA at www.sedar.com;

- On April 28, 2020, the Company filed the independent National Instrument ("**NI**") 43-101 – Standards of Disclosure for Mineral Projects technical report for the PFS on the McIlvenna Bay project. Management believes the PFS demonstrates that McIlvenna Bay is poised to be the center of operations for a new mining camp. This technical report, effective March 12, 2020, was prepared by AGP Mining Consultants Inc., as principal consultant, and is titled "*NI 43-101 Technical Report, Pre-Feasibility Study for the McIlvenna Bay Project*" and is available on the Company's website www.foranmining.com or under the Company's profile on SEDAR at www.sedar.com; and

- Between January 1, 2020 and the date of this report, insiders, employees and consultants exercised a total of 2,115,000 stock options with a weighted average exercise price of $0.13 for total proceeds of $284,850 with insiders selling no resulting shares.

OUTLOOK

As noted in "*Highlights and Key Developments*" above, Foran successfully raised gross proceeds of $25 million in February 2021 and with the appointment of Mr. Myerson in November 2020, Foran has set aggressive, yet achievable, goals for 2021 and beyond.

Foran is now in the feasibility stage of development for McIlvenna Bay project. McIlvenna Bay is a Cu-Zn-Au-Ag rich volcanogenic massive sulphide deposit intended to be the center of a new mining camp in a prolific district that has already been producing for 100 years.

Foran's goal is to build the first mine in Canada designed to be carbon neutral from day one of commercial production. Foran is committed to supporting a greener future and creating maximum value for all stakeholders including creating safe jobs, supporting local communities as well as both preserving and enhancing the environment.

QUALIFIED PERSON

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

MINERAL PROPERTIES

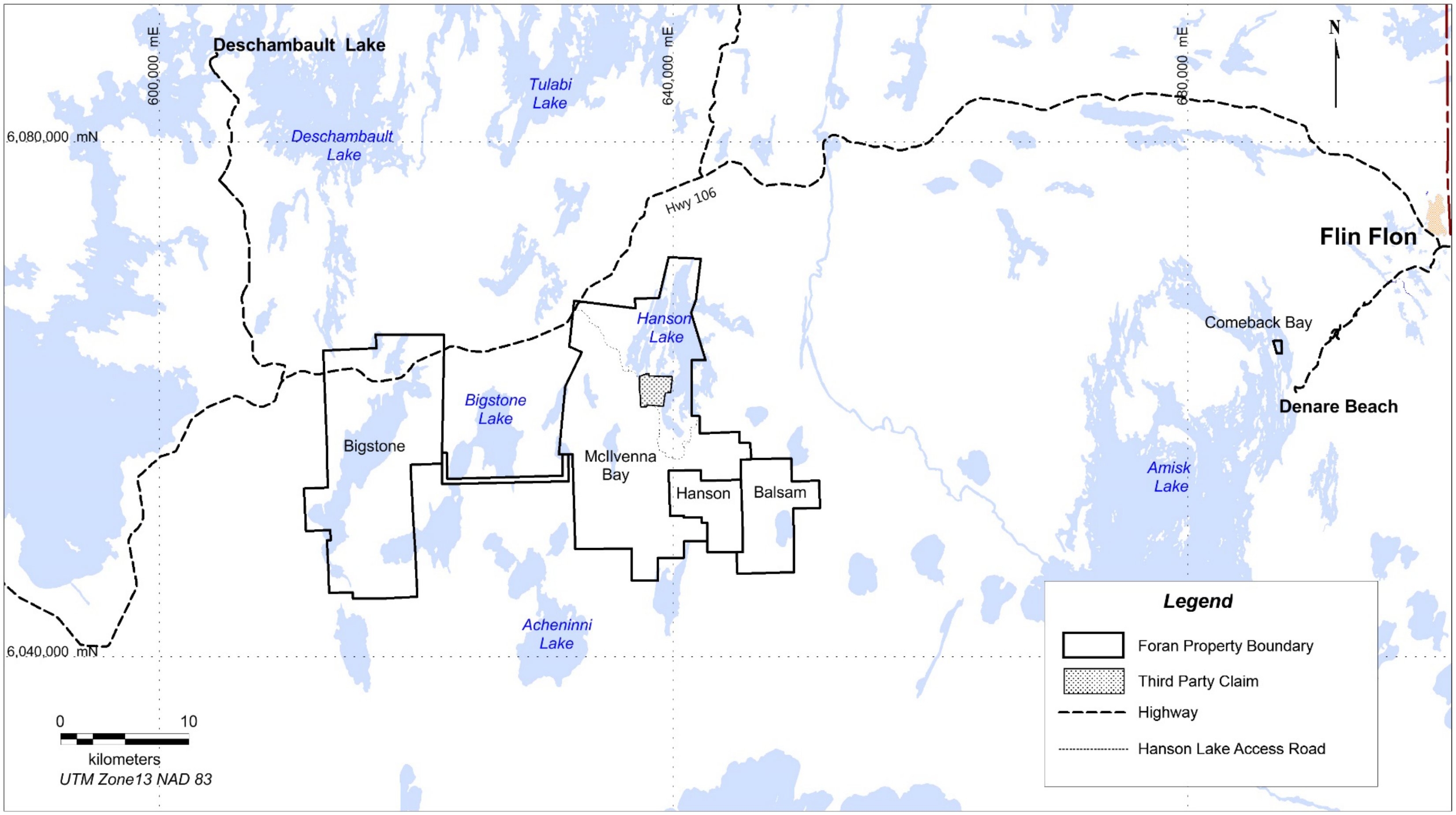
SASKATCHEWAN PROPERTIES

As of the date of this MD&A, 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 McIlvenna Bay Property which contains the McIlvenna Bay deposit, and three properties contiguous to the McIlvenna 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).

See Figure 1 on Page 5 for a map of the Company's Saskatchewan properties.

FORAN
MINING CORPORATION

Figure 1: Map of Foran's properties in Saskatchewan, Canada



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.

2021

On February 4, 2021 the Company announced that it has commenced a 30,000 m drill program at the McIlvenna Bay Property. The drill program is being conducted to expand and infill the McIlvenna Bay Deposit to support an upcoming feasibility study ("**FS**") that will be undertaken on McIlvenna Bay in 2021. The infill drilling program will be focused on increasing the drill density and upgrading the classification of the deeper parts of the McIlvenna Bay Deposit. The expansion program will be focused on growing the size of the overall deposit through substantial step-outs both up and down dip and along plunge. Results from the drill program will be released as they become available.

2020

On March 12, 2020, Foran announced positive PFS results of the McIlvenna Bay project. The results include a $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 per 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. For more detail on the PFS, please refer to the NI 43-101 Technical Report on the Company's webpage at www.foranmining.com.

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

1) MCILVENNA BAY PROPERTY (continued)

2019 McIlvenna Bay Resource Estimate

On May 28, 2019, the Company released a revised resource estimate on McIlvenna Bay (the "**2019 Resource Estimate**") 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 McIlvenna 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.

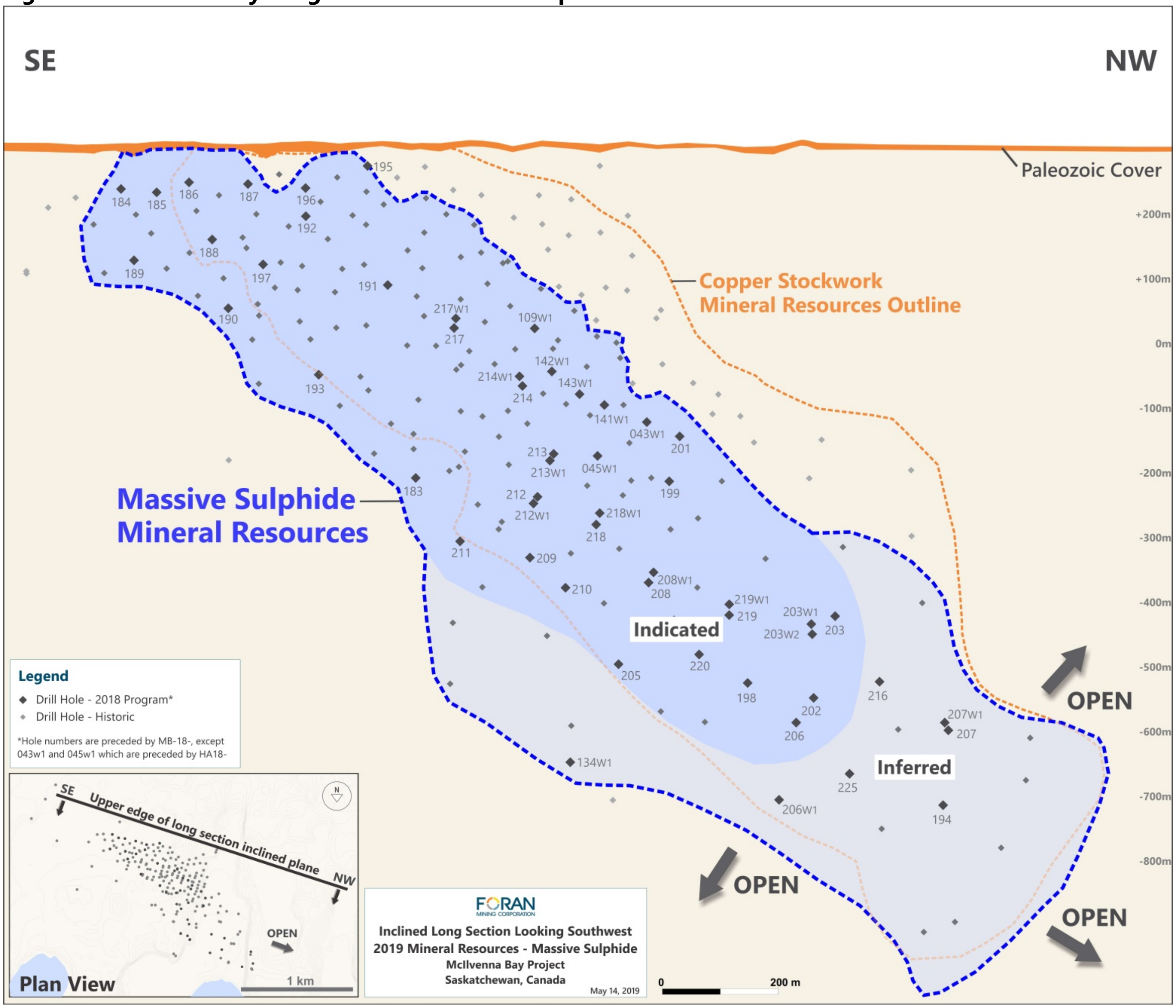
For more detailed information on the 2019 Resource Estimate and contained metal in the McIlvenna Bay deposit, please refer to the Company's independent NI 43-101 technical report titled "*Technical Report for the 2019 Mineral Resource Estimate on the McIlvenna Bay Project, Saskatchewan, Canada*" which is available on the Company's website www.foranmining.com or under the Company's profile on SEDAR at www.sedar.com;

See Figures 2 and 3 on pages 8 and 9, respectively, for longitudinal sections that illustrate the outline and classification of the resource estimate.

Expenditure Requirements

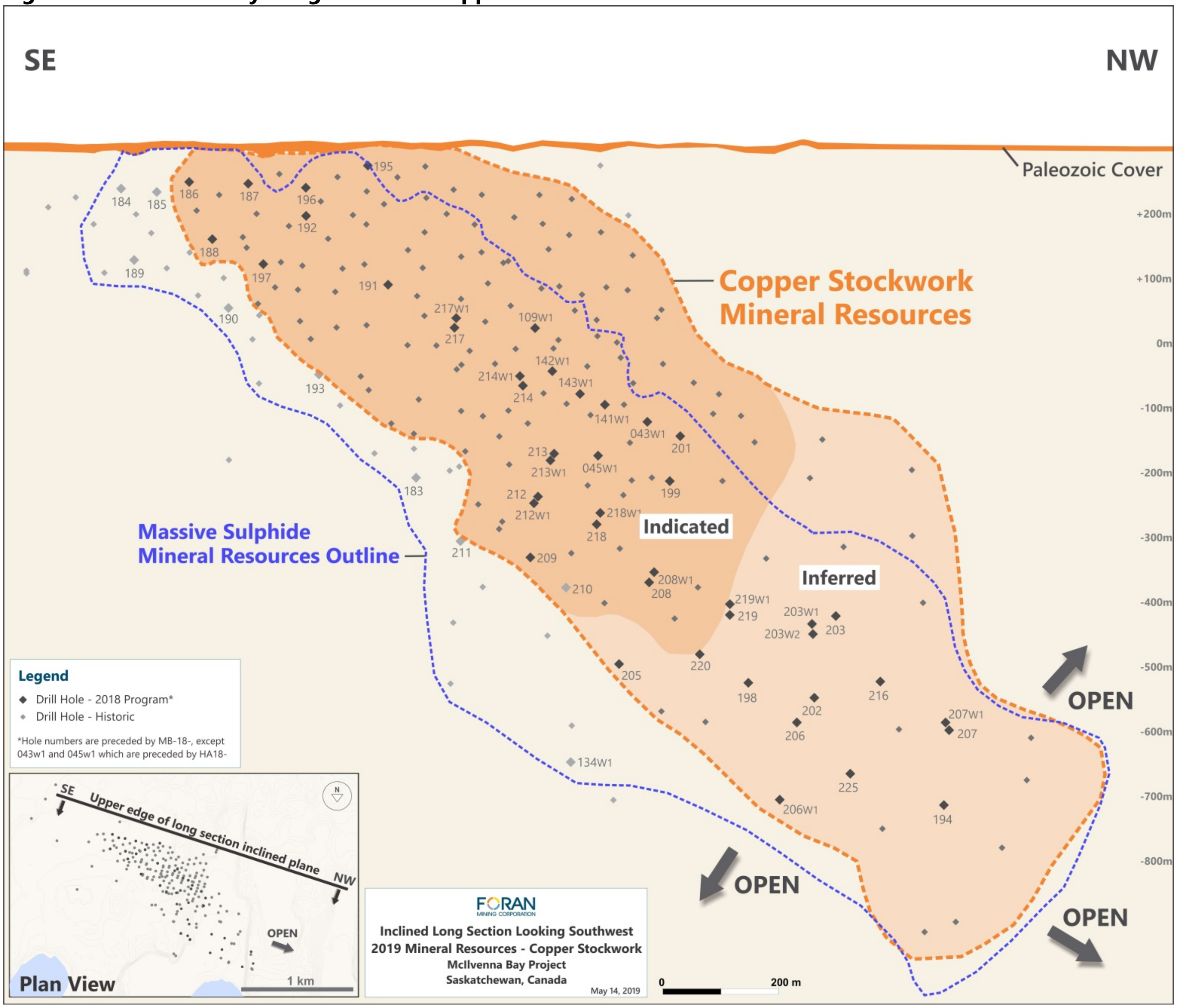
The claims that comprise the McIlvenna Bay Property are in good standing for a period of between 10 and 22 years.

Figure 2: 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 3: 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.

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

2) BIGSTONE

The Company has a 100% interest in the Bigstone Property, which is comprised of 13 claims totalling 16,117 ha oriented north-south to cover roughly 20km of prospective volcanic stratigraphy.

On December 7, 2020, the Company announced an initial NI 43-101 compliant resource on its 100% owned Bigstone deposit located in east-central Saskatchewan. Bigstone represents the second NI 43-101 compliant resource defined by Foran within the Hanson Lake District and could be an important contributor to a long-life mining camp that could be developed in the region. Indicated resources are estimated at 1.98 million tonnes ("**Mt**") grading 2.22% copper equivalent and inferred resources are estimated at 1.88Mt grading 2.14% copper equivalent. On January 21, 2021, the Company filed the independent NI 43-101 technical report titled "*Technical Report on the Bigstone Project, East Central Saskatchewan, Canada*" and is available on the Company's website www.foranmining.com or under the Company's profile on SEDAR at www.sedar.com;

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 22 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.

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 11 and 22 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.

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

4) HANSON

Expenditure Requirements

The two claims that comprise the Hanson Property are in good standing for 17 and 22 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.

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 HudBay'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 increased from $39,793,612 at December 31, 2019 to $41,134,687 at December 31, 2020, an increase of $1,341,075. The most significant assets at December 31, 2020 were exploration and evaluation assets of $40,605,245 (December 31, 2019: $39,826,171), cash and cash equivalents of $1,049,592 (December 31, 2019: $391,610) and plant and equipment of $218,809 (December 31, 2019: $263,308).

The majority of the $779,074 increase in exploration and evaluation assets was a result of the Company capitalizing costs relating to the PFS. The most significant capitalized exploration costs consisted of PFS costs of $430,837, salaries and overhead of $139,262 and consulting fees of $139,171.

The Company's liabilities at December 31, 2020 consisted of deferred share units of $709,904 (December 31, 2019: $683,706), accounts payable and accrued liabilities of $276,046 (December 31, 2019: $265,277) and a lease liability totaling $53,882 (December 31, 2019: $153,918).

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. Participants can, upon Board approval, 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 following individuals are compensated with DSUs:

- The Company's Executive Director (former Executive Chair) is compensated for his services with DSUs on a monthly basis, to a maximum of $10,417 per month. At December 31, 2020, 103,679 (December 31, 2019: 1,828,808) DSUs valued at $60,133 (December 31, 2019: $512,066) were owed to the Executive Chairman.

- The Company's independent directors are compensated for their services with DSUs. At December 31, 2020, 709,331 (December 31, 2019: 596,991) DSUs valued at $411,411 (December 31, 2019: $171,640) were owed to the current and certain former independent directors.

- The Company's recently appointed CEO is compensated for his services with DSUs on a quarterly basis in the amount of $62,500. At December 31, 2020, 410,966 (December 31, 2019: Nil) DSUs valued at $238,360 (December 31, 2019: N/A) were owed to the CEO.

The lease liability of $53,882 pertains to the Company's existing office lease agreement which expires June 30, 2021.

OVERALL PERFORMANCE (continued)

RESULTS OF OPERATIONS

Year ended December 31, 2020

The Company recorded a net loss of $2,052,691 for the year ended December 31, 2020 (2019: $1,670,903). Expenses before Other Items were $1,202,784 (2019: $1,828,978) with the most significant being salaries and benefits of $350,858 (2019: $593,732), share-based payments expense of $265,971 (2019: $387,792) and consulting fees of $152,924 (2019: $Nil). The most significant Other Item for the year ended December 31, 2020 consisted of an unrealized loss of $846,934 (2019: gain of $116,912).

Explanations for the expenses and Other Items noted above are as follows:

- **Salaries and benefits** – The majority of salaries and benefits consisted of an amount of $115,625 earned by the Company's Executive Director in DSUs, an amount of $109,135 earned by the Company's former President & CEO, Patrick Soares, who resigned on September 30, 2020, and an amount of $67,442 earned by the Company's CFO.

- **Share-based payments expense** – The Company applies the fair value method of accounting for all awards of stock options by using the Black-Scholes Option Pricing Model ("**Black-Scholes**"). Variations in share-based payments expense are expected and are 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. During the year ended December 31, 2020, the Company granted 7,620,000 stock options with a weighted average exercise price of $0.18 (2019: 2,070,000 stock options with a weighted average exercise price of $0.34).

- **Consulting fees** – The majority of consulting fees consisted of an amount of $64,790 earned by the Company's Corporate Strategist, an amount of $62,500 earned by the Company's recently appointed CEO and an amount of $22,583 earned by the Company's Business Manager. The Company's CEO does not receive cash for his consulting fees. He earns his consulting fees through the issuance of DSUs.

- **Unrealized loss on the revaluation of DSUs** - As noted in '*Financial Condition*' above, the Company compensates its Executive Director, independent directors and CEO with DSUs which are revalued at the end of every quarter. The majority of the unrealized loss of $846,934 on the revaluation of deferred share units was a result of the Company's stock increasing from $0.28 per share on December 31, 2019 to $0.58 per share on December 31, 2020.

OVERALL PERFORMANCE (continued)

CASH FLOWS

Year ended December 31, 2020

Cash and cash equivalents increased by $657,982 during the year ended December 31, 2020, from $391,610 at December 31, 2019 to $1,049,592 at December 31, 2020. The increase was a result of cash of $1,896,285 provided by financing activities, partially offset by cash of $756,700 used in investing activities and cash of $481,603 used in operating activities.

The cash of $1,896,285 provided by financing activities consisted of the Company completing two private placements for net proceeds of $1,698,098, cash of $285,950 received on the exercise of stock options, cash of $15,000 received on the exercise of warrants, partially offset by lease liability payments of $102,763 relating to the Company's office lease. The two private placements consisted of the following:

- On April 29, 2020, the Company completed a non-brokered private placement issuing 7,100,000 units at a price of $0.10 per unit for gross proceeds of $710,000. Each unit consisted of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at a price of $0.15 with an expiration date of April 29, 2023. Share issue costs totaled $5,859. The Company's share price on April 29, 2020 was $0.125 per share and consequently no value was attributed to the warrants.

- On November 26, 2020, the Company completed a non-brokered private placement issuing 5,714,285 units at a price of $0.175 per unit for gross proceeds of $1,000,000. Messrs. Myerson and Morcombe subscribed for all 5,714,285 units of the private placement with Mr. Myerson subscribing for 4,000,000 and Mr. Morcombe subscribing for 1,714,285. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.25 with an expiration of November 26, 2025. Share issue costs totaled $6,043. The Company's share price on November 26, 2020 was $0.46 per share and consequently no value was attributed to the warrants.

The cash of $756,700 used in investing activities consisted exclusively of exploration and evaluation asset expenditures, with the majority relating to the Company's PFS contracts.

The cash of $481,603 used in operating activities consisted of the net loss of $2,052,691, partially offset by a net change in non-cash working capital items of $86,548 and items not involving cash of $1,484,540.

SELECTED ANNUAL INFORMATION

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

	2020	2019	2018
	$	$	$
Interest and miscellaneous income	12,889	41,163	62,049
Foreign exchange loss	(15,862)	-	-
Gain (loss) on revaluation of deferred share units	(846,934)	116,912	109,657
Other income	-	-	1,887,690
Expenses	(1,202,784)	(1,828,978)	(2,121,161)
Net loss for the year	(2,052,691)	(1,670,903)	(61,765)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)
Total assets	42,174,519	40,896,513	41,241,091
Total long-term financial liabilities	649,639	737,331	612,285
Cash dividends declared	-	-	-

SUMMARY OF QUARTERLY RESULTS

	Q4, 2020	Q3, 2020	Q2, 2020	Q1, 2020
	$	$	$	$
Net income (loss) for the period	(1,473,154)	(349,584)	(299,390)	69,437
Basic and diluted income (loss) per share	(0.01)	(0.00)	(0.00)	0.00

	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)

SUMMARY OF QUARTERLY RESULTS (continued)

With the exception of Q1, 2020 (net income of $69,437), the Company's operating results for the last eight quarters ranged from a net loss of $256,448 in Q3, 2019 to a net loss of $1,473,154 in Q4, 2020.

The majority of the net loss of $1,473,154 in Q4, 2020 was a result of a loss of $1,032,827 on the revaluation of DSUs due to the Company's stock increasing from $0.19 per share on September 30, 2020 to $0.58 per share on December 31, 2020. Other expenses contributing to the net loss included share-based payments expense of $140,274 and consulting fees of $91,852, of which $62,500 was earned by the CEO with DSUs.

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, 2020, the Company had working capital of $724,811 (December 31, 2019: $136,324). However, as noted in "*Highlights and Key Developments*", the Company completed a brokered private placement in February 2021, raising gross proceeds of $25 million.

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, borrowing or lending money, and forgiving debts or liabilities.

RELATED PARTY TRANSACTIONS (continued)

Key management compensation

Key management personnel at the Company are the current 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.

a) Related Party Transactions

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

		2020	2019
		$	$
Short-term benefits	1	436,244	713,222
Share-based payments expense	2	239,764	354,006
Directors' fees	3	47,802	63,333
Consulting fees	4	62,500	-
Office rent	5	14,827	13,821
Total		801,137	1,144,382

1 Short-term benefits consisted 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, which is more fully described in Note 8.

4 Consulting consisted exclusively of CEO fees charged by Myerson Holdings Ag, a company controlled by the Company's CEO and are included in consulting in the consolidated statement of loss and comprehensive loss.

5 Office rent is charged by the Company's Executive Director, which is in included in office and administration in the consolidated statement of loss and comprehensive loss.

RELATED PARTY TRANSACTIONS (continued)

b) Related Party Balances

The following balances were owed to related parties at December 31:

		2020	2019
Amounts due to:	**Service for:**	$	$
CEO	Accrued salary (DSUs)	238,360	-
Executive Director	Office rent	10,350	6,396
		248,710	6,396

The CEO's accrued salary was included in deferred share units as a non-current liability and the office rent was included in accounts payable and accrued liabilities.

The Company had the following additional related party balances:

- At December 31, 2020, the Company owed a total of 813,010 DSUs (December 31, 2019: 2,425,800) with a fair value of $471,544 (December 31, 2019: $683,706) to key management personnel and former directors, which is included in the consolidated statement of financial position.

- At December 31, 2020, the Company had a receivable of $Nil (December 31, 2019: $11,367) from a related party through common management for reimbursement of salaries and wages.

FOURTH QUARTER

As noted in "*Summary of Quarterly Results*" above, the majority of the net loss of $1,473,154 in Q4, 2020 was a result of a loss of $1,032,827 on the revaluation of DSUs due to the Company's stock increasing from $0.19 per share on September 30, 2020 to $0.58 per share on December 31, 2020. Other expenses contributing to the net loss included share-based payments expense of $140,274 and consulting fees of $91,852, of which $62,500 was earned by the CEO with DSUs.

PROPOSED TRANSACTIONS

As of the date of this MD&A, 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.

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.

Right-of-use asset

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

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.

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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

ii) Critical accounting judgments (continued)

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, 2020.

FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 11 of the Company's consolidated financial statements for the year ended December 31, 2020.

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:

	2020	2019
	$	$
Consulting	152,924	-
Depreciation - plant and equipment	44,499	54,548
Depreciation - right-of-use asset	98,483	97,745
Directors' fees	47,802	63,333
Investor relations	48,030	229,484
Office and administration	91,734	154,743
Professional fees	79,002	197,567
Salaries and benefits	350,858	593,732
Share-based payments expense	265,971	387,792
Transfer agent, regulatory and filing fees	22,422	29,556
Travel and accomodation	1,059	20,478
	1,202,784	1,828,978

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 MD&A, there were 180,073,150 common shares issued and outstanding, 11,531,334 stock options outstanding, 9,164,285 warrants outstanding and 1,251,237 DSUs outstanding for a fully-diluted figure of 202,020,005.

RISKS AND UNCERTAINTIES

Going Concern Risk

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 Instruments Risk

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.

Environmental and Permitting Risk

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.

RISKS AND UNCERTAINTIES (continued)

Exploration Risk

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.

Commodity Price Risk

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.

Liquidity of Common Shares

There can be no assurance that an active and liquid market for the Company's common shares will develop or continue to exist, and investors may find it difficult to resell their common shares. In addition, trading in the common shares of the Company may be halted from time to time.

Global Pandemic Risk (COVID-19)

In March 2020, the World Health Organization declared the spread of a coronavirus COVID-19 a global pandemic. This ongoing contagious disease outbreak has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. While the full impact of COVID-19 on the global economy is uncertain, continued 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, 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:

Daniel Myerson – CEO and Executive Chair of the Board
Darren Morcombe – Executive Director
Maurice Tagami – Director, Chair of the Governance and Corporate Compensation Committee and Chair of the Environmental, Health & Safety Committee
David Petroff – Director, Chair of the Audit & Risk Committee
Tim Thiessen – CFO and Corporate Secretary
Roger March – VP Exploration