MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

The following Management's Discussion and Analysis ("**MD&A**") of Foran Mining Corporation ("**Foran**" or the "**Company**") is for the year ended December 31, 2018 and covers information up to the date of this MD&A.

This MD&A is dated March 3, 2019.

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, 2018, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

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

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

NATURE OF BUSINESS

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

To date the Company has not generated any revenues.

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

In December 2017, the Company announced the execution of a Technical Services Agreement ("**TS Agreement**") with Glencore Canada Corporation ("**Glencore**"). The TS Agreement provides for Glencore to contribute technical expertise, guidance and advice towards the completion of a feasibility study on the McIlvenna Bay deposit (the "**Feasibility Study**"). In consideration for this contribution, Glencore has been given an exclusive off-take contract to purchase or toll process all of the concentrate and/or other mineral products produced at McIlvenna Bay at prevailing market rates.

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

In connection with the Feasibility Study, the Company conducted a large drill program through 2018 focusing on infill and resource definition drilling at the McIlvenna Bay deposit with the objective of converting as much of the current inferred resource into the indicated categories. An updated McIlvenna Bay resource is expected in H1, 2019. The 2018 program was conducted in two phases, from January to April 2018, Foran completed 14,987 metres ("**m**") of drilling ("**Phase I Program**") and from July to September 2018, Foran completed an additional 12,098m drill program ("**Phase II Program**"). Foran accomplished the following with these programs:

- Approximately doubled the density of drilling in the deeper portion of the deposit;
- Increased its confidence in the deeper portions of the resource;
- Obtained samples for metallurgical studies, spatially distributed throughout the deposit;
- Gathered additional geotechnical and hydrogeological data as required for the completion of the Feasibility Study; and
- Identified new areas to potentially expand the deposit with further drilling.

Results from the 2018 drill program have been reviewed and compared to historic deposit drilling. Overall, the results of the infill drilling compare favourably with historic results in terms of grades and thickness of the mineralized zones. This should bode well for an upcoming revised resource estimate for the deposit. Foran has used the new drill information to re-interpret the geology as required and compile a comprehensive database for the deposit to pass on to the resource geologists and mine engineers. Work on the revised resource and geological model is underway and once completed, the detailed underground mine planning portion of the Feasibility Study will begin.

Below is a chronological summary of activities undertaken in 2018 and to the date of this report:

- On January 22, 2018, the Company announced the commencement of the 10,000m Phase I Program, which was revised upwards to 16,000m on April 12, 2018. The program also included deepening a drill-hole ("**MR-17-09**") that was originally drilled from March to April 2017 to test a large geophysical anomaly ("**Target A**") that had been identified by a ground-based time-domain electromagnetic **("TDEM")** geophysical survey conducted in 2013 along strike from the Company's McIlvenna Bay deposit;

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

- On February 8, 2018, the Company provided an update on the Phase I Program, noting that nine infill drill-holes had been completed and assays had been sent for analysis. In addition, extension drilling on drill-hole MR-17-09 successfully intersected what is believed to be the upper edge of modelled Target A conductor plates. A wedged drill-hole was planned to further test the target down dip below MR-17-09;

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

- On March 2, 2018, the Company announced the assay results of the first nine drill-holes from the Phase I Program. The results contained intervals at grades higher than the McIlvenna Bay deposit average. Drilling also confirmed the presence of high-grade zinc and elevated precious metals grades in the Hanging Wall lens, 200m above the currently defined resource;

- On April 12, 2018, as a result of the favourable winter weather conditions, the Company announced the extension and increase of the Phase I Program. Due to the extended season, the Phase I program was expanded to anticipate the completion of up to 34 holes encompassing approximately 16,000m;

- On April 20 and 25, 2018, the Company announced the assay results of a total of nine infill drill-holes from the Phase I Program, all with encouraging results;

- On May 7, 2018, the Company announced the assay results of two additional drill-holes from the Phase I Program as well as the completion of the Phase I Program. During the campaign, 30 holes were completed at McIlvenna Bay, including two lost holes. Drilling of two additional holes was suspended prior to their completion due to spring breakup. These holes were completed as part of the Phase II Program. The Phase I Program consisted of 15,206m of drilling, including 219m directed at completing MR-17-09 at Target A;

- On May 15, 2018, the Company completed a program of borehole EM surveys on holes from the Phase I Program. A total of 10 holes were surveyed during the program. The results of the program were compiled and interpreted. A report on the results of this work was received from the contractor in May 2018 which was incorporated into planning for the Phase II Program;

- On May 16, 2018, the Company announced the assay results for four holes from the deeper portion of the McIlvenna Bay deposit, including an intercept with more than 20m of continuous mineralization and significant precious and base metals grades;

- On May 22, 2018, the Company staked an additional Mineral Disposition totaling 543 hectares ("**ha**") which provides a connection between the McIlvenna Bay and Bigstone Properties;

- On May 23, 2018, the Company announced assay results for the final four holes from the Phase I Program which included an intercept of over 9.6% Zn over 8.1m, again in the deeper portion of the McIlvenna Bay deposit;

- On June 29, 2018 and July 5, 2018, the Company completed a non-brokered private placement issuing 10,914,900 common shares on a non flow-through basis ("**NFT Shares**") at a price of $0.48 per share for gross proceeds of $5,239,152 and issuing 6,276,500 common shares on a flow-through basis ("**FT Shares**") at a price of $0.66 per share for gross proceeds of $4,142,490;

- On July 26, 2018, the Company announced the commencement of the Phase II Program of continued resource definition and infill drilling on the McIlvenna Bay deposit that was expected to consist of approximately 11,000m. The Phase II Program targeted the central portion of the deposit that was accessible from drill stations located on high ground which could be drilled during summer conditions;

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

- On September 11, 2018, the Company announced the assay results of the first four drill-holes from the Phase II Program, including several high-grade intersections;

- On September 27, 2018, the Company announced the completion of the Phase II Program which totaled 12,098m of drilling in 36 holes. The Company also announced the assay results of another three holes from the Phase II Program, including intersecting 27m of continuous mineralization in hole MB-18-217w1;

- On October 11, 2018, the Company announced the assay results of another three holes from the Phase II Program, including intersecting 29.45m grading 2.76% copper equivalent ("**CuEq**") in hole MB-18-216;

- On November 1 and 15, 2018, the Company announced assay results from 11 additional holes from the Phase II Program, including intersecting 27.84m and 25.14m of contiguous mineralization in holes MB-18-217 and MB-18-213, respectively;

- On November 22, 2018, the Company announced the final assay results from its Phase II Program, including intersecting 39.00m of contiguous mineralization grading 3.13% CuEq in hole HA18-043w1 and 22.90m of contiguous mineralization grading 3.31% CuEq in hole MB-18-109w1; and

- In December 2018, the Company completed a further program of Borehole EM on holes from the Phase II Program. A total of four holes were surveyed during this program. A report has been received from the contractor and the results of this work will be incorporated in future programs.

OUTLOOK

Moving McIlvenna Bay to Feasibility

The Feasibility Study is being undertaken by Glencore who is responsible for all engineering and technical aspects of the Feasibility Study. Glencore has agreed to assist Foran with the procurement of project financing in order to complete the development and placing of the McIlvenna Bay project into commercial production. They may also provide technical services while the mine is in construction and ramping up to commercial production. Foran is responsible for all infill drilling on the McIlvenna Bay deposit, as well as the environmental and socio-economic parts of the Feasibility Study. In consideration, the Company has granted Glencore an exclusive off-take contract to purchase or toll process all of the concentrates and/or other mineral products produced from the McIlvenna Bay project at prevailing market rates. Management is anticipating that the Feasibility Study will be completed in the second half of 2019.

Since December 2017, Foran has raised total gross proceeds of $10,190,896 pursuant to the issuance of 21,020,500 FT Shares and $4,142,490 pursuant to the issuance of 6,276,500 NFT Shares. These funds have been allocated to complete the 2018 Phase I and Phase II drill Programs as well as contract studies to complete the Feasibility Study, along with environmental and socio economic studies, exploration and general and administrative costs. A total of 27,085m of drilling was conducted in 65 holes during the 2018 drill campaign.

OUTLOOK (continued)

Moving McIlvenna Bay to Feasibility (continued)

In connection with the Feasibility Study, a number of contracts are either underway or completed, including a LIDAR survey of the immediate deposit area, Geomechanical, Metallurgical, Hydrogeological and Infrastructure and Mining Studies.

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

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

Results of the McIlvenna Bay Preliminary Economic Assessment

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

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

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

OUTLOOK (continued)

Results of the McIlvenna Bay Preliminary Economic Assessment (continued)

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

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

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

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

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

OUTLOOK (continued)

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

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

Foran plans to leverage its strengths, notably its staff and the project location. Foran's experienced team members have track-records of taking projects to feasibility and production. The McIlvenna Bay project is the largest undeveloped VMS deposit in the prolific Flin Flon Mining Belt. It is close to infrastructure, a mining town and workforce, a concentrator and zinc plant. These attributes, along with a strong demand for zinc and copper, are critical success factors for the Company.

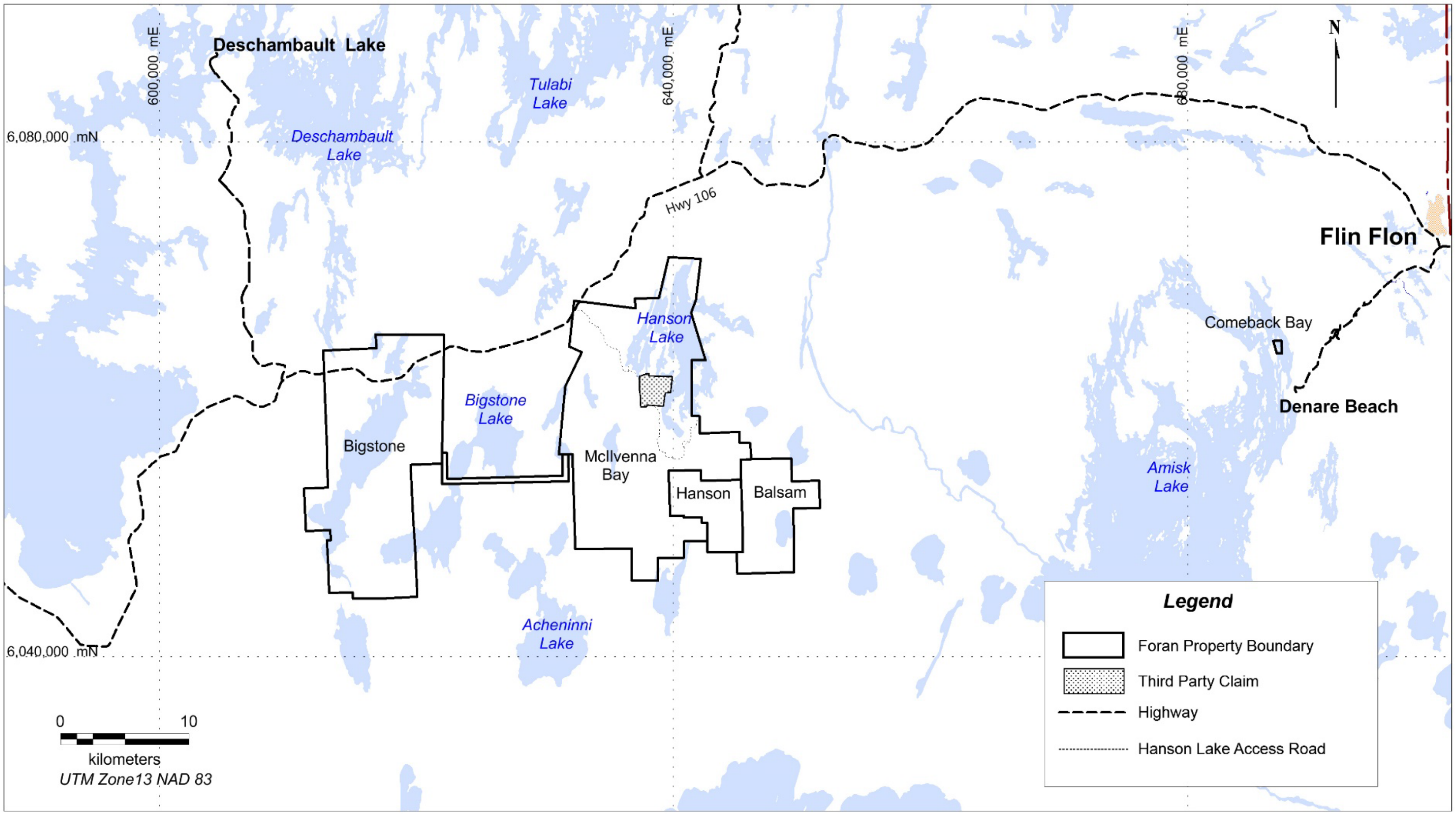
QUALIFIED PERSON

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

MINERAL PROPERTIES

SASKATCHEWAN PROPERTIES

As of the date of this report, the Company has five properties in Saskatchewan comprising a total of 61 claims for 43,703 ha, located between 15 and 90km west of Flin Flon, Manitoba. The four westernmost properties are higher priority, consisting of the McIlvenna Bay Property which contains the McIlvenna Bay deposit, two properties contiguous to the McIlvenna Bay Property (Hanson and Balsam) and one non-contiguous property (Bigstone), all of which occur at the western limit of the Flin Flon Greenstone Belt. All four properties are underlain by prospective felsic volcanic stratigraphy that hosts variably significant VMS styles of alteration and mineralization. The 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).


Deschambault Lake
600,000 mE
640,000 mE
680,000 mE
N
Tulabi Lake
6,080,000 mN
Deschambault Lake
Hwy 106
Flin Flon
Hanson Lake
Comeback Bay
Denare Beach
Bigstone Lake
Bigstone
McIlvenna Bay
Hanson
Balsam
Amisk Lake
Achenini Lake
6,040,000 mN
0
10
kilometers
UTM Zone13 NAD 83
Legend
Foran Property Boundary
Third Party Claim
Highway
Hanson Lake Access Road

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

1) MCILVENNA BAY PROPERTY

The Company has a 100% interest in the McIlvenna Bay Property in east central Saskatchewan. The McIlvenna Bay Property consists of 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. In November 2014, the Company announced the results of a positive PEA on the McIlvenna Bay deposit. The PEA was completed by JDS Energy & Mining Inc.

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

Technical Services Agreement

As noted in "*Highlights and Key Developments*" on Page 1, in December 2017 the Company executed the TS Agreement with Glencore. Glencore is contributing its professional and technical services, assistance, guidance and advice in connection with the objective of completing the Feasibility Study. In consideration, the Company has granted Glencore an exclusive off-take contract to purchase or toll process all of the concentrates and/or other mineral products produced from the McIlvenna Bay project at prevailing market rates.

MINERAL PROPERTIES (continued)

SASKATCHEWAN PROPERTIES (continued)

1) MCILVENNA BAY PROPERTY (continued)

Drilling Activities

2018

As noted in '*Highlights and Key Developments*' above, the Company completed a total of 27,084m of drilling at the McIlvenna Bay Deposit encompassing 65 drill holes during 2018. This total includes 19 wedge holes drilled to obtain additional sample material for metallurgical testwork, three short geotechnical holes drilled in the location of the proposed portal site, four short holes drilled to install piezometers to assess the water table and ground water flow in the deposit area and three holes that were abandoned prior to completion due to drilling difficulties. A total of 54 mineralized intercepts from the McIlvenna Bay deposit were obtained from the program.

As part of the Phase I Program, the Company also deepened drill-hole MR-17-09 at Target A by 219m. Target A is a large EM conductor that was identified by a TDEM geophysical survey conducted on the property in 2013 along strike from the McIlvenna Bay deposit. Hole MR-17-09 was drilled in an area of muskeg and swamp during the winter 2017 drill program and an early onset of spring break up forced the suspension of hole MR-17-09 prior to reaching the interpreted depth of the Target A electromagnetic conductor. On February 8, 2018, the Company announced that extension drilling on drill-hole MR-17-09 successfully intersected what is believed to be the upper edge of modelled Target A conductor plates. A wedged drill-hole is planned to further test the target down dip below MR-17-09.

Between February and November 2018, the Company released assay results from 54 drill holes completed on the Deposit, which contained many high-grade zinc and copper intercepts over significant widths. The drilling also confirmed the presence of high-grade zinc and elevated precious metals grades in the Hanging Wall lens approximately 200m above the currently defined resource.

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

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

SASKATCHEWAN PROPERTIES (continued)

1) MCILVENNA BAY PROPERTY (continued)

Expenditure Requirements

With the exception of one claim (7 years), the claims that comprise the McIlvenna Bay Property are in good standing for a period of between 10 and 15 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 9 and 12 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 12 years.

SASKATCHEWAN PROPERTIES (continued)

4) HANSON

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

Expenditure Requirements

The claims that comprise the Hanson Property are in good standing for 10 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 three 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 the HudBay Minerals Inc.'s Lalor deposit, situated 15km to the northeast.

Expenditure Requirements

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

OVERALL PERFORMANCE

FINANCIAL CONDITION

The net assets of the Company increased from $31,236,971 at December 31, 2017 to $40,405,092 at December 31, 2018, an increase of $9,168,121. The most significant assets at December 31, 2018 were exploration and evaluation assets of $36,496,338 (December 31, 2017: $26,769,793) and cash and cash equivalents of $4,166,773 (December 31, 2017: $5,299,680).

The $9,726,545 increase in exploration and evaluation assets was a result of the Company capitalizing exploration costs on its McIlvenna Bay Property pursuant to the two drill programs it completed from January to April 2018 and from July to September 2018. The most significant capitalized exploration costs consisted of drilling of $5,710,325, salaries and benefits of $814,943, consulting fees of $735,366 and fuel of $492,085.

The decrease of $1,132,907 in cash and cash equivalents was primarily attributed to the Company receiving net proceeds of $9,126,632 pursuant to June 29, 2018 and July 5, 2018 private placements, offset by the 2018 drill programs.

The Company's liabilities at December 31, 2018 consisted of accounts payable and accrued liabilities of $223,714 (December 31, 2017: $137,487), a FT share premium liability of $Nil (December 31, 2017: $757,920) and deferred share units of $612,285 (December 31, 2017: $512,275).

The reason for the $757,920 decrease in FT share premium liability is twofold. Under IFRS, when a Company issues FT shares, the Company allocates the FT Share into i) share capital, and ii) a FT share premium, equal to the estimated premium if any, investors pay for the FT feature, which is recognized as a liability called FT share premium liability. Upon incurring qualifying expenditures, the Company reduces the liability and recognizes a deferred income tax recovery in income for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. At the end of a period, the FT share premium liability consists of the portion of the premium on FT shares that corresponds to the portion of qualifying exploration expenditures that have not yet been incurred.

The FT share premium liability at December 31, 2017 was $757,920, which was the premium that investors paid for the FT financing completed in December 2017. The Company incurred sufficient qualifying expenditures during the drill program conducted from January to April 2018 which reduced the FT share premium liability to $Nil.

On June 29, 2018 and July 5, 2018, the Company completed private placements which consisted of the Company issuing a total of 6,276,500 FT Shares at a price of $0.66 per FT Share for gross proceeds of $4,142,490. On June 29, 2018, the Company also completed a NFT private placement at $0.48. The difference between the FT price and the NFT price resulted in a premium of $1,129,770 being paid for the FT Shares. As a result of the Company incurring sufficient qualifying expenditures during the drill program conducted from July to September 2018, the FT share premium liability was reduced by the full amount, resulting in a balance of $Nil at December 31, 2018.

OVERALL PERFORMANCE (continued)

FINANCIAL CONDITION (continued)

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

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, 2018, an amount of $483,151 (December 31, 2017: $417,611) was owed to the Executive Chairman. The number of outstanding DSUs owed to the Executive Chairman at December 31, 2018 was 1,380,432 (December 31, 2017: 1,006,291).

The Company's three (3) independent directors are compensated for their services with DSUs. At December 31, 2018 an amount of $129,134 (December 31, 2017: $94,664) was owed to the independent directors. The number of outstanding DSUs owed to independent directors at December 31, 2018 was 368,947 (December 31, 2017: 228,097).

RESULTS OF OPERATIONS

Year ended December 31, 2018

The Company recorded a net loss of $61,765 for the year ended December 31, 2018 (2017: $939,939). Expenses before other items were $2,121,161 (2017: $1,070,668) with the most significant being salaries and benefits of $639,537 (2017: $323,694), share-based payments expense of $594,022 (2017: $293,047) and professional fees of $255,832 (2017: $94,521). Other items for the year ended December 31, 2018 consisted of other income of $1,887,690 (2017: $Nil), an unrealized gain of $109,657 (2017: unrealized loss of $127,303) on the revaluation of deferred share units and interest income of $62,049 (2017: $1,004).

With the signing of the TS Agreement and working towards the completion of a Feasibility Study, the Company has become much busier, leading to an increase in the majority of expenses as compared to the year ended December 31, 2017.

The increase of $315,843 in salaries and benefits was a result of the Executive Chairman earning a bonus of $100,000 during Q3, 2018 and the Company's management team increasing its work weeks during the year ended December 31, 2018 as compared to December 31, 2017.

OVERALL PERFORMANCE (continued)

RESULTS OF OPERATIONS (continued)

Year ended December 31, 2018 (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 $300,975 higher for the year ended December 31, 2018. During the year ended December 31, 2018, the Company granted 2,295,000 stock options (2017: 1,685,000) with a weighted average exercise price of $0.55 (2017: $0.40).

The majority of the increase of $161,311 in professional fees was a result of the Company hiring a Corporate Strategist in Q4, 2017 as well as the Company paying an arms-length corporate advisory firm $53,460 for certain services.

Other income of $1,887,690 was a result of the Company incurring all of the required qualifying expenditures in relation to the private placement of FT Shares completed in December 2017 and incurring all of the required qualifying expenditures in relation to the private placements of FT Shares completed in June 2018 and July 2018 (see "*Financial Condition*" on Page 13).

The majority of the unrealized gain of $109,657 on the revaluation of deferred share units was a result of the Company's stock decreasing from $0.415 per share at December 31, 2017 to $0.35 per share at December 31, 2018.

CASH FLOWS

Year ended December 31, 2018

Cash and cash equivalents decreased by $1,132,907 during the year ended December 31, 2018, from $5,299,680 at December 31, 2017 to $4,166,773 at December 31, 2018. The decrease was a result of cash of $9,468,061 used in investing activities and $1,272,503 used in operating activities, partially offset by cash of $9,607,657 provided by financing activities.

The cash of $9,468,061 used in investing activities consisted of exploration and evaluation asset expenditures of $9,444,648 relating to the Company's winter and summer 2018 drill programs and $23,413 for the purchase of equipment.

The cash of $1,272,503 used in operating activities consisted of the net loss of $61,765, non-cash items of $1,134,344 and a net change in non-cash working capital items of $76,394.

CASH FLOWS (continued)

Year ended December 31, 2018 (continued)

The cash provided by financing activities consisted of net proceeds of $9,073,707 pursuant to the completion of private placements on June 29, 2018 and July 5, 2018, and proceeds of $533,950 on the exercise of 905,000 stock options with an exercise price of $0.59 per share. In total, the Company issued 10,914,900 NFT Shares at a price of $0.48 per share and issued 6,276,500 FT Shares at a price of $0.66 per share for total gross proceeds of $9,381,642. Cash paid for share issue costs was $307,935.

SELECTED ANNUAL INFORMATION

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

	2018	**2017**	**2016**
	$	$	$
Interest income	62,049	1,004	4,589
Gain on sale of investments	-	257,028	-
Gain (loss) on revaluation of deferred share units	109,657	(127,303)	(218,496)
Other income	1,887,690	-	-
Expenses	(2,121,161)	(1,070,668)	(819,863)
Write-off of exploration and evaluation assets	-	-	-
Net loss for the year	(61,765)	(939,939)	(1,033,770)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)
Total assets	41,241,091	32,644,653	27,411,874
Total long-term financial liabilities	612,285	512,275	324,972
Cash dividends declared	-	-	-

SUMMARY OF QUARTERLY RESULTS

	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)

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

Over the last eight quarters, the Company's operating results ranged from a net loss of $508,726 in Q4, 2018 to net income of $831,427 in Q3, 2018.

The net loss of $508,726 in Q4, 2018 consisted of expenses before other items of $484,351, with the most significant being salaries and benefits of $160,159, investor relations costs of $92,731 and share-based payments expense of $82,916. Costs increased in Q4, 2018, including a focused investor outreach strategy, as the Company continues to work towards a Feasibility Study which is expected to be completed in H2, 2019. Other items consisted of other income of $42,624, an unrealized loss of $85,367 on the revaluation of deferred share units and interest income of $18,368. See "*Results of Operations*" on page 15 for further details.

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.

SUMMARY OF QUARTERLY RESULTS (continued)

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

	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

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

Together, share-based payments expense and salaries and benefits comprised a significant portion (between 50% in Q4, 2018 and 66% in Q1, 2018) of the expenses which contributed to the net income or loss for each of the quarters from Q1, 2017 to Q4, 2018.

The share-based payments expense was the fair value of the stock options that vested in each respective quarter. The Company granted 1,945,000 stock options with an exercise price of $0.57 per share in Q1, 2018 which contributed to the large share-based payments expense of $309,152 in Q1, 2018, as one-third of the stock options vested immediately.

Salaries and benefits were highest in Q3 2018 as a result of the Executive Chairman earning a bonus of $100,000 in Q3, 2018. Beginning with Q1, 2018, salaries and benefits were higher than previous quarters as a result of the Company's management team increasing its work weeks as a result of the TS Agreement and moving the McIlvenna Bay deposit to Feasibility.

As with salaries and benefits, other expenses increased beginning with Q1, 2018 as a result of the Company moving towards completion of a Feasibility Study. Other expenses include items such as amortization, directors' fees, investor relations costs, office and administration, professional fees and travel and accommodation.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to determine the funds required to support the Company's operating requirements as well as its planned capital expenditures. The Company manages its financial resources to ensure that there is sufficient working capital to fund near term planned exploration work and operating expenditures. The Company has considerable discretion to reduce or increase plans or budgets depending on current or projected liquidity. When appropriate, the Company will seek joint venture partners in order to fund or share the funding of its exploration properties to minimize shareholder risk.

The Company does not currently own or have an interest in any producing mineral properties and does not derive any revenues from operations. Operational activities have been funded through private placements. At December 31, 2018, the Company had working capital of $4,120,175 (December 31, 2017: $4,488,141). 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.

CONTRACTUAL OBLIGATIONS

In May 2018, the Company renewed its office lease agreement for a three-year term expiring June 30, 2021. The estimated future minimum lease payments are approximately $256,200.

RELATED PARTY TRANSACTIONS

Key Management compensation

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

RELATED PARTY TRANSACTIONS (continued)

The remuneration of key Management personnel was as follows:

		Year ended December 31, 2018	2017
		$	$
Short-term benefits	1	843,638	619,390
Share-based payments expense	2	603,629	350,227
Directors' fees	3	54,000	12,000
Total		1,501,267	981,617

[1] Short-term benefits consisted exclusively of salaries, bonuses, 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.

a) During the year ended December 31, 2018, the Company was charged $10,597 (2017: $13,668) 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, 2018, accounts payable and accrued liabilities included an amount of $2,096 (December 31, 2017: $8,363) for this expense.

b) At December 31, 2018, the Company owed a total of 1,749,379 DSUs (December 31, 2017: 1,234,388) fair valued at $612,285 (December 31, 2017: $512,275) to key management personnel, which is included in the consolidated statement of financial position.

c) During the year ended December 31, 2018, the Company charged Metallic Minerals Corp., a company with a former officer in common, an amount of $850 (2017: $Nil) for certain office operating costs. Included in accounts receivable at December 31, 2018 was an amount of $150 (December 31, 2017: $Nil) for these services.

d) During the year ended December 31, 2018, the Company charged Group Ten Metals Inc., a company with a former officer in common, an amount of $775 (2017: $Nil) for certain office operating costs. Included in accounts receivable at December 31, 2018 was an amount of $475 (December 31, 2017: $Nil) for these services.

FOURTH QUARTER

The Company recorded a net loss of $508,726 for the quarter ended December 31, 2018. The net loss consisted of expenses before other items of $484,351, with the most significant being salaries and benefits of $160,159, share-based payments expense of $82,916 and investor relations costs of $92,731. Costs increased in Q4, 2018, including a focused investor outreach strategy, as the Company continues to work towards a Feasibility Study which is expected to be completed in H2, 2019. Other items consisted of other income of $42,624, an unrealized loss of $85,367 on the revaluation of deferred share units and interest income of $18,368. See "*Results of Operations*" on page 15 for further details.

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Significant assumptions about the future and other sources of estimation uncertainty that Management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by Management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by Management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

ii) Critical accounting judgments (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.

Impairment

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

Decommissioning liabilities

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

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the consolidated financial statements for the year ended December 31, 2018.

FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 12 of the Company's consolidated financial statements for the year ended December 31, 2018.

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:

	2018	2017
	$	$
Depreciation	65,855	73,482
Directors' fees	54,000	12,000
Investor relations	235,181	68,219
Office and administration	224,029	168,097
Professional fees	255,832	94,521
Salaries and benefits	639,537	323,694
Share-based payments expense	594,022	293,047
Transfer agent, regulatory and filing fees	25,277	15,627
Travel and accomodation	27,428	21,981
	2,121,161	1,070,668

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 128,174,451 common shares issued and outstanding.

As at the date of this report, there were 8,956,667 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.

RISKS AND UNCERTAINTIES (continued)

The Company's activities involve the application for permits from Provincial authorities and such activities are governed by various laws and regulations that cover the protection of the environment, land use, exploration, development, co-ordination of operations and infrastructure with third parties engaged in other activities on the lands, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation in Canada provides restrictions and prohibitions on spills and various substances produced in association with certain exploration activities which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of activities require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of higher standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations.

The Company believes that it is in compliance with all material laws and regulations which currently apply to its activities. There can be no absolute assurance, however, that all permits which the Company may require for exploration activities and land use will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations will not have an adverse effect on any exploration projects that the Company may undertake.

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

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

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.