FORAN MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FORAN MINING CORPORATION

Opinion

We have audited the consolidated financial statements of Foran Mining Corporation (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $2,052,691 during the year ended December 31, 2020 and, as of that date, the Company had an accumulated deficit of $45,371,807. The Company will be required to obtain the necessary financing to complete the development of the McIlvenna Bay property and commence commercial production. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information is comprised of the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

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We obtained the Management's Discussion & Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 10, 2021

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FORAN MINING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	**December 31, 2020**	December 31, 2019
ASSETS		**$**	$
Current			
Cash and cash equivalents		**1,049,592**	391,610
Accounts receivable		**23,933**	43,137
Prepaid expenses and deposits		**41,479**	67,147
Right-of-use asset	4	**-**	-
		1,115,004	501,894
Non-Current			
Deposits		**11,000**	11,000
Investments	5	**175,219**	146,415
Plant and equipment	6	**218,809**	263,308
Right-of-use asset	4	**49,242**	147,725
Exploration and evaluation assets	7, 10	**40,605,245**	39,826,171
		42,174,519	40,896,513
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10, 14(b)	**276,046**	265,277
Deferred share units	8, 14(b)	**60,265**	-
Lease liability	4	**53,882**	100,293
		390,193	365,570
Non-Current			
Deferred share units	8, 14(b)	**649,639**	683,706
Lease liability	4	**-**	53,625
		1,039,832	1,102,901
EQUITY			
Share capital	9	**84,785,546**	81,566,075
Share-based payments reserve	9(e)	**1,647,239**	1,628,186
Accumulated other comprehensive income		**73,709**	44,905
Deficit		**(45,371,807)**	(43,445,554)
		41,134,687	39,793,612
		42,174,519	40,896,513

Approved on behalf of the Board:
_*"David Petroff"*______ , Director
_*"Darren Morcombe"*__ , Director

FORAN MINING CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in Canadian dollars)

	Note	**2020**	2019
		$	$
Expenses			
Consulting	8, 14(a)	**152,924**	-
Depreciation - plant and equipment	6	**44,499**	54,548
Depreciation - right-of-use asset	4	**98,483**	97,745
Directors' fees	8, 14(a)	**47,802**	63,333
Investor relations		**48,030**	229,484
Office and administration	14(a)	**91,734**	154,743
Professional fees		**79,002**	197,567
Salaries and benefits	14(a)	**350,858**	593,732
Share-based payments expense	9(e), 14(a)	**265,971**	387,792
Transfer agent, regulatory and filing fees		**22,422**	29,556
Travel and accommodation		**1,059**	20,478
		1,202,784	1,828,978
Other Items			
Interest and miscellaneous income		**(12,889)**	(41,163)
Foreign exchange loss		**15,862**	-
Revaluation of deferred share units	8	**846,934**	(116,912)
		849,907	(158,075)
Net loss for the year		**(2,052,691)**	(1,670,903)
Other Comprehensive Gain			
Unrealized gain on investments	5	**28,804**	74,407
Total comprehensive loss for the year		**(2,023,887)**	(1,596,496)
Basic and diluted loss per share		**$ (0.01)**	$ (0.01)
Basic and diluted weighted average number of shares outstanding		**138,206,370**	129,622,944

FORAN MINING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

Balance, December 31, 2020

	Note	Number of shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income (loss)	Deficit	Total
			$	$	$	$	$
Balance, December 31, 2018		**128,024,451**	**80,833,461**	**1,601,841**	**(29,502)**	**(42,000,708)**	**40,405,092**
Net loss for the year		-	-	-	-	(1,670,903)	(1,670,903)
Other comprehensive income		-	-	-	74,407	-	74,407
Issued pursuant to exercise of stock options	9(b)	2,700,000	732,614	(276,614)	-	-	456,000
Share-based payments expense	9(e)	-	-	529,016	-	-	529,016
Reclass of expired stock options	9(e)	-	-	(226,057)	-	226,057	-
Balance, December 31, 2019		**130,724,451**	**81,566,075**	**1,628,186**	**44,905**	**(43,445,554)**	**39,793,612**
Net loss for the year		-	-	-	-	(2,052,691)	(2,052,691)
Other comprehensive income		-	-	-	28,804	-	28,804
Issued pursuant to private placements	9(b)	12,814,285	1,698,098	-	-	-	1,698,098
Issued pursuant to exercise of stock options	9(b)	2,125,000	459,711	(173,761)	-	-	285,950
Issued pursuant to exercise of deferred share units	9(b)	2,514,474	1,046,662	-	-	-	1,046,662
Issued pursuant to exercise of warrants	9(b)	100,000	15,000	-	-	-	15,000
Share-based payments expense	9(e)	-	-	319,252	-	-	319,252
Reclass of expired or forfeited stock options	9(e)	-	-	(126,438)	-	126,438	-
Balance, December 31, 2020		**148,278,210**	**84,785,546**	**1,647,239**	**73,709**	**(45,371,807)**	**41,134,687**

FORAN MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020
(Expressed in Canadian dollars)

	Note	**2020**	2019
Operating Activities			
Net loss for the year		**(2,052,691)**	(1,670,903)
Items not involving cash:			
Consulting	8, 14(a)	**62,500**	-
Depreciation - plant and equipment	6	**44,499**	54,548
Depreciation - right-of-use asset	4	**98,483**	97,745
Directors' fees	8, 14(a)	**47,802**	63,333
Lease expense	4	**2,727**	13,653
Revaluation of deferred share units	8	**846,934**	(116,912)
Salaries and benefits	8, 14(a)	**115,624**	125,000
Share-based payments expense	9(e)	**265,971**	387,792
		(568,151)	(1,045,744)
Net change in non-cash working capital	10	**86,548**	71,265
Cash used in operating activities		**(481,603)**	(974,479)
Investing Activity			
Exploration and evaluation assets expenditures	7, 9(e), 10	**(756,700)**	(3,151,479)
Cash used in investing activity		**(756,700)**	(3,151,479)
Financing Activities			
Proceeds received pursuant to private placement	9(b)	**1,710,000**	-
Share issue costs	9(b)	**(11,902)**	-
Cash received on exercise of stock options	9(b)	**285,950**	456,000
Cash received on exercise of warrants	9(b)	**15,000**	-
Lease liability payments	4	**(102,763)**	(105,205)
Cash provided by financing activities		**1,896,285**	350,795
Net increase (decrease) in cash and cash equivalents		**657,982**	(3,775,163)
Cash and cash equivalents, beginning of year		**391,610**	4,166,773
Cash and cash equivalents, end of year		**1,049,592**	391,610
Cash and cash equivalents is comprised of:			
Guaranteed Investment Certificates		**130,000**	20,898
Cash		**919,592**	370,712
		1,049,592	391,610
Supplemental cash flow information	10		

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Foran Mining Corporation (the "**Company**") is a publicly listed company on the TSX Venture Exchange, incorporated under the laws of British Columbia. The Company is involved in activities that include the acquisition, exploration and development of mineral properties.

The Company's head office and registered and records office is located at 904 - 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

These consolidated financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of $2,052,691 for the year ended December 31, 2020 (2020: $1,670,903). As at December 31, 2020, the Company had an accumulated deficit of $45,371,807 (December 31, 2019: $43,445,554). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

In 2020, the coronavirus global pandemic ("**COVID-19**") affected the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy remains uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financing capabilities. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. It is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these consolidated financial statements.

The Company has incurred significant operating losses in its exploration operations and its ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete their development and fund their operations until commercially successful and future production or proceeds from the disposition thereof. 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, therefore, a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**").

These consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors (the "**Board**") approved these consolidated financial statements on March 10, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, 623133 Saskatchewan Ltd.

A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All intercompany balances and transactions have been eliminated upon consolidation.

b) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting estimates and judgments (continued)

i) Critical accounting estimates (continued)

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. The estimate is subject to the limitations of the highly subjective assumptions in the Black-Scholes option pricing model.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting estimates and judgments (continued)

ii) Critical accounting judgments (continued)

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 or recovery of right-of-use assets, 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 ("**CGU**") to be tested for such impairment, if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Decommissioning liabilities

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

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

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

c) Cash and cash equivalents

Cash and cash equivalents is comprised of cash on hand and guaranteed investment certificates with maturities of three months or less.

d) Plant and equipment

Plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

Cost consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Plant and equipment (continued)

Plant and equipment is depreciated over its estimated useful life using the declining-balance method at the following annual rates:

Computer and survey equipment	30%
Camp equipment	30%
Furniture and fixtures	20%
Plant	15%
Trailers	25%
Vehicles	30%

Plant and equipment is derecognized upon disposal or when no future economic benefit is expected to arise from the continued use of an asset. Any gain or loss arising on disposal of an asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Management reviews and evaluates the useful lives and residual values of items of plant and equipment, and adjusts if appropriate, at the end of each reporting period. The carrying amount of an item of plant and equipment is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

e) Right-of-use asset and lease liability

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset ("**ROU asset**") and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions:

i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months: or
ii) for leases of low value.

The payments for such leases are recognized in the consolidated statements of loss and comprehensive loss over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Right-of-use asset and lease liability (continued)

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statements of loss and comprehensive loss.

f) Exploration and evaluation assets

The Company capitalizes exploration and evaluation expenditures, net of recoveries, for expenditures incurred after it has obtained legal rights to explore a specific area and before technical feasibility and commercial viability of extracting mineral resources are demonstrable. The Company recognizes the payment or receipt of amounts required under option agreements as an addition or reduction, respectively, in the carrying amount of the property under option when paid or received.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to exploration and evaluation assets within plant and equipment. Exploration and evaluation assets are amortized over the estimated productive lives of the properties using the unit-of-production method.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas of interest. If the properties are abandoned, allowed to lapse, there is little prospect of further work being carried out by the Company or if circumstances suggest that an asset's carrying amount is not recoverable, it is written down immediately to its recoverable amount.

g) Impairment of non-financial assets

At each financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. For the purposes of impairment testing, exploration and evaluation assets are allocated to CGUs to which the exploration activity relates.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Provisions

General

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Decommissioning obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the decommissioning of an asset, when those obligations result from the acquisition, construction, development or normal operation of the assets. Such costs are discounted to their net present value using an appropriate risk-free rate, and are provided for and capitalized as soon as the obligation to incur such costs arises. These costs are charged against profit or loss over the life of the operation, through the amortization of the asset and the unwinding of the discount on the provision.

Estimates of the timing and amount of undiscounted cash flows required to fulfill decommissioning obligations are updated periodically to reflect significant changes in facts and circumstances, and the obligations are remeasured to incorporate any resulting change in their fair value. The capitalized decommissioning cost is correspondingly increased or decreased by the amount of remeasurement.

i) Deferred Share Units

The Company has a 10% rolling Long-Term Performance Incentive Plan ("**LTIP**") which allows the Company to grant various awards, including deferred share units ("**DSUs**"), to directors, officers, employees and consultants of the Company.

Awards are initially charged to profit or loss 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 reporting date, the liability is revalued using the market value of the Company's common shares, with the corresponding increase or decrease recorded to profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is recognized over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified, any incremental increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statement of loss and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

All equity-settled share-based payments are reflected in share-based payments reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payments reserve is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

k) Warrants

Proceeds received on issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares, and any excess is allocated to warrants.

l) Flow-through shares

The Company has financed a portion of its exploration expenditures through the issuance of flow-through shares. Canadian income tax law permits the Company to transfer the tax deductibility of qualifying resource expenditures financed by such shares to the flow-through shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Flow-through shares (continued)

The Company has financed a portion of its exploration expenditures through the issuance of flow-through shares. Canadian income tax law permits the Company to transfer the tax deductibility of qualifying resource expenditures financed by such shares to the flow-through shareholders.

On issuance, the Company allocates the flow-through share proceeds into i) share capital, ii) warrants, and iii) a flow-through share premium, if any, using the residual value method. If investors pay a premium for the flow-through feature, it is recognized as a 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 flow-through share premium liability consists of the portion of the premium on flow-through shares that corresponds to the portion of qualifying exploration expenditures that have not yet been incurred.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a prescribed period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

m) Government grants

Government grants received or receivable in respect of mineral exploration and evaluation assets is reflected as a reduction of the cost of the mineral exploration and evaluation asset.

n) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net loss, except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill, and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Foreign currency translation

The functional and presentation currency of the Company and its subsidiary is the Canadian dollar.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each consolidated statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the consolidated statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

p) Basic and diluted loss per share

Loss per share is calculated using the weighted average number of common shares outstanding. The calculation of diluted loss per share assumes that outstanding options and warrants are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted loss per share and is only recognized when the effect is dilutive. When the effects of issuance of potential shares under options and warrants would be anti-dilutive, basic and diluted loss per share are the same.

q) Financial instruments

i) Financial assets

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Financial instruments (continued)

(b) Classification of financial assets (continued)

(ii) Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to deficit when the financial instrument is derecognized or its fair value substantially decreases.

(iii) Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

q) Financial instruments (continued)

ii) Financial liabilities

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Financial instruments (continued)

ii) Financial liabilities (continued)

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of loss and comprehensive loss.

iii) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

iv) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statement of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount of expected credit losses (or reversal) that is required to be recognized.

(Expressed in Canadian dollars)

4. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company has a lease agreement for its headquarter office space in Vancouver, British Columbia. Upon transition to IFRS 16, the Company recognized $244,363 for the ROU asset and $244,363 for the lease liability.

The continuity of the ROU asset and lease liability for the years ended December 31, 2019 and 2020 is as follows:

Right-of-use asset	$
Value of right-of-use asset as at January 1, 2019	244,363
Depreciation	(97,745)
Change in future lease payments	1,107
Value of right-of-use asset as at December 31, 2019	147,725
Depreciation	(98,483)
Value of right-of-use asset as at December 31, 2020	49,242
Lease liability	
Lease liability recognized as of January 1, 2019	244,363
Lease payments	(105,287)
Lease interest	13,653
Change in future lease payments	1,189
Lease liability recognized as of December 31, 2019	153,918
Lease payments	(102,763)
Lease interest	2,727
Lease liability recognized as of December 31, 2020	53,882
Current portion	53,882

5. INVESTMENTS

As at December 31, 2020, the Company owned shares of one mineral exploration company listed publicly on the Canadian Securities Exchange that were classified as FVTOCI and carried at fair market value based on quoted market prices.

A summary of the changes in FVTOCI investments is presented below:

	$
Balance, December 31, 2018	72,008
Unrealized gain on FVTOCI investments	74,407
Balance, December 31, 2019	146,415
Unrealized gain on FVTOCI investments	28,804
Balance, December 31, 2020	175,219

(Expressed in Canadian dollars)

6. PLANT AND EQUIPMENT

As at December 31, 2020, the Company's plant and equipment consisted of the following:

	Computer and survey equipment	Camp equipment	Furniture and fixtures	Plant	Trailers	Vehicles	Total
	$	$	$	$	$	$	$
Cost							
Balance, December 31, 2018	166,610	356,258	40,278	734,656	22,409	100,613	1,420,824
Additions	-	-	-	-	-	-	-
Balance, December 31, 2019	166,610	356,258	40,278	734,656	22,409	100,613	1,420,824
Additions	-	-	-	-	-	-	-
Balance, December 31, 2020	166,610	356,258	40,278	734,656	22,409	100,613	1,420,824
Accumulated Depreciation							
Balance, December 31, 2018	134,394	325,987	33,783	496,688	21,013	91,103	1,102,968
Depreciation for the year	8,631	8,110	1,204	33,737	318	2,548	54,548
Balance, December 31, 2019	143,025	334,097	34,987	530,425	21,331	93,651	1,157,516
Depreciation for the year	6,334	5,951	1,069	29,029	246	1,870	44,499
Balance, December 31, 2020	149,359	340,048	36,056	559,454	21,577	95,521	1,202,015
Carrying Amount							
Balance, December 31, 2018	32,216	30,271	6,495	237,968	1,396	9,510	317,856
Balance, December 31, 2019	23,585	22,161	5,291	204,231	1,078	6,962	263,308
Balance, December 31, 2020	17,251	16,210	4,222	175,202	832	5,092	218,809

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation assets is presented below:

	McIlvenna Bay	Other Saskatchewan Properties	Total
	$	$	$
Balance, December 31, 2018	29,976,472	6,519,866	36,496,338
Exploration Costs			
Administration	237,762	10,232	247,994
Analysis	9,832	-	9,832
Camp costs	34,964	-	34,964
Consulting	248,551	919	249,470
Drilling	585,345	-	585,345
Equipment and communications	59,060	-	59,060
Feasibility	1,617,248	-	1,617,248
Fuel	142,280	-	142,280
Geophysics	31,336	-	31,336
Permitting and licenses	39,833	(6,855)	32,978
Salaries and benefits	236,244	73,172	309,416
Transportation and travel	59,910	-	59,910
Total Exploration Costs	3,302,365	77,468	3,379,833
Government grants	(50,000)	-	(50,000)
Balance, December 31, 2019	33,228,837	6,597,334	39,826,171
Exploration Costs			
Camp costs	3,382	-	3,382
Consulting	76,302	62,869	139,171
Equipment and communications	9,226	-	9,226
Feasibility	430,837	-	430,837
Fuel	11,468	-	11,468
License and permit costs	23,588	-	23,588
Salaries and overhead	132,983	6,279	139,262
Transportation and travel	19,140	3,000	22,140
Total exploration costs	706,926	72,148	779,074
Balance, December 31, 2020	33,935,763	6,669,482	40,605,245

7. EXPLORATION AND EVALUATION ASSETS (continued)

a) McIlvenna Bay, Saskatchewan

The Company owns a 100% interest in the McIlvenna Bay mineral property located in Saskatchewan ("**McIlvenna Bay**").

Certain claims that make up McIlvenna Bay 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 and BHP Billiton Limited collectively hold a 1% net smelter return ("**NSR**") royalty interest in McIlvenna Bay, which can be purchased at any time for $1,000,000.

On March 12, 2020, the Company announced results of a pre-feasibility study ("**PFS**") on its flagship McIlvenna Bay project, including a $219 million pre-tax net present value using a 7.5% discount rate and an internal rate of return of 23.4% using three-year trailing average metal prices for zinc, copper, gold and silver. The full National Instrument 43-101 compliant technical report for the McIlvenna Bay project can be viewed on the Company's website www.foranmining.com.

b) Other Saskatchewan Properties

The Company holds interests ranging from 65% to 100% in five mining claim groups in its Saskatchewan property portfolio, exclusive of McIlvenna Bay ("**Other Saskatchewan Properties**").

The Company has committed, through previous mineral property ownership agreements associated with its Other Saskatchewan Properties, to pay various NSR and net profits interest ("**NPI**") royalties. The NSR royalties range from 2% to 2.5%, with buyout provisions for up to one-half of some of these NSR royalties, and the NPI royalties range from 6% to 10%.

c) Manitoba Property

The Company holds a 100% interest in one Manitoba property consisting of one claim, which has a carrying value of $Nil at December 31, 2020.

8. DEFERRED SHARE UNITS

The Company has a Long-Term Performance Incentive Plan ("**LTIP**") that allows the Company to grant various awards, including DSUs, to directors, officers, employees and consultants of up to an aggregate maximum of 10% of the common shares outstanding.

The LTIP also introduces the availability of the Company to award restricted share units, performance share units and stock appreciation rights. The purpose of the LTIP is to attract and retain highly qualified individuals by allowing the Company to offer a broader range of incentives to diversify and customize the rewards for management, directors and consultants to promote long-term retention.

a) The Company's Executive Director (formerly Executive Chair) is compensated for his services with DSUs on a monthly basis, to a maximum of $10,417 per month. For the year ended December 31, 2020, the Executive Director earned 639,953 DSUs (2019: 448,376) for a total value of $115,625 (2019: $125,000) which is recorded as salaries and benefits.

   During the year ended December 31, 2020, the Executive Director exercised 2,365,082 DSUs resulting in the Company issuing 2,365,082 common shares of the Company (see Note 9(b)).

(Expressed in Canadian dollars)

8. DEFERRED SHARE UNITS (continued)

At December 31, 2020, the number of outstanding DSUs owed to the Executive Director was 103,679 (December 31, 2019: 1,828,808) for a total value of $60,133 (December 31, 2019: $512,066) with the liability included in deferred share units on the consolidated statement of financial position.

b) The Company compensates each of its independent directors with DSUs. For the year ended December 31, 2020, the independent directors earned a total of 261,731 DSUs (2019: 228,045) valued at $47,802 (2019: $63,333), which is recorded as directors' fees.

During the year ended December 31, 2020, a former director exercised 149,392 DSUs resulting in the Company issuing 149,392 common shares of the Company (see Note 9(b)).

At December 31, 2020, the total number of outstanding DSUs owed to the current and certain former independent directors was 709,331 (December 31, 2019: 596,991) for a total value of $411,411 (December 31, 2019: $171,640) with the liability included in deferred share units on the consolidated statement of financial position.

c) In November 2020, the Company appointed Mr. Daniel Myerson as CEO and Executive Chair of the Company. His annual salary is $250,000 in the form of DSUs, to be earned on a quarterly basis. During the year ended December 31, 2020 Mr. Myerson earned 410,966 DSUs valued at $62,500.

At December 31, 2020, the number of outstanding DSUs owed to Mr. Myerson was 410,966 for a total value of $238,360 with the liability included in deferred share units on the consolidated statement of financial position.

A summary of the changes in DSUs is presented below:

	Number of DSUs	Value
		$
Balance, December 31, 2018	1,749,379	612,285
Earned	676,421	188,333
Revalued	-	(116,912)
Balance, December 31, 2019	2,425,800	683,706
Earned	1,312,650	225,927
Exercised	(2,514,474)	(1,046,663)
Revalued	-	846,934
Balance, December 31, 2020	1,223,976	709,904

The DSU liability on the consolidated statement of financial position is presented as follows:

	December 31, 2020	December 31, 2019
	$	$
Current portion	60,265	-
Non-current portion	649,639	683,706
	709,904	683,706

8. DEFERRED SHARE UNITS (continued)

Subsequent to December 31, 2020, a former director exercised 103,904 DSUs resulting in the issuance of 103,904 common shares of the Company.

9. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value
An unlimited number of preference shares without par value

b) Share issuance details

Year ended December 31, 2020

Private Placements

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 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.

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.

DSUs

During the year ended December 31, 2020, the Company issued 2,514,474 common shares pursuant to the exercise of 2,514,474 DSUs with a weighted average value of $0.42 per share. As this was a non-cash transaction, no cash was received pursuant to the exercise.

Stock Options

During the year ended December 31, 2020, the Company issued 2,125,000 common shares pursuant to the exercise of 2,125,000 stock options with a weighted average exercise price of $0.13 per share for proceeds of $285,950. In connection with the exercise, an amount of $173,761 was reclassified from share-based payments reserve to share capital.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

b) Share issuance details (continued)

Year ended December 31, 2020 (continued)

Warrants

During the year ended December 31, 2020, the Company issued 100,000 common shares pursuant to the exercise of 100,000 warrants with an exercise price of $0.15 per share for proceeds of $15,000. No amount was reclassified from share-based payments reserve to share capital.

Year ended December 31, 2019

Stock Options

During the year ended December 31, 2019, the Company issued 2,700,000 common shares pursuant to the exercise of 2,700,000 stock options with a weighted average exercise price of $0.17 per share for proceeds of $456,000. In connection with the exercise, an amount of $276,614 was reclassified from share-based payments reserve to share capital.

c) Stock options

As noted in Note 8, the Company's LTIP allows the Company to grant various awards, including stock options, to directors, officers, employees and consultants of up to an aggregate maximum of 10% of the common shares outstanding. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price
		$
Balance, December 31, 2018	9,231,667	0.29
Granted	2,070,000	0.34
Exercised	(2,700,000)	0.17
Expired	(461,667)	0.39
Forfeited	(231,667)	0.44
Balance, December 31, 2019	7,908,333	0.34
Granted	7,620,000	0.18
Exercised	(2,125,000)	0.13
Expired	(626,666)	0.31
Forfeited	(206,667)	0.39
Balance, December 31, 2020	12,570,000	0.28

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

c) Stock options (continued)

The following stock options were outstanding as at December 31, 2020:

Outstanding		Exercisable	Weighted average Exercise Price	Expiry Date	remaining life (in years)
			$		
55,000	1	55,000	0.11	March 8, 2021	0.18
930,000		763,333	0.35	September 30, 2021	0.75
1,070,000	2	1,070,000	0.40	March 9, 2022	1.19
1,255,000	3	1,255,000	0.57	January 31, 2023	2.08
80,000		80,000	0.57	March 7, 2023	2.18
190,000		190,000	0.41	August 23, 2023	2.64
1,620,000	4	1,080,000	0.34	March 27, 2024	3.24
1,270,000	5	506,667	0.09	April 3, 2025	4.26
100,000		33,333	0.15	July 9, 2025	4.52
6,000,000		-	0.20	November 7, 2025	4.85
12,570,000		5,033,333	0.28		3.62

1 Subsequent to December 31, 2020, 55,000 of these stock options were exercised for proceeds of $1,100.
2 Subsequent to December 31, 2020, 225,000 of these stock options were exercised for proceeds of $90,000.
3 Subsequent to December 31, 2020, 265,000 of these stock options were exercised for proceeds of $151,050.
4 Subsequent to December 31, 2020, 333,333 of these stock options were exercised for proceeds of $113,333.
5 Subsequent to December 31, 2020, 153,666 of these stock options were exercised for proceeds of $13,830 and 6,667 of these stock options were forfeited unexercised.

d) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance, December 31, 2018 and 2019	-	-
Issued pursuant to private placements (Note 9(b))	9,264,285	0.21
Exercised	(100,000)	0.15
Balance, December 31, 2020	9,164,285	0.21

The following warrants were outstanding as at December 31, 2020:

Outstanding	Exercisable	Exercise Price	Expiry Date
		$	
3,450,000	3,450,000	0.15	April 29, 2023
5,714,285	5,714,285	0.25	November 26, 2025
9,164,285	9,164,285		

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

e) Share-based payments and share-based payments reserve

The share-based payments expense for the stock options that vested during the year ended December 31, 2020 was $319,252 (2019: $529,016). Of this amount, $265,971 (2019: $387,792) was recorded as share-based payments expense in the consolidated statements of loss and comprehensive loss and $53,281 (2019: $141,224) was capitalized to exploration and evaluation assets.

The fair value of the stock options that were granted during the year ended December 31, 2020 and 2019 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2020	2019
Risk-free interest rate	0.38%	1.47%
Expected stock price volatility	88%	83%
Expected dividend yield	0.0%	0.0%
Expected option life in years	5.0	5.0

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

During the year ended December 31, 2020, the Company reclassified $126,438 (2019: $226,057) from share-based payments reserve to deficit with respect to options that either expired or were forfeited during the year.

10. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the year ended December 31 consisted of the following:

	2020	2019
	$	$
Accounts receivable	19,204	28,244
Prepaid expenses and deposits	25,668	38,588
Accounts payable and accrued liabilities	41,676	4,433
	86,548	71,265

During the years ended December 31, 2020 and 2019, share-based payments expense of $53,281 and $141,224, respectively, were capitalized to exploration and evaluation assets.

As at December 31, 2020, accounts payable and accrued liabilities included $137,845 (December 31, 2019: $168,752) of exploration and evaluation asset expenditures.

11. FINANCIAL INSTRUMENTS

The Company examines the various financial instruments to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk (including interest rate, currency and other price risk). The risk related to financial instruments is managed by senior management of the Company under policies and directions approved by the Board. Relevant policies include the Treasury Management Policy and the approval allowing a portion of the Company's cash to be held in US dollars at the discretion of the Chief Executive Officer and the Chief Financial Officer. The Board monitors these policies on an annual basis. The Company's Board has not approved the use of derivative financial products.

a) Fair value of financial instruments

The fair value hierarchy established by IFRS 13 *Fair Value Measurement* has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's accounts receivable, deposits and accounts payable are equivalent to their carrying values due to their short-term nature. Investments, which are measured at FVOCI, are valued using Level 1 measurements.

b) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations.

The credit risk associated with cash and cash equivalents is minimized as these financial instruments are held with major Canadian commercial banks. In respect of accounts receivable, the Company is not exposed to significant credit risk as the majority consists of amounts due from Canadian governmental agencies.

c) Liquidity risk

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 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.

d) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash and cash equivalents. A 1% change in short-term rates would not have a material impact on net loss or comprehensive loss.

11. FINANCIAL INSTRUMENTS (continued)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company holds substantially all of its cash resources in Canadian dollars with an insignificant amount held in US dollars, making currency risk minimal.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financing instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk in terms of its investment and the deferred share units. There is no material impact to deferred share units resulting from a 10% change in market prices.

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company’s strategy remains unchanged from the year ended December 31, 2019.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual or interim expenditure budgets that are updated as necessary. The annual budgets are approved by the Board.

In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's treasury management policy is to invest its cash in highly rated liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

13. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to loss before income taxes. These differences result from the following items for the years ended December 31:

	2020	2019
	$	$
Loss before income taxes	(2,052,691)	(1,670,903)
Canadian federal and provincial income tax rates	27.00%	27.00%
Income tax recovery based on the above rates	(554,227)	(451,144)
Increase (decrease) due to:		
Non-deductible expenses and other permanent differences	378,510	116,376
Change in unrecognized tax assets	178,931	334,768
Tax benefit of share issue costs	(3,214)	-
Net income tax recovery	-	-

The components of unrecognized deferred tax assets and liabilities are as follows:

	December 31, 2020	December 31, 2019
	$	$
Share issue costs	36,418	54,275
Exploration and evaluation assets	(1,667,347)	(1,563,757)
Plant and equipment	397,775	385,760
ROU asset	(13,295)	(39,886)
Capital losses and other	700,496	915,995
Non-capital losses	4,783,283	4,477,010
Unrecognized deferred tax assets	4,237,330	4,229,397

In assessing the ability to realize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets are deductible.

(Expressed in Canadian dollars)

13. INCOME TAXES (continued)

As at December 31, 2020, the Company had exploration and evaluation expenditures of approximately $33,543,000 (December 31, 2019: $33,201,000), which are available to carry-forward indefinitely, and non-capital losses of approximately $17,716,000 (December 31, 2019: $16,582,000) that expire as follows:

	$
2025	281,000
2026	487,000
2027	2,033,000
2028	319,000
2029	350,000
2030	1,222,000
2031	1,597,000
2032	1,570,000
2033	1,396,000
2034	476,000
2035	1,374,000
2036	631,000
2037	695,000
2038	1,289,000
2039	2,864,000
2040	1,132,000
	17,716,000

14. RELATED PARTY 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.

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.

(Expressed in Canadian dollars)

14. RELATED PARTY TRANSACTIONS (continued)

a) Related Party Transactions

The Company's related party transactions for the years 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.

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.

15. SUBSEQUENT EVENTS

In addition to subsequent events disclosed elsewhere in these consolidated financial statements, the following events occurred after December 31, 2020:

On February 9, 2021, the Company completed a $25,000,640 brokered private placement, issuing 19,126,000 shares on a flow-through basis ("**FT Shares**") at a price of $0.915 per FT Share for gross proceeds of $17,500,290 and issuing 11,539,000 common shares at a price of $0.65 for gross proceeds of $7,500,350. The gross proceeds from the sale of FT Shares will be spent on qualifying flow-through expenditures under the Income Tax Act (Canada) related to the Company's projects in Saskatchewan, Canada, and the net proceeds from the sale of common shares will be used for work towards completing a definitive feasibility study on McIlvenna Bay, working capital and general corporate purposes. The Company paid cash commission of 6% of the gross proceeds on certain subscriptions.