

Foran Mining Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2008

The following Management's Discussion and Analysis ("MD&A") was prepared as of January 23, 2009 and should be read in conjunction with the Company's Audited Consolidated Financial Statements and the notes thereto for the year ended September 30, 2008.

Management's discussion and analysis of the financial condition and results of operations contains 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.

Nature of Business

Foran Mining Corporation ("Foran or Company") was originally incorporated under the laws of British Columbia on June 21, 1989 and continued into Saskatchewan on November 13, 2007. Foran is a reporting issuer in British Columbia, Alberta, Ontario, New Brunswick, Nova Scotia and Newfoundland. The Company's stock is traded on the TSX Venture Exchange under the symbol "FOM". Principle business activities include the acquisition and exploration of mineral properties with the objective of discovering economically recoverable mineral reserves for development of a producing mine operation. To date the Company has not generated any revenues.

Additional information regarding the Company, including copies of the Company's continuous disclosure materials is available through the SEDAR website at www.sedar.com

OVERALL PERFORMANCE

During the year ended September 30, 2008 the Company completed three (3) financings (both flow through and non flow through) by way of private placements for a total of \$1,832,000. Proceeds from disposal of capital assets throughout the year totalled \$718,700. The proceeds have been used to fund the winter drill program at McIlvenna Bay and to satisfy debt. At September 30, 2008 the Company has no long-term debt.

MCILVENNA BAY, SASKATCHEWAN

The McIlvenna Bay project is a Joint Venture with Copper Reef. Foran holds a 75% interest in the property and acts as the operator of exploration projects.

McIlvenna Bay is the Company's main asset and the business focus for 2009 will be directed to development of the property.

In December 2006, the Company published on SEDAR a Technical Report compliant with NI 43-101 on the McIlvenna Bay property, which stated that the property is "a Cu-Zn volcanogenic massive sulphide

deposit which is at the advanced exploration stage”. The report, also available on the Company’s web site at www.forangoldcorp.com, concluded that “a significant mineral resource had been estimated.” “Indicated resources total 6,671,000t at a grade of 0.83% Cu, 6.51% Zn and 26.0 g/t Ag. Inferred resources total 6,000,000t at a grade of .83% Cu, 5.89% Zn and 24.8 g/t Ag.”

As a result of the recommendations outlined in the Scott Wilson Roscoe Postle report, the Company conducted a 6,903.9 meter drill program which began in September 2007. The intention of this program was to establish the lower margins of the copper stringer zone with some fill-in holes giving continuity to the deposit.

In December 2007 the Company announced the results of diamond drill hole MB-07-133. Designed to test the down dip and down plunge extension of the existing indicated #2 lens massive sulphide resource, DDH MB-07-133 intersected the near solid sulphide unit at 855.78 meters with a true width of 4.9 meters grading 0.170 g/t Au, 17.7 g/t Ag, 0.31% Cu and 9.07% Zn. The near solid sulphide is underlain conformably by a chloritic stringer zone, in this instance, a true width of 1.5 meters grading 0.230 g/t Au, 18.5 g/t Ag, 1.68% Cu and 1.04% Zn. The combined intersection is a true width of 6.4 meters grading 0.65% Cu and 7.08% Zn with minor Au and Ag values.

On April 30, 2008 the Company announced the results of diamond drill holes MB-08-127 and MB-18-128. Both holes were drilled on section to determine the extent of the No. 2 massive sulphide lens down dip and down plunge of the existing earlier drilling. DDH MB-08-127, at a vertical depth of 514m, intersected 1.82 meters (6.0ft) of near solid sulphides grading 0.14g/t Au, 22.9 g/t Ag, 0.14% Cu, 0.71% Pb and 10.17% Zn. This unit was underlain conformably by a 6.44 metre (21.1 ft) disseminated chloritic unit grading: 0.45 g/t Au, 25.8 g/t Ag, 1.02% Cu, 0.24% Pb and 0.85% Zn. The combined zone graded 0.38 g/t Au, 25.2 g/t Ag, 0.83% Cu, 0.34% Pb, and 2.93% Zn over 8.26 metres or 27.1 ft. DDH MB-08-128 intersected the bottom of the plunge 144 metres below the MB-08-127 drill hole. It encompasses a disseminated to near solid sulphide band of 1.8 metres (5.9 ft) grading 0.30 g/t Au, 57.4 g/t Ag, 0.16% Cu, 0.95% Pb and 1.41% Zn. The true widths are not known at this time.

In March 2008 the Company engaged Leaf & Stone Resonance Services Ltd. (“Leaf & Stone”) to conduct a resonance coupling survey on the McIlvenna Bay property, near Hanson Lake, SK. Leaf & Stone uses a technology known as resonance coupling which permits Leaf & Stone to analyze satellite data and produce an image representing areas for potential underground mineralization. The survey targeted coordinates for the area known as the McIlvenna Bay deposit to see if the technology would identify the known mineralization in the deposit area and identify potential mineralization in areas outside the McIlvenna Bay deposit area.

Leaf & Stone has analyzed the survey data and has produced an image of potential underground mineralization on the property. Leaf & Stone indicate that the image produced by the survey identifies the McIlvenna Bay deposit as containing copper and zinc mineralization. The analysis has also produced an image of a large area of potential copper and zinc mineralization outside of the McIlvenna Bay deposit area. This area lies approximately 1 km west from the McIlvenna Bay deposit area.

The Company intends to follow up the survey and investigate the new area with ground geophysical surveys. If the ground geophysics satisfactorily confirms the potential of mineralization in this new area, a drill program to further investigate it will be designed.

Commissioning of an updated Scoping Study, an Environmental Impact Study and permitting for underground activities are contemplated for the McIlvenna Bay property beginning 2009. The

availability of investment funds has been significantly affected by the recent economic downturn in global financial markets and there can be no assurance that the Company will be able to raise sufficient funds for this work. Management's strategy is to continue work at the McIlvenna Bay property in an effort to position the Company for development once base metal markets have recovered. Exploration activities have been funded through equity financing of flow-through funds and in the event flow through funds are not available, the Company will be forced to curtail its activities to a level that can be supported by existing funds.

SASKATCHEWAN PROJECT

In January, 2007 the Company began a state-of-the-art, high resolution deep penetrating VTEM Time Domain EM survey on 726 line Km's of the Bigstone, Balsam and Hanson Lake properties. These properties are located in close proximity to the McIlvenna Bay VMS deposit near Hanson Lake, Saskatchewan. The survey was conducted as follow up work to EM surveys and drilling that were previously conducted on the three properties.

The data obtained from the surveys was processed by Bob Frazer, Professional Geoscientist of G.R. Frazer Consulting Limited. The report states that "several promising anomalies were located in the Bigstone area. Anomaly locations are known accurately enough to pick drill hole collar locations on the map. In the Hanson Lake/Balsam block the Palaeozoic cover appears to be considerably thicker than in the Bigstone area. Nonetheless, three distinct targets were identified. It is recommended that a Pulse Electromagnetic (PEM) survey be done in this area so that target depths can be measured prior to drilling."

An exploration program for the highlighted targets was initially contemplated for 2008 but has been postponed. An access road for drilling purposes is being assessed for construction along with drill-hole design and budget preparation.

During the year ended September 30, 2008 the Company expended \$ 38,036 on cash in lieu of work requirements on certain claims included in the Saskatchewan Project properties. There are a total of 6 property claim groups included in this project which total approximately 20,538 hectares.

MANITOBA PROJECT

During the year ended September 30, 2008 the Company expended \$ 110,749 on cash in lieu of work requirements on certain claims included in the Manitoba Project properties. These properties consist of 11 claim groups containing 81 claims totalling approximately 12,632 hectares. The Company does not have immediate plans for exploration work on these claims and will continue to negotiate discussion with interested parties for Option Agreements. Sufficient excess work credits are available to keep the majority of claims in good standing without cash outlays.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations. For more detailed information, please refer to the Audited Consolidated Financial Statements.

	September 30, 2008	September 30, 2007	September 30, 2006
Net Sales or total revenues	28,872	27,235	24,063
(Loss)Income before extraordinary items	(831,761)	(864,418)	(1,488,985)
Basic loss per share before extraordinary items	(0.01)	(0.01)	(0.02)
Diluted loss per share before extraordinary items	(0.01)	(0.01)	(0.02)
Loss, in total on a per-share and diluted per-share basis	(0.01)	(0.01)	(0.02)
Total assets	6,000,739	4,847,035	4,850,543
Total financial liabilities	512,384	396,449	5,273,662
Cash dividends declared per-share for each class of share.	0	0	0

Revenues for 2008 were a result of fees charged for the administration of the McIlvenna Bay Joint Venture, interest income earned on deposit accounts and the gain on sale of surplus capital assets. Revenues for 2007 and 2006 consist of interest received on GST returns, interest earned on bank deposit balances and the gain on sale of surplus capital assets.

Loss of income for 2008 is primarily due to non cash items including amortization and stock based compensation. The 2007 loss was reduced substantially from previous years due to reduced exploration activities and the 2006 income loss was a result of interest paid on debt instruments, which has been satisfied through the issuance of shares, and legal fees incurred for litigation and arbitration matters settled by an agreement which formed a Joint Venture.

Liabilities include \$451,412 minority interest in the McIlvenna Bay Joint Venture and trade accounts payable/accrued liabilities in the amount of \$60,972.

RESULTS OF OPERATIONS

For the year ended September 30, 2008, the Company incurred a loss before income taxes of \$ 900,168 (2007 - \$977,561). The losses recorded in 2008 are a result of non-cash stock based compensation \$312,528 (2007 - \$159,978), non-cash amortization \$42,664 (2007 - \$20,100), wages and benefits \$210,838 (2007 - \$206,219), and administration \$101,094 (2007 - \$101,161) which includes insurance expense for properties and equipment. Professional fees have decreased to \$87,041 (2007 - \$148,953) and interest and bank charges decreased to \$29,287 (2007 - \$83,082) as a result of the Company satisfying all debt instruments. Repairs and maintenance reduced to \$3,770 (2007 - \$78,975). Rent \$39,300 (2006 - \$41,274) includes office and warehouse space required for storage. The Company continues to reduce expenses significantly with minimal staff retained to meet care and maintenance requirements only. Management predicts there are sufficient unrestricted funds on hand to meet operational requirements through 2009.

Total assets have increased over 2008 due to the capitalization of exploration work performed on the McIlvenna Bay property. Accounts receivable includes GST receivable at September 30, 2008 and Joint Venture minority interest receivable. Cash has increased due to the sale of surplus equipment.

SUMMARY OF QUARTERLY RESULTS

	2008	2008	2008	2007
--	------	------	------	------

	September 30	June 30	March 31	December 31
Total Revenues – including interest	11,704	0.00	0.00	15,938
(Loss)Income before undernoted items	(333,295)	(196,447)	(207,746)	(91,308)
Basic loss per share before extraordinary items	(0.01)	(0.002)	(0.002)	(0.001)
Diluted loss per share before extraordinary items	(0.01)	(0.002)	(0.002)	(0.001)
(Loss)Income for the year - before taxes	(900,168)	(483,418)	(298,979)	(91,308)
Basic loss per share	(0.01)	(0.002)	(0.002)	(0.001)
Diluted loss per share	(0.01)	(0.002)	(0.002)	(0.001)

	2007 September 30	2007 June 30	2007 March 31	2006 December 31
Total Revenues	27,235	12	1,208	747
(Loss)Income before undernoted items	(231,417)	(182,893)	(310,748)	(201,217)
Basic loss per share before extraordinary items	(0.01)	(0.001)	(0.003)	(0.002)
Diluted loss per share before extraordinary items	(0.01)	(0.001)	(0.003)	(0.002)
(Loss)Income for the year	(977,561)	(594,690)	(473,654)	(193,873)
Basic loss per share	(0.01)	(0.006)	(0.01)	(0.002)
Diluted loss per share	(0.01)	(0.006)	(0.01)	(0.002)

LIQUIDITY AND CAPITAL RESOURCES

The Company does not currently own or have an interest in any producing mineral properties and does not derive any revenues from operations. The Company's activities have been funded through equity financing and the sale of surplus capital assets. Further exploration is conditional on the Company's ability to raise funds through equity financing. There can be no assurance that the Company will be able to do so and if funds are not available or other sources of finance cannot be raised, the Company would be forced to curtail its activities.

As at September 30, 2008 the Company had \$393,277 in cash and \$81,853 in accounts receivable. During the year the Company was successful in raising \$1,500,000 in a private placement of flow-through and \$332,000 in non-flow-through shares. In September, 2008 the Company sold its gold mill for \$700,000. Unrestricted cash on hand at January 23, 2009 totalled approximately \$180,000.

There are no present cash commitments under the Joint Venture Agreement; cash on hand is sufficient to meet cash obligations for various property claims that will come due in the next year. Should the Company not be successful in raising additional flow through funds, any planned exploration activities will be limited.

RELATED PARTY TRANSACTIONS

- (1) During the year the Company paid \$6,152 (2007 - \$Nil) for interest to a related party.
- (2) During the year the Company paid or accrued \$1,838 (2007 - \$Nil) for travel services to a related party.
- (3) During the year the Company paid or accrued \$24,124 (2007 - \$11,420) for rent to a related party.
- (4) During the year the Company paid or accrued \$Nil (2007 - \$559) for professional services to a director of the Company.

(5) During the year, the Company recovered \$404,843 (2007 - \$113,986) from its Joint Venture partner for reimbursement of exploration expenses on the McIlvenna Bay mining property. At year end, \$81,853 (2007 - \$87,517) of this amount was included in accounts receivable.

OUTLOOK

Going forward, the Company will continue to carry on work at the McIlvenna Bay property in order to place the project in the best position possible for moving underground once the zinc market has recovered to a feasible level. The Company also plans to perform exploration work on its other properties that are in close proximity to McIlvenna Bay.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As of January 23, 2009 there were 121,232,619 shares outstanding. There were 7,675,000 options outstanding with various exercise prices and expiry dates and can be exercised into one common share for every stock option. There were 9,571,427 share purchase and broker warrants outstanding with various exercise prices and expiry dates and can be exercised into one common share for every warrant.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. Portfolio investments are comprised of shares of Copper Reef and are classified as available-for-sale. The Company has not entered into any hedging relationships and does not hold any other available-for-sale securities that would result in the recognition of other comprehensive income or loss. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

FUTURE ACCOUNTING PRONOUNCEMENTS

The CICA issued a new accounting standard, Section 3064, Goodwill and Intangible assets, which clarify that costs can be deferred only when they relate to an item that meets the definition of an asset. As a result, start-up costs must be expensed as incurred. Section 1000, Financial Statement Concepts, was also amended to provide consistency with this new standard. These new standards are effective for years beginning on or after October 1, 2008. The Company is currently assessing the impact of these standards on its financial statements.

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies are to converge with International Financial Reporting Standards ("IFRS") effective for fiscal periods beginning on or after January 1, 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

DISCLOSURE CONTROLS AND PROCEDURES

As required by Multilateral Instrument 52-109, the Company has evaluated the effectiveness of its disclosure controls and procedures and the internal control over financial reporting as of September 30, 2008.

Based on the results of this evaluation, the certifying officer has concluded that the processes in place are sufficient to provide the knowledge required for the representations made in Form 52-109FV1, Venture Issuer Basic Certificate.

Management is aware that internal control weaknesses have been identified in respect to segregation of duties and a risk of management override of controls and procedures which is inherently due to the small size of the Company.

RISK FACTORS

The Company's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk. Credit risk is the risk of an unexpected loss by the Company if a third-party to a financial instrument fails to meet its contractual obligations. A significant portion of the Company's receivables relate to amounts receivable from a participant of the Company's joint venture operations. Management minimizes the credit risk associated with this concentration of receivables by ensuring that amounts receivable from this participant are current. In accordance with the joint venture agreement, the participating interest in the joint venture is security against amounts owed.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at September 30, 2008 the Company believes it will have sufficient access to financial markets to continue to meet its obligations as they become due. The Company does not currently operate any producing properties and as such, is dependent upon the issuance of new equity to advance its exploration properties. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or joint ventures or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial position. The Company is unsure if its current capital resources will be sufficient to carry out its exploration plans through its current operating period.