

Foran Mining Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2006

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Company's interim Consolidated Financial Statements and the notes thereto for the period ended March 31, 2006.

This MD&A has been prepared as May 26, 2006.

Management's discussion and analysis of financial condition and results of operations contains forward-looking statements. By their nature, these statements involve risk and uncertainties, many of which are beyond the Company's control, which could cause actual results to 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.

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

Nature of Business

Foran Mining Corporation was incorporated under the laws of British Columbia on June 21, 1989 and is a reporting issuer in British Columbia, Alberta, Ontario, New Brunswick, Nova Scotia and Newfoundland. The Company's stock are traded on the TSX Venture Exchange under the symbol "FOM". The Company's principle business activities include the acquisition and exploration of mineral properties with the objective of the discovery of economically recoverable mineral reserves for development of a producing mine operation.

OVERALL PERFORMANCE

The Company incurred significant losses during the 2005 fiscal year with the write-off of accumulated costs relevant to several mineral properties and the write-down of capital assets which is reflected in the decrease in Current Assets.

During the period ended March 31, 2006 operating expenses were funded by loan proceeds of \$101,000 the sale of capital assets, receipt of a MEAP grant in the amount of \$40,245 and \$65,021 from relinquishing the mineral licenses for Kaskattama.

On March 22, 2006 the Company announced that the arbitration proceedings which began on March 9, 2006 have been adjourned in order for the arbitration panel to be reconstituted. A new Arbitration tribunal has been appointed and the hearing was scheduled to begin on June 14, 2006 in Winnipeg, MB.

On May 24, 2006 the Company announced that it has reached settlement in its disputes with Copper Reef Mines (1973) Ltd., M'Oré Exploration, and Stephen Leo Masson. Under the settlement agreement, Foran will make the final payment of \$2,000,000 for the McIlvenna Bay Project which is due on or before May 31, 2006. The initial payment of \$1,500,000 to the Hanson Lake Joint Venture on behalf of Copper Reef (\$500,000 of which Foran contributed) stays in the project. The Company will give Copper Reef a 25% interest in the claims, retain 75% for itself and has entered into a joint venture

agreement with Copper Reef in which Foran is the operator. Foran will retain approximately 25% of shares in Copper Reef and is able to maintain that percentage through participation in future Copper Reef fund raising. Foran has agreed to a selling restriction for up to one year and covenants either to not vote its shares at any regular meeting of shareholders or to vote their shares in support of Copper Reef management's slate at annual general meetings so long as Copper Reef is not in default of the Settlement Agreement. All existing litigation, arbitration or other suits or proceedings between the Company and Copper Reef, M'Ore Exploration and Stephen Leo Masson have been terminated. Included in the settlement agreement is the transfer to Copper Reef six project groups totalling over 18,000 hectares held by the Company in Manitoba and are comprised of the North Star Deposit Claims, East Big Island group and the Bartley claims, West Big Island group including Big Island, Steeves Lake and Bib claims, Leo Lake Claims group including Alberts Lake, Amulet, Murr, Mike and Lew, Morgan Lake and Kississing.

On May 1, 2006 the Company announced that the Board of Directors have agreed to borrow up to \$3,700,000 from Turtle Creek Trust, a current shareholder of Foran, as a demand loan in order to meet the above mentioned working capital requirements in addition to administrative and legal fees. The Company also announced on May 1, 2006 a private placement of up to \$3,700,000 by issuing up to 30,833,333 common shares at a price of \$0.12 per share. The proceeds will be used to pay back the loan from Turtle Creek Trust. The proposed private placement can only be offered to qualified investors. A Special Shareholders meeting will be held in Saskatoon, SK on June 7, 2006 pursuant to the TSX Venture Exchange policy for shareholder approval when a private placement may result in the creation of a new control person. The Company will also ask the minority shareholders to approve the issuance of a second private placement of up to \$5,500,000 by the issuance of common shares and, if determined to be appropriate, share purchase warrants at a price to be determined by the Board in accordance with TSX Venture Exchange policies. The use of the proceeds from the second private placement will be for such purpose as the Board of Directors determines, including the repayment of the BBS Aircraft Inc. loan due December 31, 2006. As an alternative, the Board of Directors may determine that it would be in the best interest of the Corporation to issue common Shares directly to BBS to extinguish the debt in lieu of proceeding with the equity financing. There is a possibility that additional control blocks may be created with the second private placement or shares for debt and will be subject to regulatory approval. The TSX Venture Exchange has ruled that Terry Summach, Bradley Summach, BBS Aircraft Inc. and any of their associates refrain from voting on the resolution to resolve the BBS aircraft loan presented at the Special Shareholders meeting. The exchange has also requested that Terry Summach and Bradley Summach refrain from voting on the resolution to issue 30,833,333 common shares through private placement. As a result of the settlement agreement with Copper Reef the Directors have engaged in restructuring the private placements and will announce the terms of the restructure once they have been finalized.

Jupiter, Manitoba

In April 2003, the Company entered into an agreement to acquire a 100% interest in the Jupiter mineral claims located in the Snow Lake, Manitoba area for the cash payment of \$10,000 with an additional \$15,000 due April 10, 2006. The Company will also issue 100,000 common shares over a four-year period and has agreed to a work commitment of \$150,000 by April 10, 2006. The Company has the option to purchase a 2% net smelter return for \$1,000,000. As of the period ended March 31, 2006 75,000 common shares have been issued and work of \$73,750 has been expended. Although the Company wrote-off the accumulated costs relevant to this property at September 30, 2005, the agreement was renegotiated in May 2006 to extend the option from April 10, 2006 to April 10, 2007,

should the obligations for the option to be satisfied by that time. The option agreement has since been cancelled by both parties and the Jupiter property title is being transferred back to the previous owners.

Gold Rock, Manitoba

In December 2003, the Company acquired an option to purchase 100% interest in the Gold Rock mining lease located in the North Star Lake area of Manitoba for \$415,000 cash with an additional \$5,000 due November 1, 2005 and \$10,000 due November 1, 2006.

In March 2006, the Company entered into a new agreement for \$50,000 in exploration expenditures being incurred before July 15, 2007 and in the event that exploration has not commenced by this date, \$50,000 will be paid by August 15, 2007 to the optionor with the exploration expenditure to be completed by January 31, 2008. Additional consideration to the optionor includes a 10% Net Profit Interest payable on the first 20 feet of currently documented vein material below surface and a royalty in the amount of 2% of Net Smelter Returns. The Company may purchase 75% of the optionor NSR at any time for the total sum of \$750,000 leaving the optionor a 0.5% NSR.

RESULTS OF OPERATIONS

For the period ended March 31, 2006, the Company incurred an operating loss of \$662,544 (2004 - \$682,201). Operating expenditures have decreased substantially in all areas with the exception of legal fees \$237,278 (2004 - \$55,173) associated with arbitration and the contingencies found in Note 9 of the financial statements, and accrued interest and bank charges \$140,845 (2004 - \$22,690) mainly relevant to the convertible loan. The cost of salaries has decreased \$92,705 (2004 - \$220,727) as a result of there being no exploration programs. Non cash amortization expense has decreased \$11,134 (2004 - \$192,327) as a result of capital assets being dismantled, stored or disposed of through sale.

SUMMARY OF QUARTERLY RESULTS

	2006 March 31	2005 December 31	2005 September 30	2005 June 30
Total Revenues – including interest	-	128	12,865	12,102
(Loss)Income before extraordinary items	(390,778)	(300,324)	(11,376,102)	(1,232,643)
Basic loss per share before extraordinary items	(0.01)	(0.01)	(0.20)	(0.01)
Diluted loss per share before extraordinary items	(0.01)	(0.004)	(0.20)	(0.01)
(Loss)Income for the year	(662,544)	(300,324)	(11,376,102)	(1,233,461)
Basic loss per share	(0.01)	(0.01)	(0.20)	(0.020)
Diluted loss per share	(0.01)	(0.004)	(0.20)	(0.020)

	2005 March 31	2004 December 31	2004 September 30	2004 June 30
Total Revenues	7,682	10,633	26,323	19,438
(Loss)Income before extraordinary items	(681,382)	(250,570)	(606,161)	(435,442)
Basic loss per share before extraordinary items	(0.01)	(0.004)	(0.01)	(0.003)
Diluted loss per share before extraordinary items	(0.01)	(0.004)	(0.01)	(0.003)
(Loss)Income for the year	(682,200)	(251,428)	(614,967)	(444,248)
Basic loss per share	(0.010)	(0.004)	(0.01)	(0.003)
Diluted loss per share	(0.010)	(0.004)	(0.01)	(0.003)

Total assets, shareholders' equity and working capital have decreased due to the extraordinary write-down or write-off of property, plant and equipment and mineral properties in conjunction with the cash expended on exploration and construction for the year ended September 30, 2005. Liabilities have increased due to a convertible loan payable and interest accrued in relation to the loan.

LIQUIDITY

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 for this second quarter have been funded through a loan from a non arms length party along with the receipt of government reimbursements and the sale of capital assets. In the short term the Company will be relying on loan proceeds and the exercise of options for funding general operating activities.

CAPITAL RESOURCES

As at March 31, 2006 the Company had \$9,882 in cash and available loan proceeds of \$300,000. Subsequent to March 31, 2006 the Company received cash of \$150,000 from a loan that has been negotiated with Turtle Creek Trust, a current shareholder. The loan has not been formalized and the money received to date is an advance for operating expenses. The loan will carry no interest for the first 60 days to allow time for the Company to offer a private placement for \$3,700,000. The proceeds of the private placement will be used to repay the loan in full to Turtle Creek Trust.

RELATED PARTY TRANSACTIONS

During the period ended March 31, 2006 the Company paid \$5,369 to a director for professional legal services.

During the period ended March 31, 2006 the Company paid \$9,630 for office rental to a company owned and controlled by an officer/director. The Company also accrued \$139,696 in interest on a loan payable to a company controlled by the same related party. The secured loan bears interest at the greater of 6% or Royal Bank of Canada prime plus 2% and matures on December 31, 2006. Bonus shares in the amount of 2,350,000 were issued on December 30, 2005 pursuant to a covenant in the loan agreement. In the event that the principle and any interest payable there under remain unpaid after December 31, 2006, and at the request of the lender, the Company will seek regulatory approval to issue shares for debt for any amount outstanding under the loan. The application will request regulatory authority to issue shares for debt at the current share price of the Company at the time of the request less any allowable discount. The Company entered into this transaction because alternate sources of financing were unavailable due to lack of collateral and the Company's limited operating history.

During the period ended March 31, 2006 the Company paid \$3,402 to a company owned and controlled by a director for fuel and the removal of fuel tanks located at the North Star site.

PROPOSED TRANSACTIONS

Going forward, the Company will require additional funds to maintain its large property portfolio in Saskatchewan and Manitoba and to cover costs of overhead, including legal costs. The Company's current portfolio of properties require preliminary work to be done and, based on the results, work

programs will be developed for further exploration. The Company is continually looking at new exploration opportunities on properties identified as having favourable potential.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable, long and short term loans and accrued liabilities. 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.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As of May 25, 2006 there were 60,405,792 shares outstanding. There were 1,565,000 options outstanding with various exercise prices and expiry dates and can be exercised into one common share for every stock option.

EVALUATION AND EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES

The Corporation has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as of March 31, 2006 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in interim filings.