

Foran Mining Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED JUNE 30, 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 June 30, 2006.

This MD&A has been prepared as August 25, 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 June 30, 2006 operating expenses were funded through proceeds of \$2,700,000 from an Agreement for Sale of Mineral Dispositions equalling 3/16th of the Company's interest in the McIlvenna Bay property.

On May 1, 2006 the Company announced the negotiation of an agreement to borrow up to \$3,700,000 from Turtle Creek Trust, an existing shareholder. The loan proceeds were to finance the final payment of \$2,000,000 due May 31, 2006 to Cameco Corporation and BHP Billiton; \$1,000,000 expected to be payable in connection to arbitration proceedings; \$700,000 for legal and general operating costs. The Company also announced a proposed private placement to facilitate the repayment of the \$3.7M demand loan to Turtle Creek Trust. 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 filed notice of a special shareholders meeting to be held June 7, 2006.

On May 8, 2006 the Company announced the appointment of a new arbitration tribunal to arbitrate the dispute between Copper Reef and Foran over Foran's election to rescind an assignment agreement between the two parties. The arbitration hearing was slated to begin June 14, 2006.

On May 24, 2006 the Company announced a Settlement Agreement in its disputes with Copper Reef Mines (1973) Ltd. ("Copper Reef"), M'Oré Exploration and Stephen Leo Masson. Under the Settlement Agreement the Company has made the final payment of \$2,000,000 to the Hanson Lake Joint Venture which was due May 31, 2006. The initial payment of \$1,500,000 made by Copper Reef will stay in the project. The Company paid \$500,000 to Copper Reef in January 2005 for 2,500,000 shares of Copper Reef capital stock. These shares have been returned to Copper Reef as a condition of the Settlement Agreement and Copper Reef has replaced these with a certificate for 250,000 shares in capital stock. The Company will retain approximately 25% of the outstanding shares of Copper Reef and is able to maintain that percentage through participation in future Copper Reef financing if they so desire. There is a restriction of up to one year on the selling of these shares and the Company covenants to either not vote its shares at any regular meeting of shareholders or to vote in favour of Copper Reef management's slate as long as Copper Reef is not in default of the Settlement Agreement. The Settlement Agreement also provides for the transfer to Copper Reef of six property groupings consisting of 184 claims and totalling over 18,000 hectares held in Manitoba by the Company. These groups are comprised of the North Star 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, Lew, Morgan Lake and Kississing.

The Company retains a 75% interest in the McIlvenna Bay property mineral claims while Copper Reef holds the remaining 25% interest. Pursuant to the Settlement Agreement, the two parties have entered into a Joint Venture Agreement in which Foran will be the operator. Copper Reef is to fund its pro-rata share of future programs or mining operation. The Company will not call for a cash contribution of more than \$750,000 in the first year from the signing of the Joint Venture Agreement.

On May 31, 2006 the Company announced that it had signed an agreement with Turtle Creek Trust ("Turtle Creek") to finance the working capital requirements of the Company. Turtle Creek agreed to purchase 3/16th of the Company's interest in the McIlvenna Bay property for the price of \$2,700,000. Turtle Creek conditionally agreed to sell back to the Company within 60 days from the signing of the agreement, its percentage ownership of the property for \$2,700,001. The conditions of the Agreement required the private placement resolution, set to be voted at the Special Shareholders meeting on June 7, 2006, to be amended.

On June 7, 2006 the Company announced that through a special meeting of shareholders, it has resolved to issue 16,875,000 shares at \$0.16 per share, for a total of \$2,700,000 pursuant to a private placement with the proceeds from the private placement being used to purchase Turtle Creek Trust's ownership in the McIlvenna Bay property. The shareholders also authorized the Board of Directors to repay the loan due December 31, 2006 to BBS Aircraft Inc. through the issuance of common shares or through funds raised by a private placement. The loan is currently for \$4,801,000 with accrued interest payable being \$371,340. The Board of Directors will decide which alternative will be in the best interest of the Company later this year.

On June 12, 2006 the Company announced changes to the Board of Directors and Management. Wayne Clifton, a professional engineer and president of Clifton Associates Ltd. was appointed Chairman of the Board and Bob Nylen, previously General Manager of the Company, was appointed President of the Company. Terry Summach, previously serving as Chairman and President will continue to serve on the

Board of Directors. Brad Summach resigned his position of Vice President, but continues to serve on the Board of Directors.

On July 19, 2006 the Company announced that it has granted 1,600,000 incentive stock options under its 2006 Stock Option Plan to directors and officers at an exercise price of \$0.18 per share. These options will expire July 15, 2011. The Company also announced the appointment of Bob Nysten as Chief Executive Officer and of Allyson Stephens as Chief Financial Officer.

On July 28, 2006 the Company announced the closing of a private placement for 16,875,000 common shares at \$0.16 for gross proceeds of \$2.7M, originally announced on May 1, 2006 and amended on May 31, 2006. This private placement was approved at the shareholders' special meeting held on June 7 2006 and the proceeds have been used to buy back the 3/16th interest in the McIlvenna Bay property sold to Turtle Creek Trust in May, 2006. The Company kept the private placement open as long as possible to allow for independent investors to participate. The remaining shares in the private placement were then taken up by Turtle Creek Trust (5,000,000 shares) and 618 Holdings Ltd. (7,428,500 shares). 618 Holdings Ltd. is beneficially owned by the Summach family. On the closing of this private placement, Turtle Creek Trust now holds 18% of Foran shares and 618 Holdings Ltd. holds 10%. The Company has received approval from the TSX Venture Exchange to allow Turtle Creek Trust to have a controlling interest in the Company.

On July 28, 2006 the Company announced the Board of Directors had received and accepted the resignation of Donald Kennedy as a director, effective July 24, 2006.

On August 2, 2006 the Company announced that it has engaged Toll Cross Securities Inc. as advisor to review alternatives to maximize shareholder value from its assets in Canada. Toll Cross will provide advisory services to the Company regarding strategic financial alternatives. Any recommendation made by Toll Cross will be taken under advisement of the Board of Directors who will ensure that the minority shareholders will receive maximum value for their shares. There is no assurance that any transaction will be concluded as a result of this process.

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 and 75,000 shares as well as future commitments for cash, shares, net smelter royalties and work commitments. Subsequent to the Settlement Agreement with Copper Reef where the Company gave Copper Reef the right to negotiate for the Jupiter mineral claims, this option agreement has been cancelled by both parties and the Jupiter property title has been 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. The optionor was given a 10% Net Profit Interest payable on the first 25 feet from surface of the deposit, and a 2% Net Smelter Return on the entire deposit. Additional cash and work commitments also existed. Subsequent to the Settlement Agreement with Copper Reef where the Company gave Copper Reef the right to negotiate for the Gold Rock mineral claims, this option agreement has been cancelled by both parties and the Gold Rock property title has been transferred back to the previous owners.

RESULTS OF OPERATIONS

For the period ended June 30, 2006, the Company incurred an operating loss of \$931,632 (2005 - \$1,233,461). Operating expenditures have decreased substantially in all areas with the exception of professional fees \$319,567 (2005 - 142,262) associated with arbitration, and accrued interest and bank charges \$213,661 (2005 - \$96,013) mainly relevant to the convertible loan. The cost of salaries has decreased \$92,705 (2005 - \$220,727) as a result of there being no current exploration programs. Non cash amortization expense has decreased \$14,850 (2005 - \$364,655) as a result of capital assets being dismantled, stored or disposed of through sale.

SUMMARY OF QUARTERLY RESULTS

	2006 June 30	2006 March 31	2005 December 31	2005 September 30
Total Revenues – including interest	128	-	128	12,865
(Loss)Income before extraordinary items	(951,348)	(390,778)	(300,324)	(11,376,102)
Basic loss per share before extraordinary items	(0.02)	(0.01)	(0.01)	(0.20)
Diluted loss per share before extraordinary items	(0.02)	(0.01)	(0.004)	(0.20)
(Loss)Income for the year	(931,632)	(662,544)	(300,324)	(11,376,102)
Basic loss per share	(0.02)	(0.01)	(0.01)	(0.20)
Diluted loss per share	(0.02)	(0.01)	(0.004)	(0.20)

	2005 June 30	2005 March 31	2004 December 31	2004 September 30
Total Revenues	12,102	7,682	10,633	26,323
(Loss)Income before extraordinary items	(1,232,643)	(681,382)	(250,570)	(606,161)
Basic loss per share before extraordinary items	(0.01)	(0.01)	(0.004)	(0.01)
Diluted loss per share before extraordinary items	(0.01)	(0.01)	(0.004)	(0.01)
(Loss)Income for the year	(1,233,461)	(682,200)	(251,428)	(614,967)
Basic loss per share	(0.02)	(0.01)	(0.004)	(0.01)
Diluted loss per share	(0.02)	(0.01)	(0.004)	(0.01)

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 June 30, 2006 the Company had \$511,657 in cash received from proceeds from a sale agreement with Turtle Creek Trust, a current shareholder. The sale agreement was bought back in 60 days of signing to allow time for the Company to offer a private placement for \$2,700,000. The proceeds of the private placement were used to buy back in full, the 3/16th of McIlvenna Bay sold to Turtle Creek Trust.

RELATED PARTY TRANSACTIONS

During the period ended June 30, 2006 the Company paid \$3,032 to a company owned and controlled by a director for professional services.

During the period ended June 30, 2006 the Company paid \$18,939 for office rental to a company owned and controlled by a director. The Company also accrued a total \$211,514 for 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.

PROPOSED TRANSACTIONS

Going forward, the Company will require additional funds to develop a drilling program for the McIlvenna Bay property. 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 August 25, 2006 there were 77,280,792 shares outstanding. There were 2,915,000 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 June 30, 2006 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in interim filings.