Foran Mining Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2006

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Company's Audited Consolidated Financial Statements and the notes thereto for the year ended September 30, 2006.

This MD&A has been prepared as of January 24 2007.

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

OVERALL PERFORMANCE

During the year ended September 30, 2006 the Company's operation was funded through a $2,700,000 private placement announced April 18, 2006, loan proceeds of $401,000 and the sale of surplus assets resulting from the abandonment of the North Star property. Mineral exploration licenses were cancelled January 9, 2006 and a cash deposit of $65,021 was refunded to the Company from the Manitoba Mines Branch.

MCILVENNA BAY, SASKATCHEWAN

On January 25, 2005 the Company announced that it had entered into an agreement with Cameco Corporation and Billiton Metals Canada Inc. to acquire a 100% interest in the Hanson Lake property (McIlvenna Bay Cu-Zn deposit). Terms of the agreement were paying $1,500,000 to Cameco/BHP; paying a final $2,000,000 by May 31, 2006; and providing a 1% Net Smelter Return (NSR) which has a $1,000,000 buy out option.

During the year ended September 30, 2005 the Company paid $500,000 to Copper Reef (1973) Limited (the "other company") with respect to an Assignment Agreement on the McIlvenna Bay property. Also during the 2005 fiscal year the Company requested an arbitration hearing to rescind the Assignment Agreement.

On May 22, 2006 a Settlement Agreement was reached between Foran Mining Corporation and the other company concerning the termination of all litigation and the release of all claims against each other. As part of the Settlement Agreement a Joint Venture between Foran Mining Corporation and the other company was formed with Foran holding a 75% interest in the McIlvenna Bay properties and being the sole operator.

In October 2006, the Company engaged Scott Wilson Roscoe Postle and Associates to prepare 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, which is available on the Company's web site and SEDAR, concluded that "a significant mineral resource had been estimated for the McIlvenna Bay property. 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 announced on December 5, 2006 that a 9,250 m drill program will be conducted at the McIlvenna Bay property pending suitable ice conditions.

Upon completion of the proposed drill program the current mineral resource estimate will be updated and a preliminary assessment/scoping study will be carried out. Contingent on the results of a preliminary assessment, a Phase 2 drilling program will be considered to acquire mineralized material for metallurgical test work.

The Company will fund these exploration programs through equity financing of flow-through funds.

On August 2, 2006 the Company announced that Toll Cross Securities Inc. had been engaged to provide financial advisory services for the development of a going forward strategy. Management continues to work closely with Toll Cross and are currently reviewing several alternatives for the future development of the Company.

A private placement was announced on January 17, 2007 for the issue of 675,676 common shares at an issue price of $0.185 and up to 851,064 flow-through shares at an issue price of $0.235 per share. The proceeds from the flow-through shares will be used for qualified Canadian Exploration Expenditures on the Hanson, Bigstone and Balsam properties which are part of the Saskatchewan Project. The offering is subject to the approval of the TSX Venture Exchange and is expected to close on January 31, 2007.

SELECTED ANNUAL INFORMATION

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

	September 30, 2006	**September 30, 2005**	**September 30 2004**
Net Sales or total revenues	**23,826**	**12,865**	**26,323**
(Loss)Income before extraordinary items	**(1,488,985)**	**(11,376,102)**	**(606,161)**
Basic loss per share before extraordinary items	**(0.02)**	**(0.20)**	**(0.01)**
Diluted loss per share before extraordinary items	**(0.02)**	**(0.20)**	**(0.01)**
Loss, in total on a per-share and diluted per-share basis	**(0.02)**	**(0.20)**	**(0.01)**
Total assets	**4,850,543**	**2,861,922**	**8,180,990**
Total financial liabilities	**5,273,662**	**4,672,867**	**191,208**
Cash dividends declared per-share for each class of share.	**0**	**0**	**0**

Revenues for 2006 are a result of interest income earned on deposit accounts. Revenues for 2004 and 2005 consist of interest received on GST returns and bank deposit balances. Loss of income for 2006 decreased substantially from the previous year due to the activity of the Company being primarily administrative with no exploration expenses being incurred. The 2005 income loss was a result of assets being written down to a reasonable current value and accumulated costs relevant to inactive mineral properties were written off. Liabilities are primarily a secured loan from a related party which has been satisfied through the issuance of shares for debt.

RESULTS OF OPERATIONS

For the year ended September 30, 2006, the Company incurred a loss before income taxes of $1,488,985 (2005 - $11,926,902). The losses recorded in 2005 were a result of mineral property write-down, an increase in non-cash amortization and the write-down of property, plant & equipment. The losses recorded in 2006 are a result of legal expenses for litigation, accrued interest payable for the convertible loan and salaries. Operating expenses were funded through equity investments, loan proceeds and the sale of surplus assets.

The increase in professional fees, to $546,050 (2005 – 232,927), are due primarily to the issues raised by the Statement of Claim and the Demand for Arbitration which were both settled on May 22, 2006. Interest and Bank Charges amounted to $404,257 (2005 – 162,287) as a result of accumulated interest on the convertible loan. Repairs and Maintenance $87,811 (2005 – 11,878) and Rent $41,596 (2005 – 34,775) increased as a result of the Company moving equipment and core samples from Manitoba to Saskatchewan for storage in an indoor facility. Wages and benefits $192,388 (2005 – 461,398) decreased significantly due to employee lay-off's from the North Star site which occurred in 2005. Administration expenses $116,774 (2005 – 216,081) include insurance expenses for the company's properties and equipment, costs incurred for travel to litigation hearings and land management and consulting. Interest Income of $ 3,195 is a result of funds on deposit from a private placement.

During the year ended September 30, 2006 the Company, while keeping all claims in good standing, was primarily focused on reaching a favourable settlement in the Arbitration proceedings which involved the McIlvenna Bay properties.

SUMMARY OF QUARTERLY RESULTS

	2006 September 30	**2006 June 30**	**2006 March 31**	**2005 December 31**
Total Revenues – including interest	23,826	-	-	128
(Loss)Income before extraordinary items	(557,353)	(269,088)	(362,219)	(300,324)
Basic loss per share before extraordinary items	(0.02)	(0.02)	(0.01)	(0.01)
Diluted loss per share before extraordinary items	(0.02)	(0.02)	(0.01)	(0.004)
(Loss)Income for the year	(1,488,985)	(931,632)	(662,544)	(300,324)
Basic loss per share	(0.02)	(0.02)	(0.01)	(0.01)
Diluted loss per share	(0.02)	(0.02)	(0.01)	(0.004)

	2005 September 30	**2005 June 30**	**2005 March 31**	**2004 December 31**
Total Revenues	12,865	12,102	7,682	10,633
(Loss)Income before extraordinary items	(10,142,641)	(551,261)	(430,772)	(250,570)
Basic loss per share before extraordinary items	(0.20)	(0.01)	(0.01)	(0.004)
Diluted loss per share before extraordinary items	(0.20)	(0.01)	(0.01)	(0.004)
(Loss)Income for the year	(11,376,102)	(1,233,461)	(682,200)	(251,428)
Basic loss per share	(0.20)	(0.020)	(0.010)	(0.004)
Diluted loss per share	(0.20)	(0.020)	(0.010)	(0.004)

Total assets increased in 2006 due to the final option payment for the McIlvenna Bay property and an increase in cash as a result of equity financing. Liabilities have increased as a result of accrued interest payable on loan debt and loan proceeds.

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 have been funded through equity financing and a short term loan from a non arms length party. Further exploration is conditional on the Company's ability to raise funds through a private placement for future operations. 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 to a level for which funding is available.

CAPITAL RESOURCES

As at September 30, 2006 the Company had $231,083 in cash and term deposits. Use of funds during the year totalled approximately $2,913,651 for capital assets and mineral properties; $2,000,000 was paid to Cameco and BHP Billiton and approximately $913,651 for operating expenses which were funded through $3,101,000 received from financing activities. Cash and term deposits on hand at January 24, 2007 were $ 12,792.

RELATED PARTY TRANSACTIONS

During the year the Company paid an aggregate $30,834 ($20,395 – rent, $10,439 – travel services) to a company owned and controlled by a director. As of December 31, 2006 the Company also accrued $516,533.88 in interest on a loan payable to the same related party.

The BBS secured loan bears interest at the greater of 6% or Royal Bank of Canada Prime rate plus 2% and matures on December 31, 2006. Bonus shares in the amount of 2,350,000 with a deemed price of $0.285 were issued December 31, 2005 pursuant to a covenant in the loan agreement. The total principle amount outstanding at December 31, 2006 was $4,801,000 with accumulated interest payable of $516,533.88 calculated at 6% from October 1, 2005 to December 31, 2006. At a Special Shareholders meeting held June 7, 2006, a shares for debt arrangement was approved by the shareholders, to pay in full the total amount of the loan payable including accumulated interest. On December 20, 2006 the Company announced that it had issued common shares in the amount of 26,587,670 with a deemed price of $0.20 per share to BBS Aircraft Inc. for payment in full of the outstanding debt. BBS Aircraft Inc. now holds 30.1% of the outstanding share capital of the Company

During the year the Company paid an aggregate $5,370 to a director for professional services.

During the year the Company paid an aggregate $3,402 to a former director for services rendered in the North Star demobilization.

OUTLOOK

Going forward, the Company will carry out a drill program for the McIlvenna Bay property which was announced on December 5, 2006. Exploration work on other properties will include a helicopter borne Aero Magnetic survey which began in January, 2007. The Company continues to maintain its property portfolio in Saskatchewan and Manitoba and are currently looking at exploration possibilities on properties that have been 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 January 24, 2006 there were 104,368,462 shares outstanding. There were 2,075,000 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 September 30, 2006 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in annual filings. 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 issuer.