

Foran Mining Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2009

The following Management's Discussion and Analysis ("MD&A") was prepared as of January 24, 2010 and should be read in conjunction with the Company's Audited Consolidated Financial Statements and the notes thereto for the year ended September 30, 2009.

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. Fiscal 2009 has been extremely weak which has resulted in curtailment of exploration activities and a dramatic decrease in corporate spending.

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, 2009 the Company did not complete any financing activities through share issuance which is due to weak market conditions. Proceeds from disposal of capital assets throughout the year totalled \$26,000. These proceeds have been used to support operating costs which have been minimal as a result of the company's cost reduction initiatives. At September 30, 2009 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.

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 for only limited exploration of this property in the next fiscal year and continued exploration of the project is somewhat dependent on obtaining additional financing.

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.”

During the year ended September 30, 2009 the Company performed a review of exploration costs and impairment which resulted in a write-down of the 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, 2009 the Company allowed certain claims included in the Manitoba Project properties to lapse. The Company does not plan to perform any exploration work on the remaining 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, 2009	September 30, 2008	September 30, 2007
Net Sales or total revenues	493	28,872	27,235
(Loss)Income before undernoted items	(666,058)	(831,761)	(864,418)
Basic loss per share before undernoted items	(0.01)	(0.01)	(0.01)
Diluted loss per share before undernoted items	(0.01)	(0.01)	(0.01)
Loss, in total on a per-share and diluted per-share basis	(0.02)	(0.01)	(0.01)
Total assets	3,945,765	6,000,739	4,847,035
Total financial liabilities	396,423	512,384	396,449
Cash dividends declared per-share for each class of share.	0	0	0

Revenues for 2009 were a result of interest earned on deposit accounts. Revenues for 2008 and 2007 consist of fees charged for the administration of the Joint Venture, interest received on GST returns, interest earned on bank deposit balances and the gain on sale of surplus capital assets.

Loss of income for 2009 is primarily due to non cash items including amortization and stock based compensation. The 2009 loss was reduced substantially from previous years due to the suspension of exploration activities and corporate spending.

Liabilities include trade accounts payable and accrued liabilities in the amount of \$41,743.

RESULTS OF OPERATIONS

For the year ended September 30, 2009, the Company incurred a loss before income taxes of \$ 2,169,261 (2008 - \$900,168). The losses recorded in 2009 are a result of the write-down of mineral properties \$1,516,149 (2008 – Nil), non-cash stock based compensation \$363,517 (2008 – \$312,528), non-cash amortization \$30,704 (2008 - \$42,664), wages and benefits \$ 89,522 (2008 - \$210,838), and administration \$76,419 (2008 – \$101,094) which includes insurance expense for properties and equipment. Professional fees have decreased to \$69,100 (2008 – \$87,041) and interest and bank charges decreased to \$2,509 (2008 – \$29,287) as a result of the Company placing emphasis on the careful management of our operating expenditures during the fiscal year ended September 30, 2009. Repairs and maintenance reduced to \$1,858 (2008 – \$3,770). Rent \$20,300 (2008 – \$39,300) includes office and warehouse space required for storage. The Company continues to reduce expenses significantly and has determined that there are sufficient unrestricted funds on hand to meet operational requirements through 2010.

Total assets have decreased over 2009 due to the write-down of previous capitalization of exploration work performed on the McIlvenna Bay property. Accounts receivable consists of GST receivable at September 30, 2009.

SUMMARY OF QUARTERLY RESULTS

	2009 September 30	2009 June 30	2009 March 31	2008 December 31
Total Revenues – including interest	68	32	393	0.00
(Loss)Income before undernoted items	(165,781)	(141,718)	(167,801)	(190,758)
Basic loss per share before undernoted items	(0.01)	(0.001)	(0.001)	(0.001)
Diluted loss per share before undernoted items	(0.01)	(0.001)	(0.001)	(0.001)
(Loss)Income for the quarter - before taxes	(1,683,325)	(141,718)	(167,801)	(176,437)
Basic loss per share	(0.01)	(0.001)	(0.001)	(0.001)
Diluted loss per share	(0.01)	(0.001)	(0.001)	(0.001)

	2008 September 30	2008 June 30	2008 March 31	2007 December 31
Total Revenues	12,934	0.00	0.00	15,938
(Loss)Income before undernoted items	(336,260)	(196,447)	(207,746)	(91,308)
Basic loss per share before undernoted items	(0.003)	(0.002)	(0.002)	(0.001)
Diluted loss per share before undernoted items	(0.003)	(0.002)	(0.002)	(0.001)
(Loss)Income for the year	(416,674)	(184,440)	(207,746)	(91,308)
Basic loss per share	(0.004)	(0.002)	(0.002)	(0.001)
Diluted loss per share	(0.004)	(0.002)	(0.002)	(0.001)

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 the sale of surplus capital assets. The Company is currently planning for fiscal 2010 on the basis of a continuing negative outlook for the year unless the price of zinc rises significantly and a merger or acquisition is forthcoming. Further exploration is not contemplated and there can be no assurance that the Company

will be able to find an appropriate purchaser for its assets. The company has been successful in the disposal of some of its shares in Copper Reef and has \$120,000.00 in cash at January 24th, 2010.

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.

RELATED PARTY TRANSACTIONS

- (1) During the year the Company sold an asset to a director for \$6,300 (2008 - \$Nil).
- (2) During the year the Company paid or accrued \$1,200 (2008 - \$24,124) for rent to a related party.
- (3) During the year the Company paid or accrued \$1,600 (2008 - \$Nil) for professional services to a director of the Company.

The above transactions are considered to be in the normal course of business and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

OUTLOOK

Going forward, the Company will continue to keep its Saskatchewan properties in good standing and will hold on to any Manitoba properties that have sufficient excess work credits. Management will continue to market the Company for acquisition or merger in an effort to increase shareholder value. Should the price of zinc increase to a feasible level, the Company anticipates the successful sale of the McIlvenna Bay property.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As of January 24, 2010 there were 121,232,619 shares outstanding. There were 6,675,000 options outstanding with various exercise prices and expiry dates and can be exercised into one common share for every stock option. There were 9,571,426 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

In February 2008, the Accounting Standards Board ("AcSB) confirmed that Canadian GAAP for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS") effective in calendar year 2011. The Company's first financial statements presented in

accordance with IFRS will therefore be the year ended December 31, 2011. Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating some of the impact of adopting IFRS at the changeover date. The International Accounting Standard Board (“ISAB”) will, however, also continue to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company’s financial statements will only be measurable once all IFRS applicable at the conversion date are known. As a result of this convergence, the Company has developed a plan to convert its financial statements to IFRS. Management has not yet completed its quantification of the effects of adopting IFRS. The financial performance and financial position as presented in the Company’s Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS.

In January 2009, the CICA issued Handbook Sections 1582 Business Combinations (“Section 1582”), 1601 Consolidated Financial Statements (“Section 1601”) and 1602 Non-Controlling Interests (“Section 1602”), which replaced CICA Handbook Sections 1581 Business Combinations and 1600 Consolidated Financial Statements. Section 1582 establishes standards for accounting for business combinations that is equivalent to the business combination accounting standard under IFRS and will be applicable to business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601, together with Section 1602, establishes standards for the preparation of consolidated financial statements, and will be applicable to the Company’s interim and annual consolidated financial statements for the fiscal year beginning January 1, 2011. Early adoption of the Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two Sections must also be adopted at the same time. The Company is evaluating the impact of the adoption of these sections on its consolidated financial statements.

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, 2009.

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, 2009 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.