

# Foran Mining Corporation

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2009

The following Management's Discussion and Analysis ("MD&A") was prepared as of February 28, 2010 and should be read in conjunction with the Company's unaudited Consolidated Financial Statements and the notes thereto for the three month period ended December 31, 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](http://www.sedar.com)

### **OVERALL PERFORMANCE**

During the period ended December 31, 2009 the Company sold a total 690,000 shares from its investment portfolio for a total of \$151,876.00. At December 31, 2009 there were no long-term liabilities and the proceeds from the sale of investment will be used to support operating costs and to keep Saskatchewan property claims in good standing.

### **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](http://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.”

The Company intends for limited exploration of the property over the 2010 fiscal year. Additional exploration of this project is somewhat dependent on obtaining additional financing. Exploration costs were written down on this property for the year ended September 30, 2009 as a result of the adoption of EIC 174, Mining Exploration Costs.

## **SASKATCHEWAN PROJECT**

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.

There are no immediate plans to initiate further exploration work on this group of claims for the 2010 fiscal year and the Company will make any required cash outlays to keep all of these claims in good standing.

## **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.

## **RESULTS OF OPERATIONS**

For the three month period ended December 31, 2009, the Company experienced a gain before income taxes of \$ 69,006 (2009 loss - \$190,758). The gain recorded during the period are a result of proceeds from the sale of shares in the Company’s investment portfolio for an aggregate \$151,876 (2009 – Nil). The Company has reduced expenses through cost reduction initiatives and the majority of the expenses are due to non cash items and the cost of keeping property claims in good standing. The Company has determined that there are sufficient unrestricted funds on hand to meet operational requirements through the next quarter of fiscal 2010.

Total assets have decreased from 2009 due to the write-down of previous capitalization of exploration work performed on the Company’s properties and the sale of non-core capital assets.

## **SUMMARY OF QUARTERLY RESULTS**

	<b>2009 December 31</b>	<b>2009 September 30</b>	<b>2009 June 30</b>	<b>2009 March 31</b>
Total Revenues – including interest	129,797	68	32	393
(Loss)Income before undernoted items	69,006	(165,781)	(141,718)	(167,801)
Basic (loss) earnings per share before undernoted	.006	(0.01)	(0.001)	(0.001)
Diluted (loss) earnings per share before undernoted	.006	(0.01)	(0.001)	(0.001)
(Loss)Income for the quarter - before taxes	69,006	(1,683,325)	(141,718)	(167,801)
Basic( loss) earnings per share	.006	(0.01)	(0.001)	(0.001)
Diluted (loss) earnings per share	.006	(0.01)	(0.001)	(0.001)

	<b>2008 December 31</b>	<b>2008 September 30</b>	<b>2008 June 30</b>	<b>2008 March 31</b>
Total Revenues	0.00	12,934	0.00	0.00
(Loss)Income before undernoted items	(190,758)	(336,260)	(196,447)	(207,746)
Basic loss per share before undernoted items	(0.001)	(0.003)	(0.002)	(0.002)
Diluted loss per share before undernoted items	(0.001)	(0.003)	(0.002)	(0.002)
(Loss)Income for the year	(176,437)	(416,674)	(184,440)	(207,746)
Basic loss per share	(0.001)	(0.004)	(0.002)	(0.002)
Diluted loss per share	(0.001)	(0.004)	(0.002)	(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 the sale of non-core 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 \$66,000 in cash at February 28<sup>th</sup>, 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 period.

## **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 February 28, 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 400,000 share purchase warrants with an exercise price of \$0.10 that 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 5,060,000 shares of Copper Reef and are classified as held-for-trading. The Company has not entered into any hedging relationships and does not hold any other held-for-trading 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 evaluated the effectiveness of its disclosure controls and procedures and the internal control over financial reporting at 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 December 31, 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.