

# Foran Mining Corporation

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2010

The following Management's Discussion and Analysis ("MD&A") was prepared as of May 21<sup>st</sup>, 2010 and should be read in conjunction with the Company's unaudited Consolidated Financial Statements and the notes thereto for the six month period ended March 31, 2010.

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 was extremely weak which 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 six month period ended March 31, 2010 the Company sold a total 1,198,000 shares from its investment portfolio for a total of \$ 227,334.57. A gain on investment of \$ 129,554.67 has been recorded for the period ended March 31, 2010. There currently are no long-term liabilities and the proceeds from the sale of investment has and will continue to 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 six month period ended March 31, 2010, the Company experienced a loss before income taxes of \$ 21,826 (2009 loss - \$344,238). The loss recorded during the period is primarily due to non cash items of amortization \$ 11,573 (2009 - \$ 15,716), and stock-based compensation \$ 20,262 (2009 - \$ 176,944). Amortization costs have significantly decreased as the Company has disposed of non-core capital assets that were available for sale. The Company has not been capitalizing the cost of keeping its property claims in good standing and therefore cash outlays of \$ 58,956 have been recorded in the profit and loss section of the financial statements. The Company has determined that there are sufficient unrestricted funds on hand to meet operational requirements through the next quarter of fiscal 2010.

## SUMMARY OF QUARTERLY RESULTS

	2010 March 31	2009 December 31	2009 September 30	2009 June 30
Total Revenues – including interest	(90)	129,797	68	32
(Loss)Income before undernoted items	(90,832)	69,006	(165,781)	(141,718)
Basic (loss) earnings per share before undernoted	(.0007)	.006	(0.01)	(0.001)
Diluted (loss) earnings per share before undernoted	(.0007)	.006	(0.01)	(0.001)
(Loss)Income for the quarter - before taxes	(90,832)	69,006	(1,683,325)	(141,718)
Basic (loss) earnings per share	(.0007)	.006	(0.01)	(0.001)
Diluted (loss) earnings per share	(.0007)	.006	(0.01)	(0.001)
	2009	2008	2008	2008

	<b>March 31</b>	<b>December 31</b>	<b>September 30</b>	<b>June 30</b>
Total Revenues	393	0.00	12,934	0.00
(Loss)Income before undernoted items	(167,801)	(190,758)	(336,260)	(196,447)
Basic loss per share before undernoted items	(0.001)	(0.001)	(0.003)	(0.002)
Diluted loss per share before undernoted items	(0.001)	(0.001)	(0.003)	(0.002)
(Loss)Income for the year	(167,801)	(176,437)	(416,674)	(184,440)
Basic loss per share	(0.001)	(0.001)	(0.004)	(0.002)
Diluted loss per share	(0.001)	(0.001)	(0.004)	(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. Operational activities have been funded through the sale of non-core capital assets and disposal of shares from its investment portfolio. At May 21, 2010 the Company has \$ 130,000 cash.

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 announced three new independent shareholders on May 19, 2010. These shareholders, together with the announced subscriber to a private placement, have significant success records in the development of junior mining companies. Subject to Exchange and Shareholder approval, the Company will begin to reorganize the corporate structure which will provide the foundation to potentially develop the McIlvenna Bay property.

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

The Company is authorized to issue unlimited common shares without par value. As of May 21, 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 4,552,000 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 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**

In February 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed January 1, 2011 as the changeover date to transfer financial reporting to the International Financial Reporting Standards (“IFRSs”). The changeover date for the Company will be October 1, 2011. During fiscal 2010 the Company will develop its internal implementation plan to meet the guidelines of the future reporting requirements. Beginning October 1, 2010 the Company will produce dual financial reports in order to meet the comparative information requirements for 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 March 31, 2010 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.

## **SUBSEQUENT EVENTS**

On May 5, 2010 the Company announced that the current controlling shareholders of the Corporation had filed a notice of intention to distribute securities held by them. These shares were sold on the market May 7, 2010.

The Company also announced that a reorganization of the Company was being proposed with a mandate to inject new capital into the Company, rationalize share capitalization and enhance the depth of the board of directors. Subject to regulatory and shareholder approval, the following outlines the principle aspects of the proposed restructuring:

- The issued and outstanding shares will be consolidated on the basis of four old shares for one new share. With 121,232,619 shares currently issued and outstanding, this would result in 30,308,155 shares issued and outstanding. The consolidation requires shareholder approval at a special meeting to be held on June 23, 2010 with a record date of May 21, 2010.
- Conditional on completion of the consolidation of share capital, a private placement of 4,166,667 Units will be completed at a price of \$0.12 per Unit for gross proceeds of \$500,000. Each whole Unit shall consist of one post-consolidation common shares and one common share purchase warrant (a "Warrant"). Each whole Warrant shall entitle the holder to acquire one post-consolidation common for \$0.12 for a period of two years after closing. This private placement represents 12.1% of the issued and outstanding shares on a non-diluted basis, and 21.5% on the assumption that all of the warrants are exercised.
- The subscriber to the private placement will be Darren Morcombe, principal of Springtide Capital Pty. Ltd. a private investment company specializing in micro cap listed companies, venture capital and resource orientated investments. Mr. Morcombe has been involved in start-ups and turnarounds as either Executive Chairman or an early investor. Upon completion of the private placement, Darren Morcombe will become a director of Foran Mining.

On May 19, 2010 the Company announced that it had been notified by three new independent shareholders shares had been purchased on the market as part of the notice of intention to distribute which was filed on April 30, 2010. The new shareholders are comprised of; Seamans Capital Management LLC holding 19.83% of the current issued and outstanding shares; Metech No2 Super Fund, an entity owned by Charlie Bass, holding 17.35%; and Laguna Bay Capital Pty Ltd., an entity controlled by Stephen Timothy (Tim) Biggs, holding 14.85% of the current issued and outstanding shares.