

FORUM DEVELOPMENT CORP.

(An Exploration Stage Company)

Annual Financial Statements
For the Years Ended
November 30, 2005 and 2004

Canadian Funds

Management Responsibility for Financial Reporting

The accompanying financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles, and contains estimates based on management's judgment. A system of internal control is maintained to provide reasonable assurance that financial information is accurate and reliable.

The Company's independent auditors, Staley Okada & Partners, are appointed by the shareholders to conduct an audit in accordance with Canadian generally accepted auditing standards to allow them to express an opinion on the financial statements.

The audit committee of the Board of Directors, which is comprised of a majority of independent directors, has met with the Company's independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

“Anthony Balme”
Chairman of the Board

“Richard Mazur ”
President and CEO

Vancouver, British Columbia
March 27, 2006

AUDITORS' REPORT

To the Shareholders of Forum Development Corp.:

We have audited the balance sheet of Forum Development Corp. (the "Company") (An Exploration Stage Company) as at 30 November 2005 and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at 30 November 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at 30 November 2004 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated 31 March 2005.

"Staley, Okada & Partners"

Vancouver, BC
6 March 2006

STALEY, OKADA & PARTNERS
CHARTERED ACCOUNTANTS

FORUM DEVELOPMENT CORP.

(An Exploration Stage Company)

Balance Sheets

Canadian Funds

	November 30, 2005	November 30, 2004
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,269,692	\$ 344,419
Marketable securities (Note 3)	12,000	12,000
Accounts receivable	85,116	20,123
Prepaid expenses and deposits	27,438	85,220
	1,394,246	461,762
Equipment (Note 4)	45,729	-
Mineral properties (Note 5)	1,914,244	95,151
	\$ 3,354,219	\$ 556,913
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 126,260	\$ 52,103
Amounts due to related parties (Note 6)	19,881	61,690
	146,141	113,793
SHAREHOLDERS' EQUITY		
Capital stock (Note 7)	7,987,481	4,800,591
Contributed surplus (Note 8)	445,553	-
Subscription received	-	6,000
Deficit	(5,224,956)	(4,363,471)
	3,208,078	443,120
	\$ 3,354,219	\$ 556,913

Nature of Operations – Note 1

Subsequent Events – Note 12

Approved by the Board of Directors

/s/ Richard Mazur

Richard Mazur

/s/ Kerry Beamish

Kerry Beamish

The accompanying notes are an integral part of these financial statements

FORUM DEVELOPMENT CORP.

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Statements of Loss and Deficit

Canadian Funds

For the Years Ended	November 30, 2005	November 30, 2004
Expenses		
Stock-option compensation	\$ 351,527	\$ -
Investor and shareholder relations	120,308	3,044
Management fees	87,750	74,350
Consulting	96,237	48,029
Corporate administration fees	78,566	15,500
Office and miscellaneous	51,015	51,134
Travel	40,783	-
Regulatory	33,388	20,115
Directors fees	27,000	-
Amortization	3,553	545
Bad debts	8,987	44,679
Loss before other items	899,114	257,396
Other items		
Interest and other expense (income)	(3,509)	(3,376)
Loss on sale of fixed assets	-	1,813
Write-off of oil and gas interest	-	7,176
	(3,509)	5,613
Loss before income taxes	895,605	263,009
Future income tax recovery	(34,120)	-
Net loss for the year	861,485	263,009
Deficit, beginning of the year	4,363,471	4,100,462
Deficit, end of the year	\$ 5,224,956	\$ 4,363,471
Basic and diluted loss per share	\$ 0.04	\$ 0.04
Weighted average shares outstanding	21,761,268	6,093,926

The accompanying notes are an integral part of these financial statements

FORUM DEVELOPMENT CORP.

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Statements of Cash Flows

Canadian Funds

	November 30, 2005	November 30, 2004
Cash Was Provided By (Used In):		
Operating activities		
Loss for the year	\$ (861,485)	\$ (263,009)
Items not affecting cash:		
Amortization	3,553	545
Stock-option compensation	351,527	-
Bad debt	8,987	44,679
Future income tax recovery	(34,120)	-
Loss on disposal of fixed assets	-	1,813
Write-off of oil and gas interest	-	7,176
	(531,538)	(208,796)
Changes in non-cash working capital items:	(85,056)	(281,594)
Net cash used in operation activities	(616,594)	(490,390)
Financing activities		
Shares issued for cash	2,934,204	-
Share issuance costs	(34,609)	-
Subscriptions received (receivable)	(6,000)	688,090
Net cash provided by financing activities	2,893,595	688,090
Investing activities		
Deferred exploration costs incurred	(1,296,535)	(4,481)
Purchase of equipment	(55,193)	-
Net cash used in investing activities	(1,351,728)	(4,481)
Increase / (decrease) in cash	925,273	193,219
Cash, beginning of the year	344,419	151,200
Cash, end of the year	\$ 1,269,692	\$ 344,419

Supplementary Cash Flow Information- Note 9

The accompanying notes are an integral part of these financial statements

FORUM DEVELOPMENT CORP.

(An Exploration Stage Company)
Schedule of Mineral Property Costs
Canadian Funds

Year Ended November 30	2005	2004
Merrit Coalbed Methane, British Columbia, Canada		
Acquisition - shares issued	\$ 315,000	\$ -
Geological mapping	800	-
Management and planning	2,159	-
License, permits and taxes	1,560	4,481
Analysis and assay	1,086	-
Community relations	13,805	-
	<u>334,410</u>	<u>4,481</u>
Key Lake Road, Saskatchewan, Canada		
Acquisition	49,838	-
Geological mapping	24,601	-
Geophysical surveying	400	-
Airborne geophysics	109,726	-
Report writing and filing	36,324	-
Management and planning	100,356	-
Data processing	5,430	-
License, permits and taxes	14,202	-
Analysis and assay	3,791	-
Travel, camp and other	269,822	-
Amortization	2,837	-
	<u>617,327</u>	<u>-</u>
Maurice Point, Saskatchewan, Canada		
Acquisition	58,286	-
Geological mapping	11,250	-
Airborne geophysics	24,475	-
Report writing and filing	25,241	-
Management and planning	106,381	-
Data processing	11,594	-
License, permits and taxes	16,654	-
Analysis and assay	2,401	-
Travel, camp and other	271,438	-
Amortization	2,305	-
	<u>530,025</u>	<u>-</u>
Balance Carried Forward	\$ 1,481,762	\$ 4,481

The accompanying notes are an integral part of these financial statements

FORUM DEVELOPMENT CORP.

(An Exploration Stage Company)
Schedule of Mineral Property Costs
Canadian Funds

Balance Brought Forward	\$ 1,481,762	\$ 4,481
Haultain River, Saskatchewan, Canada		
Acquisition	51,214	-
Geological mapping	5,558	-
Airborne geophysics	47,864	-
Report writing and filing	11,006	-
Management and planning	43,468	-
License, permits and taxes	17,750	-
Analysis and assay	3,088	-
Travel, camp and other	51,466	-
Amortization	768	-
	232,182	-
General and Other Properties		
Acquisition	49,910	-
Geological mapping	1,372	-
Airborne geophysics	28,966	-
Report writing and filing	400	-
Management and planning	17,907	-
Data processing	240	-
License, permits and taxes	5,019	-
Travel, camp and other	1,335	-
	105,149	-
Costs for the year	1,819,093	4,481
Balance - beginning of year	95,151	97,846
Costs written off during year	-	(7,176)
Balance - end of year	\$ 1,914,244	\$ 95,151

The accompanying notes are an integral part of these financial statements

FORUM DEVELOPMENT CORP.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2005 and 2004

1. Nature of Operations

The Company is in the business of acquiring and exploring energy projects which to date include coal bed methane, coal, and uranium properties. There has been no determination whether properties held contain reserves which are economically recoverable.

The recoverability of values assigned to these properties is dependant upon the discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development, and future profitable productions or proceeds from disposition.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada, on the assumption that the Company is a going concern. The ability of the Company to continue as a going concern is dependant on its ability to obtain continued financing to discharge its liabilities as they become due, and upon attaining future profitable operations.

Because a precise determination of certain assets and liabilities is dependant on future events, the preparation of the financial statements involves the use of estimates based on careful judgement and actual results could differ from such estimates. The financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

a) Oil and gas properties

The Company follows the full cost method of accounting for oil and gas operations, whereby all costs of exploring for and developing oil and gas reserves are capitalized and accumulated in cost centres established on a country-by-country basis. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells, interest costs on significant investments in unproved properties and major development projects and overhead charges directly related to acquisition, exploration and development activities, less any government incentives relating thereto.

The costs related to each cost centre from which there is production, together with the costs of production equipment, are depleted and amortized on the unit-of-production method based on the estimated gross proved reserves of each country. Oil and natural gas reserves and production are converted into equivalent units based upon estimated relative energy content. Costs of acquiring and evaluating significant unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment in value has occurred. When proved reserves are assigned or the value of the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion.

The capitalized costs less accumulated amortization in each cost centre from which there is production are limited to an amount equal to the estimated future net revenue from proved reserves (based on prices and costs at the balance sheet date) plus the cost (net of impairments) of unproved properties. The total capitalized costs less accumulated depletion and amortization and deferred taxes of all cost centres is further limited to an amount equal to the estimated future net revenue from proved reserves plus the cost (net of impairments) of all cost centres less estimated future general and administrative expenses, future financing costs and taxes.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2005 and 2004

2. Significant Accounting Policies (continued)

The costs (including exploratory dry holes) related to cost centres from which there has been no commercial production are not subject to depletion until commercial production commences. The capitalized costs are periodically assessed to determine whether it is likely such costs will be recovered in the future. Costs unlikely to be recovered in the future are written off. Proceeds from the sale of oil and gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would significantly alter the rate of depletion and amortization.

b) Mineral properties

Mineral exploration and acquisition costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

c) Loss per share

Basic earnings (loss) per share is computed by dividing income (or loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents are reflected in diluted earnings per share by application of the treasury stock method.

d) Fair market value of financial instruments

The carrying value of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and amounts due to related parties approximate fair market value because of the short maturity of those instruments.

e) Stock-based compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

f) Amortization

Amortization is recorded on the declining balance at the following annual rates:

Computer equipment	30%
Exploration equipment	30%

One half of the normal rate is recorded in the year of acquisition.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2005 and 2004

2. Significant Accounting Policies (continued)

g) Income taxes

The Company uses the liability method for recording income taxes and records future income tax liabilities or assets for temporary differences between the tax basis of an asset or liability and its carrying amount on the balance sheet, using tax rates anticipated to apply in the periods that the differences are expected to reverse.

h) Share Capital

- i) The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant were exercised.
- ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

i) Flow-Through Shares

The Company adopted the new recommendations of the Emerging Issues Committee relating to flow-through shares effective for all flow-through agreements dated after 19 March 2004. Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital.

If a company has sufficient unused tax losses and deductions ("losses") to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures. As no flow-through shares were issued subsequent to March 19, 2004, there was no impact on the financial statements for the current fiscal year.

j) Asset Retirement Obligations

Asset Retirement Obligations requires recognition of a legal liability for obligations relating to retirement of property, plant and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement cost must be recognized at fair value, when a reasonable estimate of fair value can be estimated, in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life.

As at December 31, 2005 the Company does not have any asset retirement obligations.

k) Consolidation of Variable Interest Entities

Effective January 1, 2005, the Company adopted Accounting Guideline AcG-15, "Consolidation of Variable Interest Entities", which requires consolidation of entities in which the Company has a controlling financial interest. The Company has determined that it has no variable interest entities.

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For the Years Ended November 30, 2005 and 2004

3. Marketable Securities

Marketable securities consist of 100,000 shares of Hidefield Gold Plc (HIF), a company with directors in common, at a cost of \$12,000 and market value of \$12,436 on November 30, 2005. This investment represents less than 1% of HIF's outstanding shares.

4. Equipment

	Cost	Accumulated	2005	2004
	\$	Amortization	Net Book	Net Book
			Value	Value
Exploration equipment	39,400	5,910	33,490	-
Computer equipment	15,793	3,554	12,239	-
	55,193	9,464	45,729	-

5. Investment in Mineral Properties

a) Merritt Coal and Coalbed Methane Property, British Columbia

The Company acquired a 60% interest in the Merritt Property (the "Property") from Imperial Metals Corporation on February 28, 2002 at the following terms:

- i) cash payment of \$75,000 (paid);
- ii) the issuance of 800,000 warrants, exercisable at a price of \$0.30 per share for a two year period (expired);
- iii) a 3.5% gross revenue royalty on oil and natural gas (Coalbed Methane) from the Property;
- iv) a 2.5% gross revenue royalty on coal production specifically from the property; and
- v) a 1.5% gross revenue royalty on oil and natural gas (Coalbed Methane), and a 1.0% gross revenue royalty on coal production, from lands acquired by the Company within a specified Area of Mutual Interest.

The Company acquired the assets of Gosfield Associates Corp. ("Gosfield"), a British Virgin Islands private company affiliated with a director of the Company, with its main office registered in Tortola, Gibraltar by issuing 3.15 million common shares and 1,275,000 warrants to Gosfield's shareholders. Each warrant will entitle the holder to acquire one common share of the Company at \$0.15 per share for a period of two years. In exchange, the Company received from Gosfield its 40% undivided interest in the Merritt basin coal and coalbed methane natural gas project, specifically known as Fee Lot 166, located adjacent to the town of Merritt, BC, and its industrial commercial area. The Company also received Gosfield's 40% interest in coal license applications known as the Normanandale, Diamondvale and Merritt Extension Merritt basin and a 20% interest in the Lignite coal syndicate with holdings in BC.

The Company now has a 100% interest in the Merritt Coal and Coalbed Methane Project, a 100% interest in the surrounding coal license applications, and a 40% interest in the Lignite syndicate in B.C. (Note 5(b)).

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For the Years Ended November 30, 2005 and 2004

b) Lignite Syndicate, British Columbia

In 2002, the Company acquired a 20% beneficial interest in the coal licenses and any marketable technology developed by the Lignite Syndicate for which a minimum commitment of \$7,500 was paid. The Company acquired a further 20% interest from Gosfield (Note 5 (a)).

c) Key Lake Road, Saskatchewan

The Company has acquired exploration permits totalling 83,290 hectares covering the Key Lake Road Project, located 20 kilometres southwest of Key Lake Mine/Mill Complex (operated by Cameco Corporation) in Northern Saskatchewan.

d) Maurice Point, Saskatchewan

The Company has a 100 % interest in nine mineral claims and one exploration permit, totalling 51,799 hectares, in Maurice Point which is in the vicinity of Cameco Corporation's Maurice Bay deposit.

e) Haultain River, Saskatchewan

Ongoing evaluation of assessment work from exploration in the 1970's and 1980's and exploration by the Company led to the staking of 23,865 hectares of claims extending southwest of the Key Lake Road permit.

f) Orchid Lake, Saskatchewan

The Company has a 100% interest in one mineral claim, totalling 5,285 hectares located approximately 25 kilometres southwest of the Key Lake Mine/Mill complex.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2005 and 2004

g) Summary of costs by property:

	Nov. 30, 2004	Acquisition	Deferred	Disposals /	Nov. 30, 2005
	Total	Cost	Exploration	Write-downs	Total
	\$	\$	\$	\$	\$
Merritt Coal	87,651	315,000	19,410	-	422,061
Lignite Syndicate	7,500	-	-	-	7,500
Key Lake Road	-	49,838	567,489	-	617,327
Maurice Point	-	58,286	471,739	-	530,025
Haultain River	-	51,214	180,968	-	232,182
Orchid Lake	-	5,490	29,206	-	34,696
Other	-	-	70,453	-	70,453
Total mineral properties	95,151	479,828	1,339,265	-	1,914,244

	Dec. 1, 2003	Acquisition	Deferred	Disposals /	Nov. 30, 2004
	Total	Cost	Exploration	Write-downs	Total
	\$	\$	\$	\$	\$
Merritt Coal	83,170	-	4,481	-	\$87,651
Nanaimo	7,176	-	-	(7,176)	-
Lignite Syndicate	7,500	-	-	-	7,500
Total mineral properties	97,846	-	4,481	(7,176)	95,151

6. Related Party Transactions

The amounts due to related parties of \$19,881 (2004 - \$61,690) consist of amounts payable to directors, officers and companies controlled by directors and officers..

Included in net loss for the year at their exchange amounts are the following items:

- Management and consulting fees of \$121,000 (2004: \$89,850) paid to a director and companies owned by common directors or officers. Corporate administration, investor relations and accounting fees of \$116,366 (2004 -nil) were paid to a company with a common officer.
- Rent and administrative expenses of \$19,500 (2004: \$5,625) paid to a company with common directors and officers.

Related party transactions are in the normal course of operations, occurring on terms and conditions that are similar to those of transactions with unrelated parties and, therefore, are measured at the exchange amount.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2005 and 2004

7. Capital Stock

Authorized:

100,000,000 Common shares without par value
100,000,000 Class A preference shares with a par value of \$10
100,000,000 Class B preference shares with a par value of \$50

Issued:	#	\$
Balance, November 30, 2003	4,360,893	4,118,501
Issued for cash - private placements	6,102,100	682,090
Balance, November 30, 2004	10,462,993	4,800,591
Issued for cash - private placements	8,774,392	1,648,095
Issued in exchange for mineral properties	3,150,000	315,000
Issued in exchange for warrants	8,542,094	1,235,409
Issued in exchange for options	465,000	50,700
Fair value of options exercised	-	6,415
Share issuance costs	-	(68,729)
Balance, November 30, 2005	31,394,479	7,987,481

- a) 2,306,667 flow-through units were issued on December 14, 2004 at \$0.15 per share for net proceeds of \$346,000. Each Unit consists of common share and one warrant, entitling the holder to purchase one common share at \$0.18 per share up to December 15, 2005.
- b) 3,150,000 units were issued on December 9, 2004 at \$0.10 per share in exchange for the remaining 40% interest in the Merritt Coal property from Gosfield. Each Unit consists of common share and four-tenths of a warrant, with each full warrant entitling the holder to purchase one common share at \$0.15 per share up to December 9, 2006.
- c) 625,000 flow-through units were issued on December 21, 2004 at \$0.16 per unit for total proceeds of \$100,000. Each unit consists of one common share and one warrant, entitling the holder to purchase one common share at \$0.18 per share up to December 21, 2005.
- d) 2,496,725 units were issued on July 28, 2005 at \$0.20 per unit for gross proceeds of \$499,345. Each unit consists of common share and one-half of a warrant, with each full warrant entitling the holder to purchase one common share at \$0.30 per share up to July 28, 2006.
- e) 620,000 flow-through shares were issued on July 28, 2005 at \$0.25 per share for gross proceeds of \$155,000.
- f) 2,675,000 units were issued on August 10, 2005 at \$0.20 per unit for gross proceeds of \$535,000. Each unit consists of common share and one-half of a warrant, with each full warrant entitling the holder to purchase one common share at \$0.30 per share up to August 10, 2006.
- g) 51,000 flow-through shares were issued on July 10, 2005 at \$0.25 per share for gross proceeds of \$12,750.

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For the Years Ended November 30, 2005 and 2004

7. Capital Stock (continued)

Warrants:

Warrants have been granted and are exercisable allowing the holders to purchase common shares of the Company as follows:

	Number of Warrants	Weighted Average Excise Price
Balance, November 30, 2003	1,792,150	\$ 0.29
Issued	6,102,100	0.13
Exercised	(1,792,150)	0.29
Balance, November 30, 2004	6,102,100	\$ 0.13
Issued	6,958,794	0.22
Exercised	(8,542,094)	0.16
Balance, November 30, 2005	4,518,800	\$ 0.25

Of the warrants outstanding at November 30, 2005:

- 818,340 warrants are exercisable at \$0.15 per share up to December 9, 2006.
- 413,333 warrants are exercisable at \$0.18 per share up to December 15, 2005.
- 285,000 warrants are exercisable at \$0.18 per share up to December 21, 2005.
- 250,000 warrants are exercisable at \$0.15 per share up to March 18, 2006.
- 1,304,922 warrants are exercisable at \$0.30 per share up to July 28, 2006.
- 1,447,205 warrants are exercisable at \$0.30 per share up to August 9, 2006.

Options:

The Company has implemented a stock option plan (the "Plan") to be administered by the Board of Directors, which has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date.

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For the Years Ended November 30, 2005 and 2004

7. Capital Stock (continued)

Stock option transactions were as follows:

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2003	855,000	\$ 0.10
Cancelled	(275,000)	0.10
Balance, November 30, 2004	580,000	\$ 0.10
Granted	2,225,000	0.23
Cancelled	(20,000)	0.21
Exercised	(465,000)	0.11
Balance, November 30, 2005	2,320,000	\$ 0.23

There were 1,000,000 (980,000 outstanding) stock options granted during the year at a price of \$0.21 per share and exercisable on or before December 2, 2009, 715,000 (685,000 outstanding) at a price of \$0.24 per share and exercisable on or before May 12, 2010 and 510,000 stock options at a price of \$0.24 per share and exercisable on or before August 15, 2010. The remaining 70,000 options outstanding at August 31, 2005 are exercisable at \$0.10 each expiring on September 6, 2007. The weighted average remaining contractual life of these outstanding options is 4.4 years.

The total fair value of the options granted was calculated to be \$451,968. Since the options vest immediately, the full amount of the fair value has been recorded in the Company's accounts, with \$351,527 recorded as stock-option compensation expense, and the remaining \$100,441 charged to mineral property costs.

The fair value was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected dividend yield	0%
Expected stock price volatility	142%
Risk free rate	3.8%
Expected life of options	5 years

8. Contributed Surplus

Balance, November 30, 2004	\$ -
Stock -based compensation	451,968
Fair value of options exercised	(6,415)
Balance, November 30, 2005	\$ 445,553

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2005 and 2004

9. Supplement Cash Flow Information

	2005	2004
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

Other Non-cash Investing and Financing Activities:

	2005	2004
Shares issued for acquisition of mineral property	315,000	-
Fair value of stock options exercised	6,415	-
Amortization included in mineral property costs	5,910	-
Stock based compensation	451,968	-
Tax effect of flow through shares	34,120	-
Stock based compensation included in mineral property costs	100,441	-

10. Income Taxes

The Company has non-capital loss carry forwards available to reduce future taxable income as follows:

Year of Expiry	Amount \$
2006	80,500
2007	100,500
2008	183,500
2009	151,500
2010	90,500
2014	252,000
2015	893,500
	<u>1,752,000</u>

In addition, the Company has Canadian and foreign exploration and development expenditures approximating \$1,327,000 (2004- \$210,000), which are available to reduce future taxable income.

FORUM DEVELOPMENT CORP.

(An Exploration Stage Company)

Notes to the Annual Financial Statements

For the Years Ended November 30, 2005 and 2004

10. Income Taxes (continued)

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates are as follows:

Future income tax assets:

	2005	2004
Statutory tax rate	34.2%	35.6%
Non-capital losses	599,200	305,300
Exploration and development expenditures	453,800	74,800
	1,053,000	380,100
Less: valuation allowances	(1,053,000)	(380,100)
	-	-

Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements, as their realization is not judged likely to occur.

11. Segmented information

The company operates in the oil and gas, and the uranium segments. Mineral property costs by operating segment as at November 30 are as follows:

	2005	2004
Oil and gas	422,061	87,651
Uranium	1,492,183	7,500
	1,914,244	95,151

12. Subsequent Events

- Subsequent to November 30, 2005, the Company closed a brokered private placement with a syndicate led by Dundee Securities and including Pacific International Securities Inc. The Company issued 6,000,000 flow-through common shares at \$0.50 and 4,500,000 units at a price of \$0.45 for aggregate proceeds of \$5,025,000. Each unit consists of one common share and one-half of a common share purchase warrant with each whole warrant exercisable at a price of \$0.55 for a period of 18 months after the closing date of the private placement. The agents will receive a cash commission equal to 7% of the gross proceeds and compensation warrants equal to the number to 7% of the number of flow-through common shares and units sold under the brokered private placement. The compensation warrants will be exercisable at a price of \$0.50 for a period of 12 months after the close date.
- Subsequent to November 30, 2005, the Company entered into an agreement with Cameco Corporation (Cameco's) to purchase Cameco's 65% interest in the Costigan Lake Uranium Joint Venture for a cash payment of \$22,975. The Company will be the operator and NVI Mining Ltd., a wholly-owned subsidiary of Breakwater Resources Ltd will maintain a 35% interest in the joint venture.

FORUM DEVELOPMENT CORP.

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For the Years Ended November 30, 2005 and 2004

- Subsequent to November 30, 2005, the Company issued 600,000 stock options exercisable on or before January 24, 2011 at a price of \$0.36 per share and 120,000 stock options exercisable on or before December 20, 2010 at a price of \$0.35 per share



**MANAGEMENT DISCUSSION AND
ANALYSIS**

**FOR THE YEAR ENDED NOVEMBER 30, 2005
(March 30, 2006)**

INTRODUCTION

The following discussion of performance and financial condition should be read in conjunction with the audited financial statements of the Company for the year ended November 30, 2005. The Company's financial statements are prepared in accordance with Canadian GAAP. The Company's reporting currency is Canadian dollars unless otherwise stated. The date of this Management's Discussion and Analysis is March 30, 2006.

DESCRIPTION OF BUSINESS

Forum Development Corp. (the "Company") was incorporated under the provisions of the Company Act (British Columbia) on June 16, 1987. The Company is listed on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer under the trading symbol - **FDC**.

The Company is in the business of acquiring and exploring energy projects which to date include primarily uranium properties. There has been no determination whether these properties contain reserves which are economically recoverable.

The Company's head office is located in Vancouver, British Columbia, Canada. Exploration headquarters are located in Saskatoon, Saskatchewan.

The recoverability of values assigned to these energy properties is dependent upon the discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development, and future profitable production or proceeds from disposition.

SELECTED ANNUAL INFORMATION

	November 30, 2005	November 30, 2004	November 30, 2003
Financial results			
Net loss for year	861,485	263,009	110,621
Basic and diluted loss per share	0.04	0.04	0.03
Expenditures (recovered) on resource properties	1,819,093	4,481	24,651
Balance sheet data			
Cash and short term deposits	1,269,692	344,419	151,200
Mineral properties	1,914,244	95,151	97,846
Total assets	3,354,219	556,913	326,467
Shareholders' equity	3,208,078	443,120	263,849

RESULTS OF OPERATIONS**Fourth Quarter**

The Company incurred a \$238,735 loss for the quarter ended November 30, 2005 as compared to a loss of \$133,262 for the same period last year. This amounts to a \$105,473 increase over the prior period which can be attributed to stock-based compensation (\$105,543), additional senior management and technical support personnel (\$63,080), directors fees (\$6,750) as well as investor relations and corporate communications (\$70,641). There was also a reduction of bad debts (\$35,692).

Cash and cash equivalent balances increased by \$41,875 to \$1,269,692 at November 30, 2005. The cash spending for mineral properties was \$655,528. The \$655,528 in cash expenditures on exploration included \$127,783 on Maurice Point, \$143,437 on Haultain River, \$366,885 on Key Lake Road and \$44,197 on new projects.

Year

The Company incurred a \$861,485 loss for the year ended November 30, 2005 as compared to a loss of \$263,009 for the last year. This amounts to a \$598,476 increase over the prior year which can be attributed to stock-based compensation (\$351,527), expanded investor relations and corporate communications (\$117,264), additional senior management and technical support personnel (\$124,674), increased travel costs (\$40,873), directors fees (\$27,000) and expanded regulatory and administrative services (\$13,273).

Cash and cash equivalent balances has increased by \$925,273 to \$1,269,692 at November 30, 2005. The cash spending for mineral properties was \$1,296,535.

SUMMARY OF QUARTERLY RESULTS

The table below present's selected financial data for the Company's eight most recently completed quarters.

	November 30, 2005	August 31, 2005	May 31, 2005	February 28, 2005	November 30, 2004	August 31, 2004	May 31, 2004	February 29, 2004
Financial results								
Net loss for period	238,735	275,374	242,424	104,951	133,268	55,143	47,057	27,541
Basic and diluted loss per share	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Expenditures on resource properties	869,136	355,246	215,581	379,130	2,991	536	53	900
Balance sheet data								
Cash and short term deposits	1,269,692	1,227,817	605,831	871,891	344,419	17,357	77,843	121,605
Resource properties	1,914,244	1,045,108	689,862	474,281	95,151	91,895	94,299	98,746
Total assets	3,354,219	2,473,662	1,465,102	1,473,455	556,913	205,201	257,608	295,639
Shareholders' equity	3,208,078	2,431,777	1,411,438	1,430,891	443,120	139,102	194,251	236,308

LIQUIDITY

The Company's exploration programs for the current financial year have been budgeted and can be completed with current finances and 2006 planned private placements.

The financial statements from Schedule A have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	November 30, 2005	November 30, 2004
Working capital	\$ 1,248,105	\$ 347,969
Deficit	(5,224,956)	(4,363,471)

TRANSACTIONS WITH RELATED PARTIES

During the year ended November 30, 2005, the Company paid in cash or accrued \$121,000 (2004 – \$89,850) to Directors and Officers or consulting companies controlled by Directors and Officers of the Company for management fees.

During the year ended November 30, 2005, the Company paid in cash or accrued \$116,366 (2004 – nil \$) to a Company managed by an Officer of the Company for accounting, investor relations and other administrative services.

As at November 30, 2005, the Company had \$nil (November 30, 2004 – \$48,875) in amounts due to related parties due to directors or corporations controlled by directors of the Company.

SHARE CAPITAL INFORMATION

The table below presents the Company's common share data as of March 30, 2006.

	Price	Expiry date	Number of common shares
Common shares, issued and outstanding			43,065,312
Securities convertible into common shares			
Warrants	\$0.15	December 9, 2006	818,340
	\$0.30	July 28, 2006	1,267,422
	\$0.30	August 9, 2006	1,450,280
	\$0.50	March 6, 2007	516,760
	\$0.55	September 6, 2007	1,652,000
	\$0.50	March 22, 2007	152,040
	\$0.55	September 22, 2007	598,000
Options	\$0.10	September 6, 2007	65,000
	\$0.21	December 2, 2009	970,000
	\$0.24	May 12, 2010	625,000
	\$0.24	August 15, 2010	430,000
	\$0.35	December 20, 2010	120,000
	\$0.36	January 24, 2011	600,000
			52,330,154

SHARE CAPITAL INFORMATION (continued)*Private Placements*

Subsequent to November 30, 2005, the Company completed its brokered private placement of 4,500,000 units at \$0.45 and 6,000,000 flow-through shares at \$0.50 for net proceeds of \$4,703,510. The non-flow through units include one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share at a price of \$0.55 at any time prior to September 6 and September 22, 2007. Also issued were 668,800 broker warrants that entitle the holder to purchase an additional common share at a price of \$0.50 at any time prior to March 6 and March 22, 2007.

During the third quarter, the Company completed its private placement of 5,171,725 units at \$0.20 and 683,000 flow-through units at \$0.25 for net proceeds of \$1,202,695.

During the first quarter, the Company completed its private placement of 2,306,667 flow-through units at \$0.15 and 625,000 flow-through units at \$0.16 for net proceeds of \$432,000.

ENERGY RESOURCE PROPERTIES

	November 30, 2004	Acquisition Cost	Deferred Exploration	Write-down/ depreciation	November 30, 2005
Merritt Coalbed Methane	\$ 87,651	\$ 315,000	\$ 19,410	\$ -	\$ 422,061
Lignite Syndicate	7,500	-	-	-	7,500
Key Lake Road	-	49,838	567,489	-	617,327
Maurice Point	-	58,286	471,739	-	530,025
Haultain River	-	51,214	180,968	-	232,182
Orchid Lake	-	5,490	29,206	-	34,696
Other	-	-	70,453	-	70,453
Total mineral properties	\$ 95,151	\$ 479,828	\$ 1,339,265	\$ -	\$ 1,914,244

	November 30, 2003	Acquisition Cost	Deferred Exploration	Write-down/ depreciation	November 30, 2004
Merritt Coalbed Methane	\$ 83,170	\$ -	\$ 4,481	\$ -	\$ 87,651
Nanaimo	7,176	-	-	(7,176)	-
Lignite Syndicate	7,500	-	-	-	7,500
Total mineral properties	\$ 97,846	\$ -	\$ 4,481	\$ (7,176)	\$ 95,151

ENERGY RESOURCE PROPERTIES (continued)

PROJECT	INTEREST	COMMODITY	LOCATION	AREA (Hectares)
Merritt Coalbed Methane	100%	Coal/Coalbed Methane	Merritt, British Columbia	Freehold (505) Coal Licence Applications (996)
Coal River	40%	Lignite	Northern B.C.	717
Maurice Point	100%	Uranium	Saskatchewan	51,799
Key Lake Road	100%	Uranium	Saskatchewan	83,290
Haultain River	100%	Uranium	Saskatchewan	23,865
Orchid Lake	100%	Uranium	Saskatchewan	5,285
Costigan Lake JV	65%	Uranium	Saskatchewan	743

KEY LAKE ROAD PROJECT

The 100%-owned Key Lake Road project (includes the Key Lake Road permits, Haultain River claims and Orchid Lake claim) consists of two exploration permits and six mineral claims comprising 112,440 hectares. The northern boundary of the project area is located 20 km southwest of Cameco's Key Lake Mine/Mill Complex, the principal processing facility for the nearby high grade McArthur River uranium mine and site of the formerly productive Key Lake Deposit (195 million pounds of uranium mined at an average grade of 2.45% U).

Forum's permits cover favourable basement rocks within the Mudjatik-Wollaston Tectonic Transition Zone, a northeast trending structural zone on the eastern rim of the Athabasca Basin along which the district's most productive uranium mines occur. Over 95% of known Canadian uranium deposits and all current uranium producing mines in Canada are located on this trend.

Past exploration work in the Key Lake Road project area has been limited to surface trenching and shallow drilling of outcropping uranium showings and geophysical anomalies. Grab samples in outcrop graded from 0.032% to 7.65% U₃O₈. Past surveys identified a number of untested electromagnetic conductors suggestive of graphitic zones in Wollaston basement rocks within which enriched uranium mineralization frequently occurs.

In summer 2005, Forum's exploration team conducted an extensive regional reconnaissance and ground exploration program on the Key Lake Road project. Forum discovered strong surface uranium accumulations along a major structural trend, the Key Lake Road shear zone. This trend has been interpreted by Forum's geological team as the southern extension of the structure that hosts Cameco's Millennium deposit, reported by Cameco to contain an indicated resource of 46 million pounds of uranium grading 4.63% U₃O₈.

ENERGY RESOURCE PROPERTIES (continued)

Several new uranium showings were discovered along multiple, subparallel graphitic electromagnetic conductive trends, in Wollaston Group metasediments, within or proximal to the Key Lake Road shear zone. The north-northeast-trending Key Lake Road shear zone separates the Mudjatik Domain from the Wollaston Domain, and extends for over 40 kilometres within Forum's property. Two main showing areas were outlined- the DD Zone and the Molly Zone.

DD Zone

Grab samples from the DD zone returned values of 0.38 per cent and 0.55 per cent U₃O₈ in outcrop. A soil sample taken from an area 700 metres north of the DD zone along the same trend graded up to 1.01 per cent U₃O₈.

The DD zone is associated with multiple electromagnetic conductive trends within or proximal to the Key Lake Road shear zone. Uranium mineralization encountered in the DD zone is hosted in steeply dipping north-northeast-trending graphitic metapelite, situated adjacent to Archean granite along the Key Lake Road shear zone. These strongly sheared, chloritic and partially hematized rocks are highly radioactive along fractures and shears within a 100-metre-wide zone for a strike length of 200 metres. The samples reported above were taken from a 30-metre-long exposure of intense radioactivity within this broad zone of anomalous uranium background.

Molly Zone

The Molly zone (a combination of the Molly, Thomas Lake and Nuclear Lake zones) is located in the southern portion of the Key Lake Road property. The Molly zone comprises an eight-kilometre-long north-northeast-striking trend of anomalous uranium mineralization associated with a complex assemblage of calc-silicate, meta-arkose, pegmatite and pelite/semipelite parallel to the Key Lake Road shear zone. Grab samples grading from 0.1 per cent to 0.78 per cent U₃O₈ (average of 0.27 per cent U₃O₈ from 14 samples) were found over a five-kilometre trend within the Molly zone. One sample containing 5.3 per cent U₃O₈ occurs in a brecciated calc-silicate associated with graphitic metapelite and pegmatite.

Orchid Lake

The Orchid Lake property is located 20 km west of the Key Lake Mine/Mill Complex, north of the Key Lake Road permit and claim area. The property was staked by Forum based on a review of historical exploration data and its strategic location in proximity to the Key Lake Mine and Forum's Key Lake Road property. During the 1970-1980 period, Uranerz Exploration and Mining Ltd. carried out exploration work and identified anomalous uranium in lake sediments near Orchid Lake. Subsequent radiometric prospecting discovered pegmatitic boulders with narrow bands of graphitic gneiss grading up to 0.1% U₃O₈.

A 1,940-line-kilometre VTEM magnetic/electromagnetic helicopter survey was completed in late November 2005 on the Key Lake Road and Orchid Lake properties. Numerous anomalies favourable for uranium mineralization have been identified through interpretation and evaluation of geological structures, magnetic anomalies and over 150 km of shallow EM conductors within the survey area. Up to six sub-parallel conductive trends, in proximity to known uranium mineralization, have been

ENERGY RESOURCE PROPERTIES (continued)

traced over a 40 km long by 3 - 5 km wide structural corridor associated with the northeast trending Key Lake Road Shear Zone on the Key Lake Road Property.

A 2 km, ENE trending, strong EM conductor coincident with an ENE magnetic low on the Orchid Lake property is interpreted as the southern limb of tightly folded and dislocated Wollaston metasediments. In addition, a further 10 km long, arcuate, east-west to northeast trending weak, graphitic basement type conductor was delineated at the boundary between granite and metasediments.

This survey, along with historical property data and information obtained during the 2005 summer exploration program, will be used in preparation of Forum's 2006 exploration program on the Key Lake Road project. Forum will be conducting an extensive ground exploration program beginning in May 2006. Line cutting, geological mapping, geochemical sampling and additional prospecting will be undertaken in advance of a scheduled 5,000 metre drill program on the Key Lake Road property.

MAURICE POINT PROJECT

The 100%-owned Maurice Point project consists of nine staked mineral claims and an exploration permit, totaling 51,799 hectares, located immediately adjacent to Cameco Corporation's Maurice Bay deposit on the northwest margin of the Athabasca Basin.

The Maurice Bay uranium deposit, is reported to host 1.3 million pounds of U₃O₈ at a grade of 0.6% at the sub-Athabasca unconformity and structurally controlled mineralization within altered basement rocks. The Forum claims and exploration permit cover extensions of basement structures containing the Maurice Bay mineralization and the favourable Athabasca unconformity.

Forum conducted an airborne geophysical survey (GEOTEM) covering approximately 1,300 line kilometers of the property. The GEOTEM survey was completed in May 2005. The data from this survey was compiled and combined with past geological and geophysical records and formed the basis of Forum's 2005 ground exploration programs at Maurice Point.

During a summer 2005 field program, prospecting in the vicinity of Uranium Ridge revealed a number of radioactive boulders that were subsequently traced to a new anomalous zone, the Beach zone, of intensely brecciated, silicified and hematized sedimentary rocks over 100 metres. It is believed that the mineralized zone lies at or near the basement/regolith/sandstone unconformity surface. The newly discovered, uraniferous Beach zone is located approximately 700 metres northeast of the known Uranium Ridge showings.

The Uranium Ridge showings had previously been investigated during the 1950s and 1960s, where radioactivity reportedly occurred in shear-hosted basement rocks at the intersection of northwest- and northeast-trending faults/fractures. Sampling by Forum of the Uranium Ridge occurrence ranges in value from 0.257 per cent to 1.01 per cent per cent U₃O₈.

A new discovery of uranium mineralization occurs in outcrop over a 100-metre-long breccia zone at the Beach zone. Grab samples taken from the Beach zone reported assays of 7.31 per cent, 2.2 per

ENERGY RESOURCE PROPERTIES (continued)

cent, 2.16 per cent, 2.06 per cent, 1.55 per cent, 0.935 per cent, 0.871 per cent and 0.388 per cent U3O8.

Forum is currently conducting ground geophysical programs (MaxMin horizontal loop EM and gravity surveys) over the anomalies identified by the GEOTEM survey and over the Beach Zone. Further prospecting, sampling and mapping in the Uranium Ridge and Beach Zone areas in the summer, 2006. These programs will identify targets for drilling in the winter of 2007.

COSTIGAN LAKE JOINT VENTURE

The Costigan Lake Joint Venture property comprises a 743 hectare mineral lease strategically located 14 kilometres (km) southwest of the Cameco/COGEMA Key Lake Mine and Mill complex in the Athabasca Basin, northern Saskatchewan. The property adjoins the Cameco/COGEMA Key Lake Mine Property.

Forum Development Corp. acquired Cameco Corporation's ("Cameco") 65% interest in the Costigan Lake Uranium Joint Venture for a cash payment of \$22,975. Forum is the operator and NVI Mining Ltd. ("NVI"), a wholly-owned subsidiary of Breakwater Resources Ltd. ("Breakwater"), is a 35% partner in the joint venture.

The property flanks the western margin of the Archean-age Key Lake Dome. The conductive trends for 7.5 km within the Costigan Lake property have been interpreted as the southern extension of the graphitic metapelites which host the Key Lake uranium deposits.

A MaxMin Horizontal Loop EM ("HLEM") survey at 200 m line spacings was completed on the property to redefine conductive trends identified during previous exploration. A reinterpretation of the airborne magnetic and geological data suggests that a major ENE structure intersects the graphitic horizons identified by the HLEM survey. This ENE structure is sub-parallel to the Key Lake Mine structure.

Previous drilling in a limited area on the north end of the property encountered uranium mineralization grading 0.088% over 4.0 m (including 0.43% U₃O₈ over 0.36 m) at a depth of 112 m within an altered graphitic pelitic gneiss. A strongly altered (chlorite-hematite-clay) graphitic pelitic gneiss was intersected over a 40 m interval in a drillhole located 150 m to the southeast of the mineralized intercept.

A 1,000 metre drill program is currently underway to test for basement-hosted mineralization. HLEM targets within the ENE structural zone will be drill tested and the area in the vicinity of the uranium mineralization and alteration will be further evaluated.

MERRITT COALBED METHANE

The Company is evaluating the Coalbed methane (CBM) potential of the Merritt Coalfield, located 250 kilometres east of Vancouver, British Columbia, Canada. Potential markets for CBM include local markets and/or a connection to the national gas pipeline, five kilometres from the project site.

ENERGY RESOURCE PROPERTIES (continued)

The British Columbia Ministry of Energy and Mines has estimated potential resources of 52 billion cubic feet of natural gas in the whole of the Merritt Coalfield. The Company continues to work on its community relations program and conducted a groundwater geological study of the Basin. Forum continued negotiations with interested parties to form a strategic partnership on the drilling of a borehole to test the coal seams for gas content and flow rates.

INVESTOR RELATIONS

The Company retains the services of in-house investor relations consulting, investor relations agency firms and attends trade shows to increase exposure to Canadian retail brokers and investors.

FINANCIAL AND OTHER INSTRUMENTS

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of those instruments.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the Financial Statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs consistent with Canadian GAAP and applicable guidelines for exploration stage companies. The policy is consistent with other junior exploration companies which have not established mineral reserves objectively. An alternative policy would be to expense these costs until sufficient work has been done to determine that there is a probability a mineral reserve can be established; or alternatively, to expense such costs until a mineral reserve has been objectively established. Management is of the view that its current policy is appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier if circumstances warrant, in the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down charged to operations. A write-down may be warranted in situations where a property is to be sold or abandoned; or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in commodity prices, market sentiment, foreign exchange and interest rates.
- b) The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Management was successful in accessing the equity markets during the period, but there is no assurance that such sources will be available on acceptable terms in the future.
- c) Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- d) The Company must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs.
- e) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue its exploration and development activities in the future.
- f) There is no certainty that the properties which the Company has deferred as assets on its balance sheet will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements. The Company has not completed a feasibility study on any of its deposits to determine if it hosts a mineral resource that can be economically developed and profitably mined.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS (continued)

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information. The Company's CEO and CFO have confirmed to the Company that they are satisfied with the effectiveness of the Company's system of disclosure controls and procedures as at November 30, 2005 based upon their evaluation of the effectiveness of such disclosure controls and procedures.

OTHER INFORMATION

Additional information is available on the Company's website at www.forumdevelopmentcorp.com or on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.