



FORUM URANIUM CORP.
(formerly Forum Development Corp.)

Annual Financial Statements
For the Years Ended
November 30, 2006 and 2005

Auditors' Report

We have audited the balance sheet of Forum Uranium Corp. (the "Company") as at November 30, 2006 and the statement 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 November 30, 2006 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 November 30, 2005 and for the year then ended were audited by predecessor auditors who expressed an opinion without reservation on those statements in their report dated March 6, 2006.

PricewaterhouseCoopers LLP

Chartered Accountants

Vancouver, B.C.
March 23, 2007

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, PricewaterhouseCoopers LLP, 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 Majur ”
President and CEO

Vancouver, British Columbia

FORUM URANIUM CORP.
(formerly Forum Development Corp.)
(An Exploration Stage Company)
Balance Sheet

Statement 1

	November 30, 2006	November 30, 2005 (Re-stated-Note 14)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,428,453	\$ 1,269,692
Marketable securities (Note 3)	56,000	12,000
Due from joint venture partners (Note 5)	84,395	-
Accounts receivable	126,298	85,116
Prepaid expenses and deposits	187,577	27,438
	3,882,723	1,394,246
Restricted cash (Note 2h)	199,327	-
Equipment (Note 4)	78,520	45,729
Mineral properties (Note 6)	4,943,343	1,914,244
	\$ 9,103,913	\$ 3,354,219
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 428,489	\$ 126,260
Amounts due to related parties (Note 7)	31,948	19,881
	460,437	146,141
SHAREHOLDERS' EQUITY		
Capital stock (Note 8)	13,344,033	7,869,426
Contributed surplus (Note 9)	1,032,741	445,553
Warrants (Note 8)	401,523	-
Deficit - Statement 2	(6,134,821)	(5,106,901)
	8,643,476	3,208,078
	\$ 9,103,913	\$ 3,354,219

Nature of Operations – Note 1
Commitments – Note 12
Subsequent events – Note 15
Approved by the Board of Directors

“Richard Mazur”
Richard Mazur
Director

“Anthony Balme”
Anthony Balme
Director

The accompanying notes are an integral part of these financial statements

FORUM URANIUM CORP.
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Statements of Loss and
Deficit

Statement 2

	November 30,	November 30,
	2006	2005
		(Restated - Note 14)
Expenses		
Stock-option compensation	\$ 524,628	\$ 351,527
Investor and shareholder relations	290,071	120,308
Office and miscellaneous	111,562	51,015
Consulting	91,739	96,237
Corporate administration fees	76,945	78,566
Management fees	70,000	87,750
Directors fees	36,500	27,000
Travel	34,339	40,783
Regulatory	27,315	33,388
Property investigations	10,443	-
Amortization	5,508	3,553
Bad debts	-	8,987
Adminstration cost recovery	(65,228)	-
Loss before other items	1,213,822	899,114
Other Items		
Interest income	(119,584)	(3,509)
Income from third party interest in mineral property	(7,802)	-
Future income tax recovery (Notes 13&14)	(58,516)	(152,175)
Net loss for the year	1,027,920	743,430
Deficit, Beginning of the Year	5,106,901	4,363,471
Deficit, End of the Year	\$ 6,134,821	\$ 5,106,901
Basic and Diluted Loss per share	\$ 0.03	\$ 0.03
Weighted average shares outstanding	41,318,919	21,761,268

FORUM URANIUM CORP.
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Statements of Cash Flows

Statement 3

	November 30,	November 30,
	2006	2005
		(Restated - Note 14)
Cash was provided by (used in):		
Operating activities		
Loss for the year	\$ (1,027,920)	\$ (743,430)
Items not affecting cash:		
Amortization	5,508	3,553
Bad debts	-	8,987
Future income tax recovery (Note 14)	(58,516)	(152,175)
Stock-option compensation	524,628	351,527
	(556,300)	(531,538)
Changes in non-cash working capital items:	(104,248)	(85,056)
Net cash used in operating activities	(660,548)	(616,594)
Financing activities		
Advances to related parties	12,067	-
Shares issued for cash	6,011,137	2,934,204
Share issuance costs	(386,118)	(34,609)
Subscriptions received	-	(6,000)
Net cash used in financing activities	5,637,086	2,893,595
Investing Activities		
Deferred exploration costs incurred	(3,081,618)	(1,296,535)
Restricted cash	199,327	-
Joint partner contributions received	285,547	-
Property acquisition	(22,975)	-
Option payments	(7,082)	-
Administrative cost recovery	65,228	-
Purchase of equipment	(56,877)	(55,193)
Net cash provided by investing activities	(2,618,450)	(1,351,728)
Increase in cash	2,358,088	925,273
Cash, Beginning of the Year	1,269,692	344,419
Cash, End of the Year	\$ 3,627,780	\$ 1,269,692
Cash position consists of:		
Cash	\$ 3,428,453	\$ 1,269,692
Restricted cash - flow through	199,327	-
Cash, end of year	\$ 3,627,780	\$ 1,269,692

Supplementary Cash Flow Information – Note 11

FORUM URANIUM CORP.
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Schedule of Mineral Property Costs
Canadian Funds

Twelve months ended November 30,	2006	2005
Key Lake Road, Saskatchewan, Canada		
Acquisition	-	49,838
Claim staking	-	-
Diamond drilling	355,113	-
Prospecting	141,744	-
Geological mapping	43,555	24,601
Geochemical sampling	49,117	-
Geophysical surveying	33,689	400
Airborne geophysics	230,403	109,726
Construction & access	36,148	-
Report writing and filing	24,367	36,324
Management and planning	122,145	100,356
Data processing	16,865	5,430
Line cutting	24,375	-
License, permits and taxes	5,345	14,202
Analysis and assay	4,263	3,791
Travel, camp and other	(39,913)	269,822
Equipment	73,748	2,837
	1,120,964	617,327
Maurice Point, Saskatchewan, Canada		
Acquisition	-	58,286
Claim staking	380	-
Prospecting	98,059	-
Geological mapping	21,461	11,250
Geochemical sampling	16,853	-
Geophysical surveying	213,042	-
Airborne geophysics	224,850	24,475
Report writing and filing	39,344	25,241
Management and planning	90,319	106,381
Data processing	19,106	11,594
Line cutting	73,783	-
Construction & access	-	-
License, permits and taxes	1,092	16,654
Analysis and assay	5,369	2,401
Travel, camp and other	(18,799)	271,438
Equipment	17,373	2,305
	802,232	530,025
Balance Carried Forward	\$ 1,923,196	\$ 1,147,352

FORUM URANIUM CORP.
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Schedule of Mineral Property Costs

Twelve Months Ended November 30,	2006	2005
Balance Brought Forward	\$ 1,923,196	\$ 1,147,352
Orchid Lake, Saskatchewan, Canada		
Claim staking	-	5,490
Diamond drilling	308	-
Prospecting	6,997	-
Geological mapping	1,411	-
Geochemical sampling	53	-
Airborne geophysics	16,705	28,966
Report writing and filing	1,360	-
Management and planning	3,074	-
Data processing	165	240
Travel, camp and other	1,287	-
License, permits and taxes	30	-
Equipment	3,061	-
Partner contribution	(69,147)	-
	(34,696)	34,696
Haultain River, Saskatchewan, Canada		
Acquisition/Claim staking	1,114	51,214
Prospecting	138,312	-
Geological mapping	48,229	5,558
Geological sampling	53,318	-
Airborne geophysics	54,504	47,864
Construction & access	46,112	-
Report writing and filing	37,759	11,006
Management and planning	101,890	43,468
Data processing	10,360	-
Line cutting	8,125	-
Analysis and assay	5,509	3,088
License, permits and taxes	1,548	17,750
Travel, camp and other	90,699	51,466
Equipment	66,039	768
	663,518	232,182
Balance Carried Forward	\$ 2,552,018	\$ 1,414,230

FORUM URANIUM CORP.
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 Schedule of Mineral Property Costs

Twelve Months Ended November 30,	2006	2005
Balance Brought Forward	\$ 2,552,018	\$ 1,414,230
Costigan JV, Saskatchewan, Canada		
Acquisition	22,975	-
Prospecting	187	-
Diamond drilling	195,776	-
Geochemical sampling	52	-
Geophysical surveying	45,263	-
Construction & access	4,177	-
Report writing and filing	4,241	-
Management and planning	20,308	-
Data processing	913	-
Line and road cutting	49,660	-
Analysis and assay	831	-
License, permits and taxes	1,270	-
Travel, camp and other	3,353	-
Equipment	6,059	-
Partner contribution	(116,232)	-
	<u>238,833</u>	-
North Thelon JV, Nunavut, Canada		
Claim staking	214,671	-
Airborne geophysics	200	-
Construction & access	100	-
Report writing and filing	2,418	-
Management and planning	3,389	-
Data processing	23,850	-
Travel, camp and other	5,392	-
Partner contribution	(125,010)	-
	<u>125,010</u>	-
Balance Carried Forward	\$ 2,915,861	\$ 1,414,230

FORUM URANIUM CORP.
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Schedule of Mineral Property Costs

Twelve Months Ended November 30,	2006	2005
Balance Brought Forward	\$ 2,915,861	\$ 1,414,230
Haultin River JV, Saskatchewan, Canada		
Claim staking	28,544	-
Diamond drilling	200	-
Geochemical sampling	53	-
Airborne geophysics	92,086	-
Management and planning	626	-
Travel, camp and other	86	-
Partner contribution	(53,529)	-
	68,066	-
General and Other Properties		
Acquisition	-	359,420
Claim staking	8,150	-
Prospecting	187	-
Geological mapping	(1,373)	2,172
Geochemical sampling	853	-
Construction & access	1,850	-
Report writing and filing	(197)	400
Management and planning	2,102	20,066
Data processing	367	-
Analysis and assays	12,904	1,086
Travel, camp and other	15,714	1,335
License, permits and taxes	5,909	6,579
Equipment	627	-
Community relations	4,103	13,805
Partner contribution	(6,024)	-
	45,172	404,863
Costs for the year	3,029,099	1,819,093
Balance - beginning of year	1,914,244	95,151
Balance - end of year	\$4,943,343	\$1,914,244

FORUM URANIUM CORP.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2006 and 2005

1. Nature of Operations

The Company is in the business of acquiring and exploring energy projects which to date are primarily 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

a) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from these estimates.

b) 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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For the Years Ended November 30, 2006 and 2005

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.

c) Mineral properties

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition, exploration and development are capitalized by project. These costs will be amortized against revenue from future production or written off if the interest is abandoned or sold.

The amounts shown for mineral interests represent costs incurred to date, less recoveries, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects, and on future profitable production or proceeds from the disposition thereof.

Mineral property costs are regularly reviewed, on a property by property basis, to consider whether there are any conditions which may indicate impairment. The conditions evaluated include the economics of the project, the Company's progress in its exploration activities, and the exploration results experienced by the Company. When conditions indicate that there may be an impairment, the carrying value of the property is compared to its net recoverable amount which is estimated as the undiscounted cash flows expected to result from the property's use and eventual disposition. When the carrying value of the property exceeds its net recoverable amount, the estimated fair value of the property is computed and an impairment loss is recognized equal to the excess of the carrying amount over the fair value.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, ownership of its interests are in good standing.

d) 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.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2006 and 2005

2. Significant Accounting Policies (continued)

e) Stock-based compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. Accordingly, the fair value of the options at the date of the grant 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.

g) Cash and cash equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into cash with maturities of three months or less when purchased.

h) Cash raised for exploration activities through the issuance of flow-through shares is restricted and is shown on the balance sheet as "Restricted Cash." As at November 30, 2006 there was \$199,327 in restricted cash as exploration expenditures in 2006 was less than what was required to be expended pursuant to flow through share agreements.

i) Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets are evaluated and if realization is not considered more likely than not, a valuation allowance is provided.

j) Flow-Through Shares

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.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2006 and 2005

2. Significant Accounting Policies (continued)

k) Asset Retirement Obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is also adjusted to reflect period-to-period changes in the liability resulting from passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow.

As at November 30, 2006 and 2005, the Company did not have any asset retirement obligations.

l) Joint Venture Accounting

A portion of the Company's exploration activities is conducted jointly with others when the Company enters into agreements that provide for specified percentage interests in mineral properties. Joint venture accounting, which reflects the Company's proportionate interest in mineral properties is applied by the Company only when the parties enter into formal comprehensive agreements for ownership and mining participation terms.

m) Property Option Agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

n) Variable Interest Entities

The Accounting Standards Board (AcSB) issued Accounting Guideline AcG 15 "Consolidation of Variable Interest Entities", to harmonize the Guideline with the equivalent FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities" ("VIE"). The Guideline provides criteria for identifying VIEs and further criteria for determining what entity, if any, should consolidate them.

The Company does currently have any VIE's for the year ended December 31, 2006.

o) Marketable Securities

Investments, in which the Company has less than a 20% interest and where the Company has no significant influence, are recorded at cost. Investments are written down to market value when the decline in market value is deemed to be other than temporary.

FORUM URANIUM CORP.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2006 and 2005

2. Significant Accounting Policies (continued)

p) Financial Instruments

Financial instruments include cash and cash equivalents, restricted cash, marketable securities, accounts receivable and accounts payable and accrued liabilities. The fair value of arms-length financial instruments approximates their carrying value due to their short-term maturity.

The fair value of amounts due to and from related parties is estimated to approximate carrying value. Fair value adjustments, if any, are not reasonably determinable by management as comparable interest rate and risk profiles are not available.

Net smelter royalties (“NSR”) and related purchase provisions associated with mineral property interests represent derivatives that are financial instruments. The fair value of such instruments, where reserves and economic feasibility have not been established, cannot be readily determined with reliability. Accordingly, management has not made a determination of fair value for these financial instruments.

q) Long-lived Asset Impairment

Long-lived assets are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value.

Fair value is generally determined using a discounted cash flow analysis.

3. Marketable Securities

Marketable securities consist of the following holdings:

Company	Shares		Market Value 2006		Original Cost
Hidefield Gold PLC (L: HIF)	100,000	\$	23,114	\$	12,000
Global Uranium Corporation (V-GU)	100,000		35,000		44,000
	200,000	\$	58,114	\$	56,000

Company	Shares		Market Value 2005		Original Cost
Hidefield Gold PLC (L: HIF)	100,000	\$	13,436	\$	12,000

FORUM URANIUM CORP.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2006 and 2005

4. Equipment

	Cost		Accumulated		2006		2005	
	\$		Amortization		Net Book		Net Book	
					Value		Value	
Exploration equipment	\$	96,276	\$	24,488	\$	71,788	\$	33,490
Computer equipment		15,793		9,061		6,732		12,239
	\$	112,069	\$	33,549	\$	78,520	\$	45,729

	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. Accounts receivable – Joint Ventures Agreements

	2006	2005
	\$	\$
Haultain River	33,650	-
North Thelon	40,344	-
Costigan Lake	10,401	-
	<u>84,395</u>	<u>-</u>

FORUM URANIUM CORP.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2006 and 2005

6. Mineral Properties

	Nov. 30, 2005	Acquisition	Deferred	JV Partner	Nov 30,2006
	Total	Cost	Exploration	Recovery	Total
	\$	\$	\$	\$	\$
Maurice Point	530,025	-	802,232	-	1,332,257
Key Lake Road	617,327	-	1,120,964	-	1,738,291
Haultain River	232,182	-	663,518	-	895,700
Costigan JV	-	22,975	332,090	(116,232)	238,833
North Thelon Project	-	-	250,020	(125,010)	125,010
Orchid Lake	34,696	-	34,451	(69,147)	-
Haultain River JV	-	-	121,595	(53,529)	68,066
Other	500,014	-	51,196	(6,024)	545,186
Total mineral properties	1,914,244	22,975	3,376,066	(369,942)	4,943,343

	Nov. 30, 2004	Acquisition	Deferred	JV Partner	Nov. 30, 2005
	Total	Cost	Exploration	Recovery	Total
	\$	\$	\$	\$	\$
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	95,151	315,000	89,863	-	500,014
Total mineral properties	95,151	479,828	1,339,265	-	1,914,244

a) Key Lake Road

The Company acquired, through permits and claims, 100% interest in exploration permits during 2004 and 2005 covering the Key Lake Road Project in Northern Saskatchewan.

b) Maurice Point

The Company acquired 100% interest in nine mineral claims and one exploration permit, during 2004 and 2005 in Maurice Point which surrounds Cameco Corporation's Maurice Bay deposit.

c) Haultain River

Ongoing evaluation of assessment work from exploration done by other companies in the 1970's and 1980's plus the exploration by the Company led to the claim staking in 2005 and 2006 which allowed the Company to hold 100% of the claims extending southwest of the Key Lake Road permit.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2006 and 2005

6. Mineral Properties (continued)

d) Orchid Lake

The Company has a 100% interest in one mineral claim staked during 2005, located approximately 25 kilometres southwest of the Key Lake Mine/Mill complex. The Company entered into an option agreement on May 31, 2006 with Global Uranium Corporation (“GUC”) to explore Orchid Lake. GUC can earn a 60% interest in this property by making cash payments of \$10,000 (paid), issuing 100,000 common shares of GUC (issued) to the Company. On the first anniversary, making cash payments of \$30,000 and issuing 100,000 common shares of GUC and funding expenditures on the Property totalling \$500,000. On the second anniversary, making cash payments of \$50,000 and issuing 200,000 common shares of GUC and funding expenditures on the Property totalling \$750,000. On the third anniversary, making cash payments of \$100,000 and issuing 300,000 common shares of GUC and funding expenditures on the Property totalling \$1,000,000. The Company will continue to act as operator of the project until GUC earns a 60% interest. GUC can earn an additional 10% by committing to a development drilling program and completing a bankable feasibility study. The Company retains a 3% Net Smelter Return (“NSR”) with GUC holding the right to buy back 1% of the royalty for \$1 million cash and a further 0.5% of the royalty for another \$1 million cash payment.

e) Costigan Lake Joint Venture

On February 15, 2006, the Company entered into an agreement with Cameco Corporation (“Cameco”) to purchase Cameco’s 65% interest in the Costigan Lake Uranium Joint Venture for a cash payment of \$22,975 (paid). The Company is operator and NVI Mining Ltd., a wholly-owned subsidiary of Breakwater Resources Ltd, will maintain a 35% interest in the joint venture. The property is subject to a 10% Net Profits Interest royalty.

f) North Thelon Joint Venture

The Company signed a letter of intent on July 12, 2006 with Superior Diamonds Inc. (“Superior”) to form a 50/50 joint venture with the Company as operator. Superior’s initial contribution was \$115,711(paid).

The Kiggavik North and Kiggavik South Joint Venture property comprises of prospective ground in the Thelon Basin over a large area west of Baker Lake, Nunavut Territory.

g) Merritt Coal and Coalbed Methane Property, BC – Other Properties

The Company acquired a 60% interest in the Merritt Property (the “Property”) from Imperial Metals Corporation on February 28, 2002 (TSX approved November 28, 2004) 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 (granted but 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.

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For the Years Ended November 30, 2006 and 2005

6. Mineral Properties (continued)

On December 31, 2004, 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, Gibralter by issuing 3.15 million common shares and 1,275,000 warrants. Each warrant entitles the holder to acquire one common share of the Company at \$0.15 per share for a period of two years. The Company has placed 2 million shares at \$0.10, with 1:1 warrants exercisable at \$0.10 per share if exercised within the first year, and \$0.15 per share if exercised in the second year, proceeds of which will be dedicated to completion of the transaction. During the year, 643,340 warrants were exercised for total proceeds of \$95,501. 100,000 warrants expired without being exercised (2005 – 456,660 for total proceeds of \$68,499 and 75,000 were cancelled).

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, adjacent to the town of Merritt, BC.

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.

h) Lignite Syndicate – Other Properties

On July 4, 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. This brings the Company's interest to 40% in the Lignite Syndicate.

i) Haultain River Joint Venture

On November 2, 2006, the Company entered into a joint venture agreement with Hathor Exploration Ltd. ("HEL"). HEL's agreed buy-in was 50% of claim staking and airborne geophysical costs for the amount of \$59,000. The Company is the operator of the approximately 10,148 hectares extending southwest of the Key Lake Road permit.

j) Other Properties – Highrock Lake

As part of the other mineral properties, Forum owns 100% of the Highrock Lake property located south of the Key Lake Mine/Mill. The completion of the purchase has not been made (issuance of 100,000 Forum shares) as the clear title to the property has not yet been determined and regulatory approval is still outstanding.

7. Related Party Transactions

- a) At November 30, 2006, the Company owed \$31,948 to (2005 - \$19,881) companies with a directors in common and an officer. These are non interest bearing amounts owed which are paid under same terms as normal accounts payables .

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For the Years Ended November 30, 2006 and 2005

7. Related Party Transactions (continued)

- b) The following related party transactions which occurred during the year ended November 30, 2006, were in the normal course of operations and are measured at their exchange amounts and consist of the following items:

	2006	2005
HRG Management Ltd. - Directors & Officers in common (see below)	\$ 167,209	\$ -
Mirador Management – Officer in common, consulting services	77,000	64,000
Gary Zak - Former officer, consulting services	31,500	42,000
RWA Management –Former officer in common, administrative services	23,844	116,366
Lang Michener- Director in common, legal services	11,772	-
Brazilian Diamonds Ltd.- Officers & Directors in common, rent & administrative services	4,875	19,500
Total	\$ 316,200	\$ 241,866

HRG Management Ltd. (“HRG”) is a management company jointly owned by the Company and certain other companies that share Vancouver office space and administrative services at cost. The Company shares a director and officer in common with HRG. (Note 12)

Mirador Management is a private company controlled by an officer that provides management services to the Company.

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For the Years Ended November 30, 2006 and 2005

8. Capital Stock

Authorized:

Unlimited Common shares without par value

Issued:	#	\$
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
Future income taxes on renouncement of flow through shares issued	-	(152,175)
Fair value of options exercised	-	6,415
Share issuance costs (Note 14)	-	(34,609)
Balance, November 30, 2005	31,394,479	7,869,426
Units issued for cash pursuant to private placement, net of \$401,523 allocated to warrants (1 & 2) *	10,500,000	4,623,477
Issued in exchange for warrants	3,912,051	944,564
Issued in exchange for options	1,040,000	240,900
Future income taxes on renouncement of flow through shares issued	-	(58,516)
Fair value of options exercised	-	212,391
Share issuance costs (Note 14)	-	(488,209)
Balance, November 30, 2006	46,846,530	13,344,033

* During the year, 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 proceeds of \$4,703,510 net of share issuance costs of \$386,118. Each unit consisted 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. Agents received a cash commission equal to 7% of the gross proceeds and 668,800 (two grants of 516,760 and 152,040 respectively) compensation warrants. These broker warrants have been valued at \$102,091 based upon the Black Scholes model which utilized the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 79 and 84%, Risk free interest rate of 3.80%, Expected life of warrants of 12 months. The compensation warrants are exercisable at a price of \$0.50 for a period of 12 months after the close date.

The warrants attached to the above private placement have been valued at \$401,523 based upon the Black Scholes model which utilizes the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 127%, Risk-free interest rate of 4.25%, Expected life of warrants of 18 months.

1. The company completed a private placement on March 13, 2006. The Company issued 4,836,000 flow-through shares at \$0.50 per common share. The company also issued 3,304,000 non-flow through units at \$0.45 with each unit comprised of one common share and one-half of one common share purchase warrant at a price of \$0.55 and exercisable on or before September 6, 2007

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For the Years Ended November 30, 2006 and 2005

8. Capital Stock (continued)

2. The company completed a private placement on March 23, 2006. The Company issued 1,164,000 flow through shares at \$0.50 per common share. The company also issued 1,196,000 non-flow through units at \$0.45 with each unit comprised of one common share and one-half of one common share purchase warrant at a price of \$0.55 and exercisable on or before September 22, 2007.

Warrants:

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

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2004	6,102,100	\$ 0.13
Granted	6,958,794	0.22
Exercised	(8,542,094)	0.13
Balance, November 30, 2005	4,518,800	\$ 0.25
Granted	2,918,800	0.55
Exercised	(3,912,051)	0.24
Expired	(606,749)	0.28
Balance, November 30, 2006	2,918,800	\$ 0.54

Of the warrants outstanding at November 30, 2006:

- 516,760 warrants are exercisable at \$0.50 per share up to March 18, 2007 (516,760 exercised subsequent to year end for total proceeds of \$258,380).
- 152,040 warrants are exercisable at \$0.50 per share up to March 22, 2007. (152,040 exercised subsequent to year end for total proceeds of \$76,020)
- 1,652,000 warrants are exercisable at \$0.55 per share up to September 6, 2007.
- 598,000 warrants are exercisable at \$0.55 per share up to September 22, 2007.

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. Options vest immediately for directors, officers, employees and consultants except for investor relations which vest in equal quarterly intervals over a term of 12 months.

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For the Years Ended November 30, 2006 and 2005

8. Capital Stock (continued)

Options (continued):

Stock option transactions were as follows:

	Number of Options	Weighted Average Exercise Price
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
Granted	2,740,000	0.41
Cancelled	(145,000)	0.33
Exercised	(1,040,000)	0.23
Balance, November 30, 2006	3,875,000	\$ 0.35

For newly granted options, compensation expense is based on the fair value of the options at the grant date. For any options that have alteration in their conditions, compensation expense is based on the fair value of the options on the alteration date less the fair value of the original options based on the shorter of the remaining expanded life of the old option or the expected life of the modified option.

During the past year, the Company granted 1,345,000 stock options exercisable on or before July 24, 2011 at a price of \$0.38, 600,000 stock options exercisable on or before January 24, 2011 at a price of \$0.36 per share, 120,000 stock options exercisable on or before December 20, 2010 at a price of \$0.35, 250,000 stock options exercisable on or before September 27, 2011 at a price of \$0.35 and 425,000 stock options exercisable on or before November 27, 2011 at a price of \$0.66. The weighted average remaining contractual life of these outstanding options is 4.4 years.

During the past year 145,000 options were cancelled as the holders were no longer employed by the Company and 1,040,000 options were exercised for gross proceeds of \$240,900.

The total fair value of the options granted during the year was \$1,033,834. Since the options for investor relations do not vest immediately, \$697,487 of the fair value was recorded in the Company's accounts, with \$524,628 recorded as stock-option compensation expense, and \$172,860 charged to mineral property costs.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

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For the Years Ended November 30, 2006 and 2005

8. Capital Stock (continued)

Options (continued):

The estimated fair value of the stock options was determined using a Black-Scholes option pricing model with the following assumptions:

	2006	2005
Expected dividend yield	0%	0%
Expected stock price volatility	119%-134%	137%-147%
Risk free rate	3.8%-4.2%	3.6%-4.2%
Expected life of options	5 years	5 years

9. Contributed Surplus

Balance, November 30, 2004	\$	-
Stock –based compensation		451,968
Options exercised		(6,415)
<hr/>		
Balance, November 30, 2005		445,553
Stock –based compensation		697,487
Agent warrants		102,091
Options exercised		(212,390)
<hr/>		
Balance, November 30, 2006	\$	1,032,741

During the year 1,040,000 options were exercised and \$212,390 transferred to common shares based on historical stock option compensation price calculated of \$0.204.

10. Segmented information

The company operates in the oil and gas, and the uranium segments. Mineral property costs by operating segment as at November 30, 2006 are as follows:

	2006	2005
Oil and gas	\$ 350,287	\$ 422,061
Uranium	4,593,056	1,492,183
<hr/>		
	\$ 4,943,343	\$ 1,914,244

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For the Years Ended November 30, 2006 and 2005

11. Supplement Cash Flow Information

Supplemental Disclosure of Non-Cash Financing and Investing Activities include:		
	2006	2005
Marketable Securities	\$ 44,000	\$ -
Accounts payable included in mineral properties	\$ 303,611	\$ 27,741
Amortization included in mineral properties	\$ 18,758	\$ -
Stock-based compensation	\$ 657,487	\$ 451,968
Agents warrants	\$ 102,091	\$ -

12. Commitments

Effective February 1, 2006, the Company entered into a services agreement with HRG Management Ltd. ("HRG") in which the Company agreed to pay a monthly corporate administration fee of approximately \$13,233 that includes office rent, administration, accounting, corporate secretarial, chief financial officer, investor relations and other related services. HRG is a management company jointly owned by the Company and certain other public companies, all of which share office space and staff on a cost recovery basis. The Company shares one director and an officer in common with HRG. The agreement expires December 31, 2008 and can be terminated by either party prior to expiration with 90 days written notice.

13. Income Taxes

The income taxes shown in the statement of operations and deficit differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	2006	2005
Statutory tax rate	34%	34%
Expected income tax recovery	(349,493)	(252,766)
Non-deductible differences	182,151	3,020
Tax effect of flow-through renunciation	38,621	100,435
Share issuance costs	(31,503)	(2,353)
Unrecognized tax losses	160,224	151,664
Income tax provision (recovery)	\$ -	\$ -

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2006 and 2005

13. Income Taxes(continued)

The significant components of the Company's future tax assets are as follows:

	<u>2006</u>	<u>2005</u>
Mineral Properties	1,459,076	429,182
Operating loss carryforwards	822,920	595,780
Share issue costs	123,657	9,412
Less: valuation allowance	<u>(2,405,653)</u>	<u>(1,034,374)</u>
Net future income tax asset (liability)	<u>\$ -</u>	<u>\$ -</u>

The Company has accumulated losses of \$2,339,902 which may be used to reduce future year's taxable income. These losses expire as follows:

2008	183,358
2009	151,321
2010	90,705
2011	252,208
2012	893,645
2013	<u>668,062</u>
	<u>\$ 2,339,902</u>

14. Prior Period Adjustment

During the audit of the November 30, 2006 fiscal year, it was determined that an error had been made in the recording of the renunciation of flow-through expenditures. In fiscal 2005, the Company raised \$446,000 in flow through shares by way of two private placements. The Company recognized the renunciation of only one of the flow through share issuances. \$100,000 of Qualifying Canadian Exploration Expenditures, which had been incurred by November 30, 2005 and a corresponding \$34,120 was recognized as a recovery of future income taxes. An additional \$341,000 of Qualifying Canadian Exploration Expenditures and the related \$118,055 recovery of future income taxes were not recognized in fiscal 2005. The flow-through issuances had been completed on December 21, 2004 for \$100,000 and on, December 14, 2004 for \$341,000.

Emerging Issues Committee abstract for discussion 146 ("EIC-146") had an effective date of March 19, 2004. EIC-146 requires the recognition of the renouncement of Qualifying Canadian Exploration Expenditures from the proceeds of flow-through shares on the date of filing of the renouncement documents with the tax authorities. The renouncement documents for both flow share issuances were filed with the tax authorities for the 2005 fiscal flow-through issuances in March 2005.

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For the Years Ended November 30, 2006 and 2005

14. Prior Period Adjustment (continued)

The net effects on the figures at November 30, 2005 are as follows:

	Previously Reported	Adjustment	Restated
Income Statement			
Future income tax expense (recovery)	\$ (34,120)	\$ (118,055)	\$ (152,175)
Net loss	\$ (861,485)	\$ 118,055	\$ (743,430)
Basic and diluted loss per share	\$ (0.04)	\$ 0.01	\$ (0.03)
Shareholders' Equity			
Share Capital	\$ 7,987,481	\$ (118,055)	\$ 7,869,426
Deficit	\$ (5,224,956)	\$ 118,055	\$ (5,106,901)

15. Subsequent Events

Mineral Properties

Henday Lake Property

The Company signed a letter of intent on February 13, 2007 with Uranium Holdings Corporation (UHC) to acquire of all of the rights, title and interest in and to a mineral property in northern Saskatchewan known as the Henday Lake Property.

As consideration, the Company will issue 3,000,000 common shares of the Company. The Shares are to be restricted, subject to early release provisions, from transfer such that 750,000 shares will be tradable 4 months following closing date and a further 750,000 shares will be tradable every 6 months thereafter. The Company is required to spend \$500,000 of exploration expenditures on the Property in the 12 month period following closing of the Acquisition.

UHC retains a 2% net smelter royalty on the Property (the "NSR"). The Company has the right to purchase ½ of the NSR for US\$1,000,000.

The Company will issue 150,000 common shares as a finder's fee.

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For the Years Ended November 30, 2006 and 2005

15. Subsequent Events (continued)

North Thelon Joint Venture

The North Thelon Joint Venture has signed a letter of intent on March 15, 2007 with Tanqueray Resources Ltd. to acquire an option to earn 60% interest in the Baker Lake Project which is near Kiggavik-Sissons.

As consideration, the Company will issue 300,000 common shares of the Company and 300,000 shares in Superior. The North Thelon Joint Venture is required to spend \$4,000,000 (the Company share is \$2,000,000) of exploration expenditures on the Property in the 5 years following closing of the Acquisition.

During the first year, the Company and Superior must issue 50,000 common shares and are committed to \$200,000 (The Company portion is \$100,000) in exploration expenditures. The remaining share issuances are at the option of North Thelon Joint Venture.

The North Thelon Joint Venture also has an option to earn a further 10% interest in the property by committing to the completion of a bankable feasibility study.

Stock Options

Subsequent to November 30, 2006, the Company granted 800,000 incentive options to purchase common shares at a price of \$0.78 per share exercisable on or before March 7, 2012 to its directors, officers and consultants.



**MANAGEMENT DISCUSSION AND
ANALYSIS**

FOR THE YEAR ENDED NOVEMBER 30, 2006

AS AT MARCH 23, 2007

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, 2006. The Company's financial statements are prepared in accordance with Canadian GAAP. The Company's reporting currency is Canadian dollars. The date of this Management's Discussion and Analysis is March 23, 2007.

DESCRIPTION OF BUSINESS

Forum Uranium Corp. (the "Company", formerly Forum Development Corp.) 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 uranium projects. 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 uranium 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, 2006	November 30, 2005	November 30, 2004
Financial results			
Net loss for year	1,027,920	743,430	263,009
Basic and diluted loss per share	0.03	0.03	0.04
Expenditures (recovered) on resource properties	3,376,066	1,339,265	4,481
Balance sheet data			
Cash, restricted cash and short term deposits	3,614,480	1,269,692	344,419
Resource properties	4,943,343	1,914,244	95,151
Total assets	9,103,913	3,354,219	556,913
Shareholders' deficit	8,643,476	3,208,078	443,120

RESULTS OF OPERATIONS**Fourth Quarter**

The Company incurred a \$42,273 loss for the quarter ended November 30, 2006 as compared to a loss of \$120,680 for the same quarter last year. This amounts to a \$78,407 decrease over the prior year's quarter which can be attributed to stock-based compensation (\$79,145), interest earned due to financing (\$38,114) and administrative cost recovery from joint ventures (\$65,228). Investor relations increased by \$17,136, property investigations (\$10,443) and future income tax recovery reduced by \$93,659.

Cash and cash equivalent balances decreased by \$865,251 to \$3,614,480 at November 30, 2006. The cash spending for mineral properties was \$1,054,000. The \$1,054,000 in cash expenditures on exploration included \$549,000 on Key Lake Road, \$182,276 on Haultain River, \$134,429 on Maurice Point and \$188,295 on other properties.

Year-to-date

The Company incurred a \$1,027,920 loss for the year ended November 30, 2006 as compared to a loss of \$743,430 for last year. This amounts to a \$284,490 increase over the prior year which can be attributed to stock-based compensation (\$173,101), investor relations and corporate communications increased (\$169,763), and property investigations (\$10,443). Increased interest earned due to financing (\$116,075), management fees (\$17,750) and future income tax recovery (\$93,629) reduced the year's loss in comparison to the previous year.

Cash and cash equivalent balances increased by \$2,344,788 to \$3,614,480 at November 30, 2006. The cash spending for mineral properties was \$3,376,066. The \$3,376,066 in cash expenditures on exploration included \$802,232 on Maurice Point, \$1,120,964 on Key Lake Road, \$663,518 on Haultain River, \$332,090 on Costigan JV, \$250,020 on Thelon Basin Project, \$121,595 on Haultain River JV and \$85,647 on other properties. JV partner recovery for the year was \$369,942 and income and administration recovery totaled \$73,030.

SUMMARY OF QUARTERLY RESULTS

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

<i>In thousands \$</i>	November 30, 2006	August 31, 2006	May 31, 2006	February 28, 2006	November 30, 2005	August 31, 2005	May 31, 2005	February 28, 2005
Financial results								
Net loss for period	43	554	129	302	16	275	347	105
Basic and diluted loss per share	0.01	0.01	-	0.01	-	0.01	0.01	0.01
Expenditures on resource properties	969	907	888	242	294	450	216	379
Balance sheet data								
Cash and short term deposits	3,614	4,480	4,804	1,024	1,270	1,228	606	872
Resource properties	4,943	3,969	2,947	2,223	1,914	1,045	690	474
Total assets	9,104	8,945	8,247	3,462	3,354	2,474	1,465	1,473
Shareholders' equity	8,643	8,418	8,160	3,284	3,208	2,432	1,411	1,431

LIQUIDITY

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

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, 2006	November 30, 2005
Working capital	\$3,422,286	\$ 1,248,105
Deficit	(6,134,821)	(5,106,901)

TRANSACTIONS WITH RELATED PARTIES

- a) At November 30, 2006, the Company was owed \$31,948 (2005 - \$19,811) companies with common directors and an officer. These are non-interest bearing amounts owed which are payable under same terms as other accounts payable.
- b) Included in net loss for the year ended November 30, 2006, at their exchange amounts, are the following items:

	November 30, 2006	November 30, 2005
HRG Management Ltd.	\$ 167,209	\$ -
Mirador Management	77,000	64,000
Brazilian Diamonds Ltd.- rent	4,875	19,500
Gary Zak	31,500	42,000
Lang Michener	11,772	-
RWA Management – administrative services	23,844	116,366
Total	\$ 316,200	\$ 241,866

HRG Management Ltd. (“HRG”) is a captive management company jointly owned by the Company and certain other companies that share Vancouver office space and staff on a cost basis. The Company shares a common director and an officer with HRG. See commitments section below.

Mirador Management is a private company controlled by an officer that provides management services to the company.

COMMITMENTS

- a) The company issued 6,000,000 flow-through shares in March 2006 for gross proceeds of \$3,000,000 of which \$2,800,673 was spent this year and \$199,327 will be spent on exploration up to the end of 2007.
- b) The Company entered into a services agreement, effective February 1, 2006, with HRG in which the Company will pay a monthly fee of \$13,243 to receive office administration, accounting, corporate secretarial, investor relations, chief financial officer and other related services at cost. HRG is a captive management company jointly owned by the Company and certain other public companies, all of which comprise the Hamilton Resource Group. The Company shares a common director and an officer with HRG. The agreement expires December 31, 2008 and can be terminated by either party prior to expiration with 90 days written notice.

SHARE CAPITAL INFORMATION

The table below presents the Company's common share data as of March 23, 2006.

	Price	Expiry date	Number of common shares
Common shares, issued and outstanding			47,689,830
Securities convertible into common shares			
Warrants	\$0.55	September 6, 2007	1,597,500
	\$0.55	September 22, 2007	598,000
Options	\$0.10	September 6, 2007	65,000
	\$0.21	December 2, 2009	595,000
	\$0.24	May 12, 2010	405,000
	\$0.24	August 15, 2010	230,000
	\$0.35	December 20, 2010	100,000
	\$0.36	January 24, 2011	450,000
	\$0.38	July 14, 2011	1,085,000
	\$0.38	September 27, 2011	250,000
	\$0.66	November 27, 2011	425,000
	\$0.78	March 7, 2012	800,000
			54,290,330

Private Placements

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 includes 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.

Stock Options

- During the first quarter, 120,000 stock options were granted to directors, officers and consultants that are exercisable for one common share each on or before December 20, 2010 at a price of \$0.35.
- During the first quarter, 600,000 stock options were granted to directors, officers and consultants that are exercisable for one common share each on or before January 24, 2011 at a price of \$0.36. The Company has cancelled 100,000 of these stock options during the period.
- During the third quarter the Company granted 1,345,000 stock options at an exercisable price of \$0.38 per share up to July 14, 2011.

SHARE CAPITAL INFORMATION (continued)**Stock Options(continued)**

- During the fourth quarter the Company granted 250,000 stock options exercisable price of \$0.35 per share to September 27, 2011.
- During the fourth quarter the Company granted 425,000 stock options exercisable price of \$0.66 per share to November 27, 2011.
- Subsequent to November 30, 2006, the Company granted 800,000 stock options exercisable price of \$0.78 per share to March 7, 2012.

SUBSEQUENT EVENTS**Henday Lake Property**

The Company signed a letter of intent on February 13, 2007 with Uranium Holdings Corporation (UHC") to acquire of all of the rights, title and interest in and to a mineral property in northern Saskatchewan known as the Henday Lake Property.

As consideration, the Company issued 3,000,000 common shares of the Company. The Shares are to be restricted from transfer such that 750,000 shares will be tradable 4 months following the closing date and a further 750,000 shares will be tradable every 6 months thereafter. The Company is required to spend \$500,000 of exploration expenditures on the Property in the 12 month period following closing of the Acquisition.

UHC retains a 2% net smelter royalty on the Property (the "NSR"). The Company has the right to purchase ½ of the NSR for US\$1,000,000.

The Company paid 150,000 shares as a finder's fee.

North Thelon Joint Venture

The North Thelon Joint Venture has signed a letter of intent on March 15, 2007 with Tanqueray Resources Ltd. (UHC") to acquire an option to earn 60% interest in the Baker Lake Project which is near Kiggavik-Sissons.

As consideration, the Company issued 300,000 common shares of the Company and 300,000 shares in Superior. The North Thelon Joint Venture is required to spend \$4,000,000 (the Company share is \$2,000,000) of exploration expenditures on the Property in the 5 years following closing of the Acquisition.

During the first year, the Company and Superior must issue 50,000 common shares and are committed to \$200,000 (The Company portion is \$100,000) in exploration expenditures. The remaining share issuances are at the option of North Thelon Joint Venture.

The North Thelon Joint Venture also has an option to earn a further 10% interest in the property by committing to the completion of a bankable feasibility study.

RESOURCE PROPERTIES

	November 30, 2005	Acquisition Cost	Deferred Exploration	JV Partner Recovery	November 30, 2006
Maurice Point	\$ 530,025	\$ -	\$ 802,232	\$ -	\$ 1,332,257
Key Lake Road	617,327	-	1,120,964	-	1,738,291
Haultain River	232,182	-	663,518	-	895,700
Costigan JV	-	22,975	332,090	(116,232)	238,833
North Thelon Project	-	-	250,020	(125,010)	125,010
Orchid Lake	34,696	-	34,451	(69,147)	-
Haultain River JV	-	-	121,595	(53,529)	68,066
Other	500,014	-	51,196	(6,024)	545,186
Total mineral properties	\$ 1,914,244	\$ 22,975	\$ 3,376,066	\$ (369,942)	\$ 4,943,343

	November 30, 2004	Acquisition Cost	Deferred Exploration	Write-down/ depreciation	November 30, 2005
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	95,151	315,000	89,863	-	500,014
Total mineral properties	\$ 95,151	\$ 479,828	\$ 1,339,265	\$ -	\$ 1,914,244

Years Ended November 30,	2006	2005
Key Lake Road, Saskatchewan, Canada		
Acquisition	-	49,838
Diamond drilling	355,113	-
Prospecting	141,744	-
Geological mapping	43,555	24,601
Geochemical sampling	49,117	-
Geophysical surveying	33,689	400
Airborne geophysics	230,403	109,726
Construction & access	36,148	-
Report writing and filing	24,367	36,324
Management and planning	122,145	100,356
Data processing	16,865	5,430
Line cutting	24,375	-
License, permits and taxes	5,345	14,202
Analysis and assay	4,263	3,791
Travel, camp and other	(39,913)	269,822
Equipment	73,748	2,837
	1,120,964	617,327
Maurice Point, Saskatchewan, Canada		
Acquisition	-	58,286
Claim staking	380	-
Prospecting	98,059	-
Geological mapping	21,461	11,250
Geochemical sampling	16,853	-
Geophysical surveying	213,042	-
Airborne geophysics	224,850	24,475
Report writing and filing	39,344	25,241
Management and planning	90,319	106,381
Data processing	19,106	11,594
Line cutting	73,783	-
License, permits and taxes	1,092	16,654
Analysis and assay	5,369	2,401
Travel, camp and other	(18,799)	271,438
Equipment	17,373	2,305
	802,232	530,025
Balance Carried Forward	\$ 1,923,196	\$ 1,147,352

Years Ended November 30,	2006	2005
Balance Brought Forward	\$ 1,923,196	\$ 1,147,352
North Thelon Project		
Claim staking	\$ 214,671	\$ -
Geophysical surveying	200	-
Construction & access	100	-
Report writing and filing	2,418	-
Management and planning	3,389	-
Data processing	23,850	-
Travel, camp and other	5,392	-
JV partner recovery	(125,010)	-
	125,010	-
Haultain River, Saskatchewan, Canada		
Claim staking	1,114	51,214
Prospecting	138,312	-
Geological mapping	48,229	5,558
Geological sampling	53,318	-
Airborne geophysics	54,504	47,864
Construction & access	46,112	-
Report writing and filing	37,759	11,006
Management and planning	101,890	43,468
Data processing	10,360	-
Line cutting	8,125	-
Analysis and assay	5,509	3,088
License, permits and taxes	1,548	17,750
Travel, camp and other	90,699	51,466
Equipment	66,039	768
	663,518	232,182
Balance Carried Forward	\$ 2,711,724	\$ 1,379,534

Years Ended November 30,	2006	2005
Balance Brought Forward	\$ 2,711,724	\$ 1,379,534
Costigan JV, Saskatchewan, Canada		
Acquisition	22,975	-
Prospecting	187	-
Diamond drilling	195,776	-
Geochemical sampling	52	-
Geophysical surveying	45,263	-
Construction & access	4,177	-
Report writing and filing	4,241	-
Management and planning	20,308	-
Data processing	913	-
Line and road cutting	49,660	-
Analysis and assay	831	-
License, permits and taxes	1,270	-
Travel, camp and other	3,353	-
Equipment	6,059	-
Partner contribution	(116,232)	-
	238,833	-
Orchid Lake, Saskatchewan, Canada		
Claim staking	-	5,490
Diamond drilling	308	-
Prospecting	6,997	-
Geological mapping	1,411	-
Geochemical sampling	53	-
Airborne geophysics	16,705	28,966
Report writing and filing	1,360	-
Management and planning	3,074	-
Data processing	165	240
Travel, camp and other	1,287	-
License, permits and taxes	30	-
Equipment	3,061	-
Partner contribution	(69,147)	-
	(34,696)	34,696
Balance Carried Forward	\$ 2,915,861	\$ 1,414,230

Years Ended November 30,	2006	2005
Balance Brought Forward	\$ 2,915,861	\$ 1,414,230
Haultin River JV, Saskatchewan, Canada		
Claim staking	28,544	-
Diamond drilling	200	-
Geochemical sampling	53	-
Airborne geophysics	92,086	-
Management and planning	626	-
Travel, camp and other	86	-
Partner contribution	(53,529)	-
	68,066	-
General and Other Properties		
Acquisition	-	359,420
Claim staking	8,150	-
Prospecting	187	-
Geological mapping	(1,373)	2,172
Geochemical sampling	853	-
Construction & access	1,850	-
Report writing and filing	(197)	400
Management and planning	2,102	20,066
Data processing	367	-
Analysis and assay	12,904	1,086
Travel, camp and other	15,714	1,335
License, permits and taxes	5,909	6,579
Equipment	627	-
Community relations	4,103	13,805
Partner contribution	(6,024)	-
	45,172	404,863
Costs for the year	3,029,099	1,819,093
Balance - beginning of year	1,914,244	95,151
Balance - end of year	\$4,943,343	\$1,914,244

RESOURCE PROPERTIES (continued)

PROJECT	INTEREST	COMMODITY	LOCATION	AREA (Hectares)
Key Lake Road	100%	Uranium	Saskatchewan	83,290
Haultain River	100%	Uranium	Saskatchewan	28,274
Haultain River JV	50%	Uranium	Saskatchewan	10,148
Orchid Lake	100%	Uranium	Saskatchewan	5,285
Maurice Point	100%	Uranium	Saskatchewan	51,799
Costigan Lake JV	65%	Uranium	Saskatchewan	743
North Thelon JV	50%	Uranium	Nunavut	101,174
Merritt Coal Bed Methane	100%	Coal/Natural Gas in coal	Merritt, British Columbia	Freehold (505) Coal License Applications (996)
Coal River	40%	Lignite	Northern B.C.	717

KEY LAKE ROAD PROJECT

The 100%-owned Key Lake Road project (includes the Key Lake Road permits and Haultain River claims) consists of two exploration permits and five mineral claims comprising 121,712 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).

The Companies 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. The property can be accessed by Saskatchewan Provincial Hwy 914 which services the Key Lake mill. Field crews have road access to two main areas of exploration interest discovered last year along the 40 km long Key Lake Road Shear Zone - the DD and Molly Zones.

Detailed mapping and trenching of the project area was conducted over a three month period this summer. Prospecting expanded the original area of radioactivity from 100 m by 200 m to 200 m by 500 m on the DD Zone as well as identifying other new zones. The following newly discovered zones: Millison Lake Zone, the Rainbow Zone, the Murray Lake area, Hobo Zone and the Twilight Zone have all uncovered numerous uranium occurrences along the electromagnetic conductive trend. These zones have all been assayed for grab samples and have revealed values ranging from a few hundred ppm U to 21% U₃O₈.

Drilling is currently underway on the DD, Rainbow, Hobo and Millison Lake zones. Uranium mineralization was encountered in four holes at shallow depths on the DD Zone

RESOURCE PROPERTIES (continued)***ORCHID LAKE***

The Company has a 100% interest in one mineral claim staked during 2005, located approximately 25 kilometres southwest of the Key Lake Mine/Mill complex. The Company entered into an option agreement on May 31, 2006 with Global Uranium Corporation (“GUC”) to explore Orchid Lake. GUC can earn a 60% interest in this property by making cash payments of \$10,000 (paid), issuing 100,000 common shares of GUC (issued) to the Company. On the first anniversary, making cash payments of \$30,000 and issuing 100,000 common shares of GUC and funding expenditures on the Property totalling \$500,000. On the second anniversary, making cash payments of \$50,000 and issuing 200,000 common shares of GUC and funding expenditures on the Property totalling \$750,000. On the third anniversary, making cash payments of \$100,000 and issuing 300,000 common shares of GUC and funding expenditures on the Property totalling \$1,000,000. The Company will continue to act as operator of the project until GUC earns a 60% interest. GUC can earn an additional 10% by committing to a development drilling program and completing a bankable feasibility study. The Company retains a 3% Net Smelter Return (“NSR”) with GUC holding the right to buy back 1% of the royalty for \$1 million cash and a further 0.5% of the royalty for another \$1 million cash payment

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 the Company’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.

The Company conducted an airborne magnetic/electromagnetic survey in 2006. 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. A total of 1,177 m of drilling was completed in nine holes. A strong fault zone in two holes was intersected with uranium mineralization encountered at shallow depths in two holes.

MAURICE POINT PROJECT

The 100%-owned Maurice Point project consists of nine staked mineral claims and an exploration permit, totalling 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.

RESOURCE PROPERTIES (continued)***MAURICE POINT PROJECT (continued)***

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 the Company of the Uranium Ridge occurrence ranges in value from 0.257 % to 1.01 % U₃O₈. Further prospecting in the McKenzie Point area in 2005 discovered the Beach Zone with assays of 7.31 %, 2.2 %, 2.16 %, 2.06%, 1.55%, 0.935%, 0.871% and 0.388 % U₃O₈.

The 2006 summer exploration program in the McKenzie Point areas of Maurice Point were significant as there was a discovery of further uranium mineralization. New zones of uranium mineralization grading up to 6.3% has expanded the Beach Zone to an area of 400 m by 200 m along a northeast trending, regional structure that is controlling uranium mineralization in the area, including the Maurice Bay deposit. In addition, uranium mineralization grading up to 1.44% U₃O₈ has been discovered over 6 kilometres along this major uranium mineralization structure that encompasses the Uranium Ridge and Beach Zones.

A new uranium occurrence associated with sheared graphite, the West Beach zone, was discovered 300 m northwest of the Beach Zone. Grab samples over a 50 m by 40 m area graded from 0.1% to 0.6% and averaged 0.4% and is open along strike under overburden cover. The graphitic shear has been traced for a minimum of 60 m by a limited electromagnetic survey. A helicopter borne magnetic/electromagnetic survey was conducted. Further gravity surveys over 58 line km were completed over the winter 2007.

COSTIGAN LAKE JOINT VENTURE

Six holes by the Company in March 2006, totalling 824 m, tested two electromagnetic conductive trends on the property. Spring break-up did not allow for completion of the originally announced 1,000 m drill program.

The Company intersected encouraging uranium mineralization in two holes of the 6 hole program, grading from 0.025% to 0.108% U₃O₈ in fractures within and in the footwall of a graphitic horizon. The Company's drilling intersected graphitic metasediments, clay alteration and structurally deformed rocks.

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

The Company acquired Cameco Corporation's ("Cameco") 65% interest in the Costigan Lake Uranium Joint Venture for a cash payment of \$22,975. The Company 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.

RESOURCE PROPERTIES (continued)***COSTIGAN LAKE JOINT VENTURE (continued)***

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 spacing was completed in March 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 four conductive trends 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 altered graphitic pelitic gneiss. The Company drilled six holes for a total of 827m and intersected uranium mineralization at shallow depths.

NORTH THELON JOINT VENTURE

The Company and Superior Diamonds Inc. entered into a strategic alliance to explore for uranium. The Letter of Intent is for a 50/50 Joint Venture, with Forum as the Operator, in an Area of Interest that encompasses approximately 39,850 square kilometers of the northeast margin of the Thelon Basin. The Thelon Basin is largely regarded today as being one of the most prospective regions in the world for uranium exploration, second only to the Athabasca Basin in Saskatchewan.

The Kiggavik North and Kiggavik South claims property comprise over 100,000 hectares of prospective ground in the Thelon Basin over a large area west of Baker Lake, Nunavut Territory. This recent staking venture, acquired by the Company is located near the Kiggavik-Sissons Project, Nunavut’s largest known uranium deposit, which is held by AREVA Resources Canada Inc. (“AREVA”).

The Kiggavik-Sissons Project contains resources of 131 million pounds U₃O₈, 4.1 tonnes of gold and 3.3 tonnes of platinum in three deposits (Kiggavik, End Grid and Andrew Lake) grading from 0.28% to 0.44% U, as reported by AREVA. Exploration for uranium was active from 1974 to 1984 resulting in the discovery of the Kiggavik deposit in 1977. In 1987 and 1988, the nearby End Grid and Andrew Lake Deposits were discovered and a feasibility study was completed on the Kiggavik-Sissons Project in 1989. The resource estimate for the Kiggavik-Sissons Project is historic and Forum has not verified whether it is a National Instrument 43-101 defined resource. The Company believes that the historic resource estimate is relevant because of the proximity of the Kiggavik-Sissons Project to the North Thelon Joint Venture area. AREVA is currently evaluating the future development of the deposit.

RESOURCE PROPERTIES (continued)***NORTH THELON JOINT VENTURE(continued)***

The Kiggavik North and Kiggavik South claims are situated in favourable structural and lithological environments at the margin of and within the Thelon Sandstone covered areas where uranium mineralization and favourable alteration were discovered in previous exploration campaigns. The Company is reviewing assessment files and compiling a comprehensive geological database of the region. An aggressive exploration program for the North Thelon Joint Venture is anticipated over the next two years.

HAULTAIN RIVER JOINT VENTURE

On November 2, 2006, the Company entered into a joint venture agreement with Hathor Exploration Ltd. (“HEL”). HEL’s agreed buy-in was 50% of claim staking and airborne geophysical costs for the amount of \$59,000. The Company is the operator of the approximately 10,148 hectares extending southwest of the Key Lake Road permit.

The Company completed 623 line km “AeroTEM III” helicopter-borne, time domain EM survey confirmed that the newly identified, NE to NNE- trending EM conductors are the geophysical expression of Key Lake Road Shear Zone graphitic rocks.

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 metal 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.

RISKS AND UNCERTAINTIES (continued)

- 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 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, 2006 based upon their evaluation of the effectiveness of such disclosure controls and procedures.

OTHER INFORMATION

The Company announced the appointment of John Paterson to the Board of Directors. John Paterson, B.SC. (Honours Geology) is a founding principle and President of South-western Resources Corp. and President of Superior Diamonds Inc.

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.