



**FORUM URANIUM CORP.**  
(formerly Forum Development Corp.)

Annual Financial Statements  
For the Years Ended  
November 30, 2007 and 2006

## **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 Mazur "**  
President and CEO

**February 28, 2008**  
Vancouver, British Columbia

## **Auditor's Report**

To the Shareholders of Forum Uranium Corp.

We have audited the balance sheets of Forum Uranium Corp. (the "Company") as at November 30, 2007 and 2006 and the statements of loss, comprehensive loss and deficit and cash flows for the years 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 audits.

We conducted our audits 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, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*(Signed) PricewaterhouseCoopers LLP*

**Chartered Accountants**  
Vancouver, British Columbia  
February 28, 2008

# Forum Uranium Corp.

(Formerly Forum Development Corp.)

(An Exploration Stage Company)

## Balance Sheet

As at November 30 2007

Canadian Funds

Statement 1

ASSETS	November 30, 2007	November 30, 2006
<b>Current</b>		
Cash and cash equivalents	\$ 6,690,198	\$ 3,428,453
Restricted cash (Note 2g)	-	199,327
Marketable securities (Note 3)	47,000	56,000
Receivables	289,483	126,298
Exploration advances receivable	383,552	-
Due from joint venture and option partners (Note 5)	665,610	84,395
Prepaid expenses and deposits	250,105	187,577
	<u>8,325,948</u>	<u>4,082,050</u>
<b>Property and Equipment (Note 4)</b>	<b>158,688</b>	<b>78,520</b>
<b>Mineral Properties (Note 6)</b>	<b>10,773,345</b>	<b>4,943,343</b>
	<u>\$ 19,257,981</u>	<u>\$ 9,103,913</u>

## LIABILITIES

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,451,138	\$ 428,489
Amounts due to related parties (Note 7a)	12,803	31,948
Joint venture exploration advances payable	125,460	-
	<u>1,589,401</u>	<u>460,437</u>
<b>Long-term</b>		
Future income tax liability (Note 12)	405,877	-

## SHAREHOLDERS' EQUITY

<b>Share Capital (Note 8)</b>	<b>20,603,551</b>	<b>13,344,033</b>
<b>Contributed Surplus (Note 8)</b>	<b>3,593,578</b>	<b>1,434,264</b>
<b>Deficit - Statement 2</b>	<b>(6,934,426)</b>	<b>(6,134,821)</b>
	<u>17,262,703</u>	<u>8,643,476</u>
	<u>\$ 19,257,981</u>	<u>\$ 9,103,913</u>

## Commitments (Note 11)

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.**

Statement 2

*(Formerly Forum Development Corp.)**(An Exploration Stage Company)***Statements of Loss, Comprehensive Loss and Deficit****For the years ended November 30, 2007 and 2006***Canadian Funds*

	<b>November 30, 2007</b>	November 30, 2006
<b>Expenses</b>		
Stock-based compensation	\$ 711,195	\$ 524,628
Investor relations and shareholder information	600,230	290,071
Office and miscellaneous	178,721	111,562
Consulting fees	126,980	91,739
Management fees	79,250	70,000
Corporate administrative fees	70,886	76,945
Transfer agent and regulatory fees	52,805	27,315
Travel and promotion	51,842	34,339
Directors' fees	34,250	36,500
Wages and salaries	17,971	-
Amortization	5,872	5,508
Property Investigations	-	10,443
	<b>1,930,002</b>	1,279,050
<b>Other Income</b>		
Proceeds received in excess of book value on property interest	(59,572)	(7,802)
Write-down of portfolio investments <i>(Note 3)</i>	41,000	-
Interest income	(200,212)	(119,584)
Operator's Management fee	(293,890)	(65,228)
	<b>(512,674)</b>	(192,614)
<b>Loss before income tax</b>	<b>1,417,328</b>	1,086,436
Future income tax recovery <i>(Note 12)</i>	(617,723)	(58,516)
<b>Loss and comprehensive loss for the year</b>	<b>799,605</b>	1,027,920
Deficit - Beginning of Year	6,134,821	5,106,901
<b>Deficit - End of Year</b>	<b>\$ 6,934,426</b>	\$ 6,134,821
<b>Weighted Average Shares Outstanding</b>	<b>53,245,642</b>	41,318,919
<b>Loss per Share - Basic and Diluted</b>	<b>\$ 0.02</b>	\$ 0.03

The accompanying notes are an integral part of these financial statements

**Forum Uranium Corp.***(Formerly Forum Development Corp.)**(An Exploration Stage Company)*Statement 3**Statements of Cash Flows****For the years ended November 30, 2007 and 2006***Canadian Funds*

	November 30, 2007	November 30, 2006
<b>Cash Resources Provided By (Used In)</b>		
<b>Operating Activities</b>		
Net loss for the year	\$ (799,605)	\$ (1,027,920)
Items not affected by cash:		
Amortization	5,872	5,508
Write-down of portfolio investments	41,000	-
Future income tax recovery	(617,723)	(58,516)
Marketable securities received on sale of property interest	(32,000)	(44,000)
Stock based compensation	711,195	524,628
	<u>(691,261)</u>	<u>(600,300)</u>
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	(282,647)	(1,383)
Accounts receivable	(533,343)	(41,182)
Due to related parties	(19,145)	12,067
Prepays and deposits	(62,528)	(160,139)
Net cash used in operating activities	<u>(1,588,924)</u>	<u>(790,936)</u>
<b>Financing Activities</b>		
Proceeds from private placements	7,277,325	5,025,000
Proceeds from exercise of stock options	184,050	240,900
Proceeds from exercise of warrants	391,875	944,564
Share issuance costs	(524,967)	(386,118)
Net cash provided by financing activities	<u>7,328,283</u>	<u>5,824,346</u>
<b>Investing Activities</b>		
Acquisition of equipment	(124,062)	(38,299)
Acquisition of mineral properties	(297,900)	(22,975)
Contributions of joint venture and option partners received	170,745	-
Exploration tax credit recovery	114,473	-
Cash payment received for mineral property	30,000	7,802
Joint venture recovery of exploration costs	1,939,689	278,464
Mineral property expenditures	(4,509,886)	(2,900,314)
Net cash used by investing activities	<u>(2,676,941)</u>	<u>(2,675,322)</u>
<b>Net increase in cash and cash equivalents</b>	<b>3,062,418</b>	<b>2,358,088</b>
Cash and cash equivalents - Beginning of Year	<u>3,627,780</u>	<u>1,269,692</u>
<b>Cash and cash equivalents - End of Year</b>	<b>\$ 6,690,198</b>	<b>\$ 3,627,780</b>

**Supplemental Cash Flow Information** *(Note 10)*

The accompanying notes are an integral part of these financial statements

**Forum Uranium Corp.**Schedule*(Formerly Forum Development Corp.)**(An Exploration Stage Company)*

Schedule of Mineral Property Costs

Canadian Funds

For the years ended November 30, 2007 and 2006

	<b>November 30, 2007</b>	November 30, 2006
<b>Key Lake Road, Saskatchewan, Canada</b>		
Diamond drilling	\$ 429,728	355,113
Management and planning	141,057	122,145
Geochemical sampling	132,733	49,117
Claim staking	118,249	-
Travel, camp and other	82,136	(39,913)
Report writing and planning	73,590	24,367
Analysis and assay	50,763	4,263
Geophysical surveying	35,946	33,689
Line cutting	32,180	24,375
Transportation – fuel	24,364	-
Transportation	17,694	-
Airborne geophysics	17,086	230,403
Equipment	15,474	73,748
Prospecting	4,354	141,744
Geological Mapping	2,525	43,555
License, permits and taxes	1,544	5,345
Data processing	776	16,865
Exploration tax credit	(34,130)	-
Construction and access	-	36,148
	<u>\$ 1,146,069</u>	<u>1,120,964</u>
<b>Maurice Point, Saskatchewan, Canada</b>		
Travel, camp and other	\$ 166,937	(18,799)
Geophysical surveying	151,725	213,042
Management and planning	138,596	90,319
Airborne geophysics	112,054	224,850
Transportation	160,068	-
Transportation – fuel	82,148	-
Claim staking	79,000	380
Line cutting	42,700	73,783
Diamond drilling	32,328	-
License, permits and taxes	25,775	1,092
Equipment	24,865	17,373
Report writing and planning	10,793	39,344
Prospecting	8,250	98,059
Data processing	1,587	19,106
Exploration tax credit	(45,000)	-
Joint venture partner contribution	(1,036,440)	-
Geological Mapping	-	21,461
Geochemical sampling	-	16,853
Analysis and assay	-	5,369
	<u>\$ (44,614)</u>	<u>802,232</u>
<b>Balance carried forward</b>	<b>\$ 1,101,455</b>	<b>1,923,196</b>

**Forum Uranium Corp.**Schedule*(Formerly Forum Development Corp.)**(An Exploration Stage Company)*

Schedule of Mineral Property Costs

Canadian Funds

For the years ended November 30, 2007 and 2006

	<b>November 30, 2007</b>	November 30, 2006
<b>Balance carried forward</b>	<b>\$ 1,101,455</b>	1,923,196
 <b>Orchid Lake, Saskatchewan, Canada</b>		
Diamond drilling	\$ 315,883	308
Transportation	89,911	-
Geophysical survey	59,746	-
Airborne geophysics	53,662	16,705
Transportation – fuel	35,672	-
Report writing and filing	26,652	1,360
Claim staking	15,542	-
Linecutting, gridding and surveying	14,083	-
Equipment	11,406	3,061
Travel, camp and other	10,876	1,287
Management and planning	8,817	3,074
Analysis and assay	2,115	-
License, permits and taxes	1,236	30
Data processing	847	165
Geological Mapping	225	1,411
Geochemical sampling	31	53
Joint venture partner contribution	(646,704)	(69,147)
Prospecting	-	6,997
	<u>\$ -</u>	<u>(34,696)</u>
 <b>Haultain River, Saskatchewan, Canada</b>		
Diamond drilling	\$ 545,943	-
Transportation	211,184	-
Management and planning	130,459	101,890
Line cutting	63,421	8,125
Travel, camp and other	62,751	90,699
Geochemical sampling	57,738	53,318
Geophysical survey	51,725	-
Airborne geophysics	38,679	54,504
Transportation – fuel	23,335	-
Report writing and planning	18,916	37,759
Geological Mapping	18,500	48,229
Equipment	12,123	66,039
Prospecting	4,354	138,312
Analysis and assay	2,449	5,509
Data processing	1,256	10,360
License, permits and taxes	452	1,548
Acquisition/Claim staking	-	1,114
Construction and access	-	46,112
	<u>\$ 1,243,285</u>	<u>663,518</u>
<b>Balance carried forward</b>	<b>\$ 2,344,740</b>	2,552,018

**Forum Uranium Corp.**Schedule*(Formerly Forum Development Corp.)**(An Exploration Stage Company)*

Schedule of Mineral Property Costs

Canadian Funds

For the years ended November 30, 2007 and 2006

	<b>November 30, 2007</b>	November 30, 2006
<b>Balance carried forward</b>	<b>\$ 2,344,740</b>	2,552,018
<b>Costigan JV, Saskatchewan, Canada</b>		
Transportation	\$ 49,724	-
Transportation – fuel	26,983	-
Diamond drilling	110,786	195,776
Management and planning	5,368	20,308
Travel, camp and other	4,339	3,353
Geophysical surveying	4,162	45,263
Report writing and filing	1,925	4,241
Data processing	419	913
License, permits and taxes	401	1,270
Equipment	(670)	6,059
Exploration tax credit	(35,343)	-
Joint venture partner contribution	(71,204)	(116,232)
Acquisition	-	22,975
Prospecting	-	187
Geochemical sampling	-	52
Construction and access	-	4,177
Line and road cutting	-	49,660
Analysis and assay	-	831
	<u>\$ 96,890</u>	<u>238,833</u>
<b>North Thelon JV, Saskatchewan , Canada</b>		
Transportation	\$ 548,658	-
Travel, camp and other	367,579	5,392
Transportation – fuel	307,086	-
Prospecting	181,206	-
Management and planning	129,903	3,389
Data processing	41,584	23,850
Diamond drilling	37,924	-
Geophysical survey	37,557	-
Equipment	34,858	-
Report writing and planning	28,465	2,418
Geological mapping	27,249	-
Community relations	19,136	-
Analysis and assay	9,875	-
Geochemical sampling	6,787	-
License, permits and taxes	4,086	-
Construction and access	3,841	100
Airborne geophysics	1,750	200
Joint venture partner contribution	(893,774)	(125,010)
Claim staking	-	214,671
	<u>\$ 893,770</u>	<u>125,010</u>
<b>Balance carried forward</b>	<b>\$ 3,335,400</b>	2,915,861

**Forum Uranium Corp.**Schedule*(Formerly Forum Development Corp.)**(An Exploration Stage Company)*

Schedule of Mineral Property Costs

Canadian Funds

For the years ended November 30, 2007 and 2006

	<b>November 30, 2007</b>	November 30, 2006
<b>Balance carried forward</b>	<b>\$ 3,335,400</b>	2,915,861
<b>Haultain River JV, Saskatchewan, Canada</b>		
Airborne geophysics	\$ 21,891	92,086
Travel, camp and other	9,162	86
Geochemical sampling	6,569	53
Management and planning	3,174	626
Transportation – fuel	2,729	-
License, permits and taxes	2,193	-
Equipment	1,484	-
Report writing and filing	260	-
Joint venture partner contribution	(30,999)	(53,529)
Claim staking	-	28,544
Diamond drilling	-	200
	<u>\$ 16,463</u>	<u>68,066</u>
<b>Henday, Saskatchewan, Canada</b>		
Acquisition	\$ 1,476,300	-
Camp, accommodation and other	55,340	-
Linecutting, gridding and survey	23,500	-
Data processing	14,783	-
Geochemical sampling	9,803	-
Travel	3,724	-
Management and planning	2,865	-
Transportation	2,790	-
Report writing and filing	2,047	-
Equipment	1,838	-
Geophysical survey	1,250	-
Construction and access	475	-
Licence, permits and taxes	90	-
Diamond drilling	82	-
	<u>\$ 1,594,887</u>	<u>-</u>
<b>Balance carried forward</b>	<b>\$ 4,946,750</b>	2,983,927

**Forum Uranium Corp.**

Schedule

*(Formerly Forum Development Corp.)**(An Exploration Stage Company)*

Schedule of Mineral Property Costs

Canadian Funds

For the years ended November 30, 2007 and 2006

	<b>November 30, 2007</b>	November 30, 2006
<b>Balance carried forward</b>	<b>\$ 4,946,750</b>	2,983,927
<b>General and Other Properties</b>		
Management and planning	\$ 658,199	2,102
Claim staking	85,109	8,150
Airborne geophysics	80,413	-
Acquisition	20,500	-
Report writing and filing	16,279	(197)
Travel, camp and other	10,837	15,714
License, permits and taxes	5,669	5,909
Transportation	1,831	-
Geological mapping	1,684	(1,373)
Data processing	1,547	367
Equipment	1,512	627
Geophysical survey	750	-
Diamond drilling	504	-
Prospecting	200	187
Joint venture partner contribution	(1,782)	(6,024)
Geochemical sampling	-	853
Construction and access	-	1,850
Analysis and assay	-	12,904
Community relations	-	4,103
	<u>\$ 883,252</u>	<u>45,172</u>
<b>Total exploration costs for the year</b>	<b>\$ 5,830,002</b>	<b>3,029,099</b>
Balance – beginning of year	\$ 4,943,343	1,914,244
<b>Balance – end of year</b>	<b>\$ 10,773,345</b>	<b>\$4,943,343</b>

# **Forum Uranium Corp.**

*(Formerly Forum Development Corp.)*

*(An Exploration Stage Company)*

Notes to the Annual Financial Statements

For the Years Ended November 30, 2007 and 2006

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## **1. Nature of Operations**

Forum Uranium Corp (the “Company”) was incorporated under the laws of the Province of British Columbia, Canada on April 28, 1986 under the name Etana Technologies Corporation. On October 15, 2001 the Company changed its name to Forum Development Corp. and on June 13, 2006 the Company changed its name to Forum Uranium Corp.

Its principal business activities are the exploration and development of mineral properties. All of the Company’s mineral properties are currently located in Canada. The Company is in the process of exploring and developing its mineral properties, but has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not received any revenue from mining operations and is considered to be in the development stage.

## **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 proven 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 proven 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 proven 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.

## **Forum Uranium Corp.**

*(Formerly Forum Development Corp.)*

*(An Exploration Stage Company)*

Notes to the Annual Financial Statements

For the Years Ended November 30, 2007 and 2006

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### **2. Significant Accounting Policies (continued)**

#### b) Oil and gas properties - 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

All costs related to mineral property 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 deemed impaired, 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 as well as 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 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.

#### d) Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per common share is recognized from the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Diluted loss per common share has not been presented separately as currently this calculation proved to be anti-dilutive.

Basic and diluted loss per common share is calculated using the weighted average number of shares outstanding during the period.

## **Forum Uranium Corp.**

*(Formerly Forum Development Corp.)*

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2007 and 2006

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### **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 measurement date is accrued and charged to operations on a straight-line basis over the vesting period, with the offsetting credit to contributed surplus. 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	45%
Exploration equipment	30%
Vehicles	30%
Office equipment	20%

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. 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, 2007 there was \$NIL (2006 -\$199,327) in restricted cash as exploration expenditures in 2007 exceeded the required expenditures pursuant to flow through share agreements.

#### i) Future Income taxes

Future income taxes are recorded using the asset and liability method whereby future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

## **Forum Uranium Corp.**

*(Formerly Forum Development Corp.)*

*(An Exploration Stage Company)*

Notes to the Annual Financial Statements

For the Years Ended November 30, 2007 and 2006

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### **2. Significant Accounting Policies (continued)**

#### **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 future income tax recovery up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

#### **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, 2007 and 2006, 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) 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 and subsequently measured at fair market value.

# Forum Uranium Corp.

(Formerly Forum Development Corp.)

(An Exploration Stage Company)

Notes to the Annual Financial Statements

For the Years Ended November 30, 2007 and 2006

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## 2. Significant Accounting Policies (continued)

### o) Financial Instruments

On December 1, 2006 the Company adopted Section 3855 of the CICA Handbook which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the Balance Sheet when the Company becomes a party to contractual provisions of the financial instrument or a derivative contract. All financial instruments should be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

Financial assets and financial liabilities held-for-trading are measured at fair value with gains and losses recognized in the Company's loss for the period. Financial assets held-to-maturity, loans and receivables and financial liabilities, other than those held-for-trading, are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are measured at fair value with unrealized gains and losses including changes in foreign exchange rates being recognized in other comprehensive income ("OCI") upon adoption.

Derivative instruments must be recorded on the balance sheet at fair value including those derivatives that are embedded in financial instruments or other contracts but are not closely related to the host financial instrument or contract, respectively. Changes in the fair values of derivative instruments are recognized in the Company's loss for the period, except for derivatives that are designated as a cash flow hedge, the fair value change for which is recognized in OCI. The Company has elected to recognize all transaction costs to the carrying amount (for non-trading instruments) that are directly attributable to the acquisition or issue of a financial asset or financial liability to the financial instrument on initial recognition. Section 3855 permits an entity to designate any financial instrument as held-for-trading on initial recognition or adoption of the standard, even if that instrument would not otherwise satisfy the definition of held-for-trading set out in Section 3855.

Other significant accounting implications arising on adoption of Section 3855 include the initial recognition of certain financial guarantees at fair value on the balance sheet and the immediate expensing of any related transaction costs, fees or premiums.

Financial instruments include cash and cash equivalents, restricted cash, marketable securities, deposits, accounts receivable (including amounts receivable from joint venture and option partners) and accounts payable and accrued liabilities (including amounts payable to joint venture partners). The fair value of arms-length financial instruments approximates their carrying value due to their short-term maturity.

The Company has designated each of its significant categories of financial instruments as of December 1, 2006 as follows:

Cash and cash equivalents	Held-for-trading
Restricted cash	Held-for-trading
Marketable securities	Available-for-sale
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

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### 2. Significant Accounting Policies (continued)

#### o) Financial Instruments (continued)

Amounts due to and from related parties is carried at cost. Fair value adjustments, if any, are not reasonably determinable by management as comparable interest rate and risk profiles are not available.

#### p) 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.

#### q) Risk management

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company is at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate significant environmental remediation costs or liabilities in respect of its current operations.

The Company's functional currency is the Canadian dollar. The Company is not exposed to significant credit concentration, interest rate, or foreign currency risks.

### 3. Marketable Securities

Marketable securities consist of the following holdings:

<b>Company</b>	<b>Shares</b>	<b>Market Value 2007</b>	<b>Original Cost</b>
Hidefield Gold PLC (L: HIF)	100,000	<b>\$11,000</b>	\$12,000
Global Uranium Corporation (V-GU)	200,000	<b>\$36,000</b>	\$76,000
	300,000	<b>\$47,000</b>	\$88,000

  

<b>Company</b>	<b>Shares</b>	<b>Market Value 2006</b>	<b>Original Cost</b>
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

Upon adoption of Section 3855 on December 1, 2006, the Company measured the marketable securities at fair value, recognizing a gain of \$2,114 in OCI. However, as a result of a subsequent decrease in the market value of securities, which management had determined was other than temporary, the Company has recorded a \$41,000 write-down of portfolio investments in earnings.

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### 4. Property and Equipment

	Cost	Accumulated Amortization	2007 Net Book Value
Exploration equipment	\$193,679	\$60,635	\$133,044
Office equipment	2,746	275	2,471
Vehicle	12,500	1,875	10,625
Computer equipment	27,206	14,658	12,548
	<u>\$236,131</u>	<u>\$77,443</u>	<u>\$158,688</u>

	Cost	Accumulated Amortization	2006 Net Book Value
Exploration equipment	\$96,276	\$24,488	\$71,788
Computer equipment	15,793	9,061	6,732
	<u>\$112,069</u>	<u>\$33,549</u>	<u>\$78,520</u>

During the year amortization expense relating to property and equipment amounting to \$38,022 was capitalized to mineral properties.

### 5. Accounts receivable – Joint Ventures and Option Agreements

Resource property	2007	2006
Mega Uranium Ltd – Maurice Point	\$563,262	\$40,344
Superior Diamonds Inc. – North Thelon	94,092	-
Global Uranium Ltd. – Orchid Lake	7,672	-
Hathor Exploration Ltd. – Haultain River	584	33,650
NVI Mining Ltd. – Costigan Lake	-	10,401
	<u>\$665,610</u>	<u>\$84,395</u>

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### 6. Mineral Properties

	November 30, 2006 Total	Acquisition Cost	Deferred Exploration	JV Partner Recovery	November 30, 2007 Total
Key Lake Road	\$1,738,291	118,249	1,027,820	-	\$2,884,360
Maurice Point	1,332,257	79,000	912,826	(1,036,440)	1,287,643
Orchid Lake	-	15,542	631,162	(646,704)	-
Haultain River	895,700	-	1,243,285	-	2,138,985
Costigan JV	238,833	-	168,094	(71,204)	335,723
North Thelon	125,010	-	1,787,544	(893,774)	1,018,780
Haultain River JV	68,066	-	47,462	(30,999)	84,529
Henday	-	1,476,300	118,587	-	1,594,887
Other properties	545,186	105,609	779,425	(1,782)	1,428,438
Total mineral properties	\$4,943,343	\$1,794,700	\$6,716,205	(2,680,903)	\$10,773,345

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

The Company has investigated ownership of its mineral interests as at November 30, 2007 and, to the best of its knowledge, ownership of its interests are in good standing.

#### 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. During the year, the Company staked additional claims totalling \$118,249.

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### **6. Mineral Properties (continued)**

#### 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 in Saskatchewan. During the year, the Company staked additional claims totalling \$79,000.

On September 20, 2007, the Company entered into a letter option agreement with Mega Uranium Ltd. ("Mega") to allow Mega to earn a 55% interest, with an additional option to increase their interest to 70%, in the Maurice Point uranium project. Upon completion of a due diligence review by Mega, they will be required to issue shares and incur the following expenditures on the property to earn their initial 55% interest:

- Issuance of 25,000 shares of Mega to the Company upon TSX acceptance.
- One year after the effective date – issuance of 25,000 shares of Mega and incur \$2,000,000 in exploration expenditures.
- Two years after the effective date – issuance of 25,000 shares of Mega.
- Three years after the effective date – issuance of 25,000 shares of Mega and incur \$6,000,000 in exploration expenditures.

Mega can increase its interest in the Property from 55% to 70% by obtaining a bankable feasibility study in respect of the Maurice Point property and arranging financing for the development of the property.

#### 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 in Saskatchewan.

#### 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 in Saskatchewan. The Company entered into an option agreement on May 31, 2006 with Global Uranium Corporation ("GUC") to explore Orchid Lake. The Company and GUC share a former director in common. GUC can earn a 60% interest in this property by:

- Making cash payments of \$10,000 (paid), issuing 100,000 common shares of GUC (received) to the Company.
- On the first anniversary, making cash payments of \$30,000 (paid) and issuing 100,000 (received) 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.

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### **6. Mineral Properties (continued)**

#### d) Orchid Lake (continued)

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 located in Saskatchewan for a cash payment of \$22,975 (paid). The Company is operator. NVI Mining Ltd., a wholly-owned subsidiary of Breakwater Resources Ltd, holds the other 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 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.

On August 14, 2007, the Company and Superior Diamonds (the "North Thelon JV") entered into an agreement with Tanqueray Resources Ltd. ("Tanqueray") to acquire an option to earn 60% interest in the Baker Lake Project which is near Kiggavik-Sissons. The Company and Tanqueray share a director in common.

As consideration, the Company will issue 300,000 common shares over a five year period (issued 50,000 during the current year). Superior Diamonds is also required to issue 300,000 common shares over the five year period to Tanqueray as part of the agreement. The North Thelon JV is required to spend \$4,000,000 (the Company's share is \$2,000,000) of exploration expenditures on the Property by August 14, 2012.

Upon execution and approval of the agreement, the Company issued 50,000 common shares and are committed to \$100,000 (paid during the year) in exploration expenditures.

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

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### **6. Mineral Properties (continued)**

#### **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 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);
- 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.

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, Gibraltar by issuing 3.15 million common shares and 1,275,000 warrants. Each warrant entitled 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, 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) Henday Lake**

The Company signed an agreement on May 16, 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.

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### 6. Mineral Properties (continued)

j) Henday Lake (continued)

As consideration, the Company issued 3,515,000 common shares of the Company valued at \$0.42. The Shares are restricted, subject to early release provisions, from transfer such that 1,265,000 shares will be tradable 4 months following closing date and a further 750,000 shares will be tradable every 6 months thereafter. In order to earn the interest, the Company is required to spend \$500,000 of exploration expenditures on the Property by May 16,2008.

UHC retains a 2% net smelter royalty on the Property (the "NSR"). The Company has the right to purchase 1% of the NSR for US\$800,000 or CDNS\$1,000,000.

k) Other Properties – Highrock Lake

Forum owns 100% of the Highrock Lake property located south of the Key Lake Mine/Mill located in Northern Saskatchewan. 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, 2007, the Company owed \$12,803 (2006 - \$31,948) to companies with directors and officers in common. These are non interest bearing and are paid under the same terms as normal accounts payable.
- b. At November 30, 2007, a company with a director and officer in common, owed the Company \$50,114 relating to a deposit for services paid to the related company.
- c. The following related party transactions were in the normal course of operations and are measured at fair value being their exchange amounts and consists of the following items:

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	2007	2006
HRG Management Ltd. - Directors & Officers in common (see below)	\$ 158,988	\$ 167,209
Mirador Management – Officer in common, consulting services	138,500	77,000
Ken Wheatley – Officer in common, geological and management services	92,609	-
Gary Zak- - Former officer, consulting services	-	31,500
RWA Management –Former officer in common, administrative services	-	23,844
Lang Michener- Director in common, legal services	31,795	11,772
Brazilian Diamonds Ltd.- Officers & Directors in common, rent & administrative services	-	4,875
<b>Total</b>	<b>\$ 421,892</b>	<b>\$ 316,200</b>

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## 7. Related Party Transactions - continued

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 11). At November 30, 2007, prepaid expenses included an amount of \$50,114 (2006 - \$15,219) paid to HRG.

## 8. Share Capital

Authorized:

Unlimited Common shares without par value

	Number of Shares	Amount	Contributed Surplus
Balance, as at November 30, 2005	31,394,479	\$ 7,869,426	\$ 445,553
Units issued for cash pursuant to private placement, net of \$401,523 allocated to warrants (1 & 2) *	10,500,000	4,623,477	401,523
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)	-
Share issuance costs	-	(488,209)	-
Stock based compensation	-	-	697,487
Fair value of agent's warrants	-	-	102,092
Fair value of stock options exercised	-	212,391	(212,391)
Balance, as at November 30, 2006	46,846,530	\$ 13,344,033	\$ 1,434,264
Units issued for cash pursuant to private placement, net of \$704,747 allocated to warrants (3 & 4)	10,996,453	6,572,578	704,747
Issued in exchange for warrants exercised	773,300	391,875	-
Issued in exchange for options exercised	645,000	184,050	-
Issued in exchange for mineral properties (Notes 6f & 6j)	3,565,000	1,496,800	-
Future income taxes on renouncement of flow through shares issued	-	(1,023,600)	-
Share issuance costs	-	(636,669)	-
Stock based compensation	-	-	1,617,350
Fair value of agent's warrants granted	-	-	111,701
Fair value of stock options exercised	-	153,425	(153,425)
Fair value of agent's warrants exercised	-	102,091	(102,091)
Fair value of warrants exercised	-	18,968	(18,968)
<b>Balance, as at November 30, 2007</b>	<b>62,826,283</b>	<b>\$ 20,603,551</b>	<b>\$ 3,593,578</b>

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### 8. Share Capital (continued)

\* During the year ended November 30, 2006, 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%, and 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 for total gross proceeds of \$2,418,000. The Company also issued 3,304,000 non-flow through units at \$0.45, for total gross proceeds of \$1,486,000, 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.
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 for total gross proceeds of \$582,000. The Company also issued 1,196,000 non-flow through units at \$0.45, for total gross proceeds of \$538,200, 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.
3. The Company completed a private placement on May 29, 2007. The Company issued 3,540,500 flow-through common shares at \$0.80 and 5,448,730 units at a price of \$0.65 for proceeds of \$6,374,075. 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 \$0.85 for a period of 18 months and are exercisable on or before November 29, 2008. Share issuance costs of \$616,790 were paid in conjunction with this financing, including a cash commission of \$414,315 (equal to 6.5% of the gross proceeds), legal fees of \$58,361, filing fees of \$32,413 and 584,300 compensation warrants issued to the agents. These agent warrants have been valued at \$111,701 based upon the Black Scholes model which utilized the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 82%, Risk free interest rate of 4.56%, Expected life of warrants of 18 months. The compensation warrants are exercisable at a price of \$0.85 for a period of 18 months and are exercisable on or before November 29, 2008.

The warrants attached to the above private placement have been valued at \$454,049 based upon the Black Scholes model which utilizes the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 82%, Risk-free interest rate of 4.56%, Expected life of warrants of 18 months.

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### 8. Share Capital (continued)

4. The Company completed the first tranche of a private placement on November 23, 2007. The Company issued 1,372,223 units at \$0.45 for total proceeds of \$617,500. Each unit is comprised of one common share and one common share purchase warrant at a price of \$0.65 and exercisable on or before November 23, 2009.

The Company completed the second tranche of a private placement on November 28, 2007. The Company issued 635,000 units at \$0.45 for total proceeds of \$285,750. Each unit is comprised of one common share and one common share purchase warrant at a price of \$0.65 and exercisable on or before November 28, 2009.

For the total private placement, the finder's fees and filing fees amounted to \$14,963 and \$4,916 respectively.

The warrants attached to the above private placement have been valued at \$250,698 based upon the Black Scholes model which utilizes the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 77%, Risk-free interest rate of 3.84%, expected life of warrants of 24 months.

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 Exercise Price
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
Granted	5,315,888	0.77
Exercised	(773,300)	0.51
Expired	(2,145,500)	0.55
<b>Balance, November, 30, 2007</b>	<b>5,315,888</b>	<b>\$0.77</b>

Of the warrants outstanding at November 30, 2007:

- 3,308,665 warrants are exercisable at \$0.85 per share up to November 29, 2008.
- 1,372,223 warrants are exercisable at \$0.65 per share up to November 23, 2009.
- 635,000 warrants are exercisable at \$0.65 per share up to November 28, 2009.

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### 8. Share Capital (continued)

#### Warrants (continued)

During the year, the Company had 773,300 warrants exercised for total proceeds of \$391,875. As part of the warrant exercises, there was \$18,968 in fair value associated with the previous year's warrants, as well as \$102,091 in conjunction with the fair value of the agent's warrants granted during the previous year's private placement. These amounts were transferred from contributed surplus to common shares

#### 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.

Stock option transactions were as follows:

	Number of options	Weighted average exercise price
Balance, November 30, 2005	2,320,000	\$0.23
Granted	2,740,000	0.41
Exercised	(1,040,000)	0.23
Cancelled	(145,000)	0.33
Balance, November 30, 2006	3,875,000	\$0.35
Granted	2,705,000	0.66
Exercised	(645,000)	0.29
Cancelled	(350,000)	0.55
<b>Balance, November 30, 2007</b>	<b>5,585,000</b>	<b>0.46</b>

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. As at November 30, 2007, 5,278,750 options were exercisable as 306,250 investor relation options have not yet fully vested.

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### 8. Share Capital (continued)

Options: (continued)

During the previous 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 3.4 years.

During the current year 350,000 (2006 - 145,000) options were cancelled as the holders were no longer employed by the Company and 645,000 (2006 - 1,040,000) options were exercised for gross proceeds of \$184,050 (2006 - \$240,900).

During the year, the Company granted a total of 2,705,000 stock options. 800,000 options are exercisable on or before March 12, 2012 at a price of \$0.78, 550,000 stock options exercisable on or before April 9, 2012 at a price of \$0.82 per share, 620,000 stock options exercisable on or before July 12, 2012 at a price of \$0.55, 485,000 stock options exercisable on or before August 12, 2012 at a price of \$0.55 and 250,000 stock options exercisable on or before Sept 14, 2012 at a price of \$0.43. The weighted average remaining contractual life of these outstanding options is 4.6 years.

The total fair value of the options granted during the year was \$1,438,166. Since the options for investor relations do not vest immediately, \$1,273,699 of the fair value was recorded in the Company's accounts, with \$367,545 recorded as stock-option compensation expense, and \$906,155 charged to mineral property costs. In addition, investor relations options granted in 2006 vested during the year in the amount of \$343,650 and have been recorded as stock option compensation expense.

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.

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

	2007	2006
Expected dividend yield	0%	0%
Expected stock price volatility	112-117%	119%-134%
Risk free rate	3.85 – 4.64%	3.8 – 4.2%
Expected life of options	5 years	5 years

During the year 645,000 (2006 - 1,040,000) options were exercised and \$153,425 (2006 - \$212,390) were transferred from contributed surplus to common shares based on historical fair value amounts calculated between \$0.191 - \$0.320 per option.

## Forum Uranium Corp.

(Formerly Forum Development Corp.)

(An Exploration Stage Company)

Notes to the Annual Financial Statements

For the Years Ended November 30, 2007 and 2006

### 9. Segmented information

The Company operates in the oil and gas, and the uranium segments. Mineral property costs by operating segment as at November 30, 2007 are as follows:

	2007	2006
Oil and gas	\$ 457,491	\$ 350,287
Uranium	10,315,854	4,593,056
	<u>\$10,773,345</u>	<u>\$ 4,943,343</u>

All other losses, non-cash items, and total assets relate 100% to the uranium segment.

### 10. Supplemental Cash Flow Information

	2007	2006
<b>Cash position consists of:</b>		
Cash	\$ 6,690,198	\$ 3,428,453
Restricted cash – flow through	-	199,327
<b>Cash position end of year</b>	<u>\$ 6,690,198</u>	<u>\$ 3,627,780</u>

Supplemental Disclosure of Non-Cash Financing and Investing Activities include:	2007	2006
Marketable securities (received on sale of property interest)	\$ 9,000	\$ 44,000
Accounts payable included in mineral properties	\$ 1,305,295	\$ 303,611
Amortization included in mineral properties	\$ 38,022	\$ 18,758
Stock-based compensation included in mineral properties	\$ 906,155	\$ 172,860
Shares issued under mineral property agreements	\$ 1,496,800	\$ -
Shares received in exchange for mineral property	\$ 32,000	\$ -

### 11. 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.

## Forum Uranium Corp.

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Notes to the Annual Financial Statements

For the Years Ended November 30, 2007 and 2006

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### 12. Income Taxes

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

	2007	2006
Statutory tax rate	34.12%	34.12%
Expected income tax recovery	(483,592)	(349,493)
Non-deductible differences	261,062	182,151
Share issuance costs	(67,438)	(31,503)
Unrecognized tax losses	289,968	198,845
Income tax benefit relating to flow-through shares	(617,723)	(58,516)
Income tax provision (recovery)	<u>\$ (617,723)</u>	<u>\$ (58,516)</u>

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

	2007	2006
Mineral properties	\$(1,742,589)	\$(200,398)
Operating loss carry-forwards	1,054,017	825,825
Property, plant and equipment	32,930	17,953
Marketable securities	13,989	-
Share issuance costs	235,776	123,657
Less: valuation allowance	-	(767,037)
Net future income tax asset (liability)	<u>\$ (405,877)</u>	<u>\$ -</u>

The Company has accumulated losses of \$ 3,089,147 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
2014	252,208
2015	893,645
2016	668,062
2027	849,848
	<u>\$ 3,089,147</u>



**MANAGEMENT DISCUSSION AND  
ANALYSIS**

**FOR THE YEAR ENDED NOVEMBER 30, 2007**

**AS AT FEBRUARY 28, 2008**

## INTRODUCTION

The following discussion of performance and financial condition should be read in conjunction with the financial statements of the Company for the year ended November 30, 2007. 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 February 28, 2008.

## 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, 2007	November 30, 2006	November 30, 2005
<b>Financial results</b>			
Net loss for year	<b>799,605</b>	1,027,920	743,430
Basic and diluted loss per share	<b>0.02</b>	0.03	0.03
Expenditures (recovered) on resource properties	<b>5,830,002</b>	3,029,099	1,819,093
<b>Balance sheet data</b>			
Cash, restricted cash and short term deposits	<b>6,690,198</b>	3,627,780	1,269,692
Resource properties	<b>10,773,345</b>	4,943,343	1,914,244
Total assets	<b>19,257,981</b>	9,103,913	3,354,219
Shareholders' deficit	<b>17,262,703</b>	8,643,476	3,208,078

**RESULTS OF OPERATIONS****Current Quarter**

The Company incurred a \$742,717 gain for the quarter ended November 30, 2007 as compared to a loss of \$42,273 for the same quarter last year. This amounts to a \$784,990 increase over the prior year's quarter which can be mainly attributed to a future income tax recovery of \$617,723, administrative cost recoveries of \$114,615, interest and other income increase of \$56,979, increase of investor and shareholder relations expense of \$296,271, travel expense increase of \$9,607, office and miscellaneous expense increase of \$43,647 and consulting services expense increase of \$34,627.

Cash and cash equivalent balances increased by \$526,365 to \$6,690,198 at November 30, 2007. The spending for mineral properties was \$2,762,536 before joint venture partner recoveries of \$1,492,139. The \$1,270,397 in net resource expenditures on exploration included \$281,259 on North Thelon, \$248,229 on Key Lake Road, \$460,447 on Haultain River, \$129,371 on Costigan Lake, \$93,732 on Henday Lake and \$57,359 on other properties.

**Year-to-date**

The Company incurred a \$799,605 loss for the year ended November 30, 2007 as compared to a loss of \$1,027,920 for the same period last year. This amounts to a \$228,315 decrease over the same period last year. The change is primarily due to administrative cost recoveries of \$228,663, future income tax recovery of \$617,723, and interest and other income of \$80,627. Expenses that increased include investor relations of \$310,159, office and administrative \$67,159, stock based compensation of \$186,569, consulting of \$35,242 and regulatory fees of \$25,490.

Cash and cash equivalent balances increased by \$3,062,418 to \$6,690,198 at November 30, 2007. The spending for mineral properties was \$8,510,904, before joint venture partner recoveries of \$2,680,902. Stock based compensation included in mineral properties total \$906,155. The \$5,830,002 in net resource expenditures on exploration included \$893,770 on North Thelon, \$1,146,069 on Key Lake Road, \$1,243,285 on Haultain River, \$1,594,886 on Henday Lake and, \$951,992 net on other properties.

## 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, 2007	August 31, 2007	May 31, 2007	February 28, 2007	November 30, 2006	August 31, 2006	May 31, 2006	February 28, 2006
<b>Financial results</b>								
Net (gain) loss for period	(742)	711	595	236	43	554	129	302
Basic and diluted loss per share	0.02	0.01	0.01	0.01	0.01	0.01	-	0.01
Expenditures on resource properties	5,830	2,625	1,400	535	969	907	888	242
<b>Balance sheet data</b>								
Cash and short term deposits	6,690	6,164	8,222	3,438	3,627	4,480	4,804	1,024
Resource properties	10,773	9,503	6,869	5,478	4,943	3,969	2,947	2,223
Total assets	19,257	17,287	15,808	9,488	9,104	8,945	8,247	3,462
Shareholders' equity	17,262	16,467	14,955	8,773	8,643	8,418	8,160	3,284

## LIQUIDITY

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

	<b>November 30, 2007</b>	November 30, 2006
Working capital	<b>\$ 6,736,547</b>	\$ 3,621,613
Deficit	<b>(6,934,426)</b>	(6,134,821)

## TRANSACTIONS WITH RELATED PARTIES

- a) At November 30, 2007, the Company owed \$ 12,803 (2006 - \$31,948 from) 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, 2007, at their exchange amounts, are the following items:

	2007	2006
HRG Management Ltd. – Directors & Officers in common (see below)	<b>\$ 158,988</b>	\$ 167,209
Mirador Management – Officer in common, consulting services	<b>138,500</b>	77,000
Ken Wheatley – Officer in common, geological and management services	<b>92,609</b>	-
Gary Zak- - Former officer, consulting services	-	31,500
RWA Management –Former officer in common, administrative services	-	23,844
Lang Michener- Director in common, legal services	<b>31,795</b>	11,772
Brazilian Diamonds Ltd.- Officers & Directors in common, rent & administrative services	-	4,875
<b>Total</b>	<b>\$ 421,892</b>	<b>\$ 316,200</b>

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. At November 30, 2007, prepaid expenses included an amount of \$50,114 (2006 - \$15,219) paid to HRG.

Mirador Management is a private company controlled by an officer that provides management services to the Company. The Company has an agreement and transactions with Global Uranium Corporation which has a director in common. See Mineral Properties description.

## 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.

**SHARE CAPITAL INFORMATION**

The table below presents the Company's common share data as of February 28, 2008.

	Price	Expiry date	Number of common shares
Common shares, issued and outstanding			62,826,283
Securities convertible into common shares			
Warrants	\$0.85	November 29, 2008	3,308,665
	\$0.65	November 23, 2009	1,372,223
	\$0.65	November 28, 2009	635,000
Options	\$0.21	December 2, 2009	445,000
	\$0.24	May 12, 2010	330,000
	\$0.24	August 15, 2010	230,000
	\$0.35	December 20, 2010	90,000
	\$0.36	January 24, 2011	450,000
	\$0.38	July 14, 2011	810,000
	\$0.35	September 27, 2011	250,000
	\$0.66	November 27, 2011	425,000
	\$0.78	March 7, 2012	650,000
	\$0.82	April 9, 2012	550,000
	\$0.55	July 20, 2012	620,000
	\$0.55	August 14, 2012	485,000
	\$0.43	September 14, 2012	250,000
			73,727,171

*Private Placements*

The Company completed a private placement on May 29, 2007. The Company issued 3,540,500 flow-through common shares at \$0.80 and 5,448,730 units at a price of \$0.65 for proceeds of \$6,374,075. 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 \$0.85 for a period of 18 months and are exercisable on or before November 29, 2008. Share issuance costs of \$616,790 were paid in conjunction with this financing, including a cash commission of \$414,315 (equal to 6.5% of the gross proceeds), legal fees of \$58,361, filing fees of \$32,413 and 584,300 compensation warrants issued to the agents. These agent warrants have been valued at \$111,701 based upon the Black Scholes model which utilized the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 82%, Risk free interest rate of 4.56%, Expected life of warrants of 18 months. The compensation warrants are exercisable at a price of \$0.85 for a period of 18 months and are exercisable on or before November 28, 2008.

**SHARE CAPITAL INFORMATION (continued)***Private Placements- continued*

The warrants attached to the above private placement have been valued at \$454,049 based upon the Black Scholes model which utilizes the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 82%, Risk-free interest rate of 4.56%, Expected life of warrants of 18 months.

The Company completed the first tranche of a private placement on November 23, 2007. The Company issued 1,372,223 units at \$0.45 for total proceeds of \$617,500. Each unit is comprised of one common share and one common share purchase warrant at a price of \$0.65 and exercisable on or before November 23, 2009.

The Company completed the second tranche of a private placement on November 28, 2007. The Company issued 635,000 units at \$0.45 for total proceeds of \$285,750. Each unit is comprised of one common share and one common share purchase warrant at a price of \$0.65 and exercisable on or before November 28, 2009.

For the total private placement, the finder's fees and filing fees amounted to \$14,963 and \$4,916 respectively.

The warrants attached to this private placement have been valued at \$250,698 based upon the Black Scholes model which utilizes the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 77%, Risk-free interest rate of 3.84%, expected life of warrants of 24 months.

*Warrants*

During the year, the Company had 773,300 warrants exercised for total proceeds of \$391,875. As part of the warrant exercises, there was \$18,968 in fair value associated with the previous year's warrants, as well as \$102,091 in conjunction with the fair value of the agent's warrants granted during the previous year's private placement. These amounts were transferred from contributed surplus to common shares

*Stock Options*

During the current year 350,000 (2006 – 145,000) options were cancelled as the holders were no longer employed by the Company and 645,000 (2006 – 1,040,000) options were exercised for gross proceeds of \$184,050 (2006 - \$240,900).

During the year, the Company granted a total of 2,705,000 stock options. 800,000 options are exercisable on or before March 12, 2012 at a price of \$0.78, 550,000 stock options exercisable on or before April 9, 2012 at a price of \$0.82 per share, 620,000 stock options exercisable on or before July 12, 2012 at a price of \$0.55, 485,000 stock options exercisable on or before August 12, 2012 at a price of \$0.55 and 250,000 stock options exercisable on or before Sept 14, 2012 at a price of \$0.43. The weighted average remaining contractual life of these outstanding options is 4.6 years.

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

The total fair value of the options granted during the year was \$1,438,166. Since the options for investor relations do not vest immediately, \$1,273,699 of the fair value was recorded in the Company's accounts, with \$367,545 recorded as stock-option compensation expense, and \$906,155 charged to mineral property costs. In addition, investor relations options granted in 2006 vested during the year in the amount of \$343,650 and have been recorded as stock option compensation expense.

**SUBSEQUENT EVENTS**

As at February 28, 2008, the Company had no reportable subsequent events.

**RESOURCE PROPERTIES**

	November 30, 2006 Total	Acquisition Cost	Deferred Exploration	JV Partner Recovery	November 30, 2007 Total
Key Lake Road	\$1,738,291	118,249	1,027,820	-	<b>\$2,884,360</b>
Maurice Point	1,332,257	79,000	912,826	(1,036,440)	<b>1,287,643</b>
Orchid Lake	-	15,542	631,162	(646,704)	-
Haultain River	895,700	-	1,243,285	-	<b>2,138,985</b>
Costigan JV	238,833	-	168,094	(71,204)	<b>335,723</b>
North Thelon	125,010	-	1,787,544	(893,774)	<b>1,018,780</b>
Haultain River JV	68,066	-	47,462	(30,999)	<b>84,529</b>
Henday	-	1,476,300	118,587	-	<b>1,594,887</b>
Other properties	545,186	105,609	779,425	(1,782)	<b>1,428,438</b>
<b>Total mineral properties</b>	<b>\$4,943,343</b>	<b>\$1,794,700</b>	<b>\$6,716,205</b>	<b>(2,680,903)</b>	<b>\$10,773,345</b>

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

**PROPERTIES (continued)**

	November 30,	November 30,
	2007	2006
<b>Key Lake Road, Saskatchewan, Canada</b>		
Diamond drilling	\$ 429,728	355,113
Management and planning	141,057	122,145
Geochemical sampling	132,733	49,117
Claim staking	118,249	-
Travel, camp and other	82,136	(39,913)
Report writing and planning	73,590	24,367
Analysis and assay	50,763	4,263
Geophysical surveying	35,946	33,689
Line cutting	32,180	24,375
Transportation – fuel	24,364	-
Transportation	17,694	-
Airborne geophysics	17,086	230,403
Equipment	15,474	73,748
Prospecting	4,354	141,744
Geological Mapping	2,525	43,555
License, permits and taxes	1,544	5,345
Data processing	776	16,865
Exploration tax credit	(34,130)	-
Construction and access	-	36,148
	<u>\$ 1,146,069</u>	<u>1,120,964</u>

<b>Maurice Point, Saskatchewan, Canada</b>		
Travel, camp and other	\$ 166,937	(18,799)
Geophysical surveying	151,725	213,042
Management and planning	138,596	90,319
Airborne geophysics	112,054	224,850
Transportation	160,068	-
Transportation – fuel	82,148	-
Claim staking	79,000	380
Line cutting	42,700	73,783
Diamond drilling	32,328	-
License, permits and taxes	25,775	1,092
Equipment	24,865	17,373
Report writing and planning	10,793	39,344
Prospecting	8,250	98,059
Data processing	1,587	19,106
Exploration tax credit	(45,000)	-
Joint venture partner contribution	(1,036,440)	-
Geological Mapping	-	21,461
Geochemical sampling	-	16,853
Analysis and assay	-	5,369
	<u>\$ (44,614)</u>	<u>802,232</u>

**RESOURCE PROPERTIES (continued)**

	November 30, 2007	November 30, 2006
<b>Orchid Lake, Saskatchewan, Canada</b>		
Diamond drilling	\$ 315,883	308
Transportation	89,911	-
Geophysical survey	59,746	-
Airborne geophysics	53,662	16,705
Transportation – fuel	35,672	-
Report writing and filing	26,652	1,360
Claim staking	15,542	-
Linecutting, gridding and surveying	14,083	-
Equipment	11,406	3,061
Travel, camp and other	10,876	1,287
Management and planning	8,817	3,074
Analysis and assay	2,115	-
License, permits and taxes	1,236	30
Data processing	847	165
Geological Mapping	225	1,411
Geochemical sampling	31	53
Joint venture partner contribution	(646,704)	(69,147)
Prospecting	-	6,997
	\$ -	(34,696)
<b>Haultain River, Saskatchewan, Canada</b>		
Diamond drilling	\$ 545,943	-
Transportation	211,184	-
Management and planning	130,459	101,890
Line cutting	63,421	8,125
Travel, camp and other	62,751	90,699
Geochemical sampling	57,738	53,318
Geophysical survey	51,725	-
Airborne geophysics	38,679	54,504
Transportation – fuel	23,335	-
Report writing and planning	18,916	37,759
Geological Mapping	18,500	48,229
Equipment	12,123	66,039
Prospecting	4,354	138,312
Analysis and assay	2,449	5,509
Data processing	1,256	10,360
License, permits and taxes	452	1,548
Acquisition/Claim staking	-	1,114
Construction and access	-	46,112
	\$ 1,243,285	663,518

**RESOURCE PROPERTIES (continued)**

	November 30, 2007	November 30, 2006
<b>Costigan JV, Saskatchewan, Canada</b>		
Transportation	\$ 49,724	-
Transportation – fuel	26,983	-
Diamond drilling	110,786	195,776
Management and planning	5,368	20,308
Travel, camp and other	4,339	3,353
Geophysical surveying	4,162	45,263
Report writing and filing	1,925	4,241
Data processing	419	913
License, permits and taxes	401	1,270
Equipment	(670)	6,059
Exploration tax credit	(35,343)	-
Joint venture partner contribution	(71,204)	(116,232)
Acquisition	-	22,975
Prospecting	-	187
Geochemical sampling	-	52
Construction and access	-	4,177
Line and road cutting	-	49,660
Analysis and assay	-	831
	<u>\$ 96,890</u>	<u>238,833</u>
 <b>North Thelon JV, Saskatchewan, Canada</b>		
Transportation	\$ 548,658	-
Travel, camp and other	367,579	5,392
Transportation – fuel	307,086	-
Prospecting	181,206	-
Management and planning	129,903	3,389
Data processing	41,584	23,850
Diamond drilling	37,924	-
Geophysical survey	37,557	-
Equipment	34,858	-
Report writing and planning	28,465	2,418
Geological mapping	27,249	-
Community relations	19,136	-
Analysis and assay	9,875	-
Geochemical sampling	6,787	-
License, permits and taxes	4,086	-
Construction and access	3,841	100
Airborne geophysics	1,750	200
Joint venture partner contribution	(893,774)	(125,010)
Claim staking	-	214,671
	<u>\$ 893,770</u>	<u>125,010</u>

**RESOURCE PROPERTIES (continued)**

	November 30, 2007	November 30, 2006
<b>Haultain River JV, Saskatchewan, Canada</b>		
Airborne geophysics	\$ 21,891	92,086
Travel, camp and other	9,162	86
Geochemical sampling	6,569	53
Management and planning	3,174	626
Transportation – fuel	2,729	-
License, permits and taxes	2,193	-
Equipment	1,484	-
Report writing and filing	260	-
Joint venture partner contribution	(30,999)	(53,529)
Claim staking	-	28,544
Diamond drilling	-	200
	<u>\$ 16,463</u>	<u>68,066</u>
 <b>Henday, Saskatchewan, Canada</b>		
Acquisition	\$ 1,476,300	-
Camp, accommodation and other	55,340	-
Linecutting, gridding and survey	23,500	-
Data processing	14,783	-
Geochemical sampling	9,803	-
Travel	3,724	-
Management and planning	2,865	-
Transportation	2,790	-
Report writing and filing	2,047	-
Equipment	1,838	-
Geophysical survey	1,250	-
Construction and access	475	-
Licence, permits and taxes	90	-
Diamond drilling	82	-
	<u>\$ 1,594,887</u>	<u>-</u>

**RESOURCE PROPERTIES (continued)**

	November 30, 2007	November 30, 2006
<b>General and Other Properties</b>		
Management and planning	\$ 658,199	2,102
Claim staking	85,109	8,150
Airborne geophysics	80,413	-
Acquisition	20,500	-
Report writing and filing	16,279	(197)
Travel, camp and other	10,837	15,714
License, permits and taxes	5,669	5,909
Transportation	1,831	-
Geological mapping	1,684	(1,373)
Data processing	1,547	367
Equipment	1,512	627
Geophysical survey	750	-
Diamond drilling	504	-
Prospecting	200	187
Joint venture partner contribution	(1,782)	(6,024)
Geochemical sampling	-	853
Construction and access	-	1,850
Analysis and assay	-	12,904
Community relations	-	4,103
	\$ 883,252	45,172
<b>Total exploration costs for the year</b>	\$ 5,830,002	3,029,099
Balance – beginning of year	\$ 4,943,343	1,914,244
<b>Balance – end of year</b>	<b>\$ 10,773,345</b>	<b>\$4,943,343</b>

**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	7,229
Maurice Point	100%	Uranium	Saskatchewan	37,714
Henday Lake	100%	Uranium	Saskatchewan	7,204
Baker Lake (Tanqueray option)	60%	Uranium	Nunavut	118,000
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

Richard Mazur, P.Geo., President & CEO of the Company reviewed the contents of the Resource Property Descriptions in this Management's Discussion and Analysis.

**KEY LAKE ROAD PROJECT**

The 100%-owned Key Lake Road project (includes the Key Lake Road claims and Haultain River claims) comprises 111,564 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 property covers 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. Several areas for drilling were identified along the Key Lake Road Shear Zone - the DD, Rainbow, Hobo, Millison and Molly Zones.

The Company has identified over 200 kilometres of prospective electromagnetic conductors and mapped and prospected the prolific Key Lake Road Shear Zone over the past three years in search for shallow basement-style unconformity deposits similar to Cameco's 50 million pound Millennium uranium deposit. A number of targets were identified by geological/structural interpretations integrated with geochemical/ geophysical evaluation of this large, well located property with easy access from the Key Lake Road. The Company completed 47 drill-holes in three drill campaigns over 2006/2007 and is encouraged by its first pass drill program and the intersection of near surface uranium mineralization in altered, graphitic rocks on the Key Lake Road property. A further 5,600 metres (m) of drilling has commenced for the 2008 winter drill campaign. Low grade mineralization and good alteration was intersected from a six hole program, totalling 1,068m completed in the fall of 2007 on the DD and Molly zones. Followup drilling of some of these targets and new targets along the 200 km long prospective trend of electromagnetic conductors will be tested this winter and summer.

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

The Company has a 100% interest in two mineral claims 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 (subsequently paid) and issuing 100,000 common shares (issued) 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, comprising 7,229 hectares 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% U<sub>3</sub>O<sub>8</sub>.

Nine holes comprising 1,140 metres (m) of drilling was completed on the Orchid Lake project. Drilling of six holes along the P Conductor yielded a result of 0.19% U<sub>3</sub>O<sub>8</sub> over an approximate true width of 0.1 metres in drill hole OL-05 at a vertical depth of 120 m. This intercept is within a fault zone in graphitic pelite with strong clay alteration and secondary sulphides that assayed 0.09% U<sub>3</sub>O<sub>8</sub> over an approximate true width of 0.35 m.

The Company completed 4 holes comprising 600m in the fall of 2007 and low grade mineralization with good alteration was intersected. Forum has recommended to Global, further drilling of 5 holes comprising 1,000m in a summer drill program to test the westward extension of the P conductor where uranium mineralization was intersected in the current and earlier drill campaigns.

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

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. 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 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.

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% U<sub>3</sub>O<sub>8</sub> over 0.36 m) at a depth of 112 m within altered graphitic pelitic gneiss. Six holes by the Company in March 2006, totalling 824 m, tested two electromagnetic conductive trends on the property. The Company intersected encouraging uranium mineralization in two holes of the 6 hole program, grading from 0.025% to 0.108% U<sub>3</sub>O<sub>8</sub> in fractures within and in the footwall of a graphitic horizon. The Company's drilling intersected graphitic metasediments, clay alteration and structurally deformed rocks. Two holes, totalling 347 m were completed in the southern part of the property in the fall 2007. Assays are pending.

***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 this 10,148 hectare property extending southwest of the Key Lake Road claims.

The Joint Venture completed a 623 line kilometre "AeroTEM II" helicopter-borne, time domain electromagnetic geophysical survey in 2006. A total of 45 line kilometres of prospective electromagnetic conductors extending south from Forum's Key Lake Road property were delineated by this survey. A helicopter supported, lake sediment sampling program was conducted during the summer of 2007 over the property. Results of these geophysical and geochemical surveys are being interpreted for the determination of future programs on the property.

**RESOURCE PROPERTIES (continued)*****HENDAY PROPERTY***

Forum acquired the Henday uranium property in September, 2007, in consideration for 3.515 million shares of the Company. This 7,204 hectare property is well located on the structural trend hosting the Midwest Lake mine development project currently slated for production in 2011 by AREVA Resources Canada Inc. and Denison Mines Corp. The Henday property has exceptional potential for a shallow, high grade uranium deposit and is located along the north-east trending Midwest Lake deposit (41 million lbs. U<sub>3</sub>O<sub>8</sub> at an average grade of 5.5%) and Mae zone. Denison Mines recently reported results of 10.5 metres grading 12.4% U<sub>3</sub>O<sub>8</sub> to 22.6 metres grading 26.7% U<sub>3</sub>O<sub>8</sub> on the Mae Zone discovery, located 3 km north-east of the Midwest Lake deposit and 10 km south-west of the Henday property. It also lies north of Cameco's Dawn Lake deposits (13 million lbs. U<sub>3</sub>O<sub>8</sub> grading 1.7%). Thirty-two widely-spaced drill holes, comprising 7,576 metres (m) were completed from 2000 to 2005 in a first phase drill campaign that discovered significant hydrothermal alteration and low grade uranium mineralization in several drill holes. One intercept of 0.21% over 4 m in the Athabasca sandstone at the unconformity and 10 other holes with anomalous uranium have been intersected in association with electromagnetic conductive trends, strong clay alteration and anomalous geochemistry.

The Company re-interpreted the structural setting, re-logged the core during the past summer and sampled the clay altered sections of the drill core for spectral analysis. These activities clearly indicate that the uranium mineralizing processes similar to several uranium deposits in the region were also active within the Henday claims. The Company commenced its first drill campaign totalling 5,000m in February 2008.

***MAURICE POINT PROJECT***

The 100%-owned Maurice Point project consists of claims totalling 37,714 hectares, located immediately adjacent to Cameco Corporation's Maurice Bay deposit on the northwest margin of the Athabasca Basin.

On September 20, 2007, the Company entered into a letter option agreement with Mega Uranium Ltd. ("Mega") to allow Mega to earn a 55% interest, with an additional option to increase their interest to 70%, in the Maurice Point uranium project. Upon completion of a due diligence review by Mega, they will be required to issue shares and incur the following expenditures on the property to earn their initial 55% interest:

- Issuance of 25,000 shares of Mega to the Company upon TSX acceptance.
- One year after the effective date – issuance of 25,000 shares of Mega and incur \$2,000,000 in exploration expenditures.
- Two years after the effective date – issuance of 25,000 shares of Mega.
- Three years after the effective date – issuance of 25,000 shares of Mega and incur \$6,000,000 in exploration expenditures.

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

Mega can increase its interest in the Property from 55% to 70% by obtaining a bankable feasibility study in respect of the Maurice Point property and arranging financing for the development of the property.

The Maurice Bay uranium deposit is reported to host 1.3 million pounds of U<sub>3</sub>O<sub>8</sub> at a grade of 0.6% (Source: Saskatchewan Industry and Resources Miscellaneous Report 2003-7) at the sub-Athabasca unconformity and structurally controlled mineralization within altered basement rocks. The Forum claims cover the northeast trending McKenzie Mylonite Zone and related basement structures hosting the Maurice Bay mineralization and the margin of the favourable Athabasca sandstone unconformity.

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 % U<sub>3</sub>O<sub>8</sub>. 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 % U<sub>3</sub>O<sub>8</sub> (average 1.6% U<sub>3</sub>O<sub>8</sub> for the middle six samples). The West Beach zone also has significant uranium mineralization associated with graphitic rocks, immediately west of the Beach zone. Collectively this area around McKenzie Point is an important drill target.

Airborne magnetic and electromagnetic surveys and ground gravity and electromagnertic surveys have been conducted on the property. The surveys have been conducted to identify altered rocks associated with the strong northeast trending mylonite zone on the property that is the controlling feature for uranium mineralization in the Maurice Bay and Beach Zone areas. A number of potential drill targets have been identified by these geophysical surveys at McKenzie Point, Colin River, Spring Point, Spring Point Ice and Maurice Point.

A program of resistivity and gravity surveys and a 3,600 metre drilling program are underway. Drilling of the McKenzie Point, Colin River and Spring Point Ice is expected to continue into April, weather permitting.

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

Exploration for uranium in the northern Thelon Basin was conducted primarily from the mid-1970's to the mid-1980's culminating in the discovery of the Kiggavik deposits located 80 km west of Baker Lake, Nunavut by Urangesellschaft Canada Ltd. AREVA Resources Canada Inc. ("AREVA") acquired the project in 1993. The North Thelon Joint Venture ("NTJV"), a 50/50 partnership with Superior Diamonds Inc., (the Company as operator), acquired through claim staking in 2006, over 100,000 hectares of prospective exploration lands immediately adjacent to the Kiggavik deposits. A uranium development policy for the Territory of Nunavut was adopted in September 2007 and shortly thereafter, AREVA and joint venture partners JCU (Canada) Exploration Company Limited and DAEWOO International Corporation announced the commencement of a two year feasibility study and the regulatory process to obtain the necessary approvals for a uranium mine and mill complex on the Kiggavik deposits (See AREVA News Release dated December 3, 2007). AREVA reports a resource estimate of 148 million pounds of uranium at an average grade of 0.24% U (0.28% U<sub>3</sub>O<sub>8</sub>). The Kiggavik deposits (Kiggavik, End, Andrew Lake and Jane) also contain significant quantities of gold and platinum.

During the summer of 2007, the NTJV completed a \$1.8 million exploration program this summer at its Kiggavik North and South claims. The program identified seven significant uranium occurrences with grab samples grading from 0.08% U<sub>3</sub>O<sub>8</sub> to 1.3% U<sub>3</sub>O<sub>8</sub>.

Field crews examined numerous historical uranium showings on the NTJV property and, through further investigation of other areas of favourable geology and structure, discovered previously unreported uranium mineralization of particular interest as follows:

- FOR-62 – A newly discovered occurrence in a thrust faulted package of quartzite and metawacke with uranium values up to 1.3% U<sub>3</sub>O<sub>8</sub> at the intersection of NW and ENE trending faults.
- Tarzan – This well located prospect covered by overburden lies along a northeast structure (identified by existing airborne magnetic and electromagnetic surveys) which hosts AREVA's End deposit, Andrew Lake deposit and Jane showing that lie 3 km to the northeast of Forum's property.
- Nutaaq (Inuktitut for "Something New") – A newly discovered occurrence over a 4km by 2km area in regolithic quartzite and metawacke intruded by fluorite-bearing granite with results up to 0.18% U<sub>3</sub>O<sub>8</sub>. A gravity survey has identified gravity lows which may indicate zones of alteration.
- Pyro Lake – An historical occurrence in regolithic metawacke and metavolcanic rocks at the unconformity with overlying Thelon conglomerate. Grades of 0.13% U<sub>3</sub>O<sub>8</sub> occur in an area of the intersection of three faults.
- Ivitaaq (Inuktitut for "Red Rocks") – An historical occurrence in regolithic metawacke and quartzite at the unconformity with Thelon conglomerate. Grades of up to 0.19% U<sub>3</sub>O<sub>8</sub> occur at the intersection of two fault systems.

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

- Boundary – Thrust faulted quartzite and metawacke cut by a WNW to NW fault system. Grades of up to 0.08% U<sub>3</sub>O<sub>8</sub> occur at the intersection of these two fault systems
- Red Hearts – A complex network of predominantly ENE and NNW trending faults within quartzite and metawacke, which are strongly radioactive. Assays have not yet been received.

Forum and Superior have committed to a \$4.5 million exploration program for the 2008 field season. These occurrences will be further evaluated by an airborne apparent resistivity survey planned for the spring of 2008, followed by ground gravity surveys and detailed structural mapping and prospecting. Forum has engaged Bradley Brothers Limited for a 3,000 metre drill program to commence in July, 2008.

***TANQUERAY OPTION***

The 118,000 hectare Tanqueray property adjoins Forum's NTJV lands and is located 40 kilometres west of Baker Lake in Nunavut and approximately 40 km east of AREVA's Kiggavik project.

On August 14, 2007, the Company and Superior Diamonds (the "North Thelon JV") entered into an agreement with Tanqueray Resources Ltd. ("Tanqueray") to acquire an option to earn 60% interest in the Baker Lake Project which is near Kiggavik-Sissons. The Company and Tanqueray share a director in common.

As consideration, the Company will issue 300,000 common shares over a five year period (issued 50,000 during the current year). Superior Diamonds is also required to issue 300,000 common shares over the five year period to Tanqueray as part of the agreement. The North Thelon JV is required to spend \$4,000,000 (the Company's share is \$2,000,000) of exploration expenditures on the Property in the five years following closing of the Acquisition.

Upon execution and approval of the agreement, the Company issued 50,000 common shares and are committed to \$100,000 (paid during the year) in exploration expenditures.

The North Thelon JV 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 (continued)*****TANQUERAY OPTION (continued)***

Forum's geological and prospecting team conducted exploration of the property as part of its overall program from July through to September, 2007 on its 100% owned joint venture ground and on the adjoining ground optioned from Tanqueray Resources Ltd. Several historical prospects were re-evaluated some new discoveries were made during the summer program:

- • Graphite – up to 9050 ppm U ( 1.07% U308 )
- • LA-4 – up to 2840 ppm U ( 0.34% U308 )
- • RD-7- up to 2320 ppm U ( 0.27% U308 )
- • Graphite North – up to 1310 ppm U ( 0.16% U308 )
- • Island Lake – up to 795 ppm U ( 0.09% U308 )
- • SCH – up to 575 ppm U ( 0.07% U308 )

Rock types hosting uranium mineralization in the Tanqueray option are composed almost entirely of interbedded quartzite, metawacke, and schistose units that have undergone structural deformation, similar to the host rock types of the Kiggavik deposits that occur along a 24 km section of a regional east northeast trending structural zone. Uranium mineralization typically occurs in fractures, breccia zones, and faults. These occurrences will be further evaluated by an airborne apparent resistivity survey planned for the spring of 2008, followed by ground gravity surveys. Depending on the results of these surveys, drilling could be conducted in the summer of 2008.

**INVESTOR RELATIONS**

The Company retains the services of in-house investor relations consulting, as well as European investor relations consultants to attend trade shows to increase exposure to Canadian and European retail brokers, institutions and investors.

## FINANCIAL AND OTHER INSTRUMENTS

On December 1, 2006, the Company adopted Section 3855 of the CICA Handbook which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the Balance Sheet when the Company becomes a party to contractual provisions of the financial instrument or a derivative contract. All financial instruments should be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

Financial assets and financial liabilities held-for-trading are measured at fair value with gains and losses recognized in the Company's loss for the period. Financial assets held-to-maturity, loans and receivables and financial liabilities, other than those held-for-trading, are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are measured at fair value with unrealized gains and losses including changes in foreign exchange rates being recognized in other comprehensive income ("OCI"). Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost. Derivative instruments must be recorded on the balance sheet at fair value including those derivatives that are embedded in financial instruments or other contracts but are not closely related to the host financial instrument or contract, respectively. Changes in the fair values of derivative instruments are recognized in the Company's loss for the period, except for derivatives that are designated as a cash flow hedge, the fair value change for which is recognized in OCI. Section 3855 permits an entity to designate any financial instrument as held-for-trading on initial recognition or adoption of the standard, even if that instrument would not otherwise satisfy the definition of held-for-trading set out in Section 3855. Other significant accounting implications arising on adoption of Section 3855 include the initial recognition of certain financial guarantees at fair value on the balance sheet and the immediate expensing of any related transaction costs, fees or premiums.

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 return ("NSR") royalties 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.

The Company's financial instruments consist of cash and cash equivalents, marketable securities, receivables, exploration advances receivable, advances from related parties, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

**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.
- 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, 2007 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](http://www.forumdevelopmentcorp.com) or on SEDAR at [www.sedar.com](http://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.