

**FORUM DEVELOPMENT CORP.**

**FINANCIAL STATEMENTS**  
**(Unaudited- Prepared by Management)**

**THREE MONTHS PERIOD ENDED FEBRUARY 28, 2005**

**FORUM DEVELOPMENT CORP.  
BALANCE SHEETS  
AS AT FEBRUARY 28, 2005 AND NOVEMBER 30, 2004**

|   | <b>2005</b>         | <b>2004</b>       |
|---|---------------------|-------------------|
| <b>ASSETS</b>                               |                     |                   |
| <b>Current assets</b>                       |                     |                   |
| Cash and cash equivalents                   | \$ 871,891          | \$ 344,419        |
| Marketable securities (Note 3)              | 12,000              | 12,000            |
| Accounts receivable                         | 19,479              | 20,123            |
| Note receivable (Note 4)                    | 62,000              | -                 |
| Prepaid expenses and deposits               | 1,031               | 85,220            |
| Subscription receivable                     | 31,426              | -                 |
|   | <b>997,827</b>      | <b>461,762</b>    |
| <b>Equipment</b> (Note 5)                   | <b>1,347</b>        | <b>-</b>          |
| <b>Mineral properties</b> (Note 6)          | <b>474,281</b>      | <b>95,151</b>     |
|   | <b>\$ 1,473,455</b> | <b>\$ 556,913</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |                     |                   |
| <b>Current liabilities</b>                  |                     |                   |
| Accounts payable and accrued liabilities    | \$ 42,564           | \$ 52,103         |
| Advances from related parties (Note 7)      | -                   | 61,690            |
|   | <b>42,564</b>       | <b>113,793</b>    |
| <b>Shareholders' equity</b>                 |                     |                   |
| Capital stock (Note 8)                      | 5,888,311           | 4,800,591         |
| Subscription received                       | 11,000              | 6,000             |
| Deficit                                     | (4,468,420)         | (4,363,471)       |
|   | <b>1,430,891</b>    | <b>443,120</b>    |
|   | <b>\$ 1,473,455</b> | <b>\$ 556,913</b> |

Approved by The Board of Directors

/s/ Richard Mazur

Richard Mazur

/s/ Robert Anderson

Robert Anderson

**FORUM DEVELOPMENT CORP.**  
**STATEMENTS OF OPERATIONS AND DEFICIT**  
**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2005 AND 2004**

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|   | <b>Three<br/>Months<br/>Ended<br/>February<br/>28, 2005</b> | Three<br>Months<br>Ended<br>February<br>29, 2004 |
|---|---|--|
| <b>EXPENSES</b>   |   |  |
| Management fees   | \$45,000  | \$7,500  |
| Consulting  | 23,205  | 8,900  |
| Office and miscellaneous                                    | 13,405  | 6,229  |
| Regulatory  | 9,849   | 5,544  |
| Directors fees  | 6,750   | -  |
| Investor relations  | 6,613   | -  |
| Foreign exchange loss                                       | 77  | -  |
| Amortization  | 52  | 136  |
| <b>Loss before other items</b>                              | <b>104,951</b>  | <b>28,309</b>                                    |
| <b>OTHER INCOME</b>   |   |  |
| Interest and other income                                   | -   | 768  |
| Loss for the period   | 104,951   | 27,541   |
| Deficit, beginning of period                                | 4,363,469   | 4,100,462  |
| <b>Deficit, end of period</b>                               | <b>\$ 4,468,420</b>   | <b>\$ 4,128,003</b>                              |
| <b>Basic and diluted loss per common share</b>              | <b>\$ (0.01)</b>  | <b>\$ (0.01)</b>                                 |
| <b>Weighted average number of common shares outstanding</b> | <b>16,673,476</b>   | <b>4,360,893</b>                                 |

**FORUM DEVELOPMENT CORP.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2005 AND 2004**

|  | <b>Three<br/>Months<br/>Ended<br/>February<br/>28, 2005</b> | <b>Three<br/>Months<br/>Ended<br/>February<br/>29, 2004</b> |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |   |   |
| Loss for the period  | \$ (104,951)  | \$ (27,541)   |
| Items not affecting cash:                                    |   |   |
| Amortization   | 52  | 136   |
|  | <b>(104,899)</b>  | <b>(27,405)</b>   |
| Changes in non-cash working capital items:                   | <b>13,318</b>   | <b>1,525</b>  |
| Net cash used in operation activities                        | <b>(91,581)</b>   | <b>(25,880)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |   |   |
| Advances to related parties - net                            | <b>(61,712)</b>   | <b>(2,815)</b>  |
| Shares issued for cash                                       | <b>772,720</b>  | -   |
| Shares issued in exchange for properties                     | <b>315,000</b>  | -   |
| Subscriptions receivable                                     | <b>(31,426)</b>   | -   |
| Subscriptions received                                       | <b>5,000</b>  | -   |
| Net cash used in financing activities                        | <b>999,582</b>  | <b>(2,815)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |   |   |
| Deferred exploration costs incurred                          | <b>(81,611)</b>   | -   |
| Property acquisition   | <b>(297,519)</b>  | -   |
| Purchase of capital assets                                   | <b>(1,399)</b>  | -   |
| Proceeds from sale of mineral properties                     | -   | <b>(900)</b>  |
| Net cash provided by investing activities                    | <b>(380,529)</b>  | <b>(900)</b>  |
| <b>Change in cash and cash equivalents during the period</b> | <b>527,472</b>  | <b>(29,595)</b>   |
| <b>Cash and cash equivalents, beginning of period</b>        | <b>344,419</b>  | <b>151,200</b>  |
| <b>Cash and cash equivalents, end of period</b>              | <b>\$ 871,891</b>   | <b>\$ 121,605</b>   |

**FORUM DEVELOPMENT CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDING FEBRUARY 28, 2005 AND 2004**

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1. NATURE OF OPERATIONS

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

a) Properties

The Company follows the full cost method of accounting for its oil and gas operations, whereby all costs of exploring and developing oil and gas reserves are capitalized. Such costs include land acquisition costs, geological and geophysical costs, costs of drilling both productive and non-productive wells, costs of production, and administrative charges directly related to acquisition, exploration and development activities. These costs are to be depleted using the unit-of-production method based on proven oil and gas reserves before royalties, determined by independent engineers, following commencement of production, or written off as properties are sold or abandoned.

b) Loss per share

The Company uses the treasury stock method for the calculation and presentation of both basic and diluted loss per share.

c) Fair market value of financial instruments

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

d) Stock-based compensation

All stock-based payments are measured at the fair value of the equity instruments issued on the date of grant. The fair value of stock-based payments is periodically re-measured until counter-party performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2005 AND 2004**

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Amortization

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

|                         |     |
|-------------------------|-----|
| Computer equipment      | 30% |
| Furniture and equipment | 20% |

f) Income taxes

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

3. MARKETABLE SECURITIES

Marketable securities consist of 100,000 shares of Hidefield plc at a cost of \$12,000 and market value of \$11,880.

4. NOTES RECEIVABLE

The amount receivable consist of a promissory notes of \$62,000 (2004- \$nil) which was acquired as part of the Merritt Coal acquisition from Gosfield Associates.

5. EQUIPMENT

|                    | <b>Cost</b> | <b>Accumulated</b>  | <b>2005</b>     | <b>2004</b>     |
|--------------------|-------------|---------------------|-----------------|-----------------|
|                    | <b>\$</b>   | <b>Amortization</b> | <b>Net Book</b> | <b>Net Book</b> |
|                    |             |                     | <b>Value</b>    | <b>Value</b>    |
| Computer Equipment | 1,399       | 52                  | 1,347           | -               |

6. INVESTMENT IN MINERAL PROPERTIES

a) Merritt Coal and Coalbed Methane Property, BC

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2005 AND 2004**

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6. INVESTMENT IN MINERAL PROPERTIES (continued)

- 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 (issued August 6, 2002);
- iii) a 3.5% gross revenue royalty on oil and natural gas (Coalbed Methane) from the Property;
- iv) a 2.5% gross revenue royalty on coal production specifically from the property; and
- v) a 1.5% gross revenue royalty on oil and natural gas (Coalbed Methane), and a 1.0% gross revenue royalty on coal production, from lands acquired by the Company within a specified Area of Mutual Interest.

The Company acquired the assets of Gosfield Associates Corp. ("Gosfield"), a British Virgin Islands company controlled by a director of the Company, with its main office registered in Tortola, Gibraltar by issuing 3.15 million common shares and 1,575,000 warrants to Gosfield's shareholders. Each warrant will entitle the holder to acquire one common share of the Company at \$0.15 per share for a period of two years. The Company has undertaken to place up to 2 million shares at \$0.10, with 1:1 warrants exercisable at \$0.10 per share if exercised within the first year, and \$0.15 per share if exercised in the second year, proceeds of which will be dedicated to completion of the transaction. In exchange, the Company will receive from Gosfield its 40% undivided interest in the Merritt basin coal and coalbed methane natural gas project, specifically known as Fee Lot 166, located adjacent to the town of Merritt, BC, and its industrial commercial area. The Company will also receive Gosfield's 40% interest in coal licenses known as the Normanandale, Diamondvale and Merritt Extension Merritt basin, a 20% interest in the Lignite coal syndicate with holdings in BC.

The Company now has a 100% interest in the Merritt coal and coalbed methane project (Note 6(a)), a 100% in the surrounding coal licenses, and a 40% interest in the Lignite syndicate in B.C. (Note 6(c)). Following completion of this transaction, the Company and Gosfield intend to arrange a further financing of a minimum of \$500,000 to be used to implement the existing business plan to acquire, explore and develop coalbed methane resources in BC.

b) Lignite Syndicate, B.C.

In 2002, the Company acquired a 40% 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.

c) Key Lake Road

The Company has acquired exploration permits totalling 83,290 hectares covering the Key Lake Road Project located 20 kilometres southeast of Key Lake Mine Complex operated by Cameco Corporation in Northern Saskatchewan. The Key Lake uranium deposit, an unconformity-related deposit, was discovered in 1975 and produced 75,600 tonnes of uranium with an average grade of 2.45% U during a fifteen year mine life from 1983 to 1997.

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**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2005 AND 2004**

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d) Maurice Point

The Company has staked eight mineral claims, totalling 26,037 hectares, in Maurice Point which is in the vicinity of Cameco Corporation's Maurice Bay deposit. The Maurice Bay deposit, discovered in 1977, hosts significant uranium mineralization in sandstone-hosted, unconformity-associated deposits (Main Zone and B Zone) and structurally controlled deposits in silicified basement rocks (A Zone). This latter style of mineralization contains higher grade pitchblende mineralization with grades intersected in drilling of up to 3% U3O8 over 13 metres.

|                                 | Nov. 30, 2004 | Acquisition Cost | Deferred Exploration | Disposals / Write-downs | Feb. 28, 2005 Total |
|---------------------------------|---------------|------------------|----------------------|-------------------------|---------------------|
|                                 | \$            | \$               | \$                   | \$                      | \$                  |
| Merritt Coal                    | 87,651        | 253,000          | -                    | -                       | 340,651             |
| Lignite Syndicate               | 7,500         | -                | -                    | -                       | 7,500               |
| Key Lake Road                   | -             | 44,519           | 12,107               | -                       | 56,626              |
| Maurice Point                   | -             | 55,966           | 13,538               | -                       | 69,504              |
| <b>Total mineral properties</b> | <b>95,151</b> | <b>353,485</b>   | <b>25,645</b>        | <b>-</b>                | <b>474,281</b>      |

|                                 | Dec. 1, 2003  | Acquisition Cost | Deferred Exploration | Disposals / Write-downs | Nov. 30, 2004 Total |
|---------------------------------|---------------|------------------|----------------------|-------------------------|---------------------|
|                                 | \$            | \$               | \$                   | \$                      | \$                  |
| Merritt Coal                    | 82,595        | -                | 4,481                | -                       | \$87,076            |
| Nanaimo                         | 7,176         | -                | -                    | (7,176)                 | -                   |
| Lignite Syndicate               | 7,500         | -                | -                    | -                       | 7,500               |
| <b>Total mineral properties</b> | <b>97,271</b> | <b>-</b>         | <b>4,481</b>         | <b>- 7,176</b>          | <b>94,576</b>       |

7. ADVANCES TO AND FROM RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The advances are unsecured, without interest and fixed terms of repayment.

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

- a. Management and consulting fees of \$45,000 (2004: \$89,850) paid to a director and companies owned by common directors.
- b. Rent and administrative expenses of \$nil (2004: \$9,554) recovered from companies owned by common directors.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2005 AND 2004**

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8. CAPITAL STOCK

Authorized:

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

| Issued:                                   | #          | \$        |
|---|------------|-----------|
| Balance, November 30, 2003                | 4,360,893  | 4,118,501 |
| Issued for cash - private placements      | 6,102,100  | 682,090   |
| Balance, November 30, 2003                | 10,462,993 | 4,800,591 |
| Issued for cash - private placements      | 2,931,667  | 446,000   |
| Issued in exchange for mineral properties | 3,150,000  | 315,000   |
| Issued in exchange for warrants           | 2,510,534  | 321,720   |
| Issued in exchange for options            | 190,000    | 19,000    |
| Share issuance costs                      | -          | -14,000   |
| Balance, November 30, 2004                | 19,245,194 | 5,888,311 |

- a) 2,306,100 flow-through units were issued on December 14, 2004 at \$0.15 per share for net proceeds of \$332,000. Each Unit consists of common share and one warrant, entitling the holder to purchase one common share at \$0.18 per share up to December 15, 2005.
- b) 3,150,000 units were issued on December 9, 2004 at \$0.10 per share in exchange for the remaining 40% interest in the Merritt Coal property from Gosfield. Each Unit consists of common share and one-half a warrant, entitling the holder to purchase one common share at \$0.15 per share up to December 9, 2007.
- c) 625,000 flow-through units were issued on December 21, 2004 at \$0.16 per share for total proceeds of \$100,000. Each unit consists of one common share and one warrant, entitling the holder to purchase one common share at \$0.18 per share up to December 21, 2005.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2005 AND 2004**

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8. CAPITAL STOCK(continued)

Warrants:

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

|                            | Number of<br>Options | Weighted Average<br>Excise Price |
|----------------------------|----------------------|----------------------------------|
| Balance, November 30, 2003 | 1,792,150            | \$ 0.29                          |
| Granted                    | 6,102,100            | 0.13                             |
| Exercised                  | (1,792,150)          | 0.29                             |
| Balance, November 30, 2004 | 6,102,100            | \$ 0.13                          |
| Granted                    | 4,506,667            | 0.18                             |
| Exercised                  | (2,410,534)          | 0.13                             |
| Balance, February 28, 2005 | 8,198,233            | \$ 0.15                          |

Of the warrants outstanding at February 28, 2005:

- a) 1,575,000 warrants are exercisable at \$0.18 per share up to December 9, 2007.
- b) 3,594,000 warrants are exercisable at \$0.15 per share expiring on November 23, 2005.
- c) 1,423,333 warrants are exercisable at \$0.18 per share up to December 15, 2005.
- d) 625,000 warrants are exercisable at \$0.18 per share up to December 21, 2005.
- e) 980,900 warrants are exercisable at \$0.10 per share up to March 18, 2005 and at \$0.15 per share up to March 18, 2006.

Options:

The Company has implemented a stock option plan (the "Plan") to be administered by the Board of Directors, which has the discretion to grant options for up to a maximum of 862,178 common shares. The option price under each option shall be not less than the market price on the grant date. The expiry date for each option shall be set by the Board of Directors at the time the option is issued and shall not be more than five years after grant date. The minimum vesting requirements shall be 12.5% of the option upon TSX Venture Exchange approval, and 12.5% every three months thereafter.

**FORUM DEVELOPMENT CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2005 AND 2004**

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8. CAPITAL STOCK(continued)

Stock option transactions were as follows:

|                            | Number of<br>Options | Weighted Average<br>Excise Price |
|----------------------------|----------------------|----------------------------------|
| Balance, November 30, 2003 | 855,000              | \$ 0.10                          |
| Cancelled                  | (275,000)            | 0.10                             |
| Balance, November 30, 2004 | 580,000              | \$ 0.10                          |
| Granted                    | 900,000              | 0.21                             |
| Exercised                  | (290,000)            | 0.10                             |
| Balance, February 28, 2005 | 1,190,000            | \$ 0.18                          |

There were 900,000 stock options granted during the year at a price of \$0.21 per share and exercisable on or before December 2, 2009. The remaining 290,000 options outstanding at February 28, 2005 are exercisable at \$0.10 each expiring on September 6, 2007. The weighted average remaining contractual life of these outstanding options is 3.8 years.

## MANAGEMENT DISCUSSION AND ANALYSIS

### April 28, 2005

#### Description of Business

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

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

#### Selected Annual Information

|   | February 28,<br>2005 | November 30,<br>2004 | November 30,<br>2003 | November 30,<br>2002 |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Financial results</b>                        |                      |                      |                      |                      |
| Net loss for period                             | 104,951              | 263,009              | 110,621              | 155,654              |
| Basic and diluted loss per share                | 0.01                 | 0.04                 | 0.03                 | 0.04                 |
| Expenditures (recovered) on resource properties | 379,130              | 4,481                | 24,651               | (4,205)              |
| <b>Balance sheet data</b>                       |                      |                      |                      |                      |
| Cash and short term deposits                    | 871,891              | 344,419              | 151,200              | 79,817               |
| Resource properties                             | 97,891               | 95,151               | 97,846               | 102,446              |
| Total assets                                    | 1,473,455            | 556,913              | 320,967              | 236,611              |
| Shareholders' equity #                          | 1,438,391            | 443,120              | 263,849              | 123,660              |

# March 31, 2003 to December 31, 2003 have been restated

#### Results of Operations – First Quarter

The loss for the quarter ended February 28, 2005 was \$104,951 as compared to a loss of \$27,451 for the previous quarter ended February 28, 2004. General, administration and investor relation expenses increased by \$76,421 over last year's period to \$104,951. The major elements of the increase were can be attributed to the expansion of the Company's management team focused on expanding the exploration of the Companies mineral properties of \$58,555, increased regulatory expenses of \$6,715 and other administrative costs associated with management changes of \$7,176.

Cash and cash equivalent balances increased by \$750,286 to \$871,891 at February 28, 2005. The cash spending for mineral properties was \$126,110. The working capital was \$ 955,263 versus working capital of \$135,341 at February 29, 2004.

The \$379,130 in expenditures on exploration included \$56,626 on Key Lake Road, \$69,504 on Maurice Point and \$253,000 on the Merritt Coal property in Merritt, B.C which related to the acquisition of the remaining 40% of this property from Gosfield Associates Corp. The current year's exploration expenditures are \$378,230 less than last year's period.

## Summary of Quarterly Results

The table below presents selected financial data for the Company's eight three most recently completed quartersfiscal years ended March 31.

| (\$000)                                | December<br>31, 2004 | September<br>30, 2004 | March 31,<br>2004 | December<br>31, 2003 | September<br>30, 2003 | June 30,<br>2003 | March 31,<br>2003 | December<br>31, 2002 |
|--|----------------------|-----------------------|-------------------|----------------------|-----------------------|------------------|-------------------|----------------------|
| <b>Financial results</b>               |                      |                       |                   |                      |                       |                  |                   |                      |
| Net loss for period *                  |                      | 852                   | 6,972             | 413                  | 211                   | 157              | 3,930             | 178                  |
| Basic and diluted loss per share       |                      | 0.01                  | 0.08              | -                    | -                     | -                | 0.06              | -                    |
| Expenditures on resource<br>properties |                      | 512                   | 616               | 546                  | 698                   | 607              | 560               | 142                  |
| <b>Balance sheet data</b>              |                      |                       |                   |                      |                       |                  |                   |                      |
| Cash and short term deposits           |                      | 2,674                 | 5,125             | 5,426                | 3,209                 | 675              | 260               | 19                   |
| Resource properties                    |                      | 13,230                | 12,060            | 18,735               | 18,191                | 17,494           | 16,888            | 19,769               |
| Total assets                           |                      | 16,804                | 18,154            | 24,844               | 22,144                | 18,779           | 17,596            | 20,380               |
| Shareholders' equity #                 |                      | 15,621                | 16,667            | 23,386               | 19,101                | 15,747           | 14,307            | 17,071               |

\* Net loss for the December 31, 2004 includes million of exploration costs written off in the period (March 31, 2004: \$7.3 million)

# March 31, 2003 to December 31, 2003 have been restated

|  | February<br>28, 2005 | November<br>30, 2004 | August 31,<br>2004 | May 31,<br>2004 | February<br>29, 2004 | November<br>30, 2003 | August 31,<br>2003 | May 31,<br>2003 |
|--|----------------------|----------------------|--------------------|-----------------|----------------------|----------------------|--------------------|-----------------|
| <b>Financial results</b>               |                      |                      |                    |                 |                      |                      |                    |                 |
| Net loss for period                    | 104,951              | 133,268              | 55,143             | 47,057          | 27,541               | 29,007               | 12,366             | 28,035          |
| Basic and diluted loss per share       | 0.01                 | 0.01                 | 0.01               | 0.01            | 0.01                 | -                    | 0.01               | 0.01            |
| Expenditures on resource<br>properties | 379,130              | 2,991                | 536                | 53              | 900                  | 2,414                | 4,331              | 434             |
| <b>Balance sheet data</b>              |                      |                      |                    |                 |                      |                      |                    |                 |
| Cash and short term deposits           | 871,891              | 344,419              | 17,357             | 77,843          | 121,605              | 151,200              | 3,700              | 5,583           |
| Resource properties                    | 97,451               | 95,151               | 91,895             | 94,299          | 98,746               | 97,846               | 98,300             | 112,756         |
| Total assets                           | 1,473,455            | 556,913              | 205,201            | 257,608         | 295,639              | 320,967              | 167,462            | 169,498         |
| Shareholders' equity #                 | 1,438,391            | 443,120              | 139,102            | 194,251         | 236,308              | 263,849              | 47,048             | 59,414          |

# March 31, 2003 to December 31, 2003 have been restated

## Liquidity

The Company's exploration programs for the current financial year have been budgeted and can be completed with current finances and 2005 planned private placements.

The financial statements from Schedule A have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the

foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

|                 | February 28,<br>2005 | November 30,<br>2004 |
|-----------------|----------------------|----------------------|
| Working capital | \$ 955,263           | \$ 347,969           |
| Deficit         | (4,535,433)          | (4,363,471)          |

#### Transactions with Related Parties

During the quarter ended February 28, 2005, the Company paid in cash or accrued \$38,673 (2004 – \$16,400) to Directors and officers or consulting companies controlled by Directors and officers of the Company for professional, technical and managerial services.

As at February 28, 2005, the Company has no accounts payable (November 30, 2004 – \$61,690) due to directors or corporations controlled by directors of the Company. Amounts due from related parties are unsecured, non-interest bearing and have no specific terms of repayment

#### Off-Balance Sheet Arrangements

The company issued 2,931,667 flow-through shares in December 2004 in the amount of \$446,000 which is committed to development during 2005.

#### Share Capital Information

During the period commencing on FebruaryMarch 28, 2005 and ending on the date of this report, there was no material change in the total number of the Company's issued and outstanding common shares or the number of common shares on a fully diluted basis. The table below presents the Company's common share data as of April 28August 4, 20054.

|   | Price  | Expiry date       | Number of common<br>shares |
|---|--------|-------------------|----------------------------|
| Common shares, issued and outstanding     |        |                   | 20,056,094                 |
| Securities convertible into common shares |        |                   |                            |
| Warrants                                  | \$0.15 | March 18, 2006    | 250,000                    |
|   | \$0.15 | November 23, 2005 | 3,594,000                  |
|   | \$0.18 | December 15, 2005 | 1,423,333                  |
|   | \$0.18 | December 21, 2005 | 625,000                    |
|   | \$0.15 | November 23, 2006 | 1,575,000                  |
| Options                                   | \$0.10 | September 6, 2007 | 210,000                    |
|   | \$0.21 | December 2, 2009  | 900,000                    |
|   |        |                   | 28,633,427                 |

#### Private Placement

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

## Investment in Energy Properties

|                                 | November<br>30, 2004 | Acquisition<br>Cost | Deferred<br>Exploration | Write-down/<br>depreciation | February<br>28, 2005 |
|---------------------------------|----------------------|---------------------|-------------------------|-----------------------------|----------------------|
| Merritt Coal                    | \$ 87,651            | \$ 253,000          | \$ -                    | \$ -                        | \$ 340,651           |
| Lignite Syndicate               | 7,500                | -                   | -                       | -                           | 7,500                |
| Key Lake Road                   | -                    | 44,519              | 12,107                  | -                           | 56,626               |
| Maurice Point                   | -                    | 55,966              | 13,538                  | -                           | 69,504               |
| <b>Total mineral properties</b> | <b>\$ 95,151</b>     | <b>\$ 353,485</b>   | <b>\$ 25,645</b>        | <b>\$ -</b>                 | <b>\$ 474,281</b>    |

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

| PROJECT       | INTEREST | COMMODITY                   | LOCATION                     | AREA (Hectares)                                      |
|---------------|----------|-----------------------------|------------------------------|--|
| Merritt       | 100%     | Coal/Natural Gas<br>in Coal | Merritt, British<br>Columbia | Freehold (505)<br>Coal Licence<br>Applications (996) |
| Coal River    | 40%      | Lignite                     | Northern B.C.                | 717  |
| Maurice Point | 100%     | Uranium                     | Saskatchewan                 | 47,090   |
| Key Lake Road | 100%     | Uranium                     | Saskatchewan                 | 83,290   |

### Merritt Coal Project

Forum Development Corp. is evaluating the Natural Gas in Coal (NGC) potential of the Merritt Coalfield, located 250 kilometres east of Vancouver, British Columbia, Canada. Potential markets for NGC include a Cogeneration Project to supply power to local industry, direct sales to local and commercial consumers and/or a connection to the national gas pipeline, five kilometres from the project site.

The British Columbia Ministry of Energy and Mines has estimated potential resources of 52 billion cubic feet of natural gas in the whole of the Merritt Coalfield. The Company plans a borehole designed to evaluate the natural gas content and potential flow rates of natural gas from the coals.

### Uranium Projects

The Company has acquired two prospective properties for uranium in the Athabasca Basin Uranium District of Northern Saskatchewan. Airborne geophysical programs and surface exploration are planned on both properties in 2005, followed by a drill program in the winter of 2006. The extent of these programs is contingent upon the Company raising further financing.

The purpose of the proposed initial exploration program is to determine the area where the best potential for an economic uranium deposit exists and to reduce the permit size to minimize the second year expenditure

requirements to keep the properties in good standing. Richard Mazur, P.Geo. President & CEO of the Company is the Qualified Person responsible for the Company's uranium projects.

### **Maurice Point**

The Company has staked eight mineral claims and was granted one exploration permit, totalling 47,090 hectares, at the vicinity of Cameco Corporation's Maurice Bay deposit in northwestern Saskatchewan. The Maurice Bay deposit, discovered in 1977, hosts significant uranium mineralization in sandstone-hosted, unconformity-associated deposits (Main Zone and B Zone) and structurally controlled deposits in silicified basement rocks (A Zone). This latter style of mineralization contains higher grade pitchblende mineralization with grades intersected in drilling of up to 3% U<sub>3</sub>O<sub>8</sub> over 13 metres. Historical resource estimates quoted by the Saskatchewan Geological Survey of 600 tonnes grading 0.5% U are reported at Maurice Bay. These estimates have not been confirmed to comply with NI43-101 standards, but are relevant as indications for the potential for economic grades and quantities of mineralization in the Maurice Point project area.

The Company has engaged Fugro Airborne Surveys to conduct 1,293 line kilometres of airborne magnetic and electromagnetic surveys over the project area. Compilation of past exploration data is underway and a surface gravity survey, geological mapping, anomaly follow-up and prospecting is planned this summer. Uranium mineralization has been encountered on Forum's property as mineralized boulders on surface and in a drillhole where pitchblende mineralization at the unconformity contact assayed 0.064% U<sub>3</sub>O<sub>8</sub> over 3 metres at a depth of 370 metres.

To maintain the current permit and claim areas, first year expenditure requirements are \$26,316 and second year requirements are \$396,656 for the Maurice Point project.

### **Key Lake Road**

The Company has acquired exploration permits totalling 83,290 hectares covering the Key Lake Road Project located 20 kilometres southwest of Key Lake Mine Complex operated by Cameco Corporation in Northern Saskatchewan. The Key Lake uranium deposit, an unconformity-related deposit, was discovered in 1975 and produced 75,600 tonnes of uranium with an average grade of 2.45% U during a fifteen year mine life from 1983 to 1997.

The Key Lake Road project covers the favourable Mudjatic-Wollaston Tectonic Zone which currently hosts the majority of uranium deposits in the Athabasca Basin. The property has potential for structurally controlled uranium deposits similar to Cameco's Eagle Point deposit and the basement-hosted portion of the McArthur River deposit. The Company is compiling past exploration data and reviewing past geophysical surveys to determine the portions of the permits to explore with airborne magnetic and electromagnetic surveys. Numerous electromagnetic conductors from past surveys were inadequately tested by shallow trenching and "packsack" drillholes. A program of geological mapping, anomaly follow-up and prospecting is planned for the summer.

To maintain the current permit areas for the Key lake Road project, the first year expenditure requirement is \$104,113 and second year requirement is \$333,160.

### **Investor Relations**

The Company expanded the scope of services being provided by RWA Management Services Ltd. ("RWA") to include investor relations. RWA currently provides accounting and corporate services to the Company. RWA will be providing investor relations services through Michelle Hohn and Doug Fosbrooke for consideration of a monthly fee of \$4,000.