

Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Special Situation – May 2011

www.forumuranium.com



Forum Uranium Corp. (Cdn\$ 0.14)

TSX.V	: FDC
H+L prices (12 months)	: Cdn\$ 0.52 – 0.07
Issued shares	: 159.8 million
Fully diluted shares	: 177.8 million
Market capitalization	: Cdn\$ 22.4 million

Next price target: Cdn\$ 0.50

Company Profile

Forum Uranium Corp. ("Forum") is a Canadian-based energy company with the focus on the acquisition, exploration and development of uranium projects.

The Company has an interests and options in over 160,000 hectares of uranium exploration properties - Maurice Point (100%) and the NW Athabasca Option from Cameco Corporation, in the western Athabasca Basin and the Henday (40%) and Key Lake Road (100%) projects in the prolific eastern Athabasca Basin, Saskatchewan.

Forum has a 100% interest in over 106,000 hectares of uranium exploration properties on 100% owned ground and options with Agnico-Eagle Mines Ltd. and Nunavut Tunngavik Inc. to earn majority interests in over 68,000 hectares of exploration lands in the Thelon Basin, Nunavut.

Forum's properties are strategically located adjacent to Areva's 127 million pound Kiggavik Uranium Deposit grading 0.55% U_3O_8 that has completed a bankable feasibility study, will complete an initial environmental assessment by the end of 2011 and continues permitting for a 7.8 million pound per year uranium mine development.

In addition, Cameco announced the discovery of two significant deposits of uranium- Tattiggaq grading up to 3.5% U_3O_8 over 10 metres, 6 km west of Areva's Andrew Lake deposit and Nirliq, grading up to 20 metres of 0.5% U_3O_8 approximately 7 km east of Forum's BL-32 property.



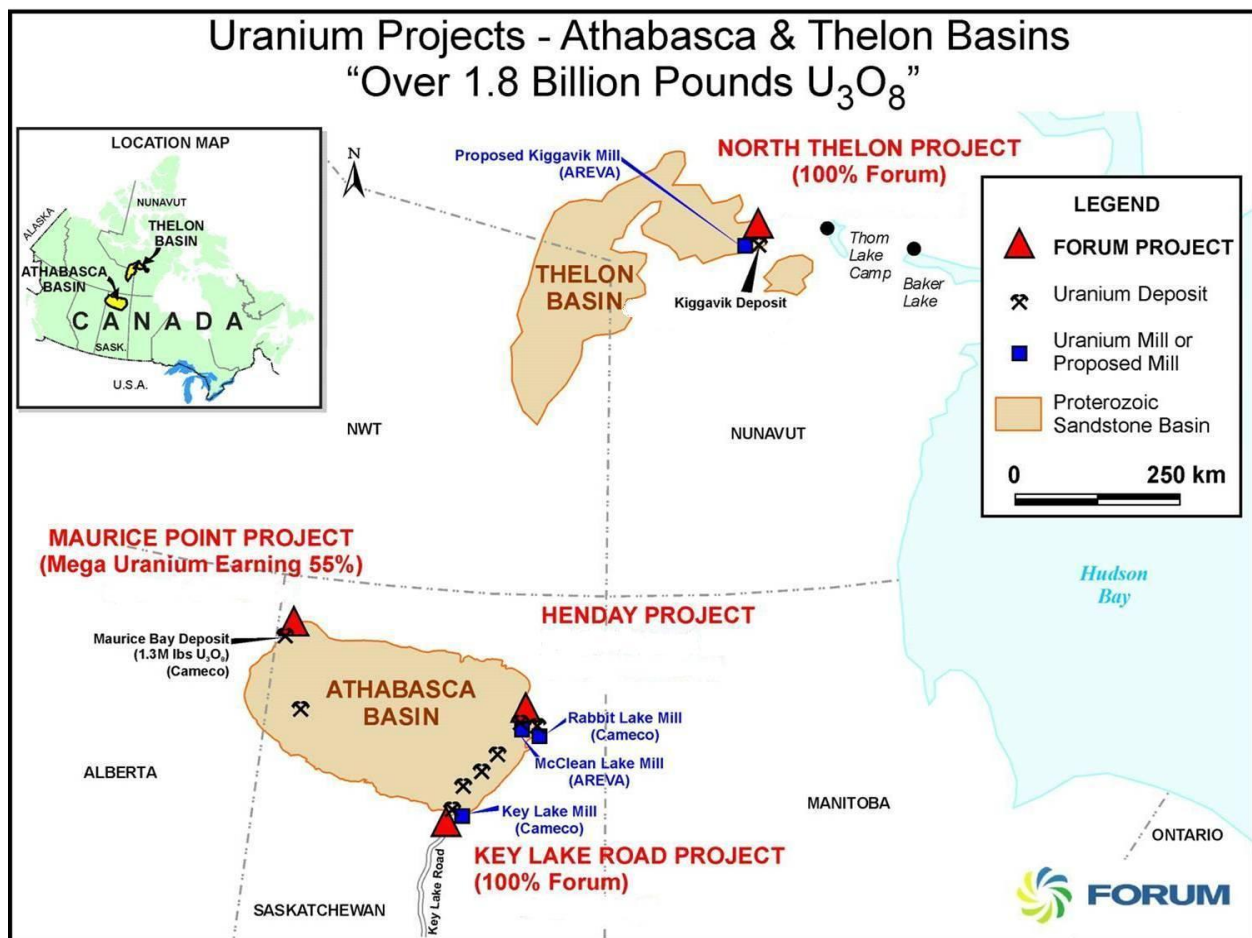
On March 8, 2011, Forum announced that it had entered into an option agreement with Cameco, whereby the Company and Mega Uranium may jointly earn a 60% interest in the North West Athabasca Project, including the historical 1.5 million pound Maurice Bay Uranium Deposit for total exploration expenditures of Cdn\$ 4 million over a period of 4 years and cash payments of \$400,000 over 3 years (to be shared equally with Mega. Forum is Operator of the project.

In February 2009, Forum entered into an Option Agreement with Hathor Exploration on the Henday Project located along the northeast trend hosting the Areva/Denison Mines Lake Deposit (41 million pounds of U₃O₈ at an average grade of 5.5%), Hathor's Roughrider uranium discovery and Fission Energy's J Zone discovery. Hathor has earned a 60% interest in the project by spending Cdn\$ 3.5 million in exploration. Forum holds a 40% interest in the project.

In January, 2009, Forum entered into an Exploration Agreement with Nunavut Tunngavik Inc. under which the Company has the right to earn a 100% interest in all uranium and other minerals on the northern half of Inuit Owned Land parcel B-21, located 20 kilometres east of the Kiggavik deposits. In June, 2010, Forum also added Inuit Owned Land parcel BL-32 to its portfolio, located adjacent to Cameco's recent Nirliq discovery 10 kilometres west of the Kiggavik deposits.

Early March 2008, Forum optioned a 51% interest in Agnico-Eagle's Judge Sissons and Schultz Lake properties located adjacent to the Kiggavik Uranium Deposit by incurring a total of Cdn\$ 3 million of expenditures on the properties over a 4-year period, in conjunction with a Cdn\$ 3 million financing with Agnico-Eagle.

Forum's Maurice Point Property, located nearby Cameco's Maurice Bay Uranium Deposit in the Athabasca Basin, had been optioned 55% to Mega Uranium, in exchange for Cdn\$ 8 million exploration expenditures over 4 years of which Cdn\$ 3.95 million was spent before the Property was recently returned to Forum. Forum now owns 100% of the project which is good for 4 to 13 years.



Overview of projects

➤ NW Athabasca Project, Maurice Bay Uranium Deposit

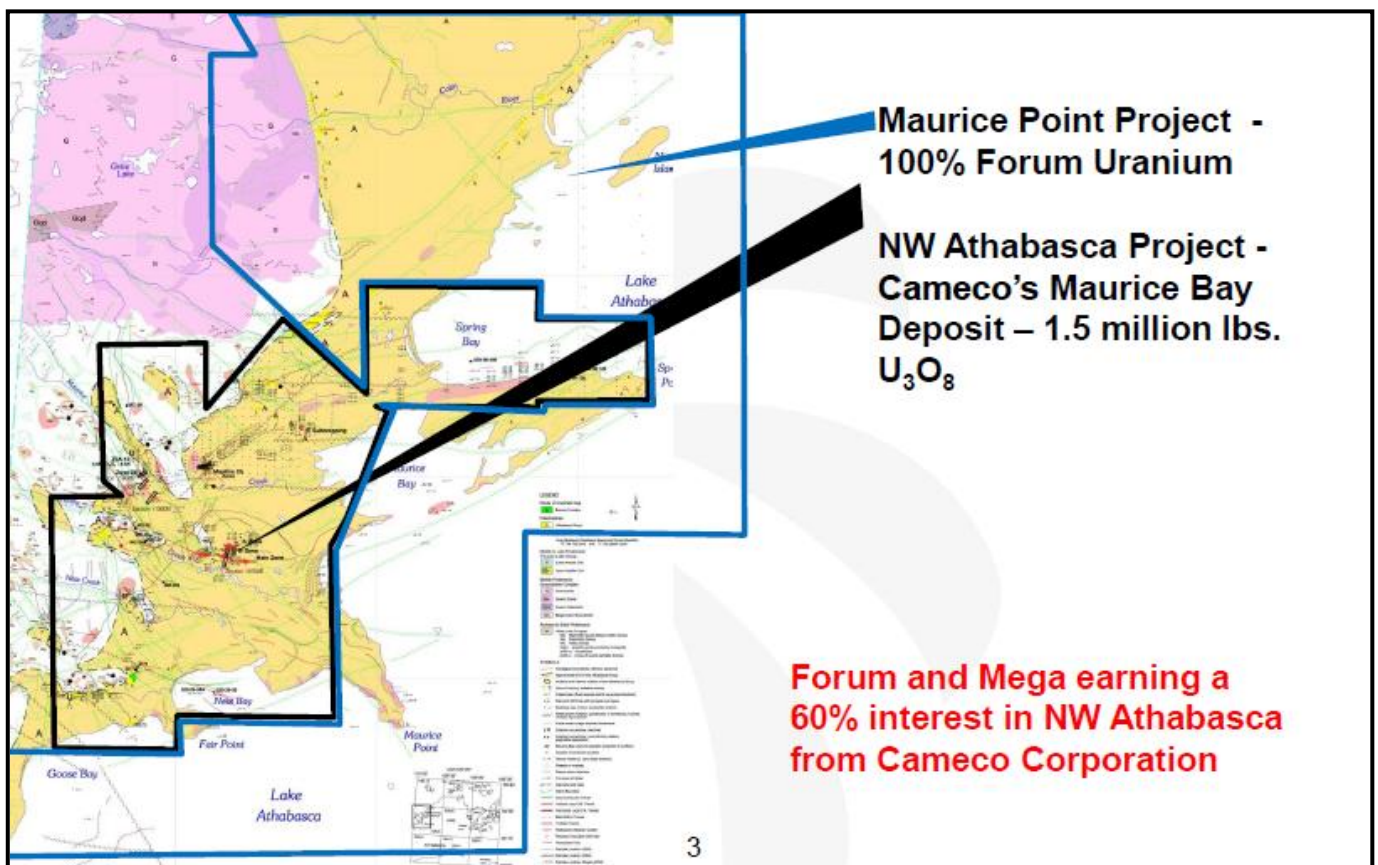
On March 8, 2011, Forum announced that it had entered into an option agreement with Cameco, whereby the Company and Mega Uranium (MGA – TSX) may jointly earn a 60% interest in the 98 square kilometre NW Athabasca Project, including the historical 1.5 million pound Maurice Bay Uranium Deposit.

The Deposit contains a historical resource (non NI 43-101 compliant) of 1.5 million pounds uranium grading 0.6% U₃O₈ to a depth of 50 metres (Saskatchewan Industry and resources, Miscellaneous Report 2003-07). Limited drilling at Zone 2A with grades of up to 5.68% U₃O₈ over 8.6 metres demonstrates the potential for further high-grade deposits. Numerous targets for basement and sandstone-hosted unconformity style mineralization are underexplored or untested.

Forum/Mega plan to test and expand the potential of the known mineralization and to locate new deposits using the latest in exploration techniques on a project that has seen most of its work in the late 70s and early 80s.

Initially, 5 areas have been selected to be covered by a ground gravity survey which has started in mid-March. Gravity surveys of this type are designed to identify zones of lower density hydrothermal alteration, which are typically in spatial association with uranium deposits in the Athabasca Basin.

Drilling is scheduled for later this year on Zone 2A, plus other targets, including those generated from the gravity survey. A summer program of mapping, prospecting and re-logging of drill core will be followed with a 4,000m drill program in the winter of 2012.



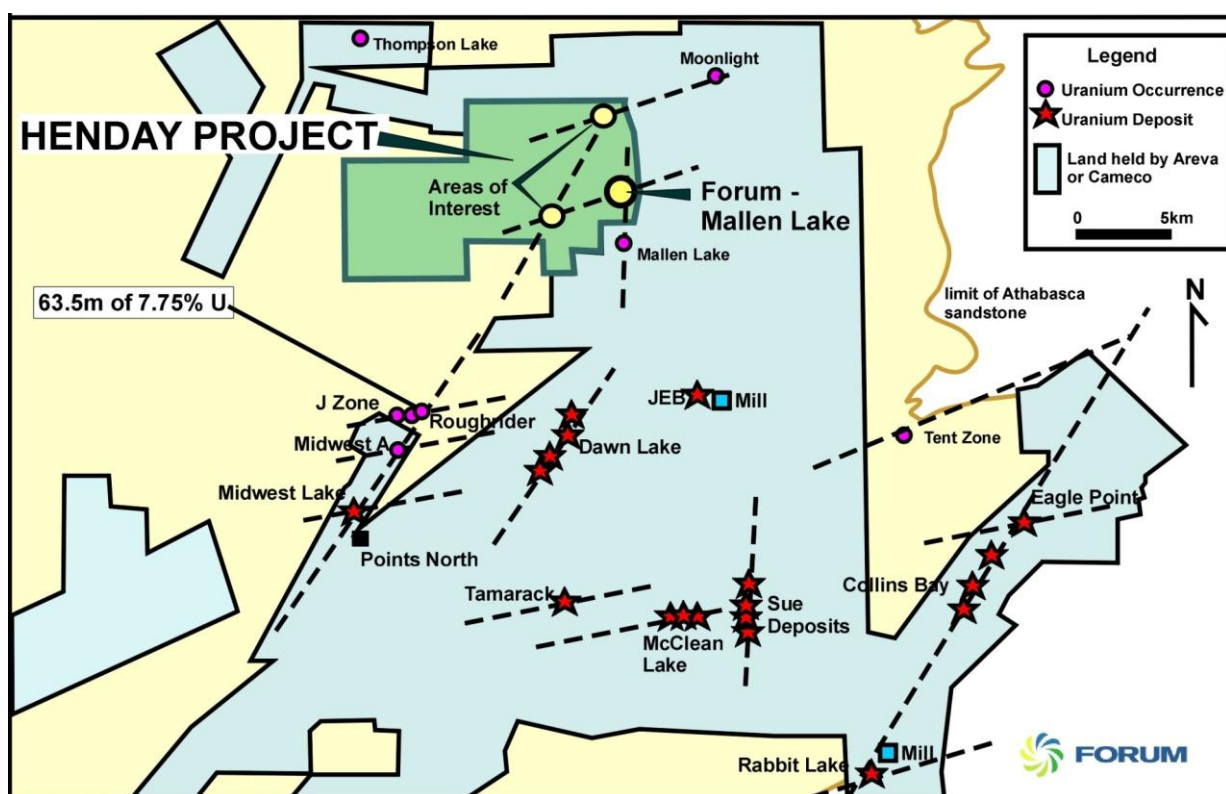
Cameco owns a 87.5% participating interest and Areva 12.5% participating interest in the NW Athabasca Project. Forum and Mega may jointly earn a 60% interest in the Property by committing Cdn\$ 750,000 in exploration within 15 months of the closing date and incurring additional exploration expenditures of Cdn\$ 250,000 by the second anniversary of the agreement and a further Cdn\$ 3 million on or before the fourth

anniversary of the agreement for a total Cdn\$ 4.0 million. In addition, Forum and Mega must make option payments of Cdn\$ 60,000 upon closing (paid), Cdn\$ 80,000 by the first anniversary, Cdn\$ 110,000 by the second anniversary and Cdn\$ 150,000 by the third anniversary for a total of Cdn\$ 400,000 in cash option payments.

Forum and Mega have entered into a 50/50 Joint Venture Agreement to manage the exploration programs during the earn-in period with Forum as initial operator.

Forum's 100% owned Maurice Point project, totalling over 33,000 hectares has a number of targets, some peripheral to the NW Athabasca project and will be assessed over time as the Maurice Bay target area is explored, as the ground is in good standing for 4 to 13 years from past exploration expenditures.

➤ **Henday Project, Athabasca Basin**



The 100%-owned Henday Project consists of 3 claims covering 7,204 ha of the northeastern margin of the Athabasca Basin. The Property is strategically located along the northeast trend which hosts the Midwest Lake Mine Project (41 million pounds U3O8 at an average grade of 5.5%) held by Areva Resources Canada and Denison Mines, the Midwest A (Mae) Zone, where Denison Mines has reported 10 million pounds U3O8 and Hathor's emerging Roughrider Zone discovery and Fission's emerging J Zone discovery also located along this trend.

The Henday Project is targeting both basement hosted, structurally and stratigraphically controlled uranium deposits such as Cameco's Millennium Deposit and an unconformity- style deposit similar to the Areva/Denison Midwest Lake Deposit. The Henday Property has exceptional potential for a shallow, high-grade uranium deposit. The unconformity is at an average depth of 125 m.

In February 2009, Forum entered into an Option Agreement on its 100%-owned Henday Project in the Athabasca Basin, Saskatchewan with **Hathor Exploration** (HAT – TSX.V), whereby Hathor has earned a 60% interest in the project by completing \$3.5 million in exploration and can earn up to 70% in the Project by completing a bankable feasibility study.

A total of 17 holes for 3,774 metres were drilled on the Mallen Zone (13 holes), the King target (3 holes) and the Jen target (1 hole) during the winter of 2011. The 2011 drill program has extended the zone of intense alteration and elevated radioactivity over an area of 350 metres by 150 metres in a northwest-southeast direction. The 500m by 600m resistivity anomaly that outlines a large zone of alteration remains to be tested by wide spaced drilling to the west and south, as the alteration remains open in these directions. Anomalous radioactivity was noted in most of the drill holes within the basement lithologies. The results remain encouraging for the presence of uranium mineralization and further drilling is recommended.

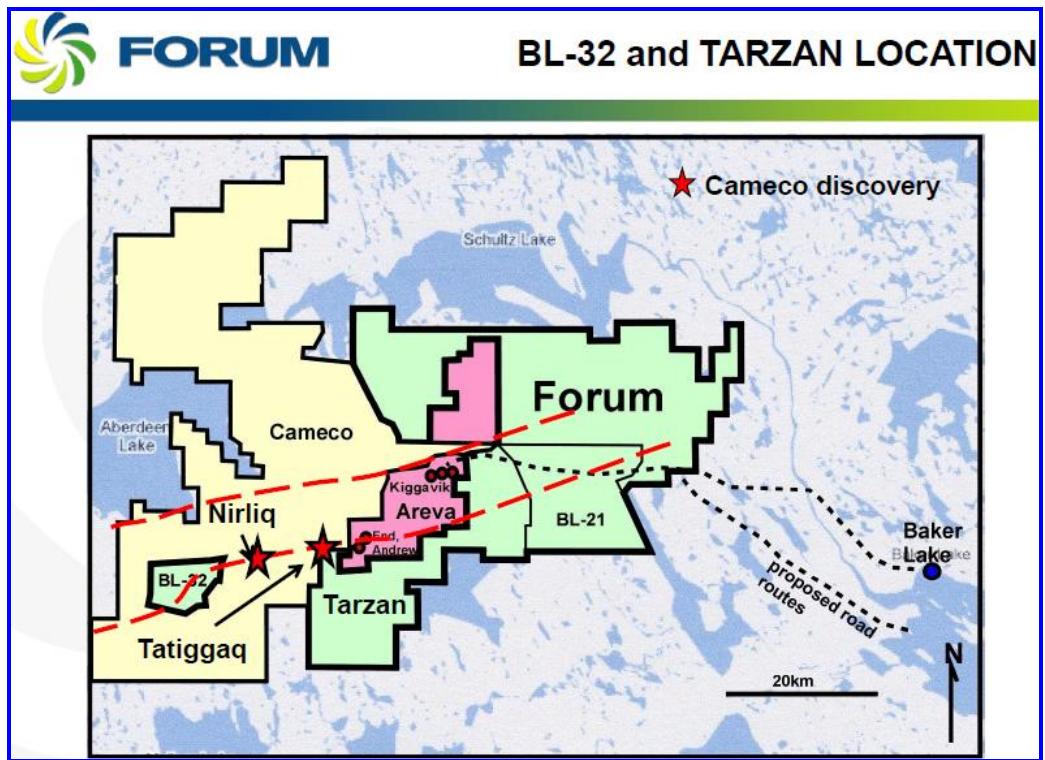
Two other targets were tested as part of the program: the King target and the Jen target. The Jen target lies at the intersection of an east-northeast structure and a major north-east trending fault. Its type of alteration and associated radioactivity is common around unconformity deposits in the Athabasca Basin. Further drilling is recommended on the Jen and other targets for the 2012 drill season.

➤ **North Thelon Project, Nunavut Territory**

The North Thelon Project is a large property that covers 164,000 hectares that surrounds Areva's Kiggavik deposits (127 million pounds U3O8 grading 0.55%) to the north, east and south sides. The only other company actively exploring in the Kiggavik area is Cameco to the west of the Kiggavik deposits which has recently announced two major discoveries- Nirliq (20m at 0.5% U3O8), nearby Forum's recently acquired Inuit-owned land parcel BL-32 and Tattigaaq (10m at 3.5% U3O8), immediately west of Areva's Andrew Lake and End deposits and north of Forum's Tarzan discovery in 2008.

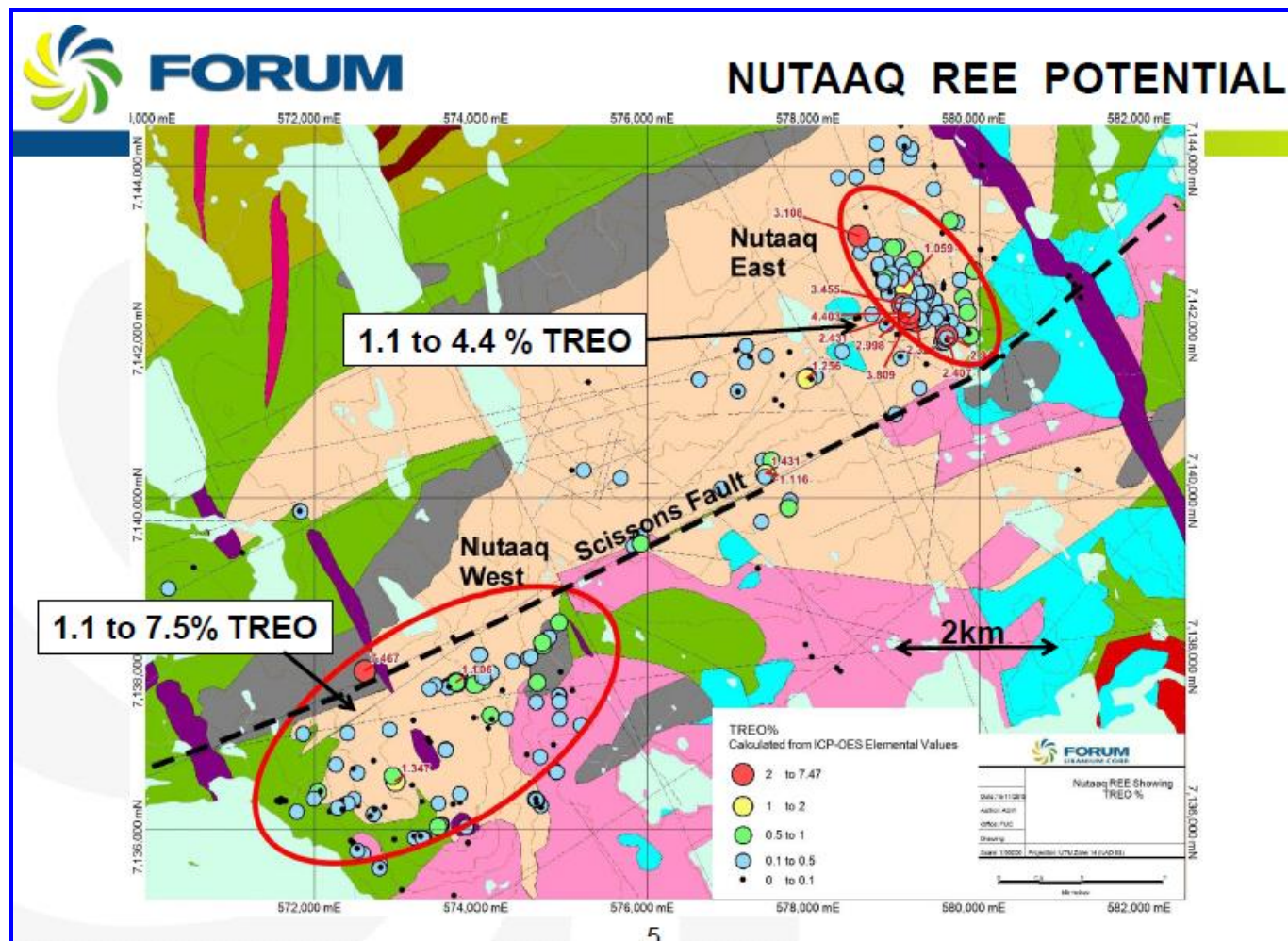
Areva has submitted a project description to the Nunavut Impact Review Board for the development of a uranium mine with a plan to produce approximately 8 million pounds of uranium per year over a 17-year mine life. A feasibility study has been completed, an initial environmental assessment is anticipated at the end of this year and permitting for production continues.

A number of historical and new showings with grades of up to 8.75% U3O8 have been discovered by Forum on the North Thelon Project since exploration of the property commencing in 2006. The program successfully identified further gravity targets (zones of alteration) refined the geology and structural knowledge and collected soil sampled for geochemistry fro high priority areas on the property. A drill campaign is planned for this summer in the Tarzan area to investigate similar style mineralization to the Cameco and Areva deposits.



Nutaaq, a newly discovered rare earth element (REE) showing was identified in 2009, with up to 7.5% total REE being returned from assays. The Nutaaq area hosts a 10 km x 8 km intrusive alkali syenite complex that is enriched in REE. A mean average of 1.8% TREO with a 22% HREO (Heavy Rare Earth Oxide) to TREO ratio can be calculated from the Nutaaq area using a 0.5% cut-off. These are grab samples from float and further work is required to find the highest grades in this area.

A summer program of detailed prospecting with an XRF unit, ground gravity and channel sampling, followed by drilling in the more promising areas of the new rare earth discovery is planned.



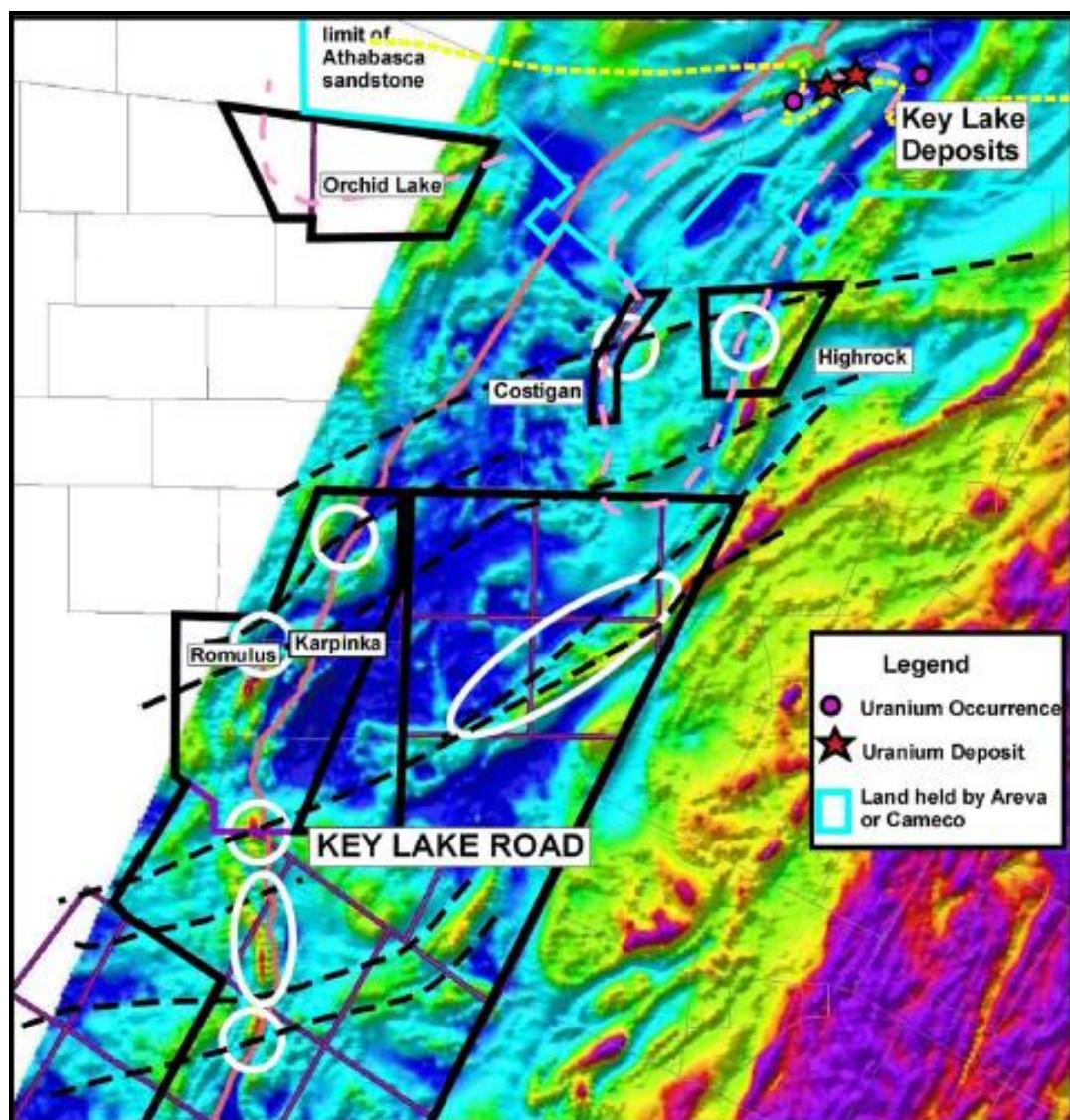
➤ **Key Lake Road Area Projects, Athabasca Basin, Saskatchewan**

The 100%-owned Key Lake Road, Highrock and Orchid Lake Projects, the 65% owned Costigan Lake JV and the 50% Karpinka JV consists of twenty nine mineral claims covering over 120,000 ha of the eastern margin of the Athabasca Basin. The Property is located 20 km southwest of the Cameco/Areva Key Lake Mine/Mill Complex, the principal processing facility for the nearby high-grade McArthur River Uranium Mine and site of the formerly producing 195 million pound Key Lake Uranium Deposit.

The Key Lake Road Project covers favourable basement rocks within the Mudjatik-Wollaston Tectonic Zone, a northeastern structural zone on the eastern margin of the 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.

KEY LAKE ROAD PROJECTS



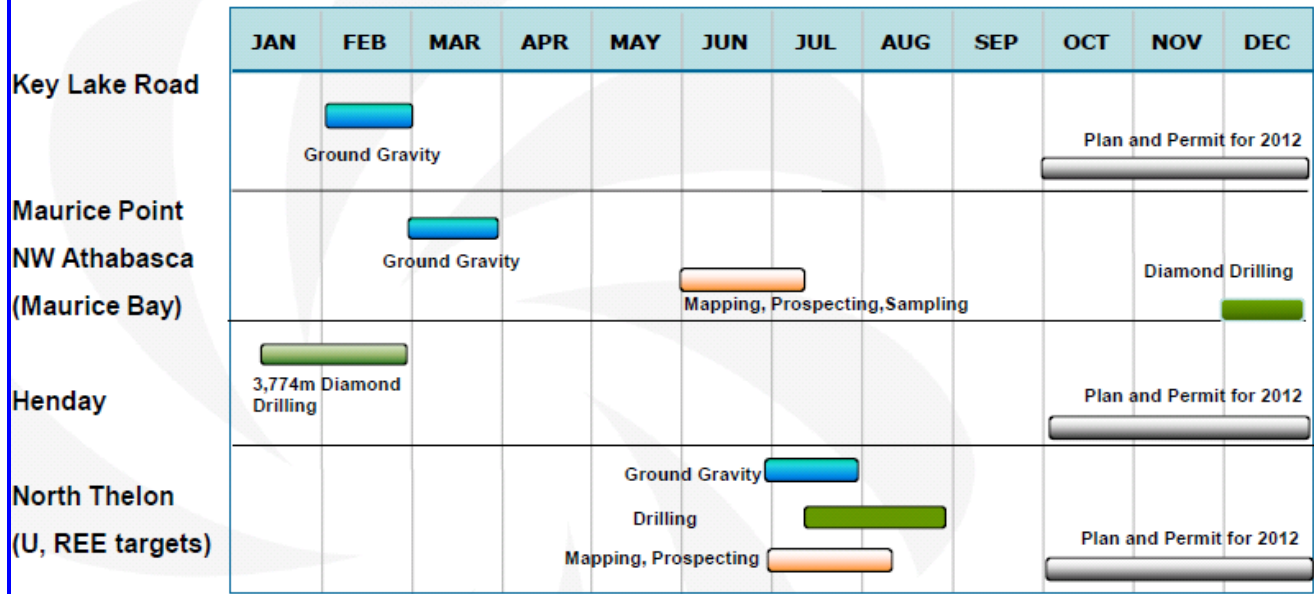
The Key Lake Road Project is targeting basement hosted, structurally and stratigraphically controlled uranium deposits such as Cameco's Millennium Deposit (containing 47.2 million pounds of U₃O₈ Indicated and Inferred) Cameco's P-Patch Deposit nearby Key Lake and the Eagle Point/Rabbit Lake Deposit (containing over 100 million pounds of U₃O₈ Mined, Proven and Probable).

Electro magnetic surveys have identified conductive segments along the Key Lake Road Shear Zone and associated structures that could represent graphitic metasediments within the Wollaston Transition Zone, which hosts all of the uranium mines and deposits in the Eastern Athabasca Basin. Several drill campaigns from 2005 to 2010 have been conducted over these segments and follow-up drilling is warranted on several targets.

On the **Romulus Target** along the Key Lake Road Shear Zone, a gravity survey with over 2,000 stations was completed in the winter of 2011 and the data is currently being processed. On the **Highrock Project**, located about 10 km south of the Key Lake minesite, a soil sampling survey was completed during the summer of 2010 with just over 400 samples collected along a 5 km north-south grid which overlies an extremely strong graphitic conductor system. The Project also hosts strongly anomalous lake sediment geochemistry, several gravity lows and prospective cross-cutting structures. A reverse circulation overburden drill program completed in 1978 returned values as high as 75 ppm U from overburden, as well as up to 2,770 ppb gold in heavy mineral concentrates.



ALL PROJECTS HAVE DRILL READY TARGETS



Management

Richard J. Mazur, President, CEO & Director, B.Sc. Geology, MBA, is a geoscientist who has held positions in the international exploration and mining industry for over 30 years as a project geologist, financial analyst and senior executive on uranium, gold, base metals, coal and industrial minerals projects in North and South America. Mr. Mazur worked over a ten year period (1974-1984) as a uranium exploration geologist in Saskatchewan, Nunavut, Yukon, Ontario, Quebec and the Maritime provinces for Pan Ocean Oil. Currently he is also a Director of Alto Ventures, Impact Silver, Roxgold and Tanqueray Resources. Mr. Mazur has obtained an MBA from Queen's University in 1985.

Ken Wheatley, Vice President, Exploration of the Company, is a Professional Geoscientist (P. Geo.) with the Association of Professional Engineers and Geoscientists in Saskatchewan, Alberta and Northwest Territories/Nunavut. He has 30 continuous years of uranium exploration experience in Canada, most recently with AREVA Resources Canada. He has an impressive record of discovery including eight uranium deposits, four of which became producing mines in the Athabasca Basin, Saskatchewan. Mr. Wheatley also managed the exploration properties for the Kiggavik/Sissons project for AREVA, a project that contains a 127 million pound uranium deposit located in the Thelon Basin, Nunavut Territory, where Forum has a strategic land position.

Dr. Boen Tan, Chief Geologist, possesses over thirty-five years of uranium exploration experience. Dr. Tan joined Uranerz, a private German company, in 1969 and after a number of years as a field geologist in Germany and Australia, moved to Canada in 1973 as a senior geologist and Project Manager for Uranerz Exploration & Mining (UEM), conducting uranium exploration in the Athabasca Basin. Dr. Tan was instrumental in the discovery of the Key Lake uranium deposit and the development of the Key Lake Mine which produced 195 million pounds of U₃O₈ at a grade of 2.5% over a fifteen year mine life from 1983 to 1997. After the development of the Key Lake Mine, he continued to supervise UEM's uranium exploration and drilling programs in the Athabasca Basin, including regional exploration in the greater Key Lake area. Dr. Tan monitored the exploration and diamond drilling of UEM's joint ventures with Cameco until 1998. For the next seven years, Dr. Tan acted as a consultant to a number of companies within the uranium business and joined Forum as a Chief Geologist in 2005.

Bruce Harmeson, B.Sc., Logistics and Procurement Manager, has been involved in the minerals exploration industry for 30 years. He was based in Indonesia from 1987 to 2003: 3 years as a consulting geologist (gold) and 12 years involved in contract drilling services. Previously, Mr Harmeson worked as an exploration geologist (uranium), in Niger, for Pan Ocean Oil., and in northern Saskatchewan, with Uranerz Exploration and Mining, where he was a member of the Maurice Bay deposit discovery team.

Philip Robertshaw, M.Sc, P.Geo, Geophysical Consultant, is a mineral exploration geophysicist with 35 years of experience, a large part of which has been gained in the Athabasca Basin area. His professional career includes 6 years as a geophysical contractor with a wide range of international experience, and his 20 years with Uranerz Exploration and Mining, based in Saskatchewan, where he became Chief Geophysicist. Since 1998, Mr. Robertshaw has worked as an independent consultant with clients active in exploring for uranium, gold, base metals, and diamonds.

Anthony Williamson, B.Sc., (H.B.Sc., Geology), Senior Geologist, began his uranium exploration career in 2002 with Areva Resources Canada Inc. During his employment there he was posted to a number of significant projects and gained valuable experience being involved with teams on the discovery and delineation of several recent uranium deposits. In particular, Mr. Williamson was on the exploration teams that discovered and delineated the Kianna Zone (Shea Creek Project) and the Mae Zone (now called Midwest A), plus was involved in the delineation of the P-Patch occurrence (Cree-Zimmer Project, Key Lake) and the Caribou Deposit (McClellan Lake Mine).

Robert Anderson, CA, Chief Financial Officer, most recently served as a manager of six junior mining public companies for a mid size Chartered Accountant consulting firm. He was the corporate controller for Forum Uranium in 2007 and 2008 after working as senior auditor at Staley Okada & Partners Chartered Accountants and PricewaterhouseCoopers LLP.

Directors

Anthony Balme, Non- Executive Chairman, is the Managing Director of Carter Capital and A.M.C., two private UK investment funds He is also a Director of Ortac Resources, which has an option to earn a 100% interest in the Kremnica Gold project in Slovakia.

Ian Stalker, Chem. Eng., is an international mining executive with over 30 years of experience in mine development and operations with Goldfields and AngloGold Ashanti. He is the former CEO of UraMin and Berkeley Resources and currently CEO of Brazilian Gold.

Michael A. Steeves, CFA, has been involved in the mining industry for over 40 years as a geologist, mining analyst and senior executive. He has been involved in many mergers, acquisitions and takeovers, primarily in the gold industry. Mr. Steeves is currently a Director of Ventana Gold, Augusta Resource, and Zazu Metals.

Jim Allan, M. Sc., P. Eng., Rare Earth Advisor, has considerable experience in the evaluation of rare earth mineral deposits, particularly during his tenure as exploration manager from 1982 to 1990 for Unocal-Molycorp in Canada.

Finance

On May 4, 2011, Forum announced that it had closed a Cdn\$ 5.7 million brokered private placement through the issuance of 7.67 million units and 25.56 million flow-through common shares.

The flow-through shares were sold at a price of Cdn\$ 0.18 per flow-through share. With respect to the flow-through shares, Forum will announce Canadian exploration expenses with an effective date of no later than December 31, 2011.

The units were sold at a price of Cdn\$ 0.15 per unit and are comprised of one common share and one-half of one purchase warrant of the Company. Each whole warrant will entitle to purchase an additional common share at a price of Cdn\$ 0.25 per common share at any time or prior to May 4, 2014.

Forum currently has Cdn\$ 6 million in working capital.

Investment recommendation:

Forum has a 100% interest in over 160,000 hectares of uranium exploration properties - Maurice Point and NW Athabasca, in the western Athabasca Basin and the Henday and Key Lake Road projects in the prolific eastern Athabasca Basin, Saskatchewan.

Forum has a 100% interest in over 164,000 hectares of uranium exploration properties, and options to earn majority interests in the Thelon Basin, Nunavut. Forum's properties are strategically located adjacent to Areva's 127 million pound Kiggavik Uranium Deposit grading 0.55% U₃O₈ that is currently undergoing a feasibility study, environmental assessment and permitting for a 7.8 million pound per year uranium mine development.

On March 8, 2011, Forum announced that it had entered into an option agreement with Cameco, whereby the Company and Mega Uranium may jointly earn a 60% interest in the North West Athabasca Project, including the historical 1.5 million pound Maurice Bay Uranium Deposit for total exploration expenditures of Cdn\$ 4 million over a period of 4 years and cash payments of \$400,000 over 3 years (to be shared equally with Mega. Forum is Operator of the Project.

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Forum acquired 100% interests adjacent to Areva's Kiggavik project in Nunavut in 2006. In January, 2009 Forum entered into an Exploration Agreement with Nunavut Tunngavik Inc. under which the Company has the right to earn a 100% interest in all uranium and other minerals on the northern half of Inuit Owned Land parcel B-21, located 20 kilometres east of the Kiggavik deposits. Inuit owned land parcel BL-32 was acquired as part of the agreement in June, 2010.

Early March 2008, Forum optioned a 51% interest in Agnico-Eagle's Judge Sissons and Schultz Lake properties located adjacent to the Kiggavik Uranium Deposit by incurring a total of Cdn\$ 3 million of expenditures on the properties over a 4-year period, in conjunction with a Cdn\$ 3 million financing with Agnico-Eagle.

Forum's Maurice Point Property, located nearby Cameco's Maurice Bay Uranium Deposit in the Athabasca Basin, had been optioned for 55% to Mega Uranium, in exchange for Cdn\$ 8 million exploration expenditures over 4 years of which Cdn\$ 3.95 million was spent before the Property was recently returned to Forum to retain its 100% interest. Forum's effort in this area are enhanced by the recently entered option agreement between the Company and Mega Uranium, with Cameco, on the North West Athabasca Project.

With a strong presence in the prolific Athabasca Basin and a strategic land position in the Thelon Basin nearby the Areva Kiggavik development project and two recent significant discoveries by Cameco in this mining camp, and all of its projects having drill targets in 2011, in our view, the shares of Forum, at a market capitalization of just Cdn\$ 22.4 million, including Cdn\$ 6 million working capital, offer one of the most attractive speculative investment opportunities amongst junior, uranium companies focused on Canada.

Our first price objective is Cdn\$ 0.50.