

Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Special Situation – October 2011 Update www.forumuranium.com



Forum Uranium Corp. (Cdn\$ 0.06)

TSX.V : FDC
H+L prices (12 months) : Cdn\$ 0.52 – 0.06
Issued shares : 159.8 million
Fully diluted shares : 178.8 million
Market capitalization : Cdn\$ 9.6 million

Next price target: Cdn\$ 0.20

Company Profile

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

The Company has an interests and options in over 160,000 hectares of uranium exploration properties - Maurice Point (100%) and a joint 60% interest with Mega Uranium in the NW Athabasca Option from Cameco, 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 and Nunavut Tunngavik 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% U₃O₈ 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% U₃O₈ over 10 metres, 5 km west of Areva's Andrew Lake deposit and Qavvik, grading up to 20 metres of 0.5% U₃O₈ 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 Qavvik 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.

On July 14, 2011, Forum announced that it had entered into an option agreement to earn up to a 65% interest in Aurizon Mines' rare earth property in southwestern Quebec.

The project area is adjacent to Matamec Exploration's Zeus Project in association with the Kipawa Alkaline Complex which has reported a NI 43-101 compliant resource of 8.25 million Indicated tonnes grading 0.596% TREO and 2.0 million Inferred tonnes grading 0.572% TREO. Forum has commenced exploration on the Aurizon property where numerous boulders grading 1.3% to 16.7% TREO with a high heavy rare earth content have been discovered. The Kipawa alkaline complex is a good source of heavy rare earth oxide and the HREO to TREO ratio is very high at 36%.

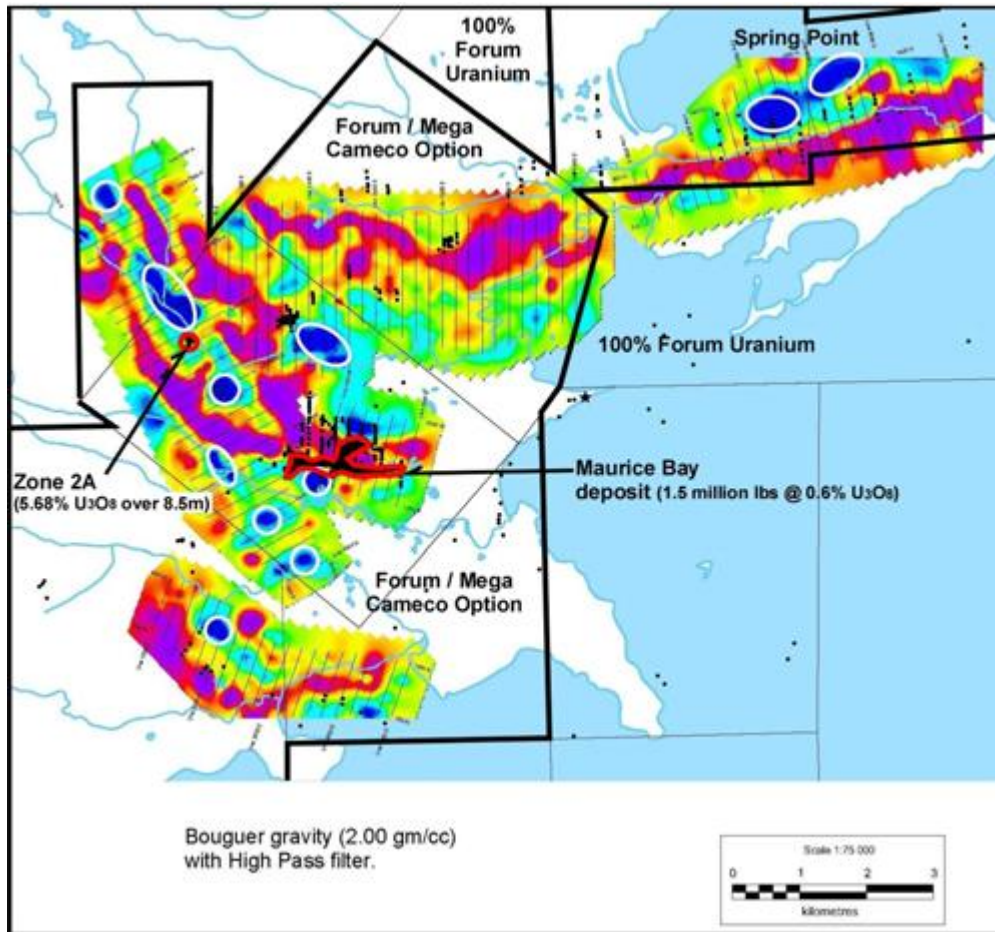
Overview of projects

➤ **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 Maurice Bay deposit is central to Forum's 100% owned Maurice Point project.

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.



Cameco owns an 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.

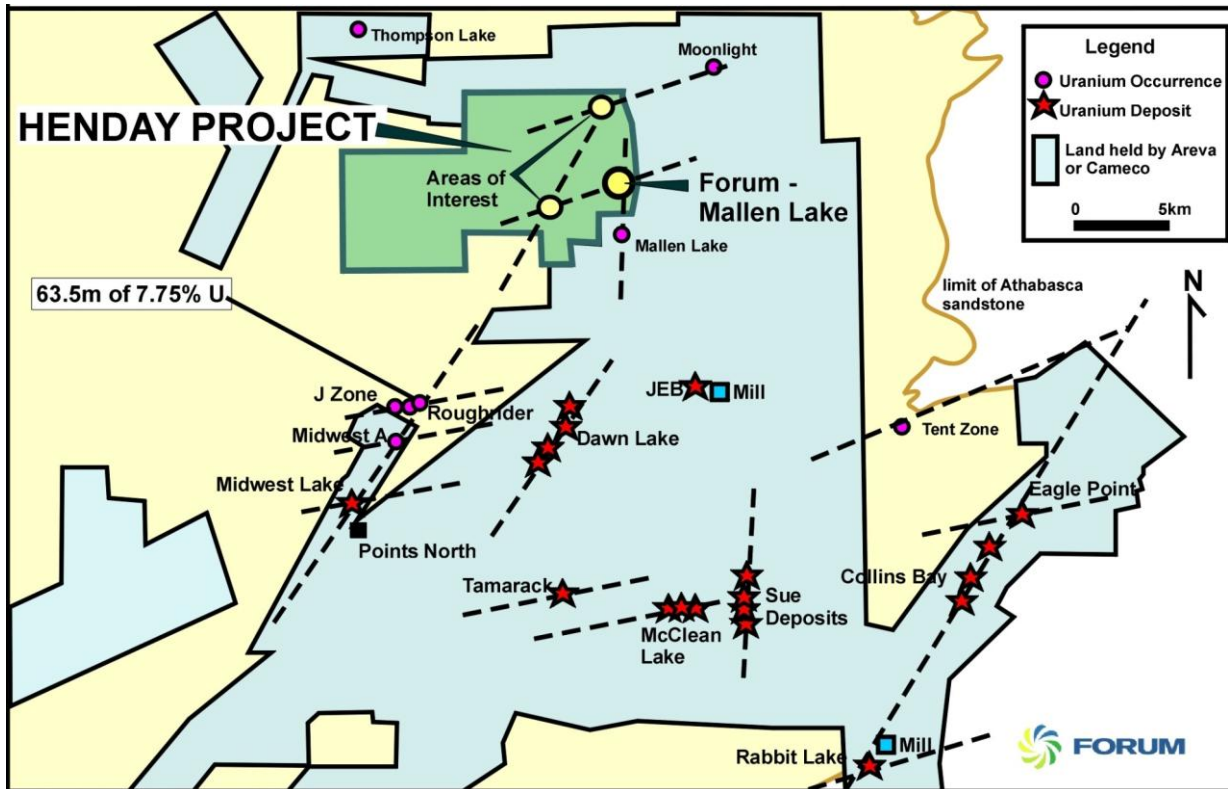
Early April 2011, Forum announced the commencement of a geophysical program to define drill targets on the NW Athabasca Property, which has excellent potential for unconformity and basement-style uranium mineralization with grades of up to 5.68% U₃O₈ over 8.5 metres intersected in past drilling at Zone 2A.

On June 16, 2011, the Company and Mega Uranium announced the completion of a geophysical program on the Project. A gravity survey covering approximately 50% of the Project has identified 11 high priority targets to be drilled later this year following a summer field program.

In addition to these gravity targets, drilling on Zone 2A, where Cameco intersected 5.68% U₃O₈ over 8.5 metres will be drill tested in a 4,000 metre program planned in late 2011 or early 2012.

An exploration camp and drill rig has been mobilized to the site and an exploration program of geological mapping, re-logging of existing drill core and prospecting for the bedrock sources of glacially transported mineralised boulders was completed this fall.

➤ **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.

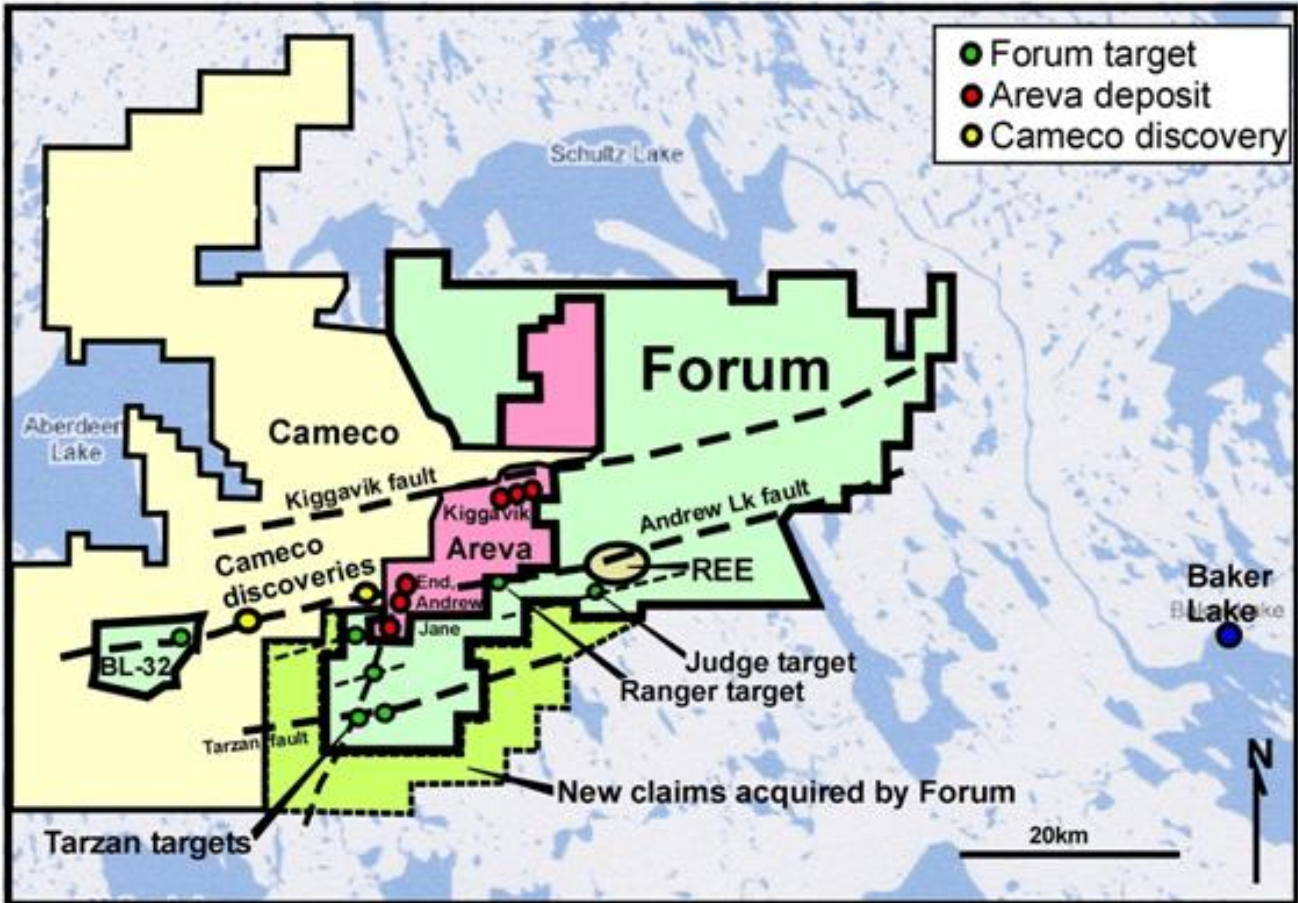
In February 2009, Forum entered into an Option Agreement on its 100%-owned Henday Project in the Athabasca Basin, Saskatchewan with **Hathor Exploration** (HAT – TSX.V), whereby Hathor has earned a 60% interest in the project by completing \$3.5 million in exploration..

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 500 m by 600 m 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 Uranium Project, Nunavut Territory**

The North Thelon Project is a large strategic land position that covers 400,000 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- Qavvik (20 m at 0.5% U3O8), nearby Forum's recently acquired Inuit-owned land parcel BL-32 and Tattigag (10 m 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. Feasibility and Environmental Assessment studies are nearly completed 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 from high priority areas on the Property.

On September 22, 2011, Forum announced completion of a new staking of 52 claims in the Kiggavik Uranium camp. The new claims were staked due to new interpretations for the potential of the area, fuelled by Cameco's new discoveries along the major NO70 Andrew Lake fault, immediately north of the Tarzan claims. The Company also announced that it had extended its drill program to continue evaluation of the numerous targets on the Property in the vicinity of the Areva deposits and the Cameco discoveries.

Forum completed 9 holes for a total of 2,036 metres and expects final results in November. Of the nine holes drilled, three targets on Tarzan, BL-32 and Judge warrant further drilling.

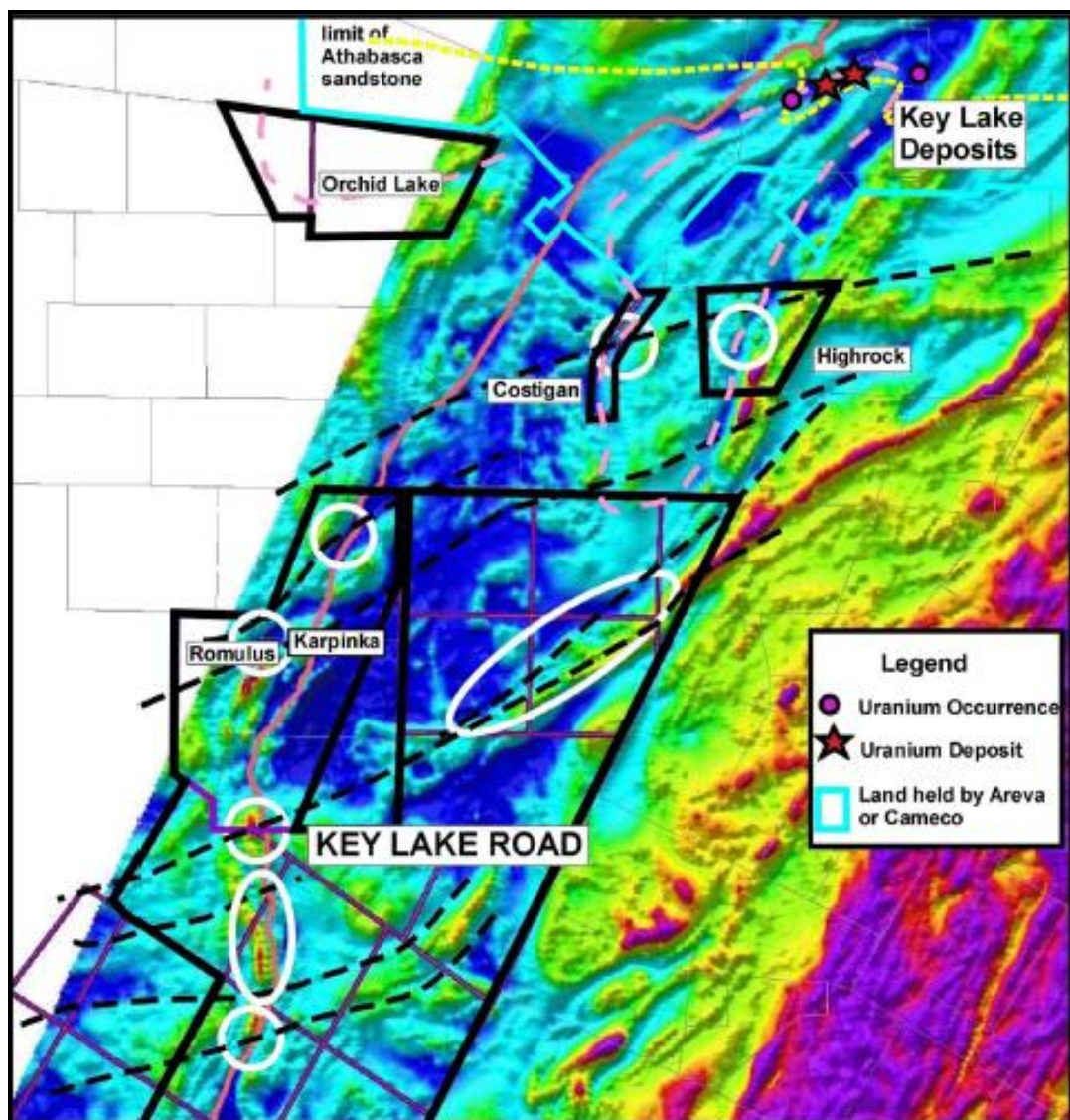
➤ **Key Lake Road Area Projects, Athabasca Basin, Saskatchewan**

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.

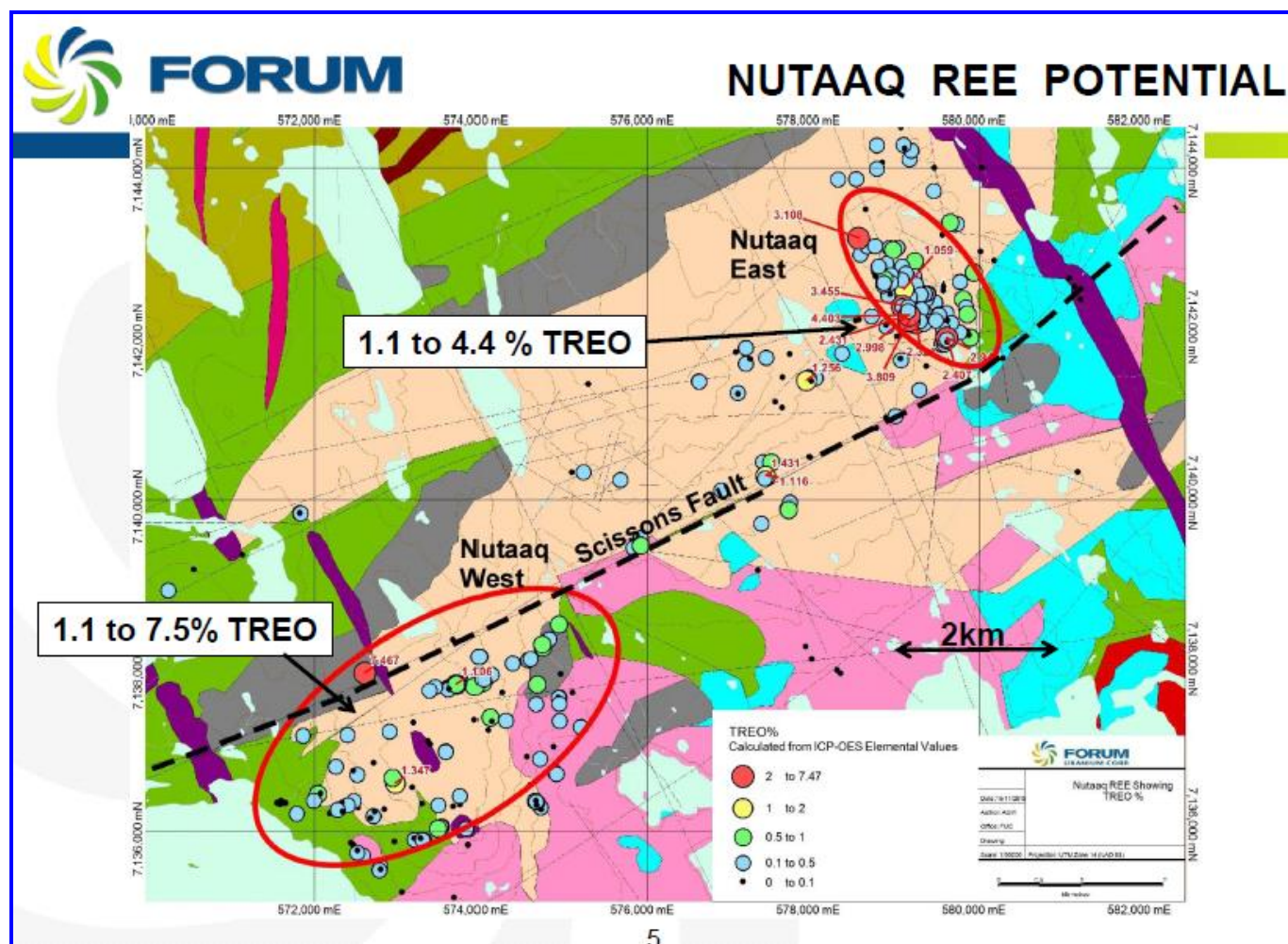
On a number of targets remain to be drill tested at Highrock Lake, Costgan JV, Orchid Lake, Romulus, Karpinka JV, Costco and along the Key Lake Road Shear Zone.

➤ **Nutaaq Rare Earths prospect, Kiggavik camp, Nunavut**

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.

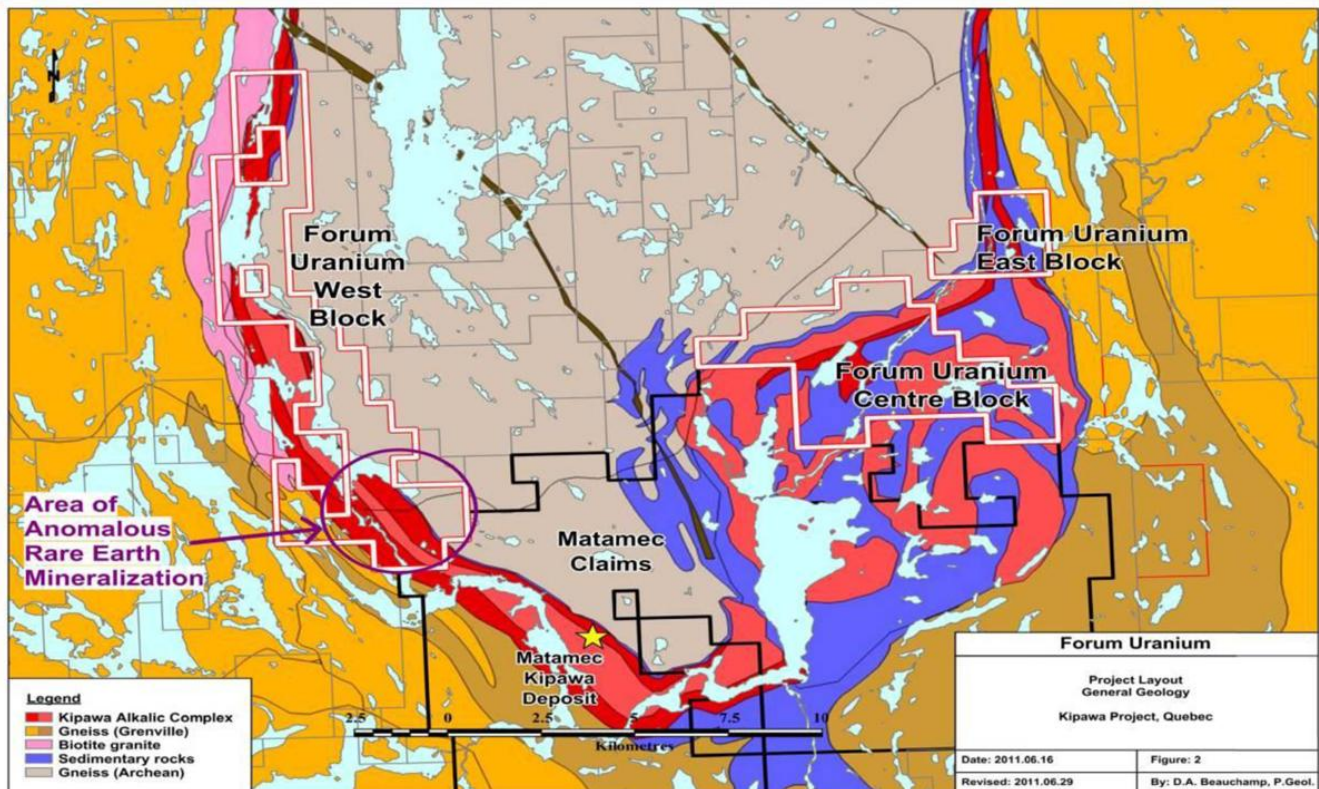
On June 27, 2011, Forum announced that a systematic sampling program was planned on the Nutaaq REE target. Exploration is focused on two broad areas of enriched rare earth mineralization where 158 of 348 grab samples have returned Total Rare Earth Oxide (TREO) values greater than 0.1% and 3 samples have returned values greater than 1%.

A field portable XRF (X ray Fluorescence) unit was utilized to determine areas with the highest grades and analytical results are expected this month.



➤ **Kipawa West Rare Earth Property, southwestern Quebec**

On July 14, 2011, Forum announced that it had entered into an option agreement to earn up to a 65% interest in Aurizon Mines' rare earth property in southwestern Quebec, located 95 km northeast of North Bay, Ontario. The Property, which comprises three blocks of claims, the West, Central, and East blocks covering 120 claims for 6,960 hectares, adjoins Matamec Exploration's Zeus Project in association with the Kipawa Alkaline Complex along which Aurizon's prospecting activities have identified areas of rare earth mineralization similar to Matamec's Kipawa deposit which has reported an NI 43-101 compliant resource of 8.25 million Indicated tonnes grading 0.56% TREO and 2.0 million Inferred tonnes grading 0.572 TREO 8.25 million Indicated tonnes grading 0.56% TREO and 2.0 million Inferred tonnes grading 0.572 TREO at a cut-off of 0.04% TREO.



The Kipawa deposit is a good source of heavy rare earth oxide and the HREO and TREO ratio is very high at 36%.

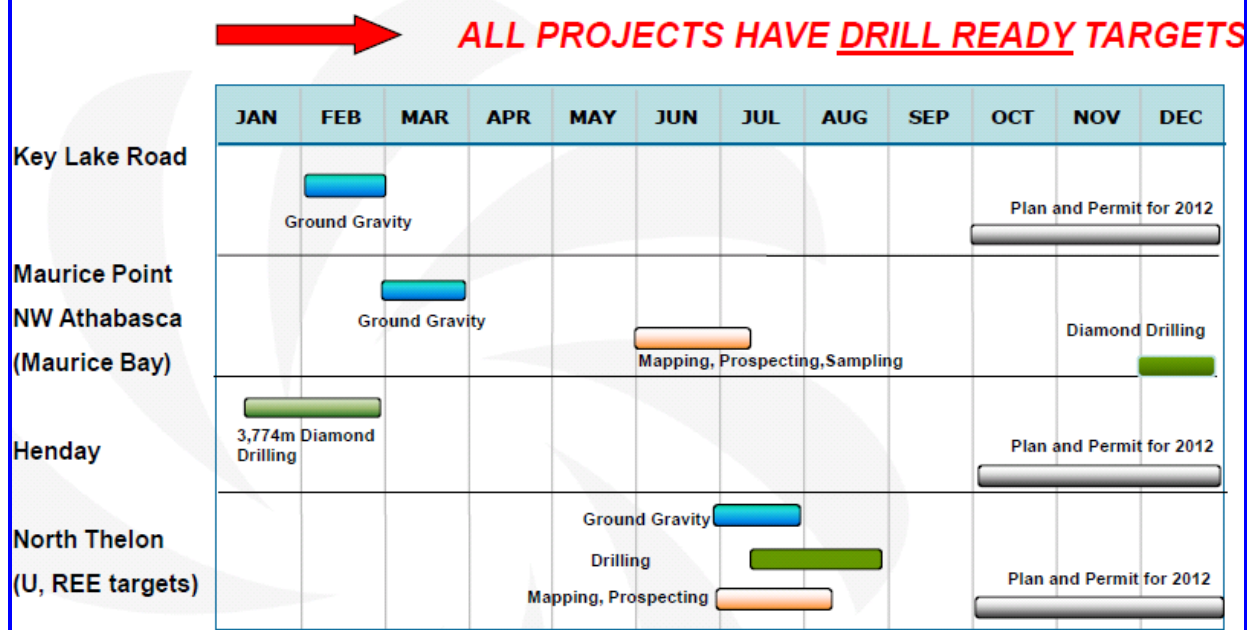
In its exploration work last summer along the south part of the West Block, Aurizon discovered many boulders containing anomalous rare earth elements ranging from 1.34% to 16.77%. Other areas evaluated by Aurizon have identified rare earth targets for further follow-up.

Forum has commenced an exploration program of prospecting, mapping and trenching to identify the source of these boulders, followed by a drill program.

Forum can earn a 50% interest in the Property by completing Cdn\$ 200,000 in exploration as a firm commitment within 12 months and a further Cdn\$ 150,000 in exploration, including a minimum of 1,000 metres of drilling, within 24 months of the date of the agreement.

The Company has the option to earn a further 15% interest, totalling a 65% interest in the Project, by establishing a NI 43-101 resource estimate on the Property within 4 years of the agreement date.

Forum is Operator during the earn-in period.



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

In May 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. 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 the holder 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 a current cash position of approximately Cdn\$ 4 million. The Company's exploration budget for the remainder of 2011 and early 2012 is Cdn\$ 3 million.

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.

The Company 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.

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Forum acquired 100% interests adjacent to Areva's Kiggavik project in Nunavut in 2006. In January, 2009 the Company entered into an Exploration Agreement with Nunavut Tunngavik under which Forum 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.

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Nutaaq, a newly discovered REE showing at Kiggavik, was identified in 2009 with up to 7.5% Total REE being returned from assays and a big potential for HREO. Forum completed a systematic sampling program and expect results this month.

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The project is adjacent to Matamec Exploration's Zeus Project in association with the Kipawa Alkaline Complex which has reported a NI 43-101 compliant resource of 8.25 million Indicated tonnes grading 0.596% TREO and 2.0 million Inferred tonnes grading 0.572% TREO. The Kipawa deposit is a good source of heavy rare earth oxide and the HREO to TREO ratio is very high at 36%. Exploration is currently underway with a drill program planned upon completion.

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 having expanded interests in two promising REE projects, in our view, the shares of Forum, at a market capitalization of just Cdn\$ 9.6 million, including approximately Cdn\$ 4 million cash, offer one of the most attractive speculative investment opportunities amongst junior, uranium-REE companies focused on Canada.

Our next price objective is Cdn\$ 0.20.