

WILL LIGHTNING STRIKE A THIRD TIME FOR DR. BOEN TAN?

Renowned Exploration Geologist Pursuing Another Uranium Deposit in Saskatchewan's Athabasca Basin



Dr. Boen Tan (left) and Forum Development President Rick Mazur (right) at Key Lake Road Project

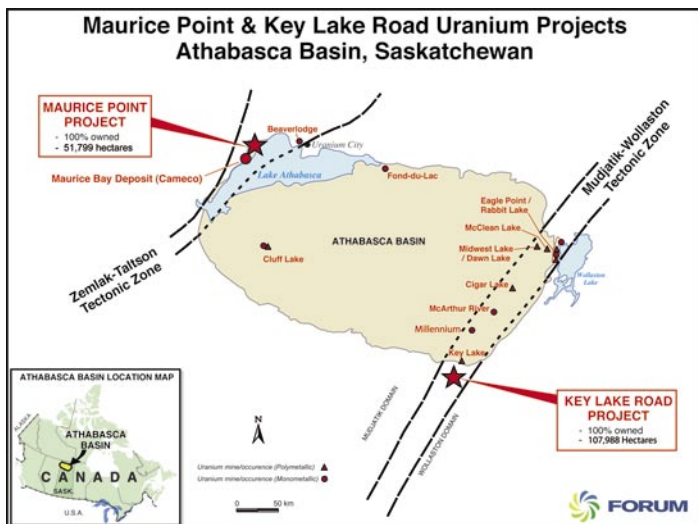
By James Finch

In late January, Cameco Corp's director of advanced exploration tantalized the audience at Vancouver's Minerals Exploration Roundup, discussing the geology, and especially the size, of his company's Millennium uranium deposit. Drill indicated resources are estimated at 449,000 tonnes with a grade of 4.63 percent uranium oxide. Additional tonnage is inferred at the lesser grade of 1.81 percent, but still a respectable grade by anyone's calculations (one percent of uranium oxide is reportedly comparable to about 50 grams of gold). Because of soaring spot uranium prices, this deposit's gross value might someday conceivably exceed \$2.4 billion.

"The geological setting of the Key Lake Road shear zone is quite similar to the Millennium deposit," Dr. Boen Tan told StockInterview. "The Key Lake Road shear zone is located with-

in the same north-northeastern structural trend as the Millennium deposit." Cameco's (NYSE: CCI) director of advanced exploration, Charles Roy, called the Millennium uranium deposit, "the most significant new basement discovery in more than 30 years." News reports suggest the Millennium discovery could host a resource of 57 million pounds of uranium oxide. The Millennium deposit is located north of the former world-class Key Lake uranium mine and south of two of the world's highest grade uranium deposits, McArthur River and Cigar Lake.

So why is Dr. Tan evaluating a relatively early stage exploration project against one of the world's most recent and highly lucrative uranium discoveries? Most junior companies exploring in Canada's Athabasca Basin, or for that matter any junior natural resource company, are unduly sanguine about measuring their property's exploration prospects in relation to a major, often recently discovered, world-class deposit. All



Forum Development's Key Lake Road project falls within the highly prospective Mudjatik-Wollaston Tectonic Zone, which hosts many of the world's largest and highest grade uranium deposits.

too frequently such "closeology" ("we're close to the big deposit so we can find an elephant, too) comparisons are deceptive and misleading. In many investment circles, it has become a cliché. However, when the comparison comes from a highly regarded exploration geologist, such as Boen Tan, one should pay attention. Especially when Dr. Tan talks about his geological insights regarding the greater Key Lake area.

Dr. Tan was the Uranerz project geologist for uranium exploration at Key Lake in the early 1970s. His exploration work led to the discovery of the Gaertner deposit (1975) and the Deilmann deposit (1976) in the Key Lake area. According to a recent *Northern Miner* article, "It was not until the discovery of the Deilmann and Gaertner deposits at Key Lake that the true unconformity type uranium deposit model was first recognized."

Dr. Tan also supervised the definition drillings of these two deposits until 1978. According to the Uranium Information Centre, Key Lake once produced about 15 percent of the world's uranium mined. Over Dr. Tan's long career, he was also fortunate to have evaluated some of the world's largest uranium deposits in the Athabasca Basin, which had been previously co-owned by Uranerz. These include the Key Lake deposits, the Rabbit Lake deposits (including Eagle Point, A-, B- and C-Zone, and the McArthur River deposits).

Comparisons between the Key Lake Road Project and Cameco Corp's Millennium Uranium Deposit

Asked about his opinion of Forum Development's Key Lake Road project, for which Dr. Tan is the chief geologist, "We have the right lithology, the right structure and, on top of that, we have uranium mineralization." Dr. Tan was impressed with the amount of uranium mineralization scattered with the graphitic metapelites. "It is very seldom you find such a lot of uranium mineralization there," he explained. Again, he compared that with exploration around the Key Lake deposit where he remarked, "The graphitic metapelites at the hanging wall of the Key Lake deposit had as much as 4,000 parts per million of uranium." It's

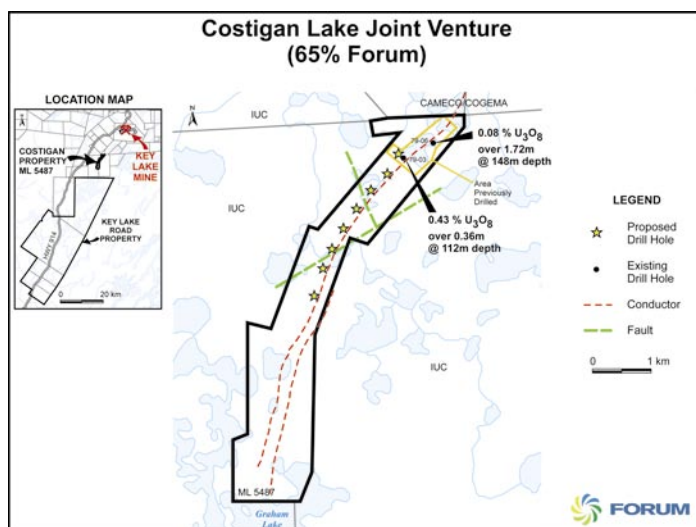
an optimistic sign in preparation for a summer drilling program.

Let's look at Dr. Tan's geological comparisons between Cameco's mammoth Millennium uranium deposit and the exploration he is overseeing for Forum Development's Key Lake Road project.

1. Athabasca's eastern basin is comprised of Archean granitoid gneisses and Paleoproterozoic metasedimentary rocks. Dr Tan wrote, "Both the Lower Proterozoic rocks and the Archean granitoid rocks occur within the KLR shear zone in similar geological setting (along the north-south structural trend,) as the Millennium deposit."

2. The Millennium's main uranium zone occurs in a pelitic to semi-pelitic stratigraphic assemblage of gneisses and schists. Asked about the drill targets on the Key Lake Road project, Dr. Tan responded, "The targets are in the pelitic stratigraphic assemblage at depth which includes the same graphitic pelitic gneiss and the calc-silicate which host the uranium mineralization in the Millennium Deposit."

3. Cameco's geophysical surveys indicated the presence of a significant resistivity low centered over the uranium mineralization. Dr. Tan explained, "Forum did airborne VTEM (electromagnetic survey) and multiple parallel EM conductors of over 40 kilometers long were outlined. Last year's radiometric prospecting was carried out and several uranium showings (from 0.1 to over 5 percent uranium) were found in the graphitic metapelites, calc-silicate and pegmatites along this 40 km conductive trend."



4. The Millennium deposit features extensive hydrothermal alteration over the lithology. The uranium mineralization was associated with dark chlorite and illite, and with a distal halo that included sericite. Dr. Tan remarked, "In the Key Lake Road area, we did observe moderate clay alteration in the fractured and brecciated calc-silicates and pelitic gneiss which appear to be chlorite and sericite. In 1980's five reconnaissance holes were drilled in the area and chlorite alteration in the meta-pelites was reported from the drill cores. In a project Forum has scheduled for drilling this winter, Dr. Tan pointed out, "In the Costigan Lake area clay alteration in the pelitic gneiss were intersected in several holes. One drill hole intersected uranium mineralization of 0.43% U₃O₈ in 0.36 m of clay altered graphitic pelitic gneiss."



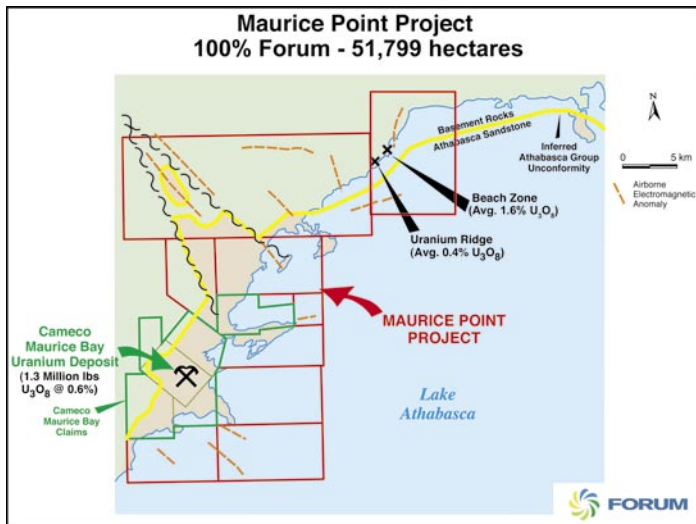
Uraninite

along the shear zone. The calc-silicates contained up to 5 percent uranium with visible pitchblende" He also pointed out that at Forum's Maurice Point project, which the company may drill in 2007, "the prospector discovered a zone of mineralization of 100 by 10 meters wide with uranium mineralization from 1 percent up to 7 percent uranium in an outcrop."



Boron

6. Finally, Dr. Tan explained, "Because all the unconformity uranium deposits in the Athabasca Basin, such as the Millennium, Key Lake and McArthur, always have lots of boron. That is indication of the hydrothermal diagenetic ore-forming process. Do any of Forum's properties show boron? Dr. Tan said, "The Beach Zone in the Maurice Point project has high boron elements. On top of the good uranium grades, yes, that is the extra special thing. Because it is characteristic for a hydrothermal uranium deposit in Athabasca, like Key Lake. It's a good indication like pathfinder elements."



5. The Millennium deposit's ore mineralogy is comprised of pitchblende, with lesser amounts of coffinite and uraninite. Dr. Tan discussed the comparative mineralogy, saying, "We found uraninites in the calc-silicates which occur as fine to coarse disseminated grains and as nuggets up to 2 centimeters in diameter (over 5 percent uranium). Fine grained uranium mineralization (up to 0.6 percent U) found in the fractured graphitic meta-pelite appear to be secondary uranium mineral." In the Key Lake Road's "Molly Zone," Dr. Tan indicated, "Uranium mineralization was found within the calc-silicates and pegmatites

Evaluation of Forum Development's Exploration Prospects

As with any early exploration project, additional drilling helps define the property's potential. Many of Dr. Tan's comparisons, while valid, require drilling the most promising targets. Asked about what questions that drilling the Key Lake Road project might answer, Dr. Tan responded, "If the uranium is deposited under hot water, in a hydrothermal environment around 300 degrees, if you don't see the uranium during drilling, you want to see the rock alteration, the pathfinder geochemistry, the boron, and elevated uranium." He also pointed out the most obvious answer you want to see during a drill program, "The thing you want to see in drilling is to see some uranium."

Some might consider Forum Development Corp's relatively shallow drilling approach with hesitation. The company plans drill holes between 150 and 200 meters deep, not the 700 meters usually drilled in the Athabasca Basin. Forum's Chief Executive Rick Mazur, who is also a geoscientist, saw the positive side to that philosophy, calling his exploration model "unique" (which it is). He added, "The Key Lake project was a concept where we were looking for near or at surface mineralization. We acquired ground just outside the erosional

context of the Athabasca sandstone, where we believe that basement hosted deposits could be found at or near surface.”

Expensive drilling in the Athabasca Basin can break any junior uranium exploration company’s bank. Financing for these drill programs can run into the millions. Exploration can take years. Investors should note that deep drilling into hundreds of meters of overburden can quickly drain a company’s exploration budget. Mazur explained, “We are fortunate enough to have rock exposed on surface, and not covered with 400 to 800 meters of Athabasca sandstone.” What is Forum’s advantage for shallow drilling? “We can go in there and with a very cost-effective program of geological mapping and prospecting, evaluate areas on our property where uranium mineralization has already been discovered in detail,” Mazur concluded.

eResearch

David Scott, an eResearch geological analyst, issued a speculative buy recommendation on Forum Development Corporation (TSX: FDC) in October, 2005, and wrote the company “has an excellent management and advisory team with decades of experience in the Basin. They have staked two well-positioned properties and have moved quickly to explore them.” eResearch set a 12-month target price of C\$0.60/share on FDC shares, with a potential target price of C\$0.90/share “if the company continues to get good results in the Athabasca Basin.”

The analyst re-iterated the speculative buy recommendation on February 13th with the target price of C\$0.60/share. The analyst based his investment opinion and price target by comparing Forum Development against “peer group” junior uranium

exploration companies. Valuation was arrived at his price target by comparing Forum Development in terms of (a) similar-sized uranium exploration companies and (b) uranium exploration companies with properties next to Forum Development. FDC shares traded between C\$0.40 and C\$0.50/share during February.

About Dr. Boen Tan

Dr. Boen Tan is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan, and possesses over twenty-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 Ltd. (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, Dr. Tan 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 Corporation at the McArthur River, Maurice Bay, Millennium and Rabbit Lake deposits until all uranium property and project interests were sold to Cameco in 1998.

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