



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the six months ended May 31, 2021**

*(Unaudited – Expressed in Canadian Dollars)*

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## **NOTICE TO READER**

These condensed interim consolidated financial statements of Forum Energy Metals Corp. have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim consolidated financial statements, notes to the financial statements or the related quarterly Management's Discussion and Analysis.

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**Forum Energy Metals Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**  
*(Unaudited - Expressed in Canadian Dollars)*

	<i>Note</i>	<b>May 31, 2021</b>	<b>November 30, 2020</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	4	\$ 3,305,101	\$ 1,308,527
Marketable securities	5	21,625	14,727
Receivables		73,578	4,811
Prepaid expenses		37,669	11,046
		3,437,973	1,339,111
<b>Equipment</b>	6	8,938	10,588
<b>Exploration and evaluation assets</b>	7	954,306	1,057,988
		\$ 4,401,217	\$ 2,407,687
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	8	\$ 186,415	\$ 257,968
Due to joint venture partner	7	25,317	100,000
Promissory notes	9	6,775	47,425
Flow-through share premium liability		59,321	91,711
		277,828	497,104
<b>Loan</b>	10	-	40,000
		277,828	537,104
<b>Shareholders' equity</b>			
Capital stock	11	49,810,385	46,661,116
Contributed surplus - warrants	11	2,434,247	2,408,576
Contributed surplus - options	11	5,800,453	5,469,521
Deficit		(53,921,696)	(52,668,630)
		4,123,389	1,870,583
		\$ 4,401,217	\$ 2,407,687
<b>Nature of operations and going concern</b>	1		
<b>Subsequent events</b>	15		

Approved and authorized by the Board of Directors on July 28, 2021.

"Richard Mazur"  
Richard Mazur  
Director

"Larry Okada"  
Larry Okada  
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**Forum Energy Metals Corp.**  
**Condensed Interim Consolidated Statements of Income (Loss) and**  
**Comprehensive Income (Loss)**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	Three months ended May 31		Six months ended May 31	
		2021	2020	2021	2020
<b>EXPENSES</b>					
Amortization	6	\$ 824	\$ 164	\$ 1,650	\$ 328
Consulting fees	12	66,000	31,813	134,500	73,440
Director fees	12	7,500	12,000	15,000	19,500
Exploration and evaluation expenditures	7	468,471	(336,510)	493,621	(374,023)
Investor relations and shareholder information		102,619	10,126	164,668	97,208
Management fees earned	7	(84,782)	-	(114,433)	-
Office and administration		37,461	8,551	48,404	15,572
Professional fees		25,806	5,509	43,411	10,288
Share-based compensation	11	412,834	139,230	442,114	140,670
Transfer agent and regulatory fees		14,191	14,891	72,254	21,868
Travel and promotion		-	3,139	-	4,301
		(1,050,924)	111,087	(1,301,189)	(9,152)
<b>Flow-through share premium recovery</b>		30,152	-	32,390	-
<b>Gain on settlement of debt</b>		10,000	162,055	10,000	162,055
<b>Foreign exchange loss</b>		(1,165)	-	(1,165)	-
<b>Unrealized gain on marketable securities</b>	5	3,592	6,053	6,898	7,194
<b>INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		\$ (1,008,345)	\$ 279,195	\$ (1,253,066)	\$ 160,097
<b>Basic and diluted income (loss) per common share</b>		\$ (0.01)	\$ 0.00	\$ (0.01)	\$ 0.00
<b>Weighted average number of common shares outstanding</b>		146,344,174	114,089,552	142,654,893	109,352,913

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**Forum Energy Metals Corp.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
*(Unaudited - Expressed in Canadian Dollars)*

	<b>Six months ended May 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES:</b>		
Income (loss) for the period	\$ (1,253,066)	\$ 160,097
Items not affecting cash:		
Amortization	1,650	328
Share-based compensation	442,114	140,670
Flow-through share premium recovery	(32,390)	-
Gain on settlement of debt	(10,000)	(162,055)
Unrealized gain on marketable securities	(6,898)	(7,194)
Foreign exchange on promissory notes	-	2,916
Change in non-cash working capital items:		
Receivables	(68,767)	(40,739)
Prepaid expenses	(26,623)	(6,144)
Trade and other payables	(71,553)	(304,256)
Due to joint venture partner	(74,683)	-
	<b>(1,100,216)</b>	<b>(216,377)</b>
<b>INVESTING ACTIVITIES:</b>		
Acquisition of exploration and evaluation assets	(6,318)	-
Option payments received on exploration and evaluation assets	110,000	-
	<b>103,682</b>	<b>-</b>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from private placements	2,000,000	321,039
Share issuance costs	(50,228)	-
Proceeds from exercise of warrants	955,486	-
Proceeds from exercise of stock options	158,500	-
Repayment of promissory notes	(40,650)	-
CEBA loan	-	40,000
Repayment of CEBA loan	(30,000)	-
	<b>2,993,108</b>	<b>361,039</b>
<b>INCREASE IN CASH FOR THE PERIOD</b>	<b>1,996,574</b>	<b>144,662</b>
<b>CASH, BEGINNING OF THE PERIOD</b>	<b>1,308,527</b>	<b>131,308</b>
<b>CASH, END OF THE PERIOD</b>	<b>\$ 3,305,101</b>	<b>\$ 275,970</b>
<b>Non-cash investing and financing activities</b>		
Fair value of broker warrants issued	\$ 34,854	\$ -
<b>Supplemental information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements

## Forum Energy Metals Corp.

### Condensed Interim Consolidated Statements of Shareholders' Equity

(Unaudited - Expressed in Canadian Dollars)

	Number of shares	Capital Stock	Contributed Surplus - warrants	Contributed Surplus - options	Deficit	Total
<b>Balance, November 30, 2020</b>	125,093,720	\$ 46,661,116	\$ 2,408,576	\$ 5,469,521	\$ (52,668,630)	\$ 1,870,583
Private placements	16,351,351	2,000,000	-	-	-	2,000,000
Share issuance costs - broker warrants	-	(34,854)	34,854	-	-	-
Share issuance costs - cash	-	(50,228)	-	-	-	(50,228)
Exercise of warrants	7,994,859	964,669	(9,183)	-	-	955,486
Exercise of stock options	1,585,000	269,682	-	(111,182)	-	158,500
Share-based compensation	-	-	-	442,114	-	442,114
Loss and comprehensive loss for the period	-	-	-	-	(1,253,066)	(1,253,066)
<b>Balance, May 31, 2021</b>	151,024,930	\$ 49,810,385	\$ 2,434,247	\$ 5,800,453	\$ (53,921,696)	\$ 4,123,389

	Number of shares	Capital Stock	Contributed Surplus - warrants	Contributed Surplus - options	Deficit	Total
<b>Balance, November 30, 2019</b>	108,738,904	\$ 45,214,204	\$ 2,339,652	\$ 5,325,114	\$ (50,600,990)	\$ 2,277,980
Private placement	5,350,648	321,039	-	-	-	321,039
Share-based compensation	-	-	-	140,670	-	140,670
Income and comprehensive income for the period	-	-	-	-	160,097	160,097
<b>Balance, May 31, 2020</b>	114,089,552	\$ 45,535,243	\$ 2,339,652	\$ 5,465,784	\$ (50,440,893)	\$ 2,899,786

The accompanying notes are an integral part of these condensed interim consolidated financial statements

# Forum Energy Metals Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended May 31, 2021

*(Unaudited - Expressed in Canadian Dollars)*

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### 1. Nature of Operations and Going Concern

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Forum Energy Metals Corp. ("Forum" or "the Company") is a publicly traded company incorporated under the laws of the Province of British Columbia. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") and trade under the symbol FMC. The head office is located at Suite 615, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6 and the registered and records office of the Company is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

On March 10, 2021, the Company commenced trading on the OTCQB Venture Market in the United States under the symbol FDCFF.

The Company is engaged in the business of evaluating, and if deemed appropriate, acquiring and exploring natural resource properties. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent deferred acquisition costs incurred to date, less amounts written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon the Company raising capital, the sale or entering into a joint venture of the Company's exploration and evaluation assets, and/or the attainment of profitable operations.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. At May 31, 2021, the Company has working capital of \$3,160,145 (which amount includes \$1,044,553 restricted to flow-through purposes, resulting in an unrestricted working capital of \$2,115,592). Management estimates that its working capital may not provide the Company with sufficient financial resources to carry out currently planned operations and exploration through the next twelve months. Additional financing will be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in fiscal 2021. The Company continues to operate its business, and in response to Canadian Federal and Provincial, and US Federal and State emergency measures, has requested its employees and consultants work remotely wherever possible. These government measures, which could include government mandated closures of the Company or its contractors, could impact the Company's ability to conduct its exploration programs in a timely manner, and the Company is evaluating the best way to move its exploration activities forward when the emergency measures are lifted.

These condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

# Forum Energy Metals Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended May 31, 2021

*(Unaudited - Expressed in Canadian Dollars)*

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### 2. Basis of Preparation

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#### Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

These condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2020.

#### Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

#### Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the parent company's functional currency as well as the functional currency of its subsidiaries.

#### Critical accounting estimates and judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Carrying value and recoverability of exploration and evaluation assets

Management has determined that acquisition costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, preliminary economic assessment, accessibility of facilities and existing permits.



# Forum Energy Metals Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended May 31, 2021

*(Unaudited - Expressed in Canadian Dollars)*

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### 2. Basis of Preparation (continued)

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#### Critical accounting estimates and judgments (continued)

i) Critical accounting estimates (continued)

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the consolidated statements of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency of the parent Company as well as the functional currency of the Company's US subsidiaries is the Canadian dollar.

# Forum Energy Metals Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended May 31, 2021

(Unaudited - Expressed in Canadian Dollars)

### 3. Significant Accounting Policies

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company as at and for the year ended November 30, 2020.

#### New accounting standards not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as of May 31, 2021 and have not been applied in preparing these condensed interim consolidated financial statements. In addition, none of these standards are applicable to the Company.

### 4. Cash

	May 31, 2021	November 30, 2020
Canadian dollar denominated deposits held in Canada	\$ 2,242,454	\$ 270,353
US dollar denominated deposits held in Canada	18,094	-
Flow-through funds	1,044,553	1,038,174
Total	\$ 3,305,101	\$ 1,308,527

At May 31, 2021, the Company has restricted cash of \$1,044,553 (November 30, 2020 – \$1,038,174) in respect of the unspent balance from the flow-through private placements. These funds are restricted for use to advance the Company's exploration and evaluation assets.

### 5. Marketable Securities

Company	Shares	May 31, 2021 FMV	November 30, 2020 FMV
Mega Uranium Ltd. (T-MGA)	25,000	\$ 6,500	\$ 3,000
Southern Energy Corp. (V-SOU)	3,000	240	75
U308 Corp. (V-UWE)	155	-	-
Minera IRL Ltd. (C-MIRL)	2,380	202	369
Troilus Gold Corp. (T-TLG)	6,666	7,933	7,533
Vanadian Energy Corp. (V-VEC)	75,000	6,750	3,750
Total		\$ 21,625	\$ 14,727

The securities owned by the Company represent minor ownership in all of the public companies in the above schedule.

During the six months ended May 31, 2021, the Company recognized an unrealized gain of \$6,898 (2020 – \$7,194) through the statement of loss and comprehensive loss.

**Forum Energy Metals Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended May 31, 2021**  
*(Unaudited - Expressed in Canadian Dollars)*

**6. Equipment**

	Exploration equipment		Total	
<b>Cost</b>				
At November 30, 2020	\$	11,000	\$	11,000
Additions		-		-
At May 31, 2021	\$	11,000	\$	11,000
<b>Accumulated depreciation</b>				
At November 30, 2020	\$	412	\$	412
Depreciation		1,650		1,650
At May 31, 2021	\$	2,062	\$	2,062
<b>Carrying amounts</b>				
At November 30, 2020	\$	10,588	\$	10,588
At May 31, 2021	\$	8,938	\$	8,938

**7. Exploration and Evaluation Assets**

	November 30, 2020	Additions	Recoveries	Write-off	May 31, 2021
<b>Saskatchewan</b>					
Clearwater	\$ -	\$ -	\$ -	\$ -	\$ -
Costigan	-	-	-	-	-
Fir Island	147,000	-	-	-	147,000
Glennie	12,853	-	-	-	12,853
Grease River	-	6,318	-	-	6,318
Henday	-	-	-	-	-
Highrock	57,854	-	-	-	57,854
Janice Lake	360,000	-	(110,000)	-	250,000
Love Lake	-	-	-	-	-
Maurice Point	-	-	-	-	-
NW Athabasca	200,000	-	-	-	200,000
The Highlands	13,088	-	-	-	13,088
Wollaston	7,337	-	-	-	7,337
<b>Idaho</b>					
Quartz Gulch	259,856	-	-	-	259,856
	\$ 1,057,988	\$ 6,318	\$ (110,000)	\$ -	\$ 954,306

Details on the Company's exploration and evaluation assets are found in Note 7 of the November 30, 2020 consolidated financial statements, except as noted below.

*Grease River*

In February 2021, the Company acquired by staking the Grease River uranium project in Saskatchewan.

**Forum Energy Metals Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended May 31, 2021**  
*(Unaudited - Expressed in Canadian Dollars)*

**7. Exploration and Evaluation Assets (continued)**

*Fir Island*

On November 7, 2019, as amended October 26, 2020, the Company entered into an option agreement with Orano Canada Inc. (“Orano”) whereby the Company granted Orano a series of options to acquire up to a 70% interest in the project. The Company will act as operator until such time as Orano has earned a 51% interest in the project, after which time Orano will act as operator. While the Company is the operator it is entitled to a management fee of 10% on incurred expenditures. During the six months ended May 31, 2021, the recorded management fees of \$114,433.

During the six months ended May 31, 2021, the Company incurred exploration expenditures on the Fir Island project of \$1,281,341, of which \$25,317 had been over-funded and this amount is shown as due to joint venture partner on the consolidated statement of financial position as at May 31, 2021.

The following table shows the activity by category of exploration expenditures for the six months ended May 31, 2021:

	Saskatchewan													Idaho		Total
	Clearwater	Costigan	Fir Island	Glennie	Grease River	Henday	Highrock	Janice Lake	Love Lake	Maurice Point	NW Athabasca	The Highlands	Wollaston	Quartz Gulch		
Camp and accommodation	\$ -	\$ -	\$ 80,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,745	\$ -	\$ -	\$ -	\$ 14,621	\$ -	\$ -	\$ 118,623
Camp costs	-	-	3,112	-	-	-	-	-	902	-	-	-	902	-	-	4,916
Claim staking	-	-	-	-	-	-	-	-	-	300	-	-	-	-	-	300
Community relations	-	-	18,963	-	-	-	-	-	3,800	-	-	-	1,400	-	-	24,163
Drilling	-	-	902,168	-	-	-	-	-	-	-	-	-	-	-	-	902,168
Field personnel	-	-	29,515	-	-	-	-	-	-	-	-	-	-	-	-	29,515
Fuel	-	-	2,423	-	-	-	-	-	1,293	-	-	-	940	-	-	4,656
Geological evaluations	-	-	4,800	-	-	-	-	-	6,650	-	-	-	-	-	-	11,450
Labs and assays	-	-	23,537	-	-	-	-	-	-	-	-	-	-	-	-	23,537
License/permit/taxes	-	-	1,818	-	-	-	-	-	1,003	-	-	-	-	-	-	2,821
Management & Planning	-	-	750	-	-	-	-	-	8,650	-	-	-	-	-	-	9,400
Management Fees	-	-	120,230	-	-	-	-	-	-	-	-	-	-	-	-	120,230
Salaries - Ken Wheatley	-	-	57,400	-	-	-	-	3,431	15,487	-	500	-	3,364	-	-	80,182
Supplies	-	-	18,272	-	-	-	-	-	-	-	-	-	-	-	-	18,272
Surveying	-	-	435	-	-	-	-	-	351,944	-	-	-	54,578	-	-	406,957
Technical reporting	-	-	-	-	-	-	-	-	111	-	-	-	-	-	-	111
Travel	-	-	17,661	-	-	-	-	-	-	-	-	-	-	-	-	17,661
Subtotal	-	-	1,281,341	-	-	-	-	3,431	413,585	300	500	-	75,805	-	-	1,774,962
Recoveries from joint venture partner	-	-	(1,281,341)	-	-	-	-	-	-	-	-	-	-	-	-	(1,281,341)
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,431</b>	<b>\$413,585</b>	<b>\$ 300</b>	<b>\$ 500</b>	<b>\$ -</b>	<b>\$ 75,805</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 493,621</b>

## Forum Energy Metals Corp.

### Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended May 31, 2021

(Unaudited - Expressed in Canadian Dollars)

#### 8. Trade and Other Payables

	May 31, 2021	November 30, 2020
Trade and other payables in Canada	\$ 169,363	\$ 189,530
Due to related parties (Note 12)	17,052	68,438
Total	\$ 186,415	\$ 257,968

#### 9. Promissory Notes

	May 31, 2021	November 30, 2020
Opening balance	\$ 47,425	\$ 79,806
Repayments	(40,650)	(33,875)
Foreign exchange	-	1,494
Closing balance	\$ 6,775	\$ 47,425

In September 2018, the Company acquired a 100% interest in the Quartz Gulch property in Idaho and the Juneau-Standard property in Oregon. In consideration, the Company, among other things, issued US\$60,000 of non-interest bearing promissory notes.

In June 2020, the promissory notes were collectively replaced by 12 individual promissory notes dated the first day of each month starting with July 2020 and ending with June 2021 in the amount of \$6,775 each, for a total of \$81,300.

During the six months ended June 30, 2021, the Company paid \$40,650 to settle six promissory notes leaving a balance owing as at June 30, 2021 of \$6,775. This amount was paid subsequent to June 30, 2021.

#### 10. Loan

In May 2020, the Company received \$40,000 in respect of the Canada Emergency Business Account ("CEBA") loan (the "Loan"). CEBA was implemented by banks and credit unions in collaboration with Export Development Canada to provide assistance and support to enterprises impacted by the coronavirus (COVID-19) pandemic. The Loan is non-interest bearing.

The Loan has an early payment incentive trigger amount, such that if the Company repays 75% of the amount of the Loan on or before December 31, 2022, the repayment of the remaining 25% of the Loan will be forgiven.

In April 2021, the Company settled the Loan through a payment of \$30,000 cash and forgiveness of \$10,000 in accordance with the terms of the Loan. Accordingly, the Company recorded a gain on settlement of debt of \$10,000 for the six months ended May 31, 2021.

**Forum Energy Metals Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended May 31, 2021**  
*(Unaudited - Expressed in Canadian Dollars)*

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**11. Capital Stock**

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**A. Authorized**

The Company has an unlimited number of common shares without par value authorized for issuance.

**B. Issued and outstanding**

During the six months ended May 31, 2021, the Company completed the following transactions:

- On December 22, 2020, the Company completed a private placement through the issuance of 15,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,500,000. Each unit consists of one common share and one share purchase warrant with each warrant entitling the holder thereof to purchase one common share at a price of \$0.15 until December 21, 2022.

The Company paid finder's fees of \$34,580 cash and other share issue costs of \$12,235.

The Company issued 345,800 broker warrants valued at \$34,854. The broker warrants are exercisable at \$0.10 per share until December 31, 2022. The broker warrants were valued using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.23%; a volatility of 97%; an expected life of 1 years; a forfeiture rate of zero; and an expected dividend of zero.

- On March 11, 2021, the Company completed a private placement through the issuance of 1,351,351 flow-through units at a price of \$0.37 per flow-through unit for gross proceeds of \$500,000. Each flow-through unit consists of one flow-through common share and one share purchase warrant entitling the holder thereof to purchase one common share at a price of \$0.42 until March 11, 2024. The Company paid share issue costs of \$3,413.
- During the six months ended May 31, 2021, the Company issued 7,994,859 common shares on the exercise of warrants for gross proceeds of \$955,486.
- During the six months ended May 31, 2021, the Company issued 1,585,000 common shares on the exercise of stock options for gross proceeds of \$158,500.

# Forum Energy Metals Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended May 31, 2021

(Unaudited - Expressed in Canadian Dollars)

### 11. Capital Stock (continued)

#### C. Warrants

The continuity of share purchase warrants for the six months ended May 31, 2021, is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, November 30, 2020</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired</b>	<b>Balance, May 31, 2021</b>				
March 5, 2021	\$ 0.10	1,425,000	-	(1,425,000)	-	-				
April 4, 2021	\$ 0.10	680,000	-	(680,000)	-	-				
December 21, 2021	\$ 0.10	-	345,800	(75,212)	-	270,588				
October 16, 2022	\$ 0.20	3,333,334	-	-	-	3,333,334				
October 16, 2022	\$ 0.15	533,334	-	-	-	533,334				
December 21, 2022	\$ 0.15	-	15,000,000	(2,000,000)	-	13,000,000				
June 19, 2023	\$ 0.14	1,250,000	-	(1,250,000)	-	-				
June 19, 2023	\$ 0.10	200,000	-	-	-	200,000				
July 15, 2023	\$ 0.14	775,000	-	(150,000)	-	625,000				
July 15, 2023	\$ 0.10	94,500	-	(21,980)	-	72,520				
April 1, 2024	\$ 0.10	11,080,000	-	(1,876,000)	-	9,204,000				
May 11, 2025	\$ 0.10	5,350,648	-	(516,667)	-	4,833,981				
March 11, 2024	\$ 0.42	-	1,351,351	-	-	1,351,351				
		24,721,816	16,697,151	(7,994,859)	-	33,424,108				
Weighted average exercise price	\$	0.12	\$	0.17	\$	0.12	\$	-	\$	0.14

As at May 31, 2021, the weighted average remaining contractual life of the share purchase warrants outstanding was 2.18 years.

**Forum Energy Metals Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended May 31, 2021**  
*(Unaudited - Expressed in Canadian Dollars)*

**11. Capital Stock (continued)**

**D. Stock options**

The Company has a stock option plan (the “Plan”) to be administered by the Board of Directors, which has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company’s Board of Directors. The exercise price of an option is not less than the closing price on the TSX-V on the last trading day preceding the grant date. Options vest immediately for directors, officers, employees and consultants, and in equal quarterly intervals over a term of 12 months for investor relations. The Plan further provides that at any such time the TSX-V rules differ from specific terms of the Plan, then the rules of the Exchange shall apply.

The continuity of stock options for the six months ended May 31, 2021, is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, November 30, 2020</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired</b>	<b>Balance, May 31, 2021</b>
December 2, 2020	\$ 0.10	960,000	-	-	(960,000)	-
March 1, 2021	\$ 0.10	830,000	-	(830,000)	-	-
September 14, 2021	\$ 0.15	200,000	-	-	-	200,000
September 12, 2022	\$ 0.10	1,755,000	-	(280,000)	-	1,475,000
February 12, 2024	\$ 0.10	250,000	-	-	-	250,000
June 5, 2024	\$ 0.10	4,900,000	-	(275,000)	-	4,625,000
June 26, 2024	\$ 0.10	205,000	-	(200,000)	-	5,000
August 26, 2024	\$ 0.10	200,000	-	-	-	200,000
February 10, 2025	\$ 0.10	400,000	-	-	-	400,000
May 12, 2025	\$ 0.10	1,150,000	-	-	-	1,150,000
February 23, 2026	\$ 0.36	-	100,000	-	-	100,000
April 23, 2026	\$ 0.35	-	1,800,000	-	-	1,800,000
		10,850,000	1,900,000	(1,585,000)	(960,000)	10,205,000
Weighted average exercise price	\$ 0.10	\$ 0.35	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.15

As at May 31, 2021, 10,105,000 outstanding stock options were exercisable.

As at May 31, 2021, the weighted average remaining contractual life of the stock options outstanding was 2.33 years.



# Forum Energy Metals Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended May 31, 2021

*(Unaudited - Expressed in Canadian Dollars)*

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### 11. Capital Stock (continued)

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#### E. Share-based compensation

During the six months ended May 31, 2021, the Company recorded share-based compensation of \$442,114 (2020 - \$140,670).

On April 23, 2021, the Company granted 1,800,000 stock options to directors, officers, employees and consultants at a fair value of \$409,870 or \$0.23 per option, all of which was recorded as share-based compensation for the six months ended May 31. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.25%; an expected volatility of 95%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On February 23, 2021, the Company granted 100,000 stock options to an officer of the Company at a fair value of \$25,376 or \$0.25 per option, all of which was recorded as share-based compensation for the six months ended May 31. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.54%; an expected volatility of 95%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On September 14, 2020, the Company granted 200,000 stock options to an investor relations consultant valued at \$10,859 or \$0.05 per option, of which \$6,868 was recorded as share-based compensation for the six months ended May 31, 2021. These options vest 25% in three months and 25% every three months thereafter.

**Forum Energy Metals Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended May 31, 2021**  
*(Unaudited - Expressed in Canadian Dollars)*

**12. Related Party Transactions**

*Compensation of key management personnel*

Key management personnel includes members of the Board of Directors, the Chief Executive Officer, the VP Exploration, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the three and six months ended May 31, 2021 and 2020 were as follows:

	Three months ended May 31		Six months ended May 31	
	2021	2020	2021	2020
<b>Consulting fees</b>				
Chief Executive Officer	\$ 36,000	\$ 14,313	\$ 72,000	\$ 34,940
Corporate Secretary	15,000	10,000	30,000	22,000
Chief Financial Officer *	15,000	-	32,500	-
Former Chief Financial Officer	-	7,500	-	16,500
	66,000	31,813	134,500	73,440
<b>Director fees</b>	7,500	12,000	15,000	19,500
<b>Exploration and evaluation expenditures</b>				
VP Exploration	40,000	24,626	70,000	55,565
	40,000	24,626	70,000	55,565
<b>Investor relations and shareholder information</b>				
Former VP Corporate Development	-	20,000	-	35,000
	-	20,000	-	35,000
<b>Professional fees</b>				
Director - legal services	11,235	-	22,470	-
	11,235	-	22,470	-
<b>Share-based compensation</b>	352,944	125,525	378,320	125,525

\* Consulting fees are paid to Golden Oak Corporate Services Ltd. ("Golden Oak"), a consulting company controlled by the Chief Financial Officer of the Company. Golden Oak provides the services of a Chief Financial Officer and accounting staff to the Company.

*Amounts due to related parties*

		May 31, 2021	November 30, 2020
Chief Executive Officer	Fees	\$ 12,690	\$ 35,213
Corporate Secretary	Fees	-	11,806
Director	Fees	-	7,500
Director	Legal fees	3,920	3,920
VP Exploration	Expenses	-	9,999
Golden Oak	Expenses	442	-
<b>Total</b>		<b>\$ 17,052</b>	<b>\$ 68,438</b>

**13. Segmented Information**

The Company operates in one business and two geographical segments being the exploration of mineral properties in Canada and the United States. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets and have been disclosed in Note 7.

**Forum Energy Metals Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended May 31, 2021**  
*(Unaudited - Expressed in Canadian Dollars)*

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**14. Financial Instruments and Financial Risk Management**

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**Financial instruments**

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (“FVTOCI”); or at amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

		<b>May 31, 2021</b>	<b>November 30, 2020</b>
Cash	FVTPL	\$ 3,305,101	\$ 1,308,527
Marketable Securities	FVTPL	21,625	14,727
Receivables	Amortized cost	73,578	4,811
Trade and other payables	Amortized cost	186,415	257,968
Promissory notes	Amortized cost	6,775	47,425
Loan	Amortized cost	-	40,000

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The carrying values for receivables, trade and other payables, and promissory notes approximate their fair value due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The carrying value of cash and marketable securities is determined based on Level 1 of the fair value hierarchy. The carrying values of the loan is measured at amortized cost.

**Financial risk management**

The Company’s risk management objectives and policies are consistent with those disclosed by the Company for the year ended November 30, 2020.

# Forum Energy Metals Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended May 31, 2021

*(Unaudited - Expressed in Canadian Dollars)*

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### 15. Subsequent Events

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Subsequent to May 31, 2021, the Company completed the following transactions:

- On July 14, 2021, the Company completed a private placement in two tranches through the issuance of 7,885,712 flow-through units at a price of \$0.45 per flow-through unit for gross proceeds of \$3,548,570. Each flow-through unit consists of one flow-through common share and one-half of one share purchase warrant with each whole warrant entitling the holder thereof to purchase one common share at a price of \$0.57 for two years. The Company paid cash commissions of \$240,304 and issued 534,009 finder warrants exercisable at a price of \$0.45 for two years.
- In June and July 2021, the Company issued 673,385 common shares on the exercise of warrants for gross proceeds of \$97,838.
- In June 2021, the Company issued 50,000 common shares on the exercise of stock options for gross proceeds of \$5,000.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
QUARTERLY HIGHLIGHTS**

**For the six months ended May 31, 2021**

# **Forum Energy Metals Corp.**

## **Management's Discussion and Analysis**

### **For the six months ended May 31, 2021**

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The following is management's discussion and analysis – quarterly highlights (“MD&A”) of the results of operations and financial condition of Forum Energy Metals Corp. (the “Company” or “Forum”) for the six months ended May 31, 2021 and up to the date of this MD&A, and has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management's discussion and analysis for the fiscal year ended November 30, 2020 (the “Annual MD&A”).

This MD&A should be read in conjunction with the Annual MD&A and the audited consolidated financial statements for the year ended November 30, 2020, together with the notes thereto, and the accompanying unaudited condensed interim consolidated financial statements and related notes thereto for the six months ended May 31, 2021 (the “Financial Report”).

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is July 28, 2021.

#### **Description of Business**

Forum is a publicly traded company incorporated under the laws of the Province of British Columbia. The Company's shares are listed on the TSX Venture Exchange (“TSX-V”) and trade under the symbol FMC. The head office is located at Suite 615, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6 and the registered and records office of the Company is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

The Company is engaged in the business of evaluating, and if deemed appropriate, acquiring and exploring natural resource properties.

On March 10, 2021, the Company commenced trading on the OTCQB Venture Market in the United States under the symbol FDCFF.

#### **COVID-19**

Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in fiscal 2021. The Company continues to operate its business, and in response to Canadian Federal and Provincial, and US Federal and State emergency measures, has requested its employees and consultants work remotely wherever possible. These government measures, which could include government mandated closures of the Company or its contractors, could impact the Company's ability to conduct its exploration programs in a timely manner, and the Company is evaluating the best way to move its exploration activities forward when the emergency measures are lifted.

**Forum Energy Metals Corp.**  
**Management's Discussion and Analysis**  
**For the six months ended May 31, 2021**

**Resource Properties**

As at May 31, 2021 and the date of this MD&A, the Company had an ownership in the following exploration and evaluation assets:

<b>PROJECT</b>	<b>INTEREST</b>	<b>COMMODITY</b>	<b>LOCATION</b>
Glennie	100%	Gold-Copper	Saskatchewan
Janice Lake	100%	Copper-Silver	Saskatchewan
Love Lake	100%	Palladium-Copper-Nickel	Saskatchewan
The Highlands	100%	Palladium-Copper-Nickel	Saskatchewan
Clearwater	75%	Uranium	Saskatchewan
Costigan	65%	Uranium	Saskatchewan
Fir Island	100%	Uranium	Saskatchewan
Grease River	100%	Uranium	Saskatchewan
Henday	40%	Uranium	Saskatchewan
Highrock	100%	Uranium	Saskatchewan
Maurice Point	100%	Uranium	Saskatchewan
NW Athabasca	39.43%	Uranium	Saskatchewan
Wollaston	100%	Uranium	Saskatchewan
Quartz Gulch	100%	Cobalt	Idaho

During the six months ended May 31, 2021, and up to the date of this MD&A, the Company completed work on the following exploration and evaluation assets:

*Janice Lake*

As announced April 14, 2021, Rio Tinto Exploration Canada ("Rio Tinto") completed winter drilling on the Janice Lake copper/silver project in Saskatchewan. Nine holes for a total of 2,330 metres were drilled on the Rafuse target. This is Rio Tinto's second drill campaign on the 52 kilometre ("km") long Janice Lake property. Rio Tinto drilled 5,209 metres in 21 holes in 2019 on three targets – Jansem, Janice and Kaz. Nine holes for a total of 2,330 metres were drilled in February and March 2021 on the Rafuse target, a 2.8 km long priority target of surface copper mineralization. Three drill fences at 200 metre spacings for a total strike length of 650 metres have been tested.

On May 25 and June 9, 2021, the Company announced drill results from the nine holes drilled. Highlights included structurally controlled mineralization encountered in Hole JANL00028 grading 0.86% copper and 8.02 g/t silver over 14 metres, including 6m of 1.67% copper and 13.6 g/t silver and stratabound mineralization encountered in Hole JANL0023 grading 0.325% copper and 2.04 g/t silver over 48 metres, including 1.78% copper and 9.25 g/t silver over 3.15 metres. The limited drilling by Rio Tinto to date has shown that multiple occurrences of shallow copper mineralization amenable to open pit mining are present and are working to find more.

## **Forum Energy Metals Corp.**

### **Management's Discussion and Analysis**

**For the six months ended May 31, 2021**

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As announced June 21, 2021, Rio Tinto commenced drilling on Forum's Janice Lake project to follow up drilling the Rafuse target. Rio Tinto will continue its regional exploration of the 52 km extent of prospective sedimentary copper/silver mineralization on Forum's 100% owned claims.

Rio Tinto has planned the following program through to September:

- Estimated ten holes for a total of 2,800 metres on the Rafuse target.
- A LIDAR survey over the full extent of the property to locate outcrop through the forest canopy and interpret glacial geology to aid in geochemical prospecting.
- Rio Tinto has assembled a larger team of geologists and prospectors to continue the initial mapping and prospecting undertaken in 2020. The focus will be to increase the density of mapping and prospecting in prospective areas already identified by mapping and to map/prospect in areas that were not reached in 2020.

#### *Fir Island*

As announced March 3, 2021, the Company commenced a 5,000 metre, 24 hole drill program on the Fir Island project, which is being funded by Orano Canada Inc. ("Orano"). Previous drilling in 2015 and 2020 identified two prospective structures transecting the project, defined by gravity, resistivity, and soil sampling anomalies. The 2021 drill program will further investigate these structures that exhibit strong alteration, elevated geochemical indicators, and an abundance of dravite; a boron-rich clay that is present around most uranium deposits on the eastern side of the Athabasca Basin.

As announced April 12, 2021, the Company completed a diamond drill program on its Fir Island project. Ten holes for 3,051 metres were completed, short of the 5,000 metres planned due to a slow start-up caused by poor ice conditions. The program continued drilling on the Cathy Fault / resistivity anomaly with eight holes and tested a smaller resistivity low to the southwest. Infill drilling on land tested the Cathy Fault on approximately 500 metre sections. The offset of the unconformity continued along its length and the holes returned strong tectonization, quartz dissolution and remobilization, strong alteration, and confirmed the presence of dravite clays in both sandstone and basement lithologies (dravite is a common indicator around most uranium deposits on the east side of the Athabasca Basin).

A total of 361 core samples were collected and sent to the Saskatchewan Research Council (SRC) for geochemical analysis. In addition, approximately 500 samples were collected for clay analysis. On May 17, 2021, the Company announced the geochemical results compiled. Boron, uranium, offset of the unconformity, and size of the resistivity low all increase to the north along the Cathy Fault.

Drill targets planned for 2021 along a four km electromagnetic conductor marking the Cathy Fault to the north of Fir Island could not be drilled this year due to poor ice conditions. Future plans are to follow the Cathy Fault to the north to the intersection with the Black Lake Fault, then continue northward along the structure, testing any resistivity and gravity lows.

Forum and joint venture partner, Orano will review the drill results with a view to plan a drill program in the winter of 2022.



**Forum Energy Metals Corp.**  
**Management's Discussion and Analysis**  
**For the six months ended May 31, 2021**

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Love Lake

As announced May 10, 2021, the Company commenced a large-scale airborne electromagnetic ("EM") survey on the Love Lake project located approximately 60 km northeast of Forum's Janice Lake project in north-eastern Saskatchewan along Highway 905 to the Rabbit Lake/ McClean Lake uranium mills. The HeliSAM system (a Time Domain Electromagnetic system) will focus on five areas at 100 metre line spacings - the Tadpole, Road, South Contact, Korvin and What Grids. The HeliSam survey is capable of detecting magmatic nickel-copper-PGM deposits to significant depths and will bring the project to a drill-ready state. Forum is currently making arrangements for a drill program in the late summer, the scale of which will be dependent upon the results of the EM survey.

Forum has received results from the airborne EM survey and the Company is finalizing drill targets from the survey as well as targeting the surface copper/nickel/platinum/palladium showings. A 3,000 metre drill program is planned to commence in the first week of August.

Wollaston

As announced April 7, 2021, the Company started a gravity survey on its Wollaston Uranium Project, located 10 km south of Cameco's Rabbit Lake uranium mill and immediately east of the all weather road to Orano's McClean Lake uranium processing plant. The gravity survey is designed to detect areas of alteration within north-south bends along a number of EM conductors on the project. Alteration halos may be formed during the creation of uranium deposits along EM conductors. The Wollaston Project lies immediately outside the Athabasca sandstone basin so the alteration halos will be limited to the basement lithologies, creating a much tighter target for drilling.

Approximately 2,000 readings at 100m x 100m spacings on two priority grids will be taken. The gravity survey was only partially completed due to the early onset of spring. Gravity crews will complete the survey this autumn. Gravity surveys identify areas of alteration associated with uranium mineralization.

**Forum Energy Metals Corp.**  
**Management's Discussion and Analysis**  
**For the six months ended May 31, 2021**

The following table shows the exploration and evaluation expenditures by property for the six months ended May 31, 2021:

	Saskatchewan													Idaho	Total
	Clearwater	Costigan	Fir Island	Glennie	Grease River	Henday	Highrock	Janice Lake	Love Lake	Maurice Point	NW Athabasca	The Highlands	Wollaston	Quartz Gulch	
Camp and accommodation	\$ -	\$ -	\$ 80,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,745	\$ -	\$ -	\$ -	\$ 14,621	\$ -	\$ 118,623
Camp costs	-	-	3,112	-	-	-	-	-	902	-	-	-	902	-	4,916
Claim staking	-	-	-	-	-	-	-	-	-	300	-	-	-	-	300
Community relations	-	-	18,963	-	-	-	-	-	3,800	-	-	-	1,400	-	24,163
Drilling	-	-	902,168	-	-	-	-	-	-	-	-	-	-	-	902,168
Field personnel	-	-	29,515	-	-	-	-	-	-	-	-	-	-	-	29,515
Fuel	-	-	2,423	-	-	-	-	-	1,293	-	-	-	940	-	4,656
Geological evaluations	-	-	4,800	-	-	-	-	-	6,650	-	-	-	-	-	11,450
Labs and assays	-	-	23,537	-	-	-	-	-	-	-	-	-	-	-	23,537
License/permit/taxes	-	-	1,818	-	-	-	-	-	1,003	-	-	-	-	-	2,821
Management & Planning	-	-	750	-	-	-	-	-	8,650	-	-	-	-	-	9,400
Management Fees	-	-	120,230	-	-	-	-	-	-	-	-	-	-	-	120,230
Salaries - Ken Wheatley	-	-	57,400	-	-	-	-	3,431	15,487	-	500	-	3,364	-	80,182
Supplies	-	-	18,272	-	-	-	-	-	-	-	-	-	-	-	18,272
Surveying	-	-	435	-	-	-	-	-	351,944	-	-	-	54,578	-	406,957
Technical reporting	-	-	-	-	-	-	-	-	111	-	-	-	-	-	111
Travel	-	-	17,661	-	-	-	-	-	-	-	-	-	-	-	17,661
Subtotal	-	-	1,281,341	-	-	-	-	3,431	413,585	300	500	-	75,805	-	1,774,962
Recoveries from joint venture partner	-	-	(1,281,341)	-	-	-	-	-	-	-	-	-	-	-	(1,281,341)
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,431</b>	<b>\$413,585</b>	<b>\$ 300</b>	<b>\$ 500</b>	<b>\$ -</b>	<b>\$ 75,805</b>	<b>\$ -</b>	<b>\$ 493,621</b>

**Qualified Person**

Richard J. Mazur, P.Geo., President & CEO of the Company, is the Qualified Person that has reviewed and approved the exploration information and resource disclosures contained in this MD&A.

# **Forum Energy Metals Corp.**

## **Management's Discussion and Analysis**

### **For the six months ended May 31, 2021**

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#### **Trends**

The Company is an exploration company. At this time, issues of seasonality or market fluctuations have had a minor impact on the expenditure patterns. The Company expenses its exploration, project investigation and general and administration costs, and these amounts are included in the net income (loss) for each quarter. The Company's treasury, in part, determines the levels of exploration.

The level of the Company's exploration and evaluation expenditures is largely determined by the strength of resource capital and commodity markets and its ability to obtain investor support for its projects.

#### **Results of Operations**

The consolidated net loss for the six months ended May 31, 2021 was \$1,253,066 (2020 - income of \$160,097).

The significant changes between the current period and the comparative period are discussed below.

Consulting fees for the six months ended May 31, 2021 totalled \$134,500 compared to \$73,440 in the comparative period. The increase in consulting fees is due to management of the Company agreeing to temporarily reduce their fees in the prior period. Fees were reinstated in December 2020.

Exploration and evaluation expenditures for the six months ended May 31, 2021 totalled \$493,621 (2020 - recovery of 374,023) and relates to exploration work primarily on the Company's Love Lake project.

Investor relations and shareholder information expenses for the six months ended May 31, 2021 were \$164,668 and are comparable to the prior period expenses of \$97,208.

Management fees earned for the six months ended May 31, 2021 were \$114,433 (2020 - \$Nil) and relate to fees charged to Orano on the Fir Island project as the Company is the operator.

During the six months ended May 31, 2021, the Company recorded share-based compensation of \$442,114 (2020 - \$140,670) on stock options granted during the period.

Transfer agent and regulatory fees for the six months ended May 31, 2021 were \$72,254 compared to \$21,868 in the prior period. The increase is primarily due to the cost of the Company's listing on the OTCQB Venture Market in the United States.

In May 2020, certain officers, directors, and consultants of the Company forgave debt of \$162,055 and accordingly the Company recorded a gain on settlement of \$162,055 for the six months ended May 31, 2021.

#### **Liquidity and Capital Resources**

Forum began the fiscal period with \$1,308,527 cash. During the six months ended May 31, 2021, the Company spent \$1,100,216 on operating activities, net of working capital changes, received \$103,682 from investing activities, and received \$2,993,108 from financing activities, to end at May 31, 2021 with \$3,305,101 cash.

During the six months ended May 31, 2021, the Company completed the following transactions:

- On December 22, 2020, the Company completed a private placement through the issuance of 15,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,500,000. Each unit consists of

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one common share and one share purchase warrant with each warrant entitling the holder thereof to purchase one common share at a price of \$0.15 until December 21, 2022. The Company paid finder's fees of \$34,580 cash and other share issue costs of \$12,235.

- On March 11, 2021, the Company completed a private placement through the issuance of 1,351,351 flow-through units at a price of \$0.37 per flow-through unit for gross proceeds of \$500,000. Each flow-through unit consists of one flow-through common share and one share purchase warrant entitling the holder thereof to purchase one common share at a price of \$0.42 until March 11, 2024. The Company paid share issue costs of \$3,413.
- During the six months ended May 31, 2021, the Company issued 7,994,859 common shares on the exercise of warrants for gross proceeds of \$955,486.
- During the six months ended May 31, 2021, the Company issued 1,585,000 common shares on the exercise of stock options for gross proceeds of \$158,500.

At May 31, 2021, the Company has working capital of \$3,160,145 (which amount includes \$1,044,553 restricted to flow-through purposes, resulting in an unrestricted working capital of \$2,115,592).

Subsequent to May 31, 2021, the Company completed the following transactions:

- On July 14, 2021, the Company completed a private placement in two tranches through the issuance of 7,885,712 flow-through units at a price of \$0.45 per flow-through unit for gross proceeds of \$3,548,570. Each flow-through unit consists of one flow-through common share and one-half of one share purchase warrant with each whole warrant entitling the holder thereof to purchase one common share at a price of \$0.57 for two years. The Company paid cash commissions of \$240,304 and issued 456,231 finder warrants exercisable at a price of \$0.45 for two years.
- In June and July 2021, the Company issued 673,385 common shares on the exercise of warrants for gross proceeds of \$97,838.
- In June 2021, the Company issued 50,000 common shares on the exercise of stock options for gross proceeds of \$5,000.

Management estimates that its working capital and subsequent financings may not provide the Company with sufficient financial resources to carry out currently planned operations and exploration through the next twelve months. Additional financing will be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

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### Related Party Transactions

The Company had no other related party transactions other than those incurred in the normal course of business as disclosed in the Financial Report.

### Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration and evaluation assets are described in Note 7 to the Financial Report.

### Outstanding Share Data as at the date of this MD&A

Authorized: an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Share Purchase Warrants	Stock Options
Balance as at May 31, 2021	151,024,930	33,424,108	10,205,000
Private placement	7,885,712	4,476,864	-
Exercise of warrants	673,385	(673,385)	-
Exercise of options	50,000	-	(50,000)
Balance as at the date of this MD&A	159,634,027	37,227,587	10,155,000

### Forward Looking Information

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, permitting risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements which are filed and available for review on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ

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materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

**Additional Information**

Additional information is available on the Company's website at [www.forumenergymetals.com](http://www.forumenergymetals.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).