



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended August 31, 2023

(Expressed in Canadian Dollars)

NOTICE TO READER

These condensed interim consolidated financial statements of Forum Energy Metals Corp. have been prepared by management and approved by the Audit Committee of 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.

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

	<i>Note</i>	August 31, 2023	November 30, 2022
ASSETS			
Current assets			
Cash	4	\$ 2,634,788	\$ 1,881,274
Marketable securities	5	89,066	48,625
Receivables		149,083	183,486
Due from joint venture partner	8	49,640	58,727
Prepaid expenses	6	758,524	191,682
		3,681,101	2,363,794
Equipment	7	137,710	3,988
Exploration and evaluation assets	8	990,716	995,583
Reclamation deposit		40,250	-
		\$ 4,849,777	\$ 3,363,365
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	9	\$ 943,942	\$ 514,730
Flow-through share premium liability	10	1,010,770	248,633
		1,954,712	763,363
Shareholders' equity			
Capital stock	11	58,640,716	54,115,782
Contributed surplus - warrants	11	2,561,854	2,476,225
Contributed surplus - options	11	6,842,562	6,680,960
Deficit		(65,150,067)	(60,672,965)
		2,895,065	2,600,002
		\$ 4,849,777	\$ 3,363,365
Nature of operations and going concern	1		
Subsequent event	15		

Approved and authorized by the Audit Committee of the Board of Directors on October 25, 2023.

"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 Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

		Three months ended August 31,		Nine months ended August 31,	
	Note	2023	2022	2023	2022
EXPENSES					
Amortization	7	\$ 6,643	\$ 825	\$ 8,293	\$ 2,475
Consulting fees	12	96,000	96,000	288,000	288,000
Director fees	12	7,500	7,500	22,500	22,500
Exploration and evaluation expenditures	8	2,336,287	596,800	4,597,253	2,075,791
Exploration and evaluation recoveries	8	-	-	(94,807)	(155,896)
Investor relations and shareholder information		94,923	80,581	262,136	259,594
Management fees earned	8	(37,638)	-	(37,638)	(45,953)
Office and administration		30,306	46,096	132,297	87,526
Professional fees		27,807	19,629	91,746	82,284
Share-based compensation	11	112,165	11,752	161,602	657,983
Transfer agent and regulatory fees		11,600	14,629	60,557	61,970
Travel and promotion		15,637	9,443	51,776	13,877
		(2,701,230)	(883,255)	(5,543,715)	(3,350,151)
Flow-through share premium recovery	10	423,237	94,501	993,292	275,913
Foreign exchange loss		(3,987)	(2,625)	(6,366)	(4,123)
Gain on settlement of trade and other payables	9	-	-	108,055	-
Interest income		7,040	29,798	29,400	20,964
Part X.II tax		-	-	(22,084)	-
Unrealized gain (loss) on marketable securities	5	(12,437)	4,694	(35,684)	(43,173)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		\$ (2,287,377)	\$ (756,887)	\$ (4,477,102)	\$ (3,100,570)
Basic and diluted loss per common share		\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding		218,946,786	170,817,289	198,867,596	170,247,865

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

	Nine months ended August 31,	
	2023	2022
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Loss for the period	\$ (4,477,102)	\$ (3,100,570)
Items not affecting cash:		
Amortization	8,293	2,475
Share-based compensation	161,602	657,983
Flow-through share premium recovery	(993,292)	(275,913)
Gain on settlement of trade and other payables	108,055	-
Shares received from JV partner	(76,125)	(113,750)
Unrealized loss on marketable securities	35,684	43,173
Change in non-cash working capital items:		
Receivables	34,403	(34,883)
Prepaid expenses	(566,842)	91,493
Trade and other payables	321,157	64,984
Due from/to joint venture partner	9,087	(1,123)
	(5,435,080)	(2,666,131)
INVESTING ACTIVITIES:		
Acquisition of equipment	(142,015)	-
Acquisition of exploration and evaluation assets	(1,451)	(91,980)
Option payments received on exploration and evaluation assets	6,318	157,854
Deposit	(40,250)	-
	(177,398)	65,874
FINANCING ACTIVITIES:		
Proceeds from private placements	6,627,260	1,000,012
Share issuance costs	(261,268)	(60,000)
Proceeds from exercise of warrants	-	14,317
Proceeds from exercise of stock options	-	50,000
	6,365,992	1,004,329
CHANGE IN CASH FOR THE PERIOD	753,514	(1,595,928)
CASH, BEGINNING OF THE PERIOD	1,881,274	4,651,020
CASH, END OF THE PERIOD	\$ 2,634,788	\$ 3,055,092
Non-cash investing and financing activities		
Fair value of broker warrants issued	\$ 85,629	\$ -
Supplemental information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

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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
Balance, November 30, 2022	172,265,930	\$ 54,115,782	\$ 2,476,225	\$ 6,680,960	\$ (60,672,965)	\$ 2,600,002
Private placements	51,753,189	6,627,260	-	-	-	6,627,260
Share issuance costs - cash	-	(261,268)	-	-	-	(261,268)
Share issuance costs - broker warrants	-	(85,629)	85,629	-	-	-
Flow-through premium	-	(1,755,429)	-	-	-	(1,755,429)
Share-based compensation	-	-	-	161,602	-	161,602
Loss and comprehensive loss for the period	-	-	-	-	(4,477,102)	(4,477,102)
Balance, August 31, 2023	224,019,119	\$ 58,640,716	\$ 2,561,854	\$ 6,842,562	\$ (65,150,067)	\$ 2,895,065

	Number of shares	Capital Stock	Contributed Surplus - warrants	Contributed Surplus - options	Deficit	Total
Balance, November 30, 2021	166,364,062	\$ 53,208,983	\$ 2,486,879	\$ 5,739,560	\$ (56,100,153)	\$ 5,335,269
Private placements	3,846,200	1,000,012	-	-	-	1,000,012
Share issuance costs - cash	-	(60,000)	-	-	-	(60,000)
Flow-through premium	-	(346,158)	-	-	-	(346,158)
Exercise of warrants	130,668	24,971	(10,654)	-	-	14,317
Exercise of options	500,000	95,689	-	(45,689)	-	50,000
Share-based compensation	-	-	-	657,983	-	657,983
Loss and comprehensive loss for the period	-	-	-	-	(3,100,570)	(3,100,570)
Balance, August 31, 2022	170,840,930	\$ 53,923,497	\$ 2,476,225	\$ 6,351,854	\$ (59,200,723)	\$ 3,550,853

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 nine months ended August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

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 and on the OTCQB Venture Market in the United States under the symbol FDCFF. 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. 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 August 31, 2023, the Company had working capital of \$1,726,389, however \$2,480,980 cash is restricted for flow-through purposes, resulting in an unrestricted working capital deficiency of \$754,591. 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.

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

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 2023. 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.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended August 31, 2023
(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation

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, 2022.

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 nine months ended August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

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 nine months ended August 31, 2023

(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, 2022.

New accounting standards not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as of August 31, 2023 and have not been applied in preparing these consolidated financial statements. In addition, none of these standards are applicable to the Company.

4. Cash

	August 31, 2023	November 30, 2022
Canadian dollar denominated deposits held in Canada	\$ 137,406	\$ 1,078,979
US dollar denominated deposits held in Canada	16,402	24,428
Flow-through funds	2,480,980	777,867
Total	\$ 2,634,788	\$ 1,881,274

At August 31, 2023, the Company has restricted cash of \$2,480,980 (November 30, 2022 – \$777,867) in respect of the unspent balance from flow-through private placements. These funds are restricted for use to advance the Company's exploration and evaluation assets and must be spent by December 31, 2024.

5. Marketable Securities

Company	Shares	August 31, 2023 FMV	November 30, 2022 FMV
Mega Uranium Ltd. (T-MGA)	25,000	\$ 6,750	\$ 6,000
Minera IRL Ltd. (C-MIRL)	2,380	48	107
Sassy Gold Corp. (C-SASY)	400,000	34,000	37,500
Southern Energy Corp. (V-SOU)	375	135	360
Traction Uranium Corp. (V-TRAC)	125,000	44,375	-
Troilus Gold Corp. (T-TLG)	6,666	2,633	3,533
Vanadian Energy Corp. (V-VEC)	75,000	1,125	1,125
Total		\$ 89,066	\$ 48,625

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

During the nine months ended August 31, 2023, the Company recognized an unrealized loss of \$35,684 (2022 – \$43,173) through the statement of loss and comprehensive loss.

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

6. Prepaid expenses

	August 31, 2023	November 30, 2022
Prepaid exploration and evaluation expenditures	\$ 591,619	\$ 162,068
Prepaid insurance	9,540	14,602
Prepaid investor relations	138,076	10,100
Prepaid other	19,289	4,912
Total	\$ 758,524	\$ 191,682

7. Equipment

	Exploration equipment
Cost	
At November 30, 2022	\$ 11,000
Additions	142,015
At August 31, 2023	\$ 153,015
Accumulated depreciation	
At November 30, 2022	\$ 7,012
Depreciation	8,293
At August 31, 2023	\$ 15,305
Carrying amounts	
At November 30, 2022	\$ 3,988
At August 31, 2023	\$ 137,710

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets

	November 30, 2022	Additions	Recoveries	Write-off	August 31, 2023
Saskatchewan					
Clearwater	\$ -	\$ -	\$ -	\$ -	\$ -
Costigan	-	-	-	-	-
Fir Island	147,000	-	-	-	147,000
Fisher	11,000	-	-	-	11,000
Grease River	6,318	-	(6,318)	-	-
Henday	-	-	-	-	-
Highrock	-	-	-	-	-
Janice Lake	150,000	-	-	-	150,000
Love Lake	-	-	-	-	-
Maurice Point	-	1,451	-	-	1,451
NW Athabasca	200,000	-	-	-	200,000
Still Nickel	6,847	-	-	-	6,847
Wollaston	7,337	-	-	-	7,337
Nunavut					
Thelon	197,010	-	-	-	197,010
Nutaaq	10,215	-	-	-	10,215
Idaho					
Quartz Gulch	259,856	-	-	-	259,856
	\$ 995,583	\$ 1,451	\$ (6,318)	\$ -	\$ 990,716

Details on the Company's exploration and evaluation assets are found in Note 7 of the November 30, 2022 consolidated financial statements, except as noted below.

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets (continued)

Saskatchewan Projects

Fir Island

On November 7, 2019, the Company entered into an option agreement, as amended, 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 nine months ended August 31, 2023, the recorded management fees of \$454 (2022 - \$45,953).

During the nine months ended August 31, 2023, the Company incurred exploration expenditures on the Fir Island project of \$4,773 which was recorded as due from joint venture partner as at August 31, 2023 and received from Orano subsequent to August 31, 2023.

Grease River

On February 3, 2023, the Company entered into an option agreement with Traction Uranium Corp. ("Traction") whereby Traction can earn a 100% interest in the Grease River project.

The agreement is a staged earn-in as follows:

- 51% interest
 - payment of \$25,000 cash on or before February 10, 2023 (received in February 2023 and first credited against the acquisition costs for \$6,318, with the remainder of \$18,682 recorded as exploration and evaluation recoveries on the statement of loss and comprehensive loss for the nine months ended August 31, 2023);
 - payment of a further \$50,000 cash on or before December 31, 2023;
 - payment of a further \$75,000 cash on or before December 31, 2024;
 - payment of a further \$100,000 cash on or before December 31, 2025;
 - 125,000 Traction shares on or before March 1, 2023 (received in March 2023, valued at \$50,625 and recorded as exploration and evaluation recoveries on the statement of loss and comprehensive loss for the nine months ended August 31, 2023);
 - a further 250,000 Traction shares on or before December 31, 2023;
 - a further 500,000 Traction shares on or before December 31, 2024;
 - a further 750,000 Traction shares on or before December 31, 2025;
 - completing \$500,000 in exploration expenditures by December 31, 2023;
 - completing a further \$1,000,000 in exploration expenditures by December 31, 2024;
 - completing a further \$1,500,000 in exploration expenditures by December 31, 2025;
- 19% interest (70% total)
 - payment of \$200,000 cash on or before December 31, 2026;
 - payment of a further \$500,000 cash on or before December 31, 2027;
 - 1,000,000 Traction shares on or before December 31, 2026;
 - a further 1,500,000 Traction shares on or before December 31, 2027;
 - completing \$1,500,000 in exploration expenditures by December 31, 2026;
 - completing a further \$1,500,000 in exploration expenditures by December 31, 2027;
- final 30% interest (100% total)
 - payment of \$1,000,000 cash on or before December 31, 2028;
 - 3,000,000 Traction shares on or before December 31, 2028;
 - completing \$3,000,000 in exploration expenditures by December 31, 2028;

Forum Energy Metals Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended August 31, 2023
(Unaudited - Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets (continued)

Saskatchewan Projects (continued)

Grease River (continued)

Forum will be the operator until Traction earns a 51% interest. While the Company is the operator it is entitled to a management fee of 10% on incurred expenditures. During the nine months ended August 31, 2023, the recorded management fees of \$39,066.

If Traction earns a 100% interest, Traction is required to (i) grant Forum a 2% net smelter return (“NSR”) royalty, (ii) pay Forum an additional \$1,000,000 upon completion of a preliminary economic assessment, (iii) pay Forum an additional \$2,000,000 upon completion of a feasibility study, and (iv) pay Forum an additional \$5,000,000 upon commencement of commercial production.

During the nine months ended August 31, 2023, the Company incurred exploration expenditures on the Grease River project of \$463,429, which was funded by Traction. As at August 31, 2023, there was \$41,209 owing from Traction and recorded as due from joint venture partner, which amount was received subsequent to August 31, 2023.

Highrock

On February 7, 2022, as amended July 21, 2022, the Company entered into an option agreement with Sassy Gold Corp. (formerly Sassy Resources Corporation) (“Sassy”) whereby Sassy can earn a 100% interest in the Highrock project. Full disclosure of this agreement is found in Note 7 of the November 30, 2022 consolidated financial statements. During the nine months ended August 31, 2023, the Company received 150,000 common shares of Sassy valued at \$25,500 which amount was recorded as exploration and evaluation recoveries on the statement of loss and comprehensive loss for the nine months ended August 31, 2023.

During the nine months ended August 31, 2023, the Company incurred exploration expenditures on the Highrock project of \$3,658 which was recorded as due from joint venture partner as at August 31, 2023.

Janice Lake

On February 22, 2023, the Company entered into an agreement with Rio Tinto Exploration Canada Inc. (“Rio Tinto”) whereby the Company will acquire all of Rio Tinto’s interest in the Janice Lake project, giving Forum a 100% interest in the project.

In consideration, the Company is to grant Rio Tinto a 20% back-in right in the project and a 2% NSR royalty capped at \$50,000,000. Rio Tinto may exercise the back-in right at any time up until 180 days following completion of a feasibility study or commencement of commercial production, if a feasibility study has not been completed, by paying Forum an amount equal to all the expenditures incurred by Forum on the project up to the exercise of the back-in right. On exercise of the back-in right, Forum and Rio Tinto will form an 80/20 joint venture for further development of the project. In addition, Forum is to pay Rio Tinto \$500,000 upon the earlier of completion of a preliminary economic assessment, completion of a feasibility study, or commencement of commercial production, and a further \$2,000,000 upon the earlier of completion of a feasibility study or commencement of commercial production.

Rio Tinto’s sale of the project to Forum is subject to the project’s camp being removed from the site or sold. In satisfaction of this condition, the parties have agreed to extend the First Option Period in the current option agreement to November 30, 2023.

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets (continued)

The following table shows the activity by category of exploration expenditures for the nine months ended August 31, 2023:

	Saskatchewan											Nunavut	Idaho	Total
	Fir Island	Fisher	Grease River	Henday	Highrock	Janice Lake	Love Lake	Maurice Point	NW Athabasca	Still Nickel	Wollaston	Thelon	Quartz Gulch	
Aircraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 852,751	\$ -	\$ 852,751
Camp and accommodation	-	-	-	-	-	-	-	-	-	-	171,853	247,607	-	419,460
Camp costs	-	-	-	-	-	-	1,056	-	1,056	-	1,806	100,238	-	104,156
Claim staking	-	3,252	-	-	-	-	-	-	-	12,388	-	-	-	15,640
Communication	-	-	-	-	-	-	-	-	-	-	1,534	12,445	-	13,979
Community relations	-	-	-	-	-	-	-	-	5,615	-	15,319	331,672	-	352,606
Consulting	450	450	300	750	150	-	3,075	450	-	150	2,550	1,293	-	9,618
Drilling	-	-	-	-	-	-	-	-	-	-	730,134	673,096	-	1,403,230
Equipment	-	-	-	-	-	-	-	-	-	-	9,171	9,166	-	18,337
Field personnel	-	-	-	-	-	-	-	-	-	-	44,362	83,130	-	127,492
Fuel	-	-	-	-	-	-	-	-	-	-	20,726	121,164	-	141,890
Geological evaluations	-	-	-	-	-	-	-	-	-	62,075	5,197	200,771	-	268,043
Grant	-	-	-	-	-	-	-	-	-	-	-	(100,000)	-	(100,000)
Labs and assays	-	12,698	-	-	-	-	-	-	-	3,272	23,348	-	-	39,318
License/permit/taxes	-	-	52,300	-	-	-	-	-	-	-	498	4,200	28,208	85,206
Linecutting/grid	-	-	-	-	-	-	-	-	-	-	30,892	-	-	30,892
Management Fees	454	-	39,066	-	-	-	-	-	-	-	-	-	-	39,520
Rentals	-	-	-	-	-	-	-	-	-	-	26,031	26,686	-	52,717
Safety	-	-	-	-	-	-	-	-	-	-	-	29,404	-	29,404
Salaries	444	5,090	1,843	-	3,255	880	5,583	587	3,368	4,160	48,945	97,513	-	171,668
Software	-	-	-	-	-	-	-	-	-	-	1,820	48,724	-	50,544
Supplies	-	-	-	-	-	-	-	-	-	-	4,736	6,916	-	11,652
Surveying	-	-	369,920	-	253	-	-	-	-	-	310,095	-	-	680,268
Technical reporting	3,425	-	-	-	-	-	14,250	-	-	-	-	9,878	-	27,553
Transportation	-	-	-	-	-	-	-	-	-	-	3,574	159,414	-	162,988
Travel	-	-	-	-	-	-	-	-	-	-	34,352	25,829	-	60,181
Subtotal	4,773	21,490	463,429	750	3,658	880	23,964	1,037	10,039	82,045	1,486,943	2,941,897	28,208	5,069,113
Recoveries from joint venture partner	(4,773)	-	(463,429)	-	(3,658)	-	-	-	-	-	-	-	-	(471,860)
Total	\$ -	\$ 21,490	\$ -	\$ 750	\$ -	\$ 880	\$ 23,964	\$ 1,037	\$ 10,039	\$ 82,045	\$ 1,486,943	\$ 2,941,897	\$ 28,208	\$ 4,597,253

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

9. Trade and Other Payables

	August 31, 2023	November 30, 2022
Trade and other payables in Canada	\$ 920,581	\$ 489,483
Due to related parties (Note 12)	23,361	25,247
Total	\$ 943,942	\$ 514,730

During the nine months ended August 31, 2023, the Company paid \$100,000 to settle trade and other payables of \$208,055 and accordingly recorded a gain on settlement of trade and other payables of \$108,055.

10. Flow-through share premium liability

	August 31, 2023	November 30, 2022
Opening balance	\$ 248,633	\$ 390,761
December 2021 flow-through private placement	-	346,158
December 2022 flow-through private placement	358,971	-
April/May 2023 flow-through private placement	174,267	-
June 2023 flow-through private placement	1,222,191	-
Flow-through share premium recovery	(993,292)	(488,286)
Closing balance	\$ 1,010,770	\$ 248,633

During the nine months ended August 31, 2023, the Company recorded a flow-through share premium recovery of \$993,292 (2022 - \$275,913) related to flow-through expenditures incurred during the period.

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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11. Capital Stock

A. Authorized

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

B. Issued and outstanding

During the nine months ended August 31, 2023, the Company completed the following transactions:

- On December 16 and December 21, 2022, the Company completed a private placement in two tranches through the issuance of 16,663,886 flow-through units at a price of \$0.13 per flow-through unit for gross proceeds of \$2,166,305. Each flow-through unit consists of one flow-through share and one-half of one common share purchase warrant with each whole warrant entitling the holder thereof to purchase one common share at a price of \$0.17 for a period of two years. The Company recorded a flow-through premium liability of \$358,971 on issuance of these flow-through units.

The Company paid finder's fees of \$148,001 cash and issued 1,138,472 finder's warrants valued at \$56,127. The broker warrants are exercisable at \$0.13 per share for a period of 2 years. The broker warrants were valued using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.66-3.74%; a volatility of 91-92%; an expected life of 2 years; a forfeiture rate of zero; and an expected dividend of zero. The Company also paid other share issue costs of \$12,161 cash.

- On April 27 and May 19, 2023, the Company completed a private placement in two tranches through the issuance of 8,713,334 flow-through units at a price of \$0.12 per flow-through unit for gross proceeds of \$1,045,600. Each flow-through unit consists of one flow-through share and one common share purchase warrant with each warrant entitling the holder thereof to purchase one common share at a price of \$0.16 for a period of two years. The Company recorded a flow-through premium liability of \$174,267 on issuance of these flow-through units.

The Company issued 4,154,320 non-flow-through units at a price of \$0.10 per non-flow-through unit for gross proceeds of \$415,432. Each non-flow-through unit consists of one non-flow-through share and one common share purchase warrant with each warrant entitling the holder thereof to purchase one common share at a price of \$0.15 for a period of two years.

The Company also paid finder's fees of \$75,460 cash and issued 747,600 finder's warrants valued at \$29,502. The broker warrants are exercisable at \$0.10 per share for a period of 2 years. The broker warrants were valued using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.80-4.01%; a volatility of 81-86%; an expected life of 2 years; a forfeiture rate of zero; and an expected dividend of zero. The Company also paid other share issue costs of \$11,786.

- On June 21, 2023, the Company completed a private placement through the issuance of 22,221,649 flow-through shares at a price of \$0.135 per flow-through share for gross proceeds of \$2,999,923. The Company recorded a flow-through premium liability of \$1,222,191 on issuance of these flow-through shares. The Company paid share issue costs of \$16,000.

Forum Energy Metals Corp.
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11. Capital Stock (continued)

C. Warrants

The continuity of share purchase warrants for the nine months ended August 31, 2023 is as follows:

Expiry date	Exercise price	Balance, November 30, 2022	Granted	Exercised	Expired	Balance, August 31, 2023				
December 21, 2022	\$ 0.15	8,625,000	-	-	(8,625,000)	-				
June 19, 2023	\$ 0.10	185,000	-	-	(185,000)	-				
June 29, 2023	\$ 0.57	555,556	-	-	(555,556)	-				
June 29, 2023	\$ 0.45	77,778	-	-	(77,778)	-				
July 14, 2023	\$ 0.57	3,387,299	-	-	(3,387,299)	-				
July 14, 2023	\$ 0.45	456,231	-	-	(456,231)	-				
July 15, 2023	\$ 0.14	525,000	-	-	(525,000)	-				
July 15, 2023	\$ 0.10	72,520	-	-	(72,520)	-				
March 11, 2024	\$ 0.42	1,351,351	-	-	-	1,351,351				
April 1, 2024	\$ 0.10	8,450,000	-	-	-	8,450,000				
December 16, 2024	\$ 0.17	-	5,762,693	-	-	5,762,693				
December 16, 2024	\$ 0.13	-	778,777	-	-	778,777				
December 21, 2024	\$ 0.17	-	2,569,250	-	-	2,569,250				
December 21, 2024	\$ 0.13	-	359,695	-	-	359,695				
April 27, 2025	\$ 0.15	-	900,000	-	-	900,000				
April 27, 2025	\$ 0.16	-	3,613,334	-	-	3,613,334				
April 27, 2025	\$ 0.10	-	294,000	-	-	294,000				
May 11, 2025	\$ 0.10	4,383,981	-	-	-	4,383,981				
May 19, 2025	\$ 0.15	-	3,254,320	-	-	3,254,320				
May 19, 2025	\$ 0.16	-	5,100,000	-	-	5,100,000				
May 19, 2025	\$ 0.10	-	453,600	-	-	453,600				
		28,069,716	23,085,669	-	(13,884,384)	37,271,001				
Weighted average exercise price	\$	0.20	\$	0.16	\$	-	\$	0.28	\$	0.15

As at August 31, 2023, the weighted average remaining contractual life of the share purchase warrants outstanding was 1.30 years.

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11. Capital Stock (continued)

D. Stock options

On December 15, 2022, the Company's shareholders approved a new Omnibus Long-term Incentive Plan (the "New Incentive Plan"). The New Incentive Plan governs the granting of stock options, restricted share units (RSU), or deferred share units (DSU) to directors, officers, employees and consultants of the Company for the purchase of up to 10% of the issued and outstanding common shares of the Company from time to time and supersedes the current stock option plan (the "Superseded Option Plan"). Any stock options currently outstanding under the Superseded Option Plan will remain outstanding, however new stock option grants will be subject to the New Incentive Plan. The maximum term of stock options is ten years from the grant date. The exercise price and vesting terms are at the discretion of the directors.

The continuity of stock options for the nine months ended August 31, 2023 is as follows:

Expiry date	Exercise price	Balance, November 30, 2022	Granted	Exercised	Expired/Cancelled	Balance, August 31, 2023				
June 5, 2024	\$ 0.10	3,825,000	-	-	-	3,825,000				
June 26, 2024	\$ 0.10	5,000	-	-	-	5,000				
August 26, 2024	\$ 0.10	200,000	-	-	-	200,000				
February 10, 2025	\$ 0.10	360,000	-	-	-	360,000				
May 12, 2025	\$ 0.10	350,000	-	-	-	350,000				
February 23, 2026	\$ 0.36	100,000	-	-	-	100,000				
April 23, 2026	\$ 0.35	1,600,000	-	-	(200,000)	1,400,000				
December 16, 2026	\$ 0.17	4,500,000	-	-	(900,000)	3,600,000				
January 24, 2027	\$ 0.20	200,000	-	-	-	200,000				
October 3, 2027	\$ 0.15	4,150,000	-	-	(300,000)	3,850,000				
December 1, 2027	\$ 0.13	-	500,000	-	-	500,000				
July 4, 2028	\$ 0.10	-	2,850,000	-	-	2,850,000				
		15,290,000	3,350,000	-	(1,400,000)	17,240,000				
Weighted average exercise price	\$	0.16	\$	0.10	\$	-	\$	0.19	\$	0.15

As at August 31, 2023, 17,090,000 stock options were exercisable.

As at August 31, 2023, the weighted average remaining contractual life of the stock options outstanding was 3.04 years.

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11. Capital Stock (continued)

E. Share-based compensation

During the nine months ended August 31, 2023, the Company recorded share-based compensation of \$161,602 (2022 - \$657,983).

On July 4, 2023, the Company granted 2,750,000 stock options to directors, officers, employees and consultants of the Company valued at \$109,125 or \$0.04 per option, all of which was recorded as share-based compensation for the nine months ended August 31, 2023. 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 3.83%; an expected volatility of 84%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On July 4, 2023, the Company granted 100,000 stock options to an investor relations consultant valued at \$3,968 or \$0.04 per option, of which \$1,305 was recorded as share-based compensation for the nine months ended August 31, 2023. These options vest 25% in three months and 25% every three months thereafter. 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 3.83%; an expected volatility of 84%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On December 1, 2022, the Company granted 500,000 stock options to an officer of the Company valued at \$38,844 or \$0.08 per option, all of which was recorded as share-based compensation for the nine months ended August 31, 2023. 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 3.14%; an expected volatility of 94%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On October 3, 2022, the Company granted 200,000 stock options to an investor relations consultant valued at \$18,607 or \$0.09 per option, of which \$12,044 was recorded as share-based compensation for the nine months ended August 31, 2023. These options vest 25% in three months and 25% every three months thereafter.

On December 16, 2021, the Company granted 200,000 stock options to an investor relations consultant valued at \$25,911 or \$0.13 per option, of which \$284 was recorded as share-based compensation for the nine months ended August 31, 2023. These options vest 25% in three months and 25% every three months thereafter.

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12. Related Party Transactions

Compensation of key management personnel

Key management personnel include 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 nine months ended August 31, 2023 and 2022 were as follows:

	Three months ended August 31,		Nine months ended August 31,	
	2023	2022	2023	2022
Consulting fees				
Chief Executive Officer	\$ 51,000	\$ 51,000	\$ 153,000	\$ 153,000
Corporate Secretary	22,500	22,500	67,500	67,500
Chief Financial Officer *	22,500	22,500	67,500	67,500
	96,000	96,000	288,000	288,000
Director fees	7,500	7,500	22,500	22,500
Exploration and evaluation expenditures				
VP Exploration	40,500	-	121,500	-
Former VP Exploration	-	45,000	-	135,000
	40,500	45,000	121,500	135,000
Professional fees				
Director - legal services	11,235	11,235	33,705	33,705
Share-based compensation	79,363	-	118,207	453,445
Total	\$ 234,598	\$ 159,735	\$ 583,912	\$ 932,650

* 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

		August 31,	November 30,
		2023	2022
Chief Executive Officer	Fees	\$ 17,850	\$ 17,850
Chief Executive Officer	Expenses	984	3,222
VP Exploration	Expenses	-	-
Director	Legal fees	3,920	3,920
Golden Oak	Expenses	607	255
Total		\$ 23,361	\$ 25,247

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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 8.

14. Financial Instruments and Financial Risk Management

Financial instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss; fair value through other comprehensive income; or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

		August 31, 2023	November 30, 2022
Cash	Amortized cost	\$ 2,634,788	\$ 1,881,274
Marketable securities	Amortized cost	89,066	48,625
Receivables	Amortized cost	149,083	183,486
Due from joint venture partner	Amortized cost	49,640	58,727
Trade and other payables	Amortized cost	943,942	514,730

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 cash, receivables, and trade and other payables, 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.

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, 2022.

15. Subsequent Event

In October 2023, the Company issued 360,000 common shares on the exercise of warrants for gross proceeds of \$53,500.