



FORUM ENERGY METALS CORP.
(Formerly Forum Uranium Corp.)

CONSOLIDATED FINANCIAL STATEMENTS
For the years ended November 30, 2018 and 2017

(Stated in Canadian Funds)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

We have audited the accompanying consolidated financial statements of Forum Energy Metals Corp. (formerly Forum Uranium Corp.), which comprise the consolidated statements of financial position as at November 30, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Forum Energy Metals Corp. (formerly Forum Uranium Corp.) as at November 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Forum Energy Metals Corp. (formerly Forum Uranium Corp.) to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

February 21, 2019

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)*(An Exploration Stage Company)***Statements of Consolidated Financial Position as at**
Canadian Funds

| | | November 30, 2018 | November 30, 2017 |
|--|-------------|--------------------------|--------------------------|
| | Note | (\$) | (\$) |
| ASSETS | | | |
| Current assets | | | |
| Cash | 4 | 134,834 | 694,441 |
| Marketable securities | 5 | 15,717 | 23,816 |
| Receivables | 6 | 21,582 | 21,915 |
| Due from joint venture and option partners | 7 | 38,128 | 38,128 |
| Prepaid expenses and deposits | | 40,095 | 18,799 |
| | | <u>250,356</u> | <u>797,099</u> |
| Exploration and evaluation advance | | - | 52,000 |
| Equipment | 8 | 3,244 | 4,548 |
| Exploration and evaluation assets | 9 | <u>2,708,973</u> | <u>1,963,039</u> |
| | | 2,962,573 | 2,816,686 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 38,773 | 36,706 |
| Due to related parties | 11 | 118,843 | 69,908 |
| Promissory note | 9 | <u>32,384</u> | - |
| | | <u>190,000</u> | <u>106,614</u> |
| Promissory note | 9 | 45,338 | - |
| | | <u>235,338</u> | <u>106,614</u> |
| SHAREHOLDERS' EQUITY | | | |
| Capital stock | 10 | 44,614,030 | 43,426,222 |
| Contributed Surplus - Options | | 5,067,714 | 5,067,714 |
| Contributed Surplus - Warrants | | 2,333,843 | 2,324,238 |
| Accumulated other comprehensive loss | | (9,921) | (1,822) |
| Accumulated deficit | | <u>(49,278,431)</u> | <u>(48,106,280)</u> |
| | | <u>2,727,235</u> | <u>2,710,072</u> |
| | | 2,962,573 | 2,816,686 |

Nature of Operations and Going Concern – Note 1**Subsequent Events** – Note 15

Approved and authorized by the Board of Directors on February 21, 2019:

"Richard Mazur"
Richard Mazur
Director

"Larry Okada"
Larry Okada
Director

The accompanying notes are an integral part of these financial statements

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)*(An Exploration Stage Company)***Consolidated Statements of Loss and Comprehensive Loss***Canadian Funds*

| | | For the years ended | |
|---|------|---------------------|-------------------|
| | | November 30, 2018 | November 30, 2017 |
| | Note | (\$) | (\$) |
| General and administrative expenses | | | |
| Amortization | 8 | 1,304 | 1,839 |
| Directors fees | | 15,000 | - |
| Exploration and evaluation assets expenditures | 9 | 536,810 | 724,276 |
| Investor relations and shareholder information | | 109,279 | 128,678 |
| Management fees | | 127,193 | 133,756 |
| Office and administration | | 90,235 | 108,423 |
| Professional fees | | 195,801 | 162,291 |
| Salaries and wages | | (2,809) | 42,586 |
| Share-based compensation | 10 | - | 87,929 |
| Transfer agent and regulatory fees | | 31,710 | 24,302 |
| Travel and promotion | | 17,414 | 11,067 |
| Loss from operations | | 1,121,937 | 1,425,147 |
| Other items | | | |
| Flow-through share premium recovery | 10 | (19,000) | - |
| Exploration and evaluation written off | 9 | 19,214 | - |
| Part XII.6 tax | | - | 1,478 |
| Gain on disposition of exploration and evaluation assets | 9 | - | (50,000) |
| Loss on exploration and evaluation advance | | 50,000 | - |
| Operator management fee | 9 | - | (3,259) |
| | | 50,214 | (51,781) |
| Loss for the year | | 1,172,151 | 1,373,366 |
| Unrealized loss (gain) on available for sale securities | | 8,099 | (4,178) |
| Comprehensive loss for the year | | 1,180,250 | 1,369,188 |
| Loss per share | | | |
| - Basic and diluted | | \$0.01 | \$0.02 |
| Weighted Average Number of Common Shares Outstanding | | 87,547,890 | 73,952,626 |

The accompanying notes are an integral part of these financial statements

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

Canadian Funds

| | Capital Stock | | Contributed Surplus - Options | Contributed Surplus - Warrants | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total |
|---------------------------------------|-------------------|-------------------|-------------------------------------|--------------------------------------|---|------------------------|------------------|
| | Number (#) | Amount (\$) | (\$) | (\$) | (\$) | (\$) | (\$) |
| November 30, 2016 | 53,950,904 | 41,761,018 | 4,979,785 | 2,308,612 | (6,000) | (46,732,914) | 2,310,501 |
| Shares issued for cash | 21,188,000 | 1,695,040 | - | - | - | - | 1,695,040 |
| Shares issue costs - cash | - | (24,711) | - | - | - | - | (24,711) |
| Share issue costs - finders' warrants | - | (22,441) | - | 22,441 | - | - | - |
| Shares issued on exercise of warrants | 210,000 | 17,316 | - | (6,815) | - | - | 10,501 |
| Share-based compensation | - | - | 87,929 | - | - | - | 87,929 |
| Other comprehensive gain | - | - | - | - | 4,178 | - | 4,178 |
| Loss for the year | - | - | - | - | - | (1,373,366) | (1,373,366) |
| November 30, 2017 | 75,348,904 | 43,426,222 | 5,067,714 | 2,324,238 | (1,822) | (48,106,280) | 2,710,072 |
| Shares issued for cash | 10,060,000 | 631,000 | - | - | - | - | 631,000 |
| Shares issue costs - cash | - | (29,587) | - | - | - | - | (29,587) |
| Share issue costs - finders' warrants | - | (9,605) | - | 9,605 | - | - | - |
| Flow-through premium | - | (19,000) | - | - | - | - | (19,000) |
| Shares issued for mineral interests | 11,000,000 | 615,000 | - | - | - | - | 615,000 |
| Other comprehensive (loss) | - | - | - | - | (8,099) | - | (8,099) |
| Loss for the year | - | - | - | - | - | (1,172,151) | (1,172,151) |
| November 30, 2018 | 96,408,904 | 44,614,030 | 5,067,714 | 2,333,843 | (9,921) | (49,278,431) | 2,727,235 |

The accompanying notes are an integral part of these financial statements

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)*(An Exploration Stage Company)***Consolidated Statements of Cash Flows***Canadian Funds*

| | For the years ended | |
|---|----------------------------|--------------------------|
| | November 30, 2018 | November 30, 2017 |
| | (\$) | (\$) |
| Cash resources provided by (used in) | | |
| Operating activities | | |
| Loss for the year | (1,172,151) | (1,373,366) |
| Items not affecting cash: | | |
| Amortization | 1,304 | 1,839 |
| Flow-through share premium recovery | (19,000) | - |
| Share-based compensation | - | 87,929 |
| Exploration and evaluation recovery | - | (16,657) |
| Write off of exploration and evaluation assets | 19,214 | - |
| Changes in non-cash working capital | | |
| Receivables | 333 | 239,082 |
| Due to related parties | 48,935 | (119,764) |
| Due from joint venture and option partners | - | (38,128) |
| Write off of exploration and evaluation advance | 52,000 | - |
| Prepaid expenses and deposits | (21,296) | (4,744) |
| Accounts payable and accrued liabilities | 2,067 | (573,327) |
| Cash used in operating activities | (1,088,594) | (1,797,136) |
| Investing activities | | |
| Acquisition of exploration and evaluation assets | (122,762) | - |
| Acquisition costs | (27,386) | - |
| Promissory notes | 77,722 | - |
| Cash used in investing activities | (72,426) | - |
| Financing activities | | |
| Proceeds from private placements | 631,000 | 1,695,040 |
| Proceeds from the exercise of warrants | - | 10,501 |
| Share issuance costs | (29,587) | (24,711) |
| Cash provided by financing activities | 601,413 | 1,680,830 |
| Net decrease in cash | (559,607) | (116,306) |
| Cash - Beginning of year | 694,441 | 810,747 |
| Cash - End of year | 134,834 | 694,441 |
| Supplemental disclosure of non-cash financing and investing activities | | |
| Unrealized loss (gain) on marketable securities | 8,099 | (4,178) |
| Fair value of agent warrants issued | 9,605 | 22,441 |
| Shares issued for exploration and evaluation assets | 615,000 | - |
| Fair value of exercised warrants | - | 6,815 |

The accompanying notes are an integral part of these financial statements

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

1. Nature of Operations and Going Concern

Forum Energy Metals Corp. ("the Company") is engaged in the business of evaluating, and if deemed appropriate, acquiring interests in, exploring and developing, natural resource properties. 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 February 25, 2018, the Company received approval from the TSX Venture Exchange (the "Exchange") to change the name of the Company from Forum Uranium Corp. to Forum Energy Metals Corp. On February 28, 2018, the shares of Forum Energy Metals Corp. began trading on the Exchange under the new symbol FMC, without change to the Company's capital structure.

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 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. The Company continues to have operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral properties. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to fund its mineral properties through the issuance of capital stock or joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. At November 30, 2018, the Company has working capital of \$60,356, has incurred a loss for the year of \$1,172,151 and has an accumulated deficit of \$49,278,431.

Management plans to continue to secure the necessary financing through a combination of equity financing and entering into joint venture arrangements. However, there is no assurance that the Company will be successful in these actions. These financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of Preparation

Statement of Compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They 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 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.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Forum Energy Metals U.S. LLC ("Forum US") a company incorporated in the state of Wyoming, and Lumina Cobalt US Holdings I Corp. ("LCH") and Lumina Cobalt (U.S.) Corp. ("LCUS"), both companies

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

incorporated in the state of Delaware. All significant inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

Foreign currency translation

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in the statement of loss and comprehensive loss for the period. Unless otherwise indicated, all dollar amounts in these financial statements are in Canadian dollars.

Critical accounting estimates and judgments

The preparation of these 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:

Judgments

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position based on the planned exploration budgets and drill results of exploration programs.
- ii) The recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences.

Estimates

- iii) The inputs used in accounting for share-based compensation expense included in profit and loss are calculated using the Black-Scholes option-pricing model.

3. Significant Accounting Policies

a) Exploration and evaluation assets

Exploration and evaluation costs of mineral resource interests are expensed to the statement of loss and comprehensive loss and acquisition costs are capitalized to the statement of financial position. These acquisition costs will be amortized against revenue from future production or written off if the mineral interest is deemed impaired, abandoned or sold.

The amounts shown for exploration and evaluation assets represent acquisition costs incurred to date, less amounts written off, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects as well as future profitable production or proceeds from the disposition thereof.

At the end of each reporting period, the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Ownership in exploration and evaluation assets involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

b) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

c) Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in contributed surplus is recorded when stock options are expensed. When stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion of stock-based compensation previously recorded in contributed surplus. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments or stock options granted to non-employees are accounted for as equity settled share-based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based compensation transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

d) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded on the declining balance, as to 30% in respect of exploration equipment, and 20% in respect of office equipment.

e) Flow-through shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

resource expenditures by the Company. Proceeds from the issuance of flow-through shares need to be allocated between the offering of the flow-through share and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company renounces the expenditures, at which point the liability is reversed and recorded as other income on the statement of loss. The Company records a deferred tax liability when the Company makes the expenditures. At the time of recognition of the deferred tax liability, an offsetting entry is made to tax expense.

f) **Marketable Securities**

Marketable securities consisting of common shares of public companies are classified as available-for-sale and are reported at market value. At the end of each reporting period, management determines if there has been a change in the market value of each individual security and records an adjustment to market value, with the offsetting debit or credit to other comprehensive income (loss).

g) **Income taxes**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

h) **Provision for environmental rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is amortized on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. As at November 30, 2018 and 2017, the Company had no provisions for environmental rehabilitation.

i) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL")- This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale ("AFS") - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized as other comprehensive income or loss directly in equity. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment or sold, the accumulated fair value adjustments included in equity are recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities: This category includes amounts due to related parties, accounts payables and accrued liabilities, and promissory notes, all of which are recognized at amortized cost.

The Company has classified its cash as FVTPL and marketable securities as AFS. The Company's receivables, due from joint venture and option partners and any due from related parties are classified as

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

loans and receivables. The Company's accounts payable and accrued liabilities, any due to joint venture and option partners and due to related parties are classified as other financial liabilities.

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements.

The fair values of the Company's cash and marketable securities constitute a level 1 fair value measurement. The fair value of the Company's receivables, due to and from related parties, due to and from joint venture and option partners, and accounts payable and accrued liabilities approximate the carrying value due to their short-term nature. See Note 13 for relevant disclosures.

j) Interests in joint arrangements

A joint arrangement can take the form of a joint venture or joint operation. All joint arrangements involve a contractual arrangement that establishes joint control, which exists only when decisions about the activities that significantly affect the returns of the investee require unanimous consent of the parties sharing control. A joint operation is a joint arrangement in which the Company has the rights to the assets and obligations for the liabilities relating to the arrangement. Certain of the Company's exploration and evaluation assets are the subject of agreements which take the form of a joint operation. Accordingly, the Company records only its share of assets, liabilities, costs and expenditures.

k) New and amended accounting standards not yet adopted:

- IFRS 2, "Share-based payment" (amended standard) is effective for annual periods beginning on or after January 1, 2018.
- IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.
- IFRS 16, "Leases" is effective for annual periods beginning on or after January 1, 2019.

The Company has evaluated the impact of these new and amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations.

4. Cash

Cash consist of the following:

| | November 30, 2018 | November 30, 2017 |
|------|-------------------|-------------------|
| | (\$) | (\$) |
| Cash | 134,834 | 694,441 |

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

5. Marketable Securities

Marketable securities consist of the following holdings:

| | November 30, 2018 | |
|--|--------------------------|--------------------|
| | Shares | Fair Market |
| Company | (#) | Value |
| | | (\$) |
| Mega Uranium Ltd. (T-MGA) | 25,000 | 3,251 |
| Standard Exploration Ltd. (V-SDE) | 15,000 | 450 |
| U308 Corp. (V-UWE) | 155 | 40 |
| Minera IRL Ltd. (C: MIRL) | 2,380 | 143 |
| Troilus Gold Corp. (T-TLG) ⁽¹⁾ | 6,666 | 4,333 |
| Vanadian Energy Corp. (V-VEC) ⁽²⁾ | 75,000 | 7,500 |
| | 124,201 | 15,717 |

⁽¹⁾ Pursuant to an amalgamation agreement dated Oct. 31, 2017, Pitchblack Resources Inc. ("Pitchblack") acquired all the outstanding securities of 2507868 Ontario Inc. and of 2513924 Ontario Inc., changed its name to Troilus Gold Corp. ("Troilus") and consolidated its shares as to 1 new share of Troilus for 4 old shares of Pitchblack. Trading of Troilus commenced January 3, 2018.

⁽²⁾ On October 5, 2018, Uracan Resources Ltd. ("Uracan") announced a name change to Vanadian Energy Corp. ("Vanadian") and the consolidation of its shares as to 1 new share of Vanadian for 4 old shares of Uracan.

| | November 30, 2017 | |
|--|--------------------------|--------------------|
| | Shares | Fair Market |
| Company | (#) | Value |
| | | (\$) |
| Mega Uranium Ltd. (T-MGA) | 25,000 | 4,876 |
| Standard Exploration Ltd. (V-SDE) | 15,000 | 150 |
| U308 Corp. (V-UWE) ⁽¹⁾ | 155 | 71 |
| Minera IRL Ltd. (L: MIRL) ⁽²⁾ | 2,380 | 287 |
| Pitchblack Resources Inc. (V-PIT) | 26,666 | 10,932 |
| Uracan Resources Ltd. (V-URC) | 300,000 | 7,500 |
| | 369,201 | 23,816 |

⁽¹⁾ On September 11, 2017, U308 Corp. announced the consolidation of its shares, as to one-new-for-1,000-old basis, followed by a split of every newly consolidated common share on a 50-new-for-one-old basis; the number of shares reflect the consolidation.

⁽²⁾ Pursuant to Minera IRL Ltd.'s ("MIRL") failure to comply with the TSX continued listing requirements, the TSX initiated an expedited delisting review of MIRL, subsequent to which MIRL received a cease trade order from the Ontario Securities Commission. The cease trade order was rescinded in January 2017, and on February 3, 2017, the shares of MIRL began trading on the Canadian Securities Exchange ("CSE").

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

6. Receivables

At November 30, 2018, receivables consist of GST of \$21,582 (November 30, 2017: \$13,902) and general receivables of \$Nil (November 30, 2017: \$8,013).

7. Due from Joint Venture and Option Partners

| | November 30, 2018 | November 30, 2017 |
|--|--------------------------|--------------------------|
| | (\$) | (\$) |
| Due from joint venture and option partners | | |
| Orano Canada Inc. (formerly Areva Resources Canada Inc.) (Note 9 - North West Athabasca) | 5,127 ⁽¹⁾ | 5,127 |
| Vanadian Energy Corp (formerly Uracan Resources Ltd.) (Note 9 - Clearwater) | 33,001 ⁽²⁾ | 33,001 |
| | 38,128 | 38,128 |

⁽¹⁾ Subsequent to November 30, 2018, the Company received payment.

⁽²⁾ Subsequent to November 30, 2018, the Company received payment.

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

8. Equipment

Net carrying costs at November 30, 2018:

| | Office Equipment (\$) | Exploration Equipment (\$) | Total (\$) |
|---|-----------------------------|----------------------------------|----------------|
| Balance at November 30, 2018 and November 30, 2017 | 5,315 | 199,316 | 204,631 |
| Accumulated amortization | | | |
| Balance at November 30, 2017 | 4,720 | 195,363 | 200,083 |
| Amortization | 119 | 1,185 | 1,304 |
| Balance at November 30, 2018 | 4,839 | 196,548 | 201,387 |
| Net book value at November 30, 2018 | 476 | 2,768 | 3,244 |

Net carrying costs at November 30, 2017:

| | Office Equipment (\$) | Exploration Equipment (\$) | Total (\$) |
|--|-----------------------------|----------------------------------|----------------|
| Balance at November 30, 2016 and 2017 | 5,315 | 199,316 | 204,631 |
| Accumulated amortization | | | |
| Balance at November 30, 2016 | 4,572 | 193,672 | 198,244 |
| Amortization | 148 | 1,691 | 1,839 |
| Balance at November 30, 2017 | 4,720 | 195,363 | 200,083 |
| Net book value at November 30, 2017 | 595 | 3,953 | 4,548 |

9. Exploration and Evaluation Assets

The Company has investigated ownership of its mineral interests as at November 30, 2018 and 2017. To the best of the Company's knowledge, ownership of its interests is in good standing.

| | Balance November 30, 2017 (\$) | Acquisition Costs (\$) | Write off or write down (\$) | Balance November 30, 2018 (\$) |
|------------------------------------|--------------------------------------|---------------------------|------------------------------------|--------------------------------------|
| Saskatchewan | | | | |
| Fir Island | 147,000 | - | - | 147,000 |
| Henday Lake | 1,476,300 | - | - | 1,476,300 |
| Highrock Lake | 57,854 | - | - | 57,854 |
| Karpinka | 1,500 | - | (1,500) | - |
| Costco (formerly Key Lake Road) | 44,516 | - | - | 44,516 |
| Maurice Point | 18,155 | 292 | - | 18,447 |
| NW Athabasca | 200,000 | - | - | 200,000 |
| Janice Lake | - | 505,000 | - | 505,000 |
| Idaho | | | | |
| Quartz Gulch | - | 259,856 | - | 259,856 |
| Nunavut | | | | |
| Ukaliq | 17,714 | - | (17,714) | - |
| | 1,963,039 | 765,148 | (19,214) | 2,708,973 |

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

| | Balance November 30, 2016 (\$) | Acquisition Costs (\$) | Write off or write down (\$) | Balance November 30, 2017 (\$) |
|---------------------|--------------------------------------|---------------------------|------------------------------------|--------------------------------------|
| Saskatchewan | | | | |
| Fir Island | 147,000 | - | - | 147,000 |
| Henday Lake | 1,476,300 | - | - | 1,476,300 |
| Highrock Lake | 57,854 | - | - | 57,854 |
| Karpinka | 1,500 | - | - | 1,500 |
| Key Lake Road | 44,516 | - | - | 44,516 |
| Maurice Point | 18,155 | - | - | 18,155 |
| NW Athabasca | 200,000 | - | - | 200,000 |
| Nunavut | | | | |
| Ukaliq | 17,714 | - | - | 17,714 |
| | 1,963,039 | - | - | 1,963,039 |

The following table shows the activity by category of exploration expenditures for the years ended November 30, 2018 and 2017:

| | Year ended November 30, 2018 (\$) | Year ended November 30, 2017 (\$) |
|--|---|---|
| Exploration and Evaluation Expenditures | | |
| Camp and accommodation | 97,854 | 50,864 |
| Claim staking | 13,504 | 10,924 |
| Camp costs | 4,326 | 8,849 |
| Deficiency deposits | (101,484) | 92,285 |
| Drilling | 100,852 | - |
| Equipment rental | - | 12,659 |
| Field personnel | 31,870 | 54,585 |
| Fuel | 18,409 | 4,115 |
| Geophysics | 10,376 | 20,088 |
| Joint venture partner recovery | - | (51,527) |
| Lab and assays | 12,640 | 21,356 |
| Leases | 12,745 | 10,457 |
| License/permits/taxes | 57,208 | 10,884 |
| Linecutting/grid | - | 31,325 |
| Geological evaluations | 98,998 | 53,154 |
| Prospecting | 10,009 | 5,580 |
| Surveying | 1,500 | 283,279 |
| Technical reporting | 36,753 | 76,775 |
| Travel | 131,250 | 28,624 |
| Total: | 536,810 | 724,276 |

a) **Fir Island**

The Company holds a 100% interest in the Fir Island uranium property, subject to a 1.5% net smelter royalty ("NSR"), of which the Company can buy back 1% by paying \$1,000,000 to Anthem Resources Ltd.

b) **Henday Lake**

The Company held a 100% interest in the Henday Lake uranium property, subject to a 2.0% NSR, of which the Company can buy back 1% by paying to Uranium Holdings Corporation, the greater of US\$800,000 or CDN\$1,000,000 at the time of buy back.

The Company entered into an Option Agreement (the "Henday Option Agreement") on the Henday Lake project with Hathor Exploration Limited ("Hathor") on February 27, 2009, pursuant to which Hathor earned a 60% interest in the property. In January of 2012, Rio Tinto Canada Uranium ("Rio") acquired Hathor and on May 10, 2012, the Company received a letter from Rio notifying the Company of their intent to elect to acquire the additional 10% interest in the Henday property previously held by Hathor by funding

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

a bankable feasibility study on the Henday property. On November 3, 2015, the Henday Option Agreement was amended, pursuant to which Rio can acquire the additional 10% by financing \$20,000,000 in exploration or delivering a feasibility study on the property, whichever occurs first, at which time Rio would hold a 70% and the Company a 30% interest in the property.

c) Highrock Lake

The Company holds a 100% interest in the Highrock Lake uranium property, subject to a 1.0% NSR, of which the Company can buy back 0.5% by paying \$1,000,000. The Company also holds a 100% interest in the Highrock South Lake property, subject to payment of a 2.0% NSR to the vendor.

d) Karpinka

The Company holds a 100% interest in the Karpinka uranium property, subject to a 1.0% NSR, of which the Company can buy back 0.5% by paying \$1,000,000. During the year ended November 30, 2018, the Company elected to write off all capitalized costs in respect of the property.

e) Costco (formerly Key Lake Road)

The Company holds a 100% interest in the Key Lake Road uranium project.

f) Maurice Point

The Company owns a 100% interest in the Maurice Point uranium project located in the Athabasca Basin.

g) North West Athabasca

The Company is party to joint venture agreement with NexGen Energy Ltd. ("NexGen"), Cameco Corporation ("Cameco") and Orano Canada Inc. (formerly Areva Resources Canada Inc.) ("Orano"). Pursuant to the agreement with NexGen, the Company acts as operator, and charges a 10% operator fee to the project account. At November 30, 2018 and November 30, 2017, the Company was owed \$5,127 in operator fees (received subsequent to November 30, 2018).

At November 30, 2018 and November 30, 2017, parties held the following interest in the North West Athabasca project:

| | November 30, 2018 (%) | November 30, 2017 (%) |
|--|--------------------------|--------------------------|
| Forum Energy Metals Corp. | 39.43 | 39.43 |
| NexGen Energy Ltd. | 28.14 | 28.14 |
| Cameco Corporation | 19.93 | 19.93 |
| Orano Canada Inc. (formerly Areva Resources Canada Inc.) | 12.50 | 12.50 |
| | 100.00 | 100.00 |

h) Clearwater

In 2013, the Company and Vanadian Energy Corp. (formerly Uracon Resources Ltd.) entered into an option agreement (the "Clearwater Project Option Agreement"), pursuant to which Vanadian could earn up to a 70% in the Company's 100% owned Clearwater Project.

In order for Vanadian to earn an initial 51% interest in the property, Vanadian was required to issue shares to the Company, and make certain exploration expenditures on the property. Vanadian could then elect to earn an additional 19% interest in the Clearwater Project by making additional exploration expenditures within a two year period following the date it earns its 51% interest, and granting the Company a 2% NSR, of which Vanadian could purchase 1% for \$1,000,000. Vanadian was to fund all exploration work until the earn-in option has been completed, after which further work would be funded by the joint venture partners. The Company would be the project operator and charge an operator fee to Vanadian, until Vanadian earned its 51% interest, after which Vanadian could elect to become the operator. At November 30, 2018 and November 30, 2017, Vanadian had earned a 25% interest by spending \$1,500,000 on the

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

project, and the Company was owed a total of \$33,001 by Vanadian in respect of \$29,742 in expenditures and operator fees of \$3,259 (payments received subsequent to November 30, 2018). On October 4, 2017 the Company and Vanadian agreed to terminate the Clearwater Project Option Agreement and are negotiating a joint venture agreement.

i) Costigan Lake

The Company holds a 65% interest and Nyrstar holds the remaining 35% interest in the Costigan Lake uranium property, subject to a 10% Net Profits Interest royalty. The Company also acts as operator.

j) North Thelon

The Company holds a 100% interest in the North Thelon uranium property, subject to a 5% net profits royalty and assuming certain other obligations. In July 2017, the Company disposed of certain of the leases for proceeds of \$50,000, resulting in a gain on disposition of \$50,000, which was recognized through the statement of loss.

k) Waterbury/ Waterbury South/ Hook

In November 2017, the Company acquired a 100% interest in three uranium claims groups in Saskatchewan, by way of staking.

l) Janice Lake

On February 5, 2018, the Company entered into an agreement with Transition Metals Corp. ("Transition") to earn a 100% interest in the Janice Lake Sedimentary copper property (the "Property"), in north-central Saskatchewan, pursuant to the following terms:

| Date | Cash payments (\$) | Share issuances (#) | Minimum Exploration Expenditures (\$) |
|-------------------------------|--------------------------|---------------------------------------|--|
| On execution of the Agreement | 25,000 ⁽¹⁾ | 8,000,000 (Issued) ^{(2) (3)} | - |
| On or before August 5, 2018 | - | - | 250,000 ^{(4) (5)} |
| On or before February 5, 2019 | 25,000 ⁽⁶⁾ | - | - |
| On or before February 5, 2020 | 50,000 | - | - |
| On or before February 5, 2021 | 50,000 | - | - |
| On or before February 5, 2022 | 100,000 | - | - |
| Total | 250,000 | 8,000,000 | 250,000 |

(1) Payment made on February 13, 2018.

(2) On February 7, 2018, the shares, valued at \$480,000 in total, were issued to Transition; 6,000,000 of those shares (the "Escrowed Shares") are held in escrow, to be released to Transition, as to 1,000,000 shares each on August 5, 2018, February 5, 2019, August 5, 2019, February 5, 2020, August 5, 2020 and February 5, 2021.

(3) The Company has a one-time opportunity to return the Property within the first 6 months of the Agreement and demand the return of the Escrowed Shares.

(4) At the election of the Company, payment in lieu can be made in place of exploration expenditures.

(5) Incurred.

(6) Payment made February 5, 2019.

Transition retains a 2% NSR, of which the Company has the option to repurchase 0.75% at any time prior to commercial production for \$1,500,000. Transition is also entitled to \$1,000,000 on completion of a feasibility study on the Property and \$5,000,000 due within 12 months of the Property achieving commercial production.

m) Ukaliq (MEA BL-21BL-32-001)

On January 1, 2009, the Company entered into agreements, as amended (the "NTI Agreement"), with Nunavut Tunngavik Incorporated ("NTI") allowing the Company to earn a 100% interest in all uranium

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

and other minerals located on certain Inuit Owned Lands, pursuant to the issuance of 1,000,000 shares of the Company within six months of signing of the NTI Agreement (issued), and the following terms:

- i. annual fees and minimum annual exploration work requirements as follow:

| Year(s) | Annual Fees (\$/hectare/year) | Minimum Annual Exploration Work Requirements (\$/ha/year) |
|---------|----------------------------------|--|
| 2009 | 0.50 (paid) | 4.00 (completed) |
| 2010 | 2.00 (paid) | 4.00 (completed) |
| 2011 | 2.25 (paid) | 10.00 (completed) |
| 2012 | 2.25 (paid) | 10.00 (completed) |
| 2013 | 2.25 (paid) | 10.00 (completed) |
| 2014 | 3.00 (2.25 paid) ⁽¹⁾ | 20.00 ⁽⁵⁾ |
| 2015 | 3.00 (2.25 paid) ⁽²⁾ | 20.00 ⁽⁵⁾ |
| 2016 | 3.00 (2.25 paid) ⁽²⁾ | 20.00 ⁽⁵⁾ |
| 2017 | 3.00 (2.25 paid) ⁽³⁾ | 20.00 ⁽⁵⁾ |
| 2018 | 3.00 (2.25 paid) ⁽⁴⁾ | 20.00 ⁽⁵⁾ |
| 2019 | 4.00 | 30.00 |
| 2020 | 4.00 | 30.00 |
| 2021 | 4.00 | 30.00 |
| 2022 | 4.00 | 30.00 |
| 2023 | 4.00 | 30.00 |
| 2024 | 4.00 | 40.00 |
| 2025 | 4.00 | 40.00 |
| 2026 | 4.00 | 40.00 |
| 2027 | 4.00 | 40.00 |
| 2028 | 4.00 | 40.00 |

⁽¹⁾ \$0.75 difference deferred to 2019

⁽²⁾ \$0.75 difference deferred to 2020

⁽³⁾ \$0.75 difference deferred to 2021

⁽⁴⁾ \$0.75 difference deferred to 2022

⁽⁵⁾ No minimum annual exploration work required

- ii. advance royalty payments of \$50,000 annually payable upon meeting the following milestones:
- completion of a National Instrument 43-101 ("NI 43-101") measured resource of 10 million pounds U₃O₈ or 100 million pounds U₃O₈, whereupon bonus payments of \$1 million and \$5 million, respectively, are due to NTI,
 - completion of a NI 43-101 measured resource of 0.5 million ounces of gold or 5 million ounces of gold, whereupon bonus payments of \$1 million and \$5 million, respectively, are due to NTI,
 - within 30 days of production, whereupon a bonus cash payment of \$1 million is due to NTI.
- iii. grant a 2% Net Smelter Return (NSR) Royalty to NTI on the Company's 100%-owned Tarzan and Nutaaq properties (both part of North Thelon). The Company has the right to purchase 1% of the NSR Royalty from each of these properties for \$1 million each.
- iv. NTI will receive a 12% Net Profits Royalty ("NPR"), limited to 75% of gross revenues. The value of any uranium component of the gross revenues shall be 130% of the actual value of uranium.
- v. Upon completion of a Feasibility Study recommending production, NTI will have the election to either form a joint venture and hold a 20% participating interest, or be granted a 7.5% NPR that will be calculated in the same manner as the 12 % NPR with the exception that gross revenues shall include the actual value received from any uranium component.

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

The Company continues to maintain ownership in key claims comprising the property of 4,537 ha, but during the year ended November 30, 2018, elected to write off all capitalized costs in respect of this property.

n) Quartz Gulch and Juneau-Standard

On September 13, 2018, the Company, in order to acquire a 100% interest in the 56 claims Quartz Gulch cobalt property in Idaho and 155 claims Juneau-Standard cobalt property in Oregon, entered into a Share Purchase Agreement, pursuant to which the Company acquired 100% of the issued and outstanding shares of Lumina Cobalt US Holdings I Corp. ("Lumina Holdings") from Lumina Cobalt Corp. ("Lumina"), such that upon completion of the transaction Lumina Holdings became a wholly-owned subsidiary of the Company, in consideration for the following:

| Date | Cash payments (US\$) | Share issuances (#) |
|----------------------------------|----------------------------|---------------------------|
| On Closing date of the Agreement | 15,000 ⁽¹⁾ | 3,000,000 ⁽²⁾ |
| On or before September 25, 2019 | 25,000 ⁽³⁾ | - |
| On or before September 25, 2020 | 35,000 ⁽⁴⁾ | - |
| Total | 75,000 | 3,000,000 |

(1) Payment made on September 25, 2018.

(2) On September 25, 2018, the shares, valued at \$135,000 in total, were issued to Lumina, which shares are held in escrow, to be released to as 1,000,000 shares each on March 25, 2019, September 25, 2019 and September 25, 2020

(3) Non-interest bearing promissory note issued with due date of September 25, 2019. At November 30, 2018, the promissory note was valued at CDN\$32,384.

(4) Non-interest bearing promissory note issued with due date of September 25, 2020 At November 30, 2018, the promissory note was valued at CDN\$45,338.

The transaction has been accounted for as an acquisition of net assets, rather than a business combination, as the net assets acquired did not represent a separate business operation.

The net assets of Lumina Holdings acquired are as follows:

| Purchase Price | (\$) |
|--|----------------|
| Fair value of 3,000,000 shares of the Company | 135,000 |
| Transaction costs | 27,386 |
| Cash paid | 19,748 |
| Promissory note - US\$25,000 | 32,384 |
| Promissory note - US\$35,000 | 45,338 |
| | 259,856 |
| Exploration and evaluation asset - Quartz Gulch and Juneau projects | 259,856 |

Lumina retains a 2% NSR, of which the Company has the option to buyback 1% for US\$1,000,000 to Lumina.

10. Capital Stock

Authorized share capital: Unlimited common shares without par value

A. Common Shares

During the year ended November 30, 2018:

Financings:

The Company closed private placements ("Private Placements") pursuant to which it issued flow-through common shares ("FT Shares"), warrants ("Warrants"), and paid finders' fees in cash and warrants ("Finders' Warrants") as follows:

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

| | | Private Placement Announced | | | |
|------------------------|-------------------|-----------------------------|-------------------|-----------------|-----------|
| | December 12, 2017 | August 23, 2018 | August 16, 2018 | | Total |
| | | | Tranche #1 | Tranche #2 | |
| Closing Date | December 22, 2017 | August 23, 2018 | September 5, 2018 | October 4, 2018 | |
| Gross Proceeds | \$316,000 | \$104,500 | \$142,500 | \$68,000 | \$631,000 |
| FT Shares Issued | 3,950,000 | 1,900,000 | - | - | 5,850,000 |
| NFT Shares Issued | - | - | 2,850,000 | 1,360,000 | 4,210,000 |
| Warrants Issued | 1,975,000 | - | 1,425,000 | 680,000 | 4,080,000 |
| Warrant Exercise Price | \$0.12 | - | \$0.10 | \$0.10 | |
| Warrant Expiry Date | June 22, 2020 | - | March 5, 2020 | April 4, 2020 | |
| Finders' Fees | | | | | |
| Cash | \$14,000 | \$7,315 | - | - | \$21,315 |
| Finders' Warrants | 175,000 | 133,000 | - | - | 308,000 |
| Exercise Price | \$0.080 | \$0.055 | - | - | |
| Expiry Date | December 22, 2018 | August 23, 2019 | - | - | |

The Finders' Warrants issued were valued, in total, at \$9,605, which fair value was recorded as share issuance costs based on the Black-Scholes pricing model using the following assumptions:

Assumptions

| | |
|---------------------------------|-------------------|
| Risk-free interest rate | 1.0% - 1.5% |
| Expected stock price volatility | 105.93% - 140.66% |
| Expected dividend yield | 0.00% |
| Expected life of warrants | 1 year |

On issuance of the August 23, 2018 FT shares, the Company recognized a premium valued at \$19,000. The Company renounced \$19,000 and incurred \$104,000 in flow-through expenditures, resulting in a recovery of \$19,000 recorded through the statements of loss and comprehensive loss.

Exploration and evaluation assets:

- In respect of the Janice Lake property, the Company issued a total of 8,000,000 shares on February 7, 2018; 6,000,000 of those shares are held in escrow, to be released as to 1,000,000 shares each on August 5, 2018 (released), February 5, 2019 (released February 5, 2019), August 5, 2019, February 5, 2020, August 5, 2020 and February 5, 2021. The shares were valued at \$480,000.
- In respect of the agreement with Lumina, the Company issued a total of 3,000,000 shares on September 25, 2018. The shares were valued at \$135,000.

During the year ended November 30, 2017:

Financings:

On December 13, 2016, the Company announced a non-brokered private placement ("Private Placement") of up to \$1,100,000 through the issuance of a combination of flow-through shares ("FT Shares") and non-flow-through units ("NFT Units") at a price of \$0.08 per each FT Shares and NFT Unit. Each NFT unit comprised one common non-flow-through share ("NFT Share") and one share purchase warrant, with each Warrant exercisable to purchase one common share of the Company at a price of \$0.12 per share for a period of two years from the date of closing of the financing. The Private Placement was subsequently increased on December 15, 2016 and again on January 5, 2017. No flow-through premium liability was associated with the FT shares. The Private Placement raised total gross proceeds of \$1,695,040, and closed in tranches, as to:

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

| | Tranche #1 | Tranche #2 | Tranche #3 | Total |
|----------------------------|-------------------|-------------------|------------------|--------------------|
| Closing Date | December 19, 2016 | December 30, 2016 | January 13, 2017 | |
| Gross Proceeds | \$1,072,640 | \$416,000 | \$206,400 | \$1,695,040 |
| FT Shares Issued | 2,408,000 | 5,000,000 | 175,000 | 7,583,000 |
| NFT Shares Issued | 11,000,000 | 200,000 | 2,405,000 | 13,605,000 |
| NFT Warrants Issued | 11,000,000 | 200,000 | 2,405,000 | 13,605,000 |
| NFT Warrant Exercise Price | \$0.12 | \$0.12 | \$0.12 | |
| NFT Warrant Expiry Date | December 19, 2018 | December 30, 2018 | January 13, 2019 | |
| Finders' Fees | | | | |
| Cash | \$0 | \$21,770 | \$2,941 | \$24,711 |
| NFT Warrants | 168,560 | 272,125 | 36,750 | 477,435 |
| Exercise Price | \$0.08 | \$0.08 | \$0.08 | |
| Expiry Date | December 19, 2017 | December 30, 2017 | January 13, 2018 | |

The NFT Warrants issued in respect of Finders' Fees were valued, in total, at \$22,441, which fair value was recorded as share issuance costs based on the Black-Scholes pricing model using the assumptions noted below:

| Assumptions | |
|---------------------------------|-------------------|
| Risk-free interest rate | 0.50% |
| Expected stock price volatility | 129.04% - 137.72% |
| Expected dividend yield | 0.00% |
| Expected life of warrants | 1 year |

Exercise of Warrants:

Pursuant to exercise of warrants, a total of 210,000 shares were issued for total gross proceeds of \$10,501. The warrants were valued at \$17,316.

B. 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 Exchange 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 Exchange rules differ from specific terms of the Plan, then the rules of the Exchange shall apply.

During the year ended November 30, 2018:

a) A summary of the Company's stock option transactions follows:

| | Number of options | Weighted Average Exercise Price |
|------------------------------------|-------------------|---------------------------------|
| | (#) | (\$) |
| Balance - November 30, 2016 | 4,575,000 | 0.10 |
| Granted | 2,080,000 | 0.10 |
| Cancelled | (25,000) | 0.10 |
| Balance - November 30, 2017 | 6,630,000 | 0.10 |
| Cancelled | (420,000) | 0.10 |
| Expired | (1,790,000) | 0.10 |
| Balance - November 30, 2018 | 4,420,000 | 0.10 |

b) At November 30, 2018, the following stock options are outstanding and exercisable:

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

| Number | Exercise price | Expiry date | Average Life | Options |
|------------------|----------------|-------------|--------------|------------------|
| (#) | (\$) | | (years) | exercisable |
| | | | | (#) |
| 285,000 | 0.10 | 7-Feb-19 | 0.192 | 285,000 |
| 175,000 | 0.10 | 1-Nov-20 | 1.926 | 175,000 |
| 960,000 | 0.10 | 2-Dec-20 | 2.011 | 960,000 |
| 920,000 | 0.10 | 1-Mar-21 | 2.255 | 920,000 |
| 150,000 | 0.10 | 4-Jan-22 | 3.126 | 150,000 |
| 1,930,000 | 0.10 | 12-Sep-22 | 3.789 | 1,930,000 |
| 4,420,000 | | | 2.755 | 4,420,000 |

During the year ended November 30, 2017:

- a) Stock options were granted, allowing for the acquisition of up to, in the aggregate, 150,000 shares of the Company at \$0.10 per share until January 4, 2022. The options vested immediately, and were valued at \$15,685, which amount was expensed during the year ended November 30, 2017, based on the Black-Scholes pricing model using the following assumptions:

Assumptions

| | |
|---------------------------------|---------|
| Risk-free interest rate | 0.50% |
| Expected stock price volatility | 173.45% |
| Expected dividend yield | 0.00% |
| Expected life of options | 5 years |

Stock options were granted, allowing for the acquisition of up to, in the aggregate, 1,930,000 shares of the Company at \$0.10 per share until September 12, 2022. The options vested immediately, and were valued at \$71,061, which amount was expensed during the year ended November 30, 2017, based on the Black-Scholes pricing model using the following assumptions:

Assumptions

| | |
|---------------------------------|---------|
| Risk-free interest rate | 1.00% |
| Expected stock price volatility | 115.98% |
| Expected dividend yield | 0.00% |
| Expected life of options | 5 years |

- b) The Company recognized a further \$1,183 of share-based compensation expense on the vesting of options.

C. Warrants

During the year ended November 30, 2018:

- a) Warrants expired as follows:

| Warrants | Type | Exercise price | Expiry Date |
|-------------------|-----------------|----------------|-------------------|
| (#) | | (\$) | |
| 168,560 | Broker warrants | 0.08 | December 19, 2017 |
| 4,715,000 | Warrants | 0.10 | December 29, 2017 |
| 272,125 | Broker warrants | 0.08 | December 30, 2017 |
| 36,750 | Broker warrants | 0.08 | January 13, 2018 |
| 5,150,000 | Warrants | 0.10 | January 22, 2018 |
| 1,400,000 | Warrants | 0.10 | February 2, 2018 |
| 11,742,435 | | | |

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

- b) In connection with the Private Placement, warrants were issued as follows:

| Warrants Type (#) | Exercise price (\$) | Expiry Date |
|-------------------------|------------------------|-------------------|
| 1,975,000 Warrants | 0.120 | June 22, 2020 |
| 175,000 Broker warrants | 0.080 | December 22, 2018 |
| 133,000 Broker warrants | 0.055 | August 23, 2019 |
| 1,425,000 Warrants | 0.100 | March 5, 2020 |
| 680,000 Warrants | 0.100 | April 4, 2020 |
| 4,388,000 | | |

- c) A summary of the Company's warrants transactions follows:

| | Number of Warrants (#) | Weighted Average Exercise Price (\$) |
|------------------------------------|---------------------------|---|
| Balance – November 30, 2016 | 13,491,514 | 0.16 |
| Granted | 14,082,435 | 0.12 |
| Exercised | (210,000) | 0.05 |
| Expired | (2,016,514) | 0.50 |
| Balance – November 30, 2017 | 25,347,435 | 0.11 |
| Granted | 4,388,000 | 0.11 |
| Expired | (11,742,435) | 0.10 |
| Balance – November 30, 2018 | 17,993,000 | 0.12 |

- d) As at November 30, 2018, the warrants, with a weighted average life of 0.38 years, expire as follows:

| Warrants Type (#) | Exercise price (\$) | Expiry Date |
|-------------------------|------------------------|-------------------|
| 11,000,000 Warrants | 0.120 | December 19, 2018 |
| 200,000 Warrants | 0.120 | December 30, 2018 |
| 2,405,000 Warrants | 0.120 | January 13, 2019 |
| 1,975,000 Warrants | 0.120 | June 22, 2020 |
| 175,000 Broker warrants | 0.080 | December 22, 2018 |
| 133,000 Broker warrants | 0.055 | August 23, 2019 |
| 1,425,000 Warrants | 0.100 | March 5, 2020 |
| 680,000 Warrants | 0.100 | April 4, 2020 |
| 17,993,000 | | |

During the year ended November 30, 2017:

- a) Warrants expired as follows:

| Warrants Type (#) | Exercise price (\$) | Expiry Date |
|----------------------|------------------------|-------------------|
| 1,881,514 Warrants | 0.50 | December 20, 2016 |
| 135,000 Warrants | 0.50 | January 9, 2017 |
| 2,016,514 | | |

- b) In connection with the Private Placement, warrants were issued as follows:

| Warrants Type (#) | Exercise price (\$) | Expiry Date |
|-------------------------|------------------------|-------------------|
| 11,000,000 Warrants | 0.12 | December 19, 2018 |
| 200,000 Warrants | 0.12 | December 30, 2018 |
| 2,405,000 Warrants | 0.12 | January 13, 2019 |
| 168,560 Broker warrants | 0.08 | December 19, 2017 |
| 272,125 Broker warrants | 0.08 | December 30, 2017 |
| 36,750 Broker warrants | 0.08 | January 13, 2018 |
| 14,082,435 | | |

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

11. Related Party Transactions

The Company has arrangements pursuant to which parties related to the Company, by way of directorship or officership, provide certain services. Transactions were in the normal course of operations and all of the costs recorded are based on fair value. During the years ended November 30, 2018 and 2017, the Company was charged for services by these parties as follows:

| | November 30, 2018 | November 30, 2017 |
|---|------------------------|------------------------|
| | (\$) | (\$) |
| Mirador Management – President & CEO | 127,193 ⁽¹⁾ | 134,063 ⁽⁷⁾ |
| Ken Wheatley – V-P Exploration | 127,193 ⁽²⁾ | 134,063 ⁽⁸⁾ |
| JCollins Consulting – Corporate Secretary | 60,000 ⁽³⁾ | 60,000 |
| Venturex Consulting– CFO | 36,000 ⁽⁴⁾ | 36,000 |
| Christy & Associates - V-P Corporate Development | 60,000 ⁽⁵⁾ | 41,250 ⁽⁹⁾ |
| McMillan LLP- Director in common - legal services | 55,085 ⁽⁶⁾ | 22,341 ⁽¹⁰⁾ |
| | 465,472 | 427,717 |

| | |
|--|--|
| (1) Accrued and unpaid as at November 30, 2018: | \$25,030 |
| (2) Accrued and unpaid as at November 30, 2018: | \$19,765 |
| (3) Accrued and unpaid as at November 30, 2018: | \$5,000 |
| (4) Accrued and unpaid as at November 30, 2018: | \$3,000 |
| (5) Accrued and unpaid as at November 30, 2018: | \$5,250 |
| (6) Accrued and unpaid as at November 30, 2018: | \$24,798 |
| (7) Accrued and unpaid as at November 30, 2017: | \$11,096, which amount includes \$80 receivable from Mirador |
| (8) Accrued and unpaid as at November 30, 2017: | \$11,171 |
| (9) Accrued and unpaid as at November 30, 2017: | \$5,283 |
| (10) Accrued and unpaid as at November 30, 2017: | \$6,358 |

In addition, at November 30, 2018, the Company was owed \$Nil (November 30, 2017: \$8,013) by company related by way of common directorship.

Compensation of key management personnel (excluding the above)

The Company has arrangements with its directors, whereby it has agreed to provide directors fees, as to \$3,000 per quarter to the Company's four non-executive directors, and \$7,500 per quarter to the Company's Chairman, which directors fees were suspended effective September 1, 2016, with the exception of director fees paid to the Chairman in respect of the period March to August, 2018. Directors are also eligible to receive incentive stock options, which are valued based on the Black-Scholes Method. During the years ended November 30, 2018 and 2017, the Company incurred the following:

| | November 30, 2018 | November 30, 2017 |
|--------------------------|-----------------------|-------------------|
| | (\$) | (\$) |
| Directors fees | 15,000 ⁽¹⁾ | - ⁽¹⁾ |
| Share-based compensation | - | 79,197 |
| | 15,000 | 79,197 |

⁽¹⁾ Accrued and unpaid at November 30, 2018: \$36,000 (November 30, 2017: \$36,000)

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

12. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. Further information relating to liquidity risk is disclosed in Note 13.

In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

There were no changes in the Company's approach to capital management during the year ended November 30, 2018 compared to the year ended November 30, 2017. The Company is not subject to externally imposed capital requirements.

13. Financial Instruments and Financial Risk Management

Fair Value

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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 following provides the valuation method of the Company's financial instruments as at November 30, 2018 and November 30, 2017:

| | | November 30, 2018 | November 30, 2017 |
|----------------------------------|-------|-------------------|-------------------|
| | Level | (\$) | (\$) |
| Fair value through profit & loss | 1 | 134,834 | 694,441 |
| Available for sale | 1 | 15,717 | 23,816 |

The carrying values of receivables, accounts payable and accrued liabilities, advances from joint venture and option partners and amounts due to related parties approximate their fair values due to the short-term maturity of these instruments.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

Interest rate risk

The Company has no material exposure at November 30, 2018 to interest rate risk through its financial instruments.

Currency Risk

At November 30, 2018, all of the Company's cash was held in Canadian dollars, the Company's measurement currency. The Company has operations in a foreign jurisdiction, but no foreign currency in that jurisdiction at this time and as such has no currency risk associated with its operations.

Credit risk

The Company has cash and receivable balances. The Company has no significant concentrations of credit risk arising from its operations. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments, issued by Canadian financial institutions with which it keeps its bank accounts, with maturities of one year or less from the original date of acquisition, selected based on the expected timing of expenditures for operations.

Receivables consist of goods and services tax due from the Federal Government of Canada, any amounts due from related parties, and any amounts due from joint venture and option partners. The Company does not anticipate any material exposure with the collection these receivables.

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. At November 30, 2018, the Company had cash totaling \$134,834, and current liabilities of \$190,000 (November 30, 2017: \$694,441 and \$106,614, respectively). Further information relating to liquidity risk is disclosed in Note 1.

Market Price Risk

The only significant market price risks to which the Company is exposed to is interest rate risk and price volatility on its marketable securities. The Company's bank account earns interest at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to changes in short-term rates.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a year:

- As cash is at variable interest rates, sensitivity to a plus or minus 1% change in rates would affect net loss by approximately \$1,348 annually.

The Company does not hold any balances in foreign currencies giving rise to exposure to foreign exchange risk.

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

14. Income Tax

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| | 2018 | 2017 |
|---|-------------|-------------|
| Loss for the year | (1,172,151) | (1,373,366) |
| Expected income tax recovery | (316,000) | (357,000) |
| Change in statutory, foreign tax, foreign exchange rates and other | (265,000) | (6,000) |
| Permanent difference | (5,000) | 23,000 |
| Impact of flow through shares | 113,000 | 158,000 |
| Share issue costs | (8,000) | (6,000) |
| Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses | 14,000 | (174,000) |
| Change in unrecognized deductible temporary differences | 467,000 | 362,000 |
| Total income tax expense (recovery) | - | - |

The significant components of the Company's unrecorded deferred tax assets are as follows:

| | 2018 (\$) | 2017 (\$) |
|---|------------------|------------------|
| Deferred Tax Assets (Liabilities) | | |
| Exploration and evaluation assets | 4,577,000 | 4,390,000 |
| Share issue costs | 16,000 | 34,000 |
| Property and equipment | 130,000 | 125,000 |
| Marketable securities | 18,000 | 16,000 |
| Non-capital losses | 3,064,000 | 2,773,000 |
| Net unrecognized deferred tax assets | 7,805,000 | 7,338,000 |

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

| | 2018 | | 2017 |
|---|------------|----------------|------------|
| | (\$) | Expiry Dates | (\$) |
| Temporary Differences | | | |
| Exploration and evaluation assets | 16,968,000 | Not applicable | 16,859,000 |
| Property and equipment | 481,000 | Not applicable | 479,000 |
| Share issue costs | 58,000 | 2039 to 2042 | 130,000 |
| Marketable securities | 132,000 | Not applicable | 124,000 |
| Non-capital losses available for future periods | | | |
| Canada | 11,348,000 | 2026 to 2038 | 10,665,000 |
| US | 9,000 | No expiry | - |

15. Subsequent Events

a) Subsequent to November 30, 2018, warrants expired as follows:

| Warrants Type | Exercise price | Expiry Date |
|-------------------------|----------------|-------------------|
| (#) | (\$) | |
| 11,000,000 Warrants | 0.120 | December 19, 2018 |
| 200,000 Warrants | 0.120 | December 30, 2018 |
| 2,405,000 Warrants | 0.120 | January 13, 2019 |
| 175,000 Broker warrants | 0.080 | December 22, 2018 |
| 13,780,000 | | |

Forum Energy Metals Corp. (formerly Forum Uranium Corp.)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended November 30, 2018

Canadian Funds

- b) On February 7, 2019 incentive stock options allowing for the acquisition of up to, in the aggregate, 285,000 shares of the Company at \$0.10 per share expired.
- c) On February 5, 2019, the Company paid \$25,000 to Transition in respect of the Janice Lake property (note 9).
- d) On February 12, 2019, the Company granted stock options allowing for the purchase of up to, in the aggregate, 250,000 common shares at \$0.10 per share until February 12, 2024.



FORUM ENERGY METALS CORP.
(Formerly Forum Uranium Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

**For the Year Ended
November 30, 2018**
(the "Period")

Contents

| | |
|--|----|
| Introduction | 3 |
| Description of Business | 3 |
| Corporate Highlights during the Period | 3 |
| Resource Properties..... | 4 |
| Significant Accounting Policies | 11 |
| Critical Accounting Estimates and Judgments and Estimates | 11 |
| Selected Annual Information..... | 11 |
| Results of Operations..... | 11 |
| Summary of Quarterly Results..... | 12 |
| Liquidity and Capital Resources | 13 |
| Liquidity Outlook | 13 |
| Related Party Transactions..... | 13 |
| Off-Balance Sheet Arrangements | 14 |
| Capital Management | 14 |
| Risks and Uncertainties..... | 16 |
| Management’s Responsibility for Financial Statements | 19 |
| Additional Disclosure for Venture Issuers without Significant Revenue..... | 19 |
| Dividends | 19 |
| Nature of the Securities..... | 19 |
| Approval | 20 |
| Proposed Transactions..... | 20 |
| Subsequent Events..... | 20 |
| Forward Looking Information..... | 20 |
| Share Capital Information at the Report Date | 21 |
| Additional Information..... | 21 |

Introduction

The following management's discussion and analysis ("MD&A" or the "Report") of Forum Energy Metals Corp. ("Forum" or the "Company") has been prepared as of February 21, 2019 (the "Report Date"). This MD&A should be read in conjunction with the Company's consolidated financial statements for the year ended November 30, 2018 and the notes thereto, which have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") (the "Financial Statements"). The Financial Statements have been prepared using the accrual basis of accounting except for cash flow information. Unless otherwise indicated, all dollar amounts in this document are in Canadian dollars.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable. The Financial Statements, together with this MD&A, are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as potential future performance and are not necessarily indicative of the results that may be expected in future periods. The information in the MD&A may contain forward-looking statements, and the Company cautions investors that any forward looking statements by the Company are not guarantees of future performance, as they are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events. Please refer to the risks and cautionary notices of this MD&A. Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Description of Business

Forum Uranium Corp. was incorporated under the provisions of the Company Act (British Columbia) on June 16, 1987. The Company is listed on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer. On February 25, 2018, the Company received approval from the TSX Venture Exchange (the "Exchange") to change the name of the Company from Forum Uranium Corp. to Forum Energy Metals Corp. On February 28, 2018, the shares of Forum Energy Metals Corp. began trading on the Exchange under the new symbol FMC, without change to the Company's capital structure. The Company's head office is located in Vancouver, British Columbia, Canada.

The Company is in the business of evaluating, and if deemed appropriate, acquiring interests in, exploring and developing, natural resource properties. Exploration is subject to a number of risks and uncertainties, including: uncertainties related to exploration and development; uncertainties related to the commodities industry; the ability to raise sufficient capital to fund exploration and development; changes in economic conditions or financial markets; increases in input costs; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological or operational difficulties or inability to obtain permits encountered in connection with exploration activities, labour relations matters, and economic issues that could materially affect exploration and mining.

Highlights during the Period

- On February 25, 2018, the Company received approval from the Exchange to change the name of the Company from Forum Uranium Corp. to Forum Energy Metals Corp. On February 28, 2018, the shares of Forum Energy Metals Corp. began trading on the Exchange under the new symbol FMC, without change to the Company's capital structure.

- The Company closed private placements ("Private Placements") pursuant to which it issued flow-through common shares ("FT Shares"), warrants ("Warrants"), and paid finders' fees in cash and warrants ("Finders' Warrants") as follows:

| Private Placement Announced | | | | | |
|-----------------------------|-------------------|-----------------|-------------------|-----------------|-----------|
| | December 12, 2017 | August 23, 2018 | August 16, 2018 | | Total |
| | | | Tranche #1 | Tranche #2 | |
| Closing Date | December 22, 2017 | August 23, 2018 | September 5, 2018 | October 4, 2018 | |
| Gross Proceeds | \$316,000 | \$104,500 | \$142,500 | \$68,000 | \$631,000 |
| FT Shares Issued | 3,950,000 | 1,900,000 | - | - | 5,850,000 |
| NFT Shares Issued | - | - | 2,850,000 | 1,360,000 | 4,210,000 |
| Warrants Issued | 1,975,000 | - | 1,425,000 | 680,000 | 4,080,000 |
| Warrant Exercise Price | \$0.12 | - | \$0.10 | \$0.10 | |
| Warrant Expiry Date | June 22, 2020 | - | March 5, 2020 | April 4, 2020 | |
| Finders' Fees | | | | | |
| Cash | \$14,000 | \$7,315 | - | - | \$21,315 |
| Finders' Warrants | 175,000 | 133,000 | - | - | 308,000 |
| Exercise Price | \$0.080 | \$0.055 | - | - | |
| Expiry Date | December 22, 2018 | August 23, 2019 | - | - | |

- On February 5, 2018, the Company entered into an agreement with Transition Metals Corp. ("Transition") to earn a 100% interest in the Janice Lake Sedimentary Copper Property (the "Property"), in north-central Saskatchewan, in consideration for staged cash payments totaling \$250,000 (\$50,000 paid as at the date of this Report) and issuance of a total of 8,000,000 shares of the Company (issued) and incurring \$250,000 in exploration expenditures (incurred). Transition retains a 2% NSR, of which the Company has the option to repurchase 0.75% at any time prior to commercial production for \$1,500,000. Transition is also entitled to \$1,000,000 on completion of a feasibility study on the Property and \$5,000,000 due within 12 months of the Property achieving commercial production. (See the Financial Statements for additional details).
- On September 13, 2018, the Company entered into agreement with Lumina Cobalt Corp. ("Lumina") to acquire a 100% interest in the 56 claims Quartz Gulch cobalt property in Idaho and 155 claims Juneau-Standard cobalt property in Oregon, in consideration for staged payments totaling US\$75,000 (US\$15,000 paid as at the date of this Report) and issuance of 3,000,000 shares of the Company (issued). Additionally, Lumina has entered into a 2 year voting support agreement with management of the Company and given a participation right on any future financings on a pro rata basis of their shareholdings for a period of two years. The Company will be given notice of Lumina's intention to sell and have a right of first refusal on the sale of any shares. Lumina retains a 2% NSR, of which the Company has the option to buyback 1% for US\$1,000,000 to Lumina. (See the Financial Statements for additional details).
- Warrants expired allowing for the acquisition of up to, in the aggregate, 11,742,435 shares, and incentive stock options were cancelled or expired allowing for the acquisition of up to, in the aggregate, 2,210,000 shares.

Resource Properties

The Company has investigated ownership of its mineral interests as at and subsequent to the Period and, to the best of its knowledge, ownership of its interests is in good standing.

| PROJECT | INTEREST | COMMODITY | LOCATION |
|------------------|----------|-----------|--------------|
| Clearwater | 75% | Uranium | Saskatchewan |
| Fir Island | 100% | Uranium | Saskatchewan |
| Henday Lake | 40% | Uranium | Saskatchewan |
| Costigan Lake JV | 65% | Uranium | Saskatchewan |
| Highrock Lake | 100% | Uranium | Saskatchewan |

| | | | |
|---------------------------------|--------|---------|--------------|
| Karpinka | 100% | Uranium | Saskatchewan |
| Costco (formerly Key Lake Road) | 100% | Uranium | Saskatchewan |
| Maurice Point | 100% | Uranium | Saskatchewan |
| NW Athabasca JV | 39.43% | Uranium | Saskatchewan |
| Waterbury/Waterbury South/Hook | 100% | Uranium | Saskatchewan |
| Janice Lake ⁽¹⁾ | 100% | Copper | Saskatchewan |
| Quartz Gulch ⁽²⁾ | 100% | Cobalt | Idaho |
| Juneau-Standard ⁽²⁾ | 100% | Cobalt | Oregon |
| North Thelon | 100% | Uranium | Nunavut |
| Ukaliq ⁽³⁾ | 100% | Uranium | Nunavut |

⁽¹⁾ The Company has to earn its interest in the properties by fulfilling the terms of the agreement with Transition Metals Corp. (See the Financial Statements for detailed terms of the agreement.)

⁽²⁾ The Company has acquired its interest in the properties by entering into a share purchase agreement with Lumina Cobalt Corp. (See the Financial Statements for detailed terms of the agreement.)

⁽³⁾ The Company has to earn its interest in the properties by fulfilling the terms of the agreement with Nunavut Tunngavik Inc. (See the Financial Statements for detailed terms of the agreement.)

The following table shows the exploration and evaluation expenditures by property for the Period:

| | Saskatchewan | | | | | | | | | | | Idaho | Oregon | Nunavut | | | Other | Total |
|------------------------|--------------|------------|-------|----------|-----------------------|--------|-----------|-----------|-------|-------------|---------|----------|--------|---------|--------|--------|-----------|-------|
| | Highrock | | | | Maurice | NW | Waterbury | | | Janice Lake | Quartz | Juneau- | North | Ukaliq | | | | |
| | Clearwater | Fir Island | Lake | Karpinka | Costco ⁽¹⁾ | Point | Athabasca | Waterbury | South | | Gulch | Standard | Thelon | | | | | |
| | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | |
| Camp and accommodation | - | - | - | - | - | - | - | - | - | - | 97,854 | - | - | - | - | - | 97,854 | |
| Claim staking | - | 4,454 | - | - | - | - | - | - | - | - | 9,050 | - | - | - | - | - | 13,504 | |
| Camp costs | 721 | 721 | 721 | 721 | 721 | 721 | - | - | - | - | - | - | - | - | - | - | 4,326 | |
| Deficiency deposits | - | - | - | - | (121,425) | 19,941 | - | - | - | - | - | - | - | - | - | - | (101,484) | |
| Drilling | - | - | - | - | - | - | - | - | - | - | 100,852 | - | - | - | - | - | 100,852 | |
| Field personnel | - | - | - | - | - | - | - | - | - | - | 31,870 | - | - | - | - | - | 31,870 | |
| Fuel | - | - | - | - | - | - | - | - | - | - | 18,409 | - | - | - | - | - | 18,409 | |
| Geophysics | - | - | - | - | - | - | - | - | - | - | - | 8,806 | 1,570 | - | - | - | 10,376 | |
| Lab and assays | 419 | - | - | - | - | - | - | - | - | - | 12,221 | - | - | - | - | - | 12,640 | |
| Leases | - | - | - | - | - | - | - | - | - | - | 2,537 | - | - | - | 10,208 | - | 12,745 | |
| License/permits/taxes | - | - | - | - | - | - | - | - | - | - | - | 25,777 | 31,430 | - | - | - | 57,208 | |
| Geological evaluations | 233 | 6,408 | 1,784 | 1,218 | 1,121 | 5,749 | 1,398 | 699 | 699 | 699 | 76,067 | - | - | 2,146 | - | 77 | 98,998 | |
| Prospecting | - | - | - | - | - | - | - | - | - | - | 10,009 | - | - | - | - | - | 10,009 | |
| Surveying | - | 750 | - | - | 750 | - | - | - | - | - | - | - | - | - | - | - | 1,500 | |
| Technical reporting | 300 | 4,195 | - | - | - | 9,215 | 670 | - | - | - | 22,373 | - | - | - | - | - | 36,753 | |
| Travel | - | - | - | - | - | - | - | - | - | - | 121,230 | - | - | - | - | 10,020 | 131,250 | |
| Total: | 1,673 | 16,528 | 2,505 | 1,939 | (118,833) | 35,626 | 2,069 | 699 | 699 | 699 | 502,472 | 34,583 | 33,000 | 2,146 | 10,208 | 10,097 | 536,810 | |

⁽¹⁾ Formerly Key Lake Road

Henday Lake Property

Rio Tinto Canada Uranium Corporation ("RTCUC") acquired a 60% interest in the Henday project after its acquisition of Hathor Exploration Ltd. in January 2012 and Forum holds a 40% interest. RTCUC has the right to acquire an additional 10% interest in and to Henday by sole funding \$20 million in exploration or delivering a Feasibility Study on the Henday property, whichever occurs first. To date, RTCUC has not spent \$20 million or deliver a Feasibility Study and has not earned an additional 10% interest.

The Henday Project consists of 3 claims covering 7,204 ha at the north-eastern margin of the Athabasca Basin, Saskatchewan. The Henday Project is strategically located north-east of the Denison/AREVA Midwest Lake project and RTCUC's Roughrider project, north of Cameco/AREVA's Dawn Lake project and borders AREVA/Denison's McClean Lake uranium mine and mill.

A total of 53 drill holes were drilled on the Henday property by previous operators from 1978 to 2005. Forum Uranium acquired the project in 2007 and completed a series of ground gravity surveys, airborne EM surveys, a resistivity survey and diamond drill programs in 2008, 2010 and 2011 for a total of 56 holes and 12,754 metres. The primary focus of these drill campaigns was in the Mallen target area. Several large alteration zones were delineated with associated elevated uranium geochemistry and further targets remain to be drill tested.

RTCUC completed a 15 hole, 5,340 metre drill program in April, 2016 in three new areas of the property – the Elephant (6 holes), Epitaph (3 holes) and Hollow Lake (6 holes) targets. Depth to the unconformity in the area ranges from 130m to 150m. Five out of six holes at Hollow Lake intersected quartz dissolution and silicification of the Athabasca sandstone and illite and hematite alteration in the basement with elevated uranium up to 523 ppm. Four of six holes at Elephant intersected structurally disrupted sandstone with illitic, clay, local minor hematite alteration and quartz dissolution. Basement alteration consisted of pervasive, red hematized clay near the unconformity along with chlorite alteration in shear zones. All three holes at Epitaph contained significant faulting, minor hematite alteration, and rotated bedding in the sandstone, coupled with pervasive clay with weak hematite, limonite and chlorite in the basement. A one metre interval returned 214ppm uranium.

This first pass, widely spaced drill program requires further drilling to determine the control of uranium mineralization in each of these target areas. RTCUC has completed an 81 line kilometre resistivity survey in the fall of 2016 and completed processing of the data in 2017. A number of anomalies require further followup. However Rio Tinto, as Operator of the Joint Venture does not plan an exploration program in 2019..

Key Lake Road Area Projects (includes Costco (formerly Key Lake Road), Highrock Lake, , Karpinka, Costigan Lake JV)

Forum completed eight widely spaced diamond drill holes on the 100% owned Highrock and Highrock South properties totalling 1,362 metres in 2016 along a 10 km long electromagnetic (EM) conductor that is interpreted to be the same unit that hosts the Key Lake uranium mine located 15 km to the north. A number of gravity lows, which may be indicative of zones of alteration, clay development and uranium mineralization occur along very strong EM conductors on the property. Drilling successfully focused the area of interest to three zones for follow-up drilling along this prospective trend - the North, Central and South Zones.

Holes HR-06 and 07 intersected strong tectonics, alteration and elevated boron, vanadium and copper in the Central Zone. The two kilometre area between these holes needs to be followed-up with further drilling along gravity and EM targets. A three kilometre trend of gravity anomalies and EM conductors to the south of the Central Zone remains to be drill tested. One drillhole in the North Zone tested a large northeast trending gravity anomaly and exhibits weak alteration with anomalous uranium, boron, vanadium and base metals. A gravity survey is currently underway to determine the extent of the gravity anomaly in this area.

As the Highrock projects lie just outside the southern edge of the Athabasca Basin, the shallow, basement hosted targets are well within open-pit mining limits. Infrastructure in the Highrock area is excellent as the all-weather mine road and powerline to the Key Lake mill site runs approximately 10km north of the property. The Costco property (formerly the Key Lake Road project) covers the southern extension of the Highrock South conductor and an East-Northeast structure that parallels the structure hosting the 200 million pound Key Lake mine. Ground gravity and electromagnetic surveys conducted this past winter over Highrock and Costco have refined past targets and identified new targets for drilling. A total of 8,152 hectares of new claims were staked on extensions of important structures trending of the existing Highrock and Costco claims.

The Karpinka property occurs along the Key Lake Road Shear Zone approximately 20 km southwest of the Key Lake mill site just off Highway 914. Four coincident gravity and EM targets were drill tested in the summer of 2016 totaling 576 metres. Hole KAR-04 targeted a strong gravity low near the south end of the

property with no associated conductor and returned mainly pelitic to psammo-pelitic metasediments with strong sections of chloritization, argillization, bleaching, core loss and rubble. Hydrothermal hematite was noted on some fracture surfaces. This target and a number of other untested targets require further drilling.

NW Athabasca Joint Venture

Forum as Operator holds a 39.43% interest, NexGen 28.14% interest, Cameco 19.93% interest and Areva 12.5% interest in the NW Athabasca project.

The 10,161 hectare North West Athabasca project, includes the historical 1.5 million pound Maurice Bay uranium deposit based on 600,000 tonnes grading 0.6% U_3O_8 to a depth of 50 metres (Saskatchewan Industry and Resources, Miscellaneous Report 2003-7) in the Western Athabasca Basin. The Maurice Bay historical resource estimate was completed prior to the implementation of National Instrument 43-101. Given the extensive exploration work completed by experienced mineral resource companies, and the quality of the historical work completed, the Company believes the historical estimate to be relevant and reliable. However, a qualified person has not completed sufficient work to verify and classify the historical estimate as a current mineral resource, and the Company is not treating the historical estimate as a current mineral resource. Hence, the estimate should not be relied upon. It should be noted that mineral resources, which are not mineral reserves, do not have demonstrated economic viability.

Most of the work on the NW Athabasca project was done in the late 70's and early 80's. Historic work concentrated exploration on mineralization with a surface expression. Airborne magnetic and electromagnetic surveys and ground gravity surveys were completed by Forum over the entire property and three drill campaigns were undertaken in 2012, 2013 and 2014 which identified a number of shallow zones of uranium mineralization grading up to 2.3% uranium over 0.5 metres.

With the abundance and variety of uranium showings on the property, it is clear that there is a fertile uranium mineralizing system that requires further exploration. The claims are in good standing until 2031. Soil surveys conducted over gravity targets on the property in the summer of 2017 identified anomalous boron values that will aid in the prioritization of targets for drilling.

Maurice Point Property

A gravity survey on Forum's 100% owned Maurice Point property immediately to the east of the Maurice Bay deposit on the adjoining NW Athabasca Joint Venture property has identified several targets that require drilling. Soil surveys conducted over gravity targets on the property in the summer of 2017 identified anomalous boron values that will aid in the prioritization of targets for drilling. The Company has reduced its claims to a core area over these drill targets.

Clearwater

The Company staked three claims in December 2012 totalling 9,912 hectares on trend to the southwest of the Fission Uranium's Patterson Lake South discovery (now Fission's Triple R deposit) and NexGen Energy's Arrow deposit in the Western Athabasca Basin. Airborne magnetic, electromagnetic and radiometric surveys were flown over the property. Ground prospecting, gravity, electromagnetic and radon surveys were completed in advance of nine holes totaling 2,310 metres drilled on nine separate, widely spaced targets.

Uracan Resources Ltd. signed an option agreement dated August 26, 2014 to earn a 25% interest by spending \$1.5 million by the second anniversary (extended to December 31, 2016, pursuant to an extension agreement dated June 29, 2016) and a 51% interest by spending \$3 million by the third anniversary date of the agreement. Uracan had the option to earn a further 19% interest by spending a further \$3 million in exploration within two years of electing to increase its interest. Uracan has earned its 25% interest in the project and elected to terminate the option and are negotiating a joint venture agreement.

Uracan drilled two holes totaling 526 metres in December 2014. Elevated uranium and boron values were intersected along the CW-01 and CW-10 conductive trend.

Four holes were drilled on the Key Trend and five holes were drilled on the Mongo Trend in the fall of 2016. The combination of elevated radioactivity, bleaching with illite clay and secondary hematite associated with brittle shear zones and local graphitic zones on the Mongo Trend are encouraging as these indicate that altering and radioactive fluids were active in the area. Further drilling is recommended to follow up on these initial encouraging results, and on another EM target to the south on a strong, steeply dipping VTEM conductor that has a strike length of several kilometres, parallel to the Clearwater intrusive complex may also be tested.

Fir Island

Forum purchased a 100% interest in Anthem Resources Ltd. ("Anthem") Fir Island claims on the northeast margin of the Athabasca Basin, Saskatchewan for 300,000 common shares of Forum and a 1.5% Net Smelter Royalty with a 1% buyback provision for \$1 million.

The Fir Island claims totalling 14,205 hectares are well located on the northern extension of the Centennial shear zone that transects the Athabasca Basin and manifests itself as the Black Lake fault on the property. Significant prospecting, geophysical and geochemical surveys have been conducted on the property but no previous drilling had been carried out.

The Company completed a 10-hole 2,453 metre drill program in the winter of 2015. In total, five targets were tested with the last five holes (FI-6 to 10) focused on the East Channel Zone where spectacular alteration within sandstones overlying a major structural lineament was encountered. These five holes intersected a zone of strong quartz dissolution and remobilization, tectonization in the sandstone, dravite and sudoite clays locally in the basement rocks and a 50m off-set in the unconformity; all excellent indicators of nearby uranium mineralization.

Forum intersected up to 386 ppm uranium as well as strongly anomalous boron (1490ppm to 2810ppm) and base metals on the East Channel Zone. The winter drill program tested only 50 metres of strike length and further exploration is planned to test the East Channel trend. A gravity survey covering approximately 5 kilometres of the East Channel Trend on Fir Island and along the Black Bay Fault and a soil geochemical survey was completed in the summer of 2016. A gravity survey was completed in August of 2016 with 1193 station readings taken on a 100m x 100m grid. This survey was then followed by a sampling program that tested the geochemistry of the tills down-ice from the newly identified gravity lows in an attempt to prioritize the targets. A total of 84 C-horizon till samples were collected in a series of four parallel lines spaced 200m apart on the west side of the gravity lows. Samples were collected at 100m spacing along the lines, locally reduced to 50m spacing in areas immediately west of a gravity low. Six high interest gravity anomalies were identified along the East Channel Structure where drilling in 2015 discovered strong dravite alteration, anomalous uranium and pathfinder geochemistry and major reactivated thrust faulting. The tills down-ice from three of the six new gravity targets returned anomalous geochemical values in B, Cu, Co, Pb, Ni, Mo and Y, providing excellent targets for future drill programs. Forum completed a 15.4 line kilometre electromagnetic survey in the summer of 2017 and the data has aided in the development of future drill targets.

This property has year-round road access. Supplies and fuel are readily available at the nearby communities of Stony Rapids and Black Lake.

Janice Lake Sedimentary Copper Project

On February 5, 2018, Forum entered into a definitive agreement to acquire a 100% interest in the Janice Lake Copper Project, located 55km southeast of the Key lake processing facility in Saskatchewan. The terms of the transaction as specified in the Agreement are summarized as follows:

- Forum can earn a 100% interest by providing Transition with staged cash payments over 4 years totaling \$250,000 (\$25,000 paid upon signing, and \$25,000 on February 5, 2019), issuing Transition 8,000,000 Forum common shares (issued) and completing \$250,000 of work expenditures (completed), within 6 months of the signing of the Agreement.
- Of the total shares issued, 2,000,000 will be provided directly to Transition and the remaining 6,000,000 shares shall be placed in escrow (the "Escrowed Shares"). 1,000,000 Escrowed Shares shall be released to Transition every 6 months, of which 1 million were released in August 2018 and 1 million were released in February 2019.
- Transition has transferred the mineral claims to Forum upon completion of the exploration commitment.
- Transition shall retain a 2% Net Smelter Return royalty (NSR). Forum shall have the option to repurchase 0.75% of this NSR any time prior to Commercial Production for \$1,500,000. Transition shall also be entitled to extraordinary payments of \$1,000,000 on completion of a Feasibility Study on the Property and \$5,000,000 due within 12 months of the Property achieving Commercial Production.
- The Parties entered into a Shareholder Rights Agreement which will include among other things, the right for Forum to place any Forum common shares that Transition wishes to sell, a pre-emptive right for Transition to maintain its interest through participation in subsequent Forum financings and a voting support agreement whereby Transition will vote with the Management at any Forum shareholder meetings.

The property consists of 18 mining claims for a total of 19,289 hectares. Numerous surface copper showings were discovered by historical prospecting over a 10 km trend and the remaining 20 km trend remains under prospected or covered by thin overburden. The Janice Lake copper occurrences are comparable to the supergiant Udokan sedimentary copper project in Siberia

In 1993 and followup drilling in 1997, 20 of 35 holes totaling 5,500m drilled by Noranda intersected near surface chalcocite copper mineralization. The best result at the JS showing near Janice Lake intersected 0.77% Cu over 33.0 m including 1.6% Cu over 6 m, within 35 m of surface. In 2003, Phelps Dodge reprocessed the magnetic and induced polarization (IP) geophysical data and completed 6 diamond drill holes to target mineralization under cover. By targeting modelled IP/Resistivity anomalies, Phelps Dodge discovered new copper mineralization 2 kilometers to the south of JS, named the Phelps-Janssem zone. Two holes drilled 100 m apart returned 0.72% Cu over 20.8m, including 1.3% Cu over 4.8m (JL-03-38) and 0.49% Cu over 19m, including 0.91% Cu over 6m (JL-03-41). Transition acquired the property in 2012 and completed 700 line kilometres of airborne VTEM survey, field mapping, prospecting and rock sampling.

A total of 447 metres of drilling were completed in September, 2018 with copper mineralization being intersected at shallow depths in all 4 holes as chalcocite and native copper. Hole FEM-01 intersected 19 m grading 1.00 % copper including 5.7 m of 2.18 % copper within a 50.5 m interval grading 0.45 % copper. Forum is planning a follow-up drill program in the summer of 2019.

Lumina Cobalt Acquisition

Forum entered into an agreement, as approved by the Exchange on September 26, 2018, to purchase a 100% interest in two cobalt properties in Idaho and Oregon. The Agreement terms are summarized as follows:

| Date | Cash payments (US\$) | Share issuances (#) |
|----------------------------------|----------------------------|---------------------------|
| On Closing date of the Agreement | 15,000 ⁽¹⁾ | 3,000,000 ⁽²⁾ |
| On or before September 25, 2019 | 25,000 ⁽³⁾ | - |
| On or before September 25, 2020 | 35,000 ⁽⁴⁾ | - |
| Total | 75,000 | 3,000,000 |

(1) Payment made on September 25, 2018.

(2) Issued on September 25, 2018; the 3,000,000 shares are restricted from trading on the basis that 1,000,000 shares are tradeable on the 6 month anniversary of the Agreement, a further 1,000,000 shares on the first anniversary of the Agreement, and the final 1,000,000 shares on the second anniversary of the Agreement.

(3) Non-interest bearing promissory note issued with due date of September 25, 2019. At November 30, 2018, the promissory note was valued at CDN\$32,384.

(4) Non-interest bearing promissory note issued with due date of September 25, 2020. At November 30, 2018, the promissory note was valued at CDN\$45,338.

Additionally, Lumina retains a 2% net smelter returns royalty ("NSR"). Forum will have the option to purchase one half (1%) of the NSR at any time for US\$1,000,000.

In addition, Lumina is also to enter into a two year voting support agreement and has been granted the right to participate in future financings of Forum on a pro rata basis for two years following closing. During the term of this participation right, Forum will have a right exercisable within five business days to place any shares of Forum that Lumina wishes to sell, provided that such right does not apply to sales through the facilities of the TSX Venture Exchange up to maximum of 100,000 shares in any five day trading period.

The Quartz Gulch claim block consists of 127 claims totaling 10.65 square kilometres, located approximately five kilometres to the southeast of the past producing Blackbird cobalt mine and the eCobalt Solutions Idaho Cobalt Project, the only permitted cobalt mine development in North America.

Noranda, a previous explorer of the Idaho Cobalt Belt completed a regional geological and stream sediment sampling study in the late 1970's/early 1980's establishing the Quartz Gulch property as prospective for stratabound cobalt mineralization and cobalt hosted in quartz-tourmaline breccias. Noranda recognized Quartz Gulch as a priority exploration target for finding future reserves for its Blackbird Mine but was never drilled. The Idaho Cobalt Belt has highly developed infrastructure and the Quartz Gulch property is easily accessed via the main road to the Blackbird mine.

The JS claim block consists of 155 claims totaling 9.43 square kilometres surrounding patented claims in the Juneau-Standard, Quartzburg historical mining camp. Numerous mines in the district were known for their high-grade gold/silver/copper/cobalt veins, the largest of which were the Standard and Keystone Mines. The property is easily accessible via graded gravel forestry road, 10 kilometres from the town of Prairie City.

Lumina geologists prospected the property and sampled historical mine dumps which resulted in gold grades ranging from 0.125 to 548 grams gold per tonne. The potential for similar vein systems on the JS claims remains to be investigated.

North Thelon Project

The North Thelon project includes crown claims and an Exploration Agreement (the "Ukaliq Agreement") with Nunavut Tunngavik Incorporated ("NTI") on two Inuit Owned Land ("IOL") parcels in the vicinity of the Areva (64.8%), Japan Canada Uranium (33.5%), Daewoo (1.7%) Kiggavik deposit (133 million lbs U₃O₈ @ 0.54% U₃O₈) in the Kivalliq region of Nunavut. Forum maintains an interest in the IOL parcels, negotiated a deferral of exploration expenditures in the Ukaliq Agreement with NTI and reduced its land holdings in the area to 4,537 hectares over the key uranium targets.

Qualified Person

Richard Mazur, P.Geo., President & CEO of the Company, is the Qualified Person who prepared this information that forms the basis for the scientific and technical information contained in this MD&A.

Significant Accounting Policies

There were no changes to the Company's significant accounting policies during the Period in comparison to the year ended November 30, 2017, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements as those are outlined in the Company's Financial Statements.

Standards and amendments issued but not yet effective:

- IFRS 2, "Share-based payment" (amended standard) is effective for annual periods beginning on or after January 1, 2018.
- IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.
- IFRS 16, "Leases" is effective for annual periods beginning on or after January 1, 2019.

The Company has evaluated the impact of these new and amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations.

Critical Accounting Estimates and Judgments and Estimates

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. There have been no significant changes to the Company's critical accounting estimates for the Period from those disclosed the audited financial statements for the years ended November 30, 2018 and 2017.

Selected Annual Information

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the audited financial statements, prepared in accordance with IFRS, and related notes.

| | Years ended November 30, | | |
|---------------------------|--------------------------|-----------|-----------|
| | 2018 | 2017 | 2016 |
| | (\$) | (\$) | (\$) |
| Total revenue | - | - | - |
| Loss | 1,172,152 | 1,373,366 | 1,497,426 |
| Comprehensive loss | 1,180,251 | 1,369,188 | 1,376,709 |
| Basic loss per share | 0.01 | 0.02 | 0.03 |
| Total assets | 2,962,573 | 2,816,686 | 3,126,863 |
| Total current liabilities | 190,000 | 106,614 | 816,362 |
| Cash dividends | - | - | - |

Results of Operations

Forum is an exploration stage company and its properties are in the early stages of exploration and none of the Company's properties are in production. Therefore, exploration and evaluation expenditures and administrative expenses relating to the operation of the Company's business are being expensed as incurred. Consequently, the Company's net loss is not a meaningful indicator of its performance or potential.

The key performance driver for the Company is the acquisition and development of prospective mineral properties. By acquiring and exploring projects of technical merit, the Company increases its chances of finding and developing an economic deposit.

At this time, the Company is not anticipating profit from operations in the near future. Until such time as the Company is able to realize profits from the production and marketing of commodities from its mineral interests, the Company will report an annual deficit and will rely on its ability to obtain equity financing to fund on-going operations. Additional financing will be required for additional exploration and administration costs. Due to the inherent nature of the junior mineral exploration industry, the Company will have a continuous need to secure additional funds through the issuance of equity or debt in order to support its corporate and exploration activities.

For the year ended November 30, 2018, as compared with the year ended November 30, 2017

General operating expenditures increased slightly. Directors' fees continue to be suspended, other than a payment to the Chairman, an arrangement with an investor relations service provider terminated, legal and transfer agent fees were based on requirements of services, and exploration and evaluation assets expenditures were primarily directed at Janice Lake property (see "Resource Properties" in this Report). (See the Financial Statements for additional details). On June 13, 2018, the Company entered into a strategic partnership with Golden Share Resources Corp. ("Golden Share") whereby the Company and Golden Share equally funded the acquisition by staking 32 mineral claims (the "Claims") in Wyoming. The Claims were recorded without objection at the Bureau of Land Management in Wyoming. During the Period, the Company incorporated Forum Energy Metals U.S., LLC, a wholly-owned subsidiary in Wyoming. On July 3, 2018, the Company and Golden Share received notice that the Claims are subject to the federal Omnibus Public Land Management Act of 2009 and thus excluded from availability for resource exploration and development. The Company has sought advice from counsel as to any recourse if may have; however, it considers the Claims to be invalid. On September 13, 2018, the Company entered into agreement with Lumina to acquire a 100% interest in the 56 claims Quartz Gulch cobalt property in Idaho and 155 claims Juneau-Standard cobalt property in Oregon (see "Resource Properties" in this Report).

For the three months ended November 30, 2018, as compared with the three months ended November 30, 2017

General operating expenditures decreased slightly as a result of the efforts by the Company to reduce costs. Evaluation assets expenditures were primarily directed at Janice Lake property (see "Resource Properties" in this Report). (See the Financial Statements for additional details). The Company entered into agreement in respect of the Idaho and Oregon properties (see "Resource Properties" in this Report).

Summary of Quarterly Results

The table below present's selected financial data (in "000s) for the Company's eight most recently completed quarters.

| | 30-Nov-18 | 31-Aug-18 | 31-May-18 | 28-Feb-18 | 30-Nov-17 | 31-Aug-17 | 31-May-17 | 28-Feb-17 |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>In thousands \$</i> | | | | | | | | |
| Financial results | | | | | | | | |
| Loss for the period | 430 | 455 | 198 | 89 | 251 | 291 | 491 | 340 |
| Basic and diluted loss per share | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 |
| Balance sheet data | | | | | | | | |
| Cash | 135 | 460 | 639 | 876 | 694 | 869 | 1,154 | 1,780 |
| Exploration & evaluation assets | 2,709 | 2,477 | 2,477 | 2,477 | 1,963 | 1,963 | 1,963 | 1,963 |
| Total assets | 2,963 | 3,146 | 3,273 | 3,515 | 2,817 | 2,978 | 3,284 | 3,875 |
| Shareholders' equity | 2,727 | 2,831 | 3,199 | 3,402 | 2,710 | 2,891 | 3,183 | 3,675 |

Liquidity and Capital Resources

At November 30, 2018, the Company had working capital of \$60,356, which amount includes cash of \$134,834. The Company does not have any cash flow from operations as it is an exploration stage company, and financings have been the primary source of funds. Should the Company wish to continue fieldwork on its exploration projects, further financing will be required and the Company will likely have to go to the market to achieve this.

Given the volatility in equity markets, global uncertainty in economic conditions, unfavorable market condition in the mining industry, cost pressures and results of exploration activities, management constantly reviews expenditures and exploration programs and equity markets in order that the Company have sufficient liquidity to support its growth strategy.

Liquidity Outlook

The Company's cash position is highly dependent on the ability to raise cash through financings and the expenditures on its exploration programs. Capital expenditures are not expected to have any material impact on liquidity. Management believes that even with the financings completed in the Period, the Company will need external financings in order to fund further exploration. As results of exploration programs are determined and other opportunities become available to the Company, management may complete an external financing as required.

The outlook is based on the Company's current financial position and is subject to change if opportunities become available based on current exploration program results and/or external opportunities. At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities and from optioning its resource properties. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term but recognizes that there will be risks involved which may be beyond its control.

Related Party Transactions

The Company has arrangements pursuant to which parties related to the Company, by way of directorship or officership, provide certain services. Transactions were in the normal course of operations and all of the costs recorded are based on fair value. During the years ended November 30, 2018 and 2017, the Company was charged for services by these parties as follows:

| | November 30, 2018 | November 30, 2017 |
|---|------------------------|------------------------|
| | (\$) | (\$) |
| Mirador Management – President & CEO | 127,193 ⁽¹⁾ | 134,063 ⁽⁷⁾ |
| Ken Wheatley – V-P Exploration | 127,193 ⁽²⁾ | 134,063 ⁽⁸⁾ |
| JCollins Consulting – Corporate Secretary | 60,000 ⁽³⁾ | 60,000 |
| Venturex Consulting– CFO | 36,000 ⁽⁴⁾ | 36,000 |
| Christy & Associates – V-P Corporate Development | 60,000 ⁽⁵⁾ | 41,250 ⁽⁹⁾ |
| McMillan LLP- Director in common - legal services | 55,085 ⁽⁶⁾ | 22,341 ⁽¹⁰⁾ |
| | 465,472 | 427,717 |

| | |
|--|--|
| (1) Accrued and unpaid as at November 30, 2018: | \$25,030 |
| (2) Accrued and unpaid as at November 30, 2018: | \$19,765 |
| (3) Accrued and unpaid as at November 30, 2018: | \$5,000 |
| (4) Accrued and unpaid as at November 30, 2018: | \$3,000 |
| (5) Accrued and unpaid as at November 30, 2018: | \$5,250 |
| (6) Accrued and unpaid as at November 30, 2018: | \$24,798 |
| (7) Accrued and unpaid as at November 30, 2017: | \$11,096, which amount includes \$80 receivable from Mirador |
| (8) Accrued and unpaid as at November 30, 2017: | \$11,171 |
| (9) Accrued and unpaid as at November 30, 2017: | \$5,283 |
| (10) Accrued and unpaid as at November 30, 2017: | \$6,358 |

In addition, at November 30, 2018, the Company was owed \$Nil (November 30, 2017: \$8,013) by company related by way of common directorship.

Compensation of key management personnel (excluding the above)

Key management personnel consist of Richard Mazur (CEO and President, and a Director of the Company), Anthony Balme (Chairman and a Director of the Company) Jeannine Webb (CFO), Jacqueline Collins (Corporate Secretary), Kenneth Wheatley (VP-Exploration), and David Cowan, Larry Okada, Michael Steeves and Howard Haugom (Directors), and Craig Christie (VP Corporate Development effective April 4, 2017). The Company has arrangements with its directors, whereby it has agreed to provide directors fees, as to \$3,000 per quarter to the Company's non-executive directors, and \$7,500 per quarter to the Company's Chairman, which directors and Chairman fees were suspended effective September 1, 2016, with the exception of director fees paid to the Chairman in respect of the period March to August, 2018. Directors are also eligible to receive incentive stock options, which are valued based on the Black-Scholes Method.

| | November 30, 2018 | November 30, 2017 |
|--------------------------|-----------------------|-------------------|
| | (\$) | (\$) |
| Directors fees | 15,000 ⁽¹⁾ | - ⁽¹⁾ |
| Share-based compensation | - | 79,197 |
| | 15,000 | 79,197 |

(1) Accrued and unpaid at November 30, 2018: \$36,000 (November 30, 2017: \$36,000)

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may

attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

There were no changes in the Company's approach to capital management during the year ended November 30, 2018 compared to the year ended November 30, 2017. The Company is not subject to externally imposed capital requirements.

Financial and Other Instruments

Fair Value

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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 following provides the valuation method of the Company's financial instruments as at November 30, 2018 and November 30, 2017:

| | | November 30, 2018 | November 30, 2017 |
|----------------------------------|-------|-------------------|-------------------|
| | Level | (\$) | (\$) |
| Fair value through profit & loss | 1 | 134,834 | 694,441 |
| Available for sale | 1 | 15,717 | 23,816 |

The carrying values of receivables, accounts payable and accrued liabilities, advances from joint venture and option partners and amounts due to related parties approximate their fair values due to the short-term maturity of these instruments.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Interest rate risk

The Company has no material exposure at November 30, 2018 to interest rate risk through its financial instruments.

Currency Risk

At November 30, 2018, all of the Company's cash was held in Canadian dollars, the Company's measurement currency. The Company has operations in a foreign jurisdiction, but no foreign currency in that jurisdiction at this time and as such has no currency risk associated with its operations.

Credit risk

The Company has cash and receivable balances. The Company has no significant concentrations of credit risk arising from its operations. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments, issued by Canadian financial institutions with which it keeps its bank accounts, with maturities of one year or less from the original date of acquisition, selected based on the expected timing of expenditures for operations.

Receivables consist of goods and services tax due from the Federal Government of Canada, amounts due from related parties, and amounts due from joint venture and option partners. The Company does not anticipate any material exposure with the collection these receivables.

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. At November 30, 2018, the Company had cash totaling \$134,834, and current liabilities of \$190,000 (November 30, 2017: \$694,441 and \$106,614, respectively).

Market Price Risk

The only significant market price risks to which the Company is exposed to is interest rate risk and price volatility on its marketable securities. The Company's bank account earns interest at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to changes in short-term rates.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a year:

- As cash is at variable interest rates, sensitivity to a plus or minus 1% change in rates would affect net loss by approximately \$1,348 annually.
- The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development, which is speculative and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in the exploring of its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The Company has a history of incurring losses and deficits, and is subject to a number of risks and uncertainties due to the nature of its business and present stage of explorations, such as, but not limited to, exploration, market, commodity prices, Aboriginal land claims, title, limited financial resources, share price volatility, key personnel, competition, environmental and regulatory requirements, uninsurable risks and critical accounting estimates.

The following sets out the principal risks faced by the Company:

Title: Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these

procedures do not guarantee the title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Aboriginal Land Claims: Aboriginal rights may be claimed on properties or other types of tenure with respect to which mining rights have been conferred. The Company is aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration activity and is supportive of measures established to achieve such cooperation. The outcome of any aboriginal land claims cannot be predicted, and if successful, would have a significant adverse effect on the Company.

Foreign Countries and Regulatory Requirements: Currently, the Company hold claims, has entered into an exploration and option agreement to lease unpatented mining claims, and has entered into a right and option agreement to earn an interest in certain claims, in the United States. Consequently, the Company is subject to certain risks associated with foreign ownership, including currency fluctuations, inflation, and political risk. Mineral exploration and mining activities and production activities in foreign countries may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to disputes and/or conflicts between State and Federal legislations and regulations, community rights, restrictions on production, price controls, export controls, restriction of earnings, taxation laws, expropriation of property, environmental legislation, water use, labour standards and workplace safety.

Lack of Revenue and Limited Financial Resources: The Company has no significant source of operating cash flow and no revenues from operations. The Company has limited financial resources, and its ability to continue operating as a going concern is dependent upon management's success in raising additional monies to sustain the Company until cash flow from operations is adequate to sustain the Company's viability. Substantial expenditures are required to be made by the Company and/or its development partners to establish ore reserves and develop a mining operation. Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. At present, the Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a materially adverse outcome on the Company and its securities.

Exploration and Development of Properties: The property interests owned by the Company or in which it may have an interest, are currently in the exploration and evaluation stages and have no ongoing mining operations. Mineral exploration and development involves a high degree of risk and few properties are ultimately developed into producing mines.

Share Price Volatility, Price Fluctuations and Commodity price: The price of the common shares, financial results and exploration, development and mining activities of the Company may in the future be significantly adversely affected by declines in the prices of base and precious metals. Metal prices fluctuate widely and are affected by numerous factors beyond the Company's control. There can be no assurance that such price fluctuations will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to impact these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Key personnel: The Company's operations are dependent to a large degree on the skills and experience of certain key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a materially adverse outcome on the Company and its securities.

Competition: Significant and increasing competition exists for the opportunity to acquire or acquire an interest in the limited number of mineral properties available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional interests in attractive mineral properties on terms it considers acceptable.

Environmental and Other Regulatory Requirements: The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards, mine safety, land use, toxic substances, land claims of local people and other matters. These laws and other governmental policies may affect investments of the Company and/or its shareholders. The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Market: The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Uninsurable: The Company and its subsidiaries may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

Critical Accounting Estimates: In the preparation of financial information, management makes judgments, estimates and assumptions that affect, amongst other things, the carrying value of its mineral property assets. All capitalized mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value. Management's estimates of exploration, operating, capital and reclamation costs, if any, are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties. The Company also uses the Black-Scholes Option Pricing Model in relation to share based payments. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the period.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's reporting standards.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning Forum's general and administrative expenses and mineral property costs is provided in the Company's statements of loss and comprehensive loss contained in the Financial Statements, which are available on the Company's website at www.forumenergymetals.com or on SEDAR at www.sedar.com.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the audited financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Proposed Transactions

There are no proposed transactions that are required to be disclosed.

Subsequent Events

- Subsequent to November 30, 2018, warrants expired as follows:

| Warrants Type (#) | Exercise price (\$) | Expiry Date |
|-------------------------|------------------------|-------------------|
| 11,000,000 Warrants | 0.120 | December 19, 2018 |
| 200,000 Warrants | 0.120 | December 30, 2018 |
| 2,405,000 Warrants | 0.120 | January 13, 2019 |
| 175,000 Broker warrants | 0.080 | December 22, 2018 |
| 13,780,000 | | |

- On February 7, 2019 incentive stock options allowing for the acquisition of up to, in the aggregate, 285,000 shares of the Company at \$0.10 per share expired.
- On February 5, 2019, the Company paid \$25,000 to Transition in respect of the Janice Lake property.
- On February 12, 2019, the Company announced a financing of up to 10,000,000 units at a price of \$0.05 per unit to raise up to \$500,000 to commence initial preparations for a summer drilling program on its Janice Lake sedimentary copper/silver project and for working capital. The units will be comprised of one common share of Forum and one warrant entitling the holder to acquire a further common share at a price of \$0.10 for a term of 3 years. Forum may pay finders' fees in connection with the financing in accordance with the policies of the TSX Venture Exchange. The financing remains subject to the acceptance of the TSX Venture Exchange.
- On February 5, 2019, the Company announced the appointment of London-based, Burns Singh Tennent-Bhohi to the Board of Directors. Mr. Tennent-Bhohi is the Director and CEO of Glenpani Capital, a private investment company that invests in financial markets and provides consultancy services to AIM, TSX/-V, & ASX mining and exploration companies. He has assisted in numerous companies to restructure, refinance and provide strategic corporate-planning to broaden market exposure and capital engagement. He brings an international network of corporate brokers, project-level financiers, asset-banks and technical teams, and holds a number of directorships/senior management roles within the corporate world and graduated from the University of Glasgow with a degree in Economics & Social Sciences. Pursuant to this appointment, the Company has granted to Mr. Tennent-Bhohi incentive stock options allowing for the purchase of up to, in the aggregate, 250,000 common shares at \$0.10 per share until February 12, 2024.

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. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ 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.

Share Capital Information at the Report

Common shares - issued and outstanding

96,408,904

| | Exercise price (\$) | Expiry Date | Shares issuable (#) |
|----------------------|------------------------|--------------------|------------------------|
| Warrants | 0.120 | June 22, 2020 | 1,975,000 |
| | 0.055 | August 23, 2019 | 133,000 |
| | 0.010 | March 5, 2020 | 1,425,000 |
| | 0.100 | March 5, 2020 | 680,000 |
| | | | 4,213,000 |
| Stock options | 0.100 | November 1, 2020 | 175,000 |
| | 0.100 | December 2, 2020 | 960,000 |
| | 0.100 | March 1, 2021 | 920,000 |
| | 0.100 | January 4, 2022 | 150,000 |
| | 0.100 | September 12, 2022 | 1,930,000 |
| | 0.100 | February 12, 2024 | 250,000 |
| | | | 4,385,000 |
| | | | 105,006,904 |

Additional Information

Additional information is available on the Company's website at www.forumenergymetals.com or on SEDAR at www.sedar.com.