



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

NOTICE TO READER

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

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

	<i>Note</i>	February 29, 2024	November 30, 2023
ASSETS			
Current assets			
Cash		\$ 10,521,013	\$ 1,424,079
Marketable securities	4	62,649	46,785
Receivables		45,525	31,600
Due from joint venture partners		3,445	6,660
Prepaid expenses	5	766,431	781,752
		11,399,063	2,290,876
Equipment	6	116,408	127,059
Exploration and evaluation assets	7	990,716	990,716
Reclamation deposit		40,250	40,250
		\$ 12,546,437	\$ 3,448,901
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	8	\$ 585,129	\$ 451,589
Flow-through share premium liability	9	3,865,457	820,647
		4,450,586	1,272,236
Shareholders' equity			
Capital stock	10	65,035,532	58,679,649
Contributed surplus - warrants	10	2,888,685	2,690,530
Contributed surplus - options	10	7,186,601	6,844,415
Deficit		(67,014,967)	(66,037,929)
		8,095,851	2,176,665
		\$ 12,546,437	\$ 3,448,901
Nature of operations and going concern	1		
Subsequent events	14		

Approved and authorized by the Audit Committee of the Board of Directors on April 23, 2024.

"Richard Mazur"
Richard Mazur
Director

"Larry Okada"
Larry Okada
Director

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

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

	<i>Note</i>	Three months ended	
		February 29, 2024	February 28, 2023
EXPENSES			
Amortization	6	\$ 10,651	\$ 825
Consulting fees	11	98,000	96,000
Director fees	11	7,500	7,500
Exploration and evaluation expenditures	7	319,984	1,587,413
Exploration and evaluation recoveries	7	(100,625)	(44,182)
Management fees earned	7	(979)	-
Marketing, promotion and travel	11	251,748	109,101
Office and administration		67,379	43,239
Professional fees		76,828	32,848
Share-based compensation	10 & 11	347,594	45,828
Transfer agent and regulatory fees		55,788	42,174
		(1,133,868)	(1,920,746)
Flow-through share premium recovery	9	117,352	461,375
Foreign exchange loss		(4,038)	(1,640)
Gain on settlement of trade and other payables		-	108,055
Interest income		87,356	10,964
Part X.II tax		(9,079)	(22,084)
Unrealized loss on marketable securities	4	(34,761)	(15,003)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		\$ (977,038)	\$ (1,379,079)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding		277,037,730	185,681,875

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

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

	Three months ended	
	February 29, 2024	February 28, 2023
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Loss for the period	\$ (977,038)	\$ (1,379,079)
Items not affecting cash:		
Amortization	10,651	825
Share-based compensation	347,594	45,828
Flow-through share premium recovery	(117,352)	(461,375)
Gain on settlement of trade and other payables	-	108,055
Shares received from JV partners	(50,625)	(25,500)
Unrealized loss on marketable securities	34,761	15,003
Change in non-cash working capital items:		
Receivables	(13,925)	(81,300)
Prepaid expenses	15,321	(380,112)
Trade and other payables	133,540	(438,941)
Due from/to joint venture partner	3,215	51,823
	(613,858)	(2,544,773)
INVESTING ACTIVITIES:		
Option payments received on exploration and evaluation assets	-	6,318
	-	6,318
FINANCING ACTIVITIES:		
Proceeds from private placements	10,364,014	2,166,305
Share issuance costs	(815,803)	(148,001)
Proceeds from exercise of warrants	150,081	-
Proceeds from exercise of stock options	12,500	-
	9,710,792	2,018,304
CHANGE IN CASH FOR THE PERIOD	9,096,934	(520,151)
CASH, BEGINNING OF THE PERIOD	1,424,079	1,881,274
CASH, END OF THE PERIOD	\$ 10,521,013	\$ 1,361,123
Non-cash investing and financing activities		
Fair value of broker warrants issued	\$ 198,155	\$ 56,127
Supplemental information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

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

Forum Energy Metals Corp.

Condensed Interim Consolidated Statements of Shareholders' Equity

(Unaudited – Expressed in Canadian Dollars)

	Number of shares	Capital Stock	Contributed Surplus - warrants	Contributed Surplus - options	Deficit	Total
Balance, November 30, 2023	224,409,119	\$ 58,679,649	\$ 2,690,530	\$ 6,844,415	\$ (66,037,929)	\$ 2,176,665
Private placements	60,015,435	10,364,014	-	-	-	10,364,014
Share issuance costs - cash	-	(815,803)	-	-	-	(815,803)
Share issuance costs - broker warrants	-	(198,155)	198,155	-	-	-
Flow-through premium	-	(3,162,162)	-	-	-	(3,162,162)
Exercise of warrants	1,500,810	150,081	-	-	-	150,081
Exercise of options	125,000	17,908	-	(5,408)	-	12,500
Share-based compensation	-	-	-	347,594	-	347,594
Loss and comprehensive loss for the period	-	-	-	-	(977,038)	(977,038)
Balance, February 29, 2024	286,050,364	\$ 65,035,532	\$ 2,888,685	\$ 7,186,601	\$ (67,014,967)	\$ 8,095,851

	Number of shares	Capital Stock	Contributed Surplus - warrants	Contributed Surplus - options	Deficit	Total
Balance, November 30, 2022	172,265,930	\$ 54,115,782	\$ 2,476,225	\$ 6,680,960	\$ (60,672,965)	\$ 2,600,002
Private placements	16,663,886	2,166,305	-	-	-	2,166,305
Share issuance costs - cash	-	(148,001)	-	-	-	(148,001)
Share issuance costs - broker warrants	-	(56,127)	56,127	-	-	-
Flow-through premium	-	(358,971)	-	-	-	(358,971)
Share-based compensation	-	-	-	45,828	-	45,828
Loss and comprehensive loss for the period	-	-	-	-	(1,379,079)	(1,379,079)
Balance, February 28, 2023	188,929,816	\$ 55,718,988	\$ 2,532,352	\$ 6,726,788	\$ (62,052,044)	\$ 2,926,084

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

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

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

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

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. At February 29, 2024, the Company had working capital of \$6,948,477, however \$10,898,898 cash was required for flow-through purposes, resulting in a working capital deficiency of \$3,950,421, of which \$3,865,457 is a non-cash current liability. Additional financing will be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

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

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

2. Basis of Preparation

Statement of Compliance

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

These condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2023.

Basis of measurement

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

Functional and presentation currency

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

Critical accounting estimates and judgments

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

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

i) Critical accounting estimates

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

Carrying value and recoverability of exploration and evaluation assets

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

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

Critical accounting estimates and judgments (continued)

i) Critical accounting estimates (continued)

Share-based compensation

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

Recovery of deferred tax assets

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

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

The Company has not recorded any deferred tax assets.

ii) Critical accounting judgments

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

Determination of functional currency

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

Forum Energy Metals Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended February 29, 2024
(Unaudited – Expressed in Canadian Dollars)

3. Material Accounting Policies

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company as at and for the year ended November 30, 2023.

New accounting standards not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as of February 29, 2024 and have not been applied in preparing these consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to IAS 1 Presentation of Financial Statements clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or noncurrent. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.

The Company has not early adopted this revised standard and its adoption is not expected to have a material impact on the Company's consolidated financial statements.

4. Marketable Securities

Company	Shares	February 29,		November 30,	
		2024		2023	
		FMV		FMV	
Mega Uranium Ltd. (T-MGA)	25,000	\$	9,500	\$	9,875
Minera IRL Ltd. (C-MIRL)	2,380		48		24
Sassy Gold Corp. (C-SASY)	400,000		16,000		16,000
Southern Energy Corp. (V-SOU)	375		60		86
Traction Uranium Corp. (V-TRAC)	375,000		31,875		16,875
Troilus Gold Corp. (T-TLG)	6,666		3,666		2,800
Vanadian Energy Corp. (V-VEC)	75,000		1,500		1,125
Total		\$	62,649	\$	46,785

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

During the three months ended February 29, 2024, the Company recognized an unrealized loss of \$34,761 (2023 – \$15,003) through the statement of loss and comprehensive loss.

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

5. Prepaid expenses

	February 29, 2024	November 30, 2023
Prepaid exploration and evaluation expenditures	\$ 614,877	\$ 614,877
Prepaid insurance	9,926	17,309
Prepaid marketing, promotion and travel	128,842	144,251
Prepaid other	12,786	5,315
Total	\$ 766,431	\$ 781,752

6. Equipment

	Exploration equipment
Cost	
At November 30, 2023	\$ 153,015
Additions	-
At February 29, 2024	\$ 153,015
Accumulated depreciation	
At November 30, 2023	\$ 25,956
Depreciation	10,651
At February 29, 2024	\$ 36,607
Carrying amounts	
At November 30, 2023	\$ 127,059
At February 29, 2024	\$ 116,408

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets

	November 30, 2023	Additions	Recoveries	Write-off	February 29, 2024
Nunavut					
Aberdeen	\$ 197,010	\$ -	\$ -	\$ -	\$ 197,010
Nutaaq	10,215	-	-	-	10,215
Saskatchewan					
Clearwater	-	-	-	-	-
Costigan	-	-	-	-	-
Fir Island	147,000	-	-	-	147,000
Fisher	11,000	-	-	-	11,000
Grease River	-	-	-	-	-
Henday	-	-	-	-	-
Highrock	-	-	-	-	-
Janice Lake	150,000	-	-	-	150,000
Love Lake	-	-	-	-	-
Maurice Point	-	-	-	-	-
NW Athabasca	201,451	-	-	-	201,451
Still Nickel	6,847	-	-	-	6,847
Wollaston	7,337	-	-	-	7,337
Idaho					
Quartz Gulch	259,856	-	-	-	259,856
	\$ 990,716	\$ -	\$ -	\$ -	\$ 990,716

Details on the Company's exploration and evaluation assets are found in Note 7 of the November 30, 2023 consolidated financial statements, except as noted below.

Grease River

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

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

The agreement is a staged earn-in as follows:

- 51% interest
 - payment of \$25,000 cash on or before February 10, 2023 (received in February 2023);
 - payment of a further \$50,000 cash on or before December 31, 2023 (received in January 2024 and recorded as exploration and evaluation recoveries on the statement of loss and comprehensive loss for the three months ended February 29, 2024);
 - payment of a further \$75,000 cash on or before December 31, 2024;
 - payment of a further \$100,000 cash on or before December 31, 2025;
 - 125,000 Traction shares on or before March 1, 2023 (received in March 2023);
 - a further 250,000 Traction shares on or before December 31, 2023 (received in January 2024, valued at \$50,625, and recorded as exploration and evaluation recoveries on the statement of loss and comprehensive loss for the three months ended February 29, 2024);

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (continued)

Saskatchewan Projects (continued)

Grease River (continued)

- a further 500,000 Traction shares on or before December 31, 2024;
- a further 750,000 Traction shares on or before December 31, 2025;
- completing \$500,000 in exploration expenditures by December 31, 2023 (\$463,429 incurred – the unfunded amount has been added to the 2024 funding amount);
- completing a further \$1,036,571 in exploration expenditures by December 31, 2024;
- completing a further \$1,500,000 in exploration expenditures by December 31, 2025;
- 19% interest (70% total)
 - payment of \$200,000 cash on or before December 31, 2026;
 - payment of a further \$500,000 cash on or before December 31, 2027;
 - 1,000,000 Traction shares on or before December 31, 2026;
 - a further 1,500,000 Traction shares on or before December 31, 2027;
 - completing \$1,500,000 in exploration expenditures by December 31, 2026;
 - completing a further \$1,500,000 in exploration expenditures by December 31, 2027
- final 30% interest (100% total)
 - payment of \$1,000,000 cash on or before December 31, 2028;
 - 3,000,000 Traction shares on or before December 31, 2028;
 - completing \$3,000,000 in exploration expenditures by December 31, 2028;

Forum will be the operator until Traction earns a 51% interest. While the Company is the operator it is entitled to a management fee of 10% on incurred expenditures. During the three months ended February 29, 2024, the recorded management fees of \$979.

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

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (continued)

The following table shows the activity by category of exploration expenditures for the three months ended February 29, 2024:

	Nunavut	Saskatchewan						Idaho			Total			
	Aberdeen	Fir Island	Fisher	Grease River	Henday	Highrock	Janice Lake	Love Lake	Maurice Point	NW Athabasca		Still Nickel	Wollaston	Quartz Gulch
Camp costs	\$ 14,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375	\$ -	\$ 15,119
Claim staking	-	-	-	-	-	-	-	-	175	2,940	-	-	-	3,115
Communication	626	-	-	-	-	-	-	-	-	-	-	-	-	626
Community relations	130,196	-	-	534	-	-	-	-	-	245	-	284	-	131,259
Consulting	875	-	350	350	-	-	-	175	-	-	300	-	-	2,050
Deficiency deposit refund	-	-	(6,664)	-	-	-	-	-	-	-	-	-	-	(6,664)
Field personnel	29,904	-	-	-	-	-	-	-	-	-	-	-	-	29,904
Geological evaluations	63,125	-	-	-	-	-	-	-	-	-	-	-	-	63,125
Grant	(50,000)	-	-	-	-	-	-	-	-	-	-	-	-	(50,000)
Labs and assays	1,794	-	-	-	-	-	-	-	-	-	-	-	-	1,794
License/permit/taxes	-	-	-	140	-	-	-	-	-	-	-	-	-	140
Management Fees	-	-	-	979	-	-	-	-	-	-	-	-	-	979
Safety	26	-	-	-	-	-	-	-	-	-	-	-	-	26
Salaries	61,683	667	390	4,548	1,241	1,007	-	450	150	2,602	3,567	-	-	76,305
Software	1,274	-	-	-	-	-	-	-	-	-	-	-	-	1,274
Surveying	40,943	-	-	-	-	-	-	-	-	-	-	-	-	40,943
Transportation	1,840	-	-	-	-	-	-	-	-	-	-	-	-	1,840
Travel	15,707	-	-	-	-	-	-	-	-	-	-	-	-	15,707
Subtotal	312,737	667	(5,924)	6,551	1,241	1,007	-	625	325	5,787	3,867	659	-	327,542
Recoveries from joint venture partner	-	-	-	(6,551)	-	(1,007)	-	-	-	-	-	-	-	(7,558)
Total	\$ 312,737	\$ 667	\$ (5,924)	\$ -	\$ 1,241	\$ -	\$ -	\$ 625	\$ 325	\$ 5,787	\$ 3,867	\$ 659	\$ -	\$ 319,984

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

8. Trade and Other Payables

	February 29, 2024	November 30, 2023
Trade and other payables in Canada	\$ 341,582	\$ 181,071
Provision	200,000	200,000
Due to related parties (Note 11)	43,547	70,518
Total	\$ 585,129	\$ 451,589

During the year ended November 30, 2022, the Company recorded an environmental provision of \$50,000 for work to be completed on its North West Athabasca project in Northern Saskatchewan. During the year ended November 30, 2023, the Company re-estimated this provision to be \$200,000. The Company intends to complete this work in fiscal 2024.

9. Flow-through share premium liability

	February 29, 2024	November 30, 2023
Opening balance	\$ 820,647	\$ 248,633
December 2022 flow-through private placement	-	358,971
April/May 2023 flow-through private placement	-	174,267
June 2023 flow-through private placement	-	1,111,082
December 2023 flow-through private placement	3,162,162	-
Flow-through share premium recovery	(117,352)	(1,072,306)
Closing balance	\$ 3,865,457	\$ 820,647

At February 29, 2024, the Company has an obligation to incur \$10,898,898 on eligible expenditures in respect of the pursuant to the terms of the flow-through private placements. These funds are for use to advance the Company's exploration and evaluation assets and must be spent by December 31, 2024.

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

10. Capital Stock

A. Authorized

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

B. Issued and outstanding

During the three months February 29, 2024, the Company completed the following transactions:

- On December 12, 2023, the Company completed a private placement through the issuance of 48,648,648 flow-through units at a price of \$0.185 per flow-through unit for gross proceeds of \$9,000,000 and the issuance of 11,366,787 non-flow-through units at a price of \$0.12 per non-flow-through unit for gross proceeds of \$1,364,014. Each flow-through unit and each non-flow-through unit consists of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at a price of \$0.185 until December 12, 2025. The Company recorded a flow-through premium liability of \$3,162,162 on issuance of these flow-through units.

The Company paid cash commissions of \$588,289 and issued 3,321,326 broker warrants valued at \$198,155. The broker warrants entitle the holder to purchase one common share at a price of \$0.12 until December 12, 2025. The broker warrants were valued using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 4.23%; a volatility of 83%; an expected life of 2 years; a forfeiture rate of zero; and an expected dividend of zero. The Company paid other share issue costs of \$227,514.

- During the three months ended February 29, 2024, the Company issued 125,000 common shares on the exercise of stock options for gross proceeds of \$12,500. The Company recorded an allocation of \$5,408 from contributed surplus-options to capital stock on the exercise of these stock options.
- During the three months ended February 29, 2024, the Company issued 1,500,810 common shares on the exercise of warrants for gross proceeds of \$150,081.

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

10. Capital Stock (continued)

C. Warrants

The continuity of share purchase warrants for the three months ended February 29, 2024 is as follows:

Expiry date	Exercise price	Balance, November 30, 2023	Granted	Exercised	Expired	Balance, February 29, 2024				
March 11, 2024	\$ 0.42	1,351,351	-	-	-	1,351,351				
April 1, 2024	\$ 0.10	8,410,000	-	(1,500,810)	-	6,909,190				
December 16, 2024	\$ 0.17	5,762,693	-	-	-	5,762,693				
December 16, 2024	\$ 0.13	778,777	-	-	-	778,777				
December 21, 2024	\$ 0.17	2,569,250	-	-	-	2,569,250				
December 21, 2024	\$ 0.13	359,695	-	-	-	359,695				
April 27, 2025	\$ 0.15	900,000	-	-	-	900,000				
April 27, 2025	\$ 0.16	3,613,334	-	-	-	3,613,334				
April 27, 2025	\$ 0.10	294,000	-	-	-	294,000				
May 11, 2025	\$ 0.10	4,383,981	-	-	-	4,383,981				
May 19, 2025	\$ 0.15	2,904,320	-	-	-	2,904,320				
May 19, 2025	\$ 0.16	5,100,000	-	-	-	5,100,000				
May 19, 2025	\$ 0.10	453,600	-	-	-	453,600				
December 12, 2025	\$ 0.185	-	30,007,717	-	-	30,007,717				
December 12, 2025	\$ 0.12	-	3,321,326	-	-	3,321,326				
		36,881,001	33,329,043	(1,500,810)	-	68,709,234				
Weighted average exercise price	\$	0.15	\$	0.18	\$	0.10	\$	-	\$	0.16

As at February 29, 2024, the weighted average remaining contractual life of the share purchase warrants outstanding was 1.29 years.

Forum Energy Metals Corp.

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For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

10. Capital Stock (continued)

D. Stock options

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

The continuity of stock options for the three months ended February 29, 2024 is as follows:

Expiry date	Exercise price	Balance, November 30, 2023	Granted	Exercised	Expired/Cancelled	Balance, February 29, 2024				
June 5, 2024	\$ 0.10	3,825,000	-	(75,000)	-	3,750,000				
June 26, 2024	\$ 0.10	5,000	-	-	-	5,000				
August 26, 2024	\$ 0.10	200,000	-	-	-	200,000				
February 10, 2025	\$ 0.10	360,000	-	-	-	360,000				
May 12, 2025	\$ 0.10	350,000	-	-	-	350,000				
February 23, 2026	\$ 0.36	100,000	-	-	-	100,000				
April 23, 2026	\$ 0.35	1,400,000	-	-	-	1,400,000				
December 16, 2026	\$ 0.17	3,600,000	-	-	-	3,600,000				
January 24, 2027	\$ 0.20	200,000	-	-	-	200,000				
October 3, 2027	\$ 0.15	3,850,000	-	-	-	3,850,000				
December 1, 2027	\$ 0.13	500,000	-	-	-	500,000				
July 5, 2028	\$ 0.10	2,850,000	-	(50,000)	-	2,800,000				
December 29, 2028	\$ 0.10	-	3,300,000	-	-	3,300,000				
January 22, 2029	\$ 0.10	-	200,000	-	-	200,000				
February 12, 2029	\$ 0.10	-	300,000	-	-	300,000				
		17,240,000	3,800,000	(125,000)	-	20,915,000				
Weighted average exercise price	\$	0.15	\$	0.13	\$	0.10	\$	-	\$	0.15

As at February 29, 2024, 20,815,000 stock options were exercisable.

As at February 29, 2024, the weighted average remaining contractual life of the stock options outstanding was 2.97 years.

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

E. Share-based compensation

During the three months ended February 29, 2024, the Company recorded share-based compensation of \$347,594 (2023 - \$45,828).

On December 29, 2023, the Company granted 3,250,000 stock options to directors, officers, employees and consultants of the Company valued at \$293,253 or \$0.09 per option, all of which was recorded as share-based compensation for the three months ended February 29, 2024. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.91%; an expected volatility of 93%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On December 29, 2023, the Company granted 50,000 stock options to a consultant of the Company valued at \$4,512 or \$0.09 per option, of which \$1,596 was recorded as share-based compensation for the three months ended February 29, 2024. These options vest 25% in three months and 25% every three months thereafter. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.91%; an expected volatility of 93%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On January 22, 2024, the Company granted 200,000 stock options to an officer of the Company valued at \$22,220 or \$0.11 per option, all of which was recorded as share-based compensation for the three months ended February 29, 2024. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 4.25%; an expected volatility of 85%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On February 12, 2024, the Company granted 300,000 stock options to a director of the Company valued at \$29,768 or \$0.10 per option, all of which was recorded as share-based compensation for the three months ended February 29, 2024. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 4.36%; an expected volatility of 84%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On July 4, 2023, the Company granted 100,000 stock options to a consultant valued at \$3,968 or \$0.04 per option, of which \$757 was recorded as share-based compensation for the three months ended February 29, 2024. These options vest 25% in three months and 25% every three months thereafter.

Forum Energy Metals Corp.
Notes to the Condensed Interim Consolidated Financial Statements
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11. Related Party Transactions

Compensation of key management personnel

Key management personnel include members of the Board of Directors, the Chief Executive Officer, the VP Exploration, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the three months ended February 29, 2024 and February 28, 2023 were as follows:

	Three months ended	
	February 29, 2024	February 28, 2023
Consulting fees		
Chief Executive Officer	\$ 51,000	\$ 51,000
Corporate Secretary	23,500	22,500
Chief Financial Officer *	23,500	22,500
	<u>98,000</u>	<u>96,000</u>
Director fees	7,500	7,500
Exploration and evaluation expenditures		
VP Exploration	45,500	40,500
	<u>45,500</u>	<u>40,500</u>
Marketing, promotion and travel		
Director	15,000	-
	<u>15,000</u>	<u>-</u>
Professional fees		
Former Director - legal services	9,796	11,235
Share-based compensation	268,545	38,844
Total	<u>\$ 444,341</u>	<u>\$ 194,079</u>

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

Forum Energy Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2024

(Unaudited – Expressed in Canadian Dollars)

11. Related Party Transactions (continued)

Amounts due to related parties

		February 29, 2024	November 30, 2023
Chief Executive Officer	Fees	\$ 17,850	\$ 17,850
Chief Executive Officer	Expenses	405	16,088
VP Exploration	Expenses	14,043	14,315
Director	Consulting Fees	5,000	5,000
Former Director	Legal fees	6,051	7,840
Corporate Secretary	Expenses	-	8,563
Golden Oak	Expenses	198	862
Total		\$ 43,547	\$ 70,518

12. Segmented Information

The Company has identified only one operating segment being the exploration of mineral properties in North America. Long-lived assets attributable to the geographical locations related to exploration and evaluation assets whose location have been disclosed in Note 7. The Company's equipment located in Canada as disclosed in Note 6.

13. Financial Instruments and Financial Risk Management

Financial instruments

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

		February 29, 2024	November 30, 2023
Cash	Amortized cost	\$ 10,521,013	\$ 1,424,079
Marketable securities	FVTPL	62,649	46,785
Receivables	Amortized cost	45,525	31,600
Due from joint venture partners	Amortized cost	3,445	6,660
Reclamation deposit	Amortized cost	40,250	40,250
Trade and other payables	Amortized cost	385,129	251,589

Forum Energy Metals Corp.
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13. Financial Instruments and Financial Risk Management (continued)

Financial instruments (continued)

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

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

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

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

The carrying values for cash, receivables, due from joint venture partners, reclamation deposit, and trade and other payables approximate their fair value due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

Financial risk management

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended November 30, 2023.

14. Subsequent Events

Subsequent to February 29, 2024, the Company completed the following transactions:

- On March 11, 2024, 1,351,351 warrants expired unexercised.
- On March 11, 2024, the Company granted 100,000 stock options to a consultant exercisable at a price of \$0.15 until March 11, 2025.
- In March and April 2024, the Company issued 855,190 common shares on the exercise of warrants for gross proceeds of \$85,519.
- On April 1, 2024, 6,054,000 warrants expired unexercised.
- On April 2, 2024, the Company granted 600,000 stock options to employees and a consultant exercisable at a price of \$0.15 until April 2, 2029.