



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

**For the nine months ended August 31, 2023**

# **Forum Energy Metals Corp.**

## **Management’s Discussion and Analysis**

### **For the nine months ended August 31, 2023**

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The following is management’s discussion and analysis – quarterly highlights (“MD&A”) of the results of operations and financial condition of Forum Energy Metals Corp. (the “Company” or “Forum”) for the nine months ended August 31, 2023 and up to the date of this MD&A, and has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management’s discussion and analysis for the fiscal year ended November 30, 2022 (the “Annual MD&A”).

This MD&A should be read in conjunction with the Annual MD&A and the audited consolidated financial statements for the year ended November 30, 2022, together with the notes thereto, and the accompanying unaudited condensed interim consolidated financial statements and related notes thereto for the nine months ended August 31, 2023 (the “Financial Report”).

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

The effective date of this MD&A is October 25, 2023.

#### **Description of Business**

Forum is a publicly traded company incorporated under the laws of the Province of British Columbia. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) and trade under the symbol FMC 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.

#### **COVID-19**

Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company’s business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in fiscal 2023. The Company continues to operate its business, and in response to Canadian Federal and Provincial, and US Federal and State emergency measures, has requested its employees and consultants work remotely wherever possible. These government measures, which could include government mandated closures of the Company or its contractors, could impact the Company’s ability to conduct its exploration programs in a timely manner, and the Company is evaluating the best way to move its exploration activities forward when the emergency measures are lifted.

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**Resource Properties**

As at August 31, 2023 and the date of this MD&A, the Company had an ownership in the following exploration and evaluation assets:

<b>PROJECT</b>	<b>INTEREST</b>	<b>COMMODITY</b>	<b>LOCATION</b>
Fisher	100%	Copper-Zinc	Saskatchewan
Janice Lake	100%	Copper-Silver	Saskatchewan
Love Lake	100%	Palladium-Copper-Nickel	Saskatchewan
Still Nickel	100%	Nickel-Cobalt	Saskatchewan
Clearwater	75%	Uranium	Saskatchewan
Costigan	100%	Uranium	Saskatchewan
Fir Island	49%	Uranium	Saskatchewan
Grease River	100%	Uranium	Saskatchewan
Henday	40%	Uranium	Saskatchewan
Highrock	100%	Uranium	Saskatchewan
Maurice Point	100%	Uranium	Saskatchewan
NW Athabasca	43.27%	Uranium	Saskatchewan
Wollaston	100%	Uranium	Saskatchewan
Thelon	100%	Uranium	Nunavut
Nutaaq	100%	Rare Earth Metals	Nunavut
Quartz Gulch	100%	Cobalt	Idaho

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During the nine months ended August 31, 2023, and up to the date of this MD&A, the Company completed work on the following exploration and evaluation assets:

#### Grease River

The Grease River project is located within the north-central margin of the Athabasca Basin near the community of Fond du Lac. The project consists of two separate claim blocks situated along the NE- trending Grease River Shear zone, a major intracontinental shear zone greater than 400 km long. The nearby Fond du Lac uranium deposit was previously discovered within the shear zone by Amok and Eldorado in the 1970s with an estimated non-compliant historical resource of one million pounds uranium at an average grade of 0.25% U3O8. The Grease River project claims are located along trend of the deposit to the southwest and northeast. Limited exploration has been conducted in the property area and there is potential for additional uranium mineralization along the shear zone.

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

The agreement is a staged earn-in as follows:

- 51% interest
  - payment of \$25,000 cash on or before February 10, 2023 (received);
  - payment of a further \$50,000 cash on or before December 31, 2023;
  - payment of a further \$75,000 cash on or before December 31, 2024;
  - payment of a further \$100,000 cash on or before December 31, 2025;
  - 125,000 Traction shares on or before March 1, 2023 (received);
  - a further 250,000 Traction shares on or before December 31, 2023;
  - a further 500,000 Traction shares on or before December 31, 2024;
  - a further 750,000 Traction shares on or before December 31, 2025;
  - completing \$500,000 in exploration expenditures by December 31, 2023;
  - completing a further \$1,000,000 in exploration expenditures by December 31, 2024;
  - completing a further \$1,500,000 in exploration expenditures by December 31, 2025;
- 19% interest (70% total)
  - payment of \$200,000 cash on or before December 31, 2026;
  - payment of a further \$500,000 cash on or before December 31, 2027;
  - 1,000,000 Traction shares on or before December 31, 2026;
  - a further 1,500,000 Traction shares on or before December 31, 2027;
  - completing \$1,500,000 in exploration expenditures by December 31, 2026;
  - completing a further \$1,500,000 in exploration expenditures by December 31, 2027;
- final 30% interest (100% total)
  - payment of \$1,000,000 cash on or before December 31, 2028;
  - 3,000,000 Traction shares on or before December 31, 2028;
  - completing \$3,000,000 in exploration expenditures by December 31, 2028;

Forum will be the operator until Traction earns a 51% interest.

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

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As announced June 28, 2023, the Company and Traction completed an airborne magnetic, electromagnetic (EM) and radiometric survey on the Grease River project. A total of 1,353 line-kms were surveyed at a 100 metre line spacing using a New Resolution Geophysics specially designed Xcite™ Time Domain Electromagnetic System. The survey was conducted over the entire Grease River claims totaling 10,528 hectares along the Grease River Shear Zone. The data has been delivered and is being reviewed by the Company.

#### Janice Lake

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

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

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

#### Still Nickel

As announced August 1, 2023, the Company commenced a ground electromagnetic and magnetic survey on its Still Nickel Project, located 35km northwest of La Ronge, Saskatchewan. Forum's 11,411 hectare property covers the favourable geological trend for large nickel deposits to the northeast of the historical 245,000 ton Clam (Howard) Lake nickel deposit grading 1% nickel, 0.4% copper and 0.04% cobalt.

The Clam (Howard) Lake Nickel Deposit was drilled from 1969 to 1971. Nickel-copper-cobalt mineralization is hosted in a sill-like, wedge-shaped ultramafic body, grading outwards from pyroxenite to gabbro and hornblendite. In 2008, a Geotech Airborne VTEM and magnetic survey was completed by a previous operator that identified over 20 conductors extending 10 km northeast of the Howard Lake Deposit. Forum staked the property in 2021 and collected 63 soil samples and 41 rock samples in 2022 for nickel, copper and cobalt analysis over selected target areas based on electromagnetic conductivity and magnetic response.

The central area of the property identified anomalous soil geochemistry which is to be surveyed by a ground geophysical survey. A total of 24 line kilometres of Max-Min (HLEM) survey and 14.8 line kilometres of GPS walking magnetometer survey are planned to cover the area of interest. Results are being interpreted.

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#### Thelon

As announced September 6, 2023, the Company completed its inaugural drill program on its Thelon uranium project located 100 km west of the Hamlet of Baker Lake, Nunavut. Forum holds a 100% interest in 95,500 hectares of ground adjacent to Orano's 133 million pound Kiggavik uranium project. Five holes were completed on two uranium targets, Tatiggaq and Ned for a total of 991 metres.

On September 12, 2023, September 26, 2023, and October 23, 2023 the Company announced assay results from four drill holes on the Tatiggaq zone. Results reported include 2.25% U3O8 over 11.1 metres, 0.40% U3O8 over 12.8 metres and 0.82% U3O8 over 8.5 metres. Mineralization within the Tatiggaq deposit consists of two zones - the Main and West Zones and is located at depths between 80 and 180 m. The mineralization is hosted in a series of high-grade subparallel, steep, south-dipping fault zones that sit within a 50 m wide area. Individual high-grade mineralized structures are up to 10 m in width. The strike extent of the Main Zone is at least 60 m but is open to the northeast and the West Zone is now 150 m in strike length and is open to the southwest. Further delineation is required between the two zones to determine if they are connected. In addition, the entire 0.7 km wide by 1.5 km long Tatiggaq gravity anomaly remains open for additional uranium mineralization both along strike of the known zones but also along numerous sub-parallel fault zones to the north and south of the main Tatiggaq trend.

On October 10, 2023, the Company announced the geochemical results from the Ned anomaly. The Ned anomaly is one of numerous targets identified on the property that could host a major uranium deposit in addition to the Tatiggaq deposit. The elevated uranium and pathfinder elements from drilling into the sandstone suggests the area is fertile for hosting unconformity-related mineralization in the vicinity of this very large anomaly. The clay alteration and bleached rock encountered in the drillhole is typical of what is observed within the sandstone column overlying unconformity-related uranium deposits in the Athabasca.

#### Wollaston

The 100% owned Wollaston property is well located 10 km southeast of Cameco's Rabbit Lake mill and 30 km southeast of Orano/Denison's McClean Lake mill in the prolific northeastern Athabasca Basin, Saskatchewan where a number of uranium deposits have been discovered and mined.

As announced November 29, 2022 and January 10, 2023, drilling of three holes were completed in December 2022 totaling 855.5 metres and a further four holes were drilled in January and February 2023 totalling 1,175 metres. Samples were collected for geochemical analysis at SRC Geoanalytical Laboratories in Saskatoon, Saskatchewan. A total of 4,573 gravity stations were completed at a 100 metre by 100 metres station spacing over priority targets identified by the airborne survey.

On April 3, 2023, the Company announced it had completed seven holes for 2,031 metres on the Wollaston project. Highlights include:

- Complete ground gravity coverage over prospective conductive trends.
- Anomalous uranium and boron in two drill holes along Gizmo trend requires follow-up drilling.
- Follow-up drilling required along newly identified coincident electromagnetic conductor/gravity trends and at historical uranium mineralization encountered on Burman Island.

#### **Qualified Person**

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

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#### **Trends**

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

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

#### **Results of Operations**

The consolidated loss and comprehensive loss for the nine months ended August 31, 2023 was \$4,477,102 (2022 - \$3,100,570).

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

Exploration and evaluation expenditures for the nine months ended August 31, 2023 totalled \$4,597,253 (2022 - \$2,075,791) and primarily relates to exploration work on the Company's Wollaston and Thelon uranium projects.

Exploration and evaluation recoveries for the nine months ended August 31, 2023 totalled \$94,807 (2022 - \$155,896) and relates to cash and shares received from Sassy and Traction.

During the nine months ended August 31, 2023, the Company recorded share-based compensation of \$161,602 compared to \$657,983 in the prior period for stock options granted and vested during the period.

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

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

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

Forum began the fiscal period with \$1,881,274 cash. During the nine months ended August 31, 2023, the Company spent \$5,435,080 on operating activities, net of working capital changes, spent \$177,398 on investing activities, and received \$6,365,992 from financing activities, to end at August 31, 2023 with \$2,634,788 cash.

On December 16 and December 21, 2022, the Company completed a private placement in two tranches through the issuance of 16,663,886 flow-through units at a price of \$0.13 per flow-through unit for gross proceeds of \$2,166,305. Each flow-through unit consists of one flow-through share and one-half of one common share purchase warrant with each whole warrant entitling the holder thereof to purchase one common share at a price of \$0.17 for a period of two years. The Company paid finder's fees of \$148,001 cash and other share issue costs of \$12,161.

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On April 27 and May 19, 2023, the Company completed a private placement in two tranches through the issuance of 8,713,334 flow-through units at a price of \$0.12 per flow-through unit for gross proceeds of \$1,045,600. Each flow-through unit consists of one flow-through share and one common share purchase warrant with each warrant entitling the holder thereof to purchase one common share at a price of \$0.16 for a period of two years. The Company also issued 4,154,320 non-flow-through units at a price of \$0.10 per non-flow-through unit for gross proceeds of \$415,432. Each non-flow-through unit consists of one non-flow-through share and one common share purchase warrant with each warrant entitling the holder thereof to purchase one common share at a price of \$0.15 for a period of two years. The Company paid finder's fees of \$75,460 cash and other share issue costs of \$11,786.

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

At August 31, 2023, the Company had working capital of \$1,726,389, however \$2,480,980 cash is restricted for flow-through purposes, resulting in an unrestricted working capital deficiency of \$754,591. Additional financing will be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

#### Related Party Transactions

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

#### Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration and evaluation assets are described in Note 8 to the Financial Report.

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

Authorized: an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Share Purchase Warrants	Stock Options
Balance as at August 31, 2023	224,019,119	37,271,001	17,240,000
Exercise of warrants	360,000	(360,000)	-
Balance as at the date of this MD&A	224,379,119	36,911,011	17,240,000



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#### **Forward Looking Information**

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, permitting risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements which are filed and available for review on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

#### **Additional Information**

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