



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the year ended November 30, 2023**

# **Forum Energy Metals Corp.**

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

### **For the year ended November 30, 2023**

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The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Forum Energy Metals Corp. (the "Company" or "Forum") for the year ended November 30, 2023, and up to the date of this MD&A, and should be read in conjunction with the accompanying audited consolidated financial statements for the year ended November 30, 2023, together with the notes thereto (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 March 26, 2024.

#### **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. 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.

**Forum Energy Metals Corp.**  
**Management's Discussion and Analysis**  
**For the year ended November 30, 2023**

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**Resource Properties**

As at November 30, 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>
Aberdeen	100%	Uranium	Nunavut
Nutaaq	100%	Rare Earth Metals	Nunavut
Clearwater	75%	Uranium	Saskatchewan
Costigan	100%	Uranium	Saskatchewan
Fir Island	49%	Uranium	Saskatchewan
Grease River	100%	Uranium	Saskatchewan
Henday	40%	Uranium	Saskatchewan
Highrock	80%	Uranium	Saskatchewan
Maurice Point	100%	Uranium	Saskatchewan
NW Athabasca	43.27%	Uranium	Saskatchewan
Wollaston	100%	Uranium	Saskatchewan
Fisher	100%	Copper-Zinc	Saskatchewan
Janice Lake	100%	Copper-Silver	Saskatchewan
Love Lake	100%	Palladium-Copper-Nickel	Saskatchewan
Still Nickel	100%	Nickel-Cobalt	Saskatchewan
Quartz Gulch	100%	Cobalt	Idaho

# **Forum Energy Metals Corp.**

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

### **For the year ended November 30, 2023**

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During the year ended November 30, 2023, and up to the date of this MD&A, the Company completed work on the following exploration and evaluation assets:

#### Aberdeen

Forum holds a 100% interest in 95,519 hectares of ground adjacent to Orano's 133 million pound Kiggavik uranium deposit located 100 km west of Baker Lake, Nunavut.

As announced September 6, 2023, the Company completed its inaugural drill program on its Aberdeen uranium project. Five holes were completed on two uranium targets, Tatiggaq and Ned for a total of 991 metres.

On September 12, September 26, and October 23, 2023, the Company announced assay results from four drill holes on the Tatiggaq zone. The Tatiggaq deposit is located five kilometres west of Orano's 93 million pound Andrew Lake and End uranium deposits. 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. The strike extent of the Main Zone and West Zone is 250 meters and is open to the southwest and northeast. 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.

On November 7, 2023, the Company announced historical assay results 25 metres to the east-northeast of the 2023 summer drilling on its Aberdeen uranium project. Interpretation of historic uranium assay results from drilling in 2010 and 2011 on trend from Forum's drilling on the Tatiggaq deposit this summer confirms the potential to extend mineralization for up to 1.25 kilometres.

On February 27, 2024, the Company announced significant gold assay values associated with high-grade uranium mineralization on the Tatiggaq deposit. Drill core from two holes drilled into the Main and West zones of Tatiggaq were re-assayed for gold. Gold associated with uranium mineralization at Tatiggaq adds to the economic potential of Forum's high grade, unconformity-style deposit in the Thelon Basin.

As announced March 26, 2024, the Company announces it has commenced mobilization of its camp, fuel, equipment and second drill to its camp location on the Aberdeen Uranium Project. Forum plans a 10,000 metre drill program in June 2024 to follow-up on its successful drill program in 2023.

# Forum Energy Metals Corp.

## Management's Discussion and Analysis

### For the year ended November 30, 2023

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#### 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.

Forum is planning an airborne AMT survey over the property in 2024.

#### 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 (received);
  - 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 (received);
  - 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 \$1,000,000 in exploration expenditures by December 31, 2024;
  - completing a further \$1,500,000 in exploration expenditures by December 31, 2025;

## **Forum Energy Metals Corp.**

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

**For the year ended November 30, 2023**

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- 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.

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.

As announced June 28, 2023, the Company and Traction completed an airborne magnetic, electromagnetic (EM) and radiometric survey on the Grease River project. On November 2, 2023, the Company and Traction announced the completion of an initial review of the results of the survey. The survey was conducted over the entire Grease River claims totaling 10,528 hectares along the Grease River Shear Zone. From May 11th to June 23rd, 2023, Axiom Exploration Group Ltd. carried out a helicopter borne 30Hz Xcite™ TDEM survey and collected time domain EM, magnetic and radiometric data simultaneously. A total of 1,421 line-km (613 line-km on the West block and 808 line-km on the East Block) were surveyed at a 100 m line spacing and a 1,000 m tie-line spacing. Initial data review has provided better resolution on the basement geology through the detailed magnetic and EM data. The survey has also outlined several conductive trends that require follow-up in the East block claims. Next steps will be conducting ground prospecting work, as well as additional geophysical surveys. Ground gravity and airborne AMT surveys are planned to narrow down the top priority target areas in 2024. Historic prospecting near one of the conductors (SMDI 1577) located up to 0.65% U3O8 in a grab sample composed of quartzite gneiss.

# **Forum Energy Metals Corp.**

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

### **For the year ended November 30, 2023**

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#### Janice Lake

On May 8, 2019, the Company entered into an option to joint venture agreement, as amended, with Rio Tinto Exploration Canada Inc. ("Rio Tinto") pursuant to which Rio Tinto earned a 51% interest in the Janice Lake project in December 2021. On February 22, 2023, the Company entered into an agreement with Rio Tinto, as amended, whereby the Company acquired all of Rio Tinto's 51% interest in the Janice Lake project, giving Forum a 100% interest. In consideration, the Company granted 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 is not completed prior to commencement of commercial production. The back-in right can only be exercised by paying Forum an amount equal to all the expenditures incurred by Forum on the project from November 2023 up to the back-in right trigger date. 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.

#### 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 was 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 were completed in the area of interest. Results are being interpreted.

#### **Qualified Person**

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

**Forum Energy Metals Corp.**  
**Management's Discussion and Analysis**  
For the year ended November 30, 2023

**Selected Annual Information**

	November 30, 2023	November 30, 2022	November 30, 2021
	\$	\$	\$
Revenue	-	-	-
Net loss	(5,364,964)	(4,572,812)	(3,431,523)
Net loss per share, basic and diluted	(0.03)	(0.03)	(0.02)
Total assets	3,448,901	3,363,365	5,970,181
Total liabilities	1,272,236	763,363	634,912

**Results of Operations**

The consolidated loss and comprehensive loss for the year ended November 30, 2023 was \$5,364,964 (2022 - \$4,572,812).

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

Exploration and evaluation expenditures for the year ended November 30, 2023 totalled \$5,052,661 (2022 - \$3,011,521) and primarily relates to exploration work on the Company's Aberdeen and Wollaston uranium projects.

Exploration and evaluation recoveries for the year ended November 30, 2023 totalled \$94,807 (2022 - \$155,896) and relates to cash and shares received from Sassy and Traction.

During the year ended November 30, 2023, the Company recorded share-based compensation of \$163,455 compared to \$1,035,874 in the prior period for stock options granted and vested during the year.

During the year ended November 30, 2023, the Company recorded a flow-through share premium recovery of \$1,072,306 (2022 - \$488,286) related to flow-through expenditures incurred during the year.

During the year ended November 30, 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.



**Forum Energy Metals Corp.**  
**Management's Discussion and Analysis**  
For the year ended November 30, 2023

**Summary of Quarterly Results**

	<b>Three Months Ended November 30, 2023</b>	<b>Three Months Ended August 31, 2023</b>	<b>Three Months Ended May 31, 2023</b>	<b>Three Months Ended February 28, 2023</b>
	\$	\$	\$	\$
Cash	1,424,079	2,634,788	1,678,995	1,361,123
Exploration and evaluation assets	990,716	990,716	989,265	989,265
Total assets	3,448,901	4,849,777	3,604,294	3,256,157
Shareholders' equity	2,176,665	2,895,065	3,306,405	2,926,084
Net loss	(887,862)	(2,287,377)	(810,646)	(1,379,079)
Net loss per share, basic and diluted	(0.00)	(0.02)	(0.00)	(0.01)

	<b>Three Months Ended November 30, 2022</b>	<b>Three Months Ended August 31, 2022</b>	<b>Three Months Ended May 31, 2022</b>	<b>Three Months Ended February 28, 2022</b>
	\$	\$	\$	\$
Cash	1,881,274	3,055,092	3,302,584	5,279,404
Exploration and evaluation assets	995,583	971,554	971,554	944,599
Total assets	3,363,365	4,319,871	5,156,906	6,920,196
Shareholders' equity	2,600,002	3,550,853	4,292,238	5,563,849
Net income (loss)	(1,472,242)	(756,887)	(1,344,639)	(999,044)
Net income (loss) per share, basic and diluted	(0.01)	(0.00)	(0.01)	(0.01)

**Fourth Quarter**

The Company began the fourth quarter with \$2,634,788 cash. During the fourth quarter, the Company spent \$1,267,209 on operating activities, net of working capital changes, and received \$56,500 from the exercise of warrants, to end the quarter and the year with \$1,424,079 cash.

# Forum Energy Metals Corp.

## Management's Discussion and Analysis

### For the year ended November 30, 2023

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#### Liquidity and Capital Resources

Forum began the fiscal year with \$1,881,274 cash. During the year ended November 30, 2023, the Company spent \$6,686,230 on operating activities, net of working capital changes, spent \$177,398 on investing activities, and received \$6,422,492 from financing activities, to end at November 30, 2023 with \$1,424,079 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.

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.

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.

At November 30, 2023, the Company had working capital of \$1,018,8640, however \$2,215,748 cash was required for flow-through purposes, resulting in a working capital deficiency of \$1,197,108.

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 paid cash commissions of \$588,289 and issued 3,321,326 broker warrants. The broker warrants entitle the holder to purchase one common share at a price of \$0.12 until December 12, 2025. The Company paid other share issue costs of \$219,290.

However, management estimates that its working capital may not provide the Company with sufficient financial resources to carry out currently planned operations and exploration through the next twelve months. Additional financing may 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.

**Forum Energy Metals Corp.**  
**Management’s Discussion and Analysis**  
For the year ended November 30, 2023

**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 year ended November 30, 2023 and 2022 were as follows:

	<b>Year ended November 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Consulting fees</b>		
Chief Executive Officer	\$ 204,000	\$ 204,000
Corporate Secretary	90,000	90,000
Chief Financial Officer *	90,000	90,000
	<u>384,000</u>	<u>384,000</u>
<b>Director fees</b>	<u>30,000</u>	<u>30,000</u>
<b>Exploration and evaluation expenditures</b>		
VP Exploration	162,000	-
Former VP Exploration	-	180,000
	<u>162,000</u>	<u>180,000</u>
<b>Investor relations and shareholder information</b>		
Director	10,000	-
	<u>10,000</u>	<u>-</u>
<b>Professional fees</b>		
Director - legal services	44,940	44,940
<b>Share-based compensation</b>	<u>118,207</u>	<u>713,939</u>
<b>Total</b>	<u>\$ 749,147</u>	<u>\$ 1,352,879</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.**  
**Management's Discussion and Analysis**  
For the year ended November 30, 2023

*Amounts due to related parties*

		November 30, 2023	November 30, 2022
Chief Executive Officer	Fees	\$ 17,850	\$ 17,850
Chief Executive Officer	Expenses	16,088	3,222
VP Exploration	Expenses	14,315	-
Director	Consulting Fees	5,000	-
Director	Legal fees	7,840	3,920
Corporate Secretary	Expenses	8,563	-
Golden Oak	Expenses	862	255
<b>Total</b>		<b>\$ 70,518</b>	<b>\$ 25,247</b>

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

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

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

Authorized: an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Share Purchase Warrants	Stock Options
Balance as at November 30, 2023	224,409,119	36,881,001	17,240,000
Private placement	60,015,435	33,329,043	-
Exercise of warrants	1,656,000	(1,656,000)	-
Warrants expired	-	(1,351,351)	-
Options granted	-	-	3,900,000
Exercise of options	125,000	-	(125,000)
<b>Balance as at the date of this MD&amp;A</b>	<b>286,205,554</b>	<b>67,202,693</b>	<b>21,015,000</b>

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

# Forum Energy Metals Corp.

## Management's Discussion and Analysis

### For the year ended November 30, 2023

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#### **New Accounting Standards Not Yet Adopted**

A number of new standards, amendments to standards and interpretations are not yet effective as of November 30, 2023 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.

#### **Critical Accounting Estimates and Judgments**

The preparation of the 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.

##### 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.

**Forum Energy Metals Corp.**  
**Management’s Discussion and Analysis**  
**For the year ended November 30, 2023**

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.

**Financial Instruments**

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

		<b>November 30, 2023</b>	<b>November 30, 2022</b>
Cash	Amortized cost	\$ 1,424,079	\$ 1,881,274
Marketable securities	FVTPL	46,785	48,625
Receivables	Amortized cost	31,600	183,486
Due from joint venture partners	Amortized cost	6,660	58,727
Reclamation deposit	Amortized cost	40,250	-
Trade and other payables	Amortized cost	251,589	464,730

# **Forum Energy Metals Corp.**

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

### **For the year ended November 30, 2023**

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

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and reclamation deposit. The Company limits the exposure to credit risk in its cash by only investing its cash with high credit quality financial institutions in business and savings accounts. The Company's receivables primarily include balances receivable from government agencies. The Company is exposed to some risk on amounts due from these government agencies; however, to date the Company has been successful on collecting on its receivables.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that there is sufficient capital in order to meet short-term business requirements. The Company is exposed to liquidity risk.

# Forum Energy Metals Corp.

## Management's Discussion and Analysis

### For the year ended November 30, 2023

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#### *Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, market and commodity prices. These fluctuations may be significant.

#### *i) Interest rate risk*

The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risk on cash is not considered significant.

#### *ii) Foreign exchange risk*

At November 30, 2023, 99% of the Company's cash was held in Canadian dollars. The Company has operations in the United States, but no foreign currency in that jurisdiction at this time and as such has no currency risk associated with its operations.

#### *iii) Market price risk*

The Company is exposed to price volatility on its marketable securities. The fair value of its portfolio is not material and any market price risk is considered insignificant.

#### *iv) Commodity Price Risk*

While the value of the Company's exploration and evaluation assets is related to the price of energy metals such as uranium, copper, and cobalt and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks in respect to its operational activities.

Historically, the price of energy metals has fluctuated significantly and is affected by numerous factors outside of the Company's control, including but not limited to industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to energy metals.



# **Forum Energy Metals Corp.**

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

### **For the year ended November 30, 2023**

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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).