

Forsys Metals Corp.

Condensed Interim Consolidated Financial Statements

September 30, 2024

(expressed in Canadian dollars)

(unaudited)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

These unaudited condensed interim consolidated financial statements of Forsys Metals Corp. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Forsys Metals Corp.

Consolidated Statement of Financial Position

(expressed in Canadian dollars)
(unaudited)

	Notes	September 30, 2024 \$	December 31, 2023 \$
Assets			
Current			
Cash and cash equivalents	4	5,226,814	12,405,165
Receivables		424,700	352,385
Prepaid expenses and other assets		215,734	152,838
		5,867,248	12,910,388
Non-current			
Exploration and evaluation	5	17,115,790	11,363,621
Total assets		22,983,038	24,274,009
Liabilities			
Current			
Accounts payable and accrued liabilities		734,369	125,443
Income taxes payable	6	-	1,909,582
		734,369	2,035,025
Shareholders' equity			
Share capital	7	175,007,519	174,210,964
Contributed surplus		50,882,103	51,207,780
Equity reserve		33,364	33,364
Accumulated loss		(183,983,955)	(182,089,125)
Accumulated other comprehensive loss		(19,690,361)	(21,123,999)
Total shareholders' equity		22,248,669	22,238,984
Total liabilities and shareholders' equity		22,983,038	24,274,009

On behalf of the Board:

Martin Rowley
Director

Mark Frewin
Director

Forsys Metals Corp.

Consolidated Statement of Loss and Comprehensive Income (Loss)

(expressed in Canadian dollars)

(unaudited)

	Notes	3 months ended September 30,		9 months ended September 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Expenses					
Professional fees		61,639	24,688	191,239	155,748
Directors' fees	11	127,477	150,855	433,428	454,279
Consulting fees	11	228,291	170,801	626,513	513,998
Bonuses		-	164,638	-	164,638
Stock-based compensation	8, 11	-	2,190,000	343,378	2,190,000
Advisory fees		30,000	30,000	100,000	60,000
Public company costs		45,440	55,896	223,209	147,214
General and administrative		89,903	50,043	241,102	90,216
Foreign exchange loss		1,668	9,696	2,705	3,542
Other expense (income)		(128)	22,000	(3,826)	22,000
Interest income		(69,435)	(105,233)	(262,918)	(488,920)
		<u>514,855</u>	<u>2,763,383</u>	<u>1,894,830</u>	<u>3,312,715</u>
Net loss		(514,855)	(2,763,383)	(1,894,830)	(3,312,715)
Other comprehensive income (loss), net of taxes					
Item that may be reclassified subsequently to loss					
Foreign currency translation		1,564,842	263,109	1,433,638	(1,394,851)
Comprehensive income (loss)		<u>1,049,987</u>	<u>(2,500,274)</u>	<u>(461,192)</u>	<u>(4,707,565)</u>
Net loss per share - basic and diluted		-	(0.01)	-	(0.02)
Weighted average number of Class A common shares outstanding					
		195,500,989	195,169,467	195,280,781	195,169,467

The above consolidated statement should be read in conjunction with the accompanying notes.

Forsys Metals Corp.

Consolidated Statement of Changes in Equity

(expressed in Canadian dollars)
(unaudited)

	9 months ended September 30,	
	2024	2023
	\$	\$
Share capital		
Balance, beginning and end of period	174,210,964	174,210,964
Exercise of stock options	127,500	-
Fair value of stock options exercised	100,555	-
Fair value of PSUs exercised	568,500	-
	175,007,519	174,210,964
Warrants		
Balance, beginning of period	-	6,097,115
Fair value of expired warrants	-	(6,097,115)
Balance, end of period	-	-
Contributed surplus		
Balance, beginning of period	51,207,780	46,987,780
Stock-based compensation	343,378	2,190,000
Fair value of stock options exercised	(100,555)	-
Fair value of PSUs exercised	(568,500)	-
Balance, end of period	50,882,103	49,177,780
Equity reserve		
Balance, beginning and end of period	33,364	33,364
Accumulated loss		
Balance, beginning of period	(182,089,125)	(182,362,736)
Fair value of expired warrants	-	6,097,115
Net loss	(1,894,830)	(3,312,715)
Balance, end of period	(183,983,955)	(179,578,336)
Accumulated other comprehensive loss		
Balance, beginning of period	(21,123,999)	(19,797,105)
Currency translation differences on foreign operations	1,433,638	(1,394,851)
Balance, end of period	(19,690,361)	(21,191,956)

The above consolidated statement should be read in conjunction with the accompanying notes.

Forsys Metals Corp.

Consolidated Statement of Cash Flows

(expressed in Canadian dollars)
(unaudited)

	Notes	9 months ended September 30,	
		2024	2023
		\$	\$
Cash from (used in)			
Operating activities			
Net loss		(1,894,830)	(3,312,715)
Interest income		(262,918)	(488,920)
Item not affecting cash			
Stock-based compensation		343,378	2,190,000
Changes in non-cash operating working capital			
Receivables		(72,315)	(209,887)
Prepaid expenses and other assets		(62,896)	(28,626)
Accounts payable and accrued liabilities		608,921	18,336
Income taxes payable		(1,890,753)	(210,312)
Total cash outflow from operating activities		(3,231,413)	(2,042,123)
Financing activities			
Exercise of stock options		127,500	-
Investing activities			
Interest income		262,918	488,920
Exploration and evaluation	5	(4,415,122)	(1,471,081)
Total cash outflow from investing activities		(4,152,204)	(982,162)
Net decrease in cash		(7,256,117)	(3,024,285)
Cash and cash equivalents, beginning of period		12,405,165	16,923,009
Effect of exchange rate changes on cash		77,766	(389,331)
Cash and cash equivalents, end of period	4	5,226,814	13,509,393

The above consolidated statement should be read in conjunction with the accompanying notes.

Forsys Metals Corp.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2024

(expressed in Canadian dollars)
(unaudited)

1. Nature of operations

Forsys Metals Corp. and its subsidiary companies (collectively the “Company”) are engaged in the acquisition, exploration and development of mineral properties located in Namibia, Africa. The Company’s principal focus is on bringing its wholly owned Norasa Uranium Project (“Norasa”) into production. Norasa is the consolidation of the Valencia uranium project (“Valencia”) and Namibplaas uranium project (“Namibplaas”).

As an exploration stage company, the Company’s income is limited to interest income and other incidental income. The recoverability of the amount shown for mineral properties, exploration and evaluation costs is dependent upon, but not limited to the existence and economic recovery of mineral reserves in the future; the ability to obtain necessary permits and financing to complete the exploration and development of these properties; government policies and regulations; and attaining profitable production or proceeds from the disposition of properties. The Company may be adversely affected by governmental amendments or changes to mining laws, regulations and requirements in Namibia.

The Company is incorporated under the Business Corporations Act (Ontario) and the primary listing of its common shares is on the Toronto Stock Exchange, with secondary listings on the Namibian Stock Exchange and Frankfurt Stock Exchange. The Company’s registered office is at 20 Adelaide Street East, Suite 200, Toronto, Ontario, Canada, M5C 2T6.

2. Going concern

These consolidated financial statements are prepared on the going concern basis which assumes the continuity of normal business activity and the realization of assets and settlement of liabilities in the normal course of business.

3. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2023.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2023.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 13, 2024.

4. Cash and cash equivalents

	September 30, 2024	December 31, 2023
	\$	\$
Cash at bank	1,127,214	3,597,195
Cash on deposit	4,099,600	8,807,970
	<hr/> 5,226,814	<hr/> 12,405,165

5. Exploration and evaluation

\$

Norasa

Balance, December 31, 2023	11,363,621
Additions to exploration and evaluation	4,415,123
Foreign exchange movement	1,337,046
Balance, September 30, 2024	17,115,790

Norasa Uranium Project

The Norasa Uranium Project is the consolidation of the Valencia Uranium Project and the Namibplaas Uranium Project in Namibia.

Valencia Uranium Project

Through its wholly owned subsidiary Valencia Uranium (Proprietary) Limited, the Company holds Mining Licence 149 for the Valencia Uranium Project ("ML149"). ML149 was granted effective June 23, 2008 for a period of 25 years until June 22, 2033.

Namibplaas Uranium Project

Through its wholly owned subsidiary Valencia Uranium (Proprietary) Limited, the Company holds Exclusive Prospecting Licence 3638 for Namibplaas ("EPL 3638"). On February 1, 2024, the Ministry of Mines and Energy of the Republic of Namibia renewed EPL 3638 until February 1, 2026.

Impairment

At December 31, 2023 and September 30, 2024, the Board reviewed the carrying value of the capitalized exploration and evaluation of Norasa. The Board considered the impairment indicators contained within IFRS 6 and concluded that no impairment indicators have been identified.

6. Income taxes payable

\$

Balance, December 31, 2023	1,909,582
Payments	(1,890,753)
Foreign exchange movement	(18,829)
Balance, September 30, 2024	—

7. Share capital

Authorized

An unlimited number of Class A common shares without par value

An unlimited number of redeemable, voting non-participating Class B shares

An unlimited number of Class C shares with rights and privileges to be determined by the Company's Board of Directors

Issued

	Number of Class A common shares	Amount \$
Balance, December 31, 2023	195,169,467	174,210,964
Exercise of stock options	750,000	127,500
Fair value of stock options exercised	—	100,555
Exercise of PSUs	950,000	568,500
Balance, September 30, 2024	196,869,467	175,007,519

The Company has not issued any Class B or Class C shares.

8. Incentive plan

The Company has an Amended and Restated Omnibus Incentive Plan (the "Plan") that permits the Board to make awards of stock options, restricted share units, performance share units and deferred stock units. The maximum number of Class A common shares for issuance under the Plan will not exceed 10% of the Company's then issued and outstanding shares. At September 30, 2024, the maximum number of Class A common shares for issuance under the Plan is 19,686,946.

Stock options

All stock options granted under the Plan have an exercise price determined and approved by the Board at the time of grant, which shall not be less than the closing price of the Class A common shares on the TSX on the trading day immediately preceding the date of the granting of the option. Subject to any vesting conditions set forth in a participant's grant agreement, options vest in equal portions in successive annual periods over a period of three years after they are granted. Options are exercisable during a period established by the Board which shall not be more than 10 years from the grant of the option.

A continuity of the activity in the Company's stock options is presented below:

	Weighted-average exercise price \$	Number of stock options outstanding and exercisable
Balance, December 31, 2023	0.57	12,900,000
Granted	0.79	150,000
Exercised	0.17	(750,000)
Balance, September 30, 2024	0.58	12,300,000

A summary of the Company's stock options outstanding and exercisable as at September 30, 2024 is presented below:

Exercise price	Expiry date	Number of stock options outstanding and exercisable
\$0.17 (see note 13, <i>Events occurring after the reporting period, Exercise of stock options</i>)	October 9, 2024	2,950,000
\$0.93	May 20, 2026	4,000,000
\$0.59	September 20, 2028	5,200,000
\$0.79	January 9, 2029	150,000
		12,300,000

On January 9, 2024, the Company granted 150,000 stock options to a consultant. Each stock option entitles the holder to purchase one common share for \$0.79 until January 9, 2029. A summary of the stock options granted and the assumptions for the calculation of the fair value of those stock options using the Black-Scholes option pricing model is presented below:

Date of grant	January 9, 2024
Expiry date	January 9, 2029
Stock options granted	150,000
Exercise price	\$0.79
Share price	\$0.79
Risk-free interest rate	3.32%
Expected volatility based on historical volatility	79%
Expected life of stock options	5 years
Expected dividend yield	0%
Forfeiture rate	0%
Vesting	On date of grant
Fair value	\$84,000
Fair value per stock option	\$0.56

Performance share units, restricted share units and deferred stock units

A continuity of the number of the Company's performance share units outstanding at September 30, 2024 is presented below:

	Vested	Unvested	Total
Balance, December 31, 2023	–	4,450,000	4,450,000
Vested	3,800,000	(3,800,000)	–
Exercised	(950,000)	–	(950,000)
Balance, September 30, 2024	3,800,000	650,000	3,500,000

A summary of the number of the Company's performance share units outstanding at September 30, 2024 is presented below:

	Vesting condition	Number of PSUs	
		Original grant	Outstanding
PSU 1	Vest in full upon the Company's share price reaching \$0.80 (vested)	2,950,000	2,450,000
PSU 2	Vest in full upon granting of an EPL for Namibplaas (vested)	650,000	400,000
PSU 3	Vest in full upon the granting of a Mining Licence for Namibplaas	650,000	650,000
PSU 4	Vest in full when upon the achievement of certain milestones related to the accounting and administration of the Company's Namibian subsidiaries (vested)	200,000	–
		4,450,000	3,500,000

See note 13, *Events occurring after the reporting period, Exercise of PSUs*.

PSU 1

As the Company's share price has exceeded \$0.80 since January 8, 2024, the Company assessed that 2,950,000 PSUs vested effective January 8, 2024. A summary of the assumptions for the calculation of the fair value of those PSUs using the Up-and-in trinomial option pricing model is presented below:

Valuation date	September 20, 2023
Commencement of performance period	September 20, 2023
End of performance period	December 30, 2026
Performance period	3.25 years
PSUs granted	2,950,000
Share price	\$0.59
Risk-free interest rate	4.68%
Expected volatility based on historical volatility	89%
Expected life of PSUs	3 years
Expected dividend yield	0%
Fair value	\$1,788,000
Fair value per PSU	\$0.61

The fair value of the PSUs of \$1,788,000 has been recorded as stock-based compensation over the vesting period from the grant date of September 20, 2023 to the estimated vesting date of January 8, 2024, with \$1,657,964 recorded in the year ended December 31, 2023 and the remaining \$130,036 recorded on January 8, 2024.

PSU 2

As an EPL for Namibplaas was granted on February 1, 2024, the Company assessed that 650,000 PSUs vested effective February 1, 2024. The fair value of the PSUs of \$383,500, based on the share price of \$0.59 on the date of grant, has been recorded as stock-based compensation over the vesting period from the grant date of September 20, 2023 to the vesting date of February 1, 2024, with \$291,918 recorded in the year ended December 31, 2023 and the remaining \$91,582 recorded on February 1, 2024.

PSU 3

The achievement of the vesting condition of granting of a Mining Licence for Namibplaas is dependent on a number of variables being satisfied. As a result, as at the reporting date, given the uncertainty, the Company has assessed the probability of achieving this vesting condition as not probable of being achieved within the required timeframe and no stock-based compensation has been recognized for this tranche.

PSU 4

As certain milestones related to the accounting and administration of the Company's Namibian subsidiaries were achieved on February 17, 2024, the Company assessed that 200,000 PSUs vested effective February 17, 2024. The fair value of the PSUs of \$118,000, based on the share price of \$0.59 on the date of grant, has been recorded as stock-based compensation over the vesting period from the grant date of September 20, 2023 to the vesting date of February 17, 2024, with \$80,240 recorded in the year ended December 31, 2023 and the remaining \$37,760 recorded on February 17, 2024.

Restricted share units and deferred stock units

At September 30, 2024, the Company has not issued any restricted share units or deferred stock units.

9. Fair value measurement

The Company's principal financial instruments are cash and cash equivalents, receivables and accounts payable and accrued liabilities and income taxes payable. Financial instruments are classified into one of five categories: assets and liabilities held at fair value through profit and loss, held-to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

	September 30, 2024 \$	December 31, 2023 \$
Financial assets		
Cash and cash equivalents and receivables	5,651,514	12,757,550
Financial liabilities		
Accounts payable and accrued liabilities and income taxes payable	734,369	2,035,025

Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities,

Level 2 – Values based on quoted prices in markets that are not active or model inputs which are observable either directly or indirectly for substantially the full term of the asset or liability,

Level 3 – Values based on prices or valuation techniques that require inputs which are both unobservable and significant to the overall fair value measurement.

The Company applies a fair value measurement hierarchy to assets and liabilities in the consolidated statement of financial position carried at fair value.

A number of the Company's accounting policies and disclosures require the determination of fair values for both financial assets and non-financial assets and liabilities. The fair value has been determined for measurement and/or disclosure purposes based on the methods described below. Where applicable, additional information on the assumptions used to determine fair value is included in the notes related to the specific asset or liability.

Financial risk management

The Company's activities expose it to a variety of risks arising from financial instruments. These risks, and management's objectives, policies and procedures for managing these risks, are discussed below.

i) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment objectives. The Company's credit risk primarily relates to cash and cash equivalents.

The Company manages its credit risk over cash and cash equivalents by purchasing short-term investment grade securities, such as banker's acceptances and bank deposit notes issued by Canadian banks. Under the Company's risk management policy, allowable counterparty exposure limits are determined by the level of the rating unless exceptional circumstances apply. A rating of "A"- grade or equivalent is the minimum allowable rating required as assessed by international credit rating agencies.

ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial liabilities as they come due. The Company's approach to managing its liquidity risk is to prepare company-wide rolling cash forecasts to determine the funding required to support the Company's normal operating activities on an ongoing basis.

At September 30, 2024, the Company had working capital of \$5,132,879, calculated as follows:

	\$
Current assets	5,867,248
Current liabilities	734,369
	<u>5,132,879</u>

iii) Market risk

Market risk is the risk that changes in market price, foreign exchange rates and interest rates will affect the Company's future cash flows and earnings. The impact of each of these components is discussed below.

Price risk - The Company is not exposed to equity securities price risk.

Interest rate risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At September 30, 2024, the Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash and cash equivalents held in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values at September 30, 2024. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Future fluctuations in interest rates will impact the Company's cost of capital which it will require in order to develop its mineral properties.

Foreign currency risk - The Company's foreign currency exposures currently related to the currency in which expenses for exploration and development occur. Future profitability may be materially impacted by fluctuations between the Namibian dollar in which production costs will be incurred and the US dollar in which most sales of uranium occur. Expenses are incurred in Canadian dollars, United States dollars, Namibian dollars, Australian dollars, Euros and British Pounds. The Company is subject to gains and losses due to fluctuations in these currencies.

At September 30, 2024, the Company had cash and cash equivalents of N\$14,281,193, receivables of N\$5,162,941 and accounts payable and accrued liabilities of N\$8,298,836. If the foreign exchange rate related to the Company's Namibian dollar balances increased or decreased by 1%, with all other variables held constant, the currency translation adjustment would have increased or decreased by \$8,800.

10. Capital management

The Company's objective when managing capital resources is to ensure it has sufficient capital to support its ongoing operations including a sufficient level of funds to support continued exploration and development in Namibia and to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets. The Board of Directors of the Company has not yet made a formal decision to commence the development of Norasa, which decision, remains subject to, amongst other factors, suitable financing arrangements and prevailing market and economic conditions. Management will consider the issue of senior debt, convertible investments, other financial instruments and the introduction of strategic partners as a means to finance development of Norasa while minimizing equity dilution.

As of September 30, 2024, the Company is not subject to any externally imposed capital requirements and there has been no change during the year with respect to the overall capital risk management strategy.

11. Related party transactions

Compensation of key management personnel

Key management personnel as defined under IFRS are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's Chief Executive Officer, Chief Financial Officer and members of the Company's Board of Directors.

Compensation awarded to key management personnel is as follows:

	9 months ended September 30,	
	2024	2023
	\$	\$
Director fees	433,428	454,279
Consulting fees	397,834	372,666
Bonuses	–	164,638
Stock-based compensation	151,170	1,895,192
	<u>982,432</u>	<u>2,886,775</u>

12. Segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the Company's chief operating decision maker, the Chief Executive Officer and for which discrete financial information is available. The Company has determined that it has one operating segment, the acquisition, exploration and development of uranium and gold mineral properties, all of which are currently located in Namibia. The Company's corporate head office earns nominal interest income which is considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment.

Non-current assets excluding financial assets by geographic area are as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Namibia	17,115,790	11,363,621

13. Events occurring after the reporting period

At the date of this report, except as outlined below, there are no other matters or circumstances which have arisen since September 30, 2024 that have significantly affected or may significantly affect operations, results of operations or the state of affairs of the Company.

Exercise of stock options

Subsequent to September 30, 2024, the Company received proceeds of \$501,500 pursuant to the exercise of 2,950,000 stock options entitling the holder to purchase one Class A share for \$0.17 until October 9, 2024.

Exercise of PSUs

Subsequent to September 30, 2024, the Company issued 500,000 Class A shares pursuant to the exercise of 500,000 PSUs.