



Management's Discussion and Analysis For the Year ended December 31, 2018

Introduction

This Management's Discussion and Analysis ("MD&A") of Forsys Metals Corp. and its subsidiary companies (collectively, the "Company") for the year ended December 31, 2018 has been prepared as of April 9, 2019 and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2018 including the notes thereto and the annual MD&A. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All dollar amounts in this document are expressed in Canadian dollars unless otherwise explicitly indicated.

Nature of Business

The Company is engaged in the business of acquiring, exploring and developing mineral properties which are located in Namibia, Africa. The principal focus is on uranium and bringing Norasa Uranium Project ("Norasa"), which includes the fully licensed Valencia Uranium ("Valencia") and exploration stage Namibplaas Uranium ("Namibplaas") projects, into production. The Company also has a 51% interest in the Ondundu Gold Project ("Ondundu").

Overall Performance

During the year, the Company continued to keep Norasa on care and maintenance. There are two areas that remain under review, the Norasa Definitive Feasibility Study, National Instrument ("NI") 43 - 101 Technical Report ("DFS") capital cost estimates and the suitability of innovative bulk ore sorting technologies. An injection of funds is required before a more detailed assessment and testwork commences, which has been deferred until Q2 2019 at the earliest.

On July 4, 2018, the Company issued 1,049,607 Class A common shares at a price of \$0.11 per Class A common share in settlement of unpaid directors' fees of \$115,457. The fair value of Class A common shares issued to settle the unpaid directors' fees was \$0.16 per share. This resulted in the recognition of a loss on settlement of \$52,480 loss.

On September 21, 2018, the Company completed a non-brokered private placement of 3,235,294 units at a price of \$0.17 per unit for gross proceeds of \$550,000. Each unit consisted of one Class A common share and one-half common share purchase warrant, whereby each full warrant entitles the holder to acquire a Class A common share for \$0.23 until September 21, 2020. Proceeds from the private placement are being used to continue to fund the Norasa Uranium project in Namibia, as well as for general working capital purposes.

The Company's earn-in partner, B2Gold continued exploration at Ondundu during the quarter. B2Gold requested a 2 year agreement extension to continue exploration beyond the original earn-in agreement due to expire in January 2019. During the quarter, the Company agreed to this extension with no other material changes to the terms of the agreement. Further, ongoing exploration activities at Ondundu included the completion of four diamond drill holes (912.6m).

Norasa

On March 18, 2015, the Company filed a Technical Report titled Norasa Uranium Project, Definitive Feasibility Study, National Instrument 43-101("NI 43-101") Definitive Feasibility Study ("DFS"). The DFS was prepared by Amec Foster Wheeler¹ and the Company's qualified persons². Mineral Resources are reported at cut-off grades of 100ppm for Valencia and 140ppm U₃O₈ for Namibplaas with Measured, Indicated and Inferred Resources classified in accordance with the guidelines of NI 43-101 as listed in Table 1.

The Mineral Reserve estimate is summarized in Table 2. The total Proven and Probable Norasa Mineral Reserve is 206Mt at a grade of 200ppm, which equates to 90.7Mlbs of U₃O₈. Resources are reported inclusive of Reserves. Mineral Resources that are not Reserves either haven't demonstrated economic viability or don't meet the cut-off grade criteria.

Category	Cut-Off Grades	Tonnes [M]	U ₃ O ₈ [ppm]	U ₃ O ₈ [Mlbs]
Measured	Val 60ppm: Nam 100ppm	27	151	9
	Val 100ppm: Nam 140ppm	16	200	7
	Val 140ppm: Nam 180ppm	10	249	6
Indicated	Val 60ppm: Nam 100ppm	469	152	157
	Val 100ppm: Nam 140ppm	249	196	108
	Val 140ppm: Nam 180ppm	130	251	72
Measured + Indicated	Val 60ppm: Nam 100ppm	496	151	166
	Val 100ppm: Nam 140ppm	265	197	115
	Val 140ppm: Nam 180ppm	140	251	77
Inferred	Val 60ppm: Nam 100ppm	50	153	17
	Val 100ppm: Nam 140ppm	26	200	11
	Val 140ppm: Nam 180ppm	13	260	7

Resources are reported inclusive of Reserves.

1. "AMEC" is a leading international engineering and project management firm with prior involvement in the development of NI 43-101 Technical Reports for Norasa. The Company utilized the services of their South Africa and Australian offices.
2. The Qualified Persons are disclosed on the final page of this report.

Classification	Tonnes [M]	U ₃ O ₈ [ppm]	U ₃ O ₈ [Mlbs]
Proven	16	200	7.1
Probable	190	200	83.6
Total Reserve	206	200	90.7

Cut-off grades of 100ppm for Valencia and 140ppm Namibplaas

For the DFS, a financial model incorporating the Mineral Reserve, mining schedule and plant design was prepared to assess the economics of Norasa. The financial model quantifies the revenues, costs and capital expenditure over a 15-year life of mine. It is intended that these results are accurate to within $\pm 15\%$, within the constraints of the associated assumptions. The economic outcomes and DFS key performance indicators (KPI) are summarised in Table 3 below.

	Project	US\$/Share
Project Economics		
NPV at a Discount Rate of 8% (US\$M) - (Excl. Tax)	622.6	5.25
- (Incl. Tax)	383.4	3.24
Internal Rate of Return (%) - (Excl. Tax)	32%	
- (Incl. Tax)	26%	
Payback Period from Start of Production (years)	4.4	
Capital Costs (US\$M)	432.8	
Production		
	Life of Mine	First 5 Years
Quantity Ore Treated (Mt)	206.1	66.7
Recoveries (%)	92.4%	92.2%
Uranium (Mlb U ₃ O ₈)	77.8	25.8
Revenue and Cash Flow		
Average U ₃ O ₈ Base Price (US\$/lb U ₃ O ₈)	65	65
Net Revenue (USM)	5,056.8	1,678.0
Operating cash flow (US\$M)	1,751.1	440.2
Net cash flow after tax (US\$M)	1,007.6	161.5
Operating Unit Costs (US\$/lb produced)		
Mining	16.83	14.65
Processing	16.27	16.67
Owners costs	1.63	1.65
Total Operating Costs (US\$/lb produced)	34.72	32.96

Description of Valencia and Namibplaas

Location and Ownership

Valencia is situated on the farm “Valencia 122”, which is located approximately 75km north-east of the town of Swakopmund in central-west Namibia, covering an area of 735.6 ha and is registered in the name of Valencia Uranium (Pty) Ltd (“Valencia Uranium”). ML 149 was converted from EPL 1496 on June 27, 2008 and is valid for 25 years from date of issue by the Namibian Ministry of Mines and Energy (“MME”) and is renewable.

The entire Valencia mineral licence area is located on privately held farmland. As required by law, an agreement must be entered into between a mineral licence holder and the landowner to allow exploration activities. In order to progress a project to mine development, a compensation agreement is required to offset the effects of the operation.

In April 2009, Valencia Uranium entered into a compensation agreement with the owner of the farm Valencia 122 in relation to Section 52 of the Minerals Act of 1992 granting Valencia Uranium unrestricted use of the land on and around ML 149 covering an area of 3,327 hectares. A similar agreement was reached with the owners of the neighboring farm “Bloemhof 109” to the south (for an area of 594ha), for the construction of additional infrastructure and for primary access to the Valencia site.

These agreements have allowed Valencia Uranium to fully plan for the necessary infrastructure required to support mining operations. This infrastructure has been approved by the MME as the operation’s accessory works and includes inter alia the main pit, waste dumps, tailings dump, pipeline, power lines, roads, process plant, explosive magazines, etc. The construction camp / operations village have also been approved. Environmental clearance was obtained for all operations relating to Valencia, although some amendments to the Valencia plan will be required to include the Valencia satellite pit and relocation of some of the mining infrastructure. All amendment issues will be covered in the updated EIA / EMP. This however does not prevent or delay the Company from construction or the commencement of operations under the current environmental clearance.

Namibplaas is located 7.5km northeast of the Valencia deposit on the farm “Namibplaas 93” with a total surface area of 1,269 ha. The Namibplaas exploration licence (EPL 3638) is in good standing and was recently renewed until November 6, 2019.

The Namibplaas mineral licence area is also completely located on private farmland. The majority of the licence (and the entire prospecting area of interest) is on the farm called, “Namibplaas”. There is currently an access agreement in place with the landowner of Namibplaas to allow prospecting activities to continue as required. To commence development of the Namibplaas project will require obtaining government approvals including an approved Environmental Impact Assessment (“EIA”), Environmental Management Plan (“EMP”), approval from the MME for accessory works and a compensation agreement entered into with the landowner.

The environmental studies for Namibplaas are underway, with baseline monitoring of groundwater, air quality, noise studies, archeology, flora & fauna and soils already completed. This work is being done as part of Norasa and is taking the form of an amendment to the original Valencia EIA/EMP, a process that has been approved by the Ministry of Environment and Tourism.

There are no historical environmental liabilities for either the Valencia or Namibplaas properties. There are no royalties payable to any third party in relation to the licences except the state mineral royalty to the MME.

Statement of Reserves

A breakdown of the Reserves for the individual projects as filed in the NI 43-101 report are detailed in Tables 4 and 5 below:

Table 4 Valencia Reserves Estimate (February 2015)			
Classification	Mt	Grade ppm U₃O₈	Mlbs U₃O₈
Proven	16	200	7.1
Probable	139	200	61.3
Total Reserve	155	200	68.4

Cut-off grade of 100 ppm

Table 5 Namibplaas Reserves Estimate (February 2015)			
Classification	Mt	Grade ppm U₃O₈	Mlbs U₃O₈
Proven	0		0
Probable	51	198	22.3
Total Reserve	51	198	22.3

Cut-off grade of 140 ppm

The Mineral Reserve is based on pit optimisations using the resource models and applying modifying factors such as costs and mining and metallurgical factors determined to be appropriate for the deposits and scale of operation to a feasibility study level of accuracy. The Mineral Reserve Estimate for Norasa tabulated above has been assigned confidence levels of Proven and Probable Reserve using the guidelines within the NI 43-101. Mineral Resources that are not Minerals Reserves have not demonstrated economic viability, or have not fulfilled the company's strategic criteria of cut-off grade.

Current Development Status

Valencia, the key component of Norasa, is situated in Namibia, the fifth largest uranium producing country globally and is one of only a few fully licensed undeveloped uranium deposits in the world. The Company announced the release of a DFS for Norasa in March 2015. The report was prepared by AMEC together with external consultants and Forsys Qualified Professionals. AMEC is a leading international engineering and project management firm with prior involvement in the development of NI 43-101 Technical Reports for Norasa. SGS South Africa completed additional metallurgical studies including pilot plant testwork.

Infrastructure

Norasa has received NamWater's (Namibia's national bulk water utility) assurance of a supply of water during the construction phase of the project. This will require a 31km temporary pipeline extending from the Rössing reservoir to the construction site. Norasa will design and construct this temporary pipeline with a 300 m³/day capacity required to service the construction camp and for construction activities. This pipeline is to be installed adjacent to the completed access road. Production from Norasa will require construction of a permanent 31km main pipeline (replacing the temporary line used during mine construction) linking Norasa to the Rössing reservoir.

Most of the water supply infrastructure will require an upgrade to cater for Norasa and the expansion plans of other operations. Norasa has requested a water allocation of 3 Mm³ annually for its operating requirements.

The nearest power off-take point that can supply Norasa is the Khan substation, located at Ebony, 26km north of the mine. The direct route is very rugged through the Khan Valley and tributaries and an alternate indirect transmission route of nearly 30km has been laid out by NamPower.

The Khan substation has recently been upgraded and expanded. NamPower met the cost of the new substation although a new bay for Norasa will be at the mine's expense, as will be the cost of the transmission line to the mine.

Power distribution to the mine is planned to be a 220kV transmission line as part of a regional expansion and strengthening of the coastal power supply using the Norasa line as stage one of a ring feed. At an installed capacity of approximately 35MW and a mine draw of about 31MW, two 40 MVA transformers would be installed, one of which would be maintained as a backup unit. It is assumed that the Company would have to carry the cost of establishing the substation.

Standby power generators are being considered by the Company, but a decision on the capacity will be taken at a future date. The generators will be connected to a synchronization and load control panel to operate the generator sets. This control panel will consist of a switchboard arranged for automatic synchronizing of the generator sets, which would include motorized circuit breakers to synchronize the generator sets to a common bus bar. A bus coupler would be included to split or combine the common bus bar to give flexibility to synchronizing or power sharing.

The preferred route to access the mine was determined to be across the Khan River, using tributary valleys. This route links the mine to the B2 highway, 12km northeast of Rössing. The total length of this new road is approximately 26km.

The crossing of the Khan River was designed with low-water culvert structures with concrete drifts between them. The system was designed such that in the event of exceptionally large flood events, water will wash over the road, leaving it temporarily impassable (matter of hours), but undamaged. During such times, alternate routes are available for personnel transport. Roadside drainage systems have been catered for in the design.

Construction of the industrial grade gravel road was completed in mid-2010. Some of the internal service roads were also constructed.

Capital Work-in-Progress

In order to achieve production at Norasa, the Company identified certain critical long-lead items required to bring the mine into production. At December 31, 2018, capital work-in-progress includes an access road to the Valencia mine site which is now complete, a crusher (currently in storage in Namibia) and deposits of \$367,963 for construction of hydro infrastructure. The value of capital work-in-progress was reduced to \$nil during the year ended December 31, 2017 to reflect the stagnant uranium market. Further investment in capital works at the Norasa has been put on hold pending completion of suitable financing arrangements and a formal decision by the Company's Board to proceed with the development of Norasa.

Ondundu

The Ondundu Exclusive Prospecting Licence ("EPL 3195"), which allows for base, rare and precious metal exploration, is held 100% by Razorback Gold Mining Company (Pty) Limited ("Razorback"), a 51% owned subsidiary of Westport Resources Namibia (Pty) Ltd., which is a wholly owned subsidiary of the Company. EPL 3195 expired on February 3, 2019 and an application to renew the licence has been made.

The Company executed a Heads of Agreement with respect to EPL3195 with B2Gold Mining Investments Limited and B2Gold Namibia (Proprietary) Limited (together "B2Gold") as of August 31, 2015 as amended and restated on January 11, 2016 and subsequently amended by letter agreements dated March 14, 2016, May 31, 2016 and March 5, 2018 pursuant to which B2Gold has the right to earn up to a 100% interest in Razorback ("Earn-In Agreement").

On October 2, 2018, the parties amended the Earn-In Agreement by extending the third earn-in period for an additional 2 years, meaning that the third earn-in period now expires on November 30, 2020. As a result of the extension, B2Gold and the Company may, if the third earn-in is exercised by B2Gold, separately exercise a call or put option to transfer the balance of Razorback for US\$8,500,000 that expires on January 2, 2020 and January 2, 2022 respectively, an extension of 2 years beyond the original agreement.

In consideration of the extension, the Company received US\$150,000 before January 1, 2019 and a possible additional US\$100,000 on or before January 1, 2020 unless B2Gold withdraws from the agreement. If B2Gold withdraws from the agreement, B2Gold will transfer to the Company all ordinary shares held by B2Gold in Razorback for nil consideration. The Company would then hold 100% of the holding entity shares in Razorback, so 100% of EPL 3125.

Key Economic Trends in the Uranium Industry

Uranium Demand

The forecast demand for uranium in higher nuclear growth nations such as China, USA, South Korea, India and Russia is expected to remain strong and supportive of strengthening of the uranium price over the medium and longer term.

Global primary mine production currently supplies 86% of demand for uranium. The balance of demand is supplied from secondary sources such as remaining excess commercial inventories, reprocessing of spent fuel and inventories held by governments .

Analysts are predicting a long-term uranium price of US\$50-60/lb for contract prices and the consensus long-term price from 2023 is US\$50/lb.

On October 1, 2018 the World Nuclear Association reported there are 452 nuclear power plants operating worldwide, with 55 nuclear reactors under construction, 151 reactors planned worldwide and 337 reactors proposed and those in operation currently produce 15% of the world's electricity generation. The low operating cost of nuclear power generation and the increasing concern for the environment and climate change are driving a nuclear renaissance. With the only significant commercial use for uranium being fuel for nuclear reactors, it may follow that the nuclear renaissance will have a significant influence on future uranium demand and price.

Namibia is a major source of uranium, being the fifth largest producer in the world in 2017 from the established Rössing and Langer Heinrich uranium mines.

Uranium Prices

Most of the countries that use nuclear-generated electricity do not have sufficient domestic uranium supply to fuel their reactors and therefore they secure the majority of their required uranium supply by entering into medium-term and long-term contracts with foreign uranium producers and other suppliers. Remaining supplies are secured through spot purchases of uranium.

The long-term contract price for uranium is reported on a monthly basis by Ux Consulting. The long-term uranium price was US\$32/lb at December 31, 2018 being slightly higher than the price of US\$31.00/lb as at December 31, 2017. Long-term prices are driven more by production costs and future supply-demand forecasts rather than current customer inventory levels.

The spot price of uranium can be more volatile than the long-term contract price of uranium; noting that the majority of uranium sales occur under long-term contracts. The spot price for uranium on December 31, 2018 was US\$28.50 compared with US\$23.75 at the end of 2017. The market for uranium is strengthening in recent months and has been attributed to the reduction in production targets by the major producers and an increase in demand (current and mid-term). There is substantial industry commentary that supports a continued improvement in the spot price which is currently projected to reach US\$30.00 this calendar year.

Annual Summary Information

	Years ended December 31		
	2018	2017	2016
	\$	\$	\$
Total revenues	5,150	1,266	3,155
Loss	365,708	74,880,033	1,498,827
Loss per share - basic and diluted (cents)	0.24	50.60	1.09
Total assets	15,645,694	15,909,535	88,748,595
Total long-term liabilities	—	—	—
Cash dividends declared per common share	—	—	—

The increase in the loss and the decrease in total assets for 2017 reflect an impairment of exploration and evaluation of \$64,808,680 and property, plant and equipment of \$9,343,728.

Discussion of Operations

	3 months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Expenses				
Professional fees	94,680	81,643	137,475	141,772
Directors fees and benefits	(21,288)	35,501	96,000	200,592
Consulting fees	46,925	54,271	182,498	227,683
Public company costs	25,557	3,862	68,487	48,984
General and administrative	(28,506)	25,200	36,905	81,734
Travel	—	(2,160)	—	24,294
Depreciation	55	192	134	1,254
Foreign exchange loss (gain)	(1,994)	1,896	(2,164)	2,578
Interest income	(2,616)	(1,266)	(5,150)	(1,266)
Other income	10,368	(489)	(200,957)	—
Impairment of exploration and evaluation	—	64,808,680	—	64,808,680
Impairment of property, plant and equipment	—	9,343,728	—	9,343,728
Loss on settlement of unpaid directors' fees	52,480	—	52,480	—
	165,661	74,351,058	365,708	74,880,033
Net loss	(165,661)	(74,351,058)	(365,708)	(74,880,033)

Year ended December 31

The decrease in the loss to \$365,708 in the current year compared to the loss of \$74,880,033 in the previous year was primarily the result of the following factor:

- No impairments related to Norasa in the current year compared to an impairment of exploration and evaluation of \$64,808,680 and an impairment of property, plant and equipment of \$9,343,728 in the previous year.

3 months ended December 31

The decrease in the loss to \$165,661 in the current year compared to the loss of \$74,351,058 in the previous year was primarily the result of the following factors:

- No impairments related to Norasa in the current year compared to an impairment of exploration and evaluation of \$64,808,680 and an impairment of property, plant and equipment of \$9,343,728 in the previous year.

Summary of Quarterly Results

A summary of selected financial information for the eight most recently completed quarters is provided below:

	December 31, 2018 \$	September 30, 2018 \$	June 30, 2018 \$	March 31, 2018 \$
Interest and other income	2,616	571	915	1,048
Impairment of exploration and evaluation ⁽¹⁾	-	-	-	-
Impairment of property, plant and equipment ⁽²⁾	-	-	-	-
Net profit (loss) for the period	(165,661)	(131,064)	(181,546)	112,563
- Per share (cents per share)	(0.24)	(0.09)	(0.12)	0.07

	December 31, 2017 \$	September 30, 2017 \$	June 30, 2017 \$	March 31, 2017 \$
Interest and other income	446	67	377	376
Write-back of exploration and evaluation	(64,808,680)	-	-	-
Impairment of property, plant and equipment	(9,343,728)	-	-	-
Net loss for the period	(74,351,878)	(186,897)	(177,581)	(163,676)
- Per share (cents per share)	(50.72)	(0.14)	(0.11)	(0.11)

(1) During the previous year, the board reviewed the carrying value of the capitalized Exploration Expenditure of the Norasa Uranium Project, being the Valencia Uranium Project and the Namibplaas Uranium Project. The board considered the impairment indicators contained within IFRS 6. The board concluded that given the assets are held in care & maintenance, that no exploration activity was undertaken during the current period and that no exploration activity was budgeted over the forward 12 months, that it would be prudent to reduce the carrying value of the capitalised exploration costs relating to both projects. This resulted in a non-cash impairment expense in the Statement of Financial Performance in the December 31, 2017 period of \$64,808,680. It should be noted that the requirement for impairment arises from the accounting standards and not from any geological, technical or prospectivity down-grades of these projects. Whilst there is no certainty a transaction involving one or more of the projects will occur, the Company will continue to hold the relevant tenements within its portfolio with a view to extracting value for its shareholders in the near future.

(2) During the previous year, the Board reviewed the carrying value of the Property, Plant and Equipment associated with the Norasa Uranium Project, being the Valencia Uranium Project and the Namibplaas Uranium Project. The Board concluded that given that the Projects are held in care and maintenance, that no exploration activity was undertaken during the current period and that no exploration activity was budgeted over the next 12 months, that it would be prudent to reduce the carrying value of the Property, Plant and Equipment relating to both projects. This resulted in a non-cash write-down expense in the Statement of Financial Performance in the December 31, 2017 period of \$9,343,728.

The Company is an exploration and development stage mineral resources company. At this time, any issues of seasonality or commodity market fluctuations during the period have no impact. The Company's accounting policy is to capitalize its acquisition and exploration and evaluation activities. Over the past eight quarters, variations in the quarterly loss are caused by fluctuations in interest income on cash, fluctuations in the market value of investments which impact the determination of the fair value of derivatives, variations in consulting fees, salaries, general and administrative expense, stock-based compensation and write-downs of mineral properties. Share-based compensation expense varies from quarter to quarter depending on the number of stock options granted in a quarter, their vesting periods and assumptions used in the Black-Scholes option pricing model, which is used to calculate the fair value of the stock options.

Exploration and Evaluation

The following table sets forth a breakdown of additions to exploration and evaluation by project:

	December 31, 2017 \$	Expenditures \$	Earn-in extension fee \$	Foreign exchange movement \$	Reclassification to investment in associate \$	December 31, 2018 \$
Property						
Norasa	12,300,000	17,238	-	(310,618)	-	12,006,620
Ondundu	3,295,212	-	(205,977)	(231,014)	(2,858,221)	-
	15,595,212	17,238	(205,977)	(541,632)	(2,858,221)	12,006,620

Liquidity and Capital Resources

As the Company has not commenced production from any of its mineral properties and the Company does not generate cash from operations, the Company has financed its operations with the proceeds of equity financings. The Company is dependent on its Company's ability to secure equity financings to meet its existing obligations and to fund its working capital requirements and the exploration and development of mineral resource properties.

At December 31, 2018, the Company had cash of \$652,623 and receivables of \$22,951 which is sufficient to cover its estimated working capital requirements for 2019:

Estimated working capital requirements for 2019	\$
Corporate and general expenses	390,000
Accounts payable at December 31, 2018	44,000
	<hr/> 434,000

The Company has maintained a conservative level of expenditure on Norasa and reduced corporate staffing levels and outgoings in order to conserve cash while strategic and financial alternatives are being evaluated and implemented.

The Company's principal requirements for cash over the next twelve months will be for working capital needs and will be influenced by the timing of activities related to Norasa.

The development of Norasa will require further funding, most likely a combination of equity and debt. The Company is continuing to explore opportunities for off-take and/or the possible participation of a strategic partner. Satisfactory financing arrangements will be required before the Company's Board can make a formal decision to commence the development of Norasa. The success and nature of any financing in the future will be dependent on the prevailing market conditions at that time.

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 adequate returns for shareholders and suitable 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 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.

At December 31, 2018, the Company was not subject to any externally imposed capital requirements and there had been no change during the period with respect to the overall capital risk management strategy.

Outlook

Norasa is one of the very few uranium projects in the world that is construction ready with a Mining Licence. The completion of the updated 2015 DFS confirmed the robustness of Norasa's economics. The DFS delivered a number of outstanding results including increases in tonnage, annual and life of mine production whilst lowering operating costs. The Company believes the outlook is enhanced by the achievement of this milestone and that the study results will eventually attract strategic partners and investors, and provide the Company with alternatives for the next phase of Norasa's development.

Contractual Obligations and Commitments

In the normal course of business the Company enters into contracts which give rise to commitments for future minimum payments. At December 31, 2018, the Company has no contractual obligations which have not been recorded in the accounts.

The Company has no tenement commitments to the MME at the reporting date which are not recognized as liabilities payable in connection with Ondundu EPL 3195. The minimum commitment will be satisfied by the earn-in expenditure incurred by B2Gold.

If the Company decides to relinquish certain leases and/or does not meet these obligations or obtain appropriate waivers, asset values recognised in the balance sheet may require review to determine the appropriateness of those carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish any tenement obligations.

Transactions with Related Parties

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:

Key management personnel	Year ended December 31, 2018 \$	Outstanding as at December 31, 2018 \$
Martin Rowley for his services as a Director	32,000	8,000
Marcel Hilmer for his services as a Director and Chief Executive Officer until his resignation on November 13, 2018	70,302	–
Mark Frewin for his services as a Director and Interim Chief Executive Officer from his appointment on November 15, 2018	32,000	8,000
Paul Matysek for his services as a Director	32,000	24,000
Jorge Estepa for his services as a Director and Corporate Secretary	48,000	4,000
Dale Hanna for his services as Chief Financial Officer until his resignation on November 13, 2018	50,304	–
Miles Nagamatsu for his services as Chief Financial Officer from his appointment on November 15, 2018	7,500	–
	272,106	44,000

Note: Amounts were paid or payable to a company controlled by the respective key management personnel.

On July 4, 2018, after receiving shareholder approval, the Company issued 1,049,607 common shares at a deemed price of \$0.11 per common share to settle outstanding debts of \$115,457 owed to directors and an officer. The fair value of Class A common shares issued to settle the unpaid directors' fees was \$0.16 per share. This resulted in the recognition of a loss on settlement of \$52,480 loss.

Key management personnel	Common shares issued	Fair value of common shares issued	Debt settled \$
Martin Rowley, Director	294,700	47,152	32,417
Mark Frewin, Director	268,181	42,909	29,500
Paul Matysek, Director	268,181	42,909	29,500
Jorge Estepa, Director and Corporate Secretary	218,545	34,967	24,040
	1,049,607	167,937	115,457

Environmental Contingency

The Company's exploration and mine development activities are subject to various government laws and regulations, relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As of the date of this MD&A, the Company does not believe there are any significant environmental obligations requiring material capital outlays in the immediate future.

Regulatory Disclosures

Changes in Accounting Policies

On January 1, 2018, the Company adopted the following amendment to standards:

- i) IFRS 9, *Financial Instruments*, replaces the provisions of IAS 39 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 did not give rise to any material transitional adjustments. In accordance with the transitional provisions of IFRS 9, comparative figures have not been restated.
- ii) IFRS 15, *Revenue from Contracts with Customers*, establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows from a contract with a customer. It replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31. The adoption of this standard had no impact on the Company.

Accounting standards and interpretations issued not yet adopted

A new standard, interpretation and amendment to existing standards is not yet effective for the year ended December 31, 2018, and has not been applied in preparing these financial statements:

- i) IFRS 16, *Leases* (effective from January 1, 2019). One of the key changes to IFRS 16 Leases is that lessees are required to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is insignificant in value. IFRS 16 will result in lessees recognizing most leases on the balance sheet. The Company intends to adopt these standards when they become effective. As the Company has no leases, the impact of this standard is expected to be minimal.

Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments and/or estimates. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances having regard to prior experience and expectations about future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future year affected. Further details of the nature of these estimates and assumptions may be found in the relevant notes to the consolidated financial statements.

Actual result may differ from the amounts included in the consolidated balance sheet. Information about such judgments and estimation is contained in the accounting policies and/or the notes to the financial statements. The key areas are summarized below.

Accounting Estimates

Determination of mineral reserves and resources for mining properties

Reserves are estimates of the amount of product that can be economically and legally extracted from the Company's properties. In order to estimate reserves, estimates are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analyzing geological data such as drilling samples. This process may require complex and difficult geological judgments to interpret the data. As a result, management will form a view of forecast sales prices, based on current and long-term historical average price trends.

Estimates are based on information compiled by or under the supervision of a qualified person as defined under National Instrument 43-101, Standards of Disclosures for Mineral Projects within Canada.

Changes in the proven and probable reserves estimates may result in the requirement to perform an impairment test which may impact the carrying value of mineral properties, exploration and evaluation costs and property, plant and equipment.

Share-based compensation

The fair value of stock options is determined using the Black-Scholes option-pricing model. Significant estimates are required to determine expected volatility, weighted average life of options and estimated forfeiture. The Company determines these assumptions mainly by reference to historical experience. If actual results are significantly different from these assumptions, there could be a material impact to the amount recorded for these financial instruments.

Accounting Judgments

Areas of significant judgment that have the most significant impact on the financial statements are as follows:

Recoverability of mineral properties, exploration and evaluation costs and property, plant and equipment

The Company assesses the carrying amount of non-financial assets including property, plant and equipment and intangible assets at each reporting date to determine whether there is any indication of impairment. Internal factors, such as budgets and forecasts, as well as external factors, such as expected future prices, costs and other market factors are also monitored to determine if indications of impairment exist.

An impairment loss is the amount equal to the excess of the carrying amount over the recoverable amount. The recoverable amount is the higher of value in use (being the net present value of expected pre-tax future cash flows of the relevant asset) and fair value less costs to sell the asset(s). The best evidence of fair value is a quoted price in an active market or a binding sale agreement for the same or similar asset(s). Where neither exists, fair value is based on the best information available to estimate the amount the Company could obtain from the sale of the asset(s) in an arm's length transaction. This is often accomplished by using a discounted cash flow technique.

If, after the Company has previously recognized an impairment loss, circumstances indicate that the fair value of the impaired assets is greater than the carrying amount, the Corporation reverses the impairment loss by the amount the revised fair value exceeds its carrying amount, to a maximum of the previous impairment loss. In no case shall the revised carrying amount exceed the original carrying amount, after depreciation or amortization, that would have been determined if no impairment loss had been recognized. An impairment loss or a reversal of an impairment loss is recognized in cost of sales, or administrative expense, depending on the nature of the asset. Impairment of goodwill is not reversed.

Deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the balance sheet. Deferred tax assets including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate future taxable earnings in future years in order to utilize any deferred tax asset which has been recognized. Estimates of future taxable income are based on forecast cash flows and the application of substantially enacted tax rates expected to apply in each jurisdiction. At the current balance sheet date, no deferred tax assets have been recognized as no production decision has been made with respect to the Company's mineral properties.

Financial Instruments

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.

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 trade receivables. The Company manages its credit risk over cash 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.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

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 December 31, 2018 the Company had cash of \$652,623 (2017: \$282,914) trade and other receivables of \$22,951 (2017: \$21,595) and financial liabilities consisting of accounts payable of \$204,477 (2017: \$252,399).

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 December 31, 2018, the Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash 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 December 31, 2018. 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. The Company retains substantially all of its cash with its parent in Canadian dollars until it is required by its foreign subsidiaries. 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 December 31, 2018 the Company has no exposure to foreign currency risk through trade and other payables.

Other Risk Factors

The exploration for natural resources is a speculative activity involving a high degree of risk. Investment in securities of the Company should only be undertaken by investors whose financial resources are sufficient to enable them to assume such risk and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors, which may affect the Company and its financial position. A comprehensive summary of these risk factors is included in the section titled "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2018 available on the Company's website at www.forsysmetals.com or under the Company's filings on SEDAR at www.sedar.com.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management, to allow timely decisions regarding required disclosure.

Management including the Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedure as of December 31, 2018. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures as defined under the rules of Canadian Securities Administrators were effective to ensure information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules.

Internal Controls Over Financial Reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS. The Company's internal controls over financial reporting include policies and procedures that:

- pertain to the maintenance of records which accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions which could have a material effect on the annual or interim financial statements.

An evaluation of the effectiveness of the Company's internal control over financial reporting was conducted by the Company's management, including the Chief Executive Officer and the Chief Financial Officer. Management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework (2013) to assess the effectiveness of the Company's internal control over financial reporting ("ICFR"). Based on this assessment, management has concluded that the Company's internal controls over financial reporting were effective.

There were no changes in the Company's internal controls which occurred during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. Disclosure controls and procedures are designed to ensure information required to be disclosed by the Company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to the Company's management, including its Chief Executive Officer and its Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability reporting, including financial reporting and financial statement disclosure.

NI 43-101 and Qualified Persons

Mr. Martin Hirsch, M.Sc in Geology and a member of the British IMMM, Chief Geologist for the Company, was the designated Qualified Person ("QP") responsible for the Company's exploration programs and reporting of Mineral Resources until his departure in April 2014. Mr. Hirsch has sufficient experience that is relevant to the style and mineralization, type of deposit and the use of radiometrics in resource estimation to qualify as a QP under NI 43-101.

Mr. Dag Kullmann, M.Sc. Mining Engineering from the University of Alberta, a Fellow of the Southern African Institute of Mining and Metallurgy (SAIMM), Engineering Manager for the Company, was the designated QP responsible for the reporting of Mineral Reserves. Mr. Kullmann has sufficient experience in the assessment and application of modifying factors required for the determination of reserves for open pit operations to qualify as a QP under NI 43-101.

Outstanding Share Data at April 9, 2019

156,899,467 Class A common shares.

1,325,000 stock options entitling the holder to purchase one Class A common share for \$0.31 until September 9, 2019.

1,617,647 warrants entitling the holder to purchase one Class A common share for \$0.23 until September 21, 2020.

Note Regarding Forward-Looking Information

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws. Such forward looking statements or information include but are not limited to statements or information with respect to the future price of uranium, estimated future production, estimation of mineral reserves and mineral resources, our exploration and development program, estimated future expenses, exploration and development capital requirements and our goals and strategies. Often, but not always, forward-looking statements or information 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.

With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things, assumptions about the price of uranium, anticipated costs and expenditures and our ability to achieve our goals. Although our management believes the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

See our annual information form for additional information on risks, uncertainties and other factors relating to the forward looking statements and information. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors which cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond our control. Accordingly, readers should not place undue reliance on forward-looking statements or information. We undertake no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information made herein are qualified by this cautionary statement.

Additional Information

Additional information relating to the Company, including the Company's Annual Information Form, is available from the Company's filings on SEDAR at www.sedar.com.