



Unaudited Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2018

These unaudited condensed interim consolidated financial statements of Forsys Metals Corp. for the three months ended March 31, 2018 have been prepared by management and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these unaudited interim consolidated financial statements.

FORSYS METALS Corp.

(An exploration stage company)

Consolidated Balance Sheet

As at March 31, 2018

		March 31 2018 \$	December 31 2017 \$
(Expressed in Canadian dollars)	Note		
ASSETS			
Current assets			
Cash and cash equivalents		351,009	282,914
HST/VAT receivables		23,165	21,595
Prepaid expenses and other assets		6,505	9,681
Total current assets		380,679	314,189
Non-current assets			
Mineral properties, exploration and evaluation costs	3	17,973,285	15,595,212
Property, plant and equipment		106	134
Total non-current assets		17,973,391	15,595,345
Total assets		18,354,070	15,909,535
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		215,904	252,399
Provisions		99,327	96,365
Total liabilities		315,231	348,764
Equity			
Share capital		209,383,792	209,386,562
Accumulated loss		(178,132,551)	(178,246,293)
Accumulated other comprehensive loss		(13,048,953)	(15,364,351)
Total equity attributable to shareholders of the Company		18,202,288	15,775,918
Non-controlling interests		(163,449)	(215,148)
Total equity		18,038,839	15,560,771
Total liabilities and equity		18,354,070	15,909,535
Commitments and contingencies	10	-	-

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

FORSYS METALS Corp.

(An exploration stage company)

Consolidated Income (Loss) Statement

For the three months ended March 31, 2018

(Expressed in Canadian dollars except per share amounts)	Note	Three months ended March 31	
		2018	2017
		\$	\$
General and administrative expenses	8	(99,810)	(164,052)
Interest income		1,048	376
Gain on Sale of PP&E		211,325	-
Gain (loss) before income tax		112,563	(163,676)
Income tax expense		-	-
Net gain (loss) for the period		112,563	(163,676)
Net gain (loss) for the period attributable to:			
Non-controlling interests		(1,180)	(934)
Shareholders of the Company		113,743	(162,742)
Net gain (loss) per share attributable to shareholders of the Company Basic and diluted gain (loss) per share (cents per share)		0.07	(0.11)
Weighted average number of common shares outstanding		152,614,565	145,911,421

Consolidated Statement of Comprehensive Income (Loss)

For the three months ended March 31, 2018

(Expressed in Canadian dollars)	Note	Three months ended March 31	
		2018	2017
		\$	\$
Net gain (loss) for the period		112,563	(163,676)
Other comprehensive income (loss), net of taxes			
Items that may be reclassified subsequently to net income			
Foreign currency translation		4,449,091	576,703
Other comprehensive income (loss), net of taxes		4,449,091	576,703
Comprehensive income (loss) for the period		4,561,654	413,027
Comprehensive income (loss) for the period attributable to:			
Non-controlling interests		51,699	5,927
Shareholders of the Company		4,509,955	407,100
		4,561,654	413,027

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

FORSYS METALS Corp.

(An exploration stage company)

Consolidated Statement of Changes in Equity

For the three months ended March 31, 2018

(Expressed in Canadian dollars)	Note	Three months ended March 31	
		2018	2017
		\$	\$
Share capital			
Common shares			
Balance as at beginning of period		164,145,750	163,082,241
Share issuance costs		(2,770)	(12,167)
Balance as at end of period		164,142,980	163,575,036
Share purchase warrants			
Balance as at beginning of period		1,300,733	1,300,733
Balance as at end of period		1,300,733	1,300,733
Contributed surplus			
Balance as at beginning of period		43,906,715	43,906,715
Share-based compensation	6	-	-
Balance as at end of period		43,906,715	43,906,715
Equity reserve			
Balance as at beginning of period		33,364	33,364
Balance as at end of period		33,364	33,364
Total share capital		209,383,792	208,815,848
Accumulated loss			
Balance as at beginning of period		(178,246,294)	(103,367,994)
Gain (loss) for the period attributable to shareholders of the Company		113,743	(162,742)
Balance as at end of period		(178,132,551)	(103,530,736)
Accumulated other comprehensive loss			
Foreign currency translation			
Balance as at beginning of period		(16,770,493)	(16,770,493)
Currency translation differences on foreign operations		3,721,540	569,842
Balance as at end of period		(13,048,953)	(16,200,651)
Total accumulated comprehensive loss		(13,048,953)	(16,200,651)
Non-controlling interests			
Balance as at beginning of period		(215,148)	(185,019)
Gain (loss) attributable to non-controlling interests		51,699	5,927
Balance as at end of period		(163,449)	(179,092)

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

FORSYS METALS Corp.

(An exploration stage company)

Consolidated Statement of Cash Flows

For the three months ended March 31, 2018

	Note	Three months ended March 31	
		2018	2017
(Expressed in Canadian dollars)		\$	\$
Cash flows from operating activities			
Net gain (loss) for the period		112,563	(163,676)
Interest income		(1,048)	(376)
Items not involving cash:			
Depreciation	8	(132)	391
Gain on sale of property, plant and equipment		-	-
Changes in non-cash operating working capital:			
Trade and other receivables		(625)	(6,609)
Prepaid expenses and other assets		3,311	5,659
Trade and other payables		(254,196)	8,334
Provisions		2,962	-
Cash used in operating activities		(137,165)	(156,277)
Cash flows from financing activities			
Share issuance costs		(2,770)	(12,167)
Cash used in financing activities		(2,770)	(12,167)
Cash flows from investing activities			
Interest income		1,048	376
Additions to mineral properties, exploration and evaluation costs	3	(8,847)	(25,988)
Proceeds on sale of property, plant and equipment	4	211,325	-
Cash used in investing activities		203,526	(25,612)
Increase (decrease) in cash and cash equivalents		63,591	(194,056)
Cash and cash equivalents at beginning of period		282,914	418,040
Exchange gain on cash held in foreign currency		4,504	(35)
Cash and cash equivalents at end of period		351,009	223,949

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

FORSYS METALS Corp.

(An exploration stage company)

Notes to the Financial Statements

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

1. Nature of operations

Forsys Metals Corp. ("Forsys") 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 and Namibplaas Uranium Projects.

As an exploration stage company, the Company's income is limited to interest income and other incidental income. The recoverability of the amounts shown for mineral properties, exploration and evaluation costs and property, plant and equipment 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's continued operations are dependent on its ability to secure additional equity capital, divest assets or generate cash flow from operations in the future, none of which is assured. Seasonality does not have a significant impact on the Company's operations.

Forsys 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 Forsys registered office is at 66 Wellington Street West, Suite 5300, Toronto, Ontario, Canada, M5K 1E6.

2. Significant accounting policies

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated annual financial statements for the year ended December 31, 2017.

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of, and disclosed in, the consolidated annual financial statements for the year ended December 31, 2017. The policies applied in these condensed interim consolidated financial statements are based on IFRS as issued by the International Accounting Standards Board.

These condensed interim financial statements for the three months ended March 31, 2018 (including comparatives) were approved and authorized for issue by the Company's Board of Directors on May 11, 2018.

b) Changes in accounting policies

There has been no change in accounting policies to those adopted in the Company's consolidated annual financial statements for the year ended December 31, 2017.

FORSYS METALS Corp.

(An exploration stage company)

Notes to the Financial Statements (continued)

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

3. Mineral properties, exploration and evaluation costs

a) The continuity of the Company's investment in Mineral properties, exploration and evaluation costs is as follows.

	Norasa Uranium Project \$	Ondundu Gold Project \$	Mineral Properties Total \$
Balance at January 1, 2017	76,061,815	3,213,149	79,274,964
Additions to exploration and evaluation costs	37,321	-	37,321
Impairment	(64,808,680)	-	(64,808,680)
Foreign exchange movement	1,009,544	82,063	1,091,607
Balance at December 31, 2017	12,300,000	3,295,212	15,595,212
Additions to exploration and evaluation costs	8,847	-	8,847
Foreign exchange movement	2,191,828	177,398	2,369,226
Balance at March 31, 2018	14,500,675	3,472,610	17,973,285

b) The Company holds the following licences in relation to mineral properties in Namibia, Africa which have, exploration and evaluation costs capitalized on the balance sheet as at March 31, 2018.

Norasa Uranium Project

The Norasa Uranium Project is the consolidation of the fully licenced Valencia Uranium Project and the adjacent exploration stage Namibplaas Uranium Project in Namibia.

Valencia Uranium Project

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

Namibplaas Uranium Project

The Exclusive Prospecting Licence ("EPL") 3638 for Namibplaas is held by Dunefield Mining Company (Proprietary) Limited which is a wholly owned subsidiary of the Company. EPL 3638 was renewed for a further two year period to November 6, 2019.

Ondundu Gold Project

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, a 51% owned subsidiary of Westport Resources Namibia (Pty) Ltd., which is a wholly owned subsidiary of the Company. In July 2017 the MME renewed EPL 3195 relating to Ondundu until February 3, 2019. The licence remains in good standing.

The Company executed a Heads of Agreement with respect to EPL3195 with B2Gold Mining Investments Limited and B2Gold Namibia (Proprietary) Limited (together "B2Gold") and subsequently on January 11, 2016 an Amended and Restated Heads of Agreement Earn-In on Exclusive Prospecting Licence EPL3195 ("Earn-In") was executed with B2Gold replacing the original agreement. The Earn-In gives B2Gold the right to earn up to a 100% interest in Ondundu over a period of 3 years as follows:

- In the first 12 months B2Gold, as project managers, exercised their right to acquire 25% of Ondundu from the Company for a committed spend of US\$900,000. Shares representing the 25% interest in Ondundu were issued on February 21, 2017;
- B2Gold in the second earn-in period spent a further US\$1,100,000 to acquire an additional 24% interest in Ondundu from the Company.
- B2Gold having exercised their second earn-in right are spending a further US\$1,300,000 to acquire an additional 26% interest in Ondundu (third earn-in period);
- B2Gold and Forsys may separately exercise a call or put option to transfer the balance of Ondundu for US\$8,500,000 after 24 months and 36 months respectively if B2Gold exercise their right in the third earn-in period.

FORSYS METALS Corp.

(An exploration stage company)

Notes to the Financial Statements (continued)

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

4. Share capital

Authorized

The Company is authorized to issue:

An unlimited number of Class A common shares without par value

An unlimited number of redeemable, voting non-participating Class B shares ⁽¹⁾

An unlimited number of Class C shares with rights and privileges to be determined by the Forsys Board of Directors ⁽¹⁾

Issued

A continuity summary of the issued and outstanding Class A common shares and the associated dollar amounts is presented below:

	Number of Common Shares	Amount \$
Balance as at June 30, 2017	147,531,233	163,764,500
Share issuance	416,666	31,250
Balance as at September 30, 2017	147,947,899	163,795,750
Share issuance	4,666,667	350,000
Balance as at December 31, 2017	152,614,566	164,145,750
Share issuance	-	(2,770)
Balance as at March 31, 2018	152,614,566	164,142,980

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

6. Stock options

Forsys has established a stock option plan to provide additional incentive to its officers, directors, employees and consultants for their efforts on behalf of the Company in the conduct of its affairs. Under this stock option plan, as amended in 2008, the Company is authorized to grant a maximum of 12,000,000 stock options to its directors, officers, employees and consultants to acquire Class A common shares. At March 31, 2018 an aggregate of 1,325,000 options have been granted and are outstanding (net of forfeitures and cancellations) under this plan and 3,941,666 stock options had been exercised since 1998. As a result, as at March 31, 2018, 6,733,334 (December 31, 2017 – 6,508,334) options were available for issuance.

The term of the stock options is five years from the date of issue and the exercise price of any stock option granted shall not be lower than the market price of the Company's Class A common shares on the date on which the grant of the option is approved by the Board of Directors. The Board of Directors determines the number of stock options, the date or dates on which the options should be granted and the terms and conditions attached to each option within the limits prescribed by applicable law.

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Notes to the Financial Statements (continued)

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

A summary of the activity in the Company's stock option plan is presented below.

	Three Months Ended March 31, 2018	
	Number of Options	Weighted Average Exercise Price Per Share \$
Stock options outstanding, beginning of the period	1,325,000	0.31
Stock options outstanding at end of period	1,325,000	0.31
Stock options exercisable at end of period	1,325,000	0.31

A summary of the Company's options outstanding and exercisable as at March 31, 2018 is presented below:

Grant Date	Market Price / Exercise Price	Options Outstanding	Options Exercisable	Expiry Date
September 09, 2014	\$0.31	1,325,000	1,325,000	September 09, 2019
		1,325,000	1,325,000	

No options were granted by the Company during the first quarter of 2018.

The fair values of stock options with vesting provisions are amortized following a graded vesting method as share-based compensation expense over the applicable vesting periods. At March 31, 2018, the Company has a maximum value of unvested share-based compensation expense of \$Nil to be recognized in future periods.

7. Warrants

There are no outstanding and exercisable warrants as at March 31, 2018 and December 31, 2017.

8. Expenses by nature

The elements of general and administrative expense in the consolidated income (loss) statement are as follows:

	Three Months Ended March 31	
	2018	2017
	\$	\$
Consulting fees	58,830	56,662
Salaries, directors fees and benefits	45,682	24,055
Professional fees	(31,866)	32,408
Public company costs	9,811	30,156
Other corporate costs	17,616	19,891
Travel	-	-
Depreciation	(132)	391
FX	(131)	489
General and administrative expense for year	99,810	164,052

9. Fair value measurement

The Company's principal financial instruments are cash and cash equivalents and trade payables. 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 assets and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

FORSYS METALS Corp.

(An exploration stage company)

Notes to the Financial Statements (continued)

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

	March 31 2018	December 31 2017
	\$	\$
Recurring measurements		
Financial Assets		
Cash and cash equivalents	23,165	21,595
Financial Liabilities		
Trade and other payables	215,904	252,399

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 balance sheet 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.

10. Commitments and contingencies

The Company has no obligations relating to tenement minimum requirements on the Ondundu "EPL 3195 to the Ministry of Mines and Energy of the Republic of Namibia. Tenement obligations are subject to re-negotiation upon expiry of the exploration licences or when application for a mining licence is made. This commitment on EPL 3195 will be satisfied by the Earn-in expenditure incurred by B2Gold.

The Company is involved from time to time in various legal actions and claims in the ordinary course of business. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material adverse effect on the Company's financial position or results.

11. Key management compensation and 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:

	Three Months Ended March 31	
	2018	2017
	\$	\$
Consulting fees	58,830	56,662
Salaries and short-term employee benefits	45,682	24,055
	104,512	80,717

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Notes to the Financial Statements (continued)

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

Related party transactions

General and administrative expenses for the three months ended March 31, 2018 include \$12,620 (three months ended March 31, 2017 - \$12,992) for serviced office expenses paid to a company in which a Director is also a Director of Forsys. These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. Segmented 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 and deferred taxes by geographic area are as follows:

	March 31 2018	December 31 2017
	\$	\$
Namibia	17,973,285	15,595,212
Other	-	-
	17,973,285	15,595,212