ANNUAL INFORMATION FORM

As at March 16, 2017

OF

FORSYS METALS CORP.

FOR THE YEAR ENDED DECEMBER 31, 2016

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GENERAL INFORMATION

References

References in this annual information form (**"**AIF**"**) to "Forsys", the "Company", "we", "us" and "our" refer to Forsys Metals Corp. and its subsidiaries (as the context requires).

Note Regarding Forward-Looking Statements

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, our goals and strategies schedules for completion of detailed feasibility studies and initial feasibility studies; potential increases in reserves and potential production; the timing and scope of future commencement of mining or production; anticipated grades and recovery rates; asset retirement obligation estimates; the ability to secure financing and potential acquisitions or increases in property interests. 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, economic and political conditions and our ability to achieve our goals. Although our management believes that 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.

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 that 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.

Currency

The Canadian dollar is the reporting currency and currency of measurement of the Company. All dollar amounts are expressed in Canadian dollars unless otherwise explicitly indicated. On December 31, 2016, the noon rate of exchange as reported by the Bank of Canada for conversion of Namibian dollars into Canadian dollars was NAM$1 = CAD$0.09798. On March 15, 2016, the noon rate of exchange as reported by the Bank of Canada for conversion of Namibian dollars into Canadian dollars was NAM$1 = CAD$0.10333.

Information Incorporated by Reference

Incorporated by reference into this AIF are the Company's Consolidated Financial Statements for the years ended December 31, 2016 and 2015, together with auditors' report thereon and Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2016. The documents are available for review under the Company's filings on the SEDAR website located at www.sedar.com.

Documents incorporated by reference in this AIF include all audited and interim financial statements, proxy circulars, news releases and other continuous disclosure documents filed by the Company, copies of which are available on request from the offices of the Company or under the Company's filings on the SEDAR website at www.sedar.com.

CORPORATE STRUCTURE

Name, Address and Incorporation

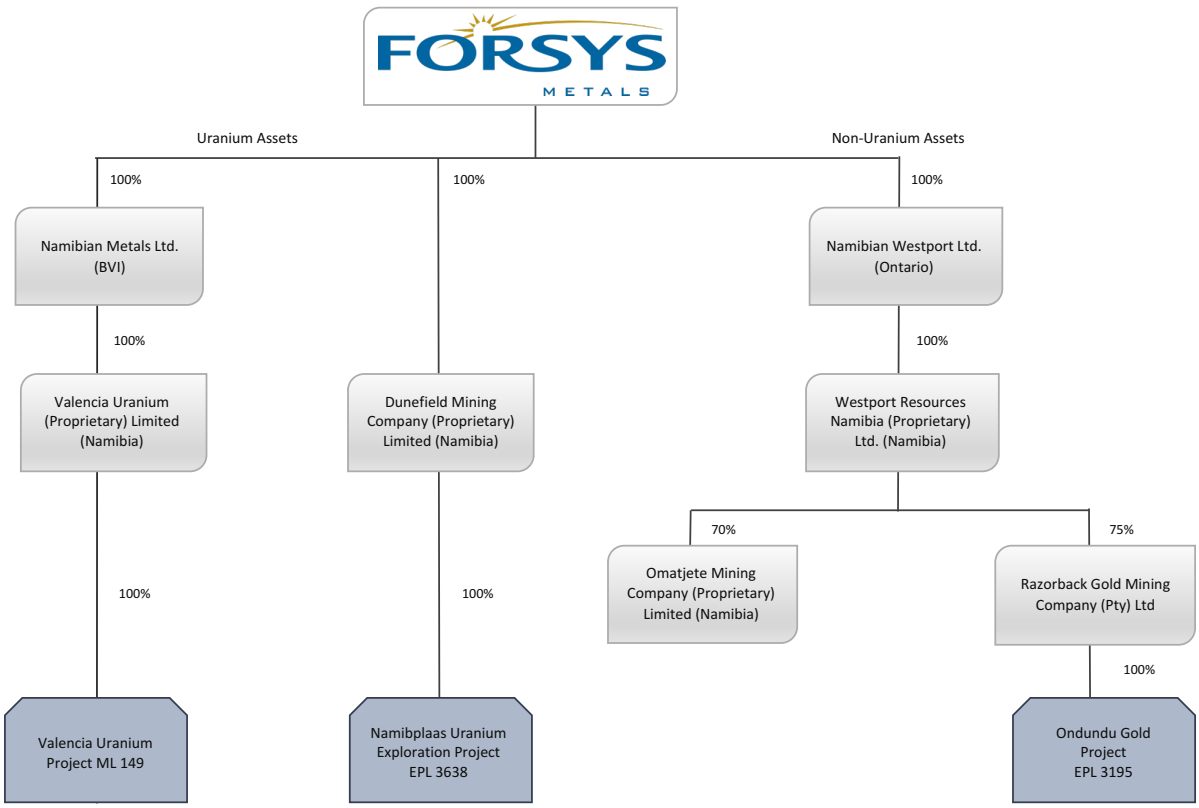
The Company was incorporated on May 13, 1985 under the Business Corporations Act (Ontario) ("OBCA") under the name Goldun Age Resources Inc. and pursuant to Articles of Amendment dated September 11, 1991, the Company changed its name from Goldun Age Resources Inc. to Ottawa Structural Services Ltd. and consolidated its issued and outstanding common shares on a one (1) new common share for every two (2) outstanding common shares basis. Pursuant to Articles of Amendment dated November 12, 1996, the Company changed its name from Ottawa Structural Services Ltd. to Forsys Company and consolidated its issued and outstanding common shares on a one (1) new common share for every ten (10) outstanding common shares basis. Pursuant to Articles of Amendment dated January 31, 2003, the Company changed its name from Forsys Company to Forsys Technologies Inc. and consolidated its issued and outstanding common shares on a one (1) new common share for every nine (9) outstanding common shares basis. Pursuant to Articles of Amendment dated June 29, 2005, the Company changed its name from Forsys Technologies Inc. to Forsys Metals Corp.

The Company's registered office and head office is located at 66 Wellington Street West, Toronto Bank Tower, Suite 5300, Toronto, Ontario M5K 1E6.

Intercorporate Relationships

The following diagram sets out all of the Company's material subsidiaries as at March 16, 2017, their respective jurisdictions of incorporation, the Company's direct and indirect voting interest in each and the respective licenses held by each subsidiary.

Figure 1–*Corporate Structure as of March 16, 2017*



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History and Significant Acquisitions

2014

On February 11, 2014, the Company released an updated Mineral Reserve estimate for its 100% owned Norasa Uranium Project ("Norasa") located in Namibia. Norasa is a consolidation of the Company's Valencia Main, Valencia Satellite pit (Mining Licence, "ML" 149) and Namibplaas deposits (Exclusive Prospecting Licence, "EPL" 3638). The new Reserve Statement was based on the revised and upgraded Resources presented in October 2013 and the results of ongoing technical studies.

The Company announced in March 2014 that it had filed an updated National Instrument 43-101 Technical Report ("NI 43-101") on SEDAR (www.sedar.com) for Norasa. The NI 43-101 report described the Mineral Resource and Reserve estimation and economic analyses to a pre-feasibility level for Norasa. The Mineral Resources were reported above cut-off grades of 100ppm and 160ppm U_3O_8 for Valencia and Namibplaas respectively. The estimated Measured and Indicated Mineral Resource for Norasa was 237Mt, grading of 197ppm U_3O_8 for to 103Mlbs of U_3O_8. The estimated Inferred Mineral Resource was 50Mt at a grade of 198ppm U_3O_8 for 22Mlbs of U3O8.

During the second quarter the Company advanced preparatory work on a Definitive Feasibility Study ("DFS") that culminated with the announcement on July 7, 2014 that it had engaged AMEC Foster Wheeler ("AMEC"), a leading international engineering and project management firm with prior involvement in the development of NI 43-101 reports for Norasa to commence the DFS. SGS South Africa (Pty) Ltd ("SGS") was also appointed by the Company to complete additional metallurgical studies, which included pilot plant testwork. These areas include an update of the pit designs, tailings handling systems and bulk water and power supply.

The Company provided an update on the DFS on October 9, 2014 reporting that the study was progressing as expected and that study costs remained within budget. The preliminary outcomes were positive and indicated the potential to lower operating costs and reduced plant complexity.

On November 26, 2014 the Company announced the completion of a metallurgical report by SGS. This study is a major component of the Company's Norasa DFS. Highlights of the Metallurgical Study compared with the 2013 Engineering Cost Study ("ECS") as follows:

- Overall uranium recovery increased to 91.3% from 85.0%
- Leach acid consumption decreased by 35%
- Zero iron addition required in leach once steady state operation is achieved due to iron in the ore being sufficient

The Company closed a non-brokered private placement on October 28, 2014 by issuing 9,420,000 units at $0.25 per unit for gross proceeds of $2,355,000. Each unit consists of one Class A Common Share ("Common Share") and one half of one Common Share purchase warrant that entitles the holder to acquire a new Common Share in Forsys at a price of $0.35 expiring on 27 October 2016.

During the year the Company successfully continued to reduce overhead expenses.

2015

The Company released the DFS for Norasa on March 18, 2015. A summary of the outcomes of the study are as follows:

- Forsys completed updated Mineral Reserve and Mineral Resource estimates. Mineral Reserves increased from 79.0 Mlbs U_3O_8 as of October, 2013 to 90.7 Mlbs U3O8 as of February, 2015 (up by 14.8%), due to a 16.4% increase in tonnage and only a slight decrease in the average grade. The changes to the Mineral Reserve estimates are primarily due to the addition of 10.7 Mlbs U_3O_8 of Reserves from the Namibplaas deposit, using a 140ppm cut-off grade.
- The operating costs per pound are estimated to average US$32.96/lb U_3O_8 over the first 5 years of production and US$34.72/lb U_3O_8 over the life of the mine. A significant reduction below the 2013 Engineering Cost Study ("ECS") costs of US$34.76 and US$38.20/lb U_3O_8 respectively.
- The economic analysis results in an estimated pre-tax net present value (NPV) at a discount rate of 8% to Forsys of US$622.6 million. Using the initial investment and operating cash flows from inception, the pre-tax internal rate of return (IRR) is estimated to be 32%.
- The Norasa production schedule has been modified to incorporate the additional Mineral Reserves and to include a production rate increase to 11.2 Mlbs U_3O_8 per year (up from 8.2 Mlbs U_3O_8 in 2010) that is scheduled for 2017. Between 2018 and 2022, an average annual production of 5.3 Mlbs U_3O_8 is forecast. Estimated annual production over the 15 year LoM is estimated to be 5.2 Mlbs U_3O_8.

Key financial model parameters and outputs as follows:

	Project	
Project Economics		
NPV at a Discount Rate of 8% (US$M) - (Excl. Tax)	622.6	
- (Incl. Tax)	383.4	
Internal Rate of Return (%) - (Excl. Tax)	32%	
- (Incl. Tax)	26%	
Payback Period from Start of Production (years)	4.4	
Capital Costs (US$M)	432.8	
Production	**Life of Mine**	**First 5 Years**
Quantity Ore Treated (Mt)	206.1	66.7
Recoveries (%)	92.4%	92.2%
Uranium sold (Kg U_3O_8)	35,288	11,710
Uranium sold (Mlb U_3O_8)	77.8	25.8
Revenue and Cash Flow		
Average U_3O_8Base Price (US$/lb U_3O_8)	65	65
Net Revenue (US$M)	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**

2016

In January, 2016 the Company announced the signing of an Earn-In Agreement with B2Gold Namibia on the Ondundu Gold Project. The Earn-In gives them the right to earn up to a 100% interest in Ondundu with principle terms as follows:

- In the first 12 months B2Gold will, as project managers, have the right to acquire 25% of Ondundu for a committed spend of US$900,000;
- If B2Gold exercise their first right, in the second 12 months they will spend a further US$1,100,000 to acquire an additional 24% interest in Ondundu;
- If B2Gold exercise their second right, they may spend a further US$1,300,000 to acquire an additional 26% interest in Ondundu in the third 12 months;
- 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.

In September, 2016 - the Company announced that it has closed its previously announced non-brokered private placement by issuing 11.0m units at $0.06 per unit for gross proceeds of $660,000. Each unit consists of one Class A Common Share and one half of one Common Share purchase warrant that entitles the holder to acquire a new Common Share in Forsys at a price of $0.075 for a period of two years from the date of issue. All securities issued pursuant to the private placement were subject to a four-month and one-day hold period from the closing date. Proceeds from the private placement are being used to fund the Norasa Uranium project in Namibia, as well as for general working capital purposes.

2017 to Date

No material events have been announced in the 2017 year.

DESCRIPTION OF THE BUSINESS

General

The Company is engaged in the business of acquiring, exploring and developing mineral properties, either independently, or through joint ventures. The Company has interests in projects located in Namibia, Africa. Currently, the main focus of the Company is advancing its uranium properties, primarily Norasa which is a consolidation of the Valencia and Namibplaas projects.

Mineral Projects

The Company's flagship project is Norasa which includes the wholly owned Valencia project (ML 149) which has a 25 year mining licence. In addition, the Company has a 100% interest in Dunefield Mining Company (Pty) Ltd.'s Namibplaas project (EPL 3638), which is located 7.5 km north east of Valencia. Both projects have NI 43-101 compliant uranium resources and reserves. The Valencia and Namibplaas properties are considered to be material properties. The Company also has a 75% interest in Ondundu (EPL 3195) which is subject to and Earn-In agreement with B2Gold. Information concerning the Valencia and Namibplaas projects is discussed further below and is referenced above under "General Development of the Business – Three Year History and Significant Acquisitions".

Key Economic trends in the Nuclear Fuel Business

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 87% 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$60/lb for contract prices and the consensus long-term price from 2019 is US$67.50/lb.

On January 1 2017 the World Nuclear Association reported there are 447 nuclear power plants operating worldwide, with 60 nuclear reactors under construction, 164 reactors planned worldwide and 347 reactors proposed and those in operation currently produce 16% 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 2016 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$30.00/lb at December 31, 2016 being lower than the price of US$44.00/lb as at December 31, 2015. 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 ended on December 31, 2016 at US$20.25 compared with US$34.38 at the end of 2015.

Valencia Uranium Project (ML 149)

Property Description and Location

The Company's wholly owned subsidiary, Valencia Uranium Pty Limited ("VUL") is the registered owner of the Valencia property, a mineral exploration and development property, located in the Republic of Namibia on the Farm Valencia 122, located approximately 75 km south-west of the town of Usakos in central-west Namibia. The Valencia mining licence property area is 735.6 hectares. An integrated Environmental Impact Assessment and Environmental Management Plan Report assessed probable impacts associated with all construction, operation, decommissioning and closure activities related to the mine. It also incorporated recommendations for the mitigation, monitoring and management aspects for the construction of the mine, related infrastructure, operations/processing and land rehabilitation. On June 4, 2008 Valencia received approval and clearance by the Ministry of Environment and Tourism ("MET") on both the Environmental Impact Assessment and the Environmental Management Plan. This covered the development of the mine (including an acid plant) and associated infrastructure, including the new access road, pipeline and power line. The Environmental Clearance was subsequently renewed on April 11, 2013 in line with the requirements of the updated Environmental Management Act of 2007 and associated Regulations. There are no historical environmental liabilities at the Valencia property.

Shortly thereafter, Valencia was granted its Mining Licence No. 149 (ML 149) in respect of the Nuclear Fuel Group of Minerals, effective from June 23, 2008. The Mining Licence is valid for a period of 25 years from the date of issue by the MME and is renewable. The royalty rate payable to the government of Namibia for Nuclear Fuels is currently 3% of revenue. There are no other royalties payable to other third parties.

As the Valencia Licence area is situated on private land, agreement with the landowner was required prior to mine development. This agreement was signed on April 30, 2009, giving Valencia exclusive use of 3,327 hectares of the Farm Valencia 122. In addition, on May 8, 2009 Valencia acquired a servitude within the neighboring Farm Bloemhof for an area of 594 hectares, granting Valencia the right to construct

any works related to the mine development and operation (Accessory Works). Initially, this area will be used for the road, main water supply pipeline, a secondary power line and the explosives magazine. In both cases, compensation has been paid making the agreement binding for a period equal to the Mining Licence. Subsequent to the land owners' agreements, on May 29, 2009, the MME granted Valencia approval for the construction of all Accessory Works required for the development of the mine. All legal and permitting requirements have been met for Valencia to begin development of the mine.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

A 27km private industrial road was completed in 2010 linking Valencia to the Trans Kalahari (B2) highway, which is the main artery from Walvis Bay and Swakopmund to Windhoek and across Southern Africa. Windhoek and Walvis Bay have international airports with daily flights to many other African and European destinations. Windhoek and Walvis Bay are also linked by rail.

The climate of the project area, and region, is desert with annual rainfall of between 14 mm and 150 mm mostly in late summer, the period February through to May. Rainfall of short duration and a high intensity may occur.

Vegetation is sparse with stunted grasses and small trees. The topography is fairly rugged with an average elevation of 725 m above mean sea level with approximately a 40 m range in elevation around the deposit. Temperatures recorded in the area range between 4°C and 40°C. The operating season is 12 months of the year.

Water is mainly found only as sub-flow beneath the streambeds of the larger streams, e.g. the Khan River 4.5 km to the north. In most cases, dissolved salts render the water non-potable.

For drilling purposes at the Norasa deposits, water was obtained from various boreholes on the property. Potable water for human consumption is sourced from a borehole and treated by reverse osmosis.

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. The Company is working with NamWater, who is responsible for the tendering and construction of this water pipeline.

The Namibian government announced in September 2014 that they intend to buy Areva's seawater desalination plant, located north of Swakopmund. Areva is currently operating the plant on a limited scale to provide water to local mining operations through NamWater. The plant was originally designed to produce 20 Mm3/annum of potable water, providing sufficient capacity for the existing mines in the region (requiring less than half this volume) with spare capacity for newcomers on a first-come first-served basis. At this stage, only about half the reverse osmosis modules have been installed. The overall plant capacity can be expanded.

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 Mm^3 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 project site. However, 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.

In mid-October 2014, NamPower announced a power purchasing agreement with the Zimbabwe Power Company for the supply of 80MW of electricity for the next 15 years. This supplements its own generation capacity and other imports required to maintain power supply to customers. In December 2015, the Minister of Mines and Energy announced that government had given NamPower the go-ahead to start negotiations for the Walvis Bay Power Plant Project, a gas-fired power station located that could deliver up to 250 MW. Planning for the Kudu gas-to-power project proposed for Namibia's South Coast continues.

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.

History

A regional airborne radiometric survey was conducted by the South African government over the Usakos-Swakopmund area in 1968. The results of the survey provide total counts for the potassium, uranium and thorium channels.

Gold Fields of South Africa Limited (now Gold Fields Ltd.), received a prospecting grant for an area which included the Valencia permit in 1972. There is very little information about the Valencia uranium property area prior to 1972. In 1973, Gold Fields transferred its Valencia Prospecting Grant to its wholly-owned subsidiary, Trekkopje Exploration and Mining Company Ltd. ("Trekkopje Exploration").

Valencia was intensively explored by Trekkopje Exploration between 1973 and 1977. Trekkopje Exploration carried out detailed geophysical surveys, surface mapping and drilled approximately 22,600 m of diamond core drilling (DDH). In 1981, a second drilling program of 11 holes of DDH totaling 2,425 m was completed in order to in-fill areas where more information was required. Available documentation regarding the second drilling program is incomplete. A further four 100 m of DDH was completed in 1984. A feasibility study, completed by Trekkopje Exploration in 1981 did not support economic development and no further work was carried out.

It is believed that Trekkopje Exploration held the Valencia property until the early 1990s. In 1992 the MME changed the country's uranium mining legislation. The MME also decided that Gold Field's Prospecting Grant, which contained the Valencia project, was too large. The MME suggested a smaller area of 500 ha and included a waiver of any expenditure or work obligation on the condition that Gold Fields submitted a project prospectus, actively promoted third party interest in the project and kept the Government informed on any progress in the matter. In late November 1990, the MME approved the extension of the Prospecting Grant for a further two years. MDRL 1496, covering a reduced area of 500 ha., was granted to Tsumeb Corporation Limited in November 1994 for a period of five years, which was transferred to Ongopolo Mining Limited in March 2000 and then to Tsumeb Exploration Company in June 2005. The mineral deposit retention licence (MDRL 1496) was replaced with an exclusive prospecting licence (EPL 1496) on February 20, 2007. Tsumeb Exploration Company changed its name to Valencia Uranium (Pty) Limited ("VUL") in November 2007. The exclusive prospecting licence (EPL 1496) was converted to a mining licence (ML149) in June 2008.

Geological Setting

- Regional Geology-

The Norasa project area is situated in the Central Zone of the intra-continental branch of the Damara Orogenic Belt, which belongs to the late Precambrian, early Palaeozoic, Pan African Mobile Belt system that transects the African continent. It consists of two branches, the north-trending coastal branch and the north-easterly trending intracontinental branch.

The Central Zone of the intracontinental branch is characterized by medium to high grades metamorphism with voluminous granitic intrusions. The Central Zone is separated from the Southern Zone by a pronounced change in structural style, demarcated by the Okahandja lineament (Rössing, 2002). The northern boundary of the Central Zone is demarcated by the Omaruru lineament and marks the boundary between two markedly different magnetic and depositional and/or tectonic regimes.

All of the uraniferous granitic occurrences discovered in Namibia are situated in the Central Zone. Karoo age (150 Ma) dolerite intrusives are common throughout the Central Zone. Tertiary and recent sediments cover large portions of the Central Zone.

- Local Geology-

The Damara Sequence rocks of the Central Zone lie unconformably on the basement rocks of the Proterozoic age Abbabis Complex, which has been dated at 1,925 $\pm$ 300 Ma. The Abbabis Complex comprises mainly gneissic granites and granitic gneisses and includes minor amounts of metamorphosed sedimentary rocks.

The Damara Sequence sedimentation began between 900 and 1,000 Ma. This sequence consists of the psammitic Nosib Group, which is overlain by the calcareous pelitic Swakop Group.

-Metamorphism-

The Central Zone rocks have been metamorphosed during several episodes. An early period of metamorphism, dated at 665 + 34 Ma, predated widespread granite intrusion, produced migmatites and accompanied the early periods of deformation (F1 and F2). A second period of metamorphism accompanied a third phase of deformation (F3), and was, in turn, followed by intrusion of various granitic rocks at approximately 550 Ma. A late- to post-tectonic thermal event accompanied the F4 deformation, at approximately 470 Ma, as indicated by Rb-Sr dating of both Khan Formation gneisses and Rössing Formation granites.

-Structure-

Several phases of deformation have been recognized in the Central Zone, which are indicated by fold interference patterns that created dome-and-basin structures.

The intense deformation of the F3 event was preceded by one or possibly two periods of folding. The earlier phases of folding resulted in overturned and recumbent structures and this folding was accompanied by thrusting and shearing. The trend of the earlier fold axial planes is roughly from north-west to south-east. The F3 folds are upright with the main structural grain being in a north-east to south-west direction. A number of later, less intense fold phases occurred after the F3 event, which produced folds oriented between north-east and north-west. Uraniferous granites were emplaced after the F3 event. These granites are oriented north-northeast and are aligned with the magnetic Welwitschia lineament.

-Property Geology-

In the Norasa area, rocks of both the Khan Formation (Nosib Group) and Swakop Group of the Damara Sequence occur. The Damara Sequence rocks have been intruded by numerous leucocratic granites that are generally referred to as alaskites. These alaskites are present as massive stock-like bodies, dykes and sills of varying thickness as well as veins and veinlets, which can be either conformable with or transgressive to the host rock.

The structure of Valencia represents the core of an eroded antiform, which plunges to the northeast. The surrounding limbs vary in dip from almost flat to steeply overturned. Isoclinal folding is evident on the south-eastern limb of the antiform, as well as over the central portion of the adjoining synform, which is recumbent with both limbs dipping to the southeast. The uraniferous alaskite has been intruded into the north-western limb of this recumbent synform. The emplacement of the alaskite appears to have been controlled by a younger north-north-westerly to south-southwesterly trending antiformal fold, which cuts through the older folding at approximately right angles. The alaskites vary in grain size from truly aplitic, through fine and medium-grained phases to pegmatitic.

At least eight phases of alaskite have been identified based on textural and other descriptive qualities and quantities which included uranium content. These phases may be related to separate pulses of intrusion. The different grain size phases are usually all leucocratic, but the biotite content often increases with increasing grain size.

The general composition of the alaskite is quartz and alkali feldspar with or without biotite. Associated minerals such as tourmaline, apatite, garnet and iron may become abundant in places but relates to the non-mineralized alaskites of Nex and Kinnaird (2005).

The conformable nature of relatively thin veins in tight isoclinally folded schist sequences suggests a pre or early syntectonic genesis for these veins, however, the strongly transgressive nature of some dyke-like bodies suggest a separate later syn to post-tectonic history for these bodies.

The alaskites contain xenoliths of the host rocks in which they were emplaced and these xenoliths may range in size from tiny fragments to bodies several tens of metres long. Pre-mineralization alaskites have a conformable relationship with the local structure, with their strikes and dips not varying significantly from those of the country rock. The mineralized alaskite makes a large stock which is outcropping; a few mineralized dykes and sills stem from this main stock like body and extend to the NE.

A number of dolerite dyke-like bodies occur in and around the Valencia deposit. They dip from fairly flat to almost vertical and strike north to south or southwest to northeast. These dykes only rarely exceed a few metres in thickness.

Younger pneumatolitic pegmatites and quartz veins occur throughout the area. They are usually relatively thin and short and do not form conspicuous outcrops.

-Deposit types-

Uranium deposits world-wide have been grouped into 14 major categories of deposit types based on the geological setting of the deposits.

The Valencia deposit is an “intrusive type” of uranium deposit that is associated with alaskite intrusives that comprise massive stock-like bodies, dykes of varying thickness, sill like bodies and veins and veinlets, which can be either conformable with or transgressive to the Damara Sequence metasedimentary host rocks.

Included in this type are those deposits associated with intrusive rocks including alaskite, granite, pegmatite and monzonites. Major world deposits include Rössing (Namibia), Ilimaussaq (Greenland) and Palabora (South Africa).

Exploration History and Drilling

In 2005, the Company acquired a 90% interest in Valencia and acquired the remaining 10% in 2007. Since October 2005, Valencia conducted a program of confirmatory work to check the accuracy of the historical database. In addition, a ground radiometric survey, diamond drilling for in-fill and geotechnical data gathering, reverse circulation percussion (RC) drilling and percussion drilling (PD) have been completed. Drilling was carried out by R.A. Longstaff Namibia (Pty), Major Drilling, Erongo Drilling Van Rhyn, Roburgh and Hard Rock Drilling with logging and sampling conducted by Valencia staff.

During the period from 2005 to 2008, Valencia completed the drilling of 43 DDH holes for a total of 12,962 m for in-fill and geotechnical data gathering (VA26-109 to VA26-152). In addition, during 2006, a total of 148 reverse circulation (RC) drill holes were completed on a grid of 20 m by 20 m over an area of 300 m (east to west) and 200 m (north to south) down to a depth of 105 m below surface. The information from the RC drilling was intended to provide an area with a high degree of confidence in the Mineral Resource estimate. The updated resource estimate is based on results from in-fill drilling at Valencia since mid-2007 incorporating: completion of 205 percussion drilled (PD) holes which total 60,565 m. In 2008, the Company completed 39 short holes with a blast rig on a 5 by 5 metre grid (blasthole spacing) down to 20 m within the area already drilled at 20x20 m (RC drilling); this drilling was included in the study of mineralization continuity resulting in the choice of selective mining units (SMU).

The project area was flown on March 28, 2007, for the compilation of a digital terrain model (DTM), providing contours at 2 m intervals and production of digital orthophotos. These were compiled from 1:10,000 scale Monochrome Aerial.

During 2009, a further in-fill drilling program totaling 200 holes was completed for 49,562 m of drilling. The results of this drilling program were incorporated by Snowden in the resource estimate prepared as of November 2009 and included in Table 1 below and more fully described in the January 2010 Addendum to the June 2009 Technical Report which should be read in conjunction with the 2009 Valencia Reserve Technical Report.

During 2012, an extension drilling program commenced which resulted in a new discovery being announced in January 2013. The deposit is called “Valencia Satellite” and is located 500 metres northeast from the planned Valencia production pit. Since November 20, 2012, the Company completed a total of 15 percussion drill holes for a total of 2,250 metres. The initial drilling results at the satellite pit confirmed considerable mineralization in 11 of the 15 percussion drill holes, encountering significant intersections of greater than 200 ppm U_3O_8 including many greater than 400 ppm.

During 2013, the Company announced further positive drilling results at the satellite pit from the extension exploration program. An additional 30 percussion drill holes were completed in Q1 2013. The total metres drilled in this phase were 3,185 meters and a total of 5,435 metres had been drilled since the drilling program commenced. No additional drilling programs were subsequently undertaken.

Mineralization

The uranium mineralization at Valencia is hosted only by alaskites that comprise massive stock-like bodies, dykes and sills of varying thickness and veins and veinlets, which can be either conformable with or transgressive to the Damara Sequence metasedimentary host rocks.

Uranium mineralization has been identified over an area of 1100 m north-south by 500 m east-west. The mineralization dips at approximately 35° to the south and has been identified by DDH drilling to a depth of 499 m below surface (VA26-152).

Uranium mineralization is present as uraninite (UO_2) and secondary uranium minerals, uranophane ($Ca(UO_2)2SiO_27.H_2O$) and uranothallite ($Ca_2U(CO_3)_4.10H_2O$). No betafite has been observed at Valencia.

The uraninite is usually fresh with only sporadic, very minor alteration rims. The secondary uranium minerals uranophane and uranothallite occur as yellow coatings on exfoliation planes and joints, where they form specks and tiny flakes on feldspar, quartz, biotite and apatite. Recent studies show that uraninite represents more than 95% of all uranium minerals.

Uranium mineralization predominantly occurs in the finer-grained alaskite and rarely in the coarse pegmatitic phases. A close relationship also exists between the uranium and biotite content, as well as between the degree of uranium mineralization and apatite content.

The uranium mineralization is variably distributed through the alaskite intrusions and, a great portion of the mineralization is well disseminated throughout the alaskite with local minor enrichments onto biotite selvages or local accumulations of magnetite.

Sampling and Analysis

Dr. Roger Laine, Ph.D., P.Geo., who was the Chief Geologist for Forsys from August 1, 2007 to December 31, 2011 was the designated Qualified Person ("QP") responsible for the Company's exploration program at Valencia during that period. Dr. Laine verified the geological database which included review of geological description and interpretation, assays, and radiometric readings. Dr. Laine was familiar with the methods for Quality Assurance and Quality Control specifically applicable to uranium. Dr. Laine had sufficient experience which is relevant to the style and mineralization, type of deposit and the use of radiometrics in resource estimates as well as to the activity he undertook to qualify as a QP under NI 43-101.

For the drilling done by Trekkopje Exploration, the report by Labuschagne (1979) confirms that no country rock was sampled and that all alaskite intervals were sampled: some on half core others on full core. Recovery was better than 98% and sampling respected the lithologies. Dr. Laine checked all the logs for mineralized intervals to confirm that they were all alaskite samples, in particular small intervals (less than a metre).

Dr. Laine validated the historical assays by probing (with total count GM probe) 12 holes from the Trekkopje Exploration and using the correlation between counts per seconds establish with the recent DDH drilling: the correlation curve between historical chemical assays and equivalent U_3O_8 was excellent: slope of 1 and correlation coefficient of 0.99; 68 mineralized intervals were used in the comparison.

The Company has run a scintillometer over the core before sampling and the core was sawed in half respecting the lithologies: a total of 6,548 samples were sent to SetPoint during the 2006-2008 period.

All DDH half core and RC samples collected by Valencia were assayed at the SetPoint Technology (Set Point) laboratory in Johannesburg, South Africa. SetPoint is accredited with the South African Accreditation System (SANAS), accreditation number T0223 and is also an ISO17025 accredited laboratory. SetPoint completed the crushing and pulverizing of the samples to industry standards. The prepared samples were analyzed for U_3O_8 using the XRF pressed pellet method.

Mr. Martin Hirsch, M.Sc was the Chief Geologist for Forsys until April 2014 and he was the designated QP responsible for the Company's exploration programs, specifically he was the QP responsible for the Company's exploration programs during the period from November 2012 to 2014. Mr. Hirsch is a member of the British IMMM and he is familiar with the methods for Quality Assurance and Quality Control specifically applicable to uranium. Mr. Hirsch has sufficient experience that is relevant to the style and mineralization, type of deposit and the use of radiometrics in resource estimates as well as to the activity he is undertaking to qualify as a QP under NI 43-101.

Security of Samples

Snowden reviewed the assay results from Set Point for the purposes of resource generation for Valencia and considers that the results of the QA/QC indicate a high level of precision with no bias, no significant contamination and high degree of accuracy and Snowden has concluded in the Valencia Reserve Technical Report that these results provide a high level of confidence in the use of this data in the resource estimation.

Dr. Laine implemented additional controls in 2008 to confirm the quality of sampling preparation and analytical performance of the laboratory: re-labeled pulps and rejects were sent back to the laboratory along with standards for re-assays; some pulps were sent to Ultra Trace in Perth, Australia for confirmation. As well QA/QC controls for radiometric probing were introduced to respect the same quality of work.

Namibplaas Uranium Exploration Project (EPL 3638)

Property Description and Location

At December 31, 2014, the Company owned 100% of Dunefield Mining Company (Pty) Ltd. which holds 100% of Namibplaas Exclusive Prospecting Licence 3638("EPL 3638") which covers a total surface area of 1,742 ha on the farm "Namibplaas 93".

On March 26, 2012 the Company completed the acquisition of the remaining 30% interest of Namibplaas in exchange for the issue by the Company of 13,000,000 new common shares and 2,000,000 common share purchase warrants exercisable at $1.10 until their expiry date on March 26, 2014.

EPL 3638 is located in the Erongo region, approximately 70 km south of the town of Usakos, central Namibia, being the closest town comprising less than 5,000 people. Situated 7km northeast of Valencia, EPL 3638 is accessible by way of a newly constructed industrial-grade road from the B2 highway to the Valencia project site and from there by a rough trail suitable to 4x4 vehicles.

EPL 3638 was first granted to Dunefield in November of 2006. On November 6, 2007, MME awarded a two-year renewal of EPL 3638 for nuclear fuel to Dunefield. The licence has been renewed at two year intervals and will next expire on November 6, 2017. The Company has maintained its environmental clearance, paid its annual fees and submitted its required monthly, quarterly and annual reports. No other encumbrances exist and no royalties are payable for this exploration licence as it exists on state land and is not liable for environmental taxes or royalties at this stage of development.

Accessibility and Climate

EPL 3638 is located 7.5 km from Valencia.

EPL 3638 lies within central Namib, approximately 85 km from the sea. It is situated in one of the driest zones of the Namib, being too far from the sea to receive much precipitation from fog and too far from the Khomas-Hochland to receive much rain. The mean annual rainfall is in the range of 50 to 100 mm. Data collected at Valencia over the last three years reports an annual average rainfall of 35mm. This data is pertinent given the proximity of Valencia to Namibplaas. However, historical data shows that rainfall can be extremely variable.

In contrast with the coast, Namibplaas benefits little from the cooling influence of the cold ocean. The mean maximum temperature for the hottest month, February, is approximately 32ºC. The mean minimum temperature for the coldest month, August, is about 10–12ºC. Evaporation rates are extremely high. For example, at Rössing, the annual potential evaporation is approximately 3,150 mm. Evaporation rates are highest in December and lowest in June.

Wind data from Rössing show that the strongest winds most frequently have a south-westerly or north-easterly component. Far less frequent, but most powerful, are easterly "Berg winds" which blow for up to 50 days per year. These are hot dry winds that bring dust/sand storms. Climate does not affect exploration activity at any time throughout the year.

-Topography Drainage-

The geological formations of interest for uranium exploration are similar to those at Valencia. The uranium mineralization is contained in intruded leucogranite bodies known as alaskites.

The terrain is fairly steep and rugged in Area B, where the first phase of drilling was executed. Drilling in this phase was completed with a track-mounted rig, which only needs drill access rather than roads resulting in less environmental impact. In Area A, the terrain is very steep and rugged and access is difficult. However, Area A is less likely to require any drilling after the ground prospecting demonstrated unfavorable geological features.

EPL 3638 is drained by an ephemeral river with a sandy bed running from south to north through EPL 3638. Many smaller drainage lines dissect the area, joining into the Khan River flowing westwards.

-Soil-

The soils are very poorly developed and limited in extent and there are very large areas where the alaskite bedrock and schists are exposed on the surface. The soils contain very little humus, but are nevertheless important for the seeds and organic matter that they contain.

-Geohydrology-

No geohydrological study has been undertaken specifically for exploration on Namibplaas. However, a hydrocensus was carried out for Valencia to a 30 km radius of the mine site. Because of proximity, it is reasonable to use this data as baseline information, suggesting that water is limited to fractured basement rock, and that there is no sedimentary aquifer. There is no reason to believe that drilling exploration would result in any contamination of groundwater, since percussion drilling does not use water. Any water abstraction would be minimal because it is not required for drilling and there will be no site camp on Namibplaas given the proximity to Valencia.

History

Airborne uranium anomaly maps, produced by the Namibian Geological Survey in 1997 indicated the presence of two prominent uranium anomalies, occurring near the western portion of EPL 3638. These anomalies were later designated as Zone A and Zone B. Zone A was known to have a low U/Th ratio while Zone B has a high U/Th ratio, which is more favorable. Exploration in the area was initially carried out by Goldfields Mining and Development Limited in the 1970's. A diamond drilling program was carried out during this time, with 7 holes and a total of 1,667 m drilled at a 45° dip and an azimuth of 296°.

Geological Setting

-Regional Geology-

Namibia constitutes a significant uraniferous province with a number of different styles and ages of mineralization. These range from igneous-hosted primary uranium deposits of Proterozoic to Cambrian age, through to secondary deposits such as Langer Heinrich and Trekkopje deposits, in which the calcareous sediments are of Tertiary age. Igneous-hosted, primary uranium deposits such as Namibplaas, Valencia, Rössing and Etango occur within the Central Zone of the Neoproterozoic Pan-African Damara Orogen. This is a polydeformed and polymetamorphic orogenic belt with a north-south trending coastal belt on the west side, bending into an intracontinental branch trending northeastwards from the Atlantic coast across Namibia towards Botswana. Primary mineralization is confined between two major lineaments, the Omaruru lineament and Okahandja lineament trending NE-SW and alongside the Welwitschia lineament, trending NNE-SSW.

Leucogranites have been divided into six different types based on field characteristics of color, grain-size, structural setting and mineralogy. Of these six, the three pre-tectonic are barren. Uranium mineralization in the belt is confined to late undeformed, post-tectonic sheeted leucogranites (D- and E- type granites).

The intra-continental branch separates two zones based on magnetic, depositional and tectonic regimes. The northern platform consists of weakly folded, mainly carbonate rocks and is followed southwards by a transition zone, where the folding and metamorphism increase in intensity. The central zone, about 80 km wide, is bounded by the Omaruru lineament to the north and characterized by medium to high grade metamorphism and voluminous granitic intrusions. The southern zone contains the Khomas Trough, which consists of flisch-like sequence of mica schist, quartzites and mafic metavolcanic rocks. This zone is separated from the central zone by a pronounced change in structural style, the Okahandja lineament.

The economic importance of the central zone is evident in that every uraniferous granite occurrence discovered to date, is situated between the Omaruru and the Okahandja lineaments, with Rössing and Valencia representing primary uranium deposits and Paladin's Langer Heinrich and Areva's Trekkopje deposit representing secondary uranium deposits.

Exploration History and Drilling

-Geophysical Exploration-

In 2008, radiometric prospecting was carried out by the Company over the two zones with the SPP2 scintillometer on foot. A total area of 3.01 km^2 was covered (Zone A and B) at 10m line spacing and reading positions every 5m. Although Zone A gave higher radiometric readings, these were due to a high thorium content rather than uranium, as confirmed by spectrometry survey lines. Zone B on the other hand, had radiometric results similar to those at Valencia with a high U/Th ratio. The radiometry is reported as counts per second (c/s) SPP2.

At Valencia and Namibplaas, a reading of 200 to 300 c/s is considered a drill target. This makes the Namibplaas anomaly over 500 m by 1,700 m long, which is larger than the Valencia anomaly.

-Geological Mapping-

In 2008, the Company also carried out reconnaissance mapping. This work identified the alaskites according to the general granite classification applied to the Valencia Deposit. Field work was done based on geological maps on a 1:2,500 scale. In general, the geology of Area B was found to be similar to that of the Valencia deposit with the leucogranites intruding the Damara meta-sediments, namely the Khan and Rössing Formation.

Within Zone A, the Khan Formation was the only meta-sediment noted outside the anomaly. Over the anomaly, it is the Abbabis complex. With regards to the leucogranites, C- and D-type dykes are few and the most prominent, whereas F-type granite was not noted. The SPP2 anomalies in the eastern area coincide with mylonite, porphyritic granites and basement gneisses of the Abbabis complex.

All the Damara meta-sediment formations appear in Zone B, with the Khan and Kuiseb Formations being the most prominent but numerous outcrops of Rössing marble have been mapped within the radiometric anomaly. The D-type granite occurs mainly on the south of the south-west to north-east trending radiometric anomaly, between Rössing marbles in the east and the Khan Formation in the west. B- and C-type granite occurs in the northern part of the trend, with lenses of Chuos and Karibib Formation appearing between the C-type granite in the west and the B-type granite in the east.

-Channel Sampling-

In 2009, 652 m were sampled over the radiometric anomaly in Zone B. The channels have a strike of 310° to 320° and are running perpendicular to the radiometric anomaly. The channels were also used to verify the geology from the 2008 reconnaissance mapping. The major problem encountered during this task was the lack of proper outcrops for channels. Assay results from the samples are not yet available. In 2010 additional trenching was carried out in Zone B, which provides a total of 67 channels for 1,225 m cut.

-Project Geology-

The surface geology in Zone B shows that the southern area is dominated by D-type granite and the northern area is dominated by C-type granite. This has been confirmed by channel sampling. Although the southern part is dominated by C-type granite, radiometrics shows mineralization with readings as high as 5,000 cps. This has been confirmed with results from the diamond drill holes, where magnetite-rich granite (C-type) have readings as high as those in the D-type granite. In the core, the mineralized granites intrude mainly the Khan gneisses and quartzites. Extensive quartzites usually occur at the bottom of the holes in the SW corner of Zone B, both in diamond as well as in percussion drill holes. It is difficult to determine geometry of the ore-deposit due to the relatively minimal drilling in the area. It appears that the mineralization occurs in sheeted leucogranites intruding the Khan Formation, with similarities to the Valencia deposit. However, no large intrusive is apparent based on the drilling to date.

-Environmental-

In April 2008, a land access agreement was concluded with the land owner. The Company then completed an exploration program in preparation for a drill program.

A baseline Environmental Impact Assessment ("EIA") and Environmental Management Plan ("EMP") was carried out by Colin Christian, Independent Consultant, during October 2008. His report was submitted to MET for approval, which was subsequently obtained and confirmed on December 11, 2008. The report included a preliminary Flora, Fauna and Archeology assessment. The recommendations of that report were followed with full documentation of ground preparation for drill site access by means of photographs before and after preparation, as well as photography before and after drilling. As much as possible, drill site access was obtained without constructing roads. Recommendations from the EMP are being followed by the Company and its contractors.

-Drilling-

2008

Based on the radiometric prospecting and geological mapping, 8 vertical percussion holes were drilled at Zone B in 2008, to depths of more than 200 m, for a total of 1,845 m. The location of these holes was selected, not only according to radiometric data, but also according to the ease of accessibility. Down the hole probing was used to identify granite intervals with mineralization.

2009

In 2009, nine additional percussion drill holes were drilled up to 250 m at a drill spacing of 30m to 40m.

2010

Commencing in July 2010, a more extensive drilling program (the "Phase 1 drilling program") was carried out at Namibplaas. The Phase 1 drilling program was completed in July 2011 for a total of 33 diamond drill holes (8,527 metres) and 288 percussion drill holes (63,094 metres). Additional information and significant highlights from the Phase 1 Namibplaas drilling program are available for download from the Company's website at www.forsysmetals.com.

Percussion drilling results are expressed in equivalent U_3O_8 using the correlation between assays and counts per second calculated with the diamond drill holes of Valencia; the technique was used extensively at Valencia to calculate the resources and reserves. Equivalent U_3O_8 is an industry standard for those companies familiar with the use of radiometric probing and correlation with chemical assays: diamond drill holes are sampled and assayed by recognized/accredited laboratory and the assays are compared to counts per seconds from down the hole probe results.

2011

On September 15, 2011, the Company announced its initial resource estimate for Namibplaas, classified as inferred in accordance with CIM standards, reported in accordance with NI 43-101, at a range of eU_3O_8 cut-offs

The orebody at Namibplaas consists of leucogranite sheets, known locally as alaskites, which have intruded the surrounding country rock and have formed lenses that open and close depending on the characteristics of the country rocks. A categorical model was developed, in which the proportion of leucogranite within a block (20m x 20m x 10m) was estimated, following which eU_3O_8 was then estimated into the categorical model.

This initial NI 43-101 Technical Report on Namibplaas was completed by Michael Andrew, a Principal of Optiro, which is a Perth-based mining consultancy firm. Mr. Andrew has previously had extensive involvement in preparing the NI 43-101 resource estimate for Valencia. The information in the initial Namibplaas Technical Report that relates to Mineral Resources is based on information compiled by Dr. Roger Laine, the Company's Chief Geologist at that time and reviewed by Mr. Michael Andrew who is a member of the AusIMM and a full time employee of Optiro.

In October 2011, the Phase 2, 40,000 metre Namibplaas percussion drilling program commenced with an approved budget of $2.5 million. On September 27, 2012, the Company announced that from commencement of the Namibplaas exploration program in 2008, the Company had completed a total of 33 diamond drill holes and 529 percussion drill holes; for a total of 120,124 metres (8,220 metres of diamond drilling and 111,904 metres of percussion drilling). An updated Resource Statement was released; at a 100ppm cut-off a Consolidated Measured, Indicated and Inferred Resource of 112.3 million lbs. of U_3O_8 grading 173ppm, inclusive of an updated Namibplaas Indicated and Inferred Resource of over 44.4 million lbs. of U_3O_8 grading 151ppm.

The Namibplaas project's Selective Mining Unit ("SMU") model Indicated and Inferred Resource estimate as at September 2012 reported at a range of eU_3O_8 cut-offs

A categorical model was developed, in which the proportion of leucogranite within a block (20m x 20m x 10m) was estimated, following which the eU_3O_8 was then estimated into the categorical model. Using a Localised Uniform Conditioning (LUC) change of support technique, an SMU scale block model was developed (10m x 10m x 5m) to more adequately reflect the quality of material that can be extracted at the selectivity of the proposed mining operation. The current drill spacing of 40x40 metres over the area drilled in the Phase 1 and Phase 2 programs was able to bring the resources to the Indicated category, suitable for Reserve estimation and proper pit planning. The Inferred material reported exists on the periphery of the drilled area and exhibits significant potential for further expansion of the resource.

Drilling identified two substantial high-grade zones; one to the south and the other along the eastern edge of the drilled area. Both these areas are open-ended geologically with the shallower, eastern area providing the likely target for a next phase of exploration. The mineralised alaskite continues beyond the current ore-envelope.

The Technical Reports on Namibplaas is available under the Company's filings on SEDAR at www.sedar.com.

No additional drilling programs were subsequently undertaken.

Sampling and Analysis

Core samples were cut on site with a core-saw, trying to take 1.5m samples respecting the lithology: sampling leucogranites with a minimum of radioactivity (the threshold was checked with the first batch of assay results). Radiometric readings with a scintillometer were done every 10 cm to match the readings of the down-hole gamma probe for comparison purposes.

Samples were bagged and knotted at the top with cable ties, then stored on site in a secure storage area (core-yard) within the camp until enough samples were ready for shipping to the laboratory in Johannesburg and then later on to Swakopmund (100 km away).

Two (2) different laboratories were used for analysis. The first laboratory was the Setpoint Technology (Setpoint) laboratory in Johannesburg, South Africa. All DDH half core and RC samples collected were originally assayed at Setpoint. Setpoint is accredited with the South African Accreditation System (SANAS), accreditation number T0223 and is also an ISO17025 accredited laboratory. Setpoint completed the crushing and pulverizing of the samples to industry standards. The prepared samples were analyzed for U_3O_8 using the XRF pressed pellet method. Standard reference material (SRM) or blank material was not included in the first submissions to Setpoint. However, SRMs were included in pulps that were returned to the laboratory for re-assay. The Setpoint laboratory included appropriate quality assurance and quality control (QA/QC) procedures during the analysis of samples by including certified reference standards (CRM), blanks and duplicates. The protocols for the QA/QC are as follows:

- Commercial CRMs inserted at a frequency of at least one per 20 samples;
- Blanks inserted at a frequency of at least one per 50 samples;
- Duplicates taken at a frequency of at least one per 20 samples.

The second laboratory chosen was Bureau Veritas (BV), set up in Swakopmund.

During standard analytical procedure, BV inserts their own standards and blanks every 20 samples or so.

Pulps back from the laboratory were selected to check the QA/QC from the laboratory and rejects back from the laboratory were re-labelled and sent for analysis. The Company inserted its own standards to check reproducibility and accuracy of reported results.

Security of Samples

The samples were put into larger bags and stored inside a dedicated lock-up core yard at the camp where only staff are allowed. The Company has set-up a security gate and checks all entries and casual visitors are not allowed on the Company's grounds.

Mineral Resource and Mineral Reserve Estimates

Norasa Mineral Resources and Reserves as at February 2015

In conjunction with the release of the DFS in March 2015, the Company updated Mineral Resource and Reserve estimates (February 2015) for the Norasa Project representing a consolidation of the Company's deposits, including Valencia main and satellite pits and Namibplaas. The updated resource estimate was based on the historical extensive drilling program at the Namibplaas and Valencia extension deposits, together with a detailed modeling review of the main Valencia deposit and the Namibplaas deposit. The previous Mineral Resource estimate was released in October 2013. The updated resources and reserve estimates for Norasa are detailed in tables 1 and 2 below.

Table 1 Norasa Mineral Resource (February 2015)

Category	Cut-Off Grades	Tonnes [M]	U_3O_8 [ppm]	U_3O_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.

Table 2 Norasa Mineral Reserves Estimate (February 2015)			
Classification	**Tonnes [M]**	**U_3O_8 [ppm]**	**U_3O_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

The individual Reserve Statements for Valencia and Namibplaas in Tables 3 and 4 as follows:

***Table 3** Valencia Reserves Estimate (February 2015)*			
Classification	**Mt**	**Grade ppm U_3O_8**	**Mlbs U_3O_8**
Proven	16	200	7.1
Probable	139	200	61.3
Total Reserve	**155**	**200**	**68.4**

Cut-off grade of 100 ppm

***Table 4** Namibplaas Reserves Estimate (February 2015)*			
Classification	**Mt**	**Grade ppm U_3O_8**	**Mlbs U_3O_8**
Proven	0		0
Probable	51	198	22.3
Total Reserve	**51**	**198**	**22.3**

Cut-off grade of 140 ppm

The estimates of Mineral Resources and Reserves were prepared in accordance with the standards set out in accordance with NI 43-101 of the Canadian Securities Administrators.

Unless stated otherwise, in respect of the mineral projects of the Company referred to in this resource update, the scientific and technical information (including disclosure regarding Mineral Resources) is based upon the following NI 43-101 compliant technical reports (collectively, the "Technical Reports"):

a) "SNOWDEN, Valencia Uranium (Pty) Ltd: Addendum to June 2009 Technical Report; Project No 696" dated January 2010, prepared by Jeremy Peters BSc., B.Eng, MAusIMM Principal Consultant, reviewed by Frank Blanchfield B Eng, MAusIMM Principal Consultant

b) "SNOWDEN Valencia Uranium (Pty) Ltd Valencia Project Namibia Project No. 7516 Technical Report dated June 2009, prepared by Jeremy Peters BSc., B.Eng, MAusIMM Principal Consultant and Dag Kullmann MSc. FSAIMM Engineering Manager Valencia Uranium (Pty) Ltd; and reviewed by Frank Blanchfield B Eng, MAusIMM Principal Consultant

c) "OPTIRO Technical Report on the Namibplaas Deposit " dated September 2011, prepared by Michael Andrew BSc (Geology), MAusIMM Principal Author: Dr Roger Laine (Forsys Metals Corp) PhD, P.Geo Contributor and Principal Reviewer, Ian Glacken FAusIMM (CP), CEng

d) “AMEC Foster Wheeler, Norasa Project: Definitive Feasibility Study, dated March 16 2015, prepared by Peter Nofal – Technical Director Studies for AMEC. and co-authored by Dag Kullmann, MSc., FSAIMM Engineering Manager Valencia Uranium (Pty) Ltd and Martin Hirsch, MSc. and Member of the British IMMM, Chief Geologist for Forsys

Each of the principal authors of the Technical Reports is independent of the Company within the meaning of NI 43-101 except for D Kullmann, M Hirsch and R Laine. R Laine, D Kullmann and M Hirsch were full-time employees of the Company's subsidiary, Valencia Uranium (Pty) Ltd at the time of writing. The Technical Reports have been filed with the Canadian securities regulatory authorities and are available for review at www.sedar.com under the Company's profile.

Reserve Estimation Process

The open pit optimisation process is to determine a generalised open pit shape (shell) that provides the highest value for a deposit. The process takes into account all revenues and costs and includes mining and processing parameters. It is from this analysis that a shell will be selected as the guide for a practical ultimate pit design.

The final pit design defines the Mineral Reserve and subsequently the Life of Mine (LOM) production schedule and associated cashflows can be determined. Hence, the pit optimisation process is the first step in the development of any LOM plan.

The input parameters for the process include but are not limited to:

- The latest Resource models
- Modifying factors including mining ore loss and mining dilution for any given block;
- Updated mining operating costs and mining production parameters;
- Updated process recovery, processing costs, mining and processing production rates inclusive of respective ramp-ups;
- Pit slope geotechnical parameters;
- Mill throughput rates and mining rates over time;
- Uranium price, royalties and discount rate.

The practical pit and pushback designs are based on the optimisation results. The objective of the pit design process was to transform the optimal pit shell obtained from the open pit optimisation study into a practical pit with ramps, bench and berm configurations, taking into consideration design criteria and geotechnical constraints. The practical ultimate pit design was then used to generate a reserve statement in accordance with the National Instrument 43-101 reporting criteria.

The table below shows the pit dimensions of Valencia Main, Satellite and Namibplaas. The depth was calculated based on an estimated collar 768 m, 745 m and 720 m of for each pit respectively.

***Table 5** Dimensions of the pit designs*

	Unit	Valencia Main	Valencia Satellite	Namibplaas
Length	m	1,660	712	2,107
Width	m	980	389	655
Bottom Elevation	amasl	330	577.5	450
Depth	m	420	154	264
Area	m²	1,315,850	273,223	1,134,158

Figures 2 and 3 below show parts of the orebodies that is above the cut-off grade and occurring within each of the ultimate pit designs.

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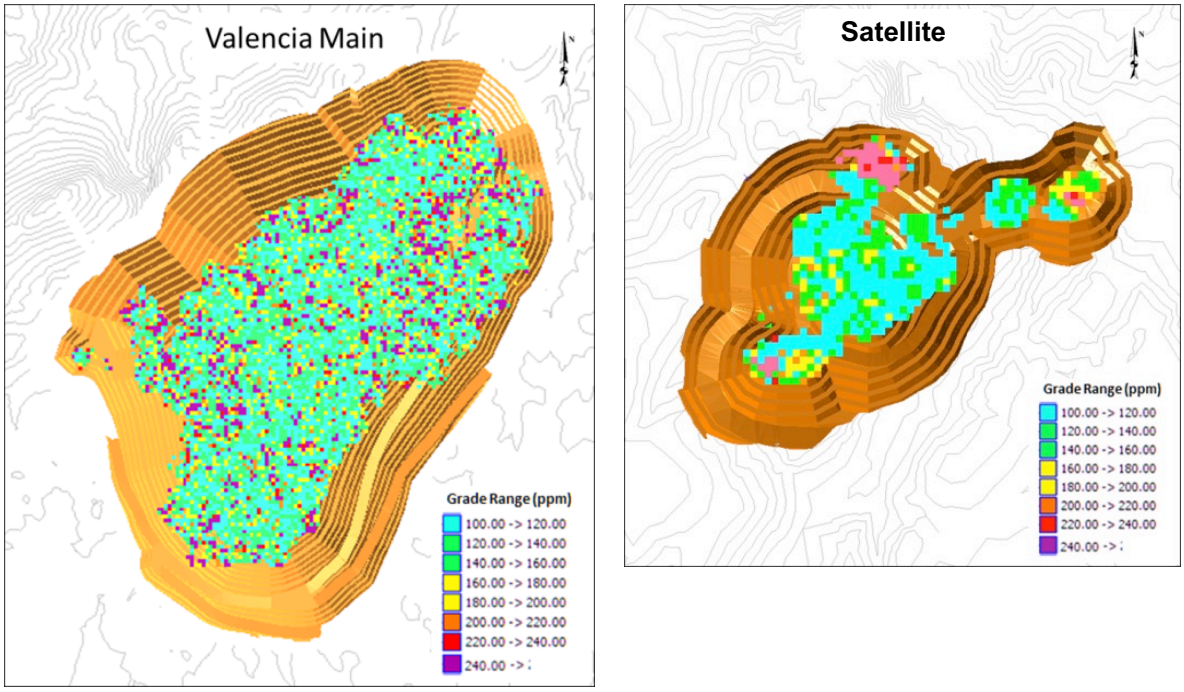

Figure 2: Plan view of ore blocks within the ultimate Valencia pit designs

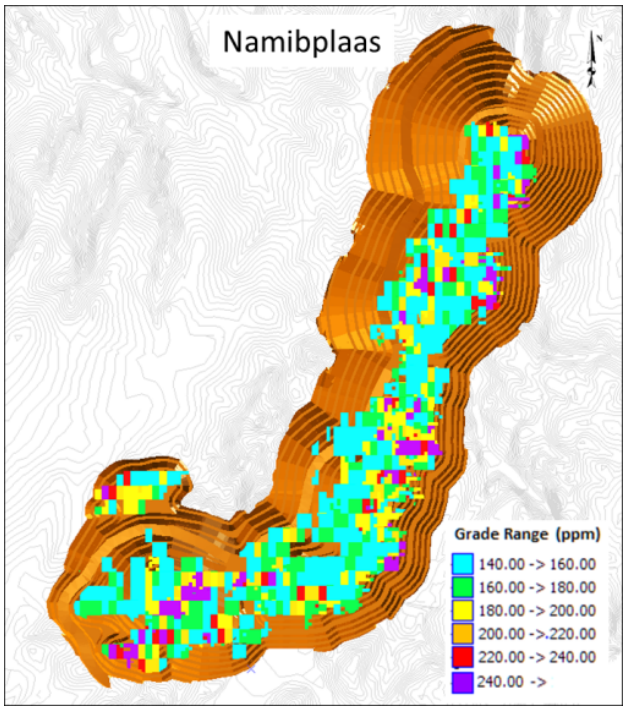

Figure 3: Plan view of ore blocks within the ultimate Namibplaas pit design.

Table 6 below summarises the total ore and waste content of the ultimate pit designs of Valencia Main, Satellite and Namibplaas. All figures quoted are above the stated U3O8 cut-off grade and applied mining modifying factors.

Table 6 Ultimate pit design ore and waste content							
Pit	**Cut-off Grade**	**Total Ore (Mt)**	**Waste (Mt)**	**Total (Mt)**	**Strip Ratio**	**Head Grade (ppm U_3O_8)**	**Metal (Mlbs U_3O_8)**
Valencia Main	100	148.91	438.56	587.46	2.95	199	65.3
Valencia Satellite	100	6.17	23.50	29.67	3.81	229	3.1
Namibplaas	140	51.00	198.22	249.22	3.89	198	22.3
Total		**206.08**	**660.28**	**866.36**	**3.20**	**200**	**90.7**

As indicated in the table above, 660.28 million tonnes of waste will be mined to expose the 206.08 million tonnes of ore, resulting in a stripping ratio of 3.2 over the life of mine.

The mining study (Table 7) considers that mining equipment will be purchased, controlled and maintained by the owner. Tyre management, explosives supply and blasting service and fuel supply contracts are included in the study. The scope of works for the explosives contract includes a bulk plant, magazines, and transport and manufacture of bulk explosives. This is referred to as a full blasting service. Fuel supply includes on-site depot for fuel and lubes, transport and management. The supplier will also provide, install and maintain the fuel storage and dispensing equipment as part of the supply contract. Mining costs can be highly variable from year to year as a number of factors change over time, particularly as mining cost increases with pit depth and hauling distance. The latter is particularly relevant when comparing the cost of hauling ore from Namibplaas to the Valencia crusher. Life of mine average costs are presented.

Table 7 Summary of mining operating costs by activity		
Details	**Total Cost (US$/t mined)**	**Total Cost (US$/lb U_3O_8)**
Loading	0.16	1.74
Hauling	0.53	5.92
Drilling	0.16	1.81
Blasting	0.29	3.27
Secondary equipment	0.08	0.89
Support equipment	0.01	0.10
Technical services & maintenance	0.11	1.18
Total labour	0.17	1.87
Sub-Total	1.51	16.78
Rom pad rehandling	0.02	0.22
Total	**1.53**	**17.00**

DFS Processing

The Company announced in March 2015 the completion of a DFS on its planned process plant for the Company's consolidated Norasa uranium project in Namibia. The DFS, which was completed by the RSA office of leading engineering group, Amec Foster Wheeler ("AMEC"), focused on optimizing the Norasa project's economics. The process operating costs reflect operation at a throughput of 11.2Mtpa. The various process plant operating costs are summarised in Table 8 using an average feed grade (U_3O_8) of 200ppm.

Table 8 Summary of Process Operating Costs			
Item	**US$/a**	**US$/t ore**	**US$/lb U_3O_8**
Reagents	32 965 828	2.94	7.31
Power	19 203 698	1.71	4.26
Consumables (incl. plant air and water)	17 890 537	1.60	3.97
Labour	4 885 454	0.44	1.08
Maintenance	6 264 774	0.56	1.39
Miscellaneous	1 210 000	0.11	0.27
Total	**82 420 291**	**7.36**	**18.28**

Process Plant Engineering Study – Key Metrics

Table 9 is a summary of the key metrics.

Table 9 Plant Parameters			
Parameter	**Units**	**Value**	**Comments**
Average feed grade (U_3O_8)	ppm	200	
Plant throughput	Mt/a	11.2	
Plant production at average grade	Mlb U_3O_8/a	4.5	At 238 ppm U_3O_8 – 5.2 Mlb U_3O_8/a
Leach extraction	%	93.2	At 200 ppm U_3O_8 feed grade
Solid/liquid separation recovery	%	98.1	Filtration testwork
IX/SX recovery	%	99.9	
Overall recovery	%	91.3	At 200 ppm U_3O_8 feed grade
Raw water consumption	m^3/t	0.21	
Power consumption	kWh/t	18.0	

DFS Capex

The capital cost summary for the Norasa project is set out in Table 10 below:

Table 10 Total Project Capital Costs

Capital Items	**Est. Cost US$/M**
Process plant (and first fill)	257.8
Mining equipment	94.0
Tailings disposal	5.6
Bulk water supply	20.8
Power supply & substation	17.7
Owner's & other outlays	37.0
Project Capital	**432.8**
Sustaining capital (life-of-mine)	139.4
Radiometric Sorting Upgrade	39.9

Most of the projected capital expenditures detailed in the table above will be spent during a two-year period, towards the end of which mining will commence. Capital expenditures are considered to be estimated to an accuracy of +/-15%. In terms of operating costs, these were determined from first principles and contractor estimates and are considered to have been estimated to an accuracy of +/-15%.

The base case processing facility comprises the following unit operations:

- crushing, sorting, screening and stockpiles
- milling
- leaching
- belt filtration
- continuous ion exchange (CIX)
- solvent extraction (SX) and ammonium diuranate (ADU) recovery
- filtration
- calcination

DFS – Summary

The key outputs from the financial model based on the above assumptions are reported for the first 5 years of the modelled operation and for the life of mine in Table 11.

Table 11 Key Financial Model Outputs

	Project	
Project Economics		
NPV at a Discount Rate of 8% (US$M) - (Excl. Tax)	622.6	
- (Incl. Tax)	383.4	
Internal Rate of Return (%) - (Excl. Tax)	32%	
- (Incl. Tax)	26%	
Payback Period from Start of Production (years)	4.4	
Capital Costs (US$M)	432.8	
Production	**Life of Mine**	**First 5 Years**
Quantity Ore Treated (Mt)	206.1	66.7
Recoveries (%)	92.4%	92.2%
Uranium sold (Kg U_3O_8)	35,288	11,710
Uranium sold (Mlb U_3O_8)	77.8	25.8
Revenue and Cash Flow		
Average U_3O_8Base Price (US$/lb U_3O_8)	65	65
Net Revenue (US$M)	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**

Employment Matters

As at December 31, 2016, the Company employed or engaged as subcontractors in Namibia a total of 2 individuals on a part-time basis in its operations. In addition, the Company had 2 management staff in Australia and 1 in Canada.

Social and Environmental Policies

The Company's mining, exploration and development activities are subject to local laws and regulations relating to protection of the environment, including requirements for closure and reclamation of mining properties.

The Norasa Project facilities have been designed to mitigate environmental impacts. The operations will have processes, procedures and facilities in place to manage substances that have the potential to be harmful to the environment.

During the last financial year, the Company's operations were in compliance in all material respects with applicable environmental regulations and there were no notices of violations, fines or convictions relating to environmental matters at any of the Company's properties.

Foreign Operations

The Company is incorporated in Ontario, Canada and conducts all of its operations through foreign subsidiaries. The Company is therefore subject to risks associated with operating in foreign jurisdictions. Please refer to the section below, Risk Factors.

RISK FACTORS

The exploration for and exploitation of natural resources are speculative activities involving a high degree of risk. The following risk factors should be considered in assessing the Company's activities. If any one or more of these risks occur, it could have a material adverse effect on the business, assets, financial position or operating results of the Company. The risks noted below do not necessarily comprise all those faced by the Company. Additional risks not currently known to the Company or that the Company currently deems would not likely influence an investor's decision to purchase securities of the Company may also impact the Company's business, assets, financial position or operating results.

Additional capital and project financing will be required to develop Norasa and no assurance can be given that such capital will be available at all or available on terms acceptable to the Company.

The funds of the Company currently available, are insufficient to fund the Company's planned expenditure for the next 12 months, which exclude further significant exploration and development activities. Accordingly, the Company will need to raise further capital and/or debt financing to fund development of its projects and other aspects of the business. The success or otherwise and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time, the outcomes of the relevant feasibility studies and exploration programs and upon the requirement to attract significant amounts of debt and equity financing by a company without significant projects already in production. Further, Forsys will require additional capital from external sources to develop any newly discovered mineral deposits. If additional capital is raised by an issue of securities, this may have the effect of diluting shareholders' interests in the Company. Any debt financing, if available, may involve financial covenants which limit the Company's operations. If the Company cannot obtain such additional capital, the Company may not be able to complete the development of its projects or may be required to reduce the scope of any expansion which could adversely affect its business, operating results and financial condition.

Public acceptance of the nuclear industry and competition from other energy sources and related commodity price risk

Growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydroelectricity may result in lower demand for uranium concentrates. Technical advancements in renewable and other alternate forms of energy, such as solar and wind power, could make these forms of energy more commercially viable and put additional pressure on the demand for uranium concentrates.

The future profitability of the Company is directly related to the market price of uranium. The feasible development of Norasa is highly dependent upon the price of uranium. A sustained and substantial decline in commodity prices could result in the write-down, termination of exploration work or loss of the Company's interest in the properties.

The Company has all of its exploration and development assets located within Namibia and currently depends almost entirely on the Norasa project.

The Company is conducting its exploration and development activities in the Republic of Namibia. The Company believes that the Government of Namibia supports the development of natural resources by foreign operators. There is no assurance that future political and economic conditions in Namibia will not result in the Government of Namibia adopting different policies respecting foreign development and ownership of mineral resources.

The Company's activities are focused primarily on the Norasa project. Any adverse changes or developments affecting these projects would have a material and adverse effect on the Company's business, financial condition and results of operations.

The development of the Norasa project into commercial operation on time and budget and its economic viability cannot be guaranteed.

In general, development projects have no operating history upon which to base estimates of future cash operating costs. For development projects such as Norasa, estimates of mineral resources and mineral reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. This information is used to calculate estimates of the capital costs and cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors.

Operating costs are dependent on the costs of various reagents, supplies, spares and labour. While open pit mining costs can sometimes be better estimated than underground mining costs, they are also very dependent on fuel and maintenance costs, foreign currency exchange rates and availability of skilled labour.

There can be no assurance that the Company will be able to complete the development of the Norasa project on time or on budget due to, among other things, changes in the economics, the scope of the pre-stripping and the size of the open pit, delays in the delivery of plant and cost overruns.

There can be no assurance that the current personnel, systems, procedures and controls will be adequate to support the Company's operations. Should any of the disruptions, changes and events referred to above occur, they would have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's mineral resource and reserve estimates are only estimates and may not reflect the actual reserves or the economic viability of the extraction of uranium or other metals.

The figures for mineral resources and mineral reserves presented in this document are estimates and no assurance can be given that the anticipated tonnage and grades will be achieved or that the indicated level of recovery will be realized or that the Company will receive the prices assumed in determining the mineral resources or reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Establishment of a uranium reserve and development of a uranium mine does not assure a profit on the investment or recovery of costs. In addition, geological complexity, mining hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from a mine. These conditions include delays in obtaining governmental approvals or consents, insufficient transportation capacity or other geological and mechanical conditions. While diligent mine supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels.

The quantity of a given mineral tends to vary in all types of deposits. Due to the nature of drilling and building reserves, small variances both positive and negative must be anticipated. Inferred materials are estimated and must account for large sections of ore bodies that are believed to contain what the average overall results demonstrate.

Mineral resource and reserve estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that its mineral resources and reserve estimates are well established and reflect management's best estimates, by their nature reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove to be unreliable. Furthermore, market price fluctuations, as well as increased capital or productions costs or reduced recovery rates may render ore reserves and resources containing lower grades of mineralization as uneconomic and may ultimately result in a restatement of reserves and resources. The evaluation of resources or reserves is always influenced by economic and technological factors, which may change over time.

Future production rates are estimates and are subject to risks of mining operations.

There is no assurance that future production estimates from future mining areas can be achieved. These production estimates are based on, among other things, the following factors: the accuracy of reserve estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence of estimated rates and costs of mining and processing and assumptions as to future commodity prices. Failure to achieve production estimates could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

The Company's actual future production may vary from estimates for a variety of reasons, including among other things: actual ore mining varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short term operating factors related to the ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades, risks or hazards associated with mining; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures and cave-ins encountered in the drilling and removal of material; and unexpected labour shortages or strikes and varying conditions in the commodity markets.

There may be a higher than normal risk of sourcing and hiring suitably trained plant management, operating and maintenance staff and these people may not be readily available in Namibia or not otherwise easily employed from within the Namibia region. This situation could also be impacted by delays in obtaining necessary work and other labour permits to allow expatriate expertise to be utilized to the extent necessary.

The Company relies on key personnel and its management team and outside contractors (including those in Namibia), and the loss of one or more of these persons may adversely affect the Company.

The Company's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The Company has entered into employment and consultancy agreements with certain of its key executives. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of the directors and senior management and the loss of one or more could have a materially adverse effect on the Company.

The Company will rely heavily on sub-contractors to build, run and maintain Norasa. The failure of a sub-contractor to perform its services properly for the Company could delay or frustrate mining operations and have a materially adverse effect on the Company.

Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions.

The Company conducts its operations through foreign subsidiaries and substantially all of its assets are held in such entities. Accordingly any limitation on the transfer of cash or other assets between the parent Company and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist in the future, could have a material and adverse impact on the Company's business, financial condition, and operations.

In addition, operating in foreign jurisdictions exposes the Company to the effects of political, economic or other risks, including changes in foreign laws (whether arbitrary or not), expropriation or nationalization of property, risks of loss due to civil strife, acts of war, insurrection or terrorism (including the effects of such acts which occur in neighbouring states), cancellation or renegotiation of contracts or the inability to enforce legal rights in the foreign jurisdiction.

Changes in Government regulations may have an adverse effect on the Company.

The Company, its subsidiaries, its business and its operations are subject to various laws and regulations. The costs associated with compliance with such laws and regulations may cause substantial delays and require significant cash and financial expenditure, which may have a material adverse effect on the Company's business, financial condition, results of operations, and prospects and, in particular, the development of Norasa.

The Company's operations and its ability to hold various mineral rights require licences, permits and authorisations and, in some cases, renewals of existing licences, permits and authorisations from various governmental and quasi-governmental authorities. The Company believes that it currently holds or has applied for all necessary licences, permits and authorisations to carry on the activities that it is currently conducting and to hold the mineral rights it currently holds under applicable laws and regulations in effect at the present time, and also believes that it is complying in all material respects with the terms of such licences, permits and authorisations. However, the Company's ability to obtain, sustain or renew such licences, permits and authorisations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasi-governmental bodies and there can be no assurance that the Company will be able to obtain, sustain or renew any such licences, permits or authorisations on acceptable terms or at all.

Currency fluctuations may adversely affect the costs that the Company incurs in its operations.

Uranium is sold throughout the world, principally in US Dollars. The Company's costs are incurred primarily in Namibian Dollars, Australian Dollars and Canadian Dollars. Changes in the currency exchange rates of the US Dollar against either of these currencies may affect the actual capital and operating costs of the Company's projects and will affect the results presented in the Company's financial statements and cause its financial position to fluctuate. As well, such fluctuations may affect the cash flow that the Company hopes to realise from its operations. Accordingly, the Company will be exposed to exchange rate fluctuations which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Further, there is no guarantee that the Government of Namibia will not impose restrictions on the convertibility of and obligations to remit and convert to local currency in future. Such fluctuations in foreign currency or restrictions on the convertibility of and obligations to remit and

convert to the currency of Namibia could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's properties are subject to environmental regulation, health and safety regulation and risks.

The Company's operations are subject to environmental, worker health and safety regulation and risks in all of the jurisdictions in which the Company operates. The uranium industry is subject to, not only the worker health, safety and environmental risks associated with all mining businesses, including potential liabilities to third parties for environmental risks, but also to additional risks uniquely associated with uranium mining and processing. The possibility of more stringent regulations exists in the areas of worker health and safety, the disposition of wastes, the decommissioning and reclamation of mining and processing sites and other environmental matters which could have a material adverse effect on the future costs or viability of a project.

The Company operates under various operating and environmental permits, licences and approvals that contain certain conditions that must be met, and the Company's right to continue operating its facilities is dependent on continued compliance with such conditions. Failure to do so could have a material adverse effect on the Company's financial condition and results of operation.

Environmental legislation and permitting requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. These changes could have a material adverse effect on the costs or viability of a particular project.

Although the Company believes its operations are in compliance, in all material respects, with all relevant permits, licences and regulations involving worker health and safety as well as the environment, there can be no assurance regarding continued compliance or the ability of the Company to meet stricter environmental regulation, which may also require the expenditure of significant additional financial and managerial resources.

In recent years, a number of mining projects in various parts of the world have been stopped due to intense lobbying and protests initiated by either local or international environmental groups. Any failure by the Company to comply with applicable environmental regulations or the stoppage of mining projects due to lobbying or protest could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may not be able to successfully compete for attractive mineral properties, personnel, licences, and other resources against its competitors.

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of exploration and development rights on attractive mineral properties. The Company's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on suitable properties. There is no assurance that the Company will compete successfully in acquiring exploration and development rights on such properties and such inability could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company cannot assure that its title and mineral licences will not be challenged, revoked or adversely altered.

The Company has investigated the mineral rights and licences held by its subsidiaries in respect of the Company's projects and, to the best of its knowledge, those rights are in good standing at the date of this document, but no assurance can be given that such rights will not be challenged, revoked, significantly altered, or fail to be renewed upon expiration, to the detriment of the Company. There can also be no assurance that the Company's (and its subsidiaries') rights will not be challenged or impugned by third parties, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects should such challenges be successful.

Insurance and uninsured risks

Although the Company maintains liability insurance against certain risks in an amount that it considers consistent with industry practice for a company in the exploration and development stage, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage, in which event the Company could incur significant costs that could have a material adverse effect upon the Company's business, financial condition and/or results of operation. Also, there are risks against which the Company cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance which may be taken out or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Company's financial condition and/or results of operation.

The Company will require significant additional insurance to cover operating risks, as applicable. There can be no assurance that such insurance will be available or that the terms and costs of such insurance will not adversely affect the anticipated profitability of the Norasa Uranium Project and, therefore, the Company's business, financial condition and/or results of operation.

The Company has no operating history and a history of losses and there can be no assurance that the Company will ever be profitable.

The Company has no mineral properties from which any ore has been extracted and sold and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Company has not earned profits to date and there is no assurance that it will do so in the future.

The success of current and future exploration activities cannot be assured.

The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which even a combination of careful evaluation, experience and knowledge cannot eliminate. While discovery of a mineral structure may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenditure may be required to establish mineral reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that pre-feasibility studies or

full feasibility studies on the Projects or the current or proposed exploration programs for the Projects will ever result in the discovery of an economically viable mineral deposit or in a profitable commercial mining operation.

Whether a uranium deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of uranium and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Projects not being, or ceasing to be, viable, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Disclosure and Internal Controls

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 transaction are properly recorded and reported. Disclosure controls and procedures are designed to ensure information required to be disclosed by 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.

DIVIDENDS

The Company has not paid any cash dividends on any of its common shares to date and currently intends to retain its future earnings, if any, to fund the development and growth of its business. In addition, the terms of any future debt or credit facility may preclude the Company from paying any dividends.

DESCRIPTION OF CAPITAL STRUCTURE

Authorized Capital

The Company is authorized to issue an unlimited number of Class "A" common shares, an unlimited number of Class "B" preference shares and an unlimited number of Class "C" preference shares.

Class "A" Common Shares

The rights of the holders of common shares are equal in all respects and include the right to receive notice of and vote at all meetings of shareholders on the basis of one vote for each common share held and, subject to the rights attached to any other class of shares, to receive the remaining property of the corporation upon dissolution.

Class "B" Shares

The Class "B" preference shares are designated redeemable, voting, non-participating preference shares. They are not entitled to receive dividends. Upon liquidation, dissolution or other winding up of the Corporation, the Class "B" preference shares are entitled to receive a sum equal to the amount paid up on the Class "B" preference shares before any amount is paid to the holders of the Common shares, the Class "C" preference shares or any other class of shares ranking junior to the Class "B" preference shares. Class "B" preference shares are redeemable at any time at the option of the Company without the consent of the holders. Holders of Class "B" preference shares are entitled to receive notice of and vote at all meetings of shareholders on the basis of one vote for each Class "B" preference share held. To date, no Class "B" preference shares have been issued.

Class "C" Shares

The Class "C" preference shares may from time to time be issued in one or more series. Subject to the filing of articles of amendment, the directors may from time to time, fix the number of shares that shall comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series including the amount of dividends, the redemption, purchase and/or conversion prices and any sinking fund or other provisions. Upon liquidation, dissolution or other winding up of the Company, the Class "C" preference shares rank on a parity with the Class "C" preference shares of every other series and are entitled to preference over the Common Shares and over any other shares ranking junior to the Class "C" preference shares. Unless the directors determine otherwise in the articles designating a series, the holder of each share of a series of Class "C" preference shares shall be entitled to receive notice of and vote at all meetings of shareholders on the basis of one vote for each Class "C" preference share held. To date no Class "C" preference shares have been issued.

Issued Capital

As at March 16, 2017 an aggregate of 145,911,421 common shares are issued and outstanding and no Class B or Class C preference shares are outstanding. In addition, 3,050,000 stock options are outstanding and 5,008,334 options were available to be granted under the Company Option Plan Details of these securities are set out in Table 12 below. Additionally, 13,307,998 common share purchase warrants were outstanding as detailed in table 13 below.

Stock Options

SHARE OPTIONS OUTSTANDING AT MARCH 16, 2017	SHARE OPTIONS OUTSTANDING AT DECEMBER 31, 2016	DATE OF GRANT	EXERCISE PRICE PER COMMON SHARE	EXPIRY DATE
1,300,000	1,300,000	March 16, 2012	$0.95	March 16, 2017
200,000	200,000	June 12, 2012	$0.88	June 12, 2017
1,550,000	1,550,000	September 9, 2014	$0.31	September 9, 2019
3,050,000	3,050,000			

Table 12 – Stock Options as at March 16, 2017 summary

Warrants

WARRANTS OUTSTANDING AT MARCH 16, 2017	WARRANTS OUTSTANDING AT DECEMBER 31, 2016	DATE OF ISSUE	EXERCISE PRICE PER COMMON SHARE	EXPIRY DATE
7,807,999	7,807,999	October 13, 2015	$0.31	October 12, 2017
5,499,999	5,499,999	September 15, 2016	$0.075	September 14, 2018
13,307,998	13,307,998			

Table 13 – Stock Options as at March 16, 2017 summary

MARKET FOR SECURITIES

Price Range and Trading Volume

Table 14 sets forth information relating to the trading of the common shares on the TSX on a monthly basis for each month of the Company's fiscal year ended December 31, 2016.

Period	High $	Low $	Close $	Volume
December, 2016	0.12	0.07	0.07	2,287,800
November, 2016	0.08	0.07	0.07	436,600
October, 2016	0.08	0.06	0.07	777,400
September, 2016	0.09	0.06	0.09	1,698,700
August, 2016	0.09	0.07	0.07	1,299,000
July, 2016	0.09	0.06	0.06	3,148,500
June, 2016	0.07	0.05	0.06	4,533,100
May, 2016	0.08	0.07	0.08	2,981,900
April, 2016	0.09	0.07	0.09	2,043,700
March, 2016	0.11	0.08	0.10	1,130,000
February, 2016	0.11	0.09	0.10	216,900
January, 2016	0.12	0.09	0.09	381,800

Table 14 – Common Shares trading on the TSX

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

At December 31, 2016 there were no escrowed securities or securities subject to contractual restrictions on transfer.

PRIOR SALES

The only securities that the Company has outstanding that are not listed or quoted on a marketplace are stock options granted under the Company's Option Plan and warrants issued in connection with private placements, acquisitions and other transactions. See above under the heading "Description of Capital Structure – Share Options" for the details of outstanding options and warrants.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name and municipality of residence of each director and executive officer of the Company, as well as such individual's position with the Company, principal occupation within the five preceding years and period of service as a director (if applicable) and the number of Common Shares beneficially owned, directly or indirectly, by such individual. Each director will hold office until the next annual meeting of shareholders of the Company and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal.

NAME, MUNICIPALITY OF RESIDENCE AND CURRENT POSITION(S) WITH THE COMPANY[1]	PRINCIPAL OCCUPATION (PAST FIVE YEARS) [1]	DIRECTOR SINCE	BENEFICIAL OWNERSHIP OF COMMON SHARES[2]
Martin R. Rowley [3] [5] Perth, Western Australia, Australia Chairman	Chairman of the Company since October 2007; Executive Director of Business Development of First Quantum Minerals Ltd. since January 2007; Chief Financial Officer of First Quantum Minerals Ltd. from December 1997 to January 2007; Non-executive Chairman and a director of Lithium One Inc from November 2009 to July 2012. Non-executive Chairman and a director of Galaxy Resources Limited since November 2013.	October 22, 2007	7,000
Marcel Hilmer [6] Perth, Western Australia, Australia Director and Chief Executive Officer	Director and Chief Executive Officer of the Company since February 4, 2010; Executive consultant to the mining industry since 2004 working principally with First Quantum Minerals Ltd; Director and Chief Executive Officer of Caravel Minerals Ltd since November 2012.	February 4, 2010	258,633
Mark Frewin [6] Little Dunmow, United Kingdom Director and Vice-President Legal Affairs	Director of the Company since September 2005; Vice-President Legal Affairs of the Company from June, 2010 to March 2017; Head of Legal Affairs of the Company from June 2007 to June 2010; Director of Caledonian Consultancy Limited since June 2013. Partner, McCarthy Tétrault LLP (Law Firm) from January 2006 to June 2013; Director of Giyani Gold Corp. from June 2012 to February 2016; Chairman of Westbridge Energy Corp. from August 2012 to November 2015.	September 6, 2005	550,000
Paul Matysek, M. Sc., P. Geo. [3] [4] [6] West Vancouver, B.C., Canada Director	Director of the Company since October 2007; Businessman; Chairman of Equator Resources Ltd since February 2017; CEO of Goldrock Mines Corp. from November 2012 to July 2016; Chairman of Lithium X since November 26, 2015; Director and CEO of Lithium One Inc from July 2009 to July 2012; Director, President and CEO of Potash One Inc. from 2007 to 2011.	October 22, 2007	10,000
Jorge Estepa [6] Brampton, Ontario, Canada Director and Corporate Secretary	Director of the Company since March 2015; Corporate Secretary of the Company since April 2004; Previously Director of the Company from April 2004 until March 2006; Vice President, Secretary and Treasurer of: (i) Cartier Iron Corp. from 1995; (ii) Eloro Resources Ltd. from 1997; (iii) Champion Iron Mines Limited (formerly Champion Minerals Inc.) from 2006 to 2014; Corporate Secretary (Canada) of Champion Iron Limited since March 2014; and Director of Canoe Mining Ventures Corp. since December 2013.	March 23, 2015	236,000
Rowen Colman Benowa, Queensland, Australia Chief Financial Officer	Chief Financial Officer of the Company since May 2012; Chief Financial Officer of Everlight Resources Limited since November 2016; Chief Financial Officer of Galaxy Resources Limited October 2014 to November 2016, Chief Financial Officer of Caravel Minerals Limited since March 2013, Chief Financial Officer, Global Agriculture Land & Opportunities Fund 2010 to 2012.	N/A	—

Notes

(1) The information as to residence and principal occupation has been provided by the director and/or executive officer.

(2) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been provided by each director and/or executive officer individually and is as at March 16, 2017.

(3) Member of the Audit Committee.

(4) Member of the Compensation Committee.

(5) Member of the Nomination and Governance Committee.

(6) Member of Health, Safety and Environmental Committee

The audit committee is comprised of non-executive (independent) directors and is chaired by Mr. Rowley. The audit committee meets at least quarterly to review the Company's interim and annual consolidated financial statements before submission to the Board for approval. The audit committee also reviews regular reports from management and the external auditors on accounting and internal control matters. Where appropriate, the audit committee monitors the progress of action taken in relation to such matters. The audit committee recommends the appointment of, and reviews the fees of, the external auditors.

As at March 16, 2017 the directors and executive officers of the Company as a group beneficially own, directly and indirectly, or exercise control or direction over 1,061,633 common shares, representing 0.7% of the issued and outstanding common shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as set out below, no director or executive officer of the Company is as at the date hereof, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity:

1. was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities law for a period of more than 30 consecutive days; or
2. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade order or similar order or an order that denied such company access to any exemption under securities law, for a period of more than 30 consecutive days.

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

a) is, as at the date of the Annual Information Form, or has been within the 10 years before the date of the Annual Information Form, a director or executive officer of any company that, while acting in that capacity, or within a year of ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold any such person's assets; or
b) has, within the 10 years before the date of the Annual Information Form become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted such proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has:

a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company, its directors, officers or other members of management of the Company as a result of their outside business interests at the date hereof. However, certain of the directors, and officers and other members of management serve as directors, officers, and members of management of other public resource companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Company.

The directors and officers of the Company have been advised of their obligations to act at all times in good faith with a view to the best interests of the Company and to disclose any conflicts to the Company if and when they arise.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not presently nor at any time during its most recently completed financial year has the Company been a party to or has any of its property been the subject of: (i) any legal proceeding that involves a claim for damages that exceeds ten per cent of the current assets of the Company; or (ii) any regulatory action. Further, the Company is not aware of any other such proceedings or actions known to be contemplated.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the directors, executive officers or principal shareholders of Forsys, and no associate or affiliate of any of them, has or has had, within the three most recently completed financial years or during the current financial year, any material interest in any completed transaction which materially affects Forsys.

INTERESTS OF EXPERTS

BDO Australia provided an auditor's report in respect to the Company's financial statements for the year ended December 31, 2016 dated March 16, 2017. BDO Australia has advised the Company that they are independent with respect to the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

The following persons prepared or contributed to a report under NI 43-101, referenced earlier in this AIF, during the Company's financial year ended December 31, 2015 and up to the date of this AIF:

1. Michael Andrew, Divisional Manager, Snowden Mining Industry Consultants in connection with the Valencia Resource/Reserve Update Report (June 2009);
2. Jeremy Peters, Principal Consultant, Snowden Mining Industry Consultants in connection with the Valencia Resource/Reserve Update Report (June 2009) and Valencia Technical Update Report (January 2010).
3. Donald Boyack (DB) has undertaken a Technical Review of the Ondundu Gold Project and EPL3195 held by Omatjete Mining (Pty) Ltd (OM) a wholly owned subsidiary of Westport Resources Namibia.
4. Michael Andrew, Principal Consultant, Optiro Pty Ltd in connection with the Technical Report-Namibplaas Deposit, Namibia resource estimate.
5. Peter Nofal – Technical Director Studies for AMEC, is responsible for the process plant related sections of the DFS (March 2015).

To the best of the Company's knowledge, none of the individuals noted above owns beneficially, directly or indirectly, any of the Company's common shares.

TRANSFER AGENTS AND REGISTRARS

The registrars and transfer agents for the Common Shares are TMX Equity Transfer Services Inc. at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The Company did not enter into any material contract during the most recently completed financial year or before the most recently completed financial year that is still in effect (other than material contracts entered into in the ordinary course of business that are not required to be filed under NI 51-102 - *Continuous Disclosure Obligations*).

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The text of the charter of the audit committee of the Board is attached hereto as Appendix "A".

Composition of the Audit Committee

The members of the audit committee during 2016 were, Martin Rowley, Paul Matysek and Claudio Cornini (resigned October 13, 2016) who are independent of the Company and financially literate.

Martin Rowley – Mr. Rowley graduated from the University of Western Australia with a Bachelor of Commerce degree in 1975. After starting his career as an accountant working in both Australia and England he joined the Bond Group of Companies in Australia in 1980 as executive assistant to the Board of Directors. Mr. Rowley has over 35 years of experience in the mining industry, the past 20 years with First Quantum Minerals Ltd (TSX:FM)(LSE:FQM) since co-founding the company in 1996. Mr. Rowley is director of FQM and served as FQM's CFO until January 2007 when he assumed the role of Executive Director, Business Development. He has also been Chairman and non-executive director of Lithium One Inc from 2009 until the company was acquired in July 2012. He is also Non-executive Chairman and a director of Galaxy Resources Limited since November 2013.

Paul Matysek – Mr. Matysek is President and CEO of Lithium One Inc. He was previously the President and CEO of Potash One Inc. until its sale in 2011 and was previously President, CEO and co-founder of Energy Metals Corporation which was purchased in 2007 by Uranium One Inc. in a deal valued at over $1 billion. He is a professional geoscientist with a Master's of Science degree in Geology. With over 25 years of domestic and international experience, he is a recognized entrepreneur and has held senior management and/or director positions with several Canadian firms as well as other natural resource exploration and development companies in addition to Energy Metals Corporation. He is also a member of the Association of Professional Engineers and Geoscientists of British Columbia.

With the resignation of Mr. Cornini, there is a vacancy in the Company's audit committee.

Audit Committee Oversight

During the fiscal year ended December 31, 2016, all recommendations of the audit committee to nominate or compensate an external auditor were adopted by the Board.

Pre-Approval Policies and Procedures

The audit committee's charter includes the responsibility of the audit committee to pre-approve all non-audit services to be provided to the Company by its external auditors.

External Auditor Service Fees

The Company's auditors are BDO Australia (2015: PricewaterhouseCoopers) who have prepared an auditor's report in respect to the Company's financial statements for the year ended December 31, 2016. The Table 15 is a summary of fees billed or to be billed with respect to audit and other fees for the last two financial years:

CATEGORY	2016 $	2015 $
Audit fees[(1)]	53,300	92,600
Tax Fees[(2)]	7,500	7,500
Total	**$60,800**	**$100,100**

(1) Includes professional fees billed or to be billed in respect of the audit year.
(2) Includes professional fees for services rendered for tax compliance, tax advice and tax planning.

Table 15 – Audit and Tax Fees

ADDITIONAL INFORMATION

Additional information relating to the Company may be found under the Company's filings on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans is contained in the Company's Information Circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Company's audited Consolidated Financial Statements and Management Discussion and Analysis for its most recently completed financial year ended December 31, 2016.

Appendix "A" to the Annual Information Form of Forsys Metals Corp

Approved March 28, 2011

AUDIT COMMITTEE – CHARTER

1.0 Overall Purpose/Objectives

The Audit Committee (the "**Audit Committee**") of the Board of Directors (the "Board") has been established to provide independent review and oversight of the Company's financial reporting process, systems of internal controls and management of financial risks, and the audit process, including the selection, oversight and compensation of the Company's external auditors. The Audit Committee will also assist the Board in fulfilling its responsibilities in reviewing the Company's process for monitoring compliance with laws and regulations (other than environmental and safety laws) and the Company's Employee Code of Conduct. The Audit Committee shall also prepare such reports as are required to be prepared by applicable security laws.

The Audit Committee provides an avenue for communication between each of the external auditors, Management and the Board. The Audit Committee shall have a clear understanding with the external auditors that they must maintain an open and transparent relationship with the Audit Committee and that the ultimate accountability of the external auditors is to the Board and to the Audit Committee, as representatives of the shareholders.

The primary responsibility for financial and other reporting, internal controls, and compliance with laws and regulations, and ethics rests with the Company's management. In discharging its duties the independent auditor is ultimately accountable to the Board and the Audit Committee is representative of the shareholders of the Corporation.

The Audit Committee shall make regular reports to the Board concerning its activities and in particular shall review with the Board any issues that arise with respect to the quality or integrity of the corporation's financial statements, the performance and independence of the external auditors, and the performance of the corporation's internal audit function.

To perform his or her role effectively, each Audit Committee member shall obtain an understanding of the responsibilities of Audit Committee membership as well as the Company's business, operations and risks.

2.0 Authority

The Board has granted the Audit Committee, within its scope of responsibilities, to investigate any activity of the Corporation and its subsidiaries. The Audit Committee has been, and shall be, granted unrestricted access to all information and all employees have been, and shall be, directed to cooperate as requested by members of the Audit Committee. The Audit Committee has the authority to retain, at the Corporation's expense, persons having special competencies (including, without limitation, legal, accounting or other consultants and experts) to assist the Audit Committee in fulfilling its responsibilities.

3.0 Organization

3.1 Membership

a) The Board will appoint annually, from among its members, an Audit Committee comprised of at least two directors but preferably three or more directors who shall all be "unrelated directors" in accordance with the Corporate Governance Guidelines as amended of the Toronto Stock Exchange and shall all be "independent" in accordance with the rules of the relevant Canadian Securities Administrators as set out in National Instrument 52-110 "Audit Committees" as amended. Under applicable laws, an "unrelated director" is a director who is independent of management and free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the company, other than interests and the relationship arising from shareholding.

b) All members shall, to the satisfaction of this Board be financially literate. For purposes of this section, an individual is considered to be financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. Further, at least one member of the committee at all times should have accounting or financial expertise. For purposes of this section, financial expertise is the ability to analyze and interpret a full set of financial statements, including the notes thereto, prepared in accordance with Canadian Accounting Standards.

c) The chairman of the Audit Committee (the "Chairman") will be appointed by the Board and in his or her absence, nominated by the Audit Committee from time to time.

d) Committee members shall serve until their successors shall be duly designated and qualified. Any member may be removed at any time, with or without cause, by a majority of the Board then in office. Any vacancy in the Committee occurring for any cause may be filled by a majority of the Board then in office.

e) A majority of Audit Committee members shall form a quorum (minimum two).

f) The secretary of the Audit Committee will be appointed by the Chairman.

3.2 Attendance at Meetings

a) The Audit Committee may invite such other person to its meetings as it deems appropriate.
b) The external auditors will be present at each quarterly Audit Committee meeting, unless otherwise requested by the Chairman, and are expected to provide comment on the financial statements and their work in relation to the financial statements and other disclosure documents in accordance with their professional standards. The auditors will also have direct access to the Audit Committee without the need to use management as a conduit.
c) Meetings shall be held not less than four times a year. Special meetings shall be convened as required. Either auditors or management may request that the Audit Committee convene a meeting if they consider that it is necessary, by giving 48 hours' notice to the members of the Audit Committee unless such notice is waived by the majority of Audit Committee members.
d) Minutes shall be prepared to record the proceedings of all meetings.
e) The Committee may form and delegate authority to subcommittees when appropriate.

3.3 Role of Chairman

The Chairman of the Audit Committee shall preside over meetings of the Audit Committee, assist in co-ordination of the agenda and materials for Audit Committee meetings, co-ordinate the discharge of the Audit Committee's responsibilities under this Charter and provide reports of the Audit Committee to the Board.

4.0 Specific Duties

In discharging its responsibilities, the Committee shall have the sole authority to, and shall, do the following:

1. retain and, where appropriate, terminate the Corporation's independent auditors,
2. determine the independence of the Corporation's independent auditors,
3. pre-approve all auditing services and related fees and the terms thereof, including the scope of the independent auditors' audit examination plan, procedures and timing of the audit, and
4. Pre-approve any non-audit services (i.e., any services provided other than in connection with the audit or review of financial statements) to be rendered by the Corporation's auditors, including the terms thereof, and the fees to be paid in connection therewith.

The Committee may delegate to one or more members of the Committee the authority to pre-approve services to be provided by the independent auditors. Any such pre-approval by one or more members of the Committee shall be reported to the full Committee at the next scheduled meeting. The pre-approval of auditing and non-auditing services can be done with input from, but no delegation of authority to, management.

4.1 Additional Duties

The Committee is also expected to perform the following additional duties:

1. Prior to the audit, review the experience and qualifications of the senior members of the independent auditors' audit team and the quality control procedures of the independent auditors.
2. Review with the independent auditors and management the Corporation's policies and procedures relative to the adequacy of internal accounting and financial reporting controls, including controls over quarterly and annual financial reporting, computerized information systems and security.
3. Make all necessary inquiries of management and the independent auditors concerning compliance with established standards of corporate conduct.
4. Review with management, and the independent auditors (i) the Corporation's policies with respect to risk assessment and risk management, (ii) the Corporation's major financial risk exposures and (iii) the steps management has taken to monitor and control such exposures.
5. Review with management and the independent auditors the accounting and reporting principles and practices applied by the Corporation in preparing its financial statements, including: (i) major issues regarding accounting principles and financial statement presentations including any significant changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies; (ii) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation; and (iv) earnings press releases (when applicable) (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as financial information and earnings guidance (when applicable) provided to analysts and rating agencies.
6. Discuss with management generally the types of information (including financial information and earnings guidance, when applicable) to be disclosed in earnings press releases and earnings calls, as well as to analysts and rating agencies.
7. Prior to the release of the annual financial statements, review with management and the independent auditors, upon completion of their audit, the financial results for the year and the results of the audit, including (i) the Corporation's annual financial statements and related footnotes; (ii) management's discussion and analysis of the financial condition and results of operations; (iii) the results of the audit, including the nature and amount of unrecorded adjustments resulting from the audit; (iv) the independent auditors' management recommendations; (v) any significant transactions which occurred during the year; (vi) any significant adjustments;

(vii) management judgments and accounting estimates; (viii) new accounting policies; (ix) all alternative treatments of financial information within generally accepted accounting principles, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the independent public accountants; and (x) any disagreements between management and the independent auditors.

8. Prior to the release of quarterly financial statements, review with management the Corporation's quarterly financial statements for such quarter, including (i) the financial statements and related footnotes, (ii) management's discussion and analysis of the financial condition and results of operations, (iii) the result of the quarterly review, including the nature and amount of unrecorded adjustments resulting from the review, (iv) any significant transactions which occurred during the quarter, (v) any significant adjustments, (vi) critical accounting policies and practices, (vii) new accounting policies, (viii) all alternative treatments of financial information within generally accepted accounting principles, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the independent public accountants, and (ix) any disagreements between management and the independent auditors.
9. At least annually, (i) obtain and review from the independent auditors a written statement delineating all their relationships with the Corporation, which is to include all non-audit services provided and related fees and (ii) discuss with the independent auditors any disclosed relationships or services that may impact the objectivity and independence of the accountants and take appropriate action to satisfy itself as to the independence of the accountants.
10. At least annually, (i) obtain and review a written report by the independent auditors describing (a) the firm's internal quality-control procedures; and (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by Governmental or professional authorities, within the preceding five years, respecting any independent audit carried out by the firm, and any steps taken to deal with any such issues, and (ii) review the independent auditors' work throughout the year, including obtaining the opinions of management. Based upon the foregoing, (i) evaluate the independent auditors' (including the lead partner's) performance and (ii) present the Committee's conclusions to the full Board.
11. Approve the “Report of the Audit Committee” included in the Corporation's annual proxy circular. Such report is to include:

    - That the independence of the independent auditors has been discussed with them;

    - That the audited financial statements have been reviewed and discussed with management; and

    - The Committee's recommendation with regard to the audited financial statements.

12. Meet or speak periodically and separately with each of management and the independent auditors.
13. Review and evaluate the internal auditors' (if one exists) work throughout the year, and present the Committee's conclusions to the full Board.
14. At least quarterly, review with the independent auditors difficulties or problems encountered in the course of any audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
15. Set and review clear hiring policies for employees or former employees of the independent auditors in accordance with applicable laws and regulations.
16. Take such action as necessary to assure the rotation of the lead audit partner at least every five years or such other period as may be required under applicable law.
17. Establish or review procedures for processing internal complaints regarding accounting, internal controls or auditing matters, and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing practices.
18. Apprise the Board of Directors regularly of significant developments in the course of performing the above duties, including reviewing with the full Board any issues that arise with respect to the quality or integrity of the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Company's independent public accountants.
19. Review and reassess the adequacy of this charter on a regular basis and submit any proposed revisions to the Board for consideration and approval.
20. The Audit Committee shall receive and review the reports of the Chief Executive Officer and Chief Financial Officer (Form 52-109F1 Certificate of Annual Filings and Form 52-109F2 Certificate of Interim Filings) required by securities regulations in connection with the filing of Financial Statements and Management Discussion and Analysis.