



Unaudited Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2017

These unaudited condensed interim consolidated financial statements of Forsys Metals Corp. for the three months ended March 31, 2017 have been prepared by management and approved by the Board of Directors of the Company.

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

FORSYS METALS Corp.

(An exploration stage company)

Consolidated Balance Sheet

As at March 31, 2017

		March 31	December 31
		2017	2016
(Expressed in Canadian dollars)	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		223,949	418,040
HST/VAT receivables		11,609	4,993
Prepaid expenses and other assets		11,027	16,646
Total current assets		246,585	439,679
Non-current assets			
Mineral properties, exploration and evaluation costs	3	79,747,238	79,274,964
Property, plant and equipment	4	9,161,724	9,033,952
Total non-current assets		88,908,962	88,308,916
Total assets		89,155,547	88,748,595
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		250,178	244,086
Total liabilities		250,178	244,086
Equity			
Share capital		208,815,848	208,828,015
Accumulated loss		(103,530,736)	(103,367,994)
Accumulated other comprehensive loss		(16,200,651)	(16,770,493)
Total equity attributable to shareholders of the Company		89,084,461	88,689,528
Non-controlling interests		(179,092)	(185,019)
Total equity		88,905,369	88,504,509
Total liabilities and equity		89,155,547	88,748,595
Commitments and contingencies	10		

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

FORSYS METALS Corp.

(An exploration stage company)

Consolidated Income (Loss) Statement

For the three months ended March 31, 2017

(Expressed in Canadian dollars except per share amounts)	Note	Three months ended March 31	
		2017	2016
		\$	\$
General and administrative expenses	8	(164,052)	(261,074)
Interest income		376	1,437
Loss before income tax		(163,676)	(259,637)
Income tax expense		-	-
Net loss for the period		(163,676)	(259,637)
Net loss for the period attributable to:			
Non-controlling interests		(934)	(7)
Shareholders of the Company		(162,742)	(259,630)
Net loss per share attributable to shareholders of the Company		(0.11)	(0.19)
Basic and diluted loss per share (cents per share)			
Weighted average number of common shares outstanding		145,911,421	134,911,421

Consolidated Statement of Comprehensive Income (Loss)

For the three months ended March 31, 2017

(Expressed in Canadian dollars)	Note	Three months ended March 31	
		2017	2016
		\$	\$
Net loss for the period		(163,676)	(259,637)
Other comprehensive income (loss), net of taxes			
Items that may be reclassified subsequently to net income			
Foreign currency translation		576,703	(578,832)
Other comprehensive income (loss), net of taxes		576,703	(578,832)
Comprehensive income (loss) for the period		413,027	(838,469)
Comprehensive income (loss) for the period attributable to:			
Non-controlling interests		5,927	(6,473)
Shareholders of the Company		407,100	(831,996)
		413,027	(838,469)

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

FORSYS METALS Corp.

(An exploration stage company)

Consolidated Statement of Changes in Equity

For the three months ended March 31, 2017

(Expressed in Canadian dollars)	Note	Three months ended March 31	
		2017	2016
		\$	\$
Share capital			
Common shares			
Balance as at beginning of period		163,082,241	163,082,241
Share issuance costs		(12,167)	-
Balance as at end of period		163,575,036	163,082,241
Share purchase warrants			
Balance as at beginning of period		1,300,733	1,153,527
Balance as at end of period		1,300,733	1,153,527
Contributed surplus			
Balance as at beginning of period		43,906,715	43,906,715
Share-based compensation	6	-	-
Balance as at end of period		43,906,715	43,906,715
Equity reserve			
Balance as at beginning of period		33,364	33,364
Balance as at end of period		33,364	33,364
Total share capital		208,815,848	208,175,847
Accumulated loss			
Balance as at beginning of period		(103,367,994)	(101,869,333)
Loss for the period attributable to shareholders of the Company		(162,742)	(259,630)
Balance as at end of period		(103,530,736)	(102,128,963)
Accumulated other comprehensive loss			
Foreign currency translation			
Balance as at beginning of period		(16,770,493)	(20,333,350)
Currency translation differences on foreign operations		569,842	(572,366)
Balance as at end of period		(16,200,651)	(20,905,716)
Total accumulated comprehensive loss		(16,200,651)	(20,905,716)
Non-controlling interests			
Balance as at beginning of period		(185,019)	(226,910)
Gain (loss) attributable to non-controlling interests		5,927	(6,473)
Balance as at end of period		(179,092)	(233,383)

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

FORSYS METALS Corp.

(An exploration stage company)

Consolidated Statement of Cash Flows

For the three months ended March 31, 2017

(Expressed in Canadian dollars)	Note	Three months ended March 31	
		2017	2016
		\$	\$
Cash flows from operating activities			
Net loss for the period		(163,676)	(259,637)
Interest income		(376)	(1,437)
Items not involving cash:			
Depreciation	8	391	4,439
Gain on sale of property, plant and equipment		-	(19,958)
Changes in non-cash operating working capital:			
Trade and other receivables		(6,609)	(1,985)
Prepaid expenses and other assets		5,659	3,962
Trade and other payables		8,334	(74,383)
Cash used in operating activities		(156,277)	(348,999)
Cash flows from financing activities			
Share issuance costs		(12,167)	-
Cash used in financing activities		(12,167)	-
Cash flows from investing activities			
Interest income		376	1,437
Additions to mineral properties, exploration and evaluation costs	3	(25,988)	(149,498)
Proceeds on sale of property, plant and equipment	4	-	21,899
Cash used in investing activities		(25,612)	(126,162)
Decrease in cash and cash equivalents		(194,056)	(475,161)
Cash and cash equivalents at beginning of period		418,040	881,501
Exchange gain on cash held in foreign currency		(35)	(308)
Cash and cash equivalents at end of period		223,949	406,032

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

FORSYS METALS Corp.

(An exploration stage company)

Notes to the Financial Statements

For the three months ended March 31, 2017

(Expressed in Canadian dollars)

1. Nature of operations

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

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

The Company's continued operations are dependent on its ability to secure additional equity capital, divest assets or generate cash flow from operations in the future, none of which is assured. Seasonality does not have a significant impact on the Company's operations.

Forsys is incorporated under the Business Corporations Act (Ontario) and the primary listing of its common shares is on the Toronto Stock Exchange, with secondary listings on the Namibian Stock Exchange and Frankfurt Stock Exchange. The Forsys registered office is at 66 Wellington Street West, Toronto Bank Tower, Suite 5300, Toronto, Ontario, Canada, M5K 1E6.

2. Significant accounting policies

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated annual financial statements for the year ended December 31, 2016.

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of, and disclosed in, the consolidated annual financial statements for the year ended December 31, 2016. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and current as of May 9, 2017.

These condensed interim financial statements for the three months ended March 31, 2017 (including comparatives) were approved and authorized for issue by the Company's Board of Directors on May 9, 2017.

b) Changes in accounting policies

There has been no change in accounting policies to those adopted in the Company's consolidated annual financial statements for the year ended December 31, 2016.

FORSYS METALS Corp.

(An exploration stage company)

Notes to the Financial Statements (continued)

For the three months ended March 31, 2017

(Expressed in Canadian dollars)

3. Mineral properties, exploration and evaluation costs

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

	Norasa Uranium Project \$	Ondundu Gold Project \$	Mineral Properties Total \$
Balance at January 1, 2016	73,212,774	3,006,047	76,218,821
Additions to exploration and evaluation costs	296,499	-	296,499
Foreign exchange movement	2,552,542	207,102	2,759,644
Balance at December 31, 2016	76,061,815	3,213,149	79,274,964
Additions to exploration and evaluation costs	21,696	-	21,696
Foreign exchange movement	416,790	33,788	450,578
Balance at March 31, 2017	76,500,301	3,246,937	79,747,238

b) The Company holds the following licences in relation to mineral properties in Namibia, Africa which have mineral property, exploration and evaluation costs capitalized on the balance sheet as at March 31, 2017.

Norasa Uranium Project

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

Valencia Uranium Project

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

Namibplaas Uranium Project

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

Ondundu Gold Project

The Company holds a 75% interest in Razorback Mining Company (Proprietary) Limited ("Razorback"), which owns 100% of EPL 3195 incorporating the Ondundu Gold Project ("Ondundu"). This minority shareholding is recorded as a 25% non-controlling interest in Razorback. The Company also owns a 70% interest in Omatjete Mining Company (Proprietary) Limited ("Omatjete"), which owns 100% of the Ondundu IP. This minority shareholding is recorded as a 30% non-controlling interest in Omatjete.

In February 2015 the Ministry of Mines and Energy of the Republic of Namibia renewed EPL 3195 until February 3, 2017. In October 2016 a renewal application for a further two year period was lodged. The licence remains in good standing.

Effective January 11, 2016 the Company executed a Heads of Agreement ("Earn-in") with respect to Ondundu with B2Gold Mining Investments Limited and B2Gold Namibia (Proprietary) Limited (together "B2Gold"). The Earn-In gives B2Gold the right to earn up to a 100% interest in Razorback if B2Gold expend earn-in contributions accross three consecutive earn-in periods. On 18 November 2016 the Company received a First Earn-In Notice from B2Gold indicating B2Gold had expended the first USD 900,000 on exploration and was entitled to a 25% share in Razorback. The Company has analysed the expenditure details and has issued the first tranche of shares to B2Gold. Further, B2Gold provided the Company with notice of funds expended on Ondundu on January 11, 2017. The submission advised that the Second Earn-in contribution of US\$ 1,100,000 or cumulative spend threshold of US\$ 2,000,000 was met during December 2016. The Company is now completing analyses of the project spend by B2Gold and expects to issue further shares in Q2 2017

4. Property, plant and equipment

At March 31, 2017, included in property, plant and equipment of \$9,161,724 (December 31, 2016 - \$9,033,952) is capital work-in-progress of \$9,160,644 (December 31, 2016 \$9,032,504).

Capital work-in-progress included \$2,658,846 incurred for costs to fabricate three rod mills (currently stored in South Africa). The current Feasibility Study indicates a sag mill will be more efficient and therefore the rod mills will not be utilised. At December 31, 2016 management reviewed the carrying value of the rod mills and reduced the carrying value to \$Nil being the estimated sale value net of selling costs.

FORSYS METALS Corp.

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Notes to the Financial Statements (continued)

For the three months ended March 31, 2017

(Expressed in Canadian dollars)

5. Share capital

Authorized

The Company is authorized to issue:

An unlimited number of Class A common shares without par value

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

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

Issued

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

	Number of Common Shares	Amount \$
Balance as at January 1, 2016	134,911,421	163,082,241
Share issuance	-	-
Balance as at March 31, 2016	134,911,421	163,082,241
Share issuance (net of costs \$29,774)	11,000,000	504,962
Balance as at December 31, 2016	145,911,421	163,587,203
Share issuance costs	-	(12,167)
Balance as at March 31, 2017	145,911,421	163,575,036

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

FORSYS METALS Corp.

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Notes to the Financial Statements (continued)

For the three months ended March 31, 2017

(Expressed in Canadian dollars)

6. Stock options

Forsys has established a stock option plan to provide additional incentive to its officers, directors, employees and consultants for their efforts on behalf of the Company in the conduct of its affairs. Under this stock option plan, as amended in 2008, the Company is authorized to grant a maximum of 12,000,000 stock options to its directors, officers, employees and consultants to acquire Class A common shares. At March 31, 2017 an aggregate of 1,750,000 options have been granted and are outstanding (net of forfeitures and cancellations) under this plan and 3,941,666 stock options had been exercised since 1998. As a result, as at March 31, 2017, 6,308,334 (December 31, 2016 – 5,008,334) options were available for issuance.

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

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

	Three Months Ended March 31, 2017	
	Number of Options	Weighted Average Exercise Price Per Share \$
Stock options outstanding, beginning of the period	3,050,000	0.62
Transactions during the period:		
Forfeited	(1,300,000)	(0.95)
Stock options outstanding at end of period	1,750,000	0.38
Stock options exercisable at end of period	1,750,000	0.38

A summary of the Company's options outstanding and exercisable as at March 31, 2017 is presented below:

Grant Date	Market Price / Exercise Price	Options Outstanding	Options Exercisable	Expiry Date
June 12, 2012	\$0.88	200,000	200,000	June 12, 2017
September 09, 2014	\$0.31	1,550,000	1,550,000	September 09, 2019
		1,750,000	1,750,000	

No options were granted by the Company during the first quarter of 2017.

The fair values of stock options with vesting provisions are amortized following a graded vesting method as share-based compensation expense over the applicable vesting periods. At March 31, 2017, the Company has a maximum value of unvested share-based compensation expense of \$Nil to be recognized in future periods.

7. Warrants

A summary of the Company's warrants outstanding and exercisable as at March 31, 2017 and December 31, 2016 is presented below:

Issue Date	Exercise Price	Warrants Outstanding	Warrants Exercisable	Expiry Date
October 13, 2015	\$0.24	7,807,999	7,807,999	October 12, 2017
September 15, 2016	\$0.075	5,499,999	5,499,999	September 14, 2018
		13,307,998	13,307,998	

FORSYS METALS Corp.

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Notes to the Financial Statements (continued)

For the three months ended March 31, 2017

(Expressed in Canadian dollars)

8. Expenses by nature

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

	Three Months Ended March 31	
	2017	2016
	\$	\$
Consulting fees	56,662	156,900
Salaries, directors fees and benefits	24,055	46,389
Professional fees	32,408	15,488
Public company costs	30,156	28,815
Other corporate costs	19,891	22,588
Travel	-	6,413
Depreciation	391	4,439
Gain on sale of property, plant and equipment	489	(19,958)
General and administrative expense for year	164,052	261,074

9. Fair value measurement

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

	March 31	December 31
	2017	2016
	\$	\$
Recurring measurements		
Financial Assets		
Loans and receivables ⁽¹⁾	223,949	418,040
Financial Liabilities		
Other financial liabilities ⁽²⁾	21,224	12,382

(1) Comprises cash and cash equivalents.

(2) Comprises trade payables

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

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

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

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

The Company applies a fair value measurement hierarchy to assets and liabilities in the consolidated balance sheet carried at fair value.

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

FORSYS METALS Corp.

(An exploration stage company)

Notes to the Financial Statements (continued)

For the three months ended March 31, 2017

(Expressed in Canadian dollars)

10. Commitments and contingencies

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

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

11. Key management compensation and related party transactions

Compensation of key management personnel

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

Compensation awarded to key management personnel is as follows:

	Three Months Ended March 31	
	2017	2016
	\$	\$
Consulting fees	44,662	134,250
Salaries and short-term employee benefits	24,000	46,000
	68,662	180,250

Related party transactions

General and administrative expenses for the three months ended March 31, 2017 include \$12,992 (three months ended March 31, 2016 - \$12,546) for serviced office expenses paid to a company in which a Director is also a Director of Forsys. These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. Segmented information

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

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

	March 31	December 31
	2017	2016
	\$	\$
Namibia	88,908,962	88,308,916
Other	-	-
	88,908,962	88,308,916