



Management's Discussion and Analysis

For the Year ended December 31, 2022

Introduction

This Management's Discussion and Analysis ("MD&A") of Forsys Metals Corp. and its subsidiary companies (collectively, the "Company") for the year ended December 31, 2022 has been prepared as of March 31, 2023 and should be read in conjunction with the audited consolidated financial statements including the notes which have been prepared in accordance with International Financial Reporting Standards.

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

Nature of Business

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

Overall Performance

B2Gold exercised call option to acquire 100% interest in Ondundu

The Ondundu Exclusive Prospecting Licence ("EPL 3195") for base, rare and precious metal exploration is held 100% by Razorback Gold Mining Company (Pty) Limited ("Razorback"). At December 31, 2021, Razorback was a 51% owned subsidiary of Westport Resources Namibia (Pty) Ltd. ("Westport"), which is a wholly-owned subsidiary of the Company.

On August 31, 2015, a 70% owned subsidiary of the Company granted a call option to B2Gold Mining Investments Limited and B2Gold Namibia (Proprietary) Limited (together "B2Gold") to increase their interest in Razorback from 49% to 100% ("Call Option"). On January 1, 2022, B2Gold exercised the Call Option. On February 11, 2022, in consideration for the exercise of the Call Option, the Company received a cash payment of \$9,801,817, the Canadian dollar equivalent of US\$7,716,751 (being the option price of US\$8,500,000 less the fees of US\$250,000 paid by B2Gold for the extension of the option period and other payments of US\$533,249 made by B2Gold to buy-out interests in EPL 3195).

The Company recorded a gain of \$7,450,358 on the disposition of its investment in associate, Razorback, and estimated income taxes payable of \$3,136,581 for Namibian income tax on the gain. Of the gain, 70% was attributable to the Company and 30% was attributable to the holder of the 30% non-controlling interest in the subsidiary. See below for settlement of the non-controlling interest.

Deconsolidation of subsidiary

On March 1, 2022, to settle the non-controlling interest, arising from the exercise of the Call Option (see above), the Company transferred its interest in the subsidiary, Omatjete Mining Company (Proprietary) Limited. The Company recorded a gain of \$568,125 and cash outflow of \$2,754,719 upon the deconsolidation of this subsidiary.

Norasa

During the period, the Company commenced processes to update the 2015 Norasa Definitive Feasibility Study, National Instrument ("NI") 43-101 Technical Report ("DFS"). This work included review of mine design geotechnical parameters as to optimise pit shell designs. Value engineering reviews started on process plant designs as to further optimise capital cost and process efficiencies. Trade-off studies commenced on economic evaluation of contractor mining vs owner mining. During the period, applications were filed with the Ministry of Mines of Namibia to renew the Namibplaas Exploration Licence as well as the application to convert the Exploration Licence into a 25-year Mining Licence.

The Company filed the DFS on March 18, 2015. Mineral Resources were reported at cut-off grades of 100ppm for Valencia and 140ppm U₃O₈ for Namibplaas with Measured, Indicated and Inferred Resources classified in accordance with the guidelines of National Instrument ("NI") 43-101 as listed in Table 1.

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

Table 1 Norasa Mineral Resource (February 2015)				
Category	Cut-Off Grades	Tonnes [M]	U ₃ O ₈ [ppm]	U ₃ O ₈ [Mlbs]
Measured	Val 60ppm: Nam 100ppm	27	151	9
	Val 100ppm: Nam 140ppm	16	200	7
	Val 140ppm: Nam 180ppm	10	249	6
Indicated	Val 60ppm: Nam 100ppm	469	152	157
	Val 100ppm: Nam 140ppm	249	196	108
	Val 140ppm: Nam 180ppm	130	251	72
Measured + Indicated	Val 60ppm: Nam 100ppm	496	151	166
	Val 100ppm: Nam 140ppm	265	197	115
	Val 140ppm: Nam 180ppm	140	251	77
Inferred	Val 60ppm: Nam 100ppm	50	153	17
	Val 100ppm: Nam 140ppm	26	200	11
	Val 140ppm: Nam 180ppm	13	260	7

Resources are reported inclusive of Reserves.

1. "AMEC" is a leading international engineering and project management firm with prior involvement in the development of NI 43-101 Technical Reports for Norasa. The Company utilized the services of their South Africa and Australian offices.

Table 2 Norasa Mineral Reserves Estimate (February 2015)			
Classification	Tonnes [M]	U ₃ O ₈ [ppm]	U ₃ O ₈ [Mlbs]
Proven	16	200	7.1
Probable	190	200	83.6
Total Reserve	206	200	90.7

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

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

Table 3 Key Financial Model Outputs & KPI's		
	Project	US\$/Share
Project Economics		
NPV at a Discount Rate of 8% (US\$M) - (Excl. Tax)	622.6	5.25
- (Incl. Tax)	383.4	3.24
Internal Rate of Return (%) - (Excl. Tax)	32%	
- (Incl. Tax)	26%	
Payback Period from Start of Production (years)	4.4	
Capital Costs (US\$M)	432.8	
Production	Life of Mine	First 5 Years
Quantity Ore Treated (Mt)	206.1	66.7
Recoveries (%)	92.4%	92.2%
Uranium (Mlb U ₃ O ₈)	77.8	25.8
Revenue and Cash Flow		
Average U ₃ O ₈ Base Price (US\$/lb U ₃ O ₈)	65	65
Net Revenue (USM)	5,056.8	1,678.0
Operating cash flow (US\$M)	1,751.1	440.2
Net cash flow after tax (US\$M)	1,007.6	161.5

Operating Unit Costs (US\$/lb produced)	Life of Mine	First 5 Years
Mining	16.83	14.65
Processing	16.27	16.67
Owners costs	1.63	1.65
Total Operating Costs (US\$/lb produced)	34.72	32.96

Description of Valencia and Namibplaas

Location and Ownership

Valencia is situated on the farm “Valencia 122”, which is located approximately 75km north-east of the town of Swakopmund in central-west Namibia, covering an area of 735.6 ha and is registered in the name of Valencia Uranium (Pty) Ltd (“Valencia Uranium”). ML 149 was converted from EPL 1496 on June 23, 2008 and is valid for 25 years from date of issue by the Namibian Ministry of Mines and Energy (“MME”) and is renewable.

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

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

These agreements facilitated planning for the necessary infrastructure required to support mining operations. This infrastructure has been approved by the MME as the operation’s accessory works and includes inter alia the main pit, waste dumps, tailings dump, pipeline, power lines, roads, process plant, explosive magazines, etc. The construction camp / operations village have also been approved. Environmental clearance was obtained for all operations relating to Valencia, although some amendments to the Valencia plan will be required to include the Valencia satellite pit and relocation of some of the mining infrastructure. All amendment issues will be covered in the updated EIA / EMP.

Namibplaas is located 7.5km northeast of the Valencia deposit on the farm “Namibplaas 93” with a total surface area of 1,269 ha. The Namibplaas exploration licence (“EPL 3638”) expired September 20, 2022 and an application to renew the licence was made prior to expiry. The Company has also applied to the MEE for a mining licence to develop Namibplaas as part of Norasa.

To commence development of the Namibplaas project, government approvals are required, including an approved Environmental Impact Assessment (“EIA”), Environmental Management Plan (“EMP”), and approval from the MME for accessory works.

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

There are no historical environmental liabilities for either the Valencia or Namibplaas properties.

Statement of Reserves

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

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

Cut-off grade of 100 ppm

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

Cut-off grade of 140 ppm

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

Current Development Status

Valencia, the key component of Norasa, is situated in Namibia, the second largest uranium producing country globally and fifth largest by resources and is one of only a few licensed undeveloped uranium deposits in the world.

The Company released the DFS for Norasa in March 2015. The report was prepared by AMEC Foster Wheeler ("AMEC") together with external consultants and Forsys Qualified Professionals. AMEC is a leading international engineering and project management firm with prior involvement in the development of NI 43-101 Technical Reports for Norasa. SGS South Africa completed additional metallurgical studies including pilot plant testwork.

A highly experienced local project team of geologists, process engineers and mining experts has been established in Namibia, under Project Leader, Pine Van Wyk. The technical team is evaluating optimization processes and strategies in order to improve Norasa's mine design, process engineering, utilities, and infrastructure, in order to validate and improve the overall economics of the 2015 DFS.

Ausenco Limited ("Ausenco") were contracted by the Company in 2022 to review the DFS for any potential technical gaps and upgrades and to identify cost saving initiatives. Several aspects were identified by Ausenco and recommendations were made for technical optimisation and cost saving opportunities, compared to the original DFS.

On June 20, 2022, the Company applied for a renewal of EPL 3638 with the MME.

An application was made at the end of September, 2022 to convert EPL 3638 into a full 25-year Mining Licence (ML 251) over Namibplaas. In addition, all groundwater, effluent permits, environmental clearance certificates, accessory and works permits are being reviewed together with an updated review of all power, plant, water, road and rail infrastructure.

On March 23, 2023, a new application (EPL 9377) was submitted to the MME, in order to extend EPL 3638.

On March 17, 2023, the Company announced that technical trade-off studies will be conducted to evaluate the options for practical and economical benefit, in comparison to the DFS. In this regard, the Company's subsidiary Valencia Uranium (Pty) Ltd. has appointed DRA Mineral Projects Pty Ltd ("DRA") as the engineering consulting company to conduct the trade-off studies. DRA are highly experienced in Namibian mining as well as uranium mining studies and resource projects in Southern Africa.

The scope of work includes a review of testwork information to confirm optimal grind size considering uranium recovery, costs, materials handling and tailings handling. Balance of trade-off studies include the comminution circuitry design; leach circuitry design and layout; and dewatering circuit configuration and design. A tailings deposition option study will also be undertaken. Techno-financial evaluations will be done, in addition to qualitative risk assessments to select the best design basis for further DFS validation.

An eight-week time frame is planned for the trade-off studies. A drilling program for confirmatory and variability metallurgical testwork will also be undertaken.

Infrastructure

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

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

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

Standby power generators are being considered by the Company, but a decision on the capacity will be taken at a future date.

The 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 access road was completed in mid-2010. Some of the internal service roads were also constructed.

Capital Work-in-Progress

In order to achieve production at Norasa, the Company identified certain critical long-lead items required to bring the mine into production. At December 31, 2022, capital work-in-progress includes the access road to the Valencia mine site which is now complete and a crusher (currently in storage in Namibia). The value of capital work-in-progress was reduced to \$nil during the year ended December 31, 2017 to reflect the depressed uranium market. Further investment in capital works at the Norasa has been put on hold pending completion of suitable financing arrangements and a formal decision by the Company's Board to proceed with the development of Norasa.

Key Economic Trends in the Uranium Industry

Existing nuclear reactors consume around 67,500 tons of uranium per year, though The International Atomic Energy Agency (IAEA) estimates that global uranium demand could rise to 79,400 tonnes by 2030 and as high as 112,000 tonnes in 2040 to meet the additional demand for new nuclear power plants. Nuclear capacity and uranium demand is much greater now than it was before the Fukushima accident in 2011. Demand is surging in a global decarbonization drive to fight climate change and uranium will be critical for helping achieve this. A global realignment is underway away from Russia in the nuclear supply chain as sanctions have been imposed and an East/West bifurcated market is emerging as western utilities look for other long term contract sources.

However, on the supply side, world uranium production has significantly declined, due to mine curtailment and over the last two years due to imposed measures to prevent the spread of COVID-19, requiring producers to make spot market purchases to meet contractual obligations. The invasion of Ukraine has significantly added to the disruption of the global nuclear supply chain and as noted above, will cause a realignment over the next few years where G7 nations will reduce their reliance on fossil fuels from authoritarian regimes such as Russia. The World Nuclear Association (WNA) estimate that production is only meeting 74% of usage requirements and that this supply demand gap will only widen over the next 20 years¹. The industry trade association noted that "world uranium production dropped considerably from 63,207 tonnes of uranium (tU) in 2016 to 47,731 tU in 2020" with the expectation that the uranium market will remain in worsening deficits (-25mlb annual average).

¹ <https://www.world-nuclear-news.org/Articles/Nuclear-fuel-report-sees-positive-long-term-future>

Governments are in the process of re-establishing nuclear programmes. Today there are 440 nuclear power plants operating worldwide in 32 countries with a further 60 nuclear reactors currently under construction.³ The low operating cost of nuclear power generation and the increasing concern for the environment and climate change are driving this nuclear renaissance. There are now 514 new reactors planned around the world plus a new generation of Small Modular Reactors (SMRs) which offer a lower initial capital investment, greater scalability, and siting flexibility for locations unable to accommodate more traditional larger reactors. They also have the potential for enhanced safety and security compared to earlier design.

On February 2, 2022, the European Commission approved the Taxonomy Complimentary Delegated Act (CDA) and included nuclear as “green and sustainable”, opening the door for new uranium reactor builds, development and deployments of SMRs, and funding for plant life extensions. The CDA has noted that it will provide €150 billion per year of low-cost financing to achieve this with a view to investing €500 billion by 2050 towards building new nuclear reactors as well as €50 billion by 2030 to extending the life of Europe’s fleet of existing reactors. On July 6, 2022, the European Parliament ruled to keep nuclear energy in the Complementary Delegated Act for the EU Taxonomy. In July 2022, the United Kingdom announced the approval of the planned £20 billion Sizewell C nuclear plant and has more recently announced £75m funding for the development of domestic nuclear fuel production in a bid to power existing and future advanced nuclear reactors and support the international diversification of fuel supply away from Russia and strengthen the country’s energy security. Last year, China announced it will build 150 large nuclear reactors which would result in China’s pipeline of new nuclear power becoming the same size as the rest of the world combined. Further, China’s nuclear authorities announced extra capacity to accelerate its power plant building objectives, pointing to 10 new reactors being built per year. More recently in January 2023, the China National Nuclear Corp. (“CNNC”) launched its Alashanka bonded uranium warehouse which marked the first step for the state-owned company toward establishing a global uranium trading hub. On January 5, 2023, CNNC took its first shipment from Kazatomprom imported into the new warehouse. In Japan, the newly elected Japanese administration’s Green Transformation (“GX”) Committee has agreed a roadmap for the next ten years “for the realisation of GX”. Under the new policy, which describes nuclear power as a power source that contributes to energy security and has a high decarbonisation effect, Japan will restart as many existing reactors as possible (over 27) and prolong the operating life of ageing ones beyond the current 60-year limit. In addition, under the new policy, Japan will also develop and construct next generation innovative reactors to replace 20 reactors which have been decommissioned. This marks a historical pivot of confidence in the sector since the 2011 Fukushima meltdown.

Uranium Prices²

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.

During the last two years, as producers suspended production due to COVID-19 lockdowns and then purchased uranium in order to meet contractual obligations, the spot price declined to a low of US\$27.98/lb on February 28, 2021 and has since recovered reaching a high of US\$66.67/lb on April 13, 2022. On March 15, 2023, the uranium spot price fell to US\$50.05/lb from its 2023 high of US\$51.8/lb. Various commentators argue that the uranium price move was only a matter of time due to the increasing supply demand gap, though it is clear that the conflict in Eastern Europe has accelerated this trend.

While the uranium spot price can be volatile, the majority of uranium sales occur under long-term contracts with the long-term contract price currently at US\$53.00/lb (UxC) with market analysts forecasting long-term prices to trend above US\$60/lb in the future. This is supported by notable recent contracts include China General Nuclear and China General Nuclear Power Corporation who have entered into new purchase agreements for three years between 2023 and 2025 for 3.12 million pounds of U₃O₈ per year with 40% of the contract quantity fixed at US\$61.78/lb, materially higher than the prevailing spot price of US\$46/lb when the contract was signed and also above the UxC reported long-term contracts price of US\$53/lb.

Uranium prices have also been impacted by the increased activity by investment firms acquiring physical inventory for storage. Existing market participants such as Yellowcake Plc have continued to acquire physical inventory. As at February 28, 2023 Yellowcake Plc increased its holding to 20.156 million lbs of U₃O₈, having its 2022 purchase option honoured by Kazatomprom transferring 1.35m lbs of U₃O₈ to Yellow Cake’s long term storage. Sprott Physical Uranium Trust has also been very active and as of March 15, 2023 had acquired 61.65 million lbs of U₃O₈ overall, thereby increasing its holding since June 2022 by 4.95 million lbs of U₃O₈.

² The Company calculates industry average prices from the month-end prices published by UxC and TradeTech.

³ world-nuclear.org

Risks and Uncertainties

The exploration and development of natural resources is a speculative activity involving a high degree of risk. Investment in securities of the Company should only be undertaken by investors whose financial resources are sufficient to enable them to assume such risk and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors, which may affect the Company and its financial position. A comprehensive summary of these risk factors is included in the section titled "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2022 available under the Company's filings on SEDAR at www.sedar.com.

Discussion of Operations

	Years ended December 31,		3 months ended December 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Expenses				
Professional fees	206,019	157,444	86,876	38,206
Director fees	587,183	410,577	152,629	142,459
Consulting fees	660,030	435,858	172,454	156,857
Stock-based compensation	—	2,585,000	—	—
Advisory fees	90,000	105,558	20,000	105,558
Public company costs	192,145	127,711	49,456	28,133
General and administrative	26,685	36,179	12,199	17,381
Foreign exchange loss	14,429	8,118	13,156	32,668
Other income	(145,160)	(4,904)	(81,584)	(4,904)
	1,631,329	3,861,539	425,185	516,356
Loss before investment income	(1,631,329)	(3,861,539)	(425,185)	(516,356)
Gain on sale of investment in associate	7,450,358	—	—	—
Gain on deconsolidation of subsidiary	568,125	—	(225,295)	—
Income (loss) before income taxes	6,387,154	(3,861,539)	(650,480)	(516,356)
Income taxes	3,136,581	—	2,016,930	—
Net income (loss)	3,250,572	(3,861,539)	(2,667,410)	(516,356)

Years ended December 31

The Company recorded net income of \$3,250,572 in the current year compared to a net loss of \$3,861,539 in the previous year. The results reflect the following:

- increase in director fees to \$587,183 (2021 - \$410,577) as the result of the appointment of 2 new directors and an increase in director fees in line with comparable companies.
- increase in consulting fees to \$660,030 (2021 - \$435,858) as the result of the appointment of a new consultant and an increase in compensation in line with comparable companies.
- a gain on sale of investment in associate of \$7,450,358 (2021 - \$nil),
- a gain on deconsolidation of subsidiary of \$568,125 (2021 - \$nil), see page 1, *Deconsolidation of subsidiary*.
- increase in income taxes to \$3,136,581 (2021 - \$nil), see page 1, *B2Gold exercised call option to acquire 100% interest in Ondundu*.

3 months ended December 31

The Company recorded a net loss of \$2,667,410 in the current period compared to a net loss of \$512,356 in the comparative period of the previous year. The increase in the net loss reflects an additional income tax provision of \$2,016,930 on the gain on sale of investment in associate, see page 1, *B2Gold exercised call option to acquire 100% interest in Ondundu*.

Summary of Quarterly Results

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

	December 31, 2022 \$	September 30, 2022 \$	June 30, 2022 \$	March 31, 2022 \$
Interest and other income	81,584	43,292	16,173	4,112
Net income (loss) for the period	(2,667,410)	(345,260)	473,274	5,789,970
- Per share (cents per share)	(0.33)	(0.18)	0.24	3.54

	December 31, 2021 \$	September 30, 2021 \$	June 30, 2021 \$	March 31, 2021 \$
Interest and other income	4,904	—	—	—
Net income (loss) for the period	(516,356)	(326,317)	(2,867,110)	(151,756)
- Per share (cents per share)	(0.27)	(0.17)	(1.53)	(0.09)

Net loss for the 3 months ended December 31, 2022 includes an additional income tax provision of \$2,016,930 on the gain on sale of investment in associate, see page 1, *B2Gold exercised call option to acquire 100% interest in Ondundu*.

Net income for the 3 months ended June 30, 2022 includes a gain on deconsolidation of subsidiary of \$793,420. See page 1, *Deconsolidation of subsidiary*.

Net income for the 3 months ended March 31, 2022 includes a gain of \$7,450,358 on sale of associate, Razorback, and income taxes of \$1,119,651 for Namibian income taxes on the gain. See page 1, *B2Gold exercises call option to acquire 100% interest in Ondundu*.

Net loss for the 3 months ended June 30, 2021 includes stock-based compensation of \$2,585,000.

Exploration and evaluation

The following table sets forth changes to exploration and evaluation:

	\$
Norasa	
Balance at December 31, 2021	9,900,291
Additions to exploration and evaluation costs	323,347
Foreign exchange movement	55,840
Balance at December 31, 2022	10,279,477

Liquidity and capital resources

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

While strategic and financial alternatives are being evaluated and implemented, the Company has maintained a conservative level of expenditure on Norasa and reduced expenses in order to conserve cash.

At December 31, 2022, the Company had working capital of \$12,533,570 which provides the Company with sufficient cash to fund its estimated working capital requirement of \$1,960,000 for 2023.

Estimated working capital requirements for 2023	\$
Corporate and general expenses	1,855,000
Accounts payable at December 31, 2022	105,000
	1,960,000

For the year ended December 31, 2022, the Company incurred corporate and general expenses of \$1,762,000. For the year ended December 31, 2023, the Company estimates corporate and general expenses of \$1,855,000.

At December 31, 2022, the Company had working capital of \$14,889,905 which included cash of \$16,923,009. In addition to the cash and cash equivalents on hand, the development of Norasa will require further funding, most likely a combination of equity and debt. The Company is continuing to explore opportunities for off-take and/or the possible participation of a strategic partner. Satisfactory financing arrangements will be required before the Company's Board can make a formal decision to commence the development of Norasa. The success and nature of any financing in the future will be dependent on the prevailing market conditions at that time.

Capital management

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

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

At December 31, 2022, the Company was not subject to any externally imposed capital requirements and there had been no change during the period with respect to the overall capital risk management strategy.

Outlook

Valencia is one of the very few uranium projects in the world that is construction ready with a Mining Licence. Whilst the 2015 DFS confirmed the robustness of Norasa's economics, completion of the current review and updating of the 2015 DFS including further studies to examine how newer, alternative mining equipment and technologies can enhance pit design, recovery and slope angle to improve mining and process costs is considered by the Company to be a key milestone in attracting strategic partners and investors and provide the Company with alternatives for the next phase of Norasa's development.

Contractual Obligations and Commitments

In the normal course of business, the Company enters into contracts which give rise to commitments for future minimum payments. At December 31, 2022, the Company has no contractual obligations which have not been recorded in the accounts.

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

Transactions with Related Parties

Compensation of Key Management Personnel

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

Compensation awarded to key management personnel for the year ended December 31, 2022 is as follows:

		Notes	Director and consulting fees \$
Key management personnel			
Martin Rowley	Director	1	97,864
Mark Frewin	Director/Chief Executive Officer	1	326,213
Paul Matysek	Director		97,864
Jorge Estepa	Director/Corporate Secretary	1	137,009
Richard Parkhouse	Director		209,856
Jeremy Hangula	Director		97,864
Miles Nagamatsu	Chief Financial Officer	1	97,864
			1,064,534

Notes:

1. Amounts were paid to a company controlled by the respective key management personnel.

Regulatory Disclosures

Critical accounting estimates and judgments

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

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

Accounting estimates

Determination of mineral reserves and resources for mining properties

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

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

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

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

Accounting judgments

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

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

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

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

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

Income taxes

The Company is subject to income tax and other taxes in a number of jurisdictions. Significant judgment is required in determining the worldwide provision for income tax and other taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain at the time a liability must be recorded. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts initially recorded, such differences impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets

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

Financial instruments

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

i) Credit risk

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

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

ii) Liquidity risk

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

At December 31, 2022, the Company had cash and cash equivalents of \$16,923,009 and working capital of \$14,889,905.

iii) Market risk

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

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

Interest rate risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At December 31, 2022, the Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash and cash equivalents held in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values at December 31, 2022. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Future fluctuations in interest rates will impact the Company's cost of capital which it will require in order to develop its mineral properties.

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

At December 31, 2022, the Company had cash and cash equivalents of US\$119,223. If the foreign exchange related to the Company's US dollar balances increased or decreased by 1%, with all other variables held constant, the currency translation adjustment would have increased or decreased by \$1,615.

At December 31, 2022, the Company had cash and cash equivalents of N\$77,672,248, receivables of N\$490,623, accounts payable and accrued liabilities of N\$368,198 and income tax payable of N\$25,710,464. If the foreign exchange related to the Company's Namibian dollar balances increased or decreased by 1%, with all other variables held constant, the currency translation adjustment would have increased or decreased by \$41,564.

Disclosure Controls and Procedures

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

Management including the Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedure as of December 31, 2022. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures as defined under the rules of Canadian Securities Administrators were effective to ensure information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules.

Internal Controls Over Financial Reporting

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

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

As of December 31, 2022, an evaluation of the effectiveness of the Company's internal control over financial reporting was conducted by the Company's management, including the Chief Executive Officer and the Chief Financial Officer. Management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework (2013) to assess the effectiveness of the Company's internal control over financial reporting ("ICFR"). Based on this assessment, management has concluded that the Company's internal controls over financial reporting were effective.

There were no changes in the Company's internal controls which occurred during the 3 months ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

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

Outstanding Share Data at March 31, 2023

195,169,467 Class A common shares.

Stock options

Exercise price	Expiry date	Number of stock options
\$0.17	October 9, 2024	3,700,000
\$0.93	May 20, 2026	4,000,000
		7,700,000

The shareholders of the Company approved a new Omnibus Incentive Plan (the "Plan") at an annual and special meeting held on June 30, 2022. Subsequently, on July 15, 2022, the Toronto Stock Exchange approved the Plan. With the implementation of the Plan all previously issued stock options which were granted pursuant to the Company's stock option plan are now governed by the Plan. The Plan permits the Board to make awards of stock options, restricted share units, performance share units and deferred stock units. The maximum number of Class A common shares for issuance under the Plan will not exceed 10% of the Company's then issued and outstanding shares. At December 31, 2022, the maximum number of Class A common shares for issuance under the Plan is 19,516,946.

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

Warrants

Exercise price	Expiry date	Number of warrants
\$0.75	April 21, 2023	11,080,000
\$0.57	April 21, 2023	1,820,000
		12,900,000

Note Regarding Forward-Looking Information

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws. Such forward looking statements or information include but are not limited to statements or information with respect to the future price of uranium, estimated future production, estimation of mineral reserves and mineral resources, our exploration and development program, estimated future expenses, exploration and development capital requirements and our goals and strategies. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

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

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

Additional Information

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