

Form 45-106F6
British Columbia Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution in British Columbia.

Issuer/underwriter information

Item 1: Issuer/underwriter name and contact information

A. State the following:

- the full name of the issuer of the security distributed. Include the former name of the issuer if its name has changed since this report was last filed;
- the issuer's website address; and
- the address, telephone number and email address of the issuer's head office.

Formation Metals Inc.
#1810 – 999 West Hastings Street
Vancouver, BC
V6C 2W2
www.formationmetals.com
604-682-6229
mtran@formationmetals.com

B. If an underwriter is completing this report, state the following:

- the full name of the underwriter;
- the underwriter's website address; and
- the address, telephone number and email address of the underwriter's head office.

Item 2: Reporting issuer status

A. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The Issuer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

B. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, name the investment fund manager and state the jurisdiction(s) where it is registered.

Item 3: Issuer's industry

Indicate the industry of the issuer by checking the appropriate box below.

- | | |
|---|---|
| <input type="checkbox"/> Bio-tech | Mining |
| Financial Services | <input checked="" type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> securitized products issuers | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Other (describe) |
| <input type="checkbox"/> Industrial | _____ |

Item 4: Insiders and promoters of non-reporting issuers

If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

If the issuer is not a reporting issuer in any jurisdiction of Canada, complete the following table by providing information about each insider and promoter of the issuer. If the insider or promoter is not an individual, complete the table for directors and officers of the insider or promoter.

Not applicable

Information about insiders and promoters			
Full name, municipality and country of principal residence	All positions held (e.g., director, officer, promoter and/or holder of more than 10% of voting securities)	Number and type of securities of the issuer beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution	Total price paid for all securities beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution (Canadian \$)
Not applicable			

Details of distribution**Item 5: Distribution date**

State the distribution date. If this report is being filed for securities distributed on more than one distribution date, state all distribution dates.

June 1, 2016

Item 6: Number and type of securities

For each security distributed:

- describe the type of security;
- state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and
- if the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, state the exemption(s) relied on. If more than one exemption is relied on, state the amount raised using each exemption.

14,755,200 units of the Issuer (the “Units”) at a price of CDN\$0.30 per Unit for total gross proceeds of CDN \$4,426,560. Each Unit is comprised of one common share of the Issuer and one-half of one common share purchase warrant (each full warrant, a “Warrant”). Each Warrant entitles the holder to acquire one common share at a price of \$0.40 for a period of 24 months following the closing date.

Item 7: Geographical information about purchasers

Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table information about securities issued as payment of commissions or finder’s fees disclosed under item 9 of this report. The information provided in this table must reconcile with the information provided in item 8 and Schedules I and II.

Each Canadian and foreign jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	7	\$0.30	\$106,070.10
Alberta	1	\$0.30	\$10,020
Ontario	10	\$0.30	\$788,040
Quebec	1	\$0.30	\$20,040.00
California	1	\$0.30	\$10,020
Oregon	2	\$0.30	\$647,550
Texas	1	\$0.30	\$1,500
Belgium	2	\$0.30	\$45,000
Luxembourg	1	\$0.30	\$210,000
United Kingdom	2	\$0.30	\$25,500
Australia	10	\$0.30	\$2,187,819.90
Cayman Islands	1	\$0.30	\$375,000

Each Canadian and foreign jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
Total number of Purchasers	39		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$4,426,560

Note 1: If securities are issued at different prices, list the highest and lowest price for which the securities were sold.

Item 8: Information about purchasers

Instructions

A. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

B. Information about the purchasers of securities under the distribution is required to be disclosed in different tables in this report. Complete

- the following table for each purchaser that is not an individual, and
- the tables in Schedules I and II of this report for each purchaser who is an individual.

Do not include in the tables information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report.

C. An issuer or underwriter completing this table in connection with a distribution using the exemption in subparagraph 6.1(1)(j) [*TSX Venture Exchange offering*] of National Instrument 45-106 *Prospectus Exemptions* may choose to replace the information in the first column with the total number of purchasers, whether individuals or not, by jurisdiction. If the issuer or underwriter chooses to do so, then the issuer or underwriter is not required to complete the second column or the tables in Schedules I and II.

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Extract Capital Master Fund Ltd. 89 Nexus Way Camana Bay Grand Cayman Cayman Islands K41-9007 Ethan Park Tel: 212-255-0972		1,250,000 Units	\$375,000	BC Instrument 72-503	2016-06-01
Novum Securities Ltd. 47 Park Lane London W1K 1PR U.K. Hugh McAlister Tel: 0207-399-9400		40,000 Units	\$12,000	BC Instrument 72-503	2016-06-01
Green Energy Metals Fund LP 10810 SW Tualatin Sherwood Rd Tualatin OR 97062 Justin Kurland Tel: 503-783-2566		1,000,000 Units	\$300,000	BC Instrument 72-503	2016-06-01
Odysseus Fund LP 10810 SW Tualatin Sherwood Rd Tualatin OR 97062 Justin Kurland Tel: 503-783-2566		1,158,500 Units	\$347,550	BC Instrument 72-503	2016-06-01
Dundee Resource Limited 1 Adelaide Street East, 21 st Floor Toronto, ON M5C 2V9 Carl Calandra Tel: 647-428-8361	I	833,400 Units	\$250,020	Section 2.3 of National Instrument 45-106	2016-06-01
Tribeca Global Nalvral Resources Fund Level 23 10' Connell St Sydney NSW 2000 Ben Cleary		1,667,000 Units	\$500,100	BC Instrument 72-503	2016-06-01

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Tel: 9640-2600					
Toltec Holdings Pty Ltd 47 Clotilde Street Mount Lawley WA 6050 Australia David John Massey Tel: 61-419-600-469		166,666 Units	\$49,999.80	BC Instrument 72-503	2016-06-01
Third Reef Pty Ltd <Back Reef A/C> PO Box 2668 Mount Claremont WA 6010 Australia Joshua Welch Tel: 61-419-911-497		383,334 Units	\$115,000.20	BC Instrument 72-503	2016-06-01
2379388 Ontario Ltd. 23 White Harwood Seven Oaks, Kent TN13 1RS UK Dr. M. Kalairajah 4416-8982-3887		45,000 Units	\$13,500	Section 2.3 of National Instrument 45-106	2016-06-01
Merriwee Pty Ltd. <Merriwee Super Fund A/C> 60 Collins Street Melbourne, Vic Australia 3000 Marcus Freeman Tel: 61386889112		417,000 Units	\$125,100	BC Instrument 72-503	2016-06-01
Vonross Nominees Pty Ltd. <Vonross Family A/c> PO Box 1199 Booragoon, WA Australia, 6154 Ross Kestel Tel: Not available		417,000 Units	\$125,100	BC Instrument 72-503	2016-06-01
Nero Resource Fund PO Box 6220 Swanbourne, WA		3,333,400 Units	\$1,000,020	BC Instrument 72-503	2016-06-01

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Australia, 6010 Russell Delroy Tel: 0413-719-079					
Gravitas Special Situations Fund LP 333 Bay Street, Suite 1700 Toronto, ON M5H 2R2 Neil Gilday Tel: 416-848-0739		330,000 Units	\$99,000	Section 2.3 of National Instrument 45-106	2016-06-01
Lit Wick Enterprises Pty Ltd PO Box 5224 Kenmore East, QLD, Australia, 4069 Craig Masterton Tel: 614-0139-9625		333,333 Units	\$99,999.90	BC Instrument 72-503	2016-06-01
Gurravembi Investments Pty Ltd. <The Gurravembi S/Fund A/C> 107 Anthony Street, Ascot, QLD 4007 Tel: 0417-678-882 Michael Buys		350,000 Units	\$105,000	BC Instrument 72-503	2016-06-01
McConnell Family Capital Corporation 191 Church St Toronto, ON M5B 1Y7 Martin McConnell Tel: 416-367-5291		40,000 Units	\$12,000	Section 2.3 of National Instrument 45-106	2016-06-01
Atherton Enterprises Ltd. 6372 Argyle Ave West Vancouver, BC V7W 2E6 Scott Hean Tel: 778-834-5461	I	42,000 Units	\$12,600	Section 2.3 of National Instrument 45-106	2016-06-01
Structured Solutions – SICAV – Lithium Index		700,000 Units	\$210,000	BC Instrument	2016-06-01

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Strategic Fund (Luxembourg fund according to the law of 17.12.2010) 304, route de Thonville L-5884 Hesperange, Luxembourg Thomas-Barein Blohm 352-274877-191				72-503	
Studiegroep IRTAs buba P. Van Raemdonckstraat 15 9120 Beveren Belgium Alain Koppen Tel: 0032-3780-5405		100,000 Units	\$30,000	BC Instrument 72-503	2016-06-01
Vivid Energy Fund 401 Bay Street, 16 th Floor Toronto, ON M5H 2Y4 James Bradford Tel: 647-693-9221		100,000 Units	\$30,000	Section 2.3 of National Instrument 45-106	2016-06-01

Commissions and finder's fees

Item 9: Commissions and finder's fees

Instructions

A. Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include information about payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

B. If the securities being issued as compensation are or include convertible securities, such as warrants or options, add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Indicate if the person being compensated is an insider (I) of the issuer or a registrant (R)	Compensation paid or to be paid (cash and/or securities)				
		Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
			Number and type of securities issued	Price per security (Canadian \$)	Exemption relied on and date of distribution (yyyy-mm-dd)	
Dundee Securities Ltd. 1 Adelaide St. E 22 nd Floor	I	\$116,417.00	388,052 broker warrants ⁽¹⁾	N/A	BC Instrument 45-529 2016-06-01	\$116,417.00
Stormcrow Capital Ltd. TD Canada Trust Tower 161 Bay Street, 27 th Floor, PO Box 508 Toronto, ON M5J 2S1		\$27,584.00	91,946 broker warrants ⁽¹⁾	N/A	BC Instrument 45-529 2016-06-01	\$27,584.00

Bell Potter Securities Limited Level 38, Aurora Place 88 Philip Street Sydney NSW 2000 Australia		\$38,886.00	112,952 broker warrants ⁽¹⁾	N/A	BC Instrument 45-529 2016-06-01	\$38,886.00
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⁽¹⁾Each broker warrant entitles the holder to acquire from the Issuer one fully paid and non-assessable common share of the Issuer at an exercise price of \$0.37 per common share at any time commencing on June 1, 2016 and continuing up to 5:00 pm on June 1, 2018.

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: June 10, 2016

Formation Metals Inc.

Name of issuer (please print)

Marc Tran, CFO, 604-682-6229

Print name, title and telephone number of person signing

"Marc Tran"

Signature

Instruction

The person certifying this report must complete the information in the square brackets by deleting the inapplicable word. For electronic filings, substitute a typewritten signature for a manual signature.

Item 10: Contact information

State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice - Collection and use of personal information

The British Columbia Securities Commission collects and uses the personal information required to be included in this report for the administration and enforcement of the *Securities Act*. If you have any questions about the collection and use of this information, contact the British Columbia Securities Commission at the following address:

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Telephone: (604) 899-6500
Toll free across Canada: 1-800-373-6393
Facsimile: (604) 899-6581

Guidance for completing and filing Form 45-106F6

1. ***Required form in British Columbia*** - In British Columbia, file this report and the applicable fee using BCSC e-services in accordance with British Columbia Instrument 13-502 Electronic filing of reports of exempt distribution. If the distribution occurs in British Columbia and one or more other jurisdictions, the issuer is required to file this report in British Columbia and file Form 45-106F1 in the other applicable jurisdictions.
2. ***What is a distribution?*** - In British Columbia, “distribution” includes distributions made from British Columbia to purchasers resident in other Canadian or foreign jurisdictions if the issuer has a significant connection to British Columbia. If the issuer has a significant connection to British Columbia, complete the tables in item 8 and Schedules I and II for all purchasers.

In British Columbia, “distribution” also includes distributions made from another Canadian or foreign jurisdiction to purchasers resident in British Columbia. If the issuer is from another Canadian or foreign jurisdiction, complete the tables in item 8 and Schedules I and II only for purchasers resident in British Columbia.

3. ***What is a purchaser?*** - References to a purchaser in this report are to the beneficial owner of the securities.
4. ***What is an individual?*** - An individual is a natural person. A corporation, partnership, party, trust, fund, association, and any other organized group of persons is not an individual.
5. ***Space in tables*** - If the space provided in any table in this Form is insufficient, please adjust the table to include additional space.
6. ***Multiple distributions*** - One report may be used for multiple distributions occurring within 10 days of each other if the report is filed on or before the 10th day following the first of such distributions.
7. ***Fees*** - In order to determine the applicable fee, consult Fee Checklist British Columbia Form 11-901F (item # 16).