



(An Exploration Stage Company)

**Consolidated
Financial Statements**

**For the Eleven Months Ended
December 31, 2008 and Year Ended
January 31, 2008**

Management's Responsibility for Financial Reporting

The consolidated financial statements of Forsys Metals Corp. and the information contained in Management's Discussion and Analysis have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for review by the Audit Committee and approval by the Board of Directors and, where appropriate, reflect management's best estimate and judgments based on currently available information. In making certain material estimates, the Company's management has relied on the judgment of independent specialists.

The Company's management has developed and maintains a system of internal controls to ensure, on a reasonable and cost-effective basis, that transactions are authorized, the financial information reported is accurate and reliable in all material respects and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Company's independent auditors, PricewaterhouseCoopers LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and expresses their opinion on the consolidated financial statements.

The Audit Committee and the Board of Directors meet periodically with management and the independent auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters prior to approval of the consolidated financial statements by the Board of Directors.



Duane Parnham
President and CEO



Craig Bamford
Chief Financial Officer

March 31, 2009

March 31, 2009

Auditors' Report

To the Shareholders of Forsys Metals Corp.

We have audited the consolidated balance sheet of Forsys Metals Corp. as at December 31, 2008 and the consolidated statements of operations and deficit and comprehensive loss, and cash flow for the eleven months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and the results of its operations and its cash flows for the eleven months then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at January 31, 2008 and for the year then ended were audited by other auditors, who expressed an opinion without reservation on those statements in their report dated April 28, 2008.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario, Canada

Forsys Metals Corp.
 (An Exploration Stage Company)
Consolidated Balance Sheets
 (Expressed in Canadian dollars)

As at
December 31,
2008

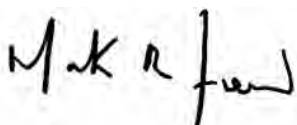
As at
 January 31, 2008

Assets	As at December 31, 2008	As at January 31, 2008
Current Assets		
Cash and cash equivalents	\$ 12,835,801	\$ 51,836,054
Short-term deposit (Note 3)	21,457,526	-
Accounts receivable	804,460	311,646
Prepaid expenses	42,807	48,177
Restricted deposits (Note 3)	-	2,143,698
	35,140,594	54,339,575
Mineral Properties and Deferred Exploration Expenditures (Notes 4 and 5)	74,234,918	64,423,273
Capital Assets (Note 6)	5,284,879	1,268,134
	\$114,660,391	\$120,030,982
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 683,600	\$ 387,094
Future Income Tax Liability (Note 9)	19,736,617	21,043,486
	20,420,217	21,430,580
Shareholders' Equity		
Share Capital (Note 7)	125,363,414	124,587,015
Contributed Surplus (Note 8)	40,673,726	38,582,156
Deficit	(71,796,966)	(64,568,769)
	94,240,174	98,600,402
	\$114,660,391	\$ 120,030,982

Commitments and contingencies (Note 12)

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

Approved by the Board:



_____, Director

Mark Frewin



_____, Director

Duane Parnham

Forsys Metals Corp.

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Consolidated Statements of Operations and Deficit and Comprehensive Loss

(Expressed in Canadian dollars, except loss per share)

	For the eleven months ended December 31, 2008	For the year ended January 31, 2008
Other Income		
Interest	\$1,483,296	\$ 2,206,527
Expenses		
Stock-based compensation	2,016,707	11,856,063
Consulting fees and salaries	2,004,835	1,714,771
General and administrative	1,739,974	1,740,964
Amortization	212,663	140,983
Write-down of mineral properties <i>(Note 5(d))</i>	4,518,021	45,312,602
Foreign exchange (gain) loss	(123,932)	371
	10,368,268	60,559,227
Loss Before Income Taxes	8,884,972	58,559,227
Income tax expense – current	-	2,154
– future (recovery) <i>(Note 9)</i>	(1,656,775)	-
Net Loss and Comprehensive Loss	7,228,197	58,561,381
Deficit at Beginning of Period	64,568,769	6,007,388
Deficit at End of Period	\$71,797,966	\$64,568,769
Net Loss per Share (basic and diluted)	\$0.09	\$0.80
Weighted average number of common shares outstanding	77,058,607	72,977,440

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

Forsys Metals Corp.
(An Exploration Stage Company)
Consolidated Statements of Cash Flow
(Expressed in Canadian dollars)

	For the eleven months ended December 31, 2008	For the year months ended January 31, 2008
Operations		
Net loss and comprehensive loss for the period	\$(7,228,197)	\$(58,561,381)
Items not involving cash:		
Stock-based compensation	2,016,707	11,856,063
Amortization	212,663	140,983
Write-down of mineral properties	4,518,021	45,312,602
Unrealized foreign exchange gain	-	(1,270,267)
Future income tax recovery	(1,656,775)	-
Net change in non-cash working capital items:		
Accounts receivable	(492,814)	(11,666)
Prepaid expenses	5,370	10,694
Accounts payable and accrued liabilities	150,717	230,028
Cash Flow Used in Operating Activities	(2,474,308)	(2,292,944)
Financing Activities		
Exercise of options and warrants	157,558	6,412,154
Private placement of units	-	47,500,000
Share issuance costs	-	(2,120,078)
Cash Flow from Financing Activities	157,558	51,792,076
Investing Activities		
Purchase of short-term deposits	(21,457,526)	-
Additions to mineral properties and deferred exploration expenditures	(13,153,460)	(6,198,395)
Purchases of capital assets	(4,228,121)	(1,114,575)
Decrease (increase) in restricted cash deposits	2,143,698	(2,143,698)
Cash Flow Used in Investing Activities	(36,695,409)	(9,456,668)
Exchange gain (loss) on cash held in foreign currency	11,906	(99,014)
Net increase (decrease) in cash and cash equivalents	(39,000,253)	39,943,450
Cash and cash equivalents at beginning of year	51,836,054	11,892,604
Cash and cash equivalents at end of year	\$12,835,801	\$51,836,054

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

Forsys Metals Corp.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
December 31, 2008
(Expressed in Canadian dollars)

1. Nature of Operations

Forsys Metals Corp. ("Forsys" or the "Company"), is an exploration stage company, incorporated on May 13, 1985 under the Business Corporations Act (Ontario). The Company is engaged in the acquisition, exploration and development of mineral properties. The Company's principal focus is on bringing the Valencia Uranium Project into production and exploring its other mineral properties located in Namibia, Africa.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP"). The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon, but not limited to, the dependence on key individuals, the ability of the Company to obtain necessary permits and financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of properties.

The underlying value of the Company's mineral properties is dependent upon the ability to obtain all necessary permits, the existence and economic recovery of mineral reserves in the future and the ability of the Company to raise funds required to complete the development of the properties. The Company may be adversely affected by governmental amendments or changes to mining laws, regulations and requirements in Namibia. The Company does not have sufficient cash to fund the development of its Namibian properties and therefore will require additional funding which, if not raised, would result in the curtailment of activities and result in development delays and/or a review of strategic alternatives.

2. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). All adjustments considered necessary by management for fair presentation have been included in these consolidated financial statements. Outlined below is a summary of significant accounting policies.

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Namibian Metals Ltd. ("NML"), a British Virgin Islands based company which owns 100% of the ordinary shares of Valencia Uranium (Pty) Limited, a Namibia based company and Namibian Westport Ltd., an Ontario based company which owns all of the ordinary shares of Westport Resources Namibia (Proprietary) Ltd.; 100% of Mega Diamond Development Ltd a British Virgin Islands based company which, through its Namibian subsidiary, Ancash Investment (Proprietary) Limited, owns a 70% interest in various uranium exploration properties in Namibia and a 70% interest in Dunefield Mining Company (Proprietary) Limited which holds 100% of the Namibplaas uranium exploration property. All inter-company transactions and balances have been eliminated.

b) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Although the Company regularly reviews the estimates and assumptions that affect these consolidated financial statements. Significant items where management's judgment is applied include testing long-lived assets for impairment, determination of useful lives of assets, amortization, future income taxes, contingent liabilities, stock compensation, restoration and rehabilitation costs and fair values of financial instruments.

c) Foreign Currency Translation

The Company uses the temporal method of foreign currency translation in accounting for its foreign currency operations to translate amounts into the Company's measurement currency, the Canadian dollar. Under this method, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date, while all other assets and liabilities are translated into Canadian dollars at the exchange rate prevailing on the date of the transaction. Revenues and expenses denominated in foreign currencies are

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translated into Canadian dollars at the rate of exchange in effect at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the results of operations.

d) Income Taxes

Income taxes are accounted for using the liability method of accounting for future income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized based on temporary differences between the financial statement carrying values of the existing assets and liabilities and their respective income tax bases using enacted or substantively enacted tax rates expected to apply to taxable income during the years in which the differences are expected to be recovered or settled. The recognition of future income tax assets such as tax losses available for carry forward are limited to the amount that is more likely than not to be realized.

e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and highly-liquid short-term money market instruments which have original terms to maturity of three months or less. Cash and equivalents which are subject to restrictions that prevent the amounts being used for current purposes are classified as restricted cash and cash equivalents.

f) Property, Plant and Equipment

Mineral Properties and Deferred Exploration Expenditures

The activities of the Company are directed towards the search, evaluation and development of mineral properties. Major expenditures are required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site.

The Company's policy is to capitalize costs related to the acquisition, exploration and development of its mineral properties where such costs have the characteristics of an asset. The cost of mineral properties includes the cash consideration and the fair value of shares issued on the date the property is acquired. These net costs are deferred until the mineral properties to which they relate are placed into production, sold or abandoned or otherwise determined to be impaired. These costs will be amortized over the estimated useful life of the properties following commencement of commercial production or written off if the properties are sold or allowed to lapse. Administrative expenditures, not directly related to property maintenance, are charged to operations as incurred. Property acquisition costs and deferred expenditures related to exploration and development projects represent costs to be charged to operations in the future and do not necessarily reflect the present or future values of the particular projects.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the declining balance basis at the following annual rates:

Office furniture	20%
Equipment	20%
Vehicles	33%
Buildings	3.33%
Leasehold Improvements	25%

Impairment of Long-lived Assets

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December 31, 2008
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The recoverability of values assigned to mineral interests is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete exploration and development and future profitable production or proceeds from disposition.

If an exploration property lease expires, the property is abandoned, continued exploration spending is not planned in the foreseeable future or when other events and changes in circumstances indicate that the carrying value may not be recovered, the accumulated costs and expenditures are written down to fair value.

Management reviews for impairment the carrying value of each mineral property and capital assets whenever events or changes in circumstances indicate that the net carrying amount may not be recoverable and, where necessary, these properties or capital assets are written down to their estimated fair value. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value and is charged to the results of operation. Fair value represents future discounted cash flows from an area of interest. The calculations of fair value include estimates of selling price and of costs to develop and extract the mining assets. It is reasonably possible that certain events could adversely affect management's estimates of fair value and the need for, as well as the amount of, provision for impairment in the carrying value of mineral interests and related assets. Where estimates of future cash flows are not available and where other conditions suggest impairment, management assesses if carrying value can be recovered and provides for impairment if so indicated, by reducing the carrying value of the property to its estimated fair value.

g) Asset Retirement Obligations

The fair value of liabilities for asset retirement obligations will be recognized in the period in which they are incurred. Currently there are no asset retirement obligations. However, as the development of any project progresses, senior management will assess whether an asset retirement obligation ("ARO") liability has arisen. At the point where such liability arises, the financial statement adjustment required will be to increase the project's carrying value and related ARO liability by the discounted value of the total liability. Thereafter, the Company will be required to record a charge to earnings each year to accrete the discounted ARO obligation to the final expected liability.

h) Revenue Recognition

The Company currently has no sources of revenue. The Company has accrued interest income on a time proportion basis in Other Income.

i) Stock-Based Compensation

The Company uses a fair value-based method of accounting for stock options granted to employees, including directors and to non-employees. The fair value of stock options granted is recognized on a straight-line basis over the applicable vesting period as an increase in stock-based compensation expense or mineral property acquisition cost and the contributed surplus account. When such stock options are exercised, the proceeds received by the Company, together with the respective amount from contributed surplus, are credited to share capital.

j) Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated using the treasury stock method. Under this method, proceeds deemed to be received on the exercise of "in the money" options and warrants in the per-share calculation are deemed to be applied to reacquire common shares at the average market price for the period. In a loss per share calculation the effect of potential issuance of shares under options and warrants would be anti-dilutive, accordingly, basic and diluted loss per share are the same.

k) Financial Instruments

Financial assets and financial liabilities are recognized on the Consolidated Balance Sheet of the Company when the Company becomes a party to the contractual provisions of the financial instrument. All financial instruments are required to be measured at fair value on initial recognition except for certain financial instruments that arise in related party transactions. Measurement in subsequent periods is dependent upon the classification of the financial instruments as held for trading, available-for-sale, loans and receivables, held-to-maturity, or other financial liabilities. For financial

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instruments classified as other than held-for-trading, transactions costs are added to the initial fair value of the related financial instrument.

Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in those fair values recognized on the Consolidated Statements of Operations and Deficit. Financial assets classified as available-for-sale are measured at fair value with changes in those assets recognized in other comprehensive income. Financial assets classified as loans and receivables, held to maturity or other financial liabilities are measured at amortized cost using the effective interest rate method of amortization. Where a financial asset classified as held-to-maturity or available-for-sale has a loss in value which is considered to be other than temporary, the loss is recognized in the results of operations.

For financial instruments measured at amortized cost, transaction costs or fees, premiums or discounts earned or incurred are recorded, at inception, net against the fair value of the financial instrument. Interest expense is recorded using the effective interest method.

The Company has implemented the following classifications:

- Cash and cash equivalents are classified as held to maturity, which are measured at fair value;
- Short term deposits have been designated as held-for-trading financial assets which are measured at fair value;
- Sundry amounts receivable are considered as loans and receivables and are recorded at amortized cost net of allowance for credit losses; and
- Accounts payable and accrued liabilities are recorded at amortized cost.

I) Comparative Amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.

New Accounting Standards Adopted

The Company adopted the following new accounting standards, issued by the Canadian Institute of Chartered Accountants ("CICA"), effective February 1, 2008.

- a) CICA Handbook Section 1400 "General Standards of Financial Statement Presentation" which was amended to include a requirement that management make an assessment of an entity's ability to continue as a going concern when preparing financial statements.
- b) CICA Handbook Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation" which requires disclosures in the financial statements that will enable users to evaluate: the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date and how the Company manages those risks.
- c) CICA Handbook Section 1535 – "Capital Disclosures" which requires the disclosure of both qualitative and quantitative information that enable users to evaluate the Company's objectives, policies and processes for managing capital.

Accounting Standards Issued But Not Yet Adopted

- a) **CICA Handbook Section 3064:** Effective January 1, 2009 Forsys will adopt the new Canadian standard Handbook Section 3064, "Goodwill and Intangible Assets". This standard provides guidance on the recognition, measurement and disclosure of goodwill and intangible assets other than the initial recognition of goodwill or intangible assets acquired in a business combination. This standard is effective for fiscal years beginning on or after October 1, 2008 and requires retroactive application to prior period financial statements. The Company has evaluated the impact of this new standard for adoption on January 1, 2009 and does not expect any significant impact on its consolidated statements.

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- b) **CICA Handbook Section 1582: Business Combinations:** The CICA has adopted the new Canadian standard Handbook Section 1582 Business Combinations. This section specifies a number of changes including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a requirement to measure noncontrolling interests at fair value and a requirement to recognize acquisition-related costs as expenses. Section 1582 applies prospectively to business combinations occurring on or after January 1, 2011. The Company is currently reviewing the impact of this standard and does not expect any significant impact on its consolidated financial statements
- c) **CICA Handbook Section 1601: Consolidated Financial Statements:** The CICA has issued the new Canadian standard Handbook Section 1601 Consolidated Financial Statements, which replaces the existing standard. This section establishes the standards for preparing consolidated financial statements and is effective for periods beginning on or after January 1, 2011 although earlier adoption is permitted. Forsys does not expect the adoption of this standard will have a material impact on its consolidated financial statements. The Company is currently reviewing the impact of this standard and does not expect any significant impact on its consolidated financial statements
- d) **CICA Handbook Section 1602: Noncontrolling Interests in Consolidated Financial Statements:** The CICA has issued the new Canadian standard, Handbook Section 1602 Noncontrolling Interests in Consolidated Financial Statements. This section specifies that noncontrolling interests be treated as a separate component of equity, not as a liability or other item outside of equity. Section 1602 is effective for periods beginning on or after January 1, 2011 and will be applied prospectively to all noncontrolling interests, including any that arose before the effective date. Forsys does not expect the adoption of this standard will have a material impact on its financial statements. The Company is currently reviewing the impact of this standard and does not expect any significant impact on its consolidated financial statements
- e) **Emerging Issues Committee Abstract 173: "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities":** The CICA Emerging Issues Committee has issued this Canadian emerging issues committee abstract which requires the Company to consider its own credit risk and the credit risk of the counterparty when determining the fair value of financial assets and financial liabilities. EIC 173 is effective for years beginning after January 1, 2010. The Company is currently reviewing the impact of this standard and does not expect any significant impact on its consolidated financial statements

3. Short-term Deposit and Restricted Deposits

- a) The short-term deposits consists of a bank deposit notes purchased August 28, 2008 with an interest rate of 3.12% and issued by a Canadian chartered bank which mature on January 5, 2009. At January 31, 2008, there were no deposits with maturities greater than 90 days.
- b) At January 31, 2008 the Company's lawyers were holding \$2,000,000 plus accrued interest an interest bearing escrow deposit account pursuant to an agreement dated August 30, 2007 which provided the Company with an option, until March 14, 2010 to increase, by up to 20%, its ownership in Ancash Investments (Pty) Limited, which holds an interest in four uranium exploration permits in Namibia. In September 2008, the Company gave notice that it did not intend to exercise the option, at which time the funds in escrow were released. In addition the Company had made deposits of \$107,240 toward the acquisition of additional interests in Omatjete Mining Company (Pty) Limited.

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(Expressed in Canadian dollars)

4. Acquisitions

a) Increase in Ownership of Omatjete Mining Company (Pty) Limited

The Company has increased its interest in Omatjete Mining Company (Pty) Limited ("Omatjete"), the holder of Exclusive Prospecting Licence 3195, known as the Ondundu gold exploration project and located in Namibia, from 32% to 100% through two purchases from the other shareholders as follows:

Cash	\$ 100,000
130,000 Class A common shares	405,600
Purchase of 10% of Omatjete in May 2008	
Cash	7,240
22,400 Class A common shares	70,336
Total consideration paid	583,176
Assigned to assets and liabilities as follows:	
Future income tax liability	349,906
Value assigned to mineral property	\$933,082

b) Acquisition of Mega Diamond Development Ltd.

On March 13, 2007, the Company acquired all of the issued and outstanding common shares of Mega Diamond Development Ltd. ("Mega"), a private company incorporated in the British Virgin Islands. Mega owns 70% of the issued and outstanding common shares of Ancash Investments (PTY) Ltd. ("Ancash"), a company incorporated in Namibia that is the 100% registered holder of the interests in Exclusive Prospecting Licences 3632, 3635, 3636, and 3637 and has a 30% interest in Exclusive Prospecting Licence 3638, all uranium projects. As at January 31, 2007, cash of \$300,000 had been paid as a good faith payment prior to the completion of the acquisition.

Purchase price	
Cash	\$ 997,150
4,750,000 Class A common shares	33,060,000
4,000,000 Class A common share purchase warrants entitling the holder to acquire one Class A common share at a price of \$6.66 per Class A common share until March 13, 2010	21,032,025
Finders fee of 300,000 Class A common shares	2,088,000
Acquisition costs	135,427
Total consideration paid	57,312,602
Book value of net assets acquired	100
Purchase price discrepancy allocated to mineral properties	\$57,312,502

The fair value of the warrants of \$21,032,025 was determined using the Black-Scholes valuation model with the following assumptions:

Expected life of warrants	3 years
Risk-free interest rate	4.11%
Volatility	128%
Dividend yield	0%

In accordance with the requirements of Canadian generally accepted accounting principles (GAAP), the Company valued the consideration shares at the market value of those shares at the time of their issuance. These principles also required that the warrants issued as part of the consideration be assigned a value in connection with the acquisition of Mega Diamond using the Black Scholes model.

The Company reviewed the carrying value of \$57,312,602 for the underlying exploration permits acquired for potential impairment and determined that a carrying value of \$12,000,000 for these properties was more

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reflective of the early stage value of these exploration licenses. As a result a write-down of \$45,312,602 was recorded in the 2007 financial statements.

c) Acquisition of Valencia Uranium Limited (formerly Tsumeb Exploration Company Limited)

On December 9, 2005, the Company acquired all of the issued and outstanding shares of Namibian Metals Ltd. ("Namibian Metals"), a private company incorporated in the British Virgin Islands, the registered and beneficial holder of 90% of the issued and outstanding shares in Valencia Uranium Limited ("Valencia") (formerly Tsumeb Exploration Company Limited), a private company incorporated in Namibia, whose primary asset is the Valencia Uranium Licence (EPL 1496 which is now ML149) in Namibia, Africa. On March 14, 2007, the Company acquired the remaining 10% of the common shares of Valencia.

Purchase price	
90% interest acquired on December 9, 2005	
Cash of US\$1,980,000	\$ 2,347,808
5,000,000 Class A common shares	1,500,000
3,000,000 Class A common share purchase warrants entitling the holder to acquire one Class A common share at a price of \$0.375 per Class A common share until November 23, 2007	597,000
Finders fee of 650,000 Class A common shares	195,000
Net income for the period December 9, 2005 to March 14, 2007	116,197
	4,756,005
10% interest acquired on March 14, 2007	
Cash of US\$2,000,000	2,336,800
3,000,000 Class A common shares	10,500,000
3,000,000 Class A common share purchase warrants	3,104,344
Finders fee of 300,000 Class A common shares	1,050,000
Acquisition costs	31,126
	\$21,778,275
Net assets acquired	
Cash	\$ 1,495,065
Non-cash working capital	275,841
Mineral properties	25,561,237
Accounts payable to Westport	(1,161,432)
Loan payable to the Company	(4,392,436)
	\$21,778,275

Each Class A common share purchase warrant, that was issued as part of the March 14, 2007 transaction, entitles the holder to acquire one Class A common share at a price of \$3.50 per Class A common share at the earlier of (i) March 14, 2009 and (ii) 60 business days after the date that the Company notifies the holder that the closing price for the Class A common shares on the Toronto Stock Exchange has exceeded \$5.50 per Class A common share for 20 consecutive trading days.

The fair value of the warrants of \$3,104,344 was determined using the Black-Scholes valuation model with the following assumptions:

Expected life of warrants	1 year
Risk-free interest rate	4.09%
Volatility	87%
Dividend yield	0%

d) Acquisition of Discovery Health and Medical Services (Proprietary) Limited

On October 15, 2007, the Company acquired for \$655,000 cash all of the issued and outstanding common shares of Discovery Health and Medical Services (Proprietary) Limited ("Discovery"), a private company incorporated in Namibia which owns real estate property in Namibia. Discovery's sole asset is a residential property in Windhoek, Namibia.

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5. Mineral Properties and Deferred Exploration Expenditures

a) The continuity of the Company's investment in Mineral Properties and Deferred Exploration Expenditures is as follows:

	December 31, 2008	January 31, 2008
Mineral Properties located in Namibia, Africa		
Balance at beginning of year	\$ 56,115,962	\$ 6,050,227
Purchase of remaining 68% interest in Omatjete Mining Company (Pty) Limited including future tax liability of \$349,906 (Note 4(a))	933,082	-
Purchase of remaining 10% interest in Valencia	-	17,022,249
Purchase of Mega Diamond Development Ltd. net of write-down of \$45,312,602	-	12,000,000
Future tax liability related to Mineral Properties	-	21,043,486
	57,049,044	56,115,962
Deferred Exploration Expenditures		
Balance at beginning of year	8,307,311	3,956,525
Exploration and development costs	9,035,156	4,350,786
Stock based compensation capitalized	217,769	-
Deferred exploration costs expensed	(374,362)	-
	17,185,874	8,307,311
Balance at end of year	\$ 74,234,918	\$ 64,423,273

b) Mining Licence ML 149

Mining Licence ML149 for the Valencia Uranium Project in Namibia, Africa was issued on August 20, 2008 for a period of 25 years until June 22, 2033. This Licence replaces Exclusive Prospecting Licence 1496.

c) Exploration Licences

The Company holds the following exploration licenses for mineral properties in Namibia, Africa:

- i.A 70% interest in Exclusive Prospecting Licenses 3632, 3635, 3636 and 3637 held by Ancash Investments which was renewed for a period of two years until November 5, 2009.
- ii.A 91% interest in the Exclusive Prospecting Licence 3638 for Dunefield Mining Company (Proprietary) Limited which was renewed for a period of two years until November 6, 2009
- iii.A 90% interest in the Exclusive Prospecting Licence 3195 for the Ondundu gold project which was renewed for a period of two years until May 30, 2009
- iv.Exclusive Prospecting Licence 3166 for the Omaruru gold project for which renewal is pending
- v.Exclusive Prospecting Licence 2797 for the Sperrgebeit zinc project for which renewal is pending.

In addition, the Company, through its subsidiary Westport Resources Namibia (Pty) Limited, has an Option agreement to earn a 60% interest in the Exclusive Prospecting Licence 3136 for the Elbe copper, gold, zinc and silver project. In order to earn its interest in the property, the Company must issue 300,000 common shares and incur exploration and development expenditures totaling \$Namibian 5 million before March 12, 2010.

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d) Write-off of Mineral Properties

The write-down of mineral properties and deferred exploration and development costs consists of:

	Eleven Months Ended December 31, 2008	Year Ended January 31, 2008
Mineral Properties expensed upon acquisition	\$ 4,143,659	\$ -
Write-down of deferred exploration expenditures at Omaruru, Sperrgebeit and Elbe	374,362	-
Write-down of mineral properties (<i>Note 5 b</i>)	-	45,312,602
	\$ 4,518,021	\$ 45,312,602

During the third quarter of 2008, the Company made cash payment of \$4,143,659 for mineral properties. These properties have been expensed in full as they have no definable uranium reserves.

At December 31, 2008, the Company reviewed the carrying value of its exploration properties and expensed \$374,362 for cumulative spending to date on Exclusive Prospecting Licence 3166 (Omaruru), Exploration Prospecting Licence 2797 (Sperrgebeit) and on its option to acquire a 60% interest in Exclusive Prospecting Licence 3136 (Elbe) where renewal of Exclusive Prospecting Licences are pending and no exploration spending is currently planned in 2009.

6) Capital Assets

The capital assets balance consists of the following:

	As at December 31, 2008			As at January 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land and Buildings	\$655,000	\$ -	\$655,000	\$655,000	\$ -	\$655,000
Vehicles	528,732	188,819	339,913	283,430	69,252	214,198
Equipment	327,759	128,467	199,292	303,272	55,955	247,617
Office furniture	131,292	52,653	78,639	137,372	65,715	71,657
Leasehold	98,440	49,905	48,535	98,440	18,458	79,982
Construction in process	3,963,500	-	3,963,500	-		
	\$5,704,723	\$ 419,844	\$5,284,879	\$1,477,514	\$209,380	\$1,268,454

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7. Capital Stock

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
- An unlimited number of Class C shares with rights and privileges to be determined by the Board of Directors of the Company

Issued and outstanding Class A common shares

	Number of Shares	\$
Balance at January 31, 2007	53,471,755	\$ 24,119,318
Issued for cash:		
Private placement	10,000,000	47,500,000
Share issue costs	-	(2,120,078)
Exercise of warrants	3,684,743	5,307,152
Exercise of Options	1,332,500	1,150,000
Issued as payment for:		
Acquisition of Mega Diamond Development <i>(Note 4(b))</i>	5,050,000	35,148,000
Acquisition of Valencia Uranium Ltd. <i>(Note 4(c))</i>	3,300,000	11,550,000
Reallocation from Contributed Surplus relating to warrants exercised	-	2,668,199
Reallocation from Contributed Surplus relating to options exercised	-	974,836
Fair value assigned to warrants issued	-	(1,710,412)
Balance at January 31, 2008	76,838,998	124,587,015
Issued for Cash:		
Exercise of Options	208,833	157,558
Reallocation from Contributed Surplus relating to options exercised	-	142,905
Issued as payment for:		
Acquisition of 58% interest in Omatjete <i>(Note 4(a))</i>	130,000	405,600
Acquisition of 10% interest in Omatjete <i>(Note 4(a))</i>	22,400	70,336
Balance at December 31, 2008	77,200,231	\$125,363,414

Stock Options

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Forsys established a stock option plan to provide additional incentive to its officers, directors, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. Under this fixed stock option plan as amended in 2008, the Company is authorized to grant a maximum of 12,000,000 stock options to its directors, employees, consultants and management to acquire Class A common shares. 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 common shares, the date or dates on which the options should be granted and the terms and conditions attached to each option in the limits prescribed in applicable law. As at December 31, 2008 the Company had 3,015,334 (January 31, 2008- 3,181,500) options available for issuance.

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

	2008		2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	6,118,500	\$ 3.08	3,823,500	\$ 1.43
Transactions during the period:				
Granted	810,000	3.51	4,110,000	4.13
Exercised	(208,833)	0.75	(1,332,500)	0.86
Cancelled	(146,667)	3.58	(482,500)	5.07
Outstanding at end of period	6,573,000	\$ 3.19	6,118,500	\$ 3.08
Exercisable at end of period	6,183,000	\$ 3.18	5,416,001	\$ 2.70

On March 7, 2008 the Company granted 450,000 options to acquire Class A common shares at a price of \$3.11 per share until March 7, 2013 which vest one third on each of March 7, 2008, 2009 and 2010. The fair value of these options of \$869,024 was determined using the Black-Scholes valuation model with the following assumptions:

Expected life of options	3 years
Risk-free interest rate	2.67%
Volatility	98%
Dividend yield	0%

On May 2, 2008 the Company granted 40,000 options to acquire Class A common shares at a price of \$3.25 per share until May 2, 2013 which vest immediately. The fair value of these options of \$80,625 was determined using the Black-Scholes valuation model with the following assumptions:

Expected life of options	3 years
Risk-free interest rate	3.00%
Volatility	98%
Dividend yield	0%

On May 22, 2008 the Company granted 15,000 options to acquire Class A common shares at a price of \$4.11 per share until May 22, 2013 which vest one third on each of May 7, 2008, 2009 and 2010. The fair value of the options of \$38,451 was determined using the Black-Scholes valuation model with the following assumptions:

Expected life of options	3 years
Risk-free interest rate	3.19%
Volatility	98%

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Dividend yield	0%
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On June 13, 2008 the Company granted 80,000 options to acquire Class A common shares at a price of \$4.09 per share until June 13, 2013 which vest one half on each of June 13, 2009 and 2010. The fair value of the options of \$202,426 was determined using the Black-Scholes valuation model with the following assumptions:

Expected life of options	3 years
Risk-free interest rate	4.09%
Volatility	97%
Dividend yield	0%

On August 1, 2008 the Company granted 100,000 options to acquire Class A common shares at a price of \$3.80 per share until August 1, 2013 which vest immediately. The fair value of the options of \$225,627 was determined using the Black-Scholes valuation model with the following assumptions:

Expected life of options	3 years
Risk-free interest rate	3.15%
Volatility	90%
Dividend yield	0%

On August 6, 2008 the Company granted 75,000 options to acquire Class A common shares at a price of \$3.65 per share until August 6, 2013 which vest one third on each of August 6, 2008, 2009 and 2010. The fair value of the options of \$159,565 was determined using the Black-Scholes valuation model with the following assumptions:

Expected life of options	3 years
Risk-free interest rate	3.04%
Volatility	90%
Dividend yield	0%

On September 19, 2008 the Company granted 50,000 options to acquire Class A common shares at a price of \$5.40 per share until September 19, 2013 which vest one third on each of September 19, 2008, 2009 and 2010. The fair value of the options of \$156,250 was determined using the Black-Scholes valuation model with the following assumptions:

Expected life of options	3 years
Risk-free interest rate	3.16%
Volatility	89%
Dividend yield	0%

A summary of the Company's fixed stock options outstanding and exercisable at December 31, 2008 is presented below:

Grant Date	Exercise Price	Options Outstanding	Options Exercisable	Expiry Date
July 7, 2005	\$0.50	350,000	350,000	July 7, 2010
September 6, 2005	\$0.75	100,000	100,000	September 6, 2010
March 23, 2006	\$1.15	440,000	440,000	March 23, 2011

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April 11, 2006	\$2.00	240,000	240,000	April 11, 2011
September 27, 2006	\$2.20	788,000	788,000	September 27, 2011
January 5, 2007	\$5.69	110,000	110,000	January 5, 2012
February 21, 2007	\$7.74	660,000	660,000	February 21, 2012
July 31, 2007	\$5.40	100,000	100,000	July 31, 2012
September 4, 2007	\$3.80	100,000	100,000	September 4, 2012
October 25, 2007	\$3.00	3,000,000	3,000,000	October 25, 2012
March 7, 2008	\$3.11	450,000	150,000	March 7, 2013
May 22, 2008	\$4.11	10,000	3,333	May 22, 2013
August 1, 2008	\$3.80	100,000	100,000	August 1, 2013
August 6, 2008	\$3.65	75,000	25,000	August 6, 2013
September 19, 2008	\$5.40	50,000	16,667	September 19, 2013
		6,573,000	6,183,000	

During the 11 months ended December 31, 2008 year stock option compensation of \$217,768 (year ended January 31, 2008 \$Nil) was included in deferred exploration and development expenses and \$2,016,707 (year ended January 31, 2008 \$11,856,063) was expensed. At December 31, 2008, \$553,992 of unvested and unamortized value remained to be recorded.

Subsequent to year-end, 335,000 options were exercised for gross proceeds to the Company of \$358,500.

Warrants

A summary of the activity in the Company's warrants is presented below:

	December 31, 2008		January 31, 2008	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	7,500,000	\$ 5.27	3,684,745	\$ 1.44
Transactions during the year:				
Issued	-	-	7,500,000	5.27
Exercised	-	-	(3,684,743)	1.44
Expired	-	-	(2)	1.44
Outstanding at end of year	7,500,000	\$ 5.27	7,500,000	\$ 5.27

The following table provides additional information about outstanding warrants at January 31, 2008:

Grant Date	Expiry Date	Number of Warrants	Exercise Price
February 27, 2007	February 27, 2009	500,000	\$ 4.75
March 13, 2007	March 13, 2010	4,000,000	\$ 6.66

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March 14, 2007	March 14, 2009 (a)	3,000,000	\$ 3.50
		7,500,000	\$ 5.27

- (a) These warrants expire at the earlier of (i) March 14, 2009 and (ii) 60 business days after the date that the Company notifies the holder that the closing price for the Class A common shares on the Toronto Stock Exchange has exceeded \$5.50 per Class A common share for 20 consecutive trading days.
- (b) Subsequent to year end, 500,000 warrants were exercised at \$4.75 and 900,000 warrants were exercised at \$3.50 resulting in the Company receiving gross proceeds of \$5,525,000. The remaining 2,100,000 warrants with an exercise price of \$3.50 expired.

8. Contributed Surplus

	2008	2007
Balance at beginning of year	\$38,582,156	\$ 4,522,347
Value assigned to:		
Stock-based compensation	2,234,475	11,856,063
Fair value to warrants issue in connection with private placement	-	1,710,412
Fair value assigned to warrants issued pursuant to acquisition of Mega Diamond Development Ltd. (Note 4 (b))	-	21,032,025
Fair value assigned to warrants issued pursuant to acquisition of Valencia Uranium Limited (Note 4 (c))	-	3,104,344
Value of warrants exercised transferred to share capital	-	(2,668,199)
Value of options exercised transferred to share capital	(142,905)	(974,836)
Balance at end of year	\$40,673,726	\$38,582,156

9. Income Taxes

- a) The difference between the Company's income tax provision calculated using the statutory rate and the reported amount is as follows:

	December 31, 2008	January 31, 2008
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	\$	%	\$	%
Income taxes at statutory rates	(2,976,466)	(33.5)	(21,139,900)	(36.1)
Expenses not deductible for income tax purposes:				
Stock-based compensation	680,785	7.7	4,280,000	7.3
Write-down of mineral properties	1,388,126	15.6	16,357,800	27.9
Difference between Canadian and foreign statutory tax rates	(215,756)	(2.4)	24,000	0.0
Amortization	-		76,100	0.1
Valuation allowance	(533,464)	(6.0)	404,154	0.8
Income tax expense / (recovery)	(1,656,775)	(18.6)	2,154	0.0

b) **Canadian Operations**

As at December 31, 2008 the Company has non-capital losses carryforward of \$4,779,863 (January 31, 2008 - \$5,486,000), available to carry forward to reduce its Canadian source income, which expire as follows:

2015	\$ 180,820
2026	1,185,876
2027	1,253,859
2028	2,159,308
	\$4,779,863

The tax effect of temporary differences that give rise to significant portions of the future tax assets and liabilities in the Company's Canadian operations are as follows:

	December 31, 2008	January 31, 2008
Resource deductions	\$ 50,929	\$ 58,400
Property plant and equipment	(2,143)	-
Offering costs	256,176	947,300
Non-capital losses carried forward	1,386,160	1,810,300
	1,691,122	2,816,000
Valuation allowance	(1,691,122)	(2,816,000)
Net future income tax liability	\$ -	\$ -

The Company has recorded a valuation allowance in the amount of \$1,691,122 (2007-\$2,816,000) because management believes that it is not more likely than not that the future tax income tax assets will be realized in the carry-forward period.

c) **Namibian Operations**

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The tax effects of temporary differences that give rise to significant portions of the future tax assets and liabilities in the Company's Namibian operations are as follows:

	December 31, 2008	January 31, 2008
Property plant and equipment	\$ (92,802)	\$ -
Interest in mineral properties	(21,393,392)	(21,043,486)
Exploration and development expenditures	441,294	
Non-capital losses carried forward	1,308,283	-
Net future income tax liability	\$(19,736,617)	\$(21,043,486)

The Company also has \$1,308,283 (January 31, 2008 - 1,204,000) of non-capital losses carried forward available in Namibia. The tax benefits of these losses are available for carry forward indefinitely.

10. Capital Management

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

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. Exploration involves a high degree of "discovery risk" and substantial uncertainties about the ultimate ability of the Company to achieve positive cash flow from operations. Consequently, management funds the Company's exploration by issuing capital stock rather than using other capital sources that require fixed repayments of principal or interest. The level of exploration activity is dependent based on the level of funds available to the Company to manage its exploration and development activities.

Development activities begin following completion of a feasibility study and Board approval of a commercial production decision. At such time, management may consider senior debt, convertible debentures, other financial instruments and strategic participants as a means to finance development while minimizing equity dilution. In order to maintain or adjust its capital structure, the Company expects that it will be able to obtain financing sufficient to maintain and expand development activities. There are no assurances that these initiatives will be successful.

As of December 31, 2008 the Company is not subject to externally imposed capital requirements and there has been no change during the year with respect to the overall capital risk management strategy.

11. Financial Risk Factors

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and price risk.

a) Credit Risk

The Company's credit risk primarily relates to short-term deposits and accounts receivable. The Company manages its credit risk over short-term deposits by purchasing short-term investment grade securities, such as bankers acceptances and bank deposit notes issued by top tier Canadian banks. The Company's receivables currently consist primarily of value-added taxes receivable from the Namibian government the collectability of which is dependent on tax policy not changing.

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b) *Liquidity*

The Company's approach to managing liquidity risk is to provide reasonable assurance that it can provide sufficient capital to meet liabilities when due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it can provide sufficient capital to meet its liabilities when due. The Company maintains sufficient cash and cash equivalents to meet short-term business requirements. At December 31, 2008 the Company had Cash and cash equivalents of \$12,835,801 together with short-term deposits of \$21,457,526, which matured on January 5, 2009.

c) *Foreign Currency Risk*

The Company's functional currency is the Canadian dollar. Expenses are incurred in Canadian, United States dollars, Namibian dollars and Euros. The Company is subject to gains and losses due to fluctuations in these currencies. The Company maintains a Canadian and US dollar bank account in Canada and maintains a Namibian dollar bank account for local operating expenses in Namibia.

The majority (December 31, 2008 \$34.0 million) of the Company's cash and cash equivalents and short-term deposit are held in Canadian dollars with a Canadian Chartered Bank. The remainder (December 31, 2008 \$0.3 million) is held in a Namibian dollar bank account in Namibia to meet immediate cash requirements.

d) *Interest Rate Risk*

The Company's cash and cash equivalents and short-term investments primarily include highly liquid investments, which earn interest at market rates that are fixed to maturity. At December 31 these investments included bankers acceptances and bank deposit notes issued by top tier Canadian banks. The Company reviews the credit ratings of these banks from time to time and its investment decisions are focused on preservation of capital and liquidity. The Company also holds cash and cash equivalents 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 as of December 31, 2008. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations.

e) *Commodity Price Risk*

The future profitability of the Company is directly related to the market price of uranium. The feasible development of such properties is highly dependent upon the price of metals. A sustained and substantial decline in commodity prices could result in the write-down, termination of exploration work or loss of its interests in identified resource properties.

As part of its acquisition of equipment for the Valencia Uranium Project, the Company is responsible for foreign exchange fluctuations between the original bid price and actual time of payments, with portions of the contract payable in US and Canadian dollars and Euros. Pursuant to the contract the supplier enters into foreign exchange contracts from reduce the Company's exposure to foreign exchange volatility. The Company does not hedge any of its purchase commitments given the short term nature of current commitments.

f) *Sensitivity Analysis*

As of December 31, 2008, management estimates that if interest rates changed had changed by 1%, (i.e. 100 basis points), assuming all other variables remained constant, the impact the net loss would have been approximately \$327,000 (2007 \$518,000).

12. Commitments and Contingencies

- a) 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.

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- b) In order to achieve production, the Company identified certain critical items requiring a purchase commitment in advance of a formal production decision for Valencia being made by the Company's Board. At December 31, 2008 the Company had outstanding commitments of \$15,068,000 for the remaining cost of a primary gyratory crusher and three rod mills with progress payments scheduled over the next two years.
- c) The Company has operating lease commitments for office premises and equipment over the next five years as follows:

2009	\$ 164,000
2010	\$ 111,000
2011	\$ 97,000
2012	\$ 8,000
2013	\$ -

13. Related Party Transactions

Consulting fees of \$1,010,000 (Year ended January 31, 2008 - \$704,000) were paid to three directors of the Company or companies controlled by them in accordance with the consultant's contracts.

General and administrative expenses include \$584,000 (Year ended January 31, 2008 - \$nil) for legal fees paid to a firm, a partner of which is also a Director of the Company.

These payments have been recorded at the exchange amounts agreed to by the parties and have been paid.

14. Segmented Information

The Company has one operating segment in the mining and mineral exploration industry in Namibia. Mining properties, deferred exploration expenditures and substantially all of the company's capital assets, and working capital with the exception of cash and cash equivalents relate to Namibia. The total assets by geographic area are located as follows:

	December 31, 2008	January 31, 2008
Namibia	\$80,104,771	\$ 94,042,501
Canada	34,555,620	47,031,967
	\$114,660,391	\$ 120,030,982

15. Plan of Arrangement with GFI

On November 14, 2008, George Forrest International Afrique S.P.R.L. ("GFI") and Forsys entered into a definitive agreement (which was amended by way of an amendment agreement on January 28, 2009) pursuant to which it is intended that GFI (or its nominee) will effectively acquire, by way of a court-approved plan of arrangement, all of the outstanding common shares of Forsys (the "Offer") on the basis of \$7.00 per share in cash for each common share of Forsys, plus the "in the money" amount of any outstanding Forsys options and warrants. (the "Arrangement"). The consideration to be received pursuant to the Arrangement values Forsys at approximately \$579 million. On November 14, 2008 the board of directors of Forsys (the "Board") unanimously approved the Arrangement and resolved to recommend to securityholders of Forsys that they vote in favour of the Arrangement. The Board established a special committee on October 21, 2008 to review and consider the proposed terms of the Arrangement transaction, and on November 14, 2008 the special committee unanimously resolved to recommend that the Board approve the Arrangement and that the Board recommend to the security holders of Forsys that they vote in favour of the Arrangement.

The directors, senior officers and certain other securityholders of Forsys entered into support agreements with GFI, pursuant to which they irrevocably agreed to vote their shares (including any shares issuable upon the exercise of options and warrants) and their options and warrants, representing 20.4% of the outstanding common shares of Forsys

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(calculated on a fully diluted basis), in favour of the Arrangement at the special meeting convened for the purposes of approving the Arrangement. Forsys received shareholder approval (which included the securities voted in accordance with the above-noted support agreements) for the Arrangement on February 27, 2009 and court approval for the Arrangement on March 3, 2008, and pursuant to the terms of the arrangement agreement, the Arrangement was to close on or before March 18, 2009.

On March 12, 2009 Forsys received a written request from GFI to extend the closing date for the Arrangement.

The Company announced on March 31, 2009 that it is still in discussions with GFI concerning an extension and other amendments to the Arrangement Agreement