

FORSYS METALS CORP.
(formerly Forsys Technologies Inc.)
(the “Company”)

FORM 51-102F1
MANAGEMENT’S DISCUSSION & ANALYSIS

Date

This MD&A is dated December 23, 2005 and should be read in conjunction with the unaudited financial statements for the 9 months ended October 31, 2005.

Overall Performance

The Company is engaged in the acquisition and exploration of properties with the potential for uranium, mineral commodities and diamonds. The Company, either directly or through joint venture partnership, holds interests in exploration properties in Namibia, Africa and in British Columbia, Canada.

Namibia

The Company’s wholly owned subsidiary, 1400596 Ontario Inc., owns a 100% interest in Westport Resources (Namibia) (Pty) Limited (“Westport”), based in Windhoek, Namibia. Westport’s main exploration projects consist of: i) the Exclusive Prospecting License (“EPL”) for the Sperrgebiet Zinc Project, ii) the EPL for the Omaruru Gold Project, iii) an option to acquire a 60% interest in the Elbe Mine Project, an advanced stage copper, gold, zinc and silver deposit, iv) a 32% interest in an EPL for the Ondundu Gold Project and v) an Exclusive Reconnaissance License for the Rundu Diamond Project.

On July 6, 2005 the Company announced that it had entered into a Letter of Intent (“LOI”), dated July 4, 2005, with Vestment Securities Limited (“Vestment”), an arm’s length party to the Company, to acquire 100% of the issued and outstanding common shares of Namibian Metals Ltd. (“NML”) a private company incorporated in the British Virgin Islands. NML is the registered and beneficial holder of 90% of the issued shares in Tsumeb Exploration Company Limited, a Namibian registered company that is the registered and beneficial holder of the Valencia Uranium Licence (MDRL 1496) in Namibia, Africa (the “Valencia Uranium Property”).

On August 12, 2005 the Company announced it had entered into a Share Purchase Agreement (the “Agreement”), with Vestment. Pursuant to the terms of the Agreement, Forsys acquired 100% of all of the issued and outstanding shares in the capital of NML from Vestment by paying an aggregate of US\$1.98 million, in the following installments: (i) an US\$100,000 initial deposit which was paid upon signing of the letter of intent; (ii) an additional US\$1,000,000 which was paid upon the completion and execution of the Agreement; and (iii) an additional US\$880,000 paid on December 9, 2005. In addition the Company issued an aggregate of 5,000,000 common shares and 3,000,000 share purchase warrants (the “Warrants”) in the capital of the Company to Vestment. Each Warrant will entitle the holder thereof to acquire a common share of the Company at an exercise price of \$0.375 on or before November 23, 2007.

The Company announced on November 1, 2005 that Snowden Mining Industry Consultants (“Snowden”) had completed a National Instrument 43-101 compliant technical report (the “Report”) on the Valencia Uranium Property and the TSX Venture Exchange accepted the Report for filing. The Report is available for viewing on the

SEDAR website (www.sedar.com). The Report has estimated an Inferred Mineral Resource of 32 million tonnes at an average grade of 0.22 kg/t U3O8 using a cut-off grade of 0.17 kg/t U3O8. On November 16, 2005, the Company announced the commencement of a pre-feasibility study on the Valencia Uranium Project, whereby the Company plans to undertake a minimum 3,000 metre program of in-fill drilling, limited verification twinning and resource expansion. The drilling program expands on the recommendations outlined in the Report and is designed to upgrade the existing uranium resource.

Financings

The Company announced on July 6, 2005 that it retained Quest Securities Corporation ("Quest") to complete a brokered private placement (the "Quest Private Placement") financing of up to \$2,700,000. On August 5, 2005 the Company completed the Quest Private Placement of 9,000,000 units ("Units") of the Company at a price of \$0.30 per Unit for total gross proceeds of \$2,700,000. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company (the "Warrants"). Each whole Warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.45 at any time on or before August 5, 2007.

Quest received a fee of \$189,000 for its services in connection with the Quest Private Placement, and broker warrants entitling Quest to purchase an aggregate of 630,000 Units at a price of \$0.30 per Unit at any time on or before August 5, 2007.

On October 31, 2005 the Company completed an underwritten private placement of 9,152,100 Units at a price of \$1.15 per Unit for total gross proceeds of \$10,524,915 (the "Private Placement"). Each Unit consists of one common share and one-half of one common share purchase warrant (the "Warrants"). Each whole Warrant entitles the holder to purchase one common share of the Company at a price of \$1.50 on or before October 31, 2007. The common shares issued pursuant to the Private Placement are subject to a four month hold period which expires on March 1, 2006.

The Private Placement was underwritten by Sprott Securities Inc., Orion Securities Inc. and Quest Securities Corporation (collectively, the "Underwriters"). The Underwriters were paid a commission equal to 6.5% of the gross proceeds raised in the Private Placement plus the Underwriters received broker's warrants which entitles them to acquire 594,886 Units at a price of \$1.15 per Unit. Each Unit has the same attributes as the Units sold pursuant to the Private Placement. The proceeds from the Private Placement will be used towards the development of the Valencia Uranium Deposit and for general working capital.

The Company raised \$1,470,000 through the exercise of 2,450,000 previously issued share purchase warrants, exercisable into 2,450,000 common shares at a price of \$0.60 per share. Additionally, the Company raised \$38,250 through the exercise of 85,000 share purchase warrants issued in connection with the Quest Private Placement, exercisable into 85,000 common shares at a price of \$0.45 per share.

British Columbia, Canada

The Company completed an arm's length option agreement with Logan Resources Ltd. ("Logan"), whereby the Company has an option to earn a 51% interest in the Albert Creek Property (the "Property"), located in British Columbia, Canada, by issuing 150,000 common shares of the Company with a deemed value of \$36,000 and incurring an aggregate of \$300,000 in exploration expenditures over a 3 year period. To date the Company has issued 150,000 common shares and incurred \$100,900 in exploration expenditures on the Albert Creek Property. The Company has an option to earn an additional 20% interest in the Property by delivering to Logan a bankable

feasibility study should Logan acquire the remaining 49% interest in the Property. In order for Logan to acquire an additional 24% interest in the Property, Logan was required to issue 240,000 common shares of Logan and incur or cause a third party to incur \$100,000 in exploration expenditures on or before September 30, 2005. In order for Logan to acquire the remaining 25% in the Property, Logan is required to issue an additional 360,000 common shares of Logan on or before September 30, 2007.

The Company holds no interest in producing or commercial ore deposits. The Company has no production or other revenue. There is no operating history upon which investors may rely. Commercial development of any kind will only occur in the event that sufficient quantities of ore containing economic concentrations of mineral resources are discovered. If in the future a discovery is made, substantial financial resources may be required to establish ore reserves. Additional substantial financial resources will be required to develop mining and processing for any ore reserves that may be discovered. If the Company is unable to finance the establishment of ore reserves or the development of mining and processing facilities, it may be required to sell all or a portion of its interest in such property to one or more parties capable of financing such development.

Results of Operations

The Company's loss for continuing operations for the 9 months ended October 31, 2005 was \$895,836 (2004-\$176,531) while the Company's income for discontinued operations was nil (2004 -\$19,324). The Company recorded a gain on the sale of its discontinued operations of nil (2004 -\$67,761). Working capital increased to \$13,085,544 on October 31, 2005 (January 31, 2005 – \$568,137). The increase in working capital is attributable primarily to the Company's equity financings and through the exercise of previously issued common share purchase warrants. The increase in expenses reflects the Company's increased activity, whereas, in the comparative period, the Company had limited operations.

Summary of Quarterly Results

	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue from continuing operations	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Income (loss) before discontinued operations								
- Total	(84,832)	(46,144)	(64,896)	(65,491)	(173,962)	(173,982)	(381,440)	(340,414)
- Per share	(\$0.03)	(\$0.02)	(\$0.026)	(\$0.018)	(\$0.026)	(\$0.02)	(\$0.03)	(\$0.01)
Net income (loss)								
- Total	(189,628)	40,941	(64,896)	(65,491)	(173,962)	(173,982)	(381,440)	(340,414)
- Per share	(\$0.077)	\$0.04	(\$0.026)	(\$0.018)	(\$0.066)	(\$0.02)	(\$0.03)	(\$0.01)

Liquidity and Capital Resources

The Company reported a working capital surplus of \$13,085,544 on October 31, 2005, compared to a working capital surplus of \$568,137 as at January 31, 2005.

Private Placement Financings

On August 5, 2005 the Company announced the completion of the Quest Private Placement of 9,000,000 units of the Company at a price of \$0.30 per unit for total gross proceeds of \$2,700,000. Each unit was comprised of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.45 until August 5, 2007.

On October 31, 2005 the Company completed an underwritten private placement of 9,152,100 units of the Company at \$1.15 per unit for total gross proceeds of \$10,524,915. Each unit was comprised of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$1.50 until October 31, 2007.

Warrants

As at September 20, 2005, the Company received \$750,000 through the exercise of 1,250,000 share purchase warrants, exercisable into 1,250,000 common shares of the Company at an exercise price of \$0.60 per share. Additionally, as at November 23, 2005 the Company has received \$720,000 through the exercise of 1,200,000 share purchase warrants, exercisable into 1,200,000 common shares of the Company at an exercise price of \$0.60 per share. As at December 22, 2005, the Company received \$38,250 through the exercise of 85,000 share purchase warrants, issued pursuant to the Quest Private Placement. 4,415,000 warrants issued pursuant to the Quest Private Placement remain outstanding, with each warrant entitling the holder thereof to purchase one common share of the Company at a price of \$0.45 at any time on or before August 5, 2007.

The net proceeds from the private placement financings and the exercise of the warrants will be used by the Company towards the development of the Valencia Uranium Property, whereby the Company has commenced with a pre-feasibility study, and for general working capital. The Company anticipates that no additional financings will be required during the year ending January 31, 2006, to fund its planned exploration and development and cover its general and administrative expenses.

Transactions with Related Parties

During the 9 months ended October 31, 2005, consulting fees of \$139,750 (2004-\$59,000) were paid to directors of the Company.

Proposed Transactions

In February 2005, Westport signed an agreement, subject to Namibia's Ministry of Mines and Energy approval, to earn a 60% interest in the Elbe Project in Namibia in exchange for the issuance by the Company of 300,000 Class A common shares of the Company and Westport performing exploration and development expenditures totaling N\$5,000,000. The Company received the required approval from the Namibian Ministry of Mines and Energy in September 2005. The issuance of the common shares of the Company and the expenditures are staged in 6 month intervals over a two year period, commencing September 2005, subject to TSX Venture Exchange and all other required regulatory and board of director approvals.

Changes in Accounting Policies including Initial Adoption

There were no changes in accounting policies during the 9 months ended October 31, 2005.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, GST and other receivables, prepaid expenses, accounts payable and accrued liabilities. It is management's opinion that the fair value of these financial instruments approximate their carrying values.

Other Information

Additional Disclosure for Venture Corporations without Significant Revenue

The following table sets forth a breakdown of material components of the general and administration costs, capitalized or expensed exploration and development costs of the Company for the periods indicated.

	9 Months Ended October 31, 2005	9 Months Ended October 31, 2004
	\$	\$
General and Administrative Costs		
Professional fees	13,109	17,662
Consulting fees	221,369	96,500
Stock-based compensation	290,528	-
General and administrative expenses	140,622	41,147
Investor relations	104,841	-
Travel	44,444	21,222
Depreciation	1,800	-
	<u>816,713</u>	<u>176,531</u>

For the 9 months ended October 31, 2005, the Company incurred total general and administrative costs of \$816,713, [2004 - \$176,531]. The increased expenses for the 9 months ended October 31, 2005 reflects the Company's increased activity, whereas, in the comparative period, the Company had limited operations.

Capitalized Exploration and Development Costs

The Company capitalized exploration and development costs of \$100,900 with respect to its Albert Creek Property during the 9 months ended October 31, 2005. The Company has not yet determined whether it will continue to expend funds on the Albert Creek Property.

The Company capitalized exploration and development costs of \$124,058 on its Valencia Uranium Property during the 9 months ended October 31, 2005. The Company is currently proceeding with a pre-feasibility study at the Valencia Uranium Property and will continue to capitalize exploration and development costs at the Valencia

Uranium Property. The Company also intends to incur exploration and development costs at its other Namibian projects.

Disclosure of Outstanding Share Data

	Authorized	Outstanding
Voting or equity securities issued and outstanding	<p>Unlimited Class "A" common shares.</p> <p>Unlimited redeemable, voting non-participating Class "B" shares.</p> <p>Unlimited Class "C" with rights and privileges to be determined by the Board of Directors.</p>	42,457,788 Class "A" common shares.
Securities convertible or exercisable into voting or equity securities	Options to acquire up to 3,222,525 common shares of the Company.	440,000 options are currently granted to officers and directors of the Company at an exercise price of \$0.24 per share, expiring October 14, 2009. 431,500 options are currently granted to officers, directors and employees of the Company at an exercise price of \$0.45 per share, expiring March 2, 2010. 1,264,000 options are currently granted to officers, directors, employees and consultants of the Company at an exercise price of \$0.50 per share, expiring July 7, 2010. 150,000 options are currently granted to a director and advisory board member at an exercise price of \$0.75 per share, expiring September 6, 2010.
	4,500,000 share purchase warrants entitling the holders thereof to purchase one common share of the Company at a price of \$0.45 at any time on or before August 5, 2007.	4,415,000 share purchase warrants entitling the holders thereof to purchase one common share of the Company at a price of \$0.45 at any time on or before August 5, 2007.
	Broker warrants entitling Quest Securities Corporation to purchase an aggregate of 630,000 units ("Units") at a price of \$0.30 per Unit at any time on or before August 5, 2007. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company (the "Warrants"). Each whole Warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.45 at any time on or before August 5, 2007.	Broker warrants entitling Quest Securities Corporation to purchase an aggregate of 630,000 units ("Units") at a price of \$0.30 per Unit at any time on or before August 5, 2007. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company (the "Warrants"). Each whole Warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.45 at any time on or before August 5, 2007.

	4,576,050 share purchase warrants entitling the holders to purchase one common share of the Company at a price of \$1.50 on or before October 31, 2007.	4,576,050 share purchase warrants entitling the holders to purchase one common share of the Company at a price of \$1.50 on or before October 31, 2007.
	Broker warrants entitling the holders (collectively held by Sprott Securities Inc., Orion Securities Inc. and Quest Securities Corporation) to acquire 594,886 units ("Units") at a price of \$1.15 per Unit. Each Unit consists of one common share and one-half of one common share purchase warrant (the "Warrants"). Each whole Warrant entitles the holder to purchase one common share of the Company at a price of \$1.50 on or before October 31, 2007.	Broker warrants entitling the holders (collectively held by Sprott Securities Inc., Orion Securities Inc. and Quest Securities Corporation) to acquire 594,886 units ("Units") at a price of \$1.15 per Unit. Each Unit consists of one common share and one-half of one common share purchase warrant (the "Warrants"). Each whole Warrant entitles the holder to purchase one common share of the Company at a price of \$1.50 on or before October 31, 2007.
	3,000,000 share purchase warrants entitling Vestment Securities Limited to acquire up to 3,000,000 common shares of the Company at an exercise price of \$0.375 on or before November 23, 2007.	3,000,000 share purchase warrants entitling Vestment Securities Limited to acquire up to 3,000,000 common shares of the Company at an exercise price of \$0.375 on or before November 23, 2007.
Voting or equity securities issuable on conversion or exchange of outstanding securities	(as above)	(as above)

There were 36,322,788 common shares issued and outstanding as at October 31, 2005. The following shares were issued during the 3 months ended October 31, 2005:

1. 9,000,000 common shares issued pursuant to a brokered private placement of 9,000,000 units of the Company at \$0.30 per unit.
2. 1,222,500 common shares issued pursuant to the exercise of common share purchase warrants at an exercise price of \$0.60 per share, expiring September 20, 2005.
3. 9,152,100 common shares issued pursuant to an underwritten private placement of 9,152,100 units of the Company at \$1.15 per unit.
4. 800,000 common shares issued pursuant to the exercise of common share purchase warrants at an exercise price of \$0.60 per share, expiring November 23, 2005.

Subsequent to October 31, 2005, the Company issued the following shares:

1. 5,000,000 common shares issued pursuant to the acquisition of the outstanding common shares of Namibian Metals Ltd.
2. 650,000 common shares issued as a finders in connection with the acquisition of the outstanding common shares of Namibian Metals Ltd.
3. 400,000 common shares issued pursuant to the exercise of common share purchase warrants at an exercise price of \$0.60 per share, expiring November 23, 2005.
4. 85,000 common shares issued pursuant to the exercise of common share purchase warrants at an exercise price of \$0.45 per share, expiring August 5, 2007.

Additional information relating to the Company is available on SEDAR at www.sedar.com.