

Forsys Metals Corp.
(formerly Forsys Technologies Inc.)
Consolidated Balance Sheets

	As at July 31, 2005 \$ (unaudited)	As at January 31, 2005 \$
Assets		
Current		
Cash	87,867	565,840
GST receivable and other	30,348	20,278
Prepaid expenses	30,482	4,000
Deposit on acquisition of Namibian Metals Ltd.	125,168	-
	<hr/> 273,864	<hr/> 590,118
Investment in 1400596 Ontario Limited (note 4)	-	825,000
Loan to Westport Resources (Namibia) (Proprietary) Ltd.	-	150,000
Mineral resource properties (note 5)	1,757,476	57,600
Capital assets	67,816	12,031
	<hr/> 2,099,156	<hr/> 1,634,749
Liabilities		
Current		
Accounts payable and accrued liabilities	63,615	21,981
Future income taxes	<hr/> 36,000	<hr/> 36,000
	<hr/> 99,615	<hr/> 57,981
Shareholders' equity		
Share capital (note 6)	3,339,146	2,543,224
Contributed surplus	539,772	357,500
Deficit	(1,879,377)	(1,323,956)
	<hr/> 1,999,540	<hr/> 1,576,768
	<hr/> 2,099,156	<hr/> 1,634,749

See accompanying notes to financial statements

Duane Parnham
Director

Forsys Metals Corp.
(formerly Forsys Technologies Inc.)
Consolidated Statements of Operations and Deficit

	3 months ended July 31		6 months ended July 31	
	2005	2004	2005	2004
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Expenses				
Professional fees	9,569	12,662	13,109	12,662
Consulting fees	70,911	15,000	128,453	41,500
Stock-based compensation	152,977	-	186,694	-
General and administrative	54,002	16,675	69,381	36,319
Investor relations	44,500	-	44,500	-
Travel	16,272	20,559	32,963	20,559
Depreciation	600	-	1,200	-
	348,831	64,896	476,300	111,040
Loss before the undernoted item	(348,831)	(64,896)	(476,300)	(111,040)
Equity-accounted investment	(32,609)	-	(79,122)	-
Loss from continuing operations	(381,440)	(64,896)	(555,422)	(111,040)
Income from discontinued operations	-	-	-	19,324
Gain on sale of discontinued operations	-	-	-	67,761
Net loss for the period	(381,440)	(64,896)	(555,422)	(23,955)
Deficit, beginning of period	(1,497,938)	(1,019,607)	(1,323,956)	(1,060,548)
Deficit, end of period	(1,879,378)	(1,084,503)	(1,879,378)	(1,084,503)
Net income (loss) per share				
Continuing operations			(0.05)	(0.05)
Discontinued operations			-	0.04
Net loss			(0.05)	(0.01)
Weighted average number of shares			10,507,044	2,455,488

See accompanying notes to financial statements

Forsys Metals Corp.
(formerly Forsys Technologies Inc.)
Consolidated Statements of Cash Flows

	3 months ended July 31		6 months ended July 31	
	2005	2004	2005	2004
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash provided by (used in)				
Operating activities				
Net loss for the period	(381,440)	(64,896)	(555,422)	(23,955)
Items not affecting cash				
Stock-based compensation	152,977	-	186,694	-
Depreciation	600	-	1,200	-
Equity-accounted investment	32,609	-	79,122	-
Income from discontinued operations	-	-	-	(19,324)
Gain on sale of discontinued operations	-	-	-	(67,761)
Changes in non-cash working capital items:				
Accounts receivable	(7,509)	(4,157)	(4,294)	(4,157)
Prepaid expenses	(10,000)	(9,000)	(26,482)	(9,000)
Accounts payable and accrued liabilities	29,339	(5,628)	29,140	21,165
	(183,424)	(83,681)	(290,042)	(103,032)
Financing activities				
Exercise of warrants	16,500	-	16,500	-
Deposits for subscription of units	-	442,000	-	442,000
Repayment of advances from discontinued operations	-	-	-	(135,649)
	16,500	442,000	16,500	306,351
Investing activities				
Cash acquired upon acquisition	21,636	-	21,636	-
Loan to Westport Resources (Namibia) (Proprietary) Ltd.	(50,000)	-	(100,000)	-
Deposit on acquisition of Namibian Metals Ltd.	(125,168)	-	(125,168)	-
Mineral resource properties	(900)	-	(900)	-
Proceeds on sale of discontinued operations	-	-	-	155,000
	(154,432)	-	(204,432)	155,000
Net increase (decrease) in cash	(321,356)	358,319	(477,973)	358,319
Cash, beginning of period	409,223	-	565,840	-
Cash, end of period	87,867	358,319	87,867	358,319

See accompanying notes to financial statements

Forsys Metals Corp.
(formerly Forsys Technologies Inc.)
Notes to Interim Financial Statements
July 31, 2005
(unaudited)

1. Management's comments on unaudited financial statements

These unaudited interim financial statements of Forsys Metals Corp. (the "Company") for the 6 months ended July 31, 2005 have been prepared by management and approved by the Board of Directors of the Company. These financial statements have not been reviewed by the Company's external auditors.

2. Accounting presentation and disclosures

These interim financial statements of the Company have been prepared using accounting policies that are consistent with the policies used in preparing the Company's annual financial statements for the year ended January 31, 2005. Generally accepted accounting principles for interim financial statements do not conform in all respects to the disclosures required for annual financial statements, and accordingly, these interim financial statements should be read in conjunction with the annual financial statements.

3. Nature of operations

The Company is in the development stage and the continued operations of the Company and the recoverability of amounts shown as mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing to complete the development of its properties and upon future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its interests. The amount shown for mineral properties represent costs to date, less amounts written off, and do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for mineral properties.

These financial statements have been prepared on a going-concern basis, which assumes the continuity of operations and the realization of assets and the settlement of liabilities in the normal course of business.

4. Acquisition of 1400596 Ontario Limited ("1400596")

On December 29, the Company acquired a 25% interest in 1400596 and on July 26, 2005, the Company acquired the remaining 75% interest in 1400596 that it did not own. 1400596 owns a 100% interest in Westport Resources (Namibia) (Proprietary) 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. The acquisition of the 25% interest was accounted for using the equity method and the acquisition of the remaining 75% interest was accounted using the purchase method. The allocation of the purchase price is summarized, as follows:

Purchase price

25% interest	
Cash	15,000
1,500,000 Class A common shares, of which, 378,700 Class A common shares were issued to a director	810,000
Equity loss in earnings of 1400596 for the period December 29, 2004 to July 25, 2005	(79,122)
75% interest	
6,500,000 Class A common shares, of which, 1,676,250 Class A shares were issued to a director and an associate	775,000
	<hr/> 1,520,878

Net assets acquired

Cash	21,635
Non-cash working capital	(6,718)
Mineral resource properties	1,698,976
Capital assets	56,985
Loan payable to the Company	(250,000)
	<hr/> 1,520,878

5. Mineral properties

The Company completed an arm's length option agreement with 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 Class A 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, as follows: \$100,000 on or before February 15, 2005, \$100,000 on or before February 15, 2006 and \$100,000 on or before February 15, 2007. The Agreement was amended to require the Company to incur \$200,000 of exploration expenditures by December 31, 2005, rather than \$100,000 on or before February 15, 2005. 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 is 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.

6. Share capital

Share capital consists of 16,148,188 issued and outstanding Class A common shares [January 31, 2005 – 9,620,688].

Warrants outstanding to purchase 1,222,500 Class A common shares at a price of \$0.60 per share until September 20, 2005 were exercised subsequent to July 31, 2005 and during the 6 months ended July 31, 2005, proceeds of \$16,500 were received upon the exercise of 27,500 warrants into Class A common shares. Warrants are also outstanding to purchase 1,250,000 Class A common shares at a price of \$0.60 per share until November 23, 2005.

On March 2, 2005, the Company granted options to acquire 431,500 Class A common shares at a price of \$0.45 per share until March 2, 2010. On July 7, 2005, the Company granted options to acquire 1,264,000 Class A common shares at a price of \$0.50 until July 7, 2010. At July 31, 2005, the Company had options outstanding to acquire 2,135,500 Class A common shares (January 31, 2005 - 470,000).

7. Related party transactions

During the 6 months ended July 31, 2005, consulting fees of \$75,000 (2004 - \$41,500) were paid to directors.

8. Subsequent event-acquisition of Namibian Metals Ltd.

On August 9, 2005, the Company entered into a share purchase agreement ("Agreement") 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 "Licence").

Pursuant to the terms of the Agreement, the Company will acquire 100% of all of the issued and outstanding shares in the capital of NML from Vestment for a purchase price of \$3,980,000, which shall be paid as follows:

- (i) payment of US\$100,000 which has been paid;
- (ii) payment of US\$1,000,000 which was paid subsequent to July 31, 2005 upon the execution of the Agreement;
- (iii) the issuance of 3,000,000 Class A common shares and 3,000,000 Class A common share purchase warrants ("Warrants") of the Company on October 7, 2005 or such other time as may be mutually agreed upon;
- (iv) payment of US\$500,000 and the issuance of 1,000,000 Class A common shares of the Company on January 31, 2006;
- (v) payment of US\$400,000 and the issuance of 1,000,000 Class A common shares of the Company on July 31, 2006.

Each Warrant will entitle the holder to acquire a Class A common share of the Company at an exercise price of \$0.375 for a period of two years from the date of issuance.

In connection with the acquisition, a finder's fee of up to 650,000 Class A common shares will be paid to two arm's length parties. The issuance of the 5,000,000 Class A common shares, the Warrants and the finder's fee are subject to regulatory and TSX Venture Exchange approval.

9. Subsequent event-private placement

On August 5, 2005, the Company completed a placement of 9,000,000 units (the "Units") at a price of \$0.30 per Unit for gross proceeds of \$2,700,000. Each Unit is 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. In connection with the private placement, the Company paid a commission of \$189,000 and issued broker warrants to acquire 630,000 Units at a price of \$0.30 per Unit.