

Forsys Metals Corp.

Consolidated Balance Sheets

	As at July 31, 2006 \$ (unaudited)	As at January 31, 2006 \$
Assets		
Current		
Cash and cash equivalents	10,720,089	10,663,731
Interest and other receivables	7,657	37,308
	<hr/> 10,727,746	<hr/> 10,701,039
Mineral properties (note 5)	8,269,042	6,702,093
Capital assets	117,651	77,827
	<hr/> 19,114,438	<hr/> 17,480,959
Liabilities		
Current		
Accounts payable and accrued liabilities	207,867	76,517
	<hr/>	<hr/>
Shareholders' equity		
Capital stock (note 6)	17,328,283	14,112,399
Contributed surplus	5,685,048	6,087,682
Deficit	(4,106,761)	(2,795,639)
	<hr/> 18,906,571	<hr/> 17,404,442
	<hr/> 19,114,438	<hr/> 17,480,959

See accompanying notes to interim consolidated financial statements

Duane Parnham
Director

Forsys Metals Corp.

Consolidated Statements of Operations and Deficit

	3 months ended July 31		6 months ended July 31	
	2006	2005	2006	2005
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue				
Consulting fees	-	-	8,913	-
Interest	72,259	-	128,994	-
	72,259	-	137,906	-
Expenses				
Professional fees	19,290	9,569	23,040	13,109
Consulting fees	178,777	70,911	325,535	128,453
Stock-based compensation	264,750	152,977	686,722	186,694
General and administrative	25,951	54,002	50,837	69,381
Investor relations	-	44,500	-	44,500
Shareholder information	41,331	-	62,662	-
Travel	36,366	16,272	58,771	32,963
Promotion	16,423	-	79,303	-
Depreciation	17,110	600	18,835	1,200
Foreign exchange loss	128,297	-	143,322	-
	728,297	348,831	1,449,029	476,300
Loss before the undernoted item	(656,038)	(348,831)	(1,311,122)	(476,300)
Equity-accounted investment	-	(32,609)	-	(79,122)
Net loss	(656,038)	(381,440)	(1,311,122)	(555,422)
Deficit, beginning of period	(3,450,723)	(1,497,938)	(2,795,639)	(1,323,956)
Deficit, end of period	(4,106,761)	(1,879,378)	(4,106,761)	(1,879,378)
Net loss per share			(0.029)	(0.050)
Weighted average number of shares			45,190,138	10,507,044

See accompanying notes to interim consolidated financial statements

Forsys Metals Corp.

Consolidated Statements of Cash Flows

	3 months ended July 31		6 months ended July 31	
	2006	2005	2006	2005
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash provided by (used in)				
Operating activities				
Net loss for the period	(656,038)	(381,440)	(1,311,122)	(555,422)
Items not affecting cash				
Stock-based compensation	264,750	152,977	686,722	186,694
Depreciation	17,110	600	18,835	1,200
Equity-accounted investment	-	32,609	-	79,122
Changes in non-cash working capital items:				
Interest and other receivables	12,250	(7,509)	29,651	(4,294)
Prepaid expenses	-	(10,000)	-	(26,482)
Accounts payable and accrued liabilities	141,270	29,339	131,350	29,141
	(220,658)	(183,424)	(444,564)	(290,041)
Financing activities				
Exercise of warrants	274,500	16,500	2,095,405	16,500
Exercise of options	-	-	31,125	-
	274,500	16,500	2,126,530	16,500
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	(1,159,115)	(900)	(1,566,949)	(900)
Purchase of capital assets	(22,293)	-	(58,660)	-
	(1,181,408)	(154,432)	(1,625,609)	(204,432)
Net increase (decrease) in cash	(1,127,565)	(321,356)	56,358	(477,973)
Cash and cash equivalents, beginning of period	11,847,654	409,223	10,663,731	565,840
Cash and cash equivalents, end of period	10,720,089	87,867	10,720,089	87,867

See accompanying notes to interim consolidated financial statements

Forsys Metals Corp

Notes to Interim Consolidated Financial Statements

July 31, 2006

(unaudited)

1. Management's comments on unaudited consolidated financial statements

These unaudited interim consolidated financial statements of Forsys Metals Corp. (the "Company") for the 6 months ended July 31, 2006 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 consolidated financial statements of the Company have been prepared using accounting policies that are consistent with the policies used in preparing the Company's annual consolidated financial statements for the year ended January 31, 2006. 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 consolidated financial statements should be read in conjunction with the annual consolidated financial statements.

3. Nature of operations

The Company is in the exploration stage, as such, 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 unaudited interim consolidated financial statements have been prepared on a going-concern basis, which assumes the continuity of operations and realization of assets and the settlement of liabilities in the normal course of business. If the going-concern assumption is not appropriate, then material adjustments may be necessary in the carrying amount and/or classifications of assets and liabilities in these unaudited interim consolidated financial statements.

4. Mineral properties

The Company cancelled an option agreement with Logan Resources Ltd. whereby the Company had an option to earn a 51% interest in the Albert Creek Property in British Columbia (the "Property"). As at January 31, 2006, the Company wrote off all amounts related to the Property.

5. Share capital

Share capital consists of 46,928,401 issued and outstanding Class A common shares [January 31, 2006 – 42,890,288].

During the 6 months ended July 31, 2006, the following warrants were exercised:

- a) warrants to purchase 2,540,000 Class A common shares at a price of \$0.45 per share for proceeds of \$1,143,000.
- b) broker warrants to purchase 630,000 Class A common shares at a price of \$0.30 per share for proceeds of \$189,000.
- c) broker warrants to purchase 315,000 Class A common shares at a price of \$0.45 per share for proceeds of \$141,750.
- d) broker warrants to purchase 327,187 Class A common shares at a price of \$1.15 per share for proceeds of \$376,265.
- e) broker warrants to purchase 163,593 Class A common shares at a price of \$1.50 per share for proceeds of \$245,390.

During the 6 months ended July 31, 2006, the following stock options were exercised:

- a) stock options to purchase 37,500 Class A common shares at a price of \$0.50 per share for proceeds of \$18,750.
- b) stock options to purchase 16,500 Class A common shares at a price of \$0.75 per share for proceeds of \$12,375.

On March 23, 2006, the Company granted options to acquire 600,000 Class A common shares at a price of \$1.15 per share until March 23, 2011. On April 11, 2006, the Company granted options to acquire 450,000 Class A common shares at a price of \$2.00 until April 11, 2011. As at April 30, 2006, the Company had options outstanding to acquire 3,281,500 Class A common shares (January 31, 2006 -2,285,500).

6. Related party transactions

During the 6 months ended July 31, 2006, consulting fees of \$157,625 (2005 - \$75,000) were paid to directors.

7. Subsequent events

On September 19, 2006, the Company entered into a Letter of Intent ("LOI") with Ancash Investments (Pty) Ltd. ("Ancash"), an arm's length registered Black Economic Empowerment ("BEE") group in Namibia. The LOI will establish a strategic partnership designed to acquire new uranium projects and expand the Company's exploration presence around the Company's Valencia uranium deposit. The LOI is conditional on the Company and Ancash entering into a definitive Memorandum of Understanding ("MOU") outlining the final terms and conditions of the proposed partnership. In addition, closing of the MOU is conditional on the receipt of approval from the Ministry of Mines and Energy ("MME") in Namibia, the TSX Venture Exchange and board of directors' approval for both the Company and Ancash.

On September 27, 2006, the Company granted options to acquire 1,265,000 Class A common shares of the Company at a price of \$2.20 per share until September 27, 2011.