



ANNUAL INFORMATION FORM

As At March 29, 2011

OF

FORSYS METALS CORP.

FOR THE YEAR ENDED DECEMBER 31, 2010

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GENERAL INFORMATION

References

References in this annual information form ("AIF") to "Forsys", the "Company", "we", "us" and "our" refer to Forsys Metals Corp and its subsidiaries (as the context requires).

Note Regarding Forward-Looking Statements

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws. Such forward looking statements or information include but are not limited to statements or information with respect to the future price of uranium, estimated future production, estimation of mineral reserves and mineral resources, our exploration and development program, estimated future expenses, exploration and development capital requirements, our goals and strategies schedules for completion of detailed feasibility studies and initial feasibility studies; potential increases in reserves and potential production; the timing and scope of future commencement of mining or production; anticipated grades and recovery rates; asset retirement obligation estimates; the ability to secure financing and potential acquisitions or increases in property interests. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things, assumptions about the price of uranium, anticipated costs and expenditures, economic and political conditions and our ability to achieve our goals. Although our management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond our control. Accordingly, readers should not place undue reliance on forward-looking statements or information. We undertake no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information made herein are qualified by this cautionary statement.

Currency

The Canadian dollar is the reporting currency and currency of measurement of the Company. All dollar amounts are expressed in Canadian dollars unless otherwise explicitly indicated. On December 31, 2010, the noon rate of exchange as reported by the Bank of Canada for conversion of Namibian dollars into Canadian Dollars was NAM\$1 = CAD\$0.1418. On March 28, 2010, the noon rate of exchange as reported by the Bank of Canada for conversion of Namibian dollars into Canadian Dollars was NAM\$1 = CAD\$0.1421.

Information Incorporated by Reference

Incorporated by reference into this AIF are the Company's Consolidated Financial Statements for the years ended December 31, 2010 and 2009, together with auditors' report thereon and the Management Discussion and Analysis ("MD&A") for the year ended December 31, 2010. The documents are available for review on the SEDAR website located at www.sedar.com.

Documents incorporated by reference in this AIF include all audited and interim financial statements, proxy circulars, news releases and other continuous disclosure documents filed by the Company, copies of which are available on request from the offices of the Company or on the SEDAR website at www.sedar.com.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated on May 13, 1985 under the Business Corporations Act (Ontario) ("OBICA") under the name Goldun Age Resources Inc. Pursuant to Articles of Amendment dated September 11, 1991, the Company changed its name from Goldun Age Resources Inc. to Ottawa Structural Services Ltd. and consolidated its issued and outstanding common shares on a one (1) new common share for every two (2) outstanding common shares basis. Pursuant to Articles of Amendment dated November 12, 1996, the Company changed its name from Ottawa Structural Services Ltd. to Forsys Company and consolidated its issued and outstanding common shares on a one (1) new common share for every ten (10) outstanding common shares basis. Pursuant to Articles of Amendment dated January 31, 2003, the Company changed its name from Forsys Company to Forsys Technologies Inc. and consolidated its issued and outstanding common shares on a one (1) new common share for every nine (9) outstanding common shares basis. Pursuant to Articles of Amendment dated June 29, 2005, the Company changed its name from Forsys Technologies Inc. to Forsys Metals Corp.

The Company's registered and head office is located at 20 Adelaide Street East, Suite 902, Toronto, Ontario M5C 2T6.

Intercorporate Relationships

The following diagram sets out all of the Company's material subsidiaries as at March 29, 2011, their respective jurisdictions of incorporation, the Company's direct and indirect voting interest in each and the respective licenses held by each subsidiary.

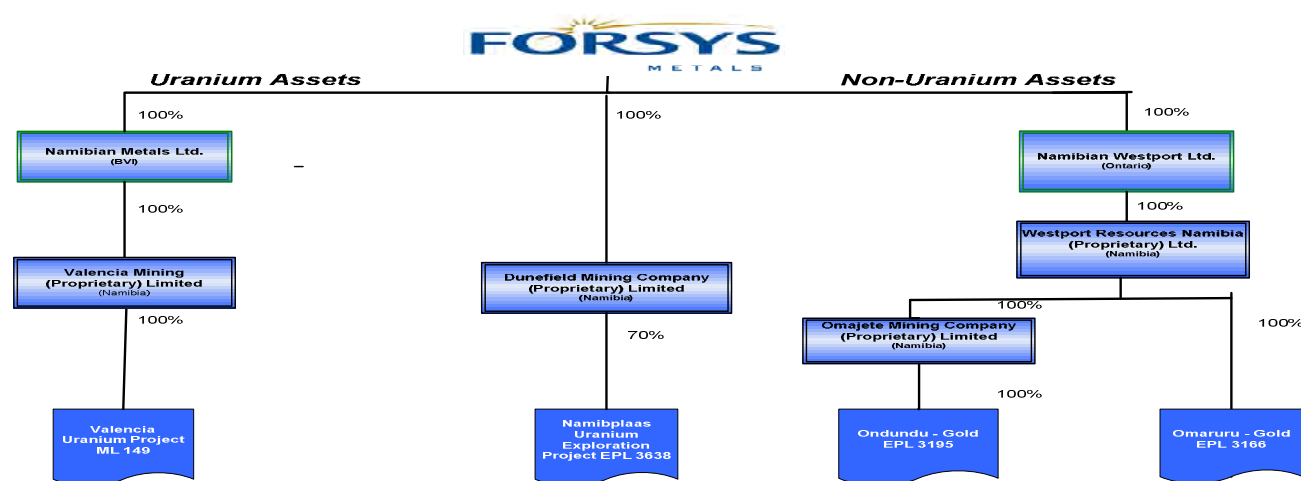


Figure 1—Corporate Structure

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History and Significant Acquisitions

2008

During 2008 the Company concentrated its exploration and development activities in Namibia Africa. Exploration was focused on the Company's 100% owned uranium project covered by Exclusive Prospective Licence ("EPL") 1496, (the "Valencia Uranium Project" or "Valencia"). During 2008, the Company issued press releases on the following dates relating to its exploration drilling program at the Valencia uranium deposit: January 14, January 29, February 13, April 29, June 13, June 27, July 22 and August 6. This exploration drilling program used percussion drilling.

In addition, during 2008 the Company drilled one deep diamond drill hole (VAL-152) which encountered uranium mineralization to a depth of 499.7m, 149m below the proposed pit bottom at Valencia. Assay results from drill hole VAL-152 demonstrated numerous ore intersections with average grades exceeding those presented in the 2007 Valencia Pre-Feasibility Technical Report.

On March 6, 2008 Valencia Uranium (Proprietary) Limited ("VUL") entered into a Heads of Agreement with Basil Read (Pty) Ltd. for proposed provision of mining services for Valencia.

During April 2008 orders were placed with FLSmidth to pre-commit to specific long-lead items including three rod mills and a gyratory crusher.

On June 4, 2008 the Company received approval and clearance by the Ministry of Environment and Tourism ("MET") on both the Environmental Impact Assessment ("EIA") and the Environmental Management Plan ("EMP") for the Valencia Uranium Project.

On August 21, 2008 the Ministry of Mines and Energy, Republic of Namibia ("MME") granted a 25 year Mining Licence (ML 149) to VUL effective June 23, 2008, allowing full scale development of the Valencia Uranium Project to proceed.

On February 6, 2008, MME awarded a two year renewal to November 6, 2009 of Exclusive Prospecting Licence ("EPL") 3638 ("Namibplaas") for nuclear fuel to Dunefield Mining Company (Pty) Ltd. ("Dunefield"). This licence was subsequently renewed in 2010 for a further two year period to November 6, 2011.

On April 1, 2008, the Company increased its ownership in Omatjete Mining Company (Pty) Ltd ("Omatjete") from 32% to 90% through the acquisition by Westport Resources Namibia (Proprietary) Limited ("Westport") of Domino Resources (Pty) Ltd.'s 58% interest for \$100,000 in cash and the issuance of 130,000 Common Shares. Omatjete holds EPL 3195, the Ondundu Gold Project ("Ondundu"). In mid-year, the Company further increased its ownership in Ondundu from 90% to 100% by issuing 22,400 Common Shares and making a payment of \$7,400, resulting in the Company having exclusive ownership of Omatjete.

2009

On January 28, 2009 the Company received an independent mineral resource estimate update at Valencia which incorporated the results of all drilling of the Valencia uranium deposit from mid 2007 to the end of 2008. The total Measured and Indicated Resource was upgraded to 61 Mlbs of U₃O₈ using a cut-off grade of 60ppm. The Measured and Indicated resource increased by 47% to 61 Mlbs U₃O₈ from 41 Mlbs. The Measured and Indicated resource grade increased by 18% to 130ppm U₃O₈. The Measured and Indicated resource grades range from 151ppm U₃O₈ to 157ppm U₃O₈ at the anticipated selective mining unit scale. On March 12, 2009 a NI 43-101 Technical Report prepared by Snowden Mining Industry Consultants (Pty) Ltd. ("Snowden") was filed on the Company's profile on SEDAR at www.sedar.com. The resource has been constrained to a maximum depth of 380m below surface and limited to geological modeling of the alaskite.

On May 1, 2009 the Company announced receipt of a revised ore reserve estimate for Valencia which incorporated the resources described in the March 12, 2009 Technical Report described above. As a result the Valencia reserve increased by 68% to 51.4 MlbsU₃O₈ metal at an average grade of 159ppm and using a cut-off of 72ppm. On June 23, 2009 a NI 43-101 Technical Report prepared by Snowden summarizing these ore reserves was filed on the Company's profile on SEDAR at www.sedar.com.

On October 2, 2009 the Company announced that it had completed the 2009 infill and deposit expansion program at Valencia and on December 14, 2009 the Company announced that this 2009 drilling program, which involved drilling 200 percussion drill holes comprising 49,562m, had resulted in the following:

- a) An 18% additional increase in its Valencia uranium deposit Reserves as a result of the completion of the 2009 drilling program to 60.5 MlbsU₃O₈ grading 156ppm with a 67ppm cut-off including reserves of 49.8 Mlbs U₃O₈ grading 194ppm with a 100ppm cut-off.
- b) Increased Measured and Indicated Resources of 77.2 Mlbs U₃O₈ grading 146ppm with a 60ppm cut-off including 60.5MlbsU₃O₈ grading 191ppm with a 100ppm cut-off.
- c) Additional Inferred Resources of 9.5 Mlbs U₃O₈ grading 144ppm with a 60ppm cut-off.

2010

On January 18, 2010, MME awarded a two year renewal of EPL 3195 (Ondundu Gold Project) to Omatjete, expiring on May 30, 2011.

On February 4, 2010 the Company announced that Snowden had completed compiling an Addendum to the Valencia Technical Report dated June 23, 2009 ("Addendum to Valencia Reserve Technical report") which incorporated the results of the 2009 infill and deposit expansion drilling program and expands on and updates the economic modeling contained in the previous technical report. The Company had previously completed a Pre-Feasibility Study in 2007 on the Valencia Uranium Project.

On February 8, 2010 the Company announced that mining executive Mr. Marcel Hilmer was appointed as CEO and a Director of the Company.

On May 7, 2010, the Company announced that it had signed a Letter of Intent with Angus Mining (Namibia) Inc. ("Angus") and Golconda Capital Corp. ("Golconda") which provides Angus with an option to earn up to a 75% interest in Ondundu. Subsequently, on July 30, 2010 the Company entered into a definitive option agreement ("Option Agreement") which has a term of 30 months ("Option Period") pursuant to which Angus has an option to earn an initial 50.1% beneficial interest in Ondundu upon expending US\$5 million in exploration expenditures during the first 18 months of the Option Period. Angus can earn an additional 24.9% beneficial interest in Ondundu by expending a further minimum amount of US\$6 million in exploration expenditures within the Option Period and by expending such further monies as shall be required to complete and deliver a feasibility study (as such term is defined in NI 43-101) and committing to pay the Company a 1.0% net smelter royalty. The Option Agreement became effective on September 24, 2010 when Angus and Golconda completed a business combination following which Angus began trading on the TSX Venture Exchange. As part of this transaction, the Company received 3,000,000 common shares and 3,000,000 common share purchase warrants of Angus, exercisable for a period of two years, at a price of CAD\$0.35 per common share in the first year until September 23, 2011 and CAD\$0.50 per common share in the second year until September 23, 2012. This holding by the Company represented 9.7% of the outstanding shares of Angus as at September 23, 2010 or 17.7% assuming the exercise of warrants and without giving effect to the exercise of any other convertible security of Angus.

On November 8, 2010 Forsys announced initial results from its 2010 Namibplaas drilling program from the first 17 percussion drill and 13 (9 complete and 4 in progress) diamond drill holes. Fourteen of these holes encountered significant intersections of greater than 200 ppm U₃O₈ with the best intersection being 13.3 meters of 583 ppm U₃O₈. It is noted that on February 2, 2011 the Company announced updated drilling results that encompassed the 2010 drilling program at year-end.

2011 to Date

On February 2, 2011 the Company announced further drilling results from the remainder of the 2010 drilling program from an additional 10 diamond drill holes and 23 percussion drill holes.

DESCRIPTION OF THE BUSINESS

General

The Company is engaged in the business of acquiring, exploring and developing mineral properties, either independently, or through joint ventures, as appropriate. The Company has interests in projects located in Namibia, Africa. Currently, the main focus of the Company is advancing its uranium properties, primarily with the Valencia Uranium Project.

Trends in the Nuclear Fuel Industry

Uranium Demand

Nuclear power can generate electricity with no toxic air pollutants and very low carbon dioxide or other greenhouse gas emissions. The low operating cost of nuclear power generation and the increasing concern for the environment and climate change are driving a nuclear renaissance.

Ux Consulting has estimated in its "Uranium Market Outlook – Q1 2011" that uranium demand will grow from 185.2 million pounds of U_3O_8 in 2010 to 250.3 million pounds of U_3O_8 in 2020.

On March 2, 2011 the World Nuclear Association (the "WNA") reported that uranium is the fuel for 443 nuclear power plants operating worldwide and currently produces 14% of the world's electricity generation. In addition the WNA reports that as of March 2, 2011 there are 62 nuclear reactors under construction, 158 reactors are planned worldwide and 324 reactors are proposed. China, India, South Korea and Russia account for 47 of the 62 reactors currently under construction. On March 11, 2011 Japan experienced a 9.0 magnitude earthquake followed immediately by a tsunami and as a result of the combined impact of these events on Japan's Fukushima Daiichi Nuclear Power Station a number of countries have indicated that they will be reviewing their safety plans for use of nuclear power and construction of new nuclear reactors.

Uranium Production

Uranium production is international in scope and characterized by a small number of companies operating in very few countries. The top ten producers accounted for over 90% of mine production in 2010. Over 70% of uranium production comes from four countries, with Kazakhstan being the number one producer of uranium in 2010 followed by Canada, Australia and Namibia.

Uranium Prices

Most of the countries that use nuclear-generated electricity do not have sufficient domestic uranium supply to fuel their reactors and therefore they secure the majority of their required uranium supply by entering into medium term and long-term contracts with foreign uranium producers and other suppliers. Remaining supplies are secured through spot purchases of uranium.

The long term contract price for uranium is estimated on a monthly basis by Ux Consulting. It was US\$62.00 lb. at year end and closed at US\$73.00 lb. at the end of February 2011.

The spot price of uranium tends to be more volatile than the long-term contract price of uranium; noting that the majority of uranium sales occur under long-term contracts. The spot price was US\$62.50 lb. at 31 December 2010 and increased to US\$73.00 at the end of February 2011.

Mineral Projects

The Company's flagship project and only material property is the Valencia Uranium Project (ML 149). Information concerning this project is discussed further below. In addition, the Company has several ongoing non-material exploration projects including a 70% interest in Dunefield Mining Company (Pty) Ltd.'s Namibplaas Uranium Exploration Project (EPL 3638) which is located 7 kilometers from the Valencia Uranium Project and where the Company initiated an exploration drilling program in the third quarter of 2010. The Company also has a 100% interest in the Ondundu Gold Project (EPL 3195) where it entered into an Option Agreement with Angus Mining (Namibia) Inc. in 2010 as described below in more detail, and a 100% interest in the Omaruru Gold Project (EPL 3166). Information concerning these non-material projects is either discussed further below or is referenced above under "General Development of the Business – Three Year History and Significant Acquisitions".

Valencia Uranium Project (ML 149)

Property Description and Location

The Company's wholly owned subsidiary, Valencia Uranium Pty Limited ("VUL") is the registered owner of the Valencia Uranium property, a mineral exploration and development property, located in the Republic of Namibia on the Farm Valencia 122, located approximately 75 km south-west of the town of Usakos in central-west Namibia. The Valencia Uranium property has an area of 735.6 ha. An integrated Environmental Impact Assessment and Environmental Management Plan Report assessed probable impacts associated with all construction, operation, decommissioning and closure activities related to the mine. It also incorporated recommendations for the mitigation, monitoring and management aspects for the construction of the mine, related infrastructure, operations/processing and land rehabilitation. On 4 June 2008 Valencia received approval and clearance by the Ministry of Environment and Tourism on both the Environmental Impact Assessment and the Environmental Management Plan. This covered the development of the mine (including an acid plant) and associated infrastructure, including the new access road, pipeline and power line. There are no historical environmental liabilities at the Valencia Uranium property.

Shortly thereafter, Valencia was granted its Mining Licence No. 149 (ML 149) in respect of the Nuclear Fuel Group of Minerals, effective from 23 June 2008. The Mining Licence is valid for a period of 25 years from the date of issue by the Ministry of Mines and Energy and is renewable. The royalty rate payable to the government of Namibia for Nuclear Fuels is currently 3% of revenue. There are no other royalties payable to other third parties.

As the Valencia Licence area is situated on private land, agreement with the landowner was required prior to mine development. This agreement was signed on 30 April 2009, giving Valencia exclusive use of 3,327 hectares of the Farm Valencia 122. In addition, on 8 May 2009 Valencia acquired a servitude within the neighboring Farm Bloemhof for an area of 594 hectares, granting Valencia the right to construct any works related to the mine development and operation (Accessory Works). Initially, this area will be used for the road, main water supply pipeline, a secondary power line and the explosives magazine. In both cases, compensation has been paid making the agreement binding for a period equal to the Mining Licence. Subsequent to the land owners' agreements, on 29 May 2009, the Ministry of Mines and Energy granted Valencia approval for the construction of all Accessory Works required for the development of the mine. All legal and permitting requirements have been met for Valencia to begin development of the mine.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

A 27 km private industrial road was completed in 2010 linking Valencia to the Trans Kalahari (B2) Highway, which is the main artery from Walvis Bay and Swakopmund to Windhoek and across Southern Africa. Windhoek and Walvis Bay have international airports with daily flights to many other African and European destinations. Windhoek and Walvis Bay are also linked by rail.

The climate of the project area, and region, is desert with annual rainfall of between 14 mm and 150 mm mostly in late summer, the period February through to May. Rainfall of short duration and a high intensity may occur.

Vegetation is sparse with stunted grasses and small trees. The topography is fairly rugged with an average elevation of 725 m above mean sea level with approximately a 40 m range in elevation around the deposit. Temperatures recorded in the area range between 4°C and 40°C. The operating season is 12 months of the year.

Water is mainly found only as sub-flow beneath the streambeds of the larger streams, e.g. the Khan River 4.5 km to the north. In some cases, dissolved salts render the water non-potable.

For drilling purposes at the Valencia Uranium mine site, water was obtained from various boreholes on the property. Potable water for human consumption is sourced from a borehole and treated by reverse osmosis.

The nearest power off-take point that can supply Valencia is the Khan Substation, located at Ebony, 26 km north of the project site. However, the direct route is very rugged through the Khan Valley and tributaries, and an indirect transmission route of nearly 30 km has been laid out by NamPower. The construction of the transmission line, and upgrading of the power supply to the Khan substation by NamPower, started in mid-2009.

The Khan Substation has been upgraded and was commissioned at the end of 2010. NamPower carried the cost of the new substation although a new bay for Valencia will be at the Company's expense, as will be the cost of the transmission line from Khan to the mine.

Power distribution to the mine is planned to be a 220 kV transmission line as part of a regional expansion and strengthening of the coastal power supply using the Valencia line as stage one of a ring feed. Valencia will have an installed capacity of up to 40 MW and will require the installation of two 40 MVA transformers, one of which would be maintained as a backup unit. NamPower has indicated that Valencia will be required to fund the cost of establishing the substation, which will then be maintained by NamPower.

Standby power generators of up to 10 MVA are being considered but a decision on the capacity will be made closer to the time. The generators will be connected to a synchronization and load control panel to operate the generator sets. This control panel will consist of a switchboard arranged for automatic synchronizing of the generator sets, which would include motorized circuit breakers to synchronize the generator sets to a common bus bar. This would include a bus coupler to split or combine the common bus bar to give flexibility to synchronizing or power sharing.

History

A regional airborne radiometric survey was conducted by the South African government over the Usakos-Swakopmund area in 1968. The results of the survey provide total counts for the potassium, uranium and thorium channels.

Gold Fields of South Africa Limited (now Gold Fields Ltd.), received a prospecting grant for an area which included the Valencia permit in 1972. There is very little information about the Valencia uranium property area prior to 1972. In 1973, Gold Fields transferred its Valencia Prospecting Grant to its wholly owned subsidiary, Trekkopje Exploration and Mining Company Ltd. ("Trekkopje Exploration").

The Valencia uranium project was intensively explored by Trekkopje Exploration between 1973 and 1977. Trekkopje Exploration carried out detailed geophysical surveys, surface mapping and drilled approximately 22,600 m of diamond core drilling (DDH). In 1981, a second drilling program of 11 DDH totaling 2,425 m was completed in order to infill areas where more information was required. Available documentation regarding the second drilling program is incomplete. A further four 100 m DDH were completed in 1984. A feasibility study, completed by Trekkopje Exploration in 1981 did not support economic development and no further work was carried out.

It is believed that Trekkopje Exploration held the Valencia uranium property until the early 1990s. In 1992 the Namibian MME changed the country's uranium mining legislation. The MME also decided that Gold Field's Prospecting Grant, which contained the Valencia project, was too large. The MME suggested a smaller area of 500 ha and included a waiver of any expenditure or work obligation on the condition that Gold Fields submitted a project prospectus, actively promoted third party interest in the project and kept the Government informed on any progress in the matter. In late November 1990, the MME approved the extension of the Prospecting Grant for a further two years. MDRL 1496, covering a reduced area of 500 ha., was granted to Tsumeb Corporation Limited in November 1994 for a period of five years, which was transferred to Ongopolo Mining Limited in March 2000 and then to Tsumeb Exploration Company in June 2005. The mineral deposit retention licence (MDRL 1496) was replaced with an exclusive prospecting licence (EPL 1496) on February 20, 2007. Tsumeb Exploration Company changed its name to Valencia Uranium (Pty) Limited ("VUL") in November 2007. The exclusive prospecting licence (EPL 1496) was converted to a mining licence (ML149) in June 2008.

Geological Setting

- Regional Geology-

The Valencia project area is situated in the Central Zone of the intra-continental branch of the Damara Orogenic Belt, which belongs to the late Precambrian, early Palaeozoic, Pan African Mobile Belt system that transects the African continent. It consists of two branches, the north-trending coastal branch and the north-easterly trending intracontinental branch.

The Central Zone of the intracontinental branch is characterized by medium to high grades metamorphism with voluminous granitic intrusions. The Central Zone is separated from the Southern Zone by a pronounced change in structural style, demarcated by the Okahandja lineament (Rössing, 2002). The northern boundary of the Central Zone is demarcated by the Omaruru lineament and marks the boundary between two markedly different magnetic and depositional and/or tectonic regimes.

All of the uraniferous granitic occurrences discovered in Namibia are situated in the Central Zone. Karoo age (150 Ma) dolerite intrusives are common throughout the Central Zone. Tertiary and recent sediments cover large portions of the Central Zone.

- Local Geology-

The Damara Sequence rocks of the Central Zone lie unconformably on the basement rocks of the Proterozoic age Abbabis Complex, which has been dated at 1925 ± 300 Ma. The Abbabis Complex comprises mainly gneissic granites and granitic gneisses and includes minor amounts of metamorphosed sedimentary rocks.

The Damara Sequence sedimentation began between 900 and 1000 Ma. This sequence consists of the psammitic Nosib Group, which is overlain by the calcareous pelitic Swakop Group.

-Metamorphism-

The Central Zone rocks have been metamorphosed during several episodes. An early period of metamorphism, dated at 665 ± 34 Ma, predated widespread granite intrusion, produced migmatites and accompanied the early periods of deformation (F1 and F2). A second period of metamorphism accompanied a third phase of deformation (F3), and was, in turn, followed by intrusion of various granitic rocks at approximately 550 Ma. A late- to post-tectonic thermal event accompanied the F4 deformation, at approximately 470 Ma, as indicated by Rb-Sr dating of both Khan Formation gneisses and Rössing Formation granites.

-Structure-

Several phases of deformation have been recognized in the Central Zone, which are indicated by fold interference patterns that created dome-and-basin structures.

The intense deformation of the F3 event was preceded by one or possibly two periods of folding. The earlier phases of folding resulted in overturned and recumbent structures and this folding was accompanied by thrusting and shearing. The trend of the earlier fold axial planes is roughly from north-west to south-east. The F3 folds are upright with the main structural grain being in a north-east to south-west direction. A number of later, less intense fold phases occurred after the F3 event, which produced folds oriented between north-east and north-west. Uraniferous granites were emplaced after the F3 event. These granites are oriented north-northeast and are aligned with the magnetic Welwitschia lineament.

-Property Geology-

In the Valencia area, rocks of both the Khan Formation (Nosib Group) and Swakop Group of the Damara Sequence occur. The Damara Sequence rocks have been intruded by numerous leucocratic granites that are generally referred to as alaskites. These alaskites are present as massive stock-like bodies, dykes and sills of varying thickness as well as veins and veinlets, which can be either conformable with or transgressive to the host rock.

The structure of the Valencia Project represents the core of an eroded antiform, which plunges to the northeast. The surrounding limbs vary in dip from almost flat to steeply overturned. Isoclinal folding is evident on the south-eastern limb of the antiform, as well as over the central portion of the adjoining synform, which is recumbent with both limbs dipping to the southeast. The uraniferous alaskite has been intruded into the north-western limb of this recumbent synform. The emplacement of the alaskite appears to have been controlled by a younger north-north-westerly to south-southwesterly trending antiformal fold, which cuts through the older folding at approximately right angles. The alaskites vary in grain size from truly aplitic, through fine and medium-grained phases to pegmatitic.

At least eight phases of alaskite have been identified based on textural and other descriptive qualities and quantities which included uranium content. These phases may be related to separate pulses of intrusion. The different grain size phases are usually all leucocratic, but the biotite content often increases with increasing grain size.

The general composition of the alaskite is quartz and alkali feldspar with or without biotite. Accessory minerals such as tourmaline, apatite, garnet and iron may become abundant in places but relates to the non-mineralized alaskites of Nex and Kinnaird (2005).

The conformable nature of relatively thin veins in tight isoclinally folded schist sequences suggests a pre or early syntectonic genesis for these veins, however, the strongly transgressive nature of some dyke-like bodies suggest a separate later syn to post-tectonic history for these bodies.

The alaskites contain xenoliths of the host rocks in which they were emplaced and these xenoliths may range in size from tiny fragments to bodies several tens of metres long. Pre-mineralization alaskites have a conformable relationship with the local structure, with their strikes and dips not varying significantly from those of the country rock. The mineralized alaskite makes a large stock which is outcropping; a few mineralized dykes and sills stem from this main stock like body and extend to the NE.

A number of dolerite dyke-like bodies occur in and around the Valencia deposit. They dip from fairly flat to almost vertical and strike north to south or southwest to northeast. These dykes only rarely exceed a few metres in thickness.

Younger pneumatolitic pegmatites and quartz veins occur throughout the area. They are usually relatively thin and short and do not form conspicuous outcrops.

-Deposit types-

Uranium deposits world-wide have been grouped into 14 major categories of deposit types based on the geological setting of the deposits.

The Valencia deposit is an "intrusive type" of uranium deposit that is associated with alaskite intrusives that comprise massive stock-like bodies, dykes of varying thickness, sill like bodies and veins and veinlets, which can be either conformable with or transgressive to the Damara Sequence metasedimentary host rocks.

Included in this type are those deposits associated with intrusive rocks including alaskite, granite, pegmatite and monzonites. Major world deposits include Rössing (Namibia), Ilimaussaq (Greenland) and Palabora (South Africa).

Exploration History and Drilling

In 2005 the Company acquired a 90% interest in the Valencia uranium deposit and acquired the remaining 10% in 2007. Since October 2005 VUL has conducted a program of confirmatory work to check the accuracy of the historical database. In addition a ground radiometric survey, diamond drilling (DDH) for infill and geotechnical data gathering, reverse circulation percussion (RC) drilling and percussion drilling (PD) have been completed. Drilling was carried out by R.A. Longstaff Namibia (Pty), Major Drilling, Erongo Drilling Van Rhyn, Roburgh and Hard Rock Drilling with logging and sampling conducted by VUL staff.

During the period from 2005 to 2008 VUL completed the drilling of 43 DDH for a total of 12,962 m for infill and geotechnical data gathering (VA26-109 to VA26-152). In addition, during 2006, a total of 148 reverse circulation percussion (RC) drill holes were completed on a grid of 20 m by 20 m over an area of 300 m (east to west) and 200 m (north to south) down to a depth of 105 m below surface. The information from the RC drilling was intended to provide an area with a high degree of confidence in the Mineral Resource estimate. The updated resource estimate is based on results from infill drilling at Valencia since mid-2007 incorporating: completion of 205 percussion drill holes which total 60,565 m. In 2008, the Company completed 39 short holes with a blast rig on a 5 by 5 meter grid down to 20 m within the area already drilled at 20x20 m (RC drilling); this drilling was included in the study of mineralization continuity resulting in the choice of small mining units (SMU).

The project area was flown on 28 March 2007 for the compilation of a digital terrain model (DTM), providing contours at 2 m intervals and production of digital orthophotos. These were compiled from 1:10,000scale Monochrome Aerial.

During 2009, a further infill drilling program totaling 200 holes was completed for 49,562 m of drilling. The results of this drilling program are incorporated by Snowden in the resource estimate summarized prepared as of November 2009 and included in Table 1 below and more fully described in the January 2010 Addendum to the June 2009 Technical Report which should be read in conjunction with the 2009 Valencia Reserve Technical Report.

Mineralization

The uranium Mineralization at Valencia is hosted only by alaskites that comprise massive stock-like bodies, dykes and sills of varying thickness and veins and veinlets, which can be either conformable with or transgressive to the Damara Sequence metasedimentary host rocks.

Uranium Mineralization has been identified over an area of 1100 m north-south by 500 m east-west. The Mineralization dips at approximately 35° to the south and has been identified by DDH drilling to a depth of 499 m below surface (VA26-52).

Uranium Mineralization is present as uraninite (UO₂) and secondary uranium minerals, uranophane (Ca(UO₂)₂SiO₇·H₂O) and uranothallite (Ca₂U(CO₃)₄·10H₂O). No betafite has been observed.

The uraninite is usually fresh with only sporadic, very minor alteration rims. The secondary uranium minerals uranophane and uranothallite occur as yellow coatings on exfoliation planes and joints, where they form specks and tiny flakes on feldspar, quartz, biotite and apatite. Recent studies show that uraninite represents more than 95% of all uranium minerals.

Uranium Mineralization predominantly occurs in the finer-grained alaskite and rarely in the coarse pegmatitic phases. A close relationship also exists between the uranium and biotite content, as well as between the degree of uranium Mineralization and apatite content.

The uranium Mineralization is variably distributed through the alaskite intrusions and, a great portion of the mineralization is well disseminated throughout the alaskite with local minor enrichments onto biotite selvages or local accumulations of magnetite.

Sampling and Analysis

Dr. Roger Laine, Ph.D., P.Geo., Chief Geologist for Forsys, is the designated Qualified Person ("QP") responsible for the Company's exploration programs. Dr. Laine has verified the geological database which included review of geological description and interpretation, assays, and radiometric readings. Dr. Laine is familiar with the methods for Quality Assurance and Quality Control specifically applicable to uranium. Dr. Laine has sufficient experience which is relevant to the style and mineralization, type of deposit and the use of radiometrics in resource estimates as well as to the activity he is undertaking to qualify as a QP under NI 43-101.

For the drilling done by Trekkopje exploration, the report by Labuschagne (1979) confirms that no country rock was sampled and that all alaskite intervals were sampled: some on half core others on full core. Recovery was better than 98% and sampling respected the lithologies. Dr. Laine checks all the logs for mineralized intervals to confirm that they were all alaskite samples, in particular small intervals (less than a meter).

Dr. Laine validated the historical assays by probing (with total count GM probe) 12 holes from the Trekkopje Exploration and using the correlation between counts per seconds establish with the recent DDH drilling: the correlation curve between historical chemical assays and equivalent U_3O_8 was excellent: slope of 1 and correlation coefficient of 0.99; 68 mineralized intervals were used in the comparison.

The Company has run a scintillometer over the core before sampling and the core was sawed in half respecting the lithologies: a total of 6,548 samples were sent to SetPoint during the 2006-2008 period.

All DDH half core and RC samples collected by VUL were assayed at the Set Point Technology (Set Point) laboratory in Johannesburg, South Africa. Set Point is accredited with the South African Accreditation System (SANAS), accreditation number T0223 and is also an ISO17025 accredited laboratory. Set Point completed the crushing and pulverizing of the samples to industry standards. The prepared samples were analyzed for U_3O_8 using the XRF pressed pellet method.

Security of Samples

Snowden reviewed the assay results from Set Point for the purposes of resource generation and considers that the results of the QAQC indicate a high level of precision with no bias, no significant contamination and high degree of accuracy and Snowden has concluded in the Valencia Reserve Technical Report that these results provide a high level of confidence in the use of this data in the resource estimation.

Dr. Laine implemented additional controls in 2008 to confirm the quality of sampling preparation and analytical performance of the laboratory: re-labeled pulps and rejects were sent back to the laboratory along with standards for re-assays; some pulps were sent to Ultra Trace in Perth, Australia for confirmation. As well QA/QC controls for radiometric probing were introduced to respect the same quality of work.

Mineral Resource and Mineral Reserve Estimates

On June 23 2009, the Company received an NI 43-101 Technical Report from Snowden. This reserve report updates the previous NI 43-101 Technical Report on Valencia reserves, prepared by Snowden in June 2007 and incorporates the results of all drilling at Valencia up to December 2008. A copy of this technical report entitled "Valencia Uranium ("Pty") Ltd: Valencia Project No. 7516 Technical Report" (the "**2009 Valencia Reserve Technical Report**"), is available on the Company's profile on the SEDAR website at www.sedar.com. The Company has completed a prefeasibility report on the Valencia Uranium project in 2007 and is in the process of preparing a definitive feasibility report.

During 2009, an additional drilling program was undertaken at the Valencia Uranium deposit comprising 49,562 m of drilling for 200 holes. In January 2010, following completion of this 2009 drilling program, Snowden prepared the "Valencia Uranium (Pty) Ltd: Addendum to June 2009 Technical Report Project No 696" (the **January 2010 Addendum to the June 2009 Technical Report**), which is available on the Company's profile on the SEDAR website at www.sedar.com.

In the January 2010 Addendum to the June 2009 Technical Report, the resource has been reported at a cut-off grade of both 60 ppm and 100 ppm and the reserves have been reported at a cut-off grade of both 67 ppm and 100 ppm. Heap leaching of lower grade material is being considered but is not included in the reserves.

This Technical Report makes disclosure of Mineral Resources and Ore Reserves that have been prepared using industry best practice that utilizes the mineral resource and mineral reserve categories of the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, as contained in the Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, the Australasian Institute of Geoscientists and the Minerals Council of Australia of September 2004 (JORC, 2004). The use of this foreign code is in conformance with Chapter 5 section 7.2 of the NI 43-101 standards. All definitions of the CIM code apply with two nomenclature definition differences cite as:

- in the JORC Code, "Proved" is equivalent to "Proven" in the CIM Definition Standards
- in the JORC Code "Ore Reserve" and is equivalent to "Mineral Reserve" in the CIM Definition Standards.

At the time of the preparation of the June 2009 Valencia Reserve Technical Report, each of the individuals who contributed to it was, or was supervised by, a "Qualified Person", as that term is defined in NI 43-101. Mr. Jeremy Peters and Mr. Dag Kullmann were the QPs and authored the 2009 Valencia Technical Reserve Technical Report. Mr. Jeremy Peters is independent of the Company and Mr. Dag Kullmann is an employee of the Company. Mr. Jeremy Peters was the author of the January 2010 Addendum to the June 2009 Technical Report. Several Qualified Persons contributed to various technical aspects noted in the Technical Report, as indicated in Chapter 2 of the Addendum.

Valencia Uranium Mineral Resources as of November 2009

Following completion of this 2009 drilling program a reinterpretation of the Valencia geology was completed by Dr. Roger Laine, the Company's Chief Geologist, who applied the CIM definition standard to reclassify the inferred resource within the pit to the indicated category and as a result, a significant portion of the ore body was moved from an "Inferred" status thereby incorporating that material into the reserves as explained in more detail the January 2010 Addendum to the June 2009 Technical Report and as summarized in the Table 1 below.

The resource has been constrained to a maximum depth of 380 m below surface and limited to geological modeling of the alaskite, the mineralization of economic interest, which was conditionally simulated in blocks of 5 m by 5 m by 5 m. These blocks were re-blocked to 20 m by 20 m by 5 m and then estimated by ordinary Kriging. Only mineralization associated with the alaskite has been estimated and reported. The resource has been reported at a cut-off grade of both 60 ppm and 100 ppm U_3O_8 .

The simulation at the Selective Mining Unit (“SMU”) scale indicates the potential that exists through selective mining and effective grade control of the resource.

Table 1 – Summary of Valencia Uranium Deposit Mineral Resources, estimated at the anticipated SMU scale as at November 2009

Category*	Cut-off U ₃ O ₈ (ppm)	Tonnes (M)	Grade U ₃ O ₈ (ppm)	U ₃ O ₈ Metal (Mlbs)
Measured	60	21.0	161	7.4
Indicated	60	219.6	144	69.8
Total Measured and Indicated	60	240.7	146	77.2
Inferred	60	30.0	144	9.5
Measured	100	13.8	203	6.2
Indicated	100	130.0	190	54.3
Total Measured and Indicated	100	143.8	191	60.5
Inferred	100	17.6	190	7.4

* 50th percentile of 100 simulations based on metal content

The Resource information above is the basis for the following updated reserve estimate for Valencia as shown in the following table:

Table 2 – Summary of Valencia Uranium Deposit Reserves, with cut-off grades of 67 ppm and 100 ppm as at November 2009

Category	Cut-off U ₃ O ₈ (ppm)	Ore (Mt)	Grade U ₃ O ₈ (ppm)	U ₃ O ₈ Metal (Mlbs)
Proven	67	19.6	168	7.2
Probable	67	156.1	155	53.3
Total	67	175.7	156	60.5
Proven	100	13.8	203	6.2
Probable	100	103.0	192	43.6
Total	100	116.8	194	49.8

Measured Resources within the pit have been assigned a Proven category due to geological and economic confidence and Indicated Resources within the pit have been assigned a Probable category, reflecting geological confidence. Snowden notes that the Proven Reserve is scheduled to be largely mined within three years of mine commencement (i.e. >85% of tonnes).

Mining

An open pit mining operation is proposed for the Valencia Project. Detailed geotechnical studies, pit optimization and design work have defined an Ore Reserve of 176 M tonnes, at a grade of 156ppm U₃O₈. A total waste movement of 273 M tonnes will also be mined progressively over the life of the operation. The final pit for the Valencia project will be approximately 1,500 m long, 1,000 m wide and 375 m deep.

A life of mine schedule reflects a milling rate of 700,000 tonnes of ore per month over a 17 year period with a 6 month pre-strip period.

Figure 2 shows a plan view of the ultimate pit design used to generate the Ore Reserve estimate.

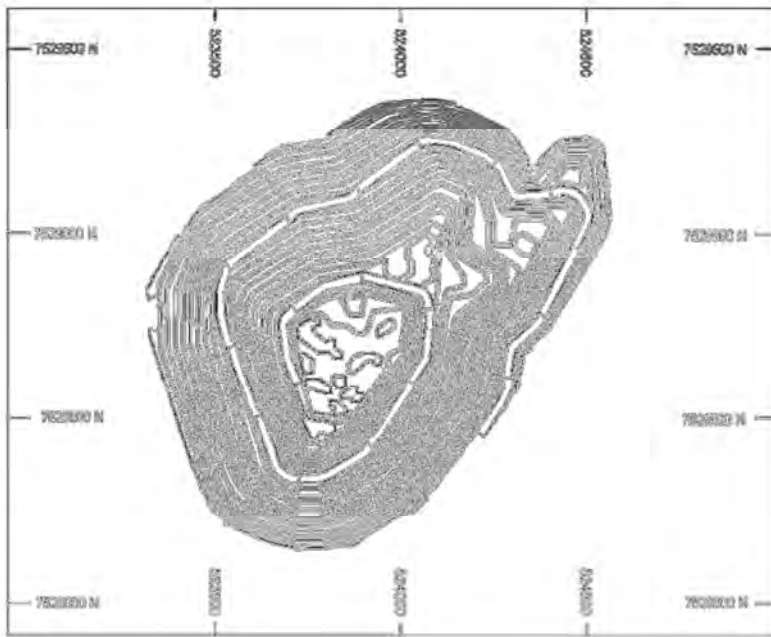


Figure 2 - Plan view of the ultimate pit design

Snowden and Valencia collaborated to develop a schedule which demonstrates the practicality of mining the Valencia Ore Reserve. The mining schedule targets a total mining rate of 32 Mtpa, based on a sorting throughput of 11.8 Mtpa and a milling throughput of 8.7 Mtpa.

The mine schedule was revised to reflect the latest estimated development timing and assumes production commences in Q4 2012 and is subject to receipt of financing of the project. The first eight quarters are spent ramping up production, until the full production rate of 32 Mtpa is achieved, in late 2014. The first mining stage accesses the high-grade, high-confidence core of the Ore Reserve, with the two subsequent mining stages mining the surrounding lower-grade material.

The mining schedule is illustrated in Figure 3.

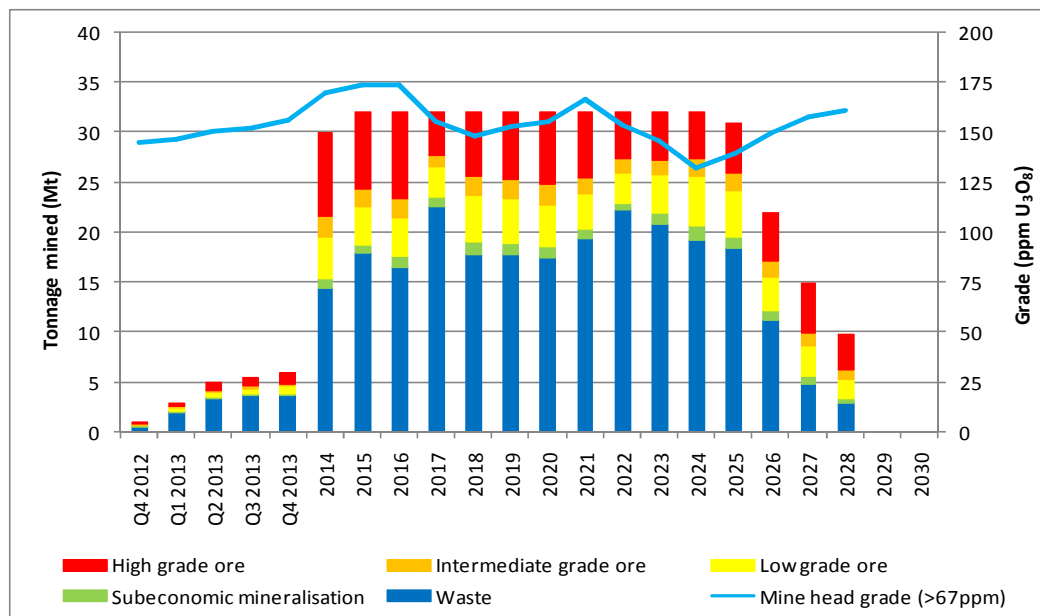


Figure 3 - Summary mining schedule

It has been assumed that milling does not commence until Q2 2013, allowing time for the mine to remove initial overburden and start building up stockpiles. Milling initially commences at a rate of 2.1 Mtpa. Radiometric sorting does not commence until 2016. Once radiometric sorting commences, an average of 11.8 Mtpa of mined ore is crushed and sorted, at total mill throughput of 8.7 Mtpa. Milling of the stockpiles continues for several months beyond the completion of mining.

Processing

The Base case processing facility comprises the following unit operations:

- crushing, sorting, screening and stockpiles
- milling
- leaching
- belt filtration
- continuous ion exchange (CIX)
- solvent extraction (SX) and ammonium diuranate (ADU) recovery
- filtration
- calcination

The overall uranium process recovery of 85% in the base case was determined from a series of acid dissolution tests conducted on ore samples from the ore body.

The crushing and milling schedule and the mill product schedule are presented in Figure 4 and Figure 5, respectively.

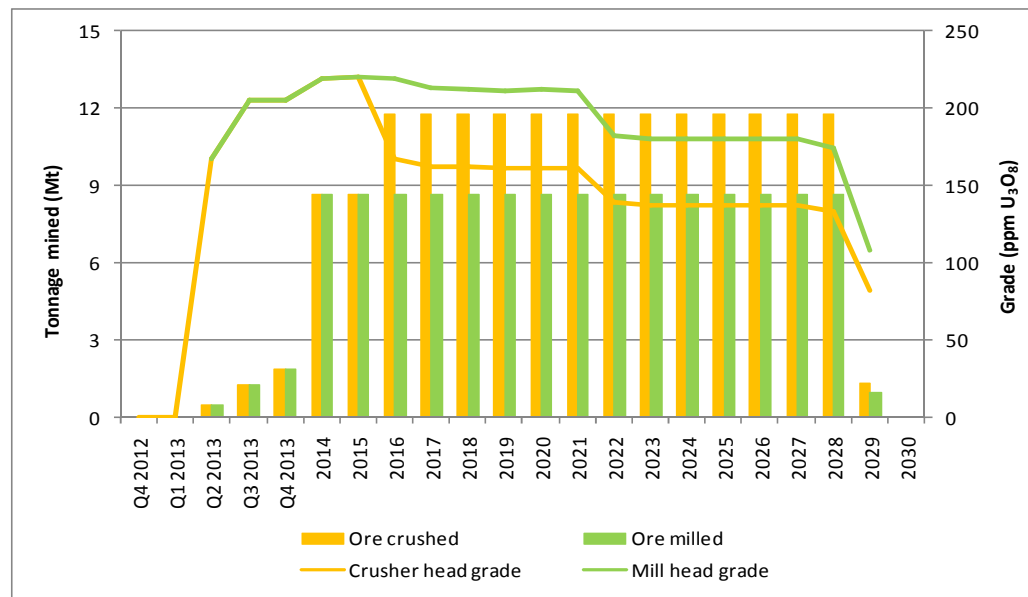


Figure 4 - Crushing and milling schedule

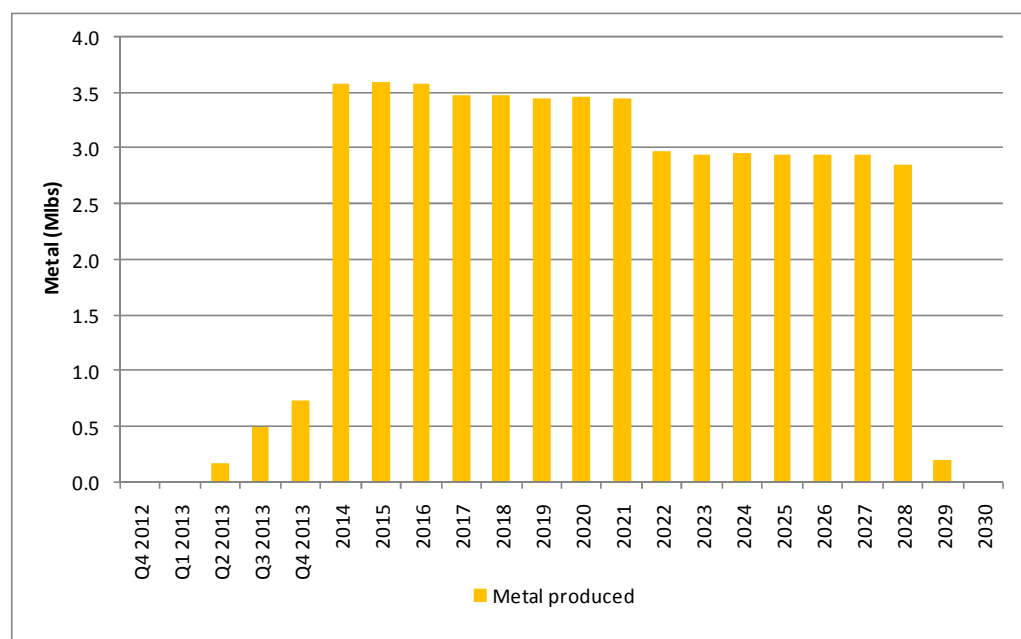


Figure 5 - Mill product schedule

Two processing options have been identified and additional work is currently under way to further analyze these alternatives prior to the Company's Board of Directors making a formal development decision. The first is the "Base Case", representing the implementation of three-stage crushing, rod milling and acid leach. The other option "Option 1" utilizes single stage crushing, SAG milling, uranium flotation and acid leach. The flotation option has been engineered and costed to a lesser degree of accuracy than the Base Case, but initially indicates a significantly improved economic outcome for the Valencia project.

For the options analyzed, the following capital costs are forecast:

Table 3 – Comparison of Capital Costs for Base Case and Option 1

Capital Items	Base Case (US\$ M)	Option 1 (US\$ M)
Process Plant	196.1	196.9
Tailings Disposal	7.9	7.9
Access Road	1.3	1.3
Water pipeline	18.5	18.5
Power supply	15.4	15.4
Owners buildings & equipment	8.9	8.9
Overheads	8.3	8.3
Project Capital	256.4	257.2
Mining Equipment	54.4	54.4
Pre-Strip and Capitalized Operating Costs	11.1	11.1
Total Capital Cost	321.9	322.7

Most of the projected capital expenditures detailed in the table above will be spent during a two year period, towards the end of which mining will commence. Capital expenditures are considered to be estimated to an accuracy of +/-15% for the Base Case and +/-40% for Option 1. In terms of operating costs, these were determined from first principles and contractor estimates and are considered to have been estimated to an accuracy of +/-15% for the Base Case and -15% to +35% for Option 1. Opportunities to reduce costs are being pursued as part of the optimization and trade-off studies are currently underway.

The average total cost per run-of-mine (ROM) tonne is US\$38.03 /lb. for the Base Case and US\$35.23/lb. for the optional float/leach process. A breakdown of life-of-mine operating costs for the Base Case and Option 1 is summarized in Table 4.

Table 4 –Operating Costs for Base Case Compared to Option 1

Areas	Total Cost (US\$ M p.a.)		Total Cost (\$/lb. U ₃ O ₈)	
	Base Case	Option 1	Base Case	Option 1
Mining	56.25	56.20	16.29	15.14
Processing	58.45	55.93	19.10	17.58
Overheads and Other	6.2	6.2	2.64	2.51
Total Operating Costs	120.9	118.33	38.03	35.23

Economic Analysis

The basic financial assessment for the Valencia Project presented here is based on the Ore Reserve and mining schedule detailed above. The financial model quantifies the revenues, costs and capital expenditure over a 17-year life of mine using a selling price of US\$ 70.00 per pound. These are believed by Valencia to be accurate to within the following limits:

- Base case: ± 15%
- Option 1 case: - 15% to + 35%

Snowden is not qualified to comment on the accuracy of estimates provided by other parties and has accepted these from Valencia in good faith. Snowden note that the mining and associated costs appear reasonable, given recent experience, but given that they are not based on agreed contracts, cannot assign an accuracy of better than ±40%.

NPVs were calculated on pre-tax, uninflated cash flows and are summarized in Table 6. The project has a payback period of 3 years of production.

Table 5—Net present value at various discount rates with associated IRR (pre-tax)

Discount rate	Base case NPV (US\$ M)	Option 1 NPV (US\$ M)
0%	1,111	1,375
6%	544	690
8%	429	552
IRR	26.5%	30.3%

Namibplaas Uranium Exploration Project (EPL 3638)

Property Description and Location

The Company owns 70% of Dunefield Mining Company (Pty) which holds the Namibplaas Uranium Exploration Project, EPL3638, which covers a total surface area of 1,742ha on the farm "Namibplaas 93". It is located in the Erongo region, approximately 70km south of the town of Usakos, central Namibia, being the closest town comprising less than 5,000 people. Situated 7km's northeast of the Valencia Uranium Project, EPL 3638 is accessible by way of a newly constructed industrial-grade road from the B2 highway to the Valencia project site, and from there by a rough trail suitable to 4x4 vehicles.

EPL 3638 was first granted to Dunefield in November of 2006. On November 6, 2007, MME awarded a two-year renewal of EPL 3638 for nuclear fuel to Dunefield. This permit has since been renewed for a two year period to November 6, 2011. The Company has maintained its environmental clearance, paid its annual fees and submitted its required monthly, quarterly and annual reports. No other encumbrances exist and no royalties are payable for this exploration licence as it exists on state land and is not liable for environmental taxes or royalties at this stage of development.

Accessibility and Climate

EPL 3638 is located 7 km from the Company's Valencia Uranium Project which is described above.

EPL 3638 lies within central Namib, approximately 85 km from the sea. It is situated in one of the driest zones of the Namib, being too far from the sea to receive much precipitation from fog, and too far from the Khomas-Hochland to receive much rain. The mean annual rainfall is in the range of 50–100mm. Data collected at Valencia over the last three years reports an annual average rainfall of 35mm. This data is pertinent given the proximity of Valencia to Namibplaas. However, historical data shows that rainfall can be extremely variable.

In contrast with the coast, Namibplaas benefits little from the cooling influence of the cold ocean. The mean maximum temperature for the hottest month, February, is approximately 32°C. The mean minimum temperature for the coldest month, August, is about 10–12°C. Evaporation rates are extremely high. For example, at Rössing, the annual potential evaporation is approximately 3,150mm. Evaporation rates are highest in December and lowest in June.

Wind data from Rössing show that the strongest winds most frequently have a south-westerly component, or a north-easterly component. Far less frequent, but most powerful, are easterly "Berg winds" which blow for up to 50 days per year. These are hot dry winds that bring dust/sand storms. Climate does not affect exploration activity at any time throughout the year.

-Topography Drainage-

The geological formations of interest for uranium exploration are similar to those at Valencia. The uranium mineralization is contained in intruded leucogranite bodies known as alaskites.

The terrain is fairly steep and rugged in Area B, where the first phase of drilling was executed. Drilling in this phase was completed with a track-mounted rig, which only needs drill access rather than roads resulting in less environmental impact. In Area A, the terrain is very steep and rugged and access is difficult. However, Area A is less likely to require any drilling after the ground prospecting demonstrated unfavorable geological features.

EPL 3638 is drained by an ephemeral river with a sandy bed running from south to north through the EPL. Many smaller drainage lines dissect the area, joining into the Khan River flowing westwards.

-Soil-

The soils are very poorly developed and limited in extent and there are very large areas where the alaskite bedrock and schists are exposed on the surface. The soils contain very little humus, but are nevertheless important for the seeds and organic matter that they contain.

-Geohydrology-

No geohydrological study has been undertaken specifically for exploration on Namibplaas. However, a hydrocensus was carried out for the Valencia Uranium Project to a 30 km radius of the mine site. Because of proximity, it is reasonable to use this data as baseline information, suggesting that water is limited to fractured basement rock, and that there is no sedimentary aquifer. There is no reason to believe that drilling exploration would result in any contamination of groundwater, since percussion drilling does not use water. Any water abstraction would be minimal because it is not required for drilling and there will be no site camp on Namibplaas given the proximity to Valencia.

History

Airborne uranium anomaly maps, produced by the Namibian Geological Survey in 1997 indicated the presence of two prominent uranium anomalies, occurring near the western portion of the EPL. These anomalies were later designated as Zone A and Zone B. Zone A was known to have a low U/Th ratio while Zone B has a high U/Th ratio, which is more favorable. Exploration in the area was initially carried out by Goldfields Mining and Development Limited in the 1970's. A diamond drilling program was carried out during this time, with 7 holes and a total of 1667m drilled at a 45° dip and an azimuth of 296°.

Geological Setting

-Regional Geology-

Namibia constitutes a significant uraniferous province with a number of different styles and ages of mineralization. These range from igneous-hosted primary uranium deposits of Proterozoic to Cambrian age, through to secondary deposits such as Langer Heinrich and Trekkopje deposits, in which the calcareous sediments are of Tertiary age. Igneous-hosted, primary uranium deposits such as Namibplaas, Valencia, Rössing and Goanikontes occur within the Central Zone of the Neoproterozoic Pan-African Damara Orogen. This is a polydeformed and polymetamorphic orogenic belt with a north-south trending coastal belt on the west side, bending into an intracontinental branch trending northeastwards from the Atlantic coast across Namibia towards Botswana. Primary mineralization is confined between two major lineaments, the Omaruru lineament and Okahandja lineament trending NE-SW and alongside the Welwitschia lineament, trending NNE-SSW.

Leucogranites have been divided into six different types based on field characteristics of color, grain-size, structural setting and mineralogy. Of these six, the three pre-tectonic are barren. Uranium mineralization in the belt is confined to late undeformed, post-tectonic sheeted leucogranites (D- and E- type granites).

The intra-continental branch separates two zones based on magnetic, depositional and tectonic regimes. The northern platform consists of weakly folded, mainly carbonate rocks and is followed southwards by a transition zone, where the folding and metamorphism increase in intensity. The central zone, about 80 km wide, is bounded by the Omaruru lineament to the north and characterized by medium to high grade metamorphism and voluminous granitic intrusions. The southern zone contains the Khomas Trough, which consists of flisch-like sequence of mica schist, quartzites and mafic metavolcanic rocks. This zone is separated from the central zone by a pronounced change in structural style, the Okahandja lineament.

The economic importance of the central zone is evident in that every uraniferous granite occurrence discovered to date, is situated between the Omaruru and the Okahandja lineaments, with Rössing and Valencia representing primary uranium deposits and Paladin's Langer Heinrich and Areva's (formerly UraMin) Trekkopje Deposit representing secondary uranium deposits.

Exploration History and Drilling

-Geophysical Exploration-

In 2008, radiometric prospecting was carried out by the Company over the two zones with the SPP2 scintillometer on foot. A total area of 3.01km² was covered (Zone A and B) at 10m line spacing and reading positions every 5m. Although Zone A gave higher radiometric readings, these were due to a high Thorium content rather than uranium, as confirmed by spectrometry survey lines. Zone B on the other hand, had radiometric results similar to those at Valencia with a high U/Th ratio.

The radiometry is reported as counts per second (c/s) SPP2.

At Valencia and Namibplaas, a reading of 200 to 300 c/s is considered a drill target. This makes the Namibplaas anomaly over 500m by 1700m long, which is larger than the anomaly of Valencia which now has 60.1 million tons of U₃O₈ reserves.

-Geological Mapping-

In 2008, the Company also carried out reconnaissance mapping. This work identified the alaskites according to the general granite classification applied to the Valencia Deposit. Field work was done based on geological maps on a 1:2500 scale. In general, the geology of area B was found to be similar to that of the Valencia Deposit, with the leucogranites intruding the Damara meta-sediments, namely the Khan and Rössing Formation.

Within Zone A, the Khan Formation was the only meta-sediment noted outside the anomaly. Over the anomaly, it is the Abbabis complex. With regards to the leucogranites, C- and D-type dykes are few and the most prominent, whereas F-type granite was not noted. The SPP2 anomalies in the eastern area coincide with mylonite, porphyritic granites and basement gneisses of the Abbabis complex.

All the Damara meta-sediment formations appear in Zone B, with the Khan and Kuiseb Formations being the most prominent but numerous outcrops of Rössing marble have been mapped within the radiometric anomaly. The D-type granite occurs mainly on the south of the south-west to north-east trending radiometric anomaly, between Rössing marbles in the east and the Khan Formation in the west. B- and C-type granite occurs in the northern part of the trend, with lenses of Chuos and Karibib Formation appearing between the C-type granite in the west and the B-type granite in the east.

-Channel Sampling-

In 2009, 652m were sampled over the radiometric anomaly in Zone B. The channels have a strike of 310° to 320° and are running perpendicular to the radiometric anomaly. The channels were also used to verify the geology from the 2008 reconnaissance mapping. The major problem encountered during this task was the lack of proper outcrops for channels. Assay results from the samples are not yet available. In 2010 additional trenching was carried out in Zone B, which provides a total of 67 channels for 1,225 m cut.

-Project Geology-

The surface geology in Zone B shows that the southern area is dominated by D-type granite and the northern area is dominated by C-type granite. This has been confirmed by channel sampling. Although the southern part is dominated by C-type granite, radiometrics shows mineralization with readings as high as 5000 cps. This has been confirmed with results from the diamond drill holes, where magnetite-rich granite (C-type) have readings as high as those in the D-type granite. In the core, the mineralized granites intrude mainly the Khan gneisses and quartzites. Extensive quartzites usually occur at the bottom of the holes in the SW corner of Zone B, both in diamond as well as in percussion drill holes. It is difficult to determine geometry of the ore-deposit due to the relatively minimal drilling in the area. It appears that the mineralization occurs in sheeted leucogranites intruding the Khan Formation, with similarities to the Valencia deposit. However no large intrusive is apparent based on the amount of drilling to date.

-Environmental-

In April 2008, a land access agreement was agreed with the land owner. The Company then commenced with an exploration program in preparation for a drill program.

A baseline Environmental Impact Assessment ("EIA") and Environmental Management Plan ("EMP") was carried out by Colin Christian, Independent Consultant, during October 2008. His report was submitted to MET for approval, which was subsequently obtained and confirmed on December 11, 2008. The report included a preliminary Flora, Fauna and Archeology assessment. The recommendations of that report were followed with full documentation of ground preparation for drill site access by means of photographs before and after preparation, as well as photography before and after drilling. As much as possible, drill site access was obtained without constructing roads. Recommendations from the EMP are being followed by the Company and its contractors.

-Drilling-

2008

Based on the radiometric prospecting and geological mapping, 8 vertical percussion holes were drilled at Zone B in 2008, to depths of more than 200m, for a total of 1,845 m. The location of these holes was selected, not only according to radiometric data, but also according to the ease of accessibility. Down the hole probing was used to identify granite intervals with mineralization.

2009

In 2009, nine additional percussion drill holes were drilled up to 250m at drill spacing of 30m to 40m.

2010

Commencing in July 2010, a more extensive drilling program was carried out at Namibplaas the results of which were report in press releases on November 8, 2010 and February 2, 2011. In 2010, the Company achieved a total of 19 diamond drill holes and 39 percussion drill holes for a total of 13,466 metres. Highlights from the drilling program are detailed below and all significant drilling results are reported in the two press releases mentioned above.

Highlights from the Most Recent 2010 Diamond Drilling at Namibplaas

Hole	From (m)	To (m)	Interval (m)	Grade (ppm U ₃ O ₈)
NA 24-017	59.4	63.9	4.5	300
	244.6	250.5	5.9	198
NA 24-018	87.4	98.7	11.3	231
NA 24-020	85.2	98.7	13.7	193
NA 24-021	211.0	218.1	7.5	213
NA 24-022	279.1	286.9	7.8	215
NA 24-024	95.8	98.1	2.3	656
	109.1	115.9	6.8	279
NA 24-025	122.3	126.8	4.5	215

Highlights from the Most Recent 2010 Percussion Drilling at Namibplaas

Hole	From (m)	To (m)	Interval (m)	Grade (ppm eU ₃ O ₈)
NAPD-034	78.2	92.8	14.6	253
	93.5	98.8	5.3	462
	100.4	107.2	4.7	346
	108.3	113.0	4.7	222
NAPD-036	27.9	32.7	4.8	268
NAPD-038	63.2	68.4	5.2	241
NAPD-040	18.2	25.9	7.7	234
NAPD-041	46.7	49.7	3.0	371
NAPD-043	126.2	134.3	8.1	192
NAPD-044	107.4	114.9	7.5	273
	115.3	120.4	5.1	259
	138.7	144.9	6.2	229
NAPD-049	89.0	99.3	10.3	218
NAPD-050	63.6	69.1	5.5	249
NAPD-051	98.3	105.2	6.9	207
	156.5	163.7	7.2	235
NAPD-053	45.3	53.3	8.0	197
	159.3	173.4	14.1	215
NAPD-055	28.4	34.9	6.5	286
	143.8	150.7	6.9	237
	93.4	96.9	3.5	269
NAPD-056	110.4	118.4	8.4	218

Percussion drilling results are expressed in equivalent U₃O₈ using the correlation between assays and counts per second calculated with the diamond drill holes of Valencia; the technique was used extensively at Valencia to calculate the resources and reserves. Equivalent U₃O₈ is an industry standard for those companies familiar with the use of radiometric probing and correlation with chemical assays: diamond drill holes are sampled and assayed by recognized/accredited laboratory and the assays are compared to counts per seconds from down the hole probe results.

On February 2, 2011, the Company announced the approval of a C\$2.20 million 2011 drilling program targeted to achieving a compliant NI 43-101 Technical Report at Namibplaas, by the end of the third quarter of 2011. The objective of the 2011 program is to complete an additional 3,500 metres of diamond drilling (approximately 10 holes at 300 to 350 m depth, inclined at 45 degrees) and 50,000 m of percussion drill holes for a total of approximately 250 holes drilled at a 60 degree angle. This would bring the drill spacing close to 40m by 40m and allow completion of a NI43-101 resource statement.

Sampling and Analysis

Core samples were cut on site with a core-saw, trying to take 1.5m samples respecting the lithology: sampling leucogranites with a minimum of radioactivity (the threshold was checked with the first batch of assay results). Radiometric readings with a scintillometer were done every 10 cm to match the readings of the down the hole gamma probe.

Samples were bagged and knotted at the top with cable ties, then stored on site in storage area within the camp until enough samples ready for shipping to laboratory in Swakopmund (100 km away).

The laboratory chosen was VERITAS, set up in Swakopmund, who has bought Ultratrace from Perth (Australia) and supervise/implemented the construction of the laboratory and setting of all the components.

During standard analytical procedure, VERITAS inserts their own standards and blanks every 20 samples or so.

Pulps back from the laboratory were selected to check the QA/QC from the laboratory and rejects back from the laboratory were re-labelled and sent for analysis. The Company Uranium inserted our own standard to check reproducibility: report in progress for the re-assays of pulps and rejects.

Security of Samples

The samples were put into larger bags at the camp where nobody but staff is allowed; the company has set-up a security gate and checks all entries and casual visitors are not allowed on the Company's grounds.

Ondundu Gold Project (EPL 3195)

Ownership and Option Agreement with Angus Mining (Namibia) Inc.

The Company's wholly owned subsidiary Omatjete Mining Company (Proprietary) Limited ("Omatjete Mining") owns 100% of the Ondundu Gold Project ("Ondundu" or "EPL 3195")

On May 7, 2010, in order to finance further exploration at Ondundu, the Company signed a Letter of Intent with Angus Mining (Namibia) Ltd ("Angus") and Golconda Capital Corp. ("Golconda"), a TSX venture exchange company. On July 30, 2010 a definitive option agreement ("Option Agreement") was signed, which has a term of 30 months ("Option Period"), pursuant to which Angus has an option to earn an initial 50.1% beneficial interest in Ondundu upon expending US\$5 million in exploration expenditures on or before November 6, 2011. Angus can earn an additional 24.9% beneficial interest in Ondundu by spending a further minimum amount of US\$6 million on exploration at Ondundu within the Option Period and by pending such further monies as shall be required to complete and deliver a feasibility study (as such term is defined in NI 43-101) and committing to pay the Company a 1.0% net smelter royalty.

The Option Agreement became effective on September 24, 2010 when Angus and Golconda completed a business combination following which on September 28, 2010 Angus Mining (Namibia) Inc. began trading on the TSX Venture Exchange. As part of this transaction, the Company received 3,000,000 common shares. In addition the Company received 3,000,000 common share purchase warrants of Angus, exercisable for a period of two years, at a price of CAD\$0.35 per common share in the first year until September 23, 2011 and CAD\$0.50 per common share in the second year until September 23, 2012. As at September 24, 2010, this holding by the Company represented 9.7% of the outstanding shares of Angus or 17.7% assuming the exercise of warrants and without giving effect to the exercise of any other convertible security of Angus.

Project Description and Location

The Ondundu Project is located in north central Namibia, 242 km, via paved road, northwest of Windhoek, the capital city of Namibia on communal state land in the Erongo region of northern central Namibia. A dirt road leads for 104 km from Omaruru to the Ondundu Project. The total driving time is three and a half hours. A 220 KV electrical power line runs 15 km to the east of the Ondundu Project.

Ondundu is located in the northern zone of the Neoproterozoic Damara Orogen in north-central Namibia. Ondundu is a sediment-hosted, structurally controlled, mesothermal gold deposit belonging to a family of deposits that includes some of the world's most significant gold resources including Muruntau (+100 m oz.), Telfer (+26 m oz.), and Kumtor (+4 m oz.) and locally the Navachab Mine (+4 m oz.) and the Otjikoto Deposit (+1m oz.). The Ondundu Project covers a total surface area of 19,969 ha.

EPL 3195 was awarded to Omatjete Mining in 2003 in respect of the base and rare metals, precious metals and semi-precious stones group of minerals. The Company increased its interest in Omatjete Mining from 32% to 100% in 2008. On January 18, 2010, the MME renewed EPL 3195 for a two year period from May 31, 2009 to May 29, 2011 under the terms of the Minerals (Prospecting and Mining) Act, 33 of 1992. An application for a further two year renewal was filed on March 1, 2011. The Company has maintained its environmental clearance, paid its annual fees and submitted its required monthly, quarterly and annual reports. No other encumbrances exist and no royalties are payable for this exploration licence as it exists on state land and is not liable for environmental taxes or royalties at this stage of development.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Ondundu project site is accessed by driving 242 km on paved road from the capital city of Windhoek to the town of Omaruru. A dirt road leads for 104 km from Omaruru to the project site (Figure 5-1). The total driving time from Windhoek is 3 1/2 hours. The main Ruacana to Windhoek electrical 220KV power line runs 15 km east of the Ondundu Project site.

The area is characterized by undulating to hilly topography created by a succession of repetitive argillaceous and arenaceous geology, partially dissected by ephemeral streams. The main drainages flow NW, while secondary drainages flow NS, following bedding planes. The drainage net eventually feeds the modern Ugab River. The highest point is the ZebraBerg at 1,172 metres, in the core of the antiform, 2.5 km to the north of the Ondundu Main Zone ("OMZ"). Average elevation of the property is 1,000 metres.

The annual rainfall is moderate to low (+100 - 150mm per annum), and consequently the vegetation is moderately sparse and predominantly colospermum mopane forest, acaciathorn and grassland of the savanna/bushveld biome. Information from water bore holes suggest that the water table resides at about 25m below surface. Due to this climate, natural re-vegetation takes a considerable time. It may be noticed that 30 year old grid lines are still clear of trees and bush.

History

The Ondundu gold deposit was discovered during 1917. Claims were first staked in 1922 and a minor gold rush began. Initial production started with alluvial and eluvial workings, with approximately 11,600 oz. Au reported from 1923 to 1945.

Surface and underground mining occurred in four areas: Margarethental (3,400 oz.), Geolex North (500 oz.), Chiquita (1,500 oz.) and Geolex South/Razorback (2,850 oz.). Apart from the underground workings in the Margarethental and Geolex South areas, past mining activities were confined to open cuts and trenches on the hillside.

In addition, Intermittent shallow underground mining and alluvial recovery also took place until 1945. Approximately 20,000 oz. Au were reported as recovered.

In 1946, 378 samples from 5 shafts (approximates 6,000 tonnes) were submitted for metallurgical testing. These were composited into five samples. It was concluded that a recovery of 70% may be anticipated by amalgamation; the economic degree of grinding will be approximately

60% minus 200 mesh for the extraction of 98% of the total gold. These historic mineral resource estimates are not compliant with the CIM Definition Standards. Furthermore, only 1.5 km of the total strike length of 2.7 km were systematically drilled.

In the 1980's, Tsumeb Corporation Limited ("TCL") and Goldfields Namibia ("GFN") carried out exploration programs in the area under Mineral Deposit Retention Licence 1552, (MDRL 1552 following the consolidation of the claims into one licence), completing 28 diamond drill holes in the Ondundu Main Zone totaling 5,583 m.

In 1983, resource estimate of 42 million tonnes of rock with an overall grade of 0.38g/t AU (520,000 ozs) was produced by TCL ("Venter & Carter"), based on a large low-grade open-cast operation. In 1987, a historic resource of 4.57 million tonnes grading 3.39 grams gold per tonne was reported by GFN (Charles September 1987). In 1989, GFN estimated a resource of 4.35 million tonnes grading 3.19 g/t AU (450,000 oz.), based on a high-grade underground mine plan. These historic mineral resource estimates are historical and not compliant with National Instrument 43-101 reporting standards and cannot be relied upon.

The ground lay dormant until 1996, when a joint venture between Keadeber Resources (Pty) Ltd. (75%) and Southern Cross Exploration (25%) proposed to explore further under MDRL 1552. No significant verifiable work was done, apart from a bulk (600 kg) sample that was submitted to MINTECK (RSA) in 1999 and a summary report was written. The 600 kg of "gold ore" was sampled at Ondundu and delivered to Mintek Laboratories in Johannesburg to the mineral processing division. The sample was originally crushed to -1mm in a jaw crusher and blended.

TECO & Goldfields accumulated a considerable database, with maps and reports that have not yet been fully utilized to date, and work is currently underway to bring this information into modern computational models. Spatial data relates to a local grid and a proper land survey of this grid is underway to transform them to WGS84 UTM33S.

The TECO/Goldfields Ondundu data are the most complete and extensive available. 28 boreholes, totaling 5,538m were drilled on 12 sections on the Ondundu Main Zone (Margarethental, Razorback and Geolex South). Surface and underground sampling and mapping was conducted to establish a selective mining thesis once GFN became involved with the project by 1985 and this included more extensive work over the old Copper/Gold workings to the north in the OD6 grid area.

Following the consolidation of mineral licences, which to date had been operated as individual mining claims by various holders, TCL drilled 19 holes before the first resource estimate was produced by Venter and Carter in June 1983, and followed by another five holes southwards towards Razorback by 1985 when Goldfields commenced with the takeover of TCL. Goldfields introduced their own geological team to re-evaluate the deposit on a selective underground mining basis and drilled another three diamond drill holes following an elaborate underground sampling program aimed at establishing a selective mining thesis focused at the quartz veins. Carter and Venter (1983) concluded that: Diamond drilling carried out to date has been too widely spaced to derive at more than tentative tonnage and grade figures: to a depth of 150m below surface a total of 42,057,040 metric tons of rock, containing 2,393,820 metric tons of quartz (5.96% v/v) with an average grade of 6.77 g/t Au is indicated. This compares unfavourably with historic sampling and production grades with current surface sampling, and drilling results.

The data-set is reasonably well constrained in XYZ for the methods of the time (tape and theodolite). The base line was surveyed in and tie lines turned off at right angles and chained. Slope interference and poor correction did at times lead to convergent tie lines over 1 km. Their exploration was done on a 50x50m grid. Accuracy (cumulative error) of loop closures for survey grids were expected to be not less than 10cm. It was decided that in order to make some use of the TCL/GFN data, the grid has been reactivated and resurveyed by a qualified land surveyor in WGS84 UTM33S. An accuracy of +3cm in XYZ may be expected from this procedure.

****The Ondundu resource estimates described above are historical in nature. A qualified person as defined under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") has not done sufficient work to classify the historical estimate as a current mineral resource or mineral reserve and the Company is not treating the historical estimate as a current mineral resource or mineral reserve as defined in sections 1.2 and 1.3 of NI 43-101. Any future mineral resource estimates for the Ondundu project may be materially different than the historical estimates referred to in this document. Accordingly, the historical estimates disclosed in this document with respect to the Ondundu Gold Project should not be relied upon.***

Geological Setting

-Regional Geology-

The area is characterized by layered, folded meta-sediments of the Swakop Group with transecting Karoo volcanic dykes. Hydrothermal quartz veins are sub-parallel to parallel (epithermal) to the foliation (F1) geometry. Large alteration zones have been observed and confirmed to host gold. The deposit model is similar to the Telfer Deposit in Australia, being a large volume low grade meta-sediment hosted gold occurrence.

Neo-Proterozoic Kuiseb Formation rocks of the Upper Swakop Group outcrop over much of the EPL. A sequence of interbedded upward-fining sandstones, arkose, siltstones, mudstones, shales and minor carbonates, derived from turbidite deposition into a basin repository, are the dominant rock types, with units often grading into one another or intimately intercalated. A volcanoclastic component is also present. The Swakop Group in the north central zone and south central zone is thought to be on the order of a 9,800 m succession, (Miller, 1987).

Units of sandstone are meter scale in thickness and fairly continuous, weathering positively to form distinct ridges which may be followed considerable distances along strike. They are grey-green on fresh surfaces, weathering to orange-brown due to limonite after sulphides. Compositions range from almost pure quartz sandstone to more micaceous and feldspathic, and with increasing volcanoclastic components, also arkosic. They are mainly medium-grained and commonly calcareous. Sedimentary features have not been completely obliterated during metamorphism. Load casts, ripple casts, slumping and cross-bedding are commonly visible in outcrops. Alteration minerals include hematite, limonite, sulphides, sericite, chlorite and siderite, leaving "spotty" iron-stained weathering surfaces. Jointing, axial planar cleavage, foliation and brittle shearing are noted in the field.

The finer-grained rocks weather negatively and are much less conspicuous in outcrops. Fresh surfaces are grey-grey-green to black with brown-rust weathering colours. Graded bedding and alternating bands of coarse-fine grains are common. Sedimentary features include load-

casts and fluting where sandstone is present. Alteration minerals are less common in the fine-grained, less permeable rocks. Carbonaceous shales often have a high sulphide content (possibly diagenetic). These more fissile rocks are most likely to host concordant, (bedding parallel), quartz veins.

Karoo-age Diabase dykes and sills intrude the Kuiseb Formation metasediments. They are found as fine-grained green-black colorations on fresh surfaces and they weather to brown rounded boulders known as "cannon balls". They were emplaced mainly along NS and NE-SW directions. Lamprophyre dykes are noted intruding along generally EW fractures.

Two deformation events, D1 and D2 have resulted in regional scale folding. N-S compression resulted from the Kalahari/Congo-Kasai collision and E-W transgression from the Brazilian event.

The primary fold structure on the property is a domal low amplitude to wavelength ratio antiform, with disharmonic parasitic drag folds developed near the hinge, east of the axis. The antiform is asymmetric-parallel, the western limb dipping 30°/280°TN and the eastern limb 50°/90° TN. The axis trends ~185°TN and plunges ~30° to the south. The fold is south vergent. Axial planar S1 is present, trending 160°-180°TN and dipping 80°-90°west in sandstone and 30°west in argillaceous beds.

The parasitic synform-antiform couple share a common limb. Their axes vary between 176°-182°TN and plunge 20°-33°south, roughly parallel to the axis of the Ondundu antiform and coincide with the regional orientation of S1. The superimposed local folding has a poorly developed fracture cleavage, S2, axial planar. The common limb straddles a sinistral shear and displays drag-induced stretching and boudinage. Smaller-scale folding is found frequently. Disharmonic or asymmetric folding of quartz-carbonate veins in fold noses illustrates the competency contrast between veins and their host rocks. Drag folds are also common in the OMZ.

There are two frequently displayed brittle fault orientations: East-West ("EW") and North-South ("NS"), with a third, possibly conjugate 50°-320°TN set. The Margarethental Fault Zone ("MFZ"), bounds the OMZ to the north. The MFZ, while apparently a normal fault, has a component of strike-slip. It has displaced the parasitic folds >100 m dextrally. Immediately north of the MFZ, the folds are drastically attenuated. The MFZ dips ~80°/000°TN in the vicinity of the OMZ. The MFZ is concealed beneath alluvium and regolith. Trenching in the 1980's exposed it as a +1m wide chloritised mylonite (cataclastite). Resistivity and VLF surveys suggested a 300+m down-throw to the south. Given its proximity to the Waterberg thrust, it is worth considering that the MFZ may be a failed thrust splay, reactivated as a normal fault. Essentially its later movements seem that of an oblique wrench fault. NS directed faulting is largely confined to the hinge zone of the Ondundu Anticline ("OA"). Two main NS faults, apparently reverse faults during deformation, displace the local fold structures. They have a left-lateral sense of movement. Bounding fractures to the east and west of the OMZ have been exploited by diabase and lamprophyre dykes. Notably these fractures, while having sinistral shear sense are mostly un-mineralized. Possibly silicification of the OMZ rendered it competent enough that when fractures were reactivated in a brittle rheologic regime, they behaved as normal faults.

Shearing on the property is best demonstrated in the hinge-zone of the OA. In the OMZ, a sinistral shear zone, approximately 50 m wide, infests the common limb of the synform/antiform. Stretching, boudinage and intense shearing in fine-grained lithologies typify the deformation found in the zone. Two lesser shear zones bracket the common limb shear, both having a sinistral sense, though with nominal displacements. Together they are an en echelon shear set, and fairly confine Au mineralization to a 1,500 m wide corridor. The southern end of the OMZ sees these features converging.

A strongly developed axial planar cleavage is developed in the fine-grained lithologies. Foliation is displayed to a greater or lesser degree. Three joint sets are commonly observed in the OMZ. Axial planar and bedding concordant joints are best expressed with a third set EW oriented but not as well developed.

Property Geology

-Stratigraphy-

Neo-Proterozoic Kuiseb Formation rocks of the Upper Swakop Group has been inferred to outcrop over much of EPL 3195 as a monotonous succession of argillaceous and arenaceous lithologies.

-Depositional setting and lithologies-

A sequence of interbedded upward-fining sandstones, arkose, siltstones, mudstones, shales and minor carbonates, derived from turbidite deposition into a basin repository are the dominant rock types, with units often grading into one another or intimately intercalated but are overall prograding successions. A volcanoclastic component is present. The Swakop Group in the NCZ/SCZ is thought to be on the order of a 9,800 m succession.

-Sandstones-

Units of sandstone are meter scale in thickness and fairly continuous, weathering positively to form distinct ridges which may be followed considerable distances along strike. They are grey-green on fresh surfaces, weathering to orange-brown due to limonite after sulphides. Compositions range from almost pure quartz sandstone to more micaceous and feldspathic and with increasing volcanoclastic components, arkosic. They are mainly medium-grained and commonly calcareous.

Sedimentary features have not been completely obliterated during metamorphism. Load casts, ripple casts, slumping and cross-bedding are commonly visible in outcrop.

Alteration minerals include hematite, limonite, sulphides, sericite, chlorite and siderite, leaving "spotty" iron-stained weathering surfaces. Jointing, axial planar cleavage, foliation and brittle shearing are noted in the field.

-Siltstone-mudstone-shale-

The finer-grained rocks weather negatively and are much less conspicuous in outcrop. Fresh surfaces are grey-grey-green to black with brown-rust weathering colours. Graded bedding and alternating bands of coarse-fine are common. Sedimentary features include load-casts and fluting where sandstone is present.

Alteration minerals are less common in the fine-grained, less permeable rocks. Carbonaceous shales often have a high sulphide content (possibly diagenetic). These more fissile rocks are most likely to host concordant, (bedding parallel), quartz veins.

-Intrusives-

Karoo-age Diabase dykes and sills intrude the Kuiseb Fm. metasediments. Fine-grained green-black on fresh surfaces, they weather to brown rounded boulders "cannon balls". They were emplaced mainly along NS and NE-SW directions. Lamprophyre dykes are noted, intruding along generally EW fractures.

Exploration History and Drilling

The Company's exploration activities involved a first phase (2005 and 2006) of project verification sampling, investment evaluation and commencement of farm-in joint venture work involving shallow verification diamond drilling for bulk sampling and hyperspectral surveys and systematic rock grabs and stream sediment surveys to evaluate the general prospectivity of the entire licence area.

Although, the diamond drilling program conducted in 2006 consisting of eleven holes totaling 524.7m did not improve the historic resource estimates as the holes were infill holes for future bulk sample control in the historically mined and drilled areas (in vein clusters), grade continuity was verified. Here Ore blocks to a 100m depth were defined:

- **Margarethental** - 1.5mt of ore at 1g/t Au with a stripping ratio of 1.2:1 Waste: Ore (where waste may include low grade zones amenable to heap leaching). The ore block was 150m in strike length (open another 125m N and 350m S along strike) x ~250m wide down to 100m in depth. Historic drilling along section line 141150 (local grid) returned over 100m grading >1g/t Au between 160 and 260m depth.
- **Razorback** - with a potential strike extent of >550m and historically only sparsely drilled yielded potential for 2.5mt of ore at 1.25g/t Au to a depth of 50m and a stripping ratio of 1.5 Waste:1.0Ore. As the deposit plunging south at 36° - 40° S from Margarethental deeper mineralization is inferred. Width potential on the eastern side of Razorback ridge is inferred from historical workings that have never been drilled.

As further drilling was not attempted, the full verification of historical resource estimates could not be qualified. To date drilling has not been attempted in the middle of the deposit where vein clusters were not evident on surface. Current interpretation indicates that the ore body plunges to the south with the mineralization hosted within boudinaged tension gashes in the shear zone.

The second phase (2007 - 2008) was designed to concentrate on the strike extent of mineralization of the OMZ towards the southernmost workings (to be drill verified to depth in future), the potential gold content within the host sediments and broaden exploration over the whole license area to adhere to the obligations of tenure. 23 trenches were sampled for geological rock chip channel sample composites across target geology hosting vein clusters. The strike length potential following trench results is at least 3 km over widths of >250-300m in places. Out of the 18 trenches along the OMZ, 3,043 trench channel samples were taken and submitted for analysis. So far the highest gold value was encountered in trench 8 with 68.1 g/t and 55.6 g/t, both times over 1 m widths, which does highlight the nugget effect on results. The trenches TR 8, 9, and 14 are of special interest because they have continuous gold grades for > 170 m in intersection width with values ranging between 0.8 g/t and 0.92 g/t and these areas have not been previously drill tested to depth. These intervals include: 1.59 g/t over 23 m in TR1, 1.22 g/t over 22 meters in Trench TR2, 1.04 g/t over 91 m in TR3, 1.05 g/t over 85 m in TR6, 1.65 g/t over 169 meters in TR8 (uncut), 1.1 g/t over 65 meters and 1.93 g/t over 28 m (uncut) in TR9, 1.02 g/t over 56 meters in TR10, 0.92 g/t over 50 meters in TR11

Two RC holes were drilled before the program was put on hold. Very poor sample returns were achieved due to unforeseen underground workings to depth. In order to mitigate the possibility of intersecting old workings in future drilling the Company is in the process of modeling the legacy data utilizing the results from the recent surface resurvey program and testing a new geophysical analysis of max/min data.

A total of 7 other target areas were identified for gold and base metal potential using a combination of historical workings, geophysics, hyperspectral surveys, stream sediment sampling, systematic rock chip and trench channel sampling. Here 469 trench samples were taken in 5 more trenches in the west and north, 574 systematic rock chip samples, 48 soil and sediment samples were taken.

Detailed ground geophysics (ground magnetics and ground spectrometry) points to anomalies in the south east, north west, east and west is indicative of further resource expansion potential and corresponding with old workings targeted for trenching or RAB drilling ahead of systematic drill investigation in the immediate proximity of the OMZ.

-Percussion Drilling-

Two RC holes were drilled by TCL. The results were inconclusive as the sample recoveries were only 60%.

-Diamond Core-

28 diamond holes of 5,583m were drilled across the strike of the main mineralized zone.

Individual quartz veins were sampled in total and host sediments as half core of maximum length of 1.5m. Holes were logged to a scale of 1:50. Detailed surface sampling at 1:100 was done over the drill sections for surface/core correlation. Much effort was expended trying to correlate vein projection along strike down plunge and to surface, which does indicate that there was a certain belief that such projectability was possible in such a structural setting. Unfortunately, the basis of their selective vein-mining thesis cannot be verified for the purposes of this report other than the sections presented by Charles by 1987 reflecting such zones and results were entirely quoted in cm g/t. In fact, all the diamond drill holes were re-logged on this basis and veins were numbered down the hole in such manner that this nomenclature would be projected to surface and along strike and down plunge.

The use of 1 g/t Au cut-off was used by GFN in 1987 reflecting the economic limit at the time.

In order to plan for the bulk sample control drill holes Omatjete Mining sought to draw sections based on lower cut off grades in the hope that the mineralized zones thus identified would have a higher spatial continuity than the high grades. Generally high-grade values have limited

spatial continuity in coarse gold settings due to the “nugget effect”. These are mere projections and based upon data that was not generated in terms of CIM standards.

Sampling Preparation, Security and Analysis

Sampling of boreholes was done by individual unit (i.e. vein, sediment unit). Not all the drill core was sampled. Surface trench and composite underground sampling was done as a series of overlapping boxes in order to reduce the nugget effect. Much of the sampling was selective and the absence of assay data could thus underestimate the potential for exploiting the deposit as a low grade bulk mining target.

Two techniques were employed for assays: a vein route for quartz vein material and a sediment route for the intervening metamorphic host rock. Both methods use a KCN leach process to take the Au into solution, finishing with AAS. This assay technique can often result in underestimation of the gold content. There is insufficient information available from the Ondundu legacy data to assess this. Sample security from dispatch to the various laboratories was probably not sufficient to meet present day CIM standards although there is no evidence to doubt the veracity of the assay results.

The Company used ALS CHEMEX in Johannesburg South Africa for analysis of samples. Stream sediment samples were analyzed by Fire Assay with a Gravimetric finish, Rock grab samples for multi element analyses by MES (41 and 61) and coarse gold (drill and rock grab samples) by Screen Fire Assay with an AA Finish.

Sampling Methods and Approach

The veracity of Au assay results obtained from Ondundu has been a matter of uncertainty as none of these were umpired assayed at a CIM qualified laboratory. The gold on the prospect varies in particle size from ~10microns to a few mm. The coarse nature of the Au introduces a considerable nugget effect to the mineralization.

This nugget effect results in large variations in assay results over short distances, and hence statistical uncertainty in ore reserve estimates although it is fair to say that although diamond drilling was employed and split core assays would exacerbate this nugget effect TCL sampled the whole of the quartz vein containing core where these nuggets are mostly found.

TECO/Goldfields spent a great deal of effort to mitigate this problem. Three separate laboratories were used for Au assays: TCL lab in Tsumeb, GFSA laboratory in Johannesburg and Scientific Services in Windhoek. Two sampling and assay methods were used.

2010 Ondundu Exploration Program

In September, 2010 pursuant to its Option Agreement entered into with the Company in July 2010, Angus Mining, commenced and is funding the first phase of a diamond drill program at the Ondundu gold project in west central Namibia. This drill program is designed to delineate a large, low-grade bulk mineable gold resource in the main mineralized zone (the “OMZ” Zone). OMZ has a strike length of approximately 3.5 km, with an average width of 400 meters and is being drilled to an average depth of 240 meters. Angus Mining is also generating targets at a second zone (the “OD6” zone) to the north, which is contiguous to OMZ, and has demonstrated gold and copper mineralization occurrences.

Angus Mining has experienced unavoidable delays in receiving assay results due to two factors; first, a shortage of qualified assay capacity resulting from a sharp increase in mining activity in South and West Africa over the past several quarters, and second, a labour dispute and strike at its contracted geochemical analysis and Assay company, located in Johannesburg, South Africa. While this has proven frustrating, the drill program continues to move forward on schedule, and the Angus Mining is actively working towards improving assay turnaround times. These two factors have resulted in receipt of only 3 diamond drill hole results to date. A highlight came from hole 007 which returned 0.23 g/t over 307 meters and included 0.74 g/t over 24 meters.

Technical Report for the Ondundu Gold Project-EPL 3195

Additional information on the Ondundu project is available in an NI 43-101 Technical Report on the Ondundu Gold Project – EPL 3195, Namibia prepared for Westport Resources Namibia (Pty) Ltd and Golconda Capital Corp. prepared by Donald J. Boyack, which is filed on SEDAR and is available under the Company's profile on www.sedar.com. Mr. Donald J. Boyack was the QP who authored the Ondundu Technical Report and is independent of the Company.

Employment Matters

As at December 31, 2010, the Company and all of its subsidiaries employed or engaged as subcontractors in Namibia an aggregate of 33 individuals on a full-time basis in its uranium operations. In addition the Company had 3 management and administrative staff in Canada and Australia.

Social and Environmental Policies

The Company's mining, exploration and development activities are subject to various levels of local laws and regulations relating to protection of the environment, including requirements for closure and reclamation of mining properties.

The Valencia Uranium Project mine facilities have been designed to mitigate environmental impacts. The operations will have processes, procedures and facilities in place to manage substances that have the potential to be harmful to the environment.

During the last financial year, the Company's operations were in compliance in all material respects with applicable environmental regulations and there were no notices of violations, fines or convictions relating to environmental matters at any of the Company's properties.

Foreign Operations

The Company is incorporated in Ontario and conducts all of its operations through foreign subsidiaries. The Company is therefore subject to numerous risks associated with operating in foreign jurisdiction. Please refer to the section below, Risk Factors for more information on why foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions.

RISK FACTORS

The exploration for and exploitation of natural resources are speculative activities involving a high degree of risk. The following risk factors should be considered in assessing the Company's activities. If any one or more of these risks occur, it could have a material adverse effect on the business, assets, financial position or operating results of the Company. The risks noted below do not necessarily comprise all those faced by the Company. Additional risks not currently known to the Company or that the Company currently deems would not likely influence an investor's decision to purchase securities of the Company may also impact the Company's business, assets, financial position or operating results.

Additional capital and project financing will be required to develop the Valencia Uranium Project and no assurance can be given that such capital will be available at all or available on terms acceptable to the Company.

The funds of the Company currently available, while sufficient to fund the Company's planned expenditure for the next 12 months, are unlikely to be sufficient to complete further significant exploration and development activities beyond this timeframe. Accordingly, the Company will need to raise further capital and/or debt financing to fund development of its Projects and aspects of the business. The success or otherwise and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time, the outcomes of the relevant feasibility studies and exploration programs and upon the requirement to attract significant amounts of debt and equity financing by a company without significant projects already in production. Further, Forsys will require additional capital from external sources to develop any newly discovered mineral deposits. If additional capital is raised by an issue of securities, this may have the effect of diluting shareholders' interests in the Company. Any debt financing, if available, may involve financial covenants which limit the Company's operations. If the Company cannot obtain such additional capital, the Company may not be able to complete the development of its projects or may be required to reduce the scope of any expansion which could adversely affect its business, operating results and financial condition.

Public acceptance of the nuclear industry and competition from other energy sources and related commodity price risk

Growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydroelectricity may result in lower demand for uranium concentrates. Technical advancements in renewable and other alternate forms of energy, such as solar and wind power, could make these forms of energy more commercially viable and put additional pressure on the demand for uranium concentrates.

The future profitability of the Company is directly related to the market price of uranium. The feasible development of the Valencia Uranium Project is highly dependent upon the price of uranium. A sustained and substantial decline in commodity prices could result in the write-down, termination of exploration work or loss of the Company's interests in some of these properties.

The Company has all of its exploration and development assets located within Namibia and currently depends significantly on a single project, the Valencia Uranium Project

The Company is conducting its exploration and development activities in the Republic of Namibia. The Company believes that the Government of Namibia supports the development of natural resources by foreign operators. There is no assurance that future political and economic conditions in Namibia will not result in the Government of Namibia adopting different policies respecting foreign development and ownership of mineral resources.

The Company's activities are focused primarily on the Valencia Uranium Project. Any adverse changes or developments affecting this project would have a material and adverse effect on the Company's business, financial condition and results of operations.

The development of the Valencia Uranium Project into commercial operation on time and budget and its economic viability cannot be guaranteed.

In general, development projects have no operating history upon which to base estimates of future cash operating costs. For development projects such as the Valencia Uranium Project, estimates of mineral resources and mineral reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. This information is used to calculate estimates of the capital costs and cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors.

Operating costs are dependent on the costs of various reagents, supplies, spares and labour. While open pit mining costs can sometimes be better estimated than underground mining costs, they are also very dependent on fuel and maintenance costs, foreign currency exchange rates and availability of skilled labour.

There can be no assurance that the Company will be able to complete the development of the Valencia Uranium Project on time or on budget due to, among other things, changes in the economics, the scope of the pre-stripping and the size of the open pit, delays in the delivery of plant and cost overruns.

There can be no assurance that the current personnel, systems, procedures and controls will be adequate to support the Company's operations. Should any of the disruptions, changes and events referred to above occur, they would have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's mineral resource and reserve estimates are only estimates and may not reflect the actual reserves or the economic viability of the extraction of uranium or other metals.

The figures for mineral resources and mineral reserves presented in this document are estimates and no assurance can be given that the anticipated tonnage and grades will be achieved or that the indicated level of recovery will be realized or that the Company will receive the prices assumed in determining the mineral resources or reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Establishment of a uranium reserve and development of a uranium mine does not assure a profit on the investment or recovery of costs. In addition, geological complexity, mining hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from a mine. These conditions include delays in obtaining governmental approvals or consents, insufficient transportation capacity or other geological and mechanical conditions. While diligent mine supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels.

The quantity of a given mineral tends to vary in all types of deposits. Due to the nature of drilling and building reserves, small variances both positive and negative must be anticipated. Inferred materials are estimated and must account for large sections of ore bodies that are believed to contain what the average overall results demonstrate.

Mineral resource and reserve estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that its mineral resources and reserve estimates are well established and reflect management's best estimates, by their nature reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove to be unreliable. Furthermore, market price fluctuations, as well as increased capital or production costs or reduced recovery rates may render ore reserves and resources containing lower grades of mineralization as uneconomic and may ultimately result in a restatement of reserves and resources. The evaluation of resources or reserves is always influenced by economic and technological factors, which may change over time.

Future production rates are estimates and are subject to risks of mining operations.

There is no assurance that future production estimates from future mining areas can be achieved. These production estimates are based on, among other things, the following factors: the accuracy of reserve estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence of estimated rates and costs of mining and processing and assumptions as to future commodity prices. Failure to achieve production estimates could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

The Company's actual future production may vary from estimates for a variety of reasons, including among other things: actual ore mining varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short term operating factors related to the ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades, risks or hazards associated with mining; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures and cave-ins encountered in the drilling and removal of material; and unexpected labour shortages or strikes and varying conditions in the commodity markets.

There may be a higher than normal risk of sourcing and hiring suitably trained plant management, operating and maintenance staff and these people may not be readily available in Namibia or not otherwise easily employed from within the Namibia region. This situation could also be impacted by delays in obtaining necessary work and other labour permits to allow expatriate expertise to be utilized to the extent necessary.

The Company relies on key personnel and its management team and outside contractors (including those in Namibia), and the loss of one or more of these persons may adversely affect the Company.

The Company's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The Company has entered into employment and consultancy agreements with certain of its key executives. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of the directors and senior management and the loss of one or more could have a materially adverse effect on the Company.

The Company will rely heavily on sub-contractors to build, run and maintain the Valencia Uranium Project. The failure of a sub-contractor to perform properly its services to the Company could delay or frustrate mining operations, and have a materially adverse effect on the Company.

Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions.

The Company conducts its operations through foreign subsidiaries, and substantially all of its assets are held in such entities. Accordingly any limitation on the transfer of cash or other assets between the parent Company and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist in the future, could have a material and adverse impact on the Company's business, financial condition, and operations.

In addition, operating in foreign jurisdictions exposes the Company to the effects of political, economic or other risks, including changes in foreign laws (whether arbitrary or not), expropriation or nationalization of property, risks of loss due to civil strife, acts of war, insurrection or terrorism (including the effects of such acts which occur in neighbouring states), cancellation or renegotiation of contracts or the inability to enforce legal rights in the foreign jurisdiction.

Government regulations may have an adverse effect on the Company.

The Company, its subsidiaries, its business and its operations are subject to various laws and regulations. The costs associated with compliance with such laws and regulations may cause substantial delays and require significant cash and financial expenditure, which may have a material adverse effect on the Company's business, financial condition, results of operations, and prospects and, in particular, the development of the Valencia Uranium Project.

The Company's operations and its ability to hold various mineral rights require licences, permits and authorisations and, in some cases, renewals of existing licences, permits and authorisations from various governmental and quasi-governmental authorities. The Company believes that it currently holds or has applied for all necessary licences, permits and authorisations to carry on the activities that it is currently conducting and to hold the mineral rights it currently holds under applicable laws and regulations in effect at the present time, and also believes that it is complying in all material respects with the terms of such licences, permits and authorisations. However, the Company's ability to obtain, sustain or renew such licences, permits and authorisations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasi-governmental bodies and there can be no assurance that the Company will be able to obtain, sustain or renew any such licences, permits or authorisations on acceptable terms or at all.

Currency fluctuations may adversely affect the costs that the Company incurs in its operations.

Uranium is sold throughout the world, principally in US Dollars. The Company's costs are incurred primarily in Namibian Dollars and Canadian Dollars. Changes in the currency exchange rates of the US Dollar against either of these currencies may affect the actual capital and operating costs of the Projects and will affect the results presented in the Company's financial statements and cause its financial position to fluctuate. As well, such fluctuations may affect the cash flow that the Company hopes to realise from its operations. Accordingly, the Company will be exposed to exchange rate fluctuations which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Further, there is no guarantee that the Government of Namibia will not impose restrictions on the convertibility of and obligations to remit and convert to local currency in future. Such fluctuations in foreign currency or restrictions on the convertibility of and obligations to remit and convert to the currency of Namibia could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's properties are subject to environmental regulation, health and safety regulation and risks.

The Company's operations are subject to environmental, worker health and safety regulation and risks in all of the jurisdictions in which the Company operates. The uranium industry is subject to, not only the worker health, safety and environmental risks associated with all mining businesses, including potential liabilities to third parties for environmental risks, but also to additional risks uniquely associated with uranium mining and processing. The possibility of more stringent regulations exists in the areas of worker health and safety, the disposition of wastes, the decommissioning and reclamation of mining and processing sites and other environmental matters which could have a material adverse effect on the future costs or viability of a project.

The Company operates under various operating and environmental permits, licences and approvals that contain certain conditions that must be met, and the Company's right to continue operating its facilities is dependent on continued compliance with such conditions. Failure to do so could have a material adverse effect on the Company's financial condition and results of operation.

Environmental legislation and permitting requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. These changes could have a material adverse effect on the costs or viability of a particular project.

Although the Company believes its operations are in compliance, in all material respects, with all relevant permits, licences and regulations involving worker health and safety as well as the environment, there can be no assurance regarding continued compliance or the ability of the Company to meet stricter environmental regulation, which may also require the expenditure of significant additional financial and managerial resources.

In recent years, a number of mining projects in various parts of the world have been stopped due to intense lobbying and protests initiated by either local or international environmental groups. Any failure by the Company to comply with applicable environmental regulations or the stoppage of mining projects due to lobbying or protest could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may not be able to successfully compete for attractive mineral properties, personnel, licences, and other resources against its competitors.

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of exploration and development rights on attractive mineral properties. The Company's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on suitable properties. There is no assurance that the Company will compete successfully in acquiring exploration and development rights on such properties and such inability could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company cannot assure that its title and mineral licences will not be challenged, revoked or adversely altered.

The Company has investigated the mineral rights and licences held by its subsidiaries in respect of the Projects and, to the best of its knowledge, those rights are in good standing at the date of this document, but no assurance can be given that such rights will not be

challenged, revoked, or significantly altered, to the detriment of the Company. There can also be no assurance that the Company's (and its subsidiaries') rights will not be challenged or impugned by third parties, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects should such challenges be successful.

Insurance and uninsured risks

Although the Company maintains liability insurance against certain risks in an amount that it considers consistent with industry practice for a company in the exploration and development stage, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage, in which event the Company could incur significant costs that could have a material adverse effect upon the Company's business, financial condition and/or results of operation. Also, there are risks against which the Company cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance which may be taken out or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Company's financial condition and/or results of operation.

The Company will require significant additional insurance to cover operating risks, as applicable. There can be no assurance that such insurance will be available or that the terms and costs of such insurance will not adversely affect the anticipated profitability of the Valencia Uranium Project and, therefore, the Company's business, financial condition and/or results of operation.

The Company has no operating history and a history of losses and there can be no assurance that the Company will ever be profitable.

The Company has no mineral properties from which any ore has ever been extracted and sold and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Company has not earned profits to date and there is no assurance that it will do so in the future.

The success of current and future exploration activities cannot be assured.

The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which even a combination of careful evaluation, experience and knowledge cannot eliminate. While discovery of a mineral structure may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenditure may be required to establish mineral reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that pre-feasibility studies or full feasibility studies on the Projects or the current or proposed exploration programs for the Projects will ever result in the discovery of an economically viable mineral deposit or in a profitable commercial mining operation.

Whether a uranium deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of uranium and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Projects not being, or ceasing to be, viable, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Disclosure and Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transaction are properly recorded and reported. Disclosure controls and procedures are designed to ensure information required to be disclosed by Company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to the Company's management, including its chief executive officer and its chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability reporting, including financial reporting and financial statement disclosure.

DIVIDENDS

The Company has not paid any cash dividends on any of its Common Shares to date and currently intends to retain its future earnings, if any, to fund the development and growth of its business. In addition, the terms of any future debt or credit facility may preclude the Company from paying any dividends.

DESCRIPTION OF CAPITAL STRUCTURE

Authorized Capital

The Company is authorized to issue an unlimited number of Class "A" Common Shares, an unlimited number of Class "B" preference shares and an unlimited number of Class "C" preference shares.

Class "A" Common Shares

The rights of the holders of Common Shares are equal in all respects and include the right to receive notice of and vote at all meetings of shareholders on the basis of one vote for each Common Share held and, subject to the rights attached to any other class of shares, to receive the remaining property of the corporation upon dissolution.

Class "B" Shares

The Class "B" preference shares are designated redeemable, voting, non-participating preference shares. They are not entitled to receive dividends. Upon liquidation, dissolution or other winding up of the Corporation, the Class "B" preference shares are entitled to receive a sum equal to the amount paid up on the Class "B" preference shares before any amount is paid to the holders of the Common shares, the Class "C" preference shares or any other class of shares ranking junior to the Class "B" preference shares. Class "B" preference shares are redeemable at any time at the option of the Company without the consent of the holders. Holders of Class "B" preference shares are entitled to receive notice of and vote at all meetings of shareholders on the basis of one vote for each Class "B" preference share held. To date no Class "B" preference shares have been issued.

Class "C" Shares

The Class "C" preference shares may from time to time be issued in one or more series. Subject to the filing of articles of amendment, the directors may from time to time, fix the number of shares that shall comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series including the amount of dividends, the redemption, purchase and/or conversion prices and any sinking fund or other provisions. Upon liquidation, dissolution or other winding up of the Company, the Class "C" preference shares rank on a parity with the Class "C" preference shares of every other series and are entitled to preference over the Common Shares and over any other shares ranking junior to the Class "C" preference shares. Unless the directors determine otherwise in the articles designating a series, the holder of each share of a series of Class "C" preference shares shall be entitled to receive notice of and vote at all meetings of shareholders on the basis of one vote for each Class "C" preference share held. To date no Class "C" preference shares have been issued.

Share Options

As at March 28, 2010 an aggregate of 80,131,231 Common Shares are issued and outstanding and no Class B or Class C preference shares are outstanding. In addition 6,603,000 Stock Options were outstanding and 1,455,334 options were available to be granted under the Company Option Plan. Details respecting such securities are set out below.

SHARE OPTIONS OUTSTANDING AT MARCH 28, 2011	SHARE OPTIONS OUTSTANDING AT DECEMBER 31, 2010	DATE OF GRANT	EXERCISE PRICE PER COMMON SHARE	EXPIRY DATE
—	200,000	March 23, 2006	\$1.15	March 23, 2011
468,000	468,000	September 27, 2007	\$2.20	September 27, 2011
75,000	75,000	January 5, 2007	\$5.69	January 5, 2012
635,000	635,000	February 21, 2007	\$7.74	February 21, 2012
100,000	100,000	July 31, 2007	\$5.40	July 31, 2012
2,800,000	2,800,000	October 25, 2007	\$3.00	October 25, 2012
450,000	450,000	March 7, 2008	\$3.11	March 7, 2013
10,000	10,000	May 22, 2008	\$4.11	May 22, 2013
100,000	100,000	August 1, 2008	\$3.80	August 1, 2013
500,000	500,000	February 1, 2010	\$4.07	February 1, 2015
1,065,000	1,065,000	May 21, 2010	\$3.02	May 20, 2015
100,000	100,000	September 1, 2010	\$2.18	August 31, 2015
300,000	300,000	September 14, 2010	\$2.48	September 13, 2015
6,603,000	6,803,000			

MARKET FOR SECURITIES

Price Range and Trading Volume

The following table sets forth information relating to the trading of the Common Shares on the TSX on a monthly basis for each month of the Company's fiscal year ended December 31, 2010.

Period	High \$	Low \$	Close \$	Volume
December, 2010	3.23	2.48	3.03	7,341,854
November, 2010	2.88	1.86	2.50	9,913,794
October, 2010	2.17	1.70	1.99	4,279,697
September, 2010	2.48	1.88	2.00	4,055,385
August, 2010.....	2.40	1.84	2.18	3,954,970
July, 2010.....	2.35	1.40	2.24	10,858,583
June, 2010	3.00	2.10	2.38	4,586,855
May, 2010	3.78	2.80	2.91	2,495,302
April, 2010	4.39	3.62	3.73	2,436,271
March, 2010	4.85	3.91	4.33	7,377,089
February, 2010.....	4.33	3.87	4.15	3,371,113
January, 2010	4.35	3.92	4.07	3,221,250

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

At December 31, 2010 there were no escrowed securities or securities subject to contractual restrictions on transfer.

PRIOR SALES

The only securities that the Company has outstanding that are not listed or quoted on a marketplace are stock options granted under the Company's Option Plan and warrants issued in connection with private placements, acquisitions and other transactions. See above under the heading "Description of Capital Structure – Share Options" for the details of outstanding options and warrants.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name and municipality of residence of each director and executive officer of the Company, as well as such individual's position with the Company, principal occupation within the five preceding years and period of service as a director (if applicable) and the number of Common Shares beneficially owned, directly or indirectly, by such individual. Each director will hold office until the next annual meeting of shareholders of the Company and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal.

NAME, MUNICIPALITY OF RESIDENCE AND CURRENT POSITION(S) WITH THE COMPANY ⁽¹⁾	PRINCIPAL OCCUPATION (PAST FIVE YEARS) ⁽¹⁾	DIRECTOR SINCE	BENEFICIAL OWNERSHIP OF COMMON SHARES ⁽²⁾
Martin R. Rowley ^{(3) (5)} Perth, Western Australia, Australia Chairman	Chairman of the Company since October 2007; Executive Director of Business Development of First Quantum Minerals Ltd. since January 2007; Chief Financial Officer of First Quantum Minerals Ltd. from December 1997 to January 2007; Chairman and non-executive director of Lithium One since November 2009.	October 22, 2007	7,000
Marcel Hilmer ⁽⁶⁾ Perth, Western Australia, Australia Director and Chief Executive Officer	Director and Chief Executive Officer of the Company since February 4, 2010; Executive consultant to the mining industry since 2004 working principally with First Quantum Minerals Ltd.. Director of Angus Mining (Namibia) Inc.	February 4, 2010	50,300
Thomas Allen ^{(3) (4)(5)} Toronto, Ontario, Canada Director	Lawyer; Counsel to the law firm of Ogilvy Renault, Toronto since 2006 (previously Senior Partner from 1996 to 2006). Director of Forsys Metals Inc., Middlefield Bancorp Limited, Mundoro Capital Inc., and YM Biosciences Inc.	May 21, 2010	—
Ricardo Campoy ^{(3) (4)(5) (6)} Larchmont N.Y., USA Director	Director of the Company since May, 2010. Managing Director, of investment bank, Headwaters MB since August 2010; private practice financial advisor to the resources industries from 2006 to July 2010.	May 21, 2010	—
Mark Frewin Little Dunmow, United Kingdom Director and Vice-President Legal Affairs	Director of the Company since September 2005, Vice-President Legal Affairs of the Company since June, 2010, Head of Legal Affairs of the Company from June 2007 to June 2010; Partner, McCarthy Tétrault LLP (Law Firm) since January 2005. Director of UNX Energy Corp since February 2010.	September 6, 2005	550,000
Paul Matysek, M. Sc., P. Geo. ^{(3) (4)} West Vancouver, B.C., Canada Director	Director of the Company since October 2007, Businessman; Director, President and CEO of Potash One Inc. since November 2007; Director, President and CEO of Energy Metals Corp. from 2005 until August 2007;	October 22, 2007	10,000
Lodovico Simone ^{(4) (5) (6)} Geneva Switzerland Director	Director of the Company since May 2010; M&A advisor to private businesses and private equity since February 2010; Senior Advisor of Leonardo & Co. from 2006 to February 2010.	May 21, 2010	—
Craig Bamford Pickering, Ontario, Canada Chief Financial Officer	Chief Financial Officer of the Company since March 2008; Vice-President & Controller, Entertainment One Income Fund from 2005 to 2007.	—	10,000
Jorge Estepa Brampton, Ontario, Canada Corporate Secretary	Corporate Secretary of the Company since April 2004; Director of the Company from April 2004 until March 2006; Vice President, Secretary and Treasurer of: (i) Northfield Metals Inc. from 1995; (ii) NFX Gold Inc. from 1996 to 2008; (iii) Eloro Resources Ltd. from 1997; and (iv) Champion Minerals Inc. from March 2006.	—	236,000

Notes

- (1) The information as to residence and principal occupation has been provided by the nominees.
- (2) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been provided by the each nominee individually and is as March 28, 2011.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.
- (5) Member of the Nomination and Governance Committee.
- (6) Member of Health, Safety and Environmental Committee

The audit committee is comprised of non-executive (independent) directors and is chaired by Mr. Rowley. The audit committee meets at least quarterly to review the Company's interim and annual consolidated financial statements before submission to the Board for approval. The audit committee also reviews regular reports from management and the external auditors on accounting and internal control matters. Where appropriate, the audit committee monitors the progress of action taken in relation to such matters. The audit committee recommends the appointment of, and reviews the fees of, the external auditors.

As at March 24, 2011 the directors and executive officers of the Company as a group beneficially own, directly and indirectly, or exercise control or direction over 863,300 Common Shares, representing 1.1% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as set out below, no director or executive officer of the Company is as at the date hereof, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity:

- a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities law for a period of more than 30 consecutive days; or
- b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade order or similar order or an order that denied such company access to any exemption under securities law, for a period of more than 30 consecutive days.

Mr. Allen was a director of Unisphere Waste Conversion Ltd., ("Unisphere") a company listed on the TSX Venture Exchange, when Unisphere, when by press release dated February 1, 2005, indicated it was presently unable to make its current payments or pay off any indebtedness and that discussions with secured debenture holders of Unisphere were ongoing. Unisphere's wholly-owned subsidiary, Unisphere Tire Recycling Inc., filed a notice of intention to make a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada). On February 9, 2005, Mr. Allen resigned as a director and secretary of Unisphere. Effective February 14, 2005 trading in the shares of Unisphere was suspended by the TSX Venture Exchange due to the failure to maintain exchange requirements, as Unisphere had less than three directors. On March 21, 2005 Unisphere filed an assignment in bankruptcy.

Mr. Matysek was a director of Mandalay Resources Corporation ("Mandalay") when a cease trade order was issued against it on February 9, 2004 for failure to file material change reports, a technical report and quarterly and year end reports in the form required under the Securities Act and the Securities Rules (British Columbia). On January 4, 2005, the British Columbia Securities Commission revoked the cease trade order, as Mandalay had filed the required documentation. A cease trade order was issued against Mandalay on June 30, 2004 by the Alberta Stock Exchange for failure to file certain required financial information. On February 1, 2005, the cease trade order was revoked as Mandalay had filed the required records. Mr. Matysek resigned as a director of Mandalay on November 17, 2005.

During the period March, 2007 until December, 2009 when Mr. Campoy served as a director of the Century Mining Corporation, Century was subject to management cease trade orders in March 2008 and April 2009 issued in connection with the filing deficiencies. In both instances the cease trade orders were lifted when the requisite missing information was filed.

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- a) is, as at the date of the Annual Information Form, or has been within the 10 years before the date of the Annual Information Form, a director or executive officer of any company that, while acting in that capacity, or within a year of ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold any such person's assets; or
- b) has, within the 10 years before the date of the Annual Information Form become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted such proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has:

- a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company, its directors, officers or other members of management of the Company as a result of their outside business interests at the date hereof. However, certain of the directors, and officers and other members of management serve as directors, officers, and members of management of other public resource companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Company.

The directors and officers of the Company have been advised of their obligations to act at all times in good faith with a view to the best interests of the Company and to disclose any conflicts to the Company if and when they arise.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

With the exception of the items discussed below, the Company is not presently nor at any time during its most recently completed financial year has the Company been a party to or has any of its property been the subject of: (i) any legal proceeding that involves a claim for damages that exceeds ten per cent of the current assets of the Company; or (ii) any regulatory action. Further, the Company is not aware of any other such proceedings or actions known to be contemplated.

Settlement Agreement

Following the termination of an arrangement agreement between George Forrest International Afrique S.P.R.L ("GFI") and the Company dated November 14, 2008 as amended (the "Arrangement Agreement"), GFI filed a claim in the Ontario Supreme Court of Justice (Commercial List) seeking damages of \$150 million and a declaration that the break fee of \$20 million under the Arrangement Agreement was not payable. The Company made a counterclaim for payment of the break fee.

In December, 2010 GFI, George A. Forrest and the Company (the "Parties") entered into a settlement agreement pursuant to which the Parties agreed to settle the actions commenced against each other in relation to the Arrangement Agreement and discharge each of the Parties from any claims arising from the actions.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the directors, executive officers or principal shareholders of Forsys, and no associate or affiliate of any of them, has or has had, within the three most recently completed financial years or during the current financial year, any material interest in any completed transaction which materially affects Forsys.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP are the Company's auditors. As at March 21, 2011, to the best of the Company's knowledge, none of the partners and associates of PricewaterhouseCoopers LLP own beneficially, directly or indirectly, any of the Common Shares.

The following persons prepared or contributed to a report under NI 43-101, referenced earlier in this AIF, during the Company's financial year ended December 31, 2010:

1. Michael Andrew, Divisional Manager, Snowden Mining Industry Consultants in connection with the Valencia Resource/Reserve Update Report (June 2009);
2. Jeremy Peters, Principal Consultant, Snowden Mining Industry Consultants in connection with the Valencia Resource/Reserve Update Report (June 2009) and Valencia Technical Update Report (January 2010).
3. Donald Boyack (DB) has undertaken a Technical Review of the Ondundu Gold Project and EPL3195 held by Omatjete Mining (Pty) Ltd (OM) a wholly owned subsidiary of Westport Resources Namibia.
4. To the best of the Company's knowledge, none of the individuals noted above owns beneficially, directly or indirectly, any of the Common Shares.

TRANSFER AGENTS AND REGISTRARS

The registrars and transfer agents for the Common Shares are Equity Financial Trust Company at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

Other than the material contracts set forth below, the Company did not enter into any material contract during the most recently completed financial year or before the most recently completed financial year that is still in effect (other than material contracts entered into in the ordinary course of business that are not required to be filed under NI 51-102 - *Continuous Disclosure Obligations*):

1. an equity participation agreement dated July 30, 2010 between Forsys and Golconda Capital Corp pursuant to which Forsys is granted 3,000,000 common shares and 3,000,000 common share purchase warrants the issued and outstanding common shares in the capital of Golconda Capital Corp; and
2. an option agreement dated July 30, 2010 between (1) the Company (2) Namibian Westport Ltd (3) Westport Resources Namibia (Pty) Ltd (4) Omatjete Mining Company (Namibia) (Pty) Ltd (5) Angus Mining (Namibia) Ltd and (6) Philco One Hundred and Forty Four (Proprietary) Limited extending the Company's option to earn up to a 75% interest in the Ondundu Gold Project for a period of 30 months from the date of the option agreement

Descriptions of the above referenced agreements are included elsewhere in this Annual Information form and each such agreement is available under the Company profile on SEDAR at www.sedar.com.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The text of the charter of the audit committee of the Board is attached hereto as Appendix "A".

Composition of the Audit Committee

The members of the audit committee during 2010 were, Martin Rowley, Paul Matysek, Thomas Allen and Ricardo Campoy who are independent of the Company and financially literate.

Martin Rowley – Mr. Rowley graduated from the University of Western Australia with a Bachelor of Commerce degree in 1975. After starting his career as an accountant working in both Australia and England he joined the Bond Group of Companies in Australia as executive assistant to the Board of Directors in 1980. Mr. Rowley has over 25 years of experience in the mining industry, the past 14 years with First Quantum Minerals Ltd. (TSX:FM)(LSE:FQM) since co-founding the company in 1996. Mr. Rowley is director of FQM and served as FQM's CFO until January 2007 when he assumed the role of Executive Director, Business Development. He has also been Chairman and non-executive director of Lithium One since 1989.

Thomas Allen – Mr. Allen holds a law degree (LL.B.) from the University of Western Ontario and practiced business law for 40 years, most recently as counsel to the law firm of Ogilvy Renault LLP from 2007 to present. He served on the audit committees of Geac Computer Company Limited, Bema Gold Company and YM Biosciences Inc., and had been Chairman of the Accounting Standards Oversight Council of Canada from 2001 to 2005.

Ricardo Campoy – Mr. Campoy has a Bachelor of Science in Mine Engineering from the Colorado School of Mines and a Master of International Management (Finance) from the American Graduate School of International Management. Mr. Campoy has over 30 years of experience as a mine engineer, investment banker and financial advisor for the resource industry, financial institutions and investment funds.

Paul Matysek – Mr. Matysek was the President and CEO of Potash One Inc. until its sale in 2011 and was previously President, CEO and co-founder of Energy Metals Corporation which was purchased in 2007 by Uranium One Inc. in a deal valued at over \$1 billion. He is a professional geoscientist with a Master's of Science degree in Geology. With over 25 years of domestic and international experience, he is a recognized entrepreneur and has held senior management and/or director positions with several Canadian firms as well as other natural resource exploration and development companies in addition to Energy Metals Corporation. He is also a member of the Association of Professional Engineers and Geoscientists of British Columbia.

Audit Committee Oversight

During the fiscal year ended December 31, 2010, all recommendations of the audit committee to nominate or compensate an external auditor were adopted by the Board.

Pre-Approval Policies and Procedures

The audit committee's charter includes the responsibility of the audit committee to pre-approve all non-audit services to be provided to the Company by its external auditors.

External Auditor Service Fees

The following table summarizes the fees paid to PricewaterhouseCoopers LLP, PO Box 82 Royal Trust Tower, Suite 3000 Toronto Dominion Centre, Toronto, Ontario M5K 1G8, the external auditors of the Company.

CATEGORY	2010	2009
Audit Fees ⁽¹⁾	\$ 80,000	\$80,000
Audit Related Fees ⁽²⁾	17,000	15,000
IFRS Diagnostics Report	-	10,000
Total	<u>\$97,000</u>	<u>\$105,000</u>

Notes:

(1) Includes professional fees billed or to be billed in respect of the audit year.

(2) Includes professional fees in connection with the Company's interim financial statements.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on the Company's profile on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans is contained in the Company's Information Circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Company's audited Consolidated Financial Statements and Management Discussion and analysis for its most recently completed financial year ended December 31, 2010.

Appendix “A” to the Annual Information Form of Forsys Metals Corp

Approved March 28, 2011

AUDIT COMMITTEE – CHARTER

1.0 Overall Purpose/Objectives

The Audit Committee (the “**Audit Committee**”) of the board of directors (the “Board”) has been established to provide independent review and oversight of the Company’s financial reporting process, systems of internal controls and management of financial risks, and the audit process, including the selection, oversight and compensation of the Company’s external auditors. The Audit Committee will also assist the Board in fulfilling its responsibilities in reviewing the Company’s process for monitoring compliance with laws and regulations (other than environmental and safety laws) and the Company’s Employee Code of Conduct. The Audit Committee shall also prepare such reports as are required to be prepared by applicable security laws.

The Audit Committee provides an avenue for communication between each of the external auditors, Management and the Board. The Audit Committee shall have a clear understanding with the external auditors that they must maintain an open and transparent relationship with the Audit Committee and that the ultimate accountability of the external auditors is to the Board and to the Audit Committee, as representatives of the shareholders.

The primary responsibility for financial and other reporting, internal controls, and compliance with laws and regulations, and ethics rests with the Company’s management. In discharging its duties the independent auditor is ultimately accountable to the Board and the Audit Committee is representative of the shareholders of the Corporation.

The Audit Committee shall make regular reports to the Board concerning its activities and in particular shall review with the Board any issues that arise with respect to the quality or integrity of the corporation’s financial statements, the performance and independence of the external auditors, and the performance of the corporation’s internal audit function.

To perform his or her role effectively, each Audit Committee member shall obtain an understanding of the responsibilities of Audit Committee membership as well as the Company’s business, operations and risks.

2.0 Authority

The Board has granted the Audit Committee, within its scope of responsibilities, to investigate any activity of the Corporation and its subsidiaries. The Audit Committee has been, and shall be, granted unrestricted access to all information and all employees have been, and shall be, directed to cooperate as requested by members of the Audit Committee. The Audit Committee has the authority to retain, at the Corporation’s expense, persons having special competencies (including, without limitation, legal, accounting or other consultants and experts) to assist the Audit Committee in fulfilling its responsibilities.

3.0 Organization

3.1 Membership

- a) The Board will appoint annually, from among its members, an Audit Committee comprised of at least two directors but preferably three or more directors who shall all be “unrelated directors” in accordance with the Corporate Governance Guidelines as amended of the Toronto Stock Exchange and shall all be “independent” in accordance with the rules of the relevant Canadian Securities Administrators as set out in National Instrument 52-110 “Audit Committees” as amended. Under applicable laws, an “unrelated director” is a director who is independent of management and free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the company, other than interests and the relationship arising from shareholding.
- b) All members shall, to the satisfaction of this Board be financially literate. For purposes of this section, an individual is considered to be financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements. Further, at least one member of the committee at all times should have accounting or financial expertise. For purposes of this section, financial expertise is the ability to analyze and interpret a full set of financial statements, including the notes thereto, prepared in accordance with Canadian Accounting Standards.
- c) The chairman of the Audit Committee (the “Chairman”) will be appointed by the Board and in his or her absence, nominated by the Audit Committee from time to time.
- d) Committee members shall serve until their successors shall be duly designated and qualified. Any member may be removed at any time, with or without cause, by a majority of the Board then in office. Any vacancy in the Committee occurring for any cause may be filled by a majority of the Board then in office.
- e) A majority of Audit Committee members shall form a quorum (minimum two).
- f) The secretary of the Audit Committee will be appointed by the Chairman.

3.2 Attendance at Meetings

- a) The Audit Committee may invite such other person to its meetings as it deems appropriate.
- b) The external auditors will be present at each quarterly Audit Committee meeting, unless otherwise requested by the Chairman, and are expected to provide comment on the financial statements and their work in relation to the financial statements and other disclosure documents in accordance with their professional standards. The auditors will also have direct access to the Audit Committee without the need to use management as a conduit.
- c) Meetings shall be held not less than four times a year. Special meetings shall be convened as required. Either auditors or management may request that the Audit Committee convene a meeting if they consider that it is necessary, by giving 48 hours' notice to the members of the Audit Committee unless such notice is waived by the majority of Audit Committee members.
- d) Minutes shall be prepared to record the proceedings of all meetings.
- e) The Committee may form and delegate authority to subcommittees when appropriate.

3.3 Role of Chairman

- a) The Chairman of the Audit Committee shall preside over meetings of the Audit Committee, assist in co-ordination of the agenda and materials for Audit Committee meetings, co-ordinate the discharge of the Audit Committee's responsibilities under this Charter and provide reports of the Audit Committee to the Board.

4.0 Specific Duties

In discharging its responsibilities, the Committee shall have the sole authority to, and shall, do the following:

- 1. retain and, where appropriate, terminate the Corporation's independent auditors,
- 2. determine the independence of the Corporation's independent auditors,
- 3. pre-approve all auditing services and related fees and the terms thereof, including the scope of the independent auditors' audit examination plan, procedures and timing of the audit, and
- 4. Pre-approve any non-audit services (i.e., any services provided other than in connection with the audit or review of financial statements) to be rendered by the Corporation's auditors, including the terms thereof, and the fees to be paid in connection therewith.

The Committee may delegate to one or more members of the Committee the authority to pre-approve services to be provided by the independent auditors. Any such pre-approval by one or more members of the Committee shall be reported to the full Committee at the next scheduled meeting. The pre-approval of auditing and non-auditing services can be done with input from, but no delegation of authority to, management.

4.1 Additional Duties

The Committee is also expected to perform the following additional duties:

- 1. Prior to the audit, review the experience and qualifications of the senior members of the independent auditors' audit team and the quality control procedures of the independent auditors.
- 2. Review with the independent auditors and management the Corporation's policies and procedures relative to the adequacy of internal accounting and financial reporting controls, including controls over quarterly and annual financial reporting, computerized information systems and security.
- 3. Make all necessary inquiries of management and the independent auditors concerning compliance with established standards of corporate conduct.
- 4. Review with management, and the independent auditors (i) the Corporation's policies with respect to risk assessment and risk management, (ii) the Corporation's major financial risk exposures and (iii) the steps management has taken to monitor and control such exposures.
- 5. Review with management and the independent auditors the accounting and reporting principles and practices applied by the Corporation in preparing its financial statements, including: (i) major issues regarding accounting principles and financial statement presentations including any significant changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies; (ii) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation; and (iv) earnings press releases (when applicable) (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as financial information and earnings guidance (when applicable) provided to analysts and rating agencies.
- 6. Discuss with management generally the types of information (including financial information and earnings guidance, when applicable) to be disclosed in earnings press releases and earnings calls, as well as to analysts and rating agencies.
- 7. Prior to the release of the annual financial statements, review with management and the independent auditors, upon completion of their audit, the financial results for the year and the results of the audit, including (i) the Corporation's annual financial statements and related footnotes; (ii) management's discussion and analysis of the financial condition and results of operations; (iii) the results of the audit, including the nature and amount of unrecorded adjustments resulting from the audit; (iv) the independent auditors'

- management recommendations; (v) any significant transactions which occurred during the year; (vi) any significant adjustments; (vii) management judgments and accounting estimates; (viii) new accounting policies; (ix) all alternative treatments of financial information within generally accepted accounting principles, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the independent public accountants; and (x) any disagreements between management and the independent auditors.
8. Prior to the release of quarterly financial statements, review with management the Corporation's quarterly financial statements for such quarter, including (i) the financial statements and related footnotes, (ii) management's discussion and analysis of the financial condition and results of operations, (iii) the result of the quarterly review, including the nature and amount of unrecorded adjustments resulting from the review, (iv) any significant transactions which occurred during the quarter, (v) any significant adjustments, (vi) critical accounting policies and practices, (vii) new accounting policies, (viii) all alternative treatments of financial information within generally accepted accounting principles, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the independent public accountants, and (ix) any disagreements between management and the independent auditors.
 9. At least annually, (i) obtain and review from the independent auditors a written statement delineating all their relationships with the Corporation, which is to include all non-audit services provided and related fees and (ii) discuss with the independent auditors any disclosed relationships or services that may impact the objectivity and independence of the accountants and take appropriate action to satisfy itself as to the independence of the accountants.
 10. At least annually, (i) obtain and review a written report by the independent auditors describing (a) the firm's internal quality-control procedures; and (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by Governmental or professional authorities, within the preceding five years, respecting any independent audit carried out by the firm, and any steps taken to deal with any such issues, and (ii) review the independent auditors' work throughout the year, including obtaining the opinions of management. Based upon the foregoing, (i) evaluate the independent auditors' (including the lead partner's) performance and (ii) present the Committee's conclusions to the full Board.
 11. Approve the "Report of the Audit Committee" included in the Corporation's annual proxy circular. Such report is to include:
 - That the independence of the independent auditors has been discussed with them;
 - That the audited financial statements have been reviewed and discussed with management; and
 - The Committee's recommendation with regard to the audited financial statements.
 12. Meet or speak periodically and separately with each of management and the independent auditors.
 13. Review and evaluate the internal auditors' (if one exists) work throughout the year, and present the Committee's conclusions to the full Board.
 14. At least quarterly, review with the independent auditors difficulties or problems encountered in the course of any audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
 15. Set and review clear hiring policies for employees or former employees of the independent auditors in accordance with applicable laws and regulations.
 16. Take such action as necessary to assure the rotation of the lead audit partner at least every five years or such other period as may be required under applicable law.
 17. Establish or review procedures for processing internal complaints regarding accounting, internal controls or auditing matters, and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing practices.
 18. Apprise the Board of Directors regularly of significant developments in the course of performing the above duties, including reviewing with the full Board any issues that arise with respect to the quality or integrity of the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Company's independent public accountants.
 19. Review and reassess the adequacy of this charter on a regular basis and submit any proposed revisions to the Board for consideration and approval.
 20. The Audit Committee shall receive and review the reports of the Chief Executive Officer and Chief Financial Officer (Form 52-109F1 Certificate of Annual Filings and Form 52-109F2 Certificate of Interim Filings) required by securities regulations in connection with the filing of Financial Statements and Management Discussion and Analysis.