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ASX Code: FRG

29 April 2011

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD
1ST JANUARY 2011 TO 31ST MARCH, 2011

1. CORPORATE

Forge Resources Ltd ("Forge") announced to ASX on the 16th of March 2011 that it had entered into an agreement with Lynas Corporation Ltd ('Lynas'), whereby Forge will be granted sub-leases of designated areas within the existing Mt Weld Mining Leases which contain the Crown Polymetallic Deposit ("Crown Deposit") and the Swan Phosphate Deposit ("Swan Deposit") ("Transaction").

Key Aspects of the Transaction

The key resources of focus for Forge are niobium within the Crown Deposit and phosphate within the Swan Deposit which hosts significant apatite mineralization.

Forge will pay AUD\$20.7M cash consideration plus issue 7 million options to Lynas to acquire 7 million Forge shares ("Lynas Options"), with an expiry date of 5 years from date of issue and an exercise price of the average issue price per share under the Forge Capital Raising.

Forge will support Lynas's key role in the global Rare Earth Market by granting Lynas the right to receive delivery of intermediate Rare Earths by-products produced from the resource processed from the Sublease Areas and a first right of refusal to take delivery of any Rare Earths from any other mineral deposits that any member of Forge acquires

Upon production being undertaken, Forge will pay Lynas ongoing royalty payments with Lynas Shareholders to receive priority entitlement in the Forge Capital Raising.

Forge will undertake a Capital Raising of \$31M and has received commitments for a Professional Investor Placement of \$16M and the Underwriting of the priority/entitlement offers to the Lynas and Forge Shareholders of \$15M. These commitments are subject to the Transaction proceeding and usual market related clauses.

The Transaction is subject to (amongst other matters) the approval of both Forge and Lynas shareholders at meetings likely to be held in June 2011.

+ See chapter 19 for defined terms.

Transaction Timing

As announced to the market on 27th April 2011 Forge continues to progress the proposed Notice of Meeting and Explanatory Memorandum (outlining the full commercial and technical aspects of the Transaction) ("Notice of Meeting") and It is likely the Notice of Meeting will be dispatched to Forge shareholders mid May 2011, with the EGM scheduled to be held mid June 2011.

Other

During the quarter the Company issued 248,126 Fully Paid Ordinary Shares at a subscription price of \$0.20 per share raising \$49,625.20 resulting from the conversion of 248,126 Options to acquire Forge shares.

2 NSW EXPLORATION ACTIVITIES

2.1 Overview

The Company's tenements are all located within the prospective Lachlan Fold Belt of NSW – see Figure 1. The projects are prospective for VMS base metals, gold and copper deposits associated with intrusives and skarns as well as vein hosted tin and tungsten mineralisation.

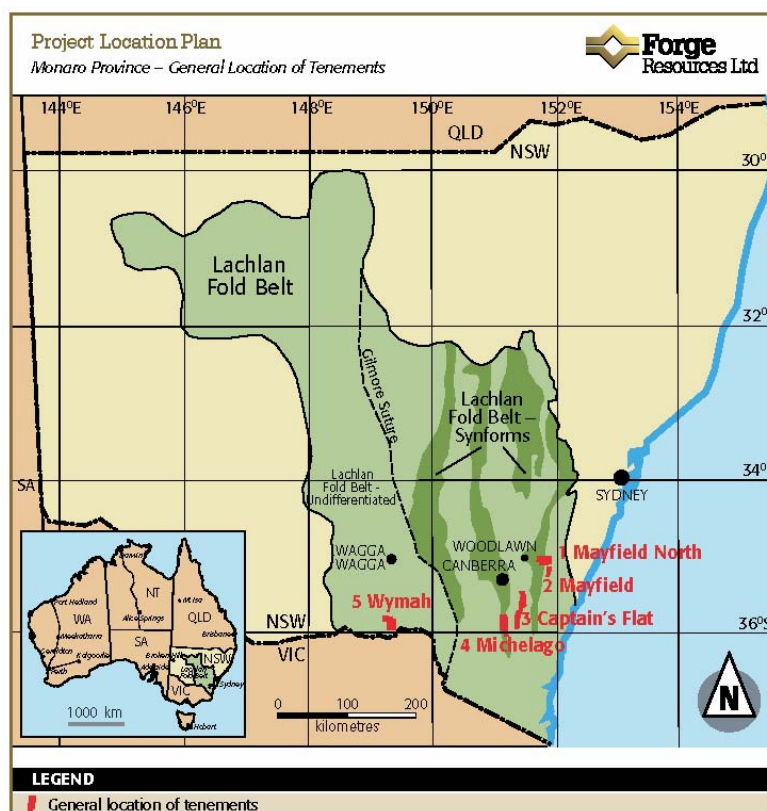


Figure 1: Location of Forge tenements.

+ See chapter 19 for defined terms.

Exploration programs and budgets for the Mayfield North, Michelago and Wymah projects (all 100% Forge) were tabled with the view to implementation, subject to the overall goals of the Company.

Mayfield North (Forge 100%)

Previous exploration has highlighted a number of targets associated with co-incident magnetic and gravity anomalism found within a large intrusive mass. The exploration program planned for calls for the refinement of these anomalies with further geophysical and geochemical surveys, followed by RC and Diamond drilling.

Michelago (Forge 100%)

An extensive belt of base metal mineralisation occurs within the licence area. Recent gravity surveys highlighted a number of targets either co-incident or adjacent to known mineralisation. The immediate exploration priority is to extend the geophysical and geochemical survey with the view to completing a shallow to moderately deep RC drilling program during the next two quarters.

Wymah (Forge 100%)

A program of geological mapping and soil sampling is planned for this project. Previous work has highlighted significant Mo, Sn and W geochemical anomalism and it is planned to further refine this work with the view to generating drilling targets.

Captains Flat (Forge 49% reducing to 25%)

The Joint Venture partners met during the quarter and agreed on an exploration program consisting predominantly of diamond and RC drilling. Site assessment and permitting arrangements are currently being put into place to facilitate the program.

Mayfield Project (Forge 46.55%)

A joint venture meeting was held during the reporting period. Detailed mapping and prospecting at the Limekilns and Greendale prospects is planned and infill resource outline drilling will be carried out at the Mayfield prospect when Forges' Joint Venture partner has funds available to commit to this activity.

Competent Persons Statement

The review of NSW exploration activities and results contained in this report is based on information compiled by Mr M Rampe, a director of Harvest Exploration Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Rampe consents to the inclusion of this information in the form and context in which it appears in this report.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

FORGE RESOURCES LTD

ABN

30 139 886 187

Quarter ended ("current quarter")

31 MARCH 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(40)	(150)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(436)	(862)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	24	71
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(452)	(941)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	(50)
	(b) equity investments	-	-
	(c) other fixed assets	(12)	(12)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(12)	(62)
1.13	Total operating and investing cash flows (carried forward)	(464)	(1,003)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(464)	(1,003)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	48	3,873
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(40)	(358)
	Net financing cash flows	8	3,515
	Net increase (decrease) in cash held	(456)	2,512
1.20	Cash at beginning of quarter/year to date	3,202	234
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,746	2,746

**Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	9
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

These payments include Non Executive Director Fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	\$200
4.2 Development	
4.3 Production	
4.4 Administration	
Total	

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,746	3,202
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,746	3,202

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	25,371,967	21,121,967	\$0.20	\$0.20
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	248,126	248,126	\$0.20	\$0.20
7.5 +Convertible debt securities <i>(description)</i>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	19,961,605	6,544,939	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 31 July 2014
7.8 Issued during quarter				
7.9 Exercised during quarter	248,126	248,126	\$0.20	31 July 2014
7.10 Expired during quarter				
7.11 Performance Shares <i>(totals only)</i>	24,000,000	Nil		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:

(Company Secretary)

Date:28/4/2011.....

Print name: SHANE HARTWIG

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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