

Forge Resources

Growth through Exploration and Acquisition

EGM Company Presentation

20 October 2011

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# Forge is an Australian ASX Listed Small Cap Resources Company

## COMPANY OVERVIEW

### CAPITAL STRUCTURE

- FRG : ASX
- Shares on Issues
  - 27,777,667 Ordinary Shares
  - 20,455,905 Options
  - 24,000,000 Performance Shares
  - 3,800,000 shares to be issued at \$0.50\*
- Market Capitalisation
  - ~ \$12.2 million
  - At a share price of \$0.44 (17 Oct '11)
- Cash at 30 September 2011
  - \$2.9 million (+\$1.9 million\*)
- Major Shareholders
  - Mr N Curtis 14.4%
  - Australian American Mining Corp NL 10.8%
  - Other Management 5.4%

### SHARE PRICE PERFORMANCE



\* Subject to shareholder approval at EGM on 20 October 2011

# The Forge Board and Management is an experienced team with a track record of success

## BOARD AND MANAGEMENT

### Mr Nicholas Curtis AM – Non Executive Chairman

- Nick has extensive industry knowledge from his time as a banker to the resources industry, as President and CEO of Sino Mining International, as Executive Chairman of Sino Gold as well as Lynas Corporation both of which became ASX100 companies under Nick's leadership. Nick is a Founding Partner and Chairman of Riverstone Advisory.

### Dr Matthew James – Managing Director

- Matthew is strategy, business development and corporate communications focused, playing an instrumental role over 9 years building Lynas to an ASX100 company. Matthew spent 3 years at Deutsche Bank followed by four years at McKinsey & Company. Matthew holds a BE (Hons) from UNSW and a Ph.D the University of Cambridge.

### Mr Harold Wang – Non-Executive Director

- Harold is a highly experienced China resources expert, with a M. Eng. degree from Tsinghua University, Beijing. Harold worked 15 years for China National Non-ferrous Metals Corporation, China's non-ferrous sector 'ministry' and former parent of many Chinese non-ferrous majors. Harold was Executive Director of Lynas Corporation until 2007. Harold is a Founding Partner of Riverstone Advisory.

### Mr Emmanuel Correia – Non-Executive Director

- Emmanuel Correia is a Chartered Accountant and has extensive experience in the corporate finance and equity capital markets. He has held senior positions with Deloitte and other accounting firms and boutique corporate finance houses.

### Mr Jim Malone – Non-Executive Director

- Jim Malone has worked successfully as an accountant, stockbroker, business analyst and CEO for the past 20 years. Jim holds a B. Comm. University of W.A. and is an associate of the Australian Society of Certified Practising Accountants.

### Mr Shane Hartwig – Company Secretary

- Shane Hartwig is a Certified Practising Accountant and Chartered Company Secretary and holds a Bachelor of Business degree from Curtin University of Technology, WA. Shane has over 14 years experience in the finance industry.

Forge will focus on strategic elements, seeking low capital high potential exploration options, as well as larger projects requiring financing and development

## FORGE COMPANY STRATEGY

### Strategic Resources

- Excellent Demand – Supply dynamics
- Critical elements for industrial development
- The following resources are examples of strategic resources which Forge management believe meet these two criteria:
  - Titanium
  - Zirconia
  - Tantalum / Niobium
  - Vanadium
  - Tungsten
  - Iron Ore
  - Graphite



### Phase 1 – Low capital, high potential

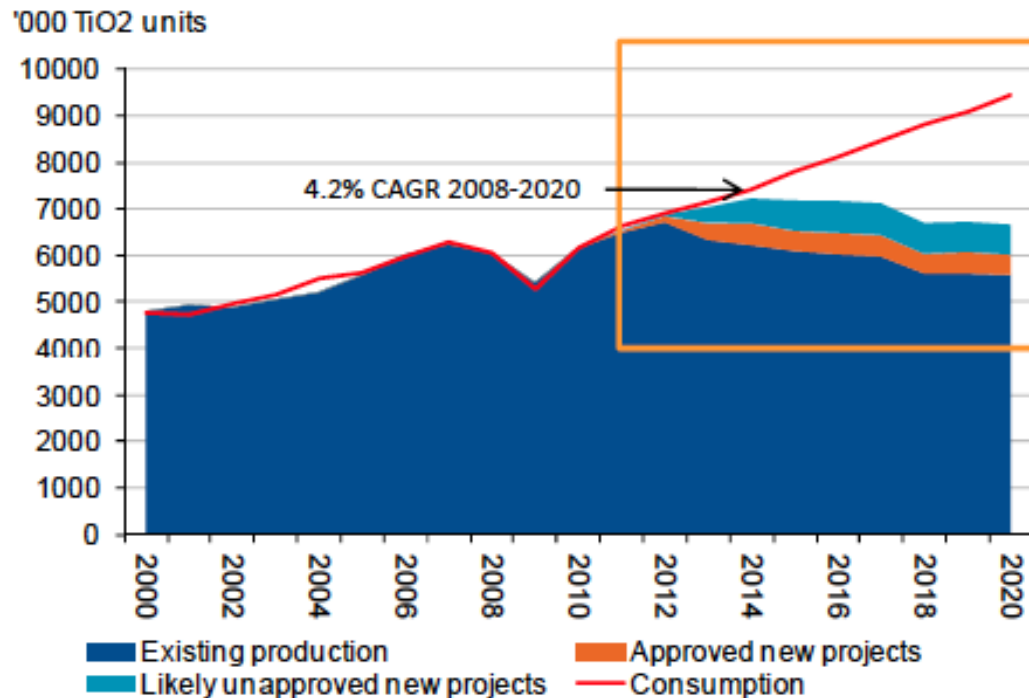
- Early stage exploration projects
- Low capital entry point
- Rapid resource delineation
- Market recognition for potential projects

### Phase 2 – Larger project, higher capital

- Seeking large resource assets
- Potentially at Feasibility Study stage
- Leverage management skills and recognition for financing and development

Titanium is aligned with Forge's strategy. There is a forecast shortfall of 1MT TiO<sub>2</sub> p.a. by 2015 and beyond

## TITANIUM SUPPLY & DEMAND OUTLOOK INCLUDING POTENTIAL NEW PROJECTS



Source: TZMI

- Goldman Sachs Commodity Outlook<sup>1</sup>

- TiO<sub>2</sub> Feedstocks: Large medium term price upgrades 2012-2015 for rutile and synthetic rutile, with smaller upgrades for ilmenite.
- Zircon: Modest upgrades for 2012, 2013, and 2014.

- Chinese Dynamics

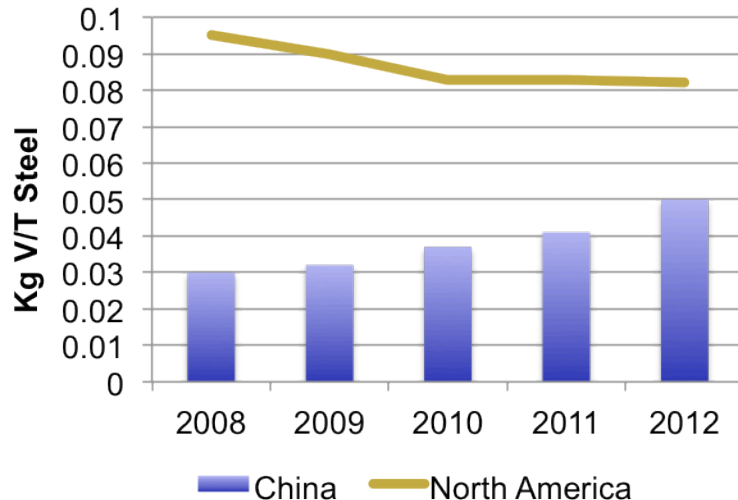
- Significant increase in TiO<sub>2</sub> demand with increasing personal wealth
- Higher quality feedstock required due to sulphate pigment plant environmental issues

# Increasing vanadium consumption is evident as Chinese steel quality and consumption rates increase

## VANADIUM MARKET GROWTH

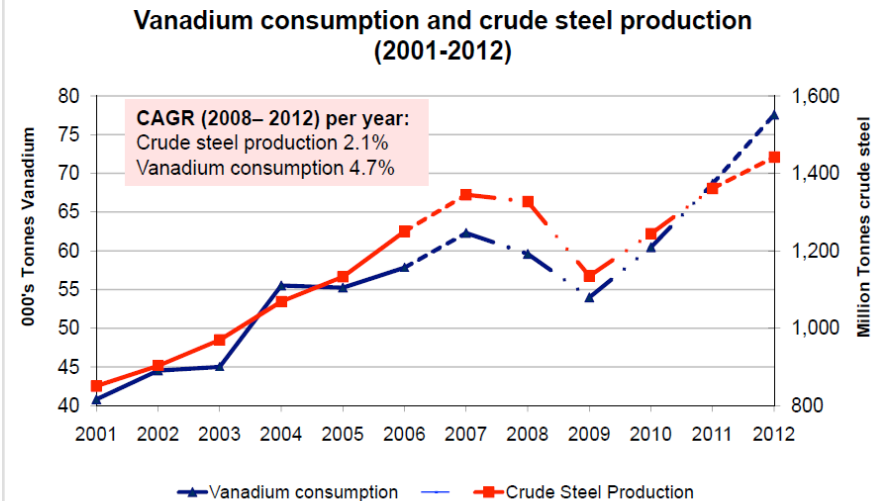
### Vanadium consumption / tonne steel

- Vanadium consumption in China is increasing with higher steel production, but still needs to increase further to reach N. American standards



### Vanadium market growth forecast

- Total vanadium consumption is forecast to increase faster than steel growth



Data: CRU

The tungsten market dominated by Chinese supply and increasing global (including Chinese) demand, has potential to mimic Rare Earths market trends

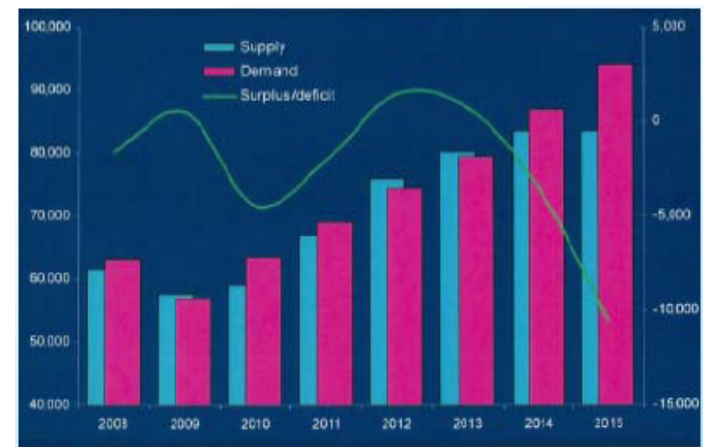
## TUNGSTEN MARKET – KEY SUPPLY AND DEMAND ISSUES

### Key Supply Issues

- Primary tungsten production in 2010 estimated at 69,600t.
- China produces 86%, export quotas restricts tonnage and only processed  $WO_3$ .
- Lack of non-Chinese production due to oversupply in the 1980s, world reliant on Chinese supply.
- USA, Russian and Japanese stockpiles have been depleted.
- Tungsten declared a US “conflict metal” in 2010.
- Recycling can make up 30% of total supply.

### Key Drivers of Demand

- Demand driven by industrial output – cutting tools, drilling for resources, specialty chemicals
- China estimated to account for 37% in 2010
- Few substitutes and growing number of applications
- Demand 71,000t in 2010, growing to 132,000t in 2020



Source: Roskill as cited in Heemskirk presentation dated June 2010



Phase 1 – Low capital, high potential exploration projects

Forge has a farm-in agreement for Eucla West, a highly prospective mineral sands exploration project, located in the Eucla Basin.

## OVERVIEW OF THE EUCLA WEST PROJECT

### Location:

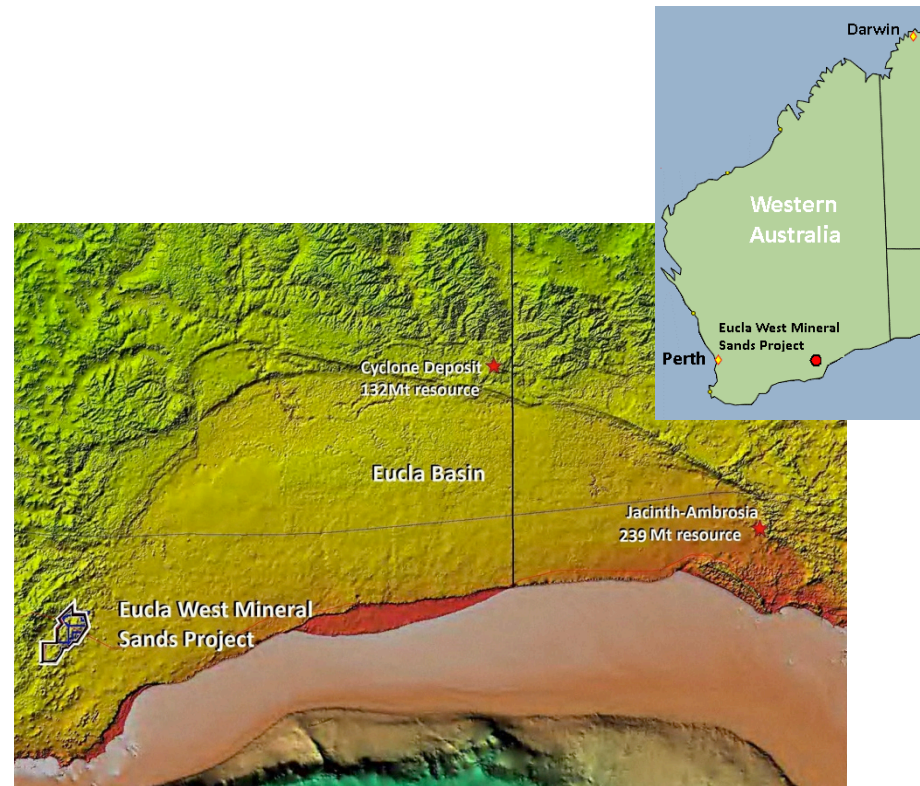
- Located within the highly prospective Eucla Basin in Western Australia
- Eucla Basin hosts to world-class heavy mineral (HM) deposits such as Jacinta Ambrosia (239MT HM resource) and Cyclone (132MT HM Resource)

### Status of Forge Involvement:

- Farm-in agreement signed
- First stage payment of 1.1m shares have been issued
- A further commitment to spend \$2 million to earn 50.1%
- Ability to go to 100%, continue Farm-in or JV with vendors.

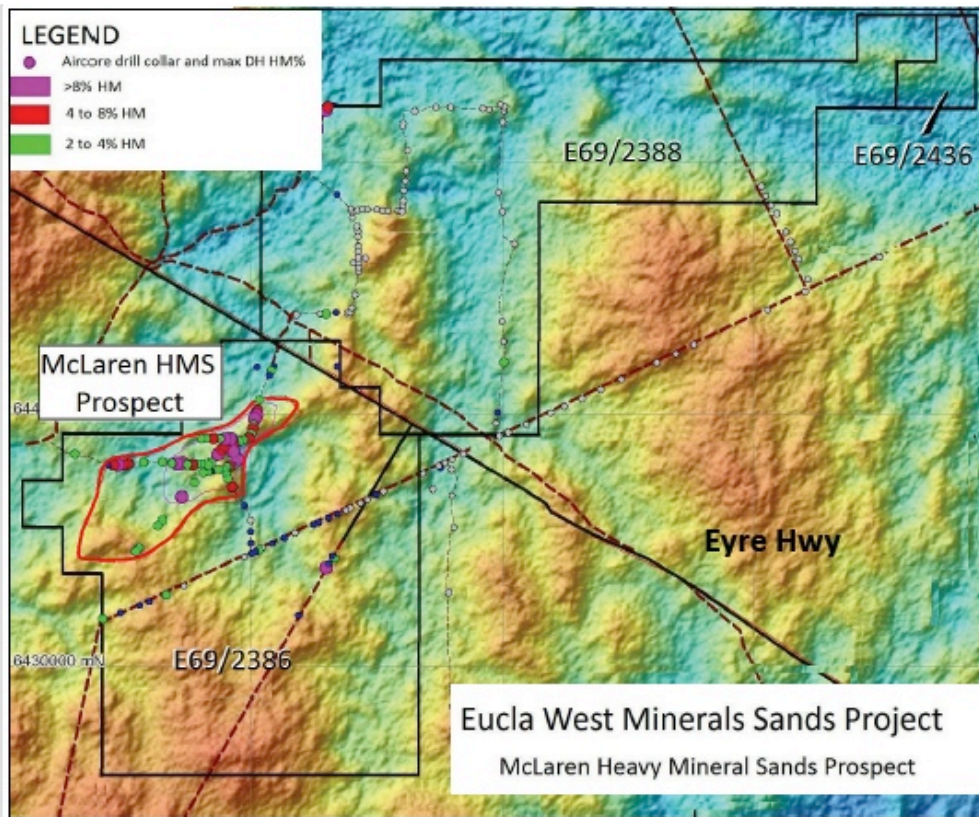
### Project:

- Three contiguous granted exploration licences (218 square kilometres) proven to host significant heavy mineral sand (HMS) occurrences with continued new discovery potential.



# Initial exploration identified the McLaren HMS Prospect with excellent intercept grades and thickness

## TENEMENTS OF EUCLA WEST PROJECT



### McLaren HMS Prospect

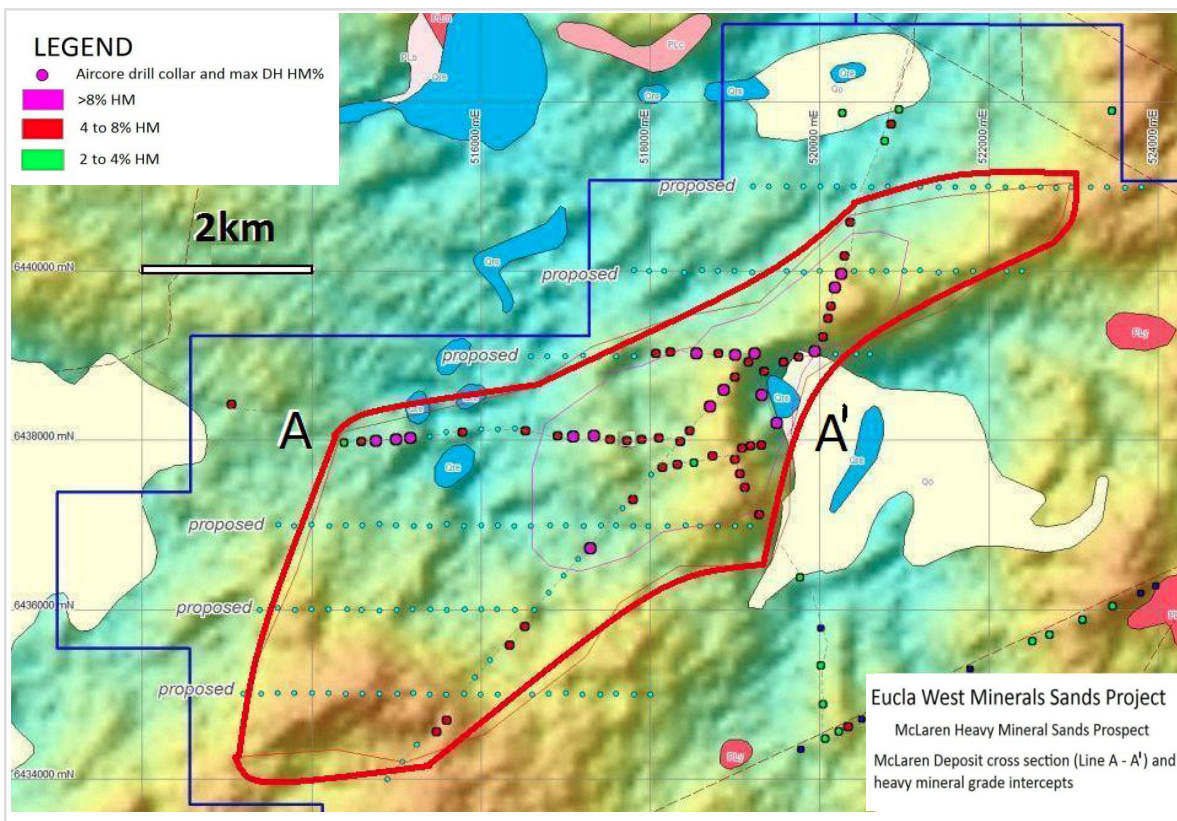
- Exploration Licenses (69/2386, 69/2388 and 69/2436) straddle the Eyre Highway approx. 45km west of the Balladonia roadhouse
- 2009 drilling program (242 holes, 3,215m) showed significant HMS occurrences.
- Discovery of shallow McLaren HMS Prospect
- >5% HMS, up to 24m thick, within 10m of surface over area approx. 2km by 4km

#### Highlight drill results from first phase program:

- EWAC156: 24m @ 7.10% HM from surface
- EWAC167: 12m @ 7.70% HM from surface
- EWAC182: 13.5m @ 6.90% HM from surface
- EWAC187: 9m @ 7.82% HM from 3.0m
- EWAC197: 16.5m @ 6.84% HM from 4.5m
- EWAC204: 24.0m @ 6.2% HM from 6.2m

Results from recent drilling campaign have been submitted for analysis with results expected this quarter

## PLAN OF RECENTLY COMPLETED DRILLING CAMPAIGN AT EUCLA WEST PROJECT



### McLaren HMS Prospect

- A further aircore drilling campaign has recently been completed, which covered the main section of the McLaren HMS Prospect
- Consisted of 212 holes for 2085m
- The average hole depth was 12.6m
- Samples have been submitted for HM assay with results anticipated within the current quarter.

Exploration activity is taking place on all of Forge's projects in NSW, including a 100% owned tungsten project

## OVERVIEW OF THE NEW SOUTH WALES EXPLORATION PROJECTS

### Wymah (100% FRG)

- Tungsten, tin and molybdenum

### Mayfield North (100% FRG)

- Granite hosted copper/gold. Potential for Cadia-Ridgeway or Intrusive Related Gold (IRG) deposits.

### Michelago (100% FRG)

- Volcanogenetic massive sulphides – base metals

### Captains Flat (49% FRG reducing to 25%)

- Volcanogenetic massive sulphides – base metals

### Mayfield (46.55% FRG)

- Granite and skarn hosted copper / gold / silver / base metals

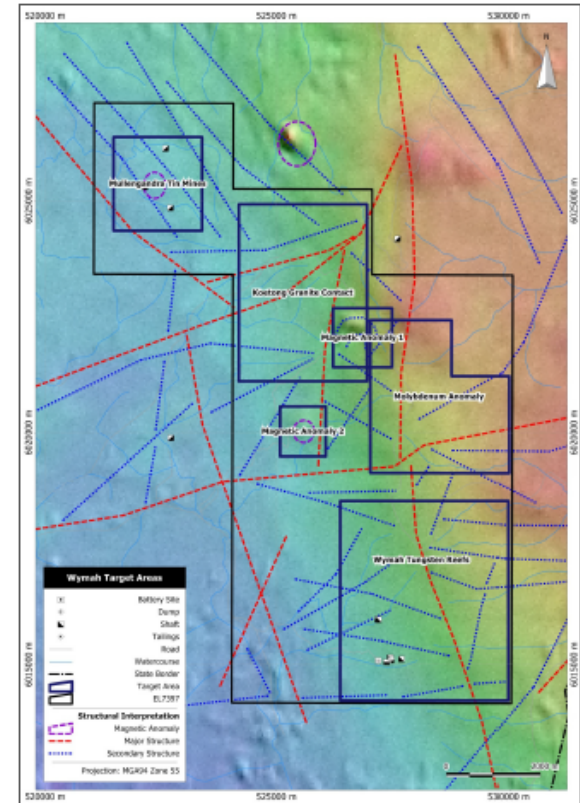


A data review for Wymah has recently been completed which has identified good exploration targets for tungsten and molybdenum

## WYMAH - TUNGSTEN, TIN AND MOLYBDENUM

### Activity for Wymah - (100% FRG)

- Geos Mining, mineral consultants, completed a review of all publicly available data for Wymah and have developed a structural interpretation for the EL 7397 licence area.
- Geos have identified a major north-south trending lineament in both magnetic and gravity data running through the centre of the licence area.
- This structure appears to display a control on mineralisation, with the Wymah tungsten workings being located on secondary structures near to their intersection with the major structure.
- Similarly, an identified molybdenum anomaly sits on this major north-south trending structure.
- Both the Wymah tungsten mines, and the area of the detected molybdenum anomalism display coincident radiometric anomalies.
- This major north-south structure represents a good exploration target on which further work shall be recommended to be undertaken.

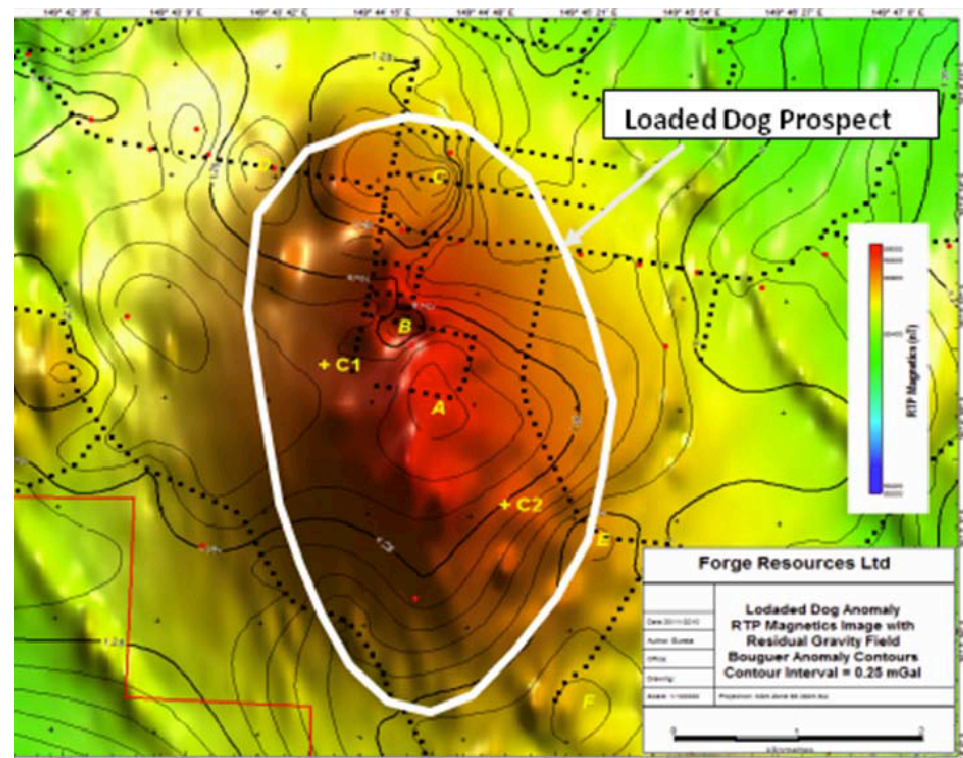


# Work is underway to identify potential drilling targets on the Loaded Dog Prospect at the Mayfield North project

## MAYFIELD NORTH – GRANITE HOSTED COOPER/GOLD

### Activity for Mayfield North (100% FRG)

- Project review of magnetic and gravity data have identified the Loaded Dog Prospect within EL 6691 as prospective for IRG and/or Cadia-Ridgeway style of mineralisation.
- Planned exploration work to identify potential drilling targets include:
  - Ground – truthing of geology on highlighted anomalies;
  - Niton soil survey; and
  - Application of 3D IP with the view to detecting chargeable (i.e. sulphide bearing) zones.
- Community liaison work is underway.

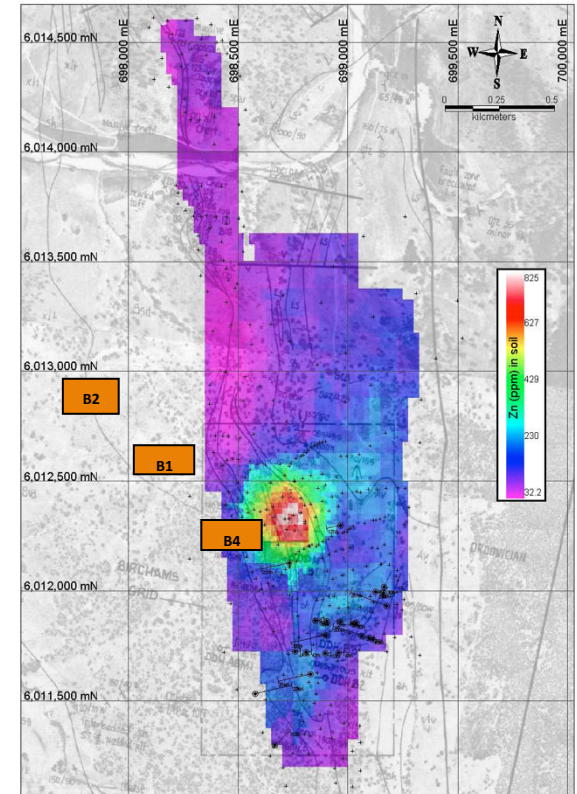


A drilling target has been identified at Michelago. Forge shall seek a partner for exploration.

## MICHELAGO – VMS BASE METALS (ZINC)

### Activity for Michelago - (100% FRG)

- Review of exploration data to date has resulted in current focus on Birchams Prospect with EL 6376.
- The most recent Niton survey (by Monaro) has identified a significant area to the north of historical drilling which has not been drill tested.
- Potentially of greater significance is the Niton survey data produced a circular Zinc anomaly rather than linear. This may suggest it lies on top of an intrusive (mineralised) plug. Its position next to a gravity low (B4) is thus of interest.
- Other potential targets are being developed at Colinton and Woolshed Prospects
- Next steps include:
  - Extension of Niton Survey
  - Assess electrical geophysical techniques
  - Extension of gravity survey
  - Subject to above program and confirmatory results, it is proposed to complete 2 RC drill holes



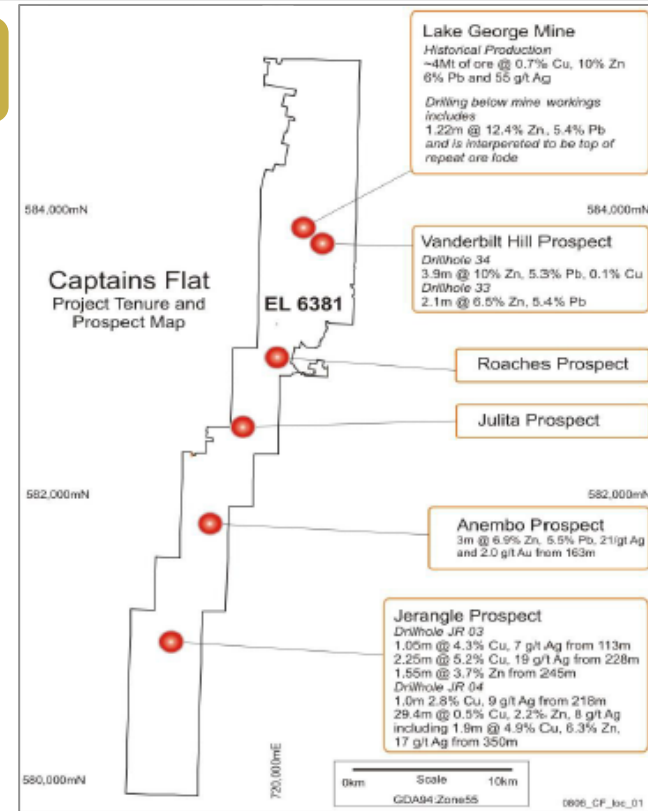


Captains Flat, a base metal prospect, is being explored with JV partners. Results for recent drilling are anticipated shortly

## CAPTAINS FLAT – VMS BASE METALS

### Activity for Captains Flat - (49% going to 25% FRG)

- The Project is contained within EL 6381 and EL 6840 and covers a highly endowed Volcanic Massive Sulphide (VMS) horizon that hosts numerous historic mineral occurrences and mines.
- Joint Venture with Ironbark Zinc Limited and NSW Base Metals Pty Ltd (a subsidiary of Glencore International AG).
- In September 2011 a diamond drillhole was completed at the Jerangle Prospect.
- The location of the hole was positioned based on historic drilling results and recent soil sampling.
- The drill hole reached a depth of 450.2m. Preliminary visual inspection notes substantial zones of sulphide mineralisation.
- The drill core has been transported to Cobar and laboratory results will be reported when they become available.
- Ironbark and NSWBM are currently jointly funding \$600,000 in further exploration to earn an additional 24% Joint Venture Interest.

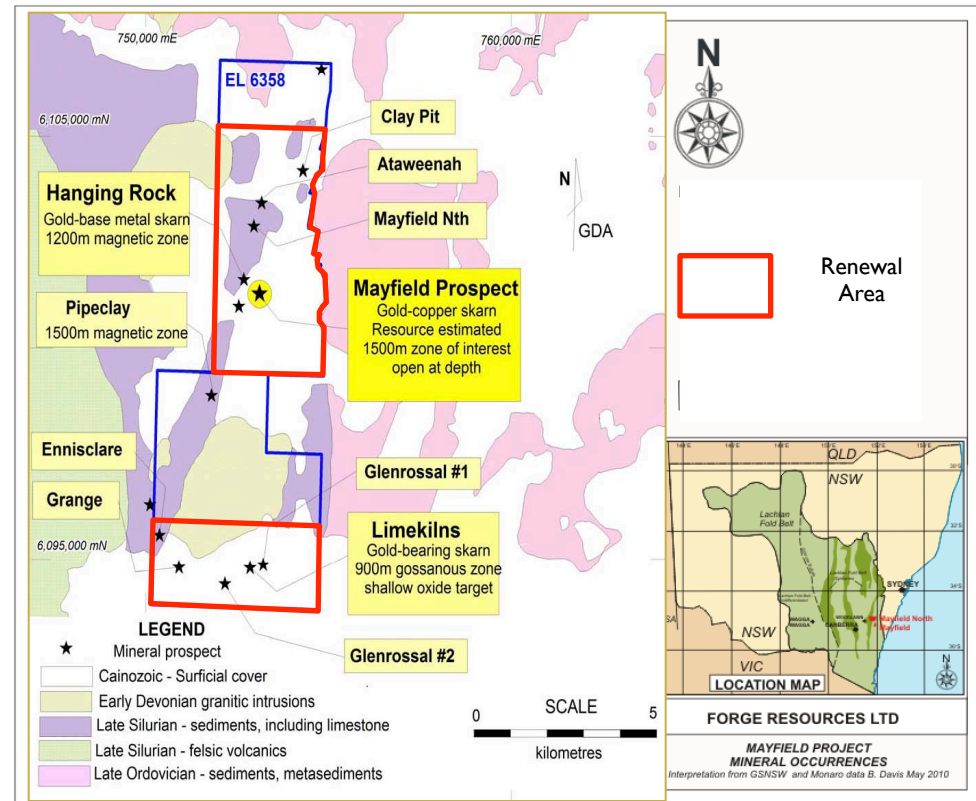


# Mayfield has a JORC compliant resource and is being further explored with a JV partner

## MAYFIELD – COPPER, GOLD, SILVER, BASE METALS

### Activity for Mayfield - (46.66% FRG)

- A JORC compliant resource estimate at the Mayfield Project was completed in September 2009 by Heemskirk Resources Pty Limited.
- An Inferred Mineral Resource of 4.0 million tonnes @ 0.4% copper, 0.6 g/t gold and 8.4 g/t silver at a 0.3% copper cut off. This resource contains 16,000 tonnes of copper, 77,000 ounces of gold and 1.2 million ounces of silver.
- Contributing Joint Venture with Capital Mining (Capital)
- Capital to execute drilling program scheduled to commence shortly. Plan is to drill 12-13 holes at Mayfield and up to 6 holes at Limekilns.



Forge will focus on strategic elements, seeking low capital high potential exploration options, as well as larger projects requiring financing and development

## SUMMARY

### Phase 1 – Low capital, high potential

- Exciting exploration projects
- Focus will be on strategic elements such as the Eucla West HMS Project
- Continue with JV partners in gold and base metal targets
- Seek JV partners in current 100% Forge base metal projects
- Moving forward on all projects with a number of results due this quarter

### Phase 2 – Larger project, higher capital

- In accordance with our charter the Company will seek to acquire or participate in additional resource and energy projects in either Australia and overseas
- Seeking large resource assets
- Potentially at Feasibility Study stage
- Leverage management skills and recognition for financing and development

# Competent Person Statement

## **Competent Person for Eucla West Project:**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Paul Benson, who is a member of The Australasian Institute of Mining and Metallurgy. Paul Benson is a consultant to Forge Resources Ltd. Paul Benson has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Paul Benson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **Competent Person for NSW Projects:**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mart Rampe, who is a member of The Australasian Institute of Mining and Metallurgy. Mart Rampe is a consultant to Forge Resources Ltd. Mart Rampe has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mart Rampe consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.