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Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Forge Resources and Laiwu Iron & Steel Group sign Letter of Intent on the Balla Balla VTi Magnetite Project

Highlights

- Forge Resources and Laiwu Iron and Steel Group Co. of China have signed a Letter of Intent (LOI) as the first step towards a strategic partnership to cooperate on the Balla Balla Iron – Vanadium – Titanium (VTi Magnetite) Project.
- The LOI outlines cooperation relating to the processing of Balla Balla VTi Magnetite concentrate to produce three products; a pig iron product, a ferro vanadium product, and a titanium slag product suitable for further processing in the titanium pigment or titanium sponge industry.

Forge Resources (“Forge”, ASX:FRG) is pleased to announce that following on from Chinese marketing trips which highlighted the interest of prospective customers in the Balla Balla VTi Magnetite as a source of not only iron but also vanadium and titanium, Forge have signed a non-binding Letter of Intent (LOI) with Laiwu Iron and Steel Group Co. Limited of Laiwu City, Shandong Province, the People’s Republic of China (Laiwu). This is the first step towards a strategic partnership between the Parties to cooperate on testing processing options for Balla Balla VTi concentrate beyond a standard blast furnace blending feed.

The Balla Balla VTi Magnetite Project is an advanced stage, large-scale, JORC compliant iron – vanadium – titanium Resource approximately 120km west of Port Hedland, adjacent to the West Coastal Highway, the Pilbara Energy Gas pipeline and grid power, with an abundant local water supply and licence for 6.5GL pa.a. Major approvals such as mining tenements, native title, environmental, water access and conditional gas agreements are in place for the mine and processing plant for which a definitive feasibility study (DFS) was completed in 2010. Forge is currently updating this DFS.

The DFS and marketing plan has a base case to utilise Balla Balla VTi Magnetite concentrate as a blast furnace blending feed, and Forge is continuing its discussions with prospective customers for a blending feedstock for blast furnaces.



Laiwu have made significant progress in development of processing technology for VTi Magnetite for iron production, ferro-vanadium production, and high titanium content slag production. This processing technology has the potential to significantly increase the value extracted per tonne of concentrate product by creating credits from the materials beyond the iron content.

The LOI outlines the following horizons of cooperation between Forge and Laiwu in the application of the Laiwu technology to the Balla Balla VTi Magnetite concentrate, where successful completion of each step may lead to the next:

1. Balla Balla VTi Magnetite laboratory product testing by Laiwu based on Laiwu processing technology;
2. Balla Balla VTi Magnetite pilot plant product testing in Laiwu's processing technology pilot plant;
3. Completion of a Feasibility Study for inclusion of Balla Balla VTi Magnetite processing within Laiwu's production;
4. Off-take Agreement: a long term trading partnership through an off-take agreement with volume of annual supply fixed and pricing mechanism determined; and
5. Further cooperation as agreed by the Parties.

Mr Chen Qixiang, Chairman of Laiwu stated during his visit "It is a pleasure to visit Forge Resources in Australia. This is the first step of cooperation and we are looking forward to a win-win relationship with Forge".

Dr. Matthew James, Managing Director of Forge, said "Forge is excited to be taking this first step of partnership with Laiwu. Their extensive steel operations experience and progressive attitude on process development has the potential to unlock significant value of the Balla Balla VTi Magnetite concentrate, beyond our base case of blast furnace feedstock. Successful test results should lead to product off-take and potentially further opportunities for Forge and Laiwu to create and share value."

For further information please contact Mr. Nicholas Curtis, Chairman, or Dr. Matthew James, Managing Director, on +61 2 9259 4400. For all media enquires please contact Mr. Alan Jury from FTI Consulting on +61 2 8298 6100

About Laiwu Iron and Steel Group

Laiwu Iron and Steel Group Co., Ltd was established in January 1970 and is now one of the largest iron and steel conglomerates in China, with total fixed assets of 84 billion RMB, 34,000 employees and an annual production in 2011 of pig iron, steel and rolled steel materials of 14 million tons. In 2009, Laiwu Steel merged with the other steel mills in Shandong Province and became part of the backbone of the newly formed Shandong Iron & Steel Group, which is listed on Shanghai A share market (Stock code 600022). Laiwu Steel is also the largest production base of H-beam, gear steel and powder metallurgy in China.



About Forge Resources:

The Company's primary project is its 75% interest in the advanced Balla Balla Vanadium – Titanium – Magnetite (VTi Magnetite) project that was recently acquired by Forge from Atlas Iron Ltd. Balla Balla is located on granted mining tenements near the Pilbara coastline approximately 100km west of Anketell Point. A revised DFS is nearing completion. In addition Forge is currently farming-in to a mineral sands exploration project within the Eucla Basin. Forge in conjunction with its Joint Venture partners are advancing the exploration and development of prospective tungsten, molybdenum, gold and base metal projects located in New South Wales, Australia and in accordance with its charter will also seek to acquire or participate in additional resource and energy projects in Australia and overseas.

ASX Codes: FRG, FRGO	Directors
Issued Capital: Ordinary Shares: 80,577,667 Options (Exp 7/14, Ex \$0.20): 19,855,905 Options (Exp 6/15, Ex \$0.67): 900,000 Options (Exp 12/15, Ex \$0.54): 4,500,000 Options (Exp 5/14, Ex \$0.50): 6,500,000 Options (Exp 5/15, Ex \$0.50): 1,000,000	Mr Nicholas Curtis: Chairman Dr. Matthew James: Managing Director Mr Emmanuel Correia: Non Exec Director Mr Harold Wang: Non Exec Director Mr Michael Wolley: Non Exec Director
Principal Place of Business Level 24, 56 Pitt Street Sydney NSW www.forgeresources.com.au	Company Secretary Mr Shane Hartwig