



Forge Resources Ltd

(ACN 139 886 187)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of Shareholders of Forge Resources Ltd ("Forge" or the "Company") will be held on **Wednesday 21st March 2012 at 10 am** (Sydney time) at **Level 24, 56 Pitt Street, Sydney**. The Explanatory Memorandum accompanying this Notice of Meeting provides additional information on matters to be considered at the Extraordinary General Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice.

The Directors have determined that pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered shareholders of the Company as at 10 am (Sydney time) on **Monday 19th March 2012**.

BUSINESS

RESOLUTION 1: SHARE PLACEMENT FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX and for all other purposes, the directors be authorised to issue and allot up to 35,000,000 ordinary fully paid shares in the capital of the Company at an issue price of not less than 80% of the average market price of the Company's shares (calculated over the 5 days on which sales of shares were recorded before the day on which the issue is made), with such shares to be issued to such persons as the directors in their absolute discretion may determine and otherwise upon the terms set out in the Notice of Extraordinary General Meeting and Explanatory Statement."

Voting Exclusion Statement

The Company will, in accordance with the Listing Rules of the ASX disregard any votes cast on Resolution 1 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

DATED: 20th February 2012

By order of the Board.

Shane Hartwig
Company Secretary

NOTES:

Explanatory Memorandum

The Notice of Extraordinary General Meeting should be read in conjunction with the accompanying Explanatory Memorandum.

Eligibility to vote

In accordance with the Corporations Act 2001 and the Company's Constitution, a person's entitlement to vote at the Extraordinary General Meeting will be determined by reference to the number of fully paid shares registered in the name of that person (reflected in the register of members) as at 10 am (Sydney time) on **Monday 19th March 2012**.

Proxy votes

A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in their place.

Where more than one (1) proxy is appointed, the appointment may specify the proportion or number of votes that the proxy may exercise, otherwise each may exercise half of the votes.

A proxy need not be a member.

A form of proxy must be signed by the member or the member's attorney.

Proxies must reach the Company at least forty eight (48) hours before the meeting at which the person named in the proxy form proposes to vote.

The address for lodgement of proxies is:

Delivery Address:	Postal Address:	Fax Number:
Forge Resources Ltd c/- Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford Vic 3067	Forge Resources Ltd c/- Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford Vic 3067	+ 61 3 9473 2500

Power of Attorney

If a proxy is signed by a member's attorney, the member's attorney confirms that he has received no revocation of authority under which the proxy is executed and the authorities under which the appointment was signed or a certified copy thereof must also be received at least forty eight (48) hours before the meeting.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's Shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

Enquiries

Shareholders are invited to contact the Company Secretary, Shane Hartwig on (02) 9259 4405 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY MEMORANDUM

FORGE RESOURCES LTD

INTRODUCTION

This Explanatory Memorandum has been prepared to assist Shareholders in considering the Resolutions set out in the Company's Notice of General Meeting. This Explanatory Memorandum forms part of, and should be read in conjunction with, the Company's Notice of Meeting, for the Company's Extraordinary General Meeting to be held at **Level 24, 56 Pitt Street Sydney** on **Wednesday 21st March 2012 at 10am**.

Terms used in this Explanatory Memorandum are defined in the Glossary at page 5 of this Explanatory Memorandum.

BUSINESS

ASX Listing Rules

(a) Listing Rule 7.1

Listing Rule 7.1 of the ASX Listing Rules restricts the number of equity securities that a listed company may issue in any 12 month period, without the approval of shareholders, to 15% of the number of ordinary securities on issue at the start of the period, subject to certain adjustments and permitted exceptions. In calculating the 15% limit, the entity is entitled to deduct any ordinary securities issued in the 12 month period that were issued with the approval of shareholders for the purposes of Listing Rule 7.1. The Placement Facility Shares (Resolution 1) are equity securities for the purposes of Listing Rule 7.1.

(b) Listing Rule 7.4

Listing Rule 7.4 provides that, where a company in general meeting ratifies an issue of equity securities, the issue will be treated as having been made with requisite approval for the purpose of Listing Rule 7.1, thereby enabling the company to issue further securities without exceeding the 15% in 12 months limitation.

(c) General

The Company is taking the opportunity to seek shareholder approval for the purposes of Listing Rule 7.1 in connection with the issue of the Placement Facility Shares (Resolution 1). If Resolution 1 is approved, the issue of the Placement Facility Shares (Resolution 1) will not be counted towards any future calculation of the 15% limit under Listing Rule 7.1.

RESOLUTION 1 APPROVAL OF THE SHARE PLACEMENT FACILITY

At last year's Annual General Meeting on 24th November 2011, shareholders approved (for the purposes of Listing Rule 7.1) a share placement facility of up to 30,000,000 Shares. That facility expires on 24th February 2012. No Shares have been issued under that facility, and the Directors do not intend to issue Shares under that facility.

However, the Directors believe it is prudent for the Company to seek shareholder approval for a new facility. Accordingly, Resolution 1 seeks the approval of shareholders for a share placement facility of up to 35,000,000 ordinary fully paid shares ("**Share Placement Facility**"), which the directors intend to utilise to raise additional working and acquisition capital for the Company.

Specifically the Company intends to use the funds raised from the issue of Shares the subject of the Share Placement Facility to:

- i. Contribute to the funding of the Company's planned exploration program for the Eucla West Mineral Sands Project. The Company recently announced a maiden JORC compliant heavy mineral (HM) resource estimate of 470 million tonnes @ 4.6 % HM (21.5 million tonnes of contained HM) for the McLaren Heavy Mineral Sand Deposit within the Eucla West Mineral Sand Project tenements;
- ii. Contribute to the acquisition cost of the recently announced (16th December 2011) proposed acquisition from Atlas Iron Limited (ASX: AGO) of the Balla Balla Magnetite, Vanadium and Titanium Project located in Western Australia. Balla Balla contains a large-scale Resource of 456 million tonnes at 45% Fe, 0.64% V₂O₅, and 13.7% TiO₂, located close to the Pilbara coast in Western Australia; and
- iii. Contribute to general working capital.

The Directors believe that it is prudent for the Company to have a share placement facility available so that additional equity funds can be raised. If not utilised, the facility would lapse 3 months after the date of the Extraordinary General Meeting.

ASX Listing Rule 7.1 prohibits a company from issuing shares representing more than 15% of its issued capital in any 12 month period, without the prior approval of its shareholders (subject to certain exceptions). Accordingly, shareholder approval is being sought under Listing Rule 7.1 for the issue of up to 35,000,000 Shares in the Company. In accordance with ASX Listing Rule 7.3 the following information is provided to shareholders:

- a) the maximum number of securities that may be issued under Resolution 1 is 35,000,000 Shares;
- b) any Shares issued in accordance with Resolution 1 will be issued and allotted within 3 months from the date of the Extraordinary General Meeting;
- c) the Shares will be issued at a price which is not less than 80% of the average market price of the Shares, calculated over the 5 days on which sales of Shares were recorded on ASX before the day on which the relevant issue is made;
- d) as at the date of this notice of meeting there has been no decision by the Directors to issue any shares. Accordingly, the names of any allottees or proposed allottees are not known, however it is likely that the Directors would only allot Shares to those persons in respect of whom a prospectus or other disclosure document is not required to be prepared and given (eg. Institutional investors and other sophisticated investors);
- e) any Shares issued pursuant to Resolution 1 will rank equally in all respects with existing Shares on issue;
- f) funds raised by the issue of any shares will be used for the purposes described above; and
- g) it is not known whether any allotments will occur as a single allotment or will occur progressively. However, it would be likely that any issue of shares will be made as a single allotment.

The Company currently has on issue the following securities: 31,577,667 Shares; 19,855,905 options to subscribe for Shares; and 24,000,000 non-voting performance shares which are convertible into Shares (subject to satisfaction of conversion conditions).

GLOSSARY

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited.

\$ means Australian Dollars.

Board means the board of directors of the Company.

Company or **Forge** means Forge Resources Ltd (ACN 139 886 187).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Extraordinary General Meeting means the meeting convened by the Notice.

Listing Rule means a Listing Rule of ASX.

Notice means the Notice of Extraordinary General Meeting accompanying this Explanatory Memorandum.

Placement Facility Shares means the Shares issued pursuant to the Share placement facility contemplated by Resolution 1 in the Notice.

Proxy Form means the proxy form for the Extraordinary General Meeting accompanying the Notice.

Share means a fully paid ordinary share in the capital of the Company.