

31 July 2013

**QUARTERLY ACTIVITIES REPORT FOR THE PERIOD
1 APRIL TO 30 JUNE 2013**

HIGHLIGHTS

- Forge secures, subject to shareholder approval, an \$8.5 million funding package from Todd Corporation, its Balla Balla Joint Venture partner.
- Forge submitted the Assessment on Proponent Information documentation for the establishment of the Balla Balla export facility to the Western Australian Environmental Protection Authority (EPA).
- The Balla Balla export facility was recommended for approval by the EPA on 17 June 2013.
- The engineering groups completed the Definitive Feasibility Study (DFS) for the Balla Balla VTi Magnetite Project mine, onsite processing plant, stockyard and export facility and a final report has been submitted to Forge for review and comment.
- Recent base metal-focused exploration in the basement rocks at the West Eucla Project in the Fraser Range region defined a significant basement conductor. A subsequent drill campaign has shown the conductor to be graphite bearing rocks with the central graphite zone comprises a graphite bearing unit with visual estimates of the graphite contents ranging from 20-50%.

1. CORPORATE

In addition to the activities this quarter associated with completing the Definitive Feasibility Study (DFS) for the Balla Balla VTi Magnetite Project and further exploration of the West Eucla Project, a significant focus of the Company during the second quarter of 2013 was securing additional finance to continue to progress these projects.

Forge announced in July that it had agreed terms with Todd Corporation ("Todd") whereby Todd shall provide Forge an \$8.5 million funding package on the following basis:

- i. Forge agreed to sell down 7% of its interest in the Balla Balla VTi Magnetite Project for a consideration of \$7 million (taking Todd's share to 32% and Forge's share to 68% of Balla Balla); and
- ii. Forge agreed to sell down 50% of its Farm-in rights into the Eucla West tenements, located in the Fraser Range region, Western Australia to Todd for consideration of \$1.5 million.

This funding package provides the Company with sufficient funding to meet the budget necessary to progress the Balla Balla VTi Magnetite project and allows the Company to continue the exploration being undertaken at its Eucla West Project in the Fraser Range region, as well as contributing to general working capital requirements.

The acquisition by Todd of an additional 7% in Balla Balla and 50% Farm-In rights into the West Eucla tenements is subject to a number of shareholder and regulatory approvals that the two companies are working to obtain. Forge expects to distribute shareholder meeting documentation in August 2013 with an anticipated general meeting of shareholders to consider the transaction in September 2013.

2. BALLA BALLA DEFINITIVE FEASIBILITY STUDY ACTIVITIES

Export Facility Update

The Balla Balla project is approximately 10km from the Pilbara coastline and adjacent to the Balla Balla Port Area established in May 2009 by the Western Australia Department of Transport. As announced in the previous quarterly report, following a detailed analysis of environmental, local stakeholder, known heritage and engineering constraints, Forge identified the preferred location for the trans-shipment export path. This includes a small stockyard and jetty-based barge loader operation on the coast which will enable the magnetite concentrate to be loaded from the onshore stockyards into a self-propelled barge which will sail out to a trans-shipment anchorage point for transfer to Cape-size ocean going vessels (OGV).

As reported in the last March 2013 Quarterly Report, the assessment level of the proposed Balla Balla export facility was set at Assessment of Proponent Information (API). During this quarter Forge submitted on schedule the Assessment on Proponent Information documentation for the establishment of an export facility operation to the Western Australian Environmental Protection Authority (EPA). Forge subsequently presented to the EPA Board in May, and on 17 June 2013 the EPA completed their assessment and published their recommended approval conditions. These approval conditions were open to public appeal until 1 July 2013. Forge is pleased to report that there are no outstanding appeals from the public appeals process, allowing the Appeals Convener to

proceed with circulation of the conditions to the designated decision making authorities before dispatching the report and recommendations to the Minister for the Environment in accordance with Section 44 of the Environmental Protection Act 1986 (EP Act). Forge anticipates the EPA to publish the Minister's decision in August 2013.

In addition to EPA approvals, discussions are continuing to progress well with the Western Australian Department of Transport (DoT) regarding the jetty construction and barging operations within the Balla Balla Port Area. The DoT's assessment of our applications for a Sea Bed Lease and Jetty License have progressed over the quarter with negotiations regarding terms and conditions anticipated to be finalised by the end of the third quarter.

Definitive Feasibility Study Optimisation

The DFS has been based on the construction of a 6Mtpa concentrate plant, 180Ktpa ilmenite plant, stockyard and export facility, including all associated infrastructure. Key changes from the DFS completed by the previous owners of the Balla Balla project include the optimisation of plant equipment for a 6Mtpa throughput, increasing the grind size from P₈₀ 90 µm to P₈₀ 120 µm and the replacement of a slurry pipeline to Port Hedland with the export facility adjacent to the Balla Balla Port Area which is fully integrated with the magnetite concentrate processing plant.

During the quarter the engineering groups completed the Definitive Feasibility Study (DFS) and a final report has been submitted to Forge for review and comment. Forge has commenced this review, raised some clarification queries that have now been addressed and are completing the financial model for the project. Upon completion of the review by Forge and following final approval by the Board the results of the DFS will be published, which is anticipated to occur during the third quarter, 2013.

3. EXPLORATION ACTIVITIES

3.1 West Eucla Fraser Range Exploration

As discussed last quarter CSA conducted a field trip to the West Eucla project area to check the most promising TEMPEST anomaly. With augite and pyroxene bearing mafic rocks and 'mafic' amphibolite in the general vicinity of the primary electro-magnetic (EM) (named the Bristol anomaly), this anomaly was confirmed as a 'bona fide' EM anomaly which warranted a follow-up ground-EM survey to confirm the presence, location, tenor and geometry of this anomaly prior to drill testing.

The ground-EM program was completed during this quarter and confirmed the presence of a significant bedrock conductor in the vicinity of the Bristol anomaly. Detailed modeling of the survey was used to define drill hole locations to test the bedrock conductor. Figure 1 shows a preliminary image of the 'Bristol' ground EM anomaly overlain by the shape and trend of the anomaly and geological observations from the March field visit.

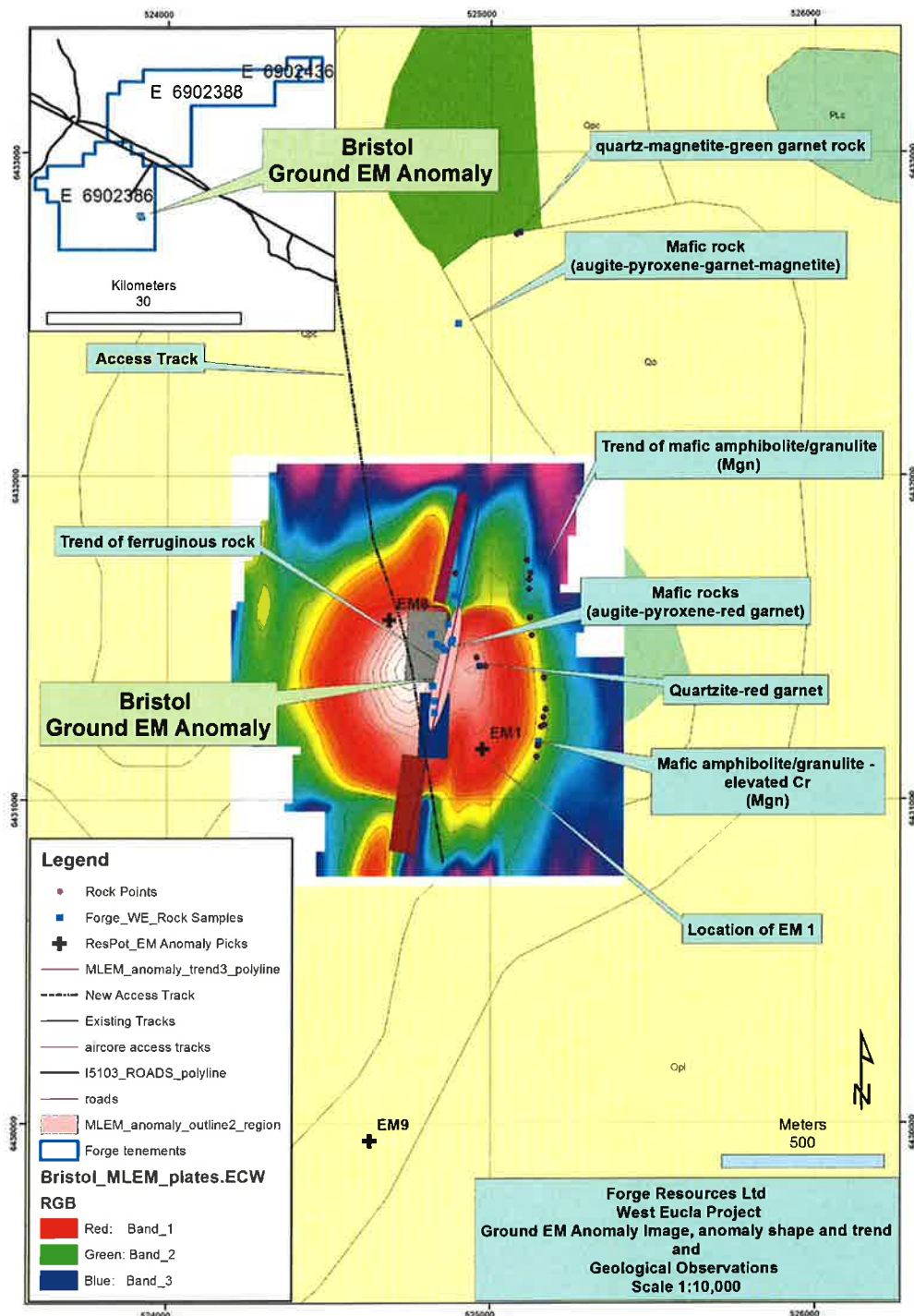


Figure 1. Bristol ground EM anomaly image and geological observations

The ground EM survey was completed by GEM Geophysics Ltd. The survey methodology was reported in the 24 June 2013 announcement. The high amplitude ground EM anomaly is present over a strike length of 1200m with a more highly conductive central portion over strike length 550m. As stated in the announcement the anomaly may of been due to base metals sulphide accumulation or conductive carbonaceous lithologies.

The completed ground EM survey data was subsequently modeled to determine the depth and to better define the orientation of the conductive body to define a four-hole exploration and evaluation-drilling program.

Subsequent to the end of the quarter the Company announced on 8 July 2013 that drilling had commenced on the West Eucla Project. The holes were to be completed using a mixture of RC and diamond core to test the anomaly down to 250-300m below surface.

Preliminary drilling results were announced on 29 July 2013. Three of four planned drill holes were completed at the Bristol target using RC pre-collars and diamond core tails, for total of 772.4m. The three drill holes did not intersect significant base metals sulphide accumulation but did intersect graphite bearing rocks containing variable pyrrhotite content up to 1% within the electromagnetic conductor target zone.

The central graphite zone comprises a graphite bearing unit with an estimated 10m true thickness. Graphite bearing rocks were intersected in each hole with visual estimates of the graphite contents ranging from 20-50%. The graphite is generally medium to coarse grained and appears to be continuous in the area tested by drilling.

The sulphide mineralisation comprises mostly pyrrhotite which occurred as disseminated zones, blebs and thin veinlets. Reconnaissance XRF analysis indicates the pyrrhotite contains low level copper and zinc values up to 0.12% and 0.2% respectively.

The target zone area displayed evidence of strong hydrothermal alteration with silica flooding and quartz veining, albite, sericite and variable sulphide alteration. These zones will be analysed for precious metals. Forge will complete assay and metallurgical test work on the graphite bearing rocks and will assess other basement targets within the project.

3.2 New South Wales Tenements Overview

An exploration program commenced on the Wymah tenement during the quarter, together with the completion of technical reviews on the Mayfield and Captains Flat projects.

3.2.1 Wymah and Wymah North (Forge 100%)

In line with tenement exploration expenditure requirements exploration has recommenced on the Wymah (EL 7397) tenement, which entails detailed ground magnetic and soil sampling surveys. This tenement together with EL 8059 is prospective for tin, tungsten, molybdenum and Intrusive Related Gold (IGR) deposits.

Mineral mapping, based on the digital processing and analysis of Aster satellite image data, was carried out following a brief field reconnaissance. The mapping has demonstrated the presence of discrete NW-SE-trending sericitic alteration zones extending from south to north, throughout the central EL7397, and crossing into the southern part of EL8059 (Figure 2).

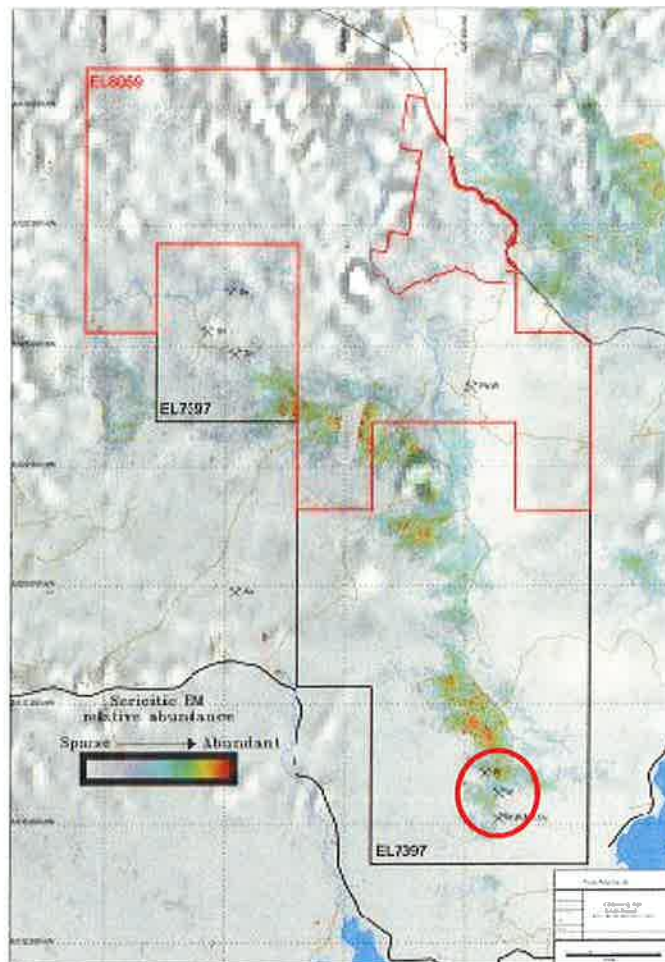


Figure 3.2 Mapping of sericitic alteration (red/green indicates maximum abundance) within EL 7397

These NW-SE zones appear roughly perpendicular to the long axis of the batholith, hence could be associated with ductile fractures that develop near or at the top of batholiths due to shrinkage during cooling.

At the same time, mapping and sampling of the Wymah reefs (located in the southern portion of the licence area) has commenced. The Wymah reefs are composed of four separate reef systems, comprising of the Woolindina, Appletree, Williams and Wymah Reefs. The Wymah Reefs are the most extensive set of workings being composed of a number of shafts and pits located over a strike length of several hundred metres.

Sampling remnant ore and mullock heaps by hand held XRF indicates that tungsten is the primary mode of mineralisation, with grades varying between 0.1% W to over 10% W. It is noted that high Tantalum values are associated with the tungsten ore, with one sample yielding 0.13% Ta.

3.2.2 Captains Flat (Forge 49% reducing to 25%)

During the last Quarter, a review of the projects' status was provided to the joint venture partners by the Project Operator, Ironbark (ASX: IBG). Total accumulated exploration expenditures of \$603,227.45 have now been recorded. Based on the Joint Venture agreement, Ironbark (ASX: IBG) and NSW Base Metals (a Glencore Limited subsidiary) have jointly earned a 75% interest in the Captains Flat Project from Forge who now holds a 25% contributing interest.

Work by the Operator has been extensive and the prospectivity of the Captains Flat licence has been enhanced accordingly with the view that further exploration and development of the Captains Flat tenement is warranted. Given this view, it was determined that further exploration of the Briars tenement (EL 6840) was not warranted. This tenement has now been relinquished.

Ironbark (ASX: IBG) and NSW Base Metals (a Glencore Limited subsidiary) have jointly earned a 75% interest in the Captains Flat Project from Forge who now holds a 25% contributing interest. The priorities and objectives of ongoing exploration and development of the Project are now being reviewed, at which point Forge will be in a position to determine its potential on-going involvement in the project.

3.2.3 Mayfield North (Forge 100%)

The results from a Reverse Circulation (RC) drilling at the Loaded Dog have now been evaluated. During the previous Quarter, it was reported that four drill holes had been completed on the Loaded Dog Prospect and focused on two chargeability anomalies that were delineated by an IP survey during 2012. A total of 725m of drilling was completed.

Initial technical data of the drilling was based on continuous hand held XRF analysis of every one metre interval. The overall tenor of the mineralisation was then confirmed by a commercial laboratory after analysing approximately 10% of all drill holes samples assessed by the hand held XRF.

The best result was recorded in drill hole LDA103, where 7 metres @ 0.34% Zn and 0.08%Pb was recorded from a down hole depth of 97metres. Geological assessment indicated that the common lithology in all four holes was

adark grey/black cherty or hornfelsed sediment with fine grained pyrite as fine fracture fills or as disseminations. Virtually no quartz veining was evident.

Although some highly anomalous Zn, Pb and Cu mineralisation was encountered in drill hole LDA103, the genesis of this mineralisation is yet to be explained. The impetus for the drilling was spurred by strong chargeability anomalies which could in part be explained by extensive but very low content pyrite mineralisation present in all holes. The drilling has downgraded the project.

3.2.4 Mayfield Project (Forge 46.55%)

As advised in the previous Quarter, Capital Mining Limited (Capital) as operator of the Joint Venture, has resolved to undertake a further drilling program with the view to broadening the scale of the resource both at depth and along strike.

The proposed program entails the completion of 3 inclined RC drill holes for a total of 860 metres. These holes have been targeted to intersect a mineralised zone that has already been well defined.

3.2.5 Michelago (Forge 100%)

As indicate in the previous Quarter, a number of attractive base metal targets have been identified which are drill ready and the Company is considering funding options for the next stage of this project, including joint venture proposals.

Competent Persons Statement – Eucla West

The information in this report that relates to Exploration Results is based on information compiled by Mr Ralph Porter who is a member of the Australian Institute of Geoscientists. Mr Porter is a consultant to Forge Resources Limited and is employed by CSA Global Pty Ltd. Mr Porter has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting Exploration results, Mineral Resources and Ore Reserves". Mr Porter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – NSW Projects

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.

Disclaimer

The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the author at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for absolute certainty. Any economic decisions that might be taken on the basis of interpretations or conclusions contained in this report will therefore carry an element of risk.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

FORGE RESOURCES LTD

ABN

30 139 886 187

Quarter ended ("current quarter")

30 JUNE 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation		
-Balla Balla project	(1,606)	(4,474)
- Balla Balla Transaction costs	-	(896)
-Frazer range and other	(229)	(798)
(b) development	-	-
(c) production	-	-
(d) administration	(807)	(3,356)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	28	198
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
Receipts from Joint venture partner	757	1,658
	(1,857)	(7,668)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(7)
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)	-	-
	-	(7)
Net investing cash flows		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (carried forward)	(1,857)	(7,675)
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+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,857)	(7,675)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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)	-	-
	Capital Raising Fees	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,857)	(7,675)
1.20	Cash at beginning of quarter/year to date	3,902	9,720
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,045	2,045

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	141
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 and Salary to the Managing Director

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	1,247
4.2 Development	-
4.3 Production	-
4.4 Administration	373
Total	1,620

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	2,045	3,902
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,045	3,902

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	Refer to commentary in Quarterly Activity Report.		

+ 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 (description)	Nil	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	80,577,667	80,577,667	\$0.20	\$0.20
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Release from escrow				
7.5 +Convertible debt securities (description)	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	19,855,909 600,000 1,575,000 3,900,000 50,000 1,000,000	19,855,909	Exercise price \$0.20 \$0.67 \$0.54 \$0.54 \$0.56 \$0.50	Expiry date 31 July 2014 15/6/2015 1/12/2015 15/6/2015 10/9/2017 29/5/2015
7.8 Issued during quarter				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Release from escrow				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Performance Shares (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil			

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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date:
(Director/Company secretary)

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.

+ See chapter 19 for defined terms.

- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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+ See chapter 19 for defined terms.