RUTILA
RESOURCES

ANNUAL REPORT 2013

FORGE RESOURCES

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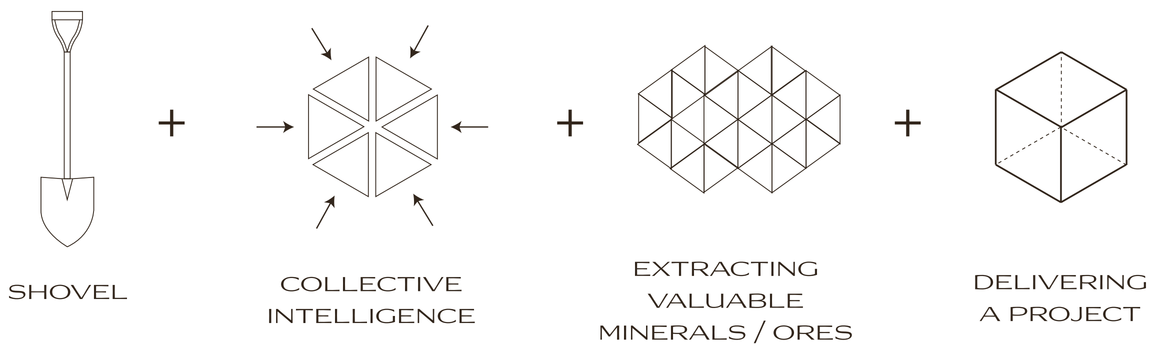
RUTILA RESOURCES



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RUTILA
RESOURCES

RUTILA: \Ru-"til-'a\

noun: a shovel

adjective: red, golden red, reddish yellow

Given the latin meanings of "rutila", Rutila Resources seemed a fitting name for a company poised to develop a new iron-vanadium-titanium resource and multi-user iron ore export facility in the hot, red country of the Pilbara in Western Australia.

The rationale for the name change is that Forge Resources Ltd continued to be confused in the market with the Forge Group Ltd (an engineering and construction company operating in the resources industry).

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RATIONALE

BALLA BALLA PROJECT

REAL PROGRE

STRATEGY

RUTILA WAS ESTABLISHED IN 2009 AND THE COMPANY'S PRIMARY OBJECTIVE IS TO BUILD A RESOURCE COMPANY AT A TIME WHEN THE GLOBAL DEMAND FOR RESOURCES IS HIGH.

PERFORMANCE

- Completed an optimisation study for the Balla Balla VTi Magnetite project definitive feasibility study (DFS) in conjunction with the DFS engineers, achieving a decrease in the revised capital cost for the DFS of $235 million, giving a revised capital cost of $1,080 million.
- Received environmental approval for a new iron ore export facility on the Pilbara coast, close to the Balla Balla VTi Magnetite Project. The location was identified following engineering, environmental, native title and bathymetry studies together with multiple stakeholder consultations.
- Completed land access agreements with various stakeholders, and nearing completion of a Native Title Agreement with the Ngarluma Aboriginal Corporation.

SS

WORK IS PROGRESSING TO DELIVER PROJECT VALUE

Rutila has secured a $7 million funding package with the sale of 7% of the Balla Balla VTi Magnetite project. A further $1.5 million to be received upon Rutila selling 50% of the Farm-in rights to the Eucla West tenements, located in the Fraser Range region, Western Australia. These funds shall be used to continue the delivery of the Balla Balla VTi project and Export Facility including activities such as growing the Rutila team; undertaking extensive marketing activities; preparation of a 300 tonne bulk sample for work with the Shandong Steel group; moving forward with the contracting strategy and contract preparation; and completing further engineering work on the Export Facility.

→ **OUTLOOK**

A Bauer drill rig on site at Balla Balla extracting a 300 tonne bulk sample to be used in Chinese pilot plant tests.

HIGHLIGHTS 2013

INCREASED DEMAND FOR COMMODITIES

- The continued urbanization in China will drive an increased demand for commodities for many years to come.

EXPORT FACILITY IS A KEY STRATEGIC ASSET

- The Export Facility on the coast of Balla Balla in the Pilbara, for which the company has now received environmental approval, is a key strategic asset in its own right.

FOUNDATIONS ESTABLISHED TO DELIVER VALUE

- We are looking forward to a very exciting year ahead, committed to the aim of delivering substantial value to all our constituents including shareholders and the communities in which we operate.

CHAIRMAN'S REPORT

WE ARE WELL POSITIONED TO BE A NEW AUSTRALIAN PLAYER IN SUPPLYING KEY NATURAL RESOURCES INTO A FORTHCOMING PERIOD OF HIGH DEMAND FOR BULK COMMODITIES AND SPECIALTY METALS.

BUILDING OUR FOUNDATIONS

The company has recently acquired a new name, Rutila Resources. The new name reflects an increasing focus by the company on our activities in the Pilbara. Our strategy of strong focused company growth in the bulk commodity space remains a core ambition. We are optimistic about the outlook for natural resources despite the financial markets remaining a challenge, especially for the resources sector. We believe that continued urbanization in China will underpin the increased demand for commodities for many years to come. China is seeing consistent economic growth, and the first shoots of growth look to be appearing in Europe and the USA. Some price volatility may occur, but in general the trend remains positive.

It is in that context, our company continues to build on our foundations of the prior year. The main focus of activity has been the Balla Balla VTi Magnetite project and associated Export Facility located on the Western Australian Pilbara coastline. These assets are the company's most significant for our future growth.

The Balla Balla VTi Magnetite project is a leading asset of its type globally. The deposit contains high grades of iron, titanium and vanadium. These metals have a strong future in an increasingly urbanized world where increasing living standards require higher quality materials and resources.

In the previous year, the optimisation of the definitive feasibility study (DFS) to reduce capital costs identified a set of changes to be made to the DFS. These have now been made and revised capital and operating cost structures has been completed. Capital costs have decreased from $1.32 billion to $1.08 billion inclusive of contingency, a saving of $235 million. These capital cost reductions also incorporated a change of equipment source from Chinese equipment to Western sourced equipment. Operating costs have decreased from $51 per tonne of magnetite concentrate to $47 per tonne of magnetite concentrate. These costs

Schematic of self-propelled, self-unloading transhipping barge discharging into offshore ocean going vessel.

include the new Balla Balla Export Facility that account for $370 million of the capital cost inclusive of contingency.

During the year the company signed a Letter of Intent with Laiwu Iron and Steel, part of the Shandong Steel Group. Rutila is working with Laiwu on extracting full value from the Balla Balla VTi Magnetite concentrate through the production of iron as well as vanadium and titanium co-products. Positive results from the initial test work have been achieved and further test work is underway.

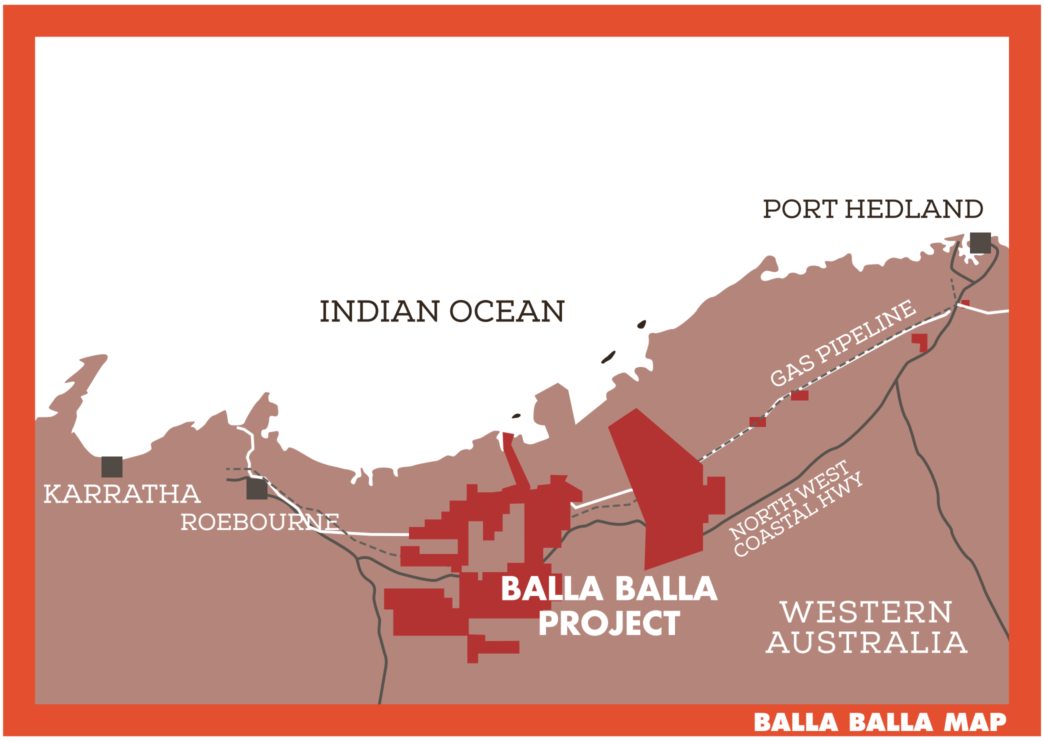
We believe the Export Facility on the coast of Balla Balla in the Pilbara, for which the company has now received environmental approval, is a key strategic asset in its own right. The Export Facility is located in an existing vested port area under the Western Australia Department of Transport, mid-way between two ports that export a large portion of the world's iron ore supply, Port Hedland and Dampier/Cape Lambert. It is an ideal location to provide an export path for the Balla Balla VTi Magnetite project, and has the potential to accommodate additional iron ore exports from other mineral resources that are currently stranded due to lack of access to infrastructure and port capacity.

During the year work also progressed on the companies other assets located near the Fraser Range region of Western Australia and also in the Lachlan Belt region of New South Wales.

In September 2011 Rutila acquired the right to explore and develop the Eucla West Project by way of a farm in agreement whereby Rutila has the right to earn 50.1% of the project by spending $2.0 million within two years. Rutila completed the required spend to earn 50.1% of the project during the year. This included work on the McLaren Heavy Mineral Sands deposit to gain a better understanding of the separation performance of the valuable heavy minerals. In addition, investigations into the prospective basement rocks of the tenements base metals were undertaken which defined a significant basement conductor. A subsequent drill campaign showed the conductor to be graphite bearing rocks.

Rutila continues to enjoy and value a strong supportive relationship with Todd Corporation, both as a shareholder and our Balla Balla Joint Venture partner. The Company arranged a capital raising through a partial sell down of the Balla Balla asset to the Todd Corporation for a valuation which recognized the inherent value of Balla Balla. Todd acquired an additional 7% of the Balla Balla project for $7 million, and have undertaken to provide a further $1.5 million when Rutila sell down 50% of its Farm-in rights into the Eucla West tenements. The acquisition by Todd of 50% Farm-In rights into the Eucla West tenements is subject to a number of shareholder and regulatory approvals that the two companies are working to obtain.

We believe the company is well positioned to realize the growth potential inherent in its asset base. We have built a strong team that has achieved our key goals for this year. I would like to thank the members of the Board and the executive for their contribution to the company over the last year. At the date of this report I am stepping into a full time role as Executive Chairman of the company. Dr. Matthew James is returning to the UK for family reasons but will remain with Rutila to continue his valuable contribution. I wish to thank him for his exceptional contribution as the founding Chief Executive Officer of the company. We are looking forward to a very exciting year ahead, committed to the aim of delivering substantial value to all our constituents including shareholders and the communities in which we operate.



REVIEW OF PROJECTS

BALLA BALLA

ADVANCING THE BALLA BALLA EXPORT FACILITY FROM CONCEPT TO RECEIPT OF APPROVAL PROVIDES AN EXPORT PATH FOR THE BALLA BALLA VTi MAGNETITE PROJECT AS WELL THIRD PARTY ORE, ESTABLISHING A SIGNIFICANT VALUE CREATION OPPORTUNITY FOR RUTILA RESOURCES.

- Completed review of definitive feasibility study to optimise operational model, including introduction of the Export Facility next to Balla Balla on the Pilbara coast, resulting in a capital cost of $1,080 million and an operating cost of $47 per tonne of magnetite concentrate.

- Published decision of the Minister for the Environment to approve the Balla Balla Export Facility by the Western Australian Environmental Protection Authority.

- Established Shared Value principles for the community within which Rutila Resources operates in the Pilbara. Native title holders and Rutila Resources are working collaboratively towards agreeing a Native Title Agreement.

- Marketing the Balla Balla VTi Magnetite concentrate via two separate channels:
  1. Marketing the product to steel mills, mainly in China, as an iron ore for blending with other iron ores given the low silica, alumina and phosphor levels of the VTi Magnetite concentrate.
  2. Collaborating with the Shandong Steel Group to extract full value from the VTi Magnetite concentrate through the production of iron together with vanadium and titanium co-products, for which a 300 tonne bulk ore sample has been produced in anticipation of a pilot plant study in 2014.

OTHER EXPLORATION PROJECTS

EUCLA WEST

OBJECTIVES

- Identify and investigate the basement rock magnetic anomalies to establish priority targets and overall base metal prospectivity.
- Undertake geological modelling of the McLaren Heavy Minerals Resource to determine potential locations for potential additional heavy mineral resources, with a focus on exploration for elevated levels of rutile and zircon within the heavy mineral sands.
- Complete bench scale mineral processing test program at specialist processing labs and review mineral sand processing with Perth mineral sand process company.

ACHIEVEMENTS

- Identification of electromagnetic (EM) anomalies from an initial aerial EM survey.
- Three clusters of high order anomalies represented targets for immediate follow up, and geological field reconnaissance work was completed on these targets.
- Received approval for ground EM survey and drill program, and completed a heritage survey.
- Completed ground EM survey and identified a primary target.
- Undertook an initial basement focused drill program.
- Using the EM survey data the paleochannels were mapped, which will assist more accurate future proposed drill programs aimed at extending the McLaren Heavy Mineral Resource.

OUTLOOK

- Following the drill program which intersected a graphite conductor, rather than targeted sulphide minerals, Rutila will complete optical mineralogy, petrography and physical characterization test work on selected core samples of the graphite bearing rocks.
- Conduct further exploration activities targeting extensions to the McLaren Heavy Mineral Resource with potential zones of elevated rutile and zircon.
- Excavate a bulk sample pit within the McLaren Heavy Minerals Resource for further metallurgical test work to develop a preliminary process flow sheet.

NSW PROJECTS

OBJECTIVES

- Progress the NSW green field exploration projects through further exploration activities.
- Seek planning and environmental permitting to allow the completion of drill programs to test North Mayfield's Loaded Dog Prospect and the Michelago Project drill ready targets.
- Continue fieldwork within the Wymah tin and tungsten prospective tenements to confirm prospectivity and define the appropriate future exploration program.
- Support our joint venture partners, Capital Mining Limited at Mayfield (RTA 46.55%) and Ironbark Zinc Limited and NSW Base Metals Pty Ltd at Captains Flat (RTA 25%) in their exploration and development programs.

ACHIEVEMENTS

- The Loaded Dog Prospect has been the focus of a comprehensive exploration effort over the last 12 months and has included detailed soil sampling, Induced Polarisation (IP) surveys and a drilling program.
- A soil sampling program was undertaken at the Wymah tenements to delineate areas for potential further investigation.
- Capital Mining Limited undertook a soil sampling program at Michelago tenements which has identified potential drill targets.
- Ironbark Zinc Limited and NSW Base Metals Pty Ltd completed a drilling program at the Jerangle Prospect, part of the Captain's Flat Project, with encouraging mineralization found.

OUTLOOK

- The results from the Mayfield North Loaded Dog prospect drill program did not intersect disseminated copper/gold targets. However Mayfield North includes an additional magnetic anomaly and a Review of Environmental Factors (REF) has been lodged with NSW Government.
- All soil samples from the Wymah program have now been analysed and the data sets have been sent off for geostatistical processing which shall determine the next steps for exploration.
- Rutila will review the exploration and development plans from our joint venture partners for Mayfield and Captains Flat as they are presented and make a decision on Rutila's continued involvement on a case by case basis.

NICHOLAS CURTIS

BA (Hons)
NON-EXECUTIVE CHAIRMAN

BOARD OF DIRECTORS

Nick was appointed to the Board on 1 July 2010. His career spans more than 30 years in the resources and finance industries. He is Chairman of Lynas Corporation Limited, an Australian publicly listed company whose strategy is to be the leader in Rare Earths for a sustainable future.

In addition, he is Chairman of the corporate advisory firm, Riverstone Advisory and serves as a Director of the Asia Society AustralAsia Centre and as Chairman of Faces in the Street Urban Mental Health Research Institute at St Vincent's Hospital Sydney.

Nick is a Governor of the Mining and Metals Industry Partnership Group at the World Economic Forum, and is Co-Chair of the Global Growth Company community with the World Economic Forum.

Previously, Nick was a director of Conquest Mining (now Evolution Mining) and was the founding Chairman of Sino Mining Gold, (now part of Eldorado Gold). Prior to this he held the position of Executive Director of Macquarie Bank Limited.

He is a former Director of the Garvan Institute of Medical Research, St Vincent's Health Australia Ltd, St Vincent's Healthcare Ltd and was Chairman of the Board of St Vincent's & Mater Health Sydney Limited from August 2004 to October 2009.

On 13 June 2011, Nick was awarded an AM (Member of the Order) for his services to the community through executive roles supporting medical research and healthcare organisations and also for his work fostering Australia-China relations.

DR MATTHEW JAMES

BE (Hons) PhD
MANAGING DIRECTOR

Dr. James was appointed to the Board effective 15th August 2011 and joined Rutila Resources from Lynas Corporation where he held the role of Executive Vice President Strategy and Corporate Communications with accountability for strategy and business development, as well as investor relations and corporate communications. Matthew played an instrumental role over 9 years in building Lynas to an ASX100 Company with a market capitalisation of approximately $3.5 billion, filling a wide range of roles in the senior management of Lynas during his time there, including Chief Financial Officer.

Prior to joining Lynas, Matthew spent three years at Deutsche Bank in London followed by four years in the London office of McKinsey & Company, the management consulting firm where he worked at the CEO and board level of major companies helping them in strategic, organisational and operations issues. Matthew received a BE (Hons) degree in Ceramic Engineering from the University of New South Wales, Australia and Ph.D. from Queens' College at the University of Cambridge. Dr.James is a Graduate member of the Australian Institute of Directors.

EMMANUEL CORREIA

BBus, ACA
NON-EXECUTIVE DIRECTOR

Emmanuel Correia is a Chartered Accountant and has extensive experience in the corporate finance and equity capital markets. Emmanuel has had over 20 years public accounting and corporate finance experience in Australia, North America and the United Kingdom. He has held various senior positions with Deloitte and other accounting firms and boutique corporate finance houses. Emmanuel is also a director and founder of Peloton Capital Pty Ltd.

Emmanuel provides corporate advice to a diverse client base both in Australia and in overseas markets. Emmanuel has previously held a number of public company directorships and his key areas of expertise include Initial Public Offerings and secondary capital raisings, corporate strategy and structuring and merger and acquisitions. Emmanuel is a non-executive director of Ambassador Oil and Gas Ltd and is also the Company Secretary of Bluglass Ltd.

HAROLD OU WANG

Masters of Science
NON-EXECUTIVE DIRECTOR

Harold Wang is a Founding Partner of Riverstone Advisory, a corporate advisory firm that specialises in bridging the gap between western resource opportunities and the increasing Chinese demand for raw materials. Harold previously worked for China National Non-ferrous Metals Corporation ("CNNC"), China's non-ferrous sector 'ministery' and former parent of CHINALCO, CNMC, JNMC, Minmetals and many other Chinese non-ferrous majors.

Harold was Deputy Director of CNNC's planning department, overseeing new investment projects, and Foreign Affairs Department. In his role at CNNC. Harold was in charge of all international funding for CNNC for a period of 10 years. Harold also held the position of Vice President, China Business Development with Sino Mining International, Sino Refco Capital and Asia Resource Capital, a Joint Venture between Macquarie Bank and CNNC. Harold held the position of Executive Director and President of Lynas Corporation Limited before 2007. Harold studied at Tsinghua University, Beijing for his Master's degree of Engineering in the early 1980s.

MICHAEL WOLLEY

BA (Hons) MMgmt
NON-EXECUTIVE DIRECTOR

Michael holds a first class honours degree in Chemical and Materials Engineering (University of Auckland) and a Masters of Management (Macquarie Graduate School of Management).

Michael had a 15 year career with Mobil Oil Australia in a range of roles including engineering, operations, strategic planning and business development in Australia and New Zealand. In 1995 he left Mobil to pursue opportunities in Asia Pacific and worked in a number of senior executive roles in the manufacturing and industrial sectors including a period as President BlueScope Steel China.

In 2007 Michael returned to the resources sector as Chief Operating Officer for Lynas Corporation, an ASX 100 business, and subsequently into the gold sector where he is a Director of Red Mountain Mining, an ASX listed gold development business. Michael was appointed Vice President Corporate Development for the Todd Corporation in 2011. In February 2013 he was appointed to the role of Vice President Minerals and Coal based in Sydney. Michael is a Director of Montero Mining, a TSX listed resources business, and Wolf Minerals, an ASX listed business. Michael sits on the Board of Strattera, the New Zealand minerals industry body, and is a member of the AICD and the NZICD.

FINANCIAL STATEMENTS

CONTENTS

The Directors present their report on the Company and its controlled entities for the year ended 30 June 2013.

DIRECTORS
The names of Directors in office at any time during or since the end of the year are:

Nicholas Curtis, B.A. (Hons), Non-Executive Chairman

Nick was appointed to the Board on 1 July 2010. His career spans more than 30 years in the resources and finance industries. He is Chairman of Lynas Corporation Limited, an Australian publicly listed company whose strategy is to be the leader in Rare Earths for a sustainable future.

In addition, he is Chairman of the corporate advisory firm, Riverstone Advisory and serves as a Director of the Asia Society AustralAsia Centre and as Chairman of Faces in the Street Urban Mental Health Research Institute at St Vincent's Hospital Sydney.

Nick is a Governor of the Mining and Metals Industry Partnership Group at the World Economic Forum, and is Co-Chair of the Global Growth Company community with the World Economic Forum.

Previously, Nick was a director of Conquest Mining (now Evolution Mining) and was the founding Chairman of Sino Mining Gold, (now part of Eldorado Gold). Prior to this he held the position of Executive Director of Macquarie Bank Limited.

He is a former Director of the Garvan Institute of Medical Research, St Vincent's Health Australia Ltd, St Vincent's Healthcare Ltd and was Chairman of the Board of St Vincent's & Mater Health Sydney Limited from August 2004 to October 2009.

On 13 June 2011, Nick was awarded an AM (Member of the Order) for his services to the community through executive roles supporting medical research and healthcare organisations and also for his work fostering Australia-China relations.

Dr. Matthew James, BE (Hons) Ph.D, Managing Director

Dr. James was appointed to the Board effective 15th August 2011 and joined Forge Resources from Lynas Corporation where he held the role of Executive Vice President Strategy and Corporate Communications with accountability for strategy and business development, as well as investor relations and corporate communications. Matthew played an instrumental role over his 9 years in building Lynas to an ASX100 Company with a market capitalisation of approximately $3.5 billion, filling a wide range of roles in the senior management of Lynas during his time there, including Chief Financial Officer.

Prior to joining Lynas, Matthew spent three years at Deutsche Bank in London followed by four years in the London office of McKinsey & Company, the management consulting firm where he worked at the CEO and board level of major companies helping them in strategic, organisational and operations issues. Matthew received a BE (Hons) degree in Ceramic Engineering from the University of New South Wales, Australia and Ph.D. in Material Science and Engineering from Queens' College at the University of Cambridge.

Harold Ou Wang, Masters of Science, Non-Executive Director

Harold Wang is a Founding Partner of Riverstone Advisory, a corporate advisory firm that specialises in bridging the gap between western resource opportunities and the increasing Chinese demand for raw materials. Harold previously worked for China National Non-ferrous Metals Corporation ("CNNC"), China's non-ferrous sector 'ministery' and former parent of CHINALCO, CNMC, JNMC, Minmetals and many other Chinese non-ferrous majors.

Harold was Deputy Director of CNNC's planning department, overseeing new investment projects, and Foreign Affairs Department. In his role at CNNC. Harold was in charge of all international funding for CNNC for a period of 10 years. Harold also held the position of Vice President, China Business Development with Sino Mining International, Sino Refco Capital and Asia Resource Capital, a Joint Venture between Macquarie Bank and CNNC. Harold held the position of Executive Director and President of Lynas Corporation Limited before 2007. Harold studied at Tsinghua University, Beijing for his Master's degree of Engineering in the early 1980s.

Michael Wolley, B.A. (Hons) MMgmt, Non-Executive Director

Michael holds a first class honours degree in Chemical and Materials Engineering (University of Auckland) and a Masters of Management (Macquarie Graduate School of Management).

Michael had a 15 year career with Mobil Oil Australia in a range of roles including engineering, operations, strategic planning and business development in Australia and New Zealand. In 1995 he left Mobil to pursue opportunities in Asia Pacific and worked in a number of senior executive roles in the manufacturing and industrial sectors including a period as President BlueScope Steel China.

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Emmanuel Correia, B.Bus ACA, Non-Executive Director

Emmanuel Correia is a Chartered Accountant and has extensive experience in the corporate finance and equity capital markets. Emmanuel has had over 20 years public accounting and corporate finance experience in Australia, North America and the United Kingdom. He has held various senior positions with Deloitte and other accounting firms and boutique corporate finance houses. Emmanuel is also a director and founder of Peloton Capital Pty Ltd.

Emmanuel provides corporate advice to a diverse client base both in Australia and in overseas markets. Emmanuel has previously held a number of public company directorships and his key areas of expertise include Initial Public Offerings and secondary capital raisings, corporate strategy and structuring and merger and acquisitions. Emmanuel is a non-executive director of Exalt Resources Ltd and Ambassador Oil and Gas Ltd and is also the Company Secretary of Bluglass Ltd.

Shane Hartwig, Company Secretary

Shane Hartwig is a Certified Practicing Accountant and Chartered Company Secretary and holds a Bachelor of Business degree, majoring in Accounting and Taxation from Curtin University of Technology in Western Australia.

Shane is involved in the areas of initial public offerings, capital raisings, prospectus and information memorandum preparation and project management, Company assessments and due diligence reviews, mergers and acquisitions and providing general corporate advice and is currently Non-Executive Director of Exalt Resources Limited, Company Secretary of Anteo Diagnostics Limited and Exalt Resources Limited both on a contract basis.

Shane has over 17 years' experience in the finance industry both nationally and internationally with exposure to both the debt and equity capital markets.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated group are to pursue and acquire mineral and energy related assets in Australia and overseas.

OPERATING RESULTS

The net loss of the consolidated group after income tax for the year was $7,534,401 (2012: $13,717,392).

DIVIDENDS

No dividends were paid or declared during the year (2012: $Nil).

FINANCIAL POSITION

The net assets of the consolidated group at 30 June 2013 were $6,056,832 (2012: $13,498,757). At 30 June 2013, the group had cash balances of $2,045,419 (2012: $9,720,297).

STATE OF AFFAIRS

Other than matters detailed in the Review of Operations and Likely Developments there were no significant changes in the state of affairs of the consolidated group.

ENVIRONMENTAL PERFORMANCE

Forge Resources and Forge Resources Swan hold exploration licences issued by New South Wales Department of Trade and Investment - Resources and Energy, and the Western Australian Department of Mines and Petroleum which specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the Departments' guidelines and standards. There have been no significant known breaches of the licence conditions.

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

Background

Forge was originally formed in 2009 to participate in the exploration and acquisition of mineral and energy related assets. The Company's primary project is its 75% interest in the advanced Balla Balla Vanadium – Titanium – Magnetite ("VTi Magnetite") project ("Balla Balla") that was recently acquired by Forge from Atlas Iron Limited ("Atlas"). Balla Balla is located on granted mining tenements near the Pilbara coastline approximately 100km west of Anketell Point. A revised definitive feasibility study (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.

Corporate Activity

On 24 September 2013, it was resolved at a general meeting of shareholders, that the company would change its name to Rutila Resources, however our strategy of strong company growth remains a core ambition.

During the past year our company has built on our foundations of the prior year. The main focus of activity has been the Balla Balla VTi Magnetite project and associated Export Facility located on the Western Australian Pilbara coastline.

Existing Projects

Balla Balla Project

The Balla Balla VTi Magnetite project optimisation of the definitive feasibility study (DFS) to reduce capital costs identified a set of changes to be made to the DFS. These have now been made and revised capital and operational cost structures have been completed. The key change is the removal of the proposed slurry pipeline to Port Hedland and replacing this export path with the new Balla Balla Export Facility.

During the year the company signed a Letter of Intent with Laiwu Iron and Steel, part of the Shandong Steel Group. Forge is working with Laiwu on extracting full value from the Balla Balla VTi Magnetite concentrate through the production of iron as well as vanadium and titanium co-products. Positive results from the initial test work have been achieved and further test work is underway.

We believe the Export Facility on the coast of Balla Balla, for which the company has now received environmental approval, is a strategic asset in its own right. The Export Facility is located in an existing vested port area under the Western Australia Department of Transport, mid-way between Port Hedland and Karratha. It is an ideal location to provide an export path for the Balla Balla VTi Magnetite project, and has the potential to accommodate additional 3rd party iron ore exports from mineral resources that are currently stranded.

Eucla West Project

In September 2011 Forge achieved the right to explore and develop the Eucla West Project near the Fraser Range region of Western Australia by way of a farm in agreement whereby Forge has the right to earn 50.1% of the project by spending $2.0 million within two years.

Forge completed the required spend to earn 50.1% of the project during the year as work progressed on both the mineral sands deposits and also the prospective basement rocks of the tenements. The work on the McLaren Heavy Mineral Sands deposit focused on gaining a better understanding of the separation performance of the valuable heavy minerals within the deposit. The investigations into potential primary deposits of gold and base metals were undertaken which defined a significant basement conductor. A subsequent drill campaign has shown the conductor to be graphite bearing rocks.

Overview of NSW Exploration Activities

The Company's NSW projects are host to a range of mineralization types including volcanogenic massive sulphide, intrusive related gold and copper as well as vein hosted tin and tungsten. The tenements are all located within the highly prospective Lachlan Fold Belt. In the last year, the Mayfield North drill targets were tested with a short drill campaign, however no significant mieralisation was incepted. Work continued on the Wymah tenements and exploration results have identified multiple targets. An additional tenement directly to the north of Wymah was applied for during the year. The Michelago Projects have been advanced to a point where drill targets been identified, and our joint venture partners have reached important development milestones in the Mayfield and Captains Flat Projects.

The Company has arranged a capital raising that is due for completion following the year's end. Forge continues to enjoy a strong relationship with Todd Corporation, our Balla Balla Joint Venture partner. Todd plans to acquire an additional 7% of the Balla Balla project for $7 million, and have undertaken to provide a further $1.5 million when Forge sell down 50% of its Farm-in rights into the Eucla West tenements, located in the Fraser Range region, Western Australia. The acquisition by Todd of 50% Farm-In rights into the Eucla West tenements is subject to a number of shareholder and regulatory approvals that the two companies are working to obtain.

REMUNERATION REPORT (AUDITED)

Details of the nature and amount of remuneration for each Director of Forge Resources Limited, key management personnel and for the executives receiving the highest remuneration are set out below.

Remuneration Policy and Practices

The Company's policy for determining the nature and amount of remuneration of Board members and senior executives is as follows:

i. Non-Executive Directors

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to its Non-Executive Directors and will review their remuneration annually.

The maximum aggregate annual remuneration of Non-Executive Directors is subject to approval by the shareholders in general meeting. The shareholders have determined at a general meeting held on 9 March 2010 the maximum aggregate remuneration amount to be $350,000 of short-term benefits per year. The Directors have resolved that the fees payable to Non-Executive Directors for all Board activities are $155,000 of short-term benefits per year plus superannuation guarantee contributions of 9% per annum where required by legislation.

ii. Key management personnel

To pursue the Company's objectives, the Company has assembled a group of Director's which they believe have extensive experience in the mining, metallurgy and finance industries. The Company will recruit appropriate key executive management personnel commensurate with the Company's growth in activity. The remuneration structure for these key executive management, including Executive Directors will be based on a number of factors, including qualifications, particular experience, general past performance of the individual concerned, overall performance of the Company and general human resources market pricing. There is no predetermined equity compensation element within the remuneration structure nor predetermined performance conditions to be satisfied; these equity compensation elements and performance conditions are considered on an individual basis.

Company performance and Director and executive remuneration

The aim of the Company's remuneration policy is to achieve goal congruence between the Company's shareholders, Directors and executives. As the company is still in the exploration and definition stage, performance of the company as evidenced by it financial results and share price, is not linked to remuneration.

Executive Share Trust

The Company has established the Forge Resources Limited Employee Share Trust ("EST") for the purpose of retaining and incentivising its key personnel. The Company believes that the criteria set out in the Trust provide a cost effective performance-based means by which the Company can reward its key personnel. For further details, please refer to note 16 of the financial statements which set out the main terms of the EST.

Remuneration of Directors and Key Management for the year to 30 June 2013

	Short-term benefits		Post-employment		Share-based payments				Total remuneration represented by options, rights and shares
	Cash salary and fees	Non-cash benefits	Super-annuation	Termi-nation benefits	Options	Rights	Shares	Total	
	$	$	$	$	$	$	$	$	%
2013									
Directors									
N Curtis	37,500	-	-	-	-	-	-	37,500	-
M James	380,420	-	23,595	-	67,988	-	-	472,003	14
H Ou Wang	36,000	-	-	-	10,486	-	-	46,486	23
E Correia	35,000	-	-	-	-	-	-	35,000	-
M Wolley	37,205	-	-	-	-	-	-	37,205	-
Total Directors	**526,125**	**-**	**23,595**	**-**	**78,474**	**-**	**-**	**628,194**	**13**
Key Mgmt									
G Atkins	212,007	-	19,080	-	7,420	-	-	238,507	3
S Hartwig	72,000	-	-	-	-	-	-	72,000	-
Total Key Mgmt	**284,007**	**-**	**19,080**	**-**	**7,420**	**-**	**-**	**310,507**	**2**
Total	**810,132**	**-**	**42,675**	**-**	**85,894**	**-**	**-**	**938,701**	**10**

	Short-term benefits		Post-employment		Share-based payments				Total remuneration represented by options, rights and shares
	Cash salary and fees	Non-cash benefits	Super-annuation	Termi-nation benefits	Options	Rights	Shares	Total	
	$	$	$	$	$	$	$	$	%
2012									
Directors									
N Curtis	-	-	-	-	-	-	7,920,000	7,920,000	100
M James ***	291,887	-	19,729	-	204,226	-	-	515,842	40
H Ou Wang	36,000	-	-	-	79,500	-	-	115,500	69
E Correia	35,000	-	-	-	39,750	-	-	74,750	53
M Wolley **	-	-	-	-	-	-	-	-	-
J Malone *	11,667	-	-	-	-	-	-	11,667	-
Total Directors	**374,554**	**-**	**19,729**	**-**	**323,476**	**-**	**7,920,000**	**8,637,759**	**95**
Key Mgmt									
G Atkins	204,707	-	18,423	-	111,531	-	-	334,661	33
S Hartwig	72,000	-	-	-	39,750	-	-	111,750	36
Total Key Mgmt	**276,707**	**-**	**18,423**	**-**	**151,281**	**-**	**-**	**446,411**	**34**
Total	**651,261**	**-**	**38,152**	**-**	**474,757**	**-**	**7,920,000**	**9,084,170**	**92**

* Resigned 31 October 2011
** Appointed 7 June 2012
*** Appointed 15 August 2011

Directors' securities holdings

As at the date of this report, the relevant interests of the Directors in the securities of the Company were as follows:

	Number	
For the year to 30 June 2013	**Fully paid ordinary shares**	**Options**
Nicholas Curtis	28,250,000	1,333,334
Matthew James*	538,703	3,616,667
Harold Ou Wang	350,000	1,416,667
Michael Wolley ***	-	-
Emmanuel Correia	325,001	858,334
	29,463,704	7,225,002
For the year to 30 June 2012		
Nicholas Curtis	28,250,000	1,333,334
Matthew James*	410,000	3,616,667
Harold Ou Wang	350,000	1,416,667
Michael Wolley ***	-	-
Emmanuel Correia	325,001	858,334
Jim Malone**	375,000	125,001
	29,710,001	7,350,003

* Appointed 15 August 2011
** Resigned 31 October 2011
*** Appointed 7 June 2012

Service Agreement

The Managing Director, Dr Matthew James is an employee of the Company under an agreement signed on 1 August 2011. Under the terms of the contract:

- A salary package of $425,466 per annum including statutory superannuation
- Annual leave of 4 weeks
- An incentive component comprising 2,000,000 options to purchase fully paid ordinary shares in Forge with the following key terms:
  - Options were approved by Forge shareholders at AGM held 24 November 2011
  - Exercise Price of $0.54
  - Expiry date of 4 years from date of issue
  - Options to vest, 1,000,000 on the first anniversary date of employment and 1,000,000 in the event the Company is successful in raising a minimum of $15m at a price no less than $0.35 per share on or before 23rd March 2012.

End of audited Remuneration Report

SHARE OPTIONS

Numbers of options over unissued ordinary shares at the date of this report were as follows:

Options exercisable at $0.54 per share on or before 1 December 2015	75,000
Options exercisable at $0.56 per share on or before 10 September 2017	50,000
Options exercisable at $0.54 per share on or before 15 June 2015	900,000
Options exercisable at $0.54 per share on or before 1 December 2015	4,500,000
Options exercisable at $0.50 per share on or before 31 May 2014	6,500,000
Options exercisable at $0.50 per share on or before 31 May 2015	1,000,000
Options exercisable at $0.67 per share on or before 15 June 2015	600,000
Options exercisable at $0.20 per share on or before 31 July 2014	19,855,905

PERFORMANCE SHARES

The Performance Shares expired on 21 March 2012 and were replaced by ordinary shares in the Company as approved by a general meeting of shareholders held on 25 May 2012.

The terms and conditions of the 24,000,000 Performance Shares were as follows:

Rights attaching to the Performance Shares

(a) Each Performance Share is a share in the capital of the Company.

(b) The Performance Shares shall confer on the holder ("Holder") the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. Holders have the right to attend general meetings of Shareholders of the Company.

(c) The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company.

(d) The Performance Shares do not entitle the Holder to any dividends.

(e) Upon winding up of the Company, the Performance Shares may participate in the surplus profits or assets of the Company only to the extent of $0.000001 per Performance Share.

(f) The Performance Shares are not transferable.

(g) In the event that issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation.

(h) The Performance Shares will not be quoted on ASX. Upon conversion of the Performance Shares, and subject to escrow provisions, into Shares in accordance with these terms, the Company must within seven days after the conversion, apply for the Official Quotation of the Shares arising from the conversion on ASX.

(i) Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.

(j) The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

(a) The Performance Shares will convert into Shares in the capital of the Company upon either one of the Company's existing projects or, a project acquired after the Admission Date is identified as having a JORC compliant resource which supports a successful capital raising of at least $15,000,000 at a price not less than $0.35 per Share by the Company and the Company completing such a capital raising ("Milestone"). Upon completion of the Milestone, all Performance Shares will convert into 24,000,000 Shares in the capital of the Company;

(b) The Performance Shares will expire 18 months from the Admission Date ("Expiry Date").

(c) In the event that the Milestone is not achieved by the Expiry Date, then all Performance Shares held by a Holder will automatically convert into one Share.

(d) The Shares issued on conversion of the Performance Shares will, subject to any restriction agreements entered into in accordance with the Listing Rules, as and from 5.00pm (AEST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for Official Quotation of the Shares issued upon conversion.

(e) The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into the Shares.

(f) The Shares into which the Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

MEETINGS OF DIRECTORS

Attendances by each Director to meetings of Directors (including committee of Directors) during the year to 30 June 2013 were as follows:

	Directors Meetings		Audit Committee Meetings	
2013	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
Nicholas Curtis	6	6	-	-
Matthew James	6	6	-	-
Harold Ou Wang	6	6	2	-
Michael Wolley	6	6	1	1
Emmanuel Correia	6	6	2	1
2012				
Nicholas Curtis	13	12	-	-
Matthew James *	13	13	-	-
Harold Ou Wang	13	6	2	1
Michael Wolley **	1	1	-	-
Jim Malone***	1	1	1	1
Emmanuel Correia	13	13	2	2

* Appointed effective 15 August 2011
** Appointed 7 June 2012
*** Resigned 31 October 2011

During the year, some Board business was affected by execution of circulated resolutions.

INDEMNIFYING OFFICERS OR AUDITORS

Since the end of the financial year, the Company has paid a premium of $11,350 (2012: $7,880) in respect of a contract insuring the Directors and officers of the Company against a liability incurred by such Directors and officers to the extent permitted by the Corporations Act 2001. The Company has not otherwise, during or since the end of the year, indemnified or agreed to indemnify the auditor of the Company, or of any related body corporate, against a liability incurred by such the auditor.

PROCEEDINGS

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings in the year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The company advised on 22 August 2013 that the Western Australian Environmental Protection Authority (WA EPA) published the decision of the Minister for the Environment to approve the Balla Balla Export facility. On 17 June 2013, the WA EPA completed their assessment and published their recommended approval conditions. These approval conditions were open to public appeal until 1 July 2013. There were 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 State Minister for the Environment in accordance with Section 44 of the Environmental Protection Act 1986 (EPA Act).

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

On 24 September 2013 at the general meeting of shareholders, it was approved that Forge Group would sell 7% interest in the Balla Balla Project to the Todd Group for a consideration of $7 million. A resolution was also passed to change the name of the company to Rutila Resources Limited.

Other than described above there has not arisen in the interval since 30 June 2013 and up to the date of this report, any matter that, in the opinion of the Directors, has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's APES 110: Code of Ethics for Professional Accountants. `

Details of the amounts paid or payable to the auditors HLB Mann Judd (2012: Hall Chadwick) for non-audit services provided during the year are set out below.

	2013	2012
	$	$
(a) Taxation Services		
Tax compliance services, including review of Company income tax returns	10,550	4,250
Total remuneration for taxation services	10,550	4,250
(b) Advisory Services		
Consulting services	-	48,000
Total remuneration for advisory services	-	48,000
Total remuneration for non-audit services	10,550	52,250

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001 the auditor's independence declaration for year ended 30 June 2013 has been received and can be found on page 12 of the Annual Report and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.

Matthew James
Managing Director

Dated this 27 September 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

FORGE RESOURCES LTD
ACN 139 886 187

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Forge Resources Ltd for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to Forge Resources Ltd and the entities it controlled during the period.

Sydney, NSW	**M D Muller**
27 September 2013	**Partner**

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289
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Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

The Company has adopted a comprehensive system of control and accountability as the basis for the administration of corporate governance.

The Board is responsible to Shareholders for the overall management of the Company's business and affairs. The Directors' overriding objective is to increase Shareholder value within an appropriate framework, which protects the rights and interests of Shareholders and ensures the Company is properly managed.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Corporate Governance Principles and Recommendations (2nd edition) ("**Principles & Recommendations**") as published by ASX Corporate Governance Council, which are as follows:

Recommendation 1	Lay solid foundations for management and oversight;
Recommendation 2	Structure the Board to add value;
Recommendation 3	Promote ethical and responsible decision making;
Recommendation 4	Safeguard integrity in financial reporting;
Recommendation 5	Make timely and balanced disclosures;
Recommendation 6	Respect the rights of shareholders;
Recommendation 7	Recognise and manage risk;
Recommendation 8	Remunerate fairly and responsibly;

In accordance with recommendations of the ASX, information published on the Company's web site includes charters of Board and its subcommittees, codes of conduct and other policies and procedures relating to the Board and its responsibilities. A copy of the Company's Corporate Governance Statement can be found on the Company's website www.forgeresources.com.au under the Corporate Governance Section.

The Board will consider on an ongoing basis its Corporate Governance procedures and whether they are sufficient as the Company's activities develop in size, nature and scope.

The Board sets out below its "if not, why not" report. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, in accordance with ASX Listing Rule 4.10.3 the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

The table below summarises the eight principles and recommendations (P&R) and those recommendations not adopted by the Company.

	ASX P&R[1]	**If not, why not**[2]		**ASX P&R**[1]	**If not, why not**[2]
Recommendation 1.1	✔		Recommendation 4.3	✔	
Recommendation 1.2	✔		Recommendation 4.4[3]	✔	
Recommendation 1.3[3]	✔		Recommendation 5.1	✔	
Recommendation 2.1		✔	Recommendation 5.2[3]	✔	
Recommendation 2.2		✔	Recommendation 6.1	✔	
Recommendation 2.3	✔		Recommendation 6.2[3]	✔	
Recommendation 2.4		✔	Recommendation 7.1	✔	
Recommendation 2.5	✔		Recommendation 7.2	✔	
Recommendation 2.6[3]	✔		Recommendation 7.3	✔	
Recommendation 3.1	✔		Recommendation 7.4[3]	✔	
Recommendation 3.2	✔		Recommendation 8.1		✔
Recommendation 3.3	✔		Recommendation 8.2		✔
Recommendation 3.4	✔		Recommendation 8.3	✔	
Recommendation 3.5[3]	✔		Recommendation 8.4[3]	✔	
Recommendation 4.1	✔				
Recommendation 4.2		✔			

Notes

1 Indicates where the Company has followed the Principles and Recommendations.

2 Indicates where the Company has provided "if not, why not" disclosure.

3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1: *Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.*

Recommendation 1.2: *Companies should disclose the process for evaluating the performance of senior executives.*

Disclosure:

As contained in the Company's Corporate Governance Statement, the Chairman will review the performance of all Senior Executives on an ongoing basis by way of informal meetings and report his findings to the Board.

Recommendation 1.3: *Companies should provide the information indicated in the Guide to reporting on Principle 1.*

Disclosure:

A summary of the Company's Board Charter and functions reserved for the Board and Executive Chairman is available on the Company's website at www.forgeresources.com.au under the section marked Corporate Governance.

Principle 2 – Structure to the Board to add value

Recommendation 2.1: *A majority of the Board should be Independent Directors*

Notification of Departure:

1 of 5 Directors is classified as independent.

Explanation for Departure:

The Company's Constitution requires that the minimum number of Directors is 3. The Company presently has five Directors consisting of one Executive Director, three Non-Executive Directors and one Managing Director. Of the Directors, only Mr Emmanuel Correia, a Non-Executive Director is considered as independent. Mr Nicholas Curtis is the Executive Chairman and is a substantial shareholder of the Company, Dr Matthew James is the Managing Director of the Company, Mr Harold Wang is a Non-Executive Director and has been a principal of a material adviser to the Company and Mr Michael Wolley has been appointed as a representative of a related body corporate of Todd which purchased a 25% interest in Balla Balla and is a substantial shareholder of Forge.

The Board seeks to ensure that, where practical, a majority of the Board will be independent. The Board has adopted specific principles in relation to directors' independence. These specific principles are available on the Company's website at www.forgeresources.com.au under the section marked Corporate Governance.

Recommendation 2.2: *The Chair should be an independent director.*

Notification of Departure:

The Chair, Nicholas Curtis is not an independent Director by virtue of his shareholding in the Company.

Explanation for Departure

The Board believes that the composition of the Board is both appropriate and acceptable at this stage of the Company's development and includes an appropriate mix of skills and expertise, relevant to the Company's current business.

Recommendation 2.4: *The board should establish a nomination committee.*

Notification of Departure:

The Company has not established a separate Nomination Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a nomination committee.

Given the size of the Board and the Company's current operations, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it will operate under the Nomination Committee Charter. The Nomination Committee Charter provides for the Board to meet at least annually and otherwise as required.

Recommendation 2.5: *Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.*

Disclosure:

The full Board, in its capacity as the Nomination Committee, is responsible for evaluating the performance of the Board, its committees and individual Directors. The Board, committees and individual Directors are evaluated annually by way of informal meetings and/or internal questionnaires.

Recommendation 2.6: *Companies should provide the information indicated in the Guide to Reporting on Principle 2.*

Disclosure:

The independent Director, Emmanuel Correia is independent as he is a Non-Executive Director, not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgment.

To assist Directors with independent judgement, it is the Board's policy that the Directors may seek independent professional advice at the Company's expense, subject to prior consultation with the Chair of the Board.

The full Board carries out the role of the Nomination Committee. To assist the Board to fulfil its function as the Nomination Committee, it has adopted Remuneration and Nomination Committee Charter, which is publicly available on the Company's website at www.forgeresources.com.au under the section, marked Corporate Governance.

In determining candidates for the Board, the full Board in its capacity as the Nomination Committee follows a prescribed procedure which is publicly available on the Company's website at www.forgeresources.com.au under the section marked Corporate Governance.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Under the Company's Constitution, if there are 3 or more Directors then one third of the Directors (excluding the Managing Director) must retire at every annual general meeting. Retiring directors are eligible for re-election. Re-appointment of Directors is not automatic.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.2: *Companies should establish a policy concerning diversity and disclose the policy or summary of the policy.*

The entity has established a policy concerning diversity and has disclosed the policy or a summary of that policy on its website at www.forgeresources.com.au. The policy includes requirements for the board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success will be the result of the quality and skills of its people. The Company's policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. Due to the Company's small size, there is limited opportunity to measure the Company's commitment to its diversity policy during the 2013 financial year; however, the Board discuss its diversity policy at Board meetings where potential changes to the work force are discussed.

Forge is committed to maintaining diversity within its workforce at all levels, and to do this end sets a minimum target of 15% women in Board/Senior Executive Positions to encourage gender diversity. Such targets are important but the overriding factor will be the employment of the best person for the role. It is essential that the Company employees the best person for the job and that each person strives for a high level of performance.

Below are details of the Company's gender diversity numbers.

Gender Diversity	Male	Female
Total Staff (incl. Board)	9	2
Senior Executives/Directors	3	1
Non-Executive Directors	3	-

Recommendation 3.3: *Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.*

The entity has disclosed in the annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Recommendation 3.4: *Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.*

The entity has disclosed in the annual report the proportion of women employees in the whole organization and women in senior executive positions or on the Board.

Recommendation 3.5: *Companies should provide the information indicated in the Guide to reporting on Principle 3.*

Disclosure:

Forge has established a Code of Conduct and a Share Trading policy which all executives and employees are expected at a minimum to follow. The Company's Code of Conduct and Share Trading policy is available on the Company's website at www.forgeresources.com.au under the section marked Corporate Governance.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.2: *The audit committee should be structured so that it:*

- consists only of non-executive directors;
- consists of a majority of independent Directors;
- is chaired by an independent chair; who is not chair of the Board; and
- has at least three members.

Notification of Departure:

Currently the Audit Committee does not consist of a majority of independent Directors.

Explanation for Departure:

The full Board considers the current members of the Audit Committee have the requisite skill and background to carry out tasks pursuant to the Audit Committee Charter whilst maintaining independent thought and judgement.

Recommendation 4.4: *Companies should provide the information indicated in the* Guide to reporting on Principle 4.

Disclosure:

The Company has a Risk Management Policy and an Audit and Risk Management Committee Charter, a copy of which is available on the Company's website at www.forgeresources.com.au under the section marked Corporate Governance.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.2: *Companies should provide the information indicated in the Guide to reporting on Principle 5.*

Disclosure:

A summary of the Company's policy to guide compliance with ASX Listing Rule disclosure is available on the Company's website at www.forgeresources.com.au under the section marked Corporate Governance.

Principle 6 – Respect the rights of shareholders

Recommendation 6.2: *Companies should provide the information indicated in the Guide to reporting on Principle 6*.

Disclosure:

A summary of the Company's shareholder communication strategy is available on the Company's website at www.forgeresources.com.au under the section marked Corporate Governance.

Principle 7 – Recognise and manage risk

Recommendation 7.3: *the Board should disclose whether it has received assurance from the chief executive officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting.*

The Board intends to seek written assurance from the Managing Director and CFO (or equivalent) in relation to the above statement.

Recommendation 7.4: *Companies should provide the information indicated in the* Guide to Reporting on Principle 7.

The Company has established an Audit and Risk Management Committee to monitor and review on behalf of the Board the system of risk management, which the Company has established. This system aims to identify, assess, monitor and manage operational and compliance risks. In addition the Company has established a Risk Management policy to ensure that procedures are in place to identify, monitor and report on risks facing the Company.

A copy of the Audit and Risk Management Charter and the Risk Management policy is available on the Company's website at www.forgeresources.com.au under the section marked Corporate Governance.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1: The Board should establish a Remuneration Committee.

***Recommendation 8.2**:* The remuneration committee is structured so that it:

- *consists of a majority of independent directors*
- *is chaired by an independent chair*
- *has at least three members.*

Notification of Departure:

The Company has not established a separate Remuneration Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a remuneration committee.

Given the size of the Board and the Company's current operations, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it will operate under the Remuneration Committee Charter. The Remuneration Committee Charter provides for the Board to meet at least annually and otherwise as required.

Under the Remuneration and Nomination Committee Charter, the role of the Board (when convening as the Remuneration Committee) is to review the Company's remuneration practices and policies and establish appropriate remuneration levels including incentive policies for Directors and senior executives.

Recommendation 8.4: *Companies should provide the information indicated in the Guide to reporting on Principle 8.*

Disclosure:

As noted above, the full Board performs the function of the Remuneration Committee. To assist the Board to fulfil this function, it has adopted Remuneration and Nomination Committee Charter, a copy of which is available on the Company's website at www.forgeresources.com.au under the section marked Corporate Governance.

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.

There are no termination or retirement benefits for non-executive Directors (other than for superannuation).

It is the Company’s policy to prohibit transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

For the year ended 30 June 2013.

	Note	2013	2012
		$	$
Revenue	2	**219,132**	165,105
Consultancy expenses		**(1,330,323)**	(1,746,349)
Professional fees		**(98,387)**	(103,318)
Legal fees and listing fees		**(275,354)**	(1,158,685)
Employee benefits expenses		**(1,020,096)**	(683,822)
Occupancy expenses		**(150,467)**	(207,879)
Directors remuneration		**(128,305)**	(82,667)
Share-based payments		**-**	(7,920,000)
Equity-based compensation		**(92,476)**	(1,326,251)
Interest payable		**(4,175,854)**	(339,041)
Depreciation and amortisation expenses		**(7,225)**	(5,762)
Other expenses		**(475,046)**	(308,723)
Loss before income tax		**(7,534,401)**	(13,717,392)
Income tax expense	3	**-**	-
Loss after income tax		**(7,534,401)**	(13,717,392)
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	-
Other comprehensive income for the year		**-**	-
Total comprehensive loss for the year attributable to members of the Parent Entity		**(7,534,401)**	(13,717,392)
		Cents	**Cents**
Earnings per share			
From continuing operations:			
Basic and diluted loss per share	21	(9.35)	(17.67)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

As at 30 June 2013.

	Note	2013	2012
		$	$
CURRENT ASSETS			
Cash and cash equivalents	5	**2,045,419**	9,720,297
Trade and other receivables	6	**520,456**	459,120
Deposits	9	**-**	126,095
TOTAL CURRENT ASSETS		**2,565,875**	10,305,512
NON-CURRENT ASSETS			
Plant and equipment	7	**27,252**	16,406
Other Assets	8	**37,249,357**	33,280,609
Deposits	9	**234,900**	109,500
TOTAL NON-CURRENT ASSETS		**37,511,509**	33,406,515
TOTAL ASSETS		**40,077,384**	43,712,027
CURRENT LIABILITIES			
Trade and other payables	11	**6,479,170**	2,666,015
Employee provisions	12	**41,382**	47,255
Borrowings	13	**27,500,000**	-
TOTAL CURRENT LIABILITIES		**34,020,552**	2,713,270
NON-CURRENT LIABILITIES			
Borrowings	13	**-**	27,500,000
TOTAL NON-CURRENT LIABILITIES		**-**	27,500,000
TOTAL LIABILITIES		**34,020,552**	30,213,270
NET ASSETS		**6,056,832**	13,498,757
EQUITY			
Issued capital	14	**26,239,259**	26,239,259
Reserves		**1,588,614**	1,496,138
Accumulated losses		**(21,771,041)**	(14,236,640)
TOTAL EQUITY		**6,056,832**	13,498,757

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

For the year ended 30 June 2013.

	Ordinary Issued Capital	Performance Shares	Accumulated Losses	Share Based Payment Reserve	Total
	$	$	$	$	$
For the year ended 30 June 2013					
Balance at 1 July 2012	26,239,259	-	(14,236,640)	1,496,138	13,498,757
Total comprehensive loss for the year	-	-	(7,534,401)	-	(7,534,401)
Options issued under Employee Incentive Plan	-	-	-	92,476	92,476
Balance at 30 June 2013	26,239,259	-	(21,771,041)	1,588,614	6,056,832
For the year ended 30 June 2012					
Balance at 1 July 2011	4,231,631	1,315,200	(1,834,448)	1,887	3,714,270
Total comprehensive loss for the year	-	-	(13,717,392)	-	(13,717,392)
Cancellation of performance shares	-	(1,315,200)	1,315,200	-	-
Shares issued during the year	23,371,000	-	-	-	23,371,000
Transaction costs	(1,363,372)	-	-	-	(1,363,372)
Options issued on recognition of services provided	-	-	-	1,019,500	1,019,500
Options issued under Employee Incentive Plan	-	-	-	474,751	474,751
Balance at 30 June 2012	26,239,259	-	(14,236,640)	1,496,138	13,498,757

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

For the year ended 30 June 2013.

	Note	2013 $	2012 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		**23,004**	20,721
Payments to suppliers and employees		**(3,920,066)**	(2,500,263)
Interest received		**198,219**	146,268
Net cash used in operating activities	18(b)	**(3,698,843)**	(2,333,274)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(18,071)**	-
Exploration and evaluation expenditure		**(3,957,964)**	(1,255,298)
Acquisition of tenements		**-**	(30,705,000)
Net cash used in Investing activities		**(3,976,035)**	(31,960,298)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**-**	27,500,000
Proceeds from the issue of shares		**-**	15,000,000
Capital raising costs		**-**	(1,410,122)
Net cash provided by/(used in) financing activities		**-**	41,089,878
Net increase/ (decrease) in cash and cash equivalents held		**(7,674,878)**	6,796,306
Cash at beginning of year		**9,720,297**	2,923,991
Cash at end of year	18(a)	**2,045,419**	9,720,297

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1: Statement of Significant Accounting Policies

These consolidated financial statements and notes represent those of Forge Resources Ltd and controlled entities (the "consolidated group" or "group" of "Forge").

Forge Resources Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange under ASX code FRG.

The financial statements were authorised for issue on 27 September 2013 by the directors of the company.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern basis of accounting

At 30 June 2013 the consolidated group's current liabilities exceeded its current assets by $31,454,677 (30 June 2012- net current assets of $7,592,242) and incurred a loss after tax of $7,534,401 during the year ended 30 June 2013 (2012: $13,717,392). The major liability included in the net current liabilities at 30 June 2013 relates to a loan from The Todd Corporation ("Todd") which, together with accrued interest amounted to $32,014,895 at 30 June 2013. The loan had an initial term of two years (which ends in May 2014) which can be rolled 6 monthly at the option of Todd up to a maximum 10 year term. The board are currently negotiating with Todd for the repayment of this loan to be deferred and are confident that no amounts will be repayable until the consolidated group is in a position to repay Todd without prejudicing other creditors. Full terms of this loan are detailed in note 13.

Should Todd not agree to defer the repayment of this loan there is a material uncertainty as to whether the company will continue as a going concern.

Subsequent to the year end, as detailed in note 23, the consolidated entity was successful in raising $7,000,000 from the sale of part of its interest in a joint venture with Todd.

Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Forge Resources Ltd at the end of the reporting period. A controlled entity is any entity over which Forge Resources Ltd has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 22 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised as it accrues.

(c) Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where : (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less.

(e) Exploration and development expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are capitalised to the extent that they are expected to be recovered through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.
Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Provisions for restoration costs are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(f) Financial instruments

Initial recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).
Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Preferred shares

Preferred share capital is classified as equity if it is non-redeemable or redeemable only at the discretion of the parent Company, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon declaration by the directors.

Preferred share capital is classified as a liability if it is redeemable on a set date or at the option of the shareholders, or where the dividends are mandatory. Dividends thereon are recognised as interest expense in the statement of comprehensive income.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.
In the case of financial assets carried at amostied cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.
Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Employee benefits

Provision is made for the consolidated group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(i) Provisions

Provisions are recognised when the consolidated group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Earnings per share

Basic loss per share is determined by dividing the operating loss after income tax attributable to members of the Parent Entity by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share adjusts the figures used in the determination of basic loss per share by taking into account any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

When the consolidated group has an operating loss after income tax and the conversion of ordinary share capital in respect of potential ordinary shares does not lead to a diluted earnings per share that shows an inferior view of the earnings performance of the consolidated group, than is shown by basic loss per share, the diluted loss per share is reported the same as basic loss per share.

(k) Equity-settled compensation

The consolidated group may operate equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(l) Segment reporting

The consolidated group identifies its reportable operating segments based on the internal reports that are reviewed by the Board of Directors. Corporate office activities are not allocated to operating segment and form part of the balance of unallocated revenue, expenses, assets and liabilities.

(m) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

All repairs and maintenance are recognised as expenses in the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20 - 33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(n) Accounting Estimates and Judgments

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period is capitalisation and write-off of capitalised exploration costs.

The determination of when to capitalise and write-off exploration expenditure requires the exercise of judgement based on assessments of results, various assumptions and other factors such as historical experience, current and expected economic conditions.

(o) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Interests in Joint Ventures

The Group's shares of the assets, liabilities, revenue and expenses of jointly controlled operations have been included in the appropriate line items of the consolidated financial statements. Details of the Group's interests are provided in Note 10.

The Group's interests in joint venture entities are recorded using the equity method of accounting in the consolidated financial statements.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(r) Trade and Other Receivables

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(s) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognized as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(u) Leases

In determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.
Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(v) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

– AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2015).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

It is anticipated that the application of this standard will not have a material effect on the group's results or financial reports in future periods.

– AASB 10: Consolidated Financial Statements (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees.

It is anticipated that the application of this standard will not have a material effect on the group's results or financial reports in future periods.

– AASB 11: Joint Arrangements (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

It is anticipated that the application of this standard will not have a material effect on the group's results or financial reports in future periods.

– AASB 12: Disclosure of Interest in Other Entities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

It is anticipated that the application of this standard will not have a material effect on the group's results or financial reports in future periods.

– AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

It is anticipated that the application of this standard will not have a material effect on the group's results or financial reports in future periods.

	2013	2012
	$	$
Note 2: Revenue		
Non - operating activities		
- interest income	198,219	146,268
- other income	20,913	18,837
	219,132	165,105

	2013	2012
	$	$
Note 3: Income tax expense		
(a) The components of income tax expense comprise:		
Deferred tax	(2,220,275)	(983,349)
Deferred tax assets not recognised	2,220,275	983,349
	-	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on the loss from ordinary activities before income tax at 30% (2012: 30%)	(2,260,320)	(3,808,449)
Add:		
Tax effect of:		
Other non-allowable items	1,141	825
Share based payments expensed during year	27,743	2,824,275
Less:		
Tax effect of:		
Deferred tax assets not recognised	2,231,436	983,349
Income tax expense/(benefit)	-	-
Tax losses		
Deferred Tax Assets/(Liabilities) Not Brought to Account, the benefits of which will only be realised if the conditions for deductibility set out in Note (1c) occur:		
- Tax Losses	4,816,669	1,272,195
- Temporary Differences	(959,068)	425,508
Total	3,857,601	1,697,703

The taxation benefits will only be obtained if:

(i) the consolidated group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
(ii) the consolidated group continues to comply with the conditions for deductibility imposed by law; and
(iii) no changes in tax legislation adversely affect the consolidated group in realising the benefits from the deductions for the loss.

	2013	2012
	$	$
Note 4: Auditors' remuneration		
Remuneration of the auditor HLB Mann Judd (2012: Hall Chadwick) of the Parent Entity for:		
- auditing or reviewing the financial reports	76,650	51,068
- taxation services	10,550	4,250
- corporate services	-	48,000
	87,200	103,318

	2013	2012
	$	$
Note 5: Cash and cash equivalents		
Cash at bank and on hand	2,045,419	9,720,297
Note 6: Trade and other receivables		
Current		
Other receivables	520,456	459,120

(a) Effective interest rates and credit risk

There is no interest rate risk for the balance of trade and other receivables.

All amounts past due are considered impaired and provided against. All other receivables are within credit terms and not considered impaired. No amounts are past due as at 30 June 2013 (2012: Nil).

	Furniture, fittings and office equipment	Total
	$	$
Note 7: Plant and equipment		
Non-current		
Consolidated		
Year ended 30 June 2012		
Opening net book amount	22,168	22,168
Depreciation expense	(5,762)	(5,762)
Closing net book amount	16,406	16,406
At 30 June 2012		
Cost	23,833	23,833
Accumulated depreciation	(7,427)	(7,427)
Net book amount	16,406	16,406
Year ended 30 June 2013		
Opening net book amount	16,406	16,406
Additions	18,071	18,071
Depreciation expense	(7,225)	(7,225)
Closing net book amount	27,252	27,252
At 30 June 2013		
Cost	41,904	41,904
Accumulated depreciation	(14,652)	(14,652)
Net book amount	27,252	27,252

	2013	2012
	$	$
Note 8: Other Assets		
Non-current		
Tenements acquired	31,806,000	31,806,000
Expenditure capitalised	5,443,357	1,474,609
Carrying amount at end of the year	37,249,357	33,280,609

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and commercial exploitation of the tenements.

(1) Forge acquired the Balla Balla VTi Magnetite Project ("Balla Balla") from Atlas Iron Limited ("Atlas") on 31 May 2012. Following the acquisition, Forge subsequently sold 25% to and entered into an unincorporated Joint Venture ("JV") with a subsidiary of The Todd Corporation Limited of New Zealand ("Todd") for the development of Balla Balla.

(2) In September 2011 Forge achieved the right to explore and develop the Eucla West Mineral Sand Project by way of a farm in agreement whereby Forge has the right to earn 50.1% of the project by spending $2.0 million within two years. Forge may either elect to earn a further 28.9% (total 80%) by spending a further $4.0 million over a further three year period, or acquire the project outright with a payment of $7.5 million and the grant of a 1.5% gross sales royalty. Should Forge earn-in to 80%, the Company then has the right to acquire the project outright for a payment of $5 million and the grant of a 1.0% gross sales royalty. As at 30 June 2013 the amount spent is $1,383,190.

	2013	2012
	$	$
Note 9: Deposits		
Current		
Bank deposit – office lease	-	126,095
	-	126,095
Non-current		
Bank deposit – office lease	109,722	-
Bank deposit – tenement security	125,178	109,500
	234,900	109,500

The tenement security bank deposits are restricted so that they are available for any rehabilitation that may be required on exploration tenements. The bank deposits are interest earning.

Note 10: Joint Venture

(a) Interest in Joint Venture Operations

A controlled entity, Forge Resources Swan Pty Ltd, has a 75% interest in an unincorporated joint venture, whose principal activity is exploration of the Balla Balla asset. The Company is the manager of the unincorporated joint venture. The joint venture commenced on 31 May 2012.

The consolidated group's share of assets employed in the joint venture is:

	2013	2012
CURRENT ASSETS		
Receivables:		
– Other receivables	-	-
Total current assets	-	-

		2013 $	2012 $
NON-CURRENT ASSETS			
Other costs carried forward in respect of areas of interest:			
–	exploration development expenditure	2,605,720	185,990
–	Tenements	30,655,000	30,655,000
		33,260,720	30,840,990
Total non-current assets		33,260,720	30,840,990
Share of total assets of joint venture		33,260,720	30,840,990
Other Current Liabilities			
Sundry payables and accrued expenses		1,400,597	1,030,000
Non-current Liabilities			
Borrowings		-	-
Total Liabilities		1,400,597	1,030,000
Net interest in joint venture		31,860,123	29,810,990
Expenses		1,632,518	81,878

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

	2013 $	2012 $
Note 11: Trade and other payables		
Current		
Trade payables	263,270	592,841
Sundry payables and accrued expenses	1,701,005	2,073,174
Accrued interest	4,514,895	-
	6,479,170	2,666,015
Note 12: Employee provisions		
Annual leave	41,382	47,255
Note 13: Borrowings		
Current		
Secured liabilities:		
Loans	27,500,000	-
Non-current		
Secured liabilities:		
Loans	-	27,500,000
(a) The carrying amounts of non-current assets pledged as security are:		
Mortgage on interests in Balla Balla mining tenements	27,500,000	27,500,000

(b) Loan Summary

A wholly-owned subsidiary of The Todd Corporation Limited ("Todd Lender") has, under a Loan Facility Agreement, provided Forge Resources Swan Pty Ltd ("Forge Resources Swan") (a wholly-owned Forge subsidiary) with $27.5 million of senior secured debt secured over Forge's interests in the Balla Balla project. The loan was drawn down in full in May 2012. The loan has an initial two year term (which ends in May 2014), which can be rolled 6 monthly at the option of Todd Lender up to a maximum 10 year term. During the first two years, interest accrues at 15% per annum compounded annually, and during each rollover period it will accrue and compound six monthly at 5% per annum plus BBSW (bank bill swap rate) for the rollover period.

Under a Joint Venture Option Agreement entered into between the wholly-owned subsidiary of The Todd Corporation Limited which has an interest in the Balla Balla JV ("Todd JV Party") and Forge Resources Swan, Todd JV Party has an option to acquire an additional 7.5% interest in the Balla Balla JV from Forge Resources Swan for a fixed consideration of $36.4 million.

The option will expire on the earliest of: the date of first drawdown of project finance for the Balla Balla project; the date on which the loan under the Loan Facility Agreement is due to be repaid; and the end of 10 years (the "Expiry Date").

The option is open up to the Expiry Date but exerciseable only during any of the following periods:

(a) each period commencing on the date that Forge Resources Swan notifies the Todd JV Party of a project finance term sheet (for the financing of the Balla Balla project) and ending 6 business days after the earlier of:
   i. giving that notification; and
   ii. the Expiry Date; and

(b) the period commencing 4 months after the giving of any notification described in paragraph (a) above if Forge Resources Swan has signed a project finance term sheet and ending on the earlier of:
   i. the date that Forge Resources Swan notifies the Todd JV Party that project finance will not proceed; and
   ii. the Expiry Date.

If the option is exercised, Forge Resources Swan will on the relevant completion date transfer to the Todd JV Party an additional 7.5% interest in the Balla Balla JV. No cash will be paid by the Todd JV Party to Forge Resources Swan if the option completes after May 2014 – rather, Todd JV Party will pay the $36.4 million consideration to the Todd Lender which will constitute full or partial (depending on when paid) repayment of the loan amount (inclusive of accrued interest) by $36.4 million under the Loan Facility Agreement.

Should Forge be successful in obtaining and drawing down on a Project Finance Facility, and the option is not exercised, then Forge Resources Swan will be required to repay the loan from the Todd Lender from the proceeds of this project finance.

	2013 $	2012 $
Note 14: Issued capital		
80,557,667 (2012: 80,557,667) fully paid ordinary shares	26,239,259	26,239,259

	2013 No of shares	2013 $
(a) Fully paid ordinary shares		
Balance at beginning and end of reporting year	80,577,667	26,239,259

	2012 No of shares	2012 $
Fully paid ordinary shares		
Balance at beginning of reporting year	25,477,667	4,231,631
Issue of shares during the year:		
- Shares issued to WildSide (WA) P/L and Westover Holdings P/L in consideration for acquisition of tenements	1,100,000	451,000
- Shares issued during the year	30,000,000	15,000,000
- Shares issued during the year replacing performance shares	24,000,000	7,920,000
Transaction costs	-	(1,363,372)
Balance at end of reporting year	80,577,667	26,239,259

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote.

Ordinary shares have no par value.

	2013 No of shares	2013 $
(b) Performance shares		
Balance at beginning and end of reporting year	-	-

	2012 No of shares	2012 $
Performance shares		
Balance at beginning of reporting year	24,000,000	1,315,200
Cancellation of share during the year:		
- Shares cancelled 31 May 2012	(24,000,000)	(1,315,200)
Balance at end of reporting year	**-**	**-**

The Performance Shares will convert into Shares in the capital of the Company upon either one of the Company's existing projects or, a project acquired after the Admission Date was identified as having a JORC compliant resource which is able to support a capital raising of at least $15,000,000 at a price not less than $0.35 per Share by the Company and the Company completing such a capital raising. All Performance Shares will convert into 24,000,000 Shares in the capital of the Company. The Performance Shares will expire in 18 months from the date of the Initial Public Offering of the Company. In the event that the Milestone is not achieved by the Expiry Date, then all Performance Shares held by a Holder will automatically be forfeited. The performance shares expired and were forfeited on 21 March 2012.

(c) Options over unissued shares	2013 No	2012 No
Options		
Balance at beginning of reporting year	32,455,905	20,455,905
Issued during the year	1,025,000	14,300,000
Lapsed during the year	-	(2,300,000)
Balance at end of reporting year	33,480,905	32,455,905

75,000 options with the exercise price of $0.54 and expiry date of 1 December 2015 were issued on 11 September 2012.

50,000 options with the exercise price of $0.56 and expiry date of 10 September 2017 were issued on 11 September 2012.

100,000 options with the exercise price of $0.54 and expiry date of 15 June 2015 were issued on 11 September 2012.

800,000 options with the exercise price of $0.54 and expiry date of 15 June 2015 were issued on 11 September 2012, and approved by shareholders at the Annual General Meeting held 28 November 2012.

4,500,000 options with the exercise price of $0.54 and expiry date of 1 December 2015 were issued on 1 December 2011 to Directors and employees of the Company as approved by shareholders at the Annual General meeting held 24 November 2011.

6,500,000 options were issued to Tio (NZ) Limited (a subsidiary of Todd) on 31 May 2012 with an exercise price of $0.50 and expiry date two years from the date of issue. These options were approved at a general meeting of shareholders on 25 May 2012 and have been independently valued at $851,500.

1,000,000 options were issued to Riverstone Advisory Limited on 31 May 2012 with an exercise price of $0.50 and expiry date three years from the date of issue. These options were approved at a general meeting of shareholders on 25 May 2012 and have been independently valued at $168,000.

6,333,569 options were issued on 21 September 2010 to shareholders at the initial public offer of which 477,664 were converted to ordinary shares during the year ended 30 June 2012.

600,000 options were issued on 27 June 2011 to Geoff Atkins pursuant to the employee share plan.

13,000,000 options were issued on 1st November 2009 to the founding investor/shareholder group. Of this amount 1,100,000 were issued to Directors of the Company in their capacity as founding investor/shareholders.

1,000,000 options were issued in two tranches (633,333 on 15th March 2010 and 333,334 on 11th May 2010) as part of the seed capital raising undertaken by the Company. The Company issued 1,000,000 fully paid ordinary shares at an issue price of $0.10, plus each applicant received one free option for every three seed shares subscribed for. Of these 1,000,000 options, 166,668 were issued to two Directors as part of their respective seed capital applications.

(d) Capital management

When managing capital, management’s objective is to ensure the consolidated group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the consolidated group.

Management adjusts the capital structure to the extent possible to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 15: Interests of key management personnel (KMP)

Names and positions held of Company key management personnel in office at any time during the year were:

N Curtis (appointed 1 July 2010)	Non-executive Chairman
M James (appointed 15 August 2011)	Managing Director
H Ou Wang (appointed 1 July 2010)	Non-executive Director
M Wolley (appointed 7 June 2012)	Non-executive Director
E Correia (appointed 8 October 2009)	Non-executive Director
J Malone (appointed 1 July 2010) (Resigned 31 October 2011)	Non-executive Director
Shane Hartwig	Company Secretary
Geoff Atkins	Senior Project Manager

Refer to the Remuneration Report contained in the Directors’ Report for details of the remuneration paid or payable to each member of the Company’s key management personnel for the year ended 30 June 2013.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2013 $	2012 $
Short-term employee benefits	810,132	651,261
Post-employment benefits	42,675	38,152
Share-based payments	85,894	8,394,757
	938,701	9,084,170

(a) KMP share holdings

The number of ordinary shares in Forge Resources Ltd held directly and indirectly by each key management personnel of the Company during the year is as follows:

	Balance at beginning of year or date of appointment	Granted as compensation	Issued on exercise of options	Other changes	Balance at end of year or date of resignation or cessation
2013					
N Curtis	28,250,000	-	-	-	28,250,000
M James	410,000	-	-	128,703	538,703
H Ou Wang	350,000	-	-	-	350,000
M Wolley	-	-	-	-	-
E Correia	325,001	-	-	-	325,001
G Atkins	100,000	-	-	-	100,000
S Hartwig	382,501	-	-	-	382,501
Total	29,817,502	-	-	128,703	29,946,205

	Balance at beginning of year or date of appointment	Granted as compensation	Issued on exercise of options	Other changes	Balance at end of year or date of resignation or cessation
2012					
N Curtis	4,000,000	-	-	24,250,000	28,250,000
M James ***	350,000	-	-	60,000	410,000
H Ou Wang	350,000	-	-	-	350,000
M Wolley **	-	-	-	-	-
E Correia	325,001	-	-	-	325,001
G Atkins	100,000	-	-	-	100,000
S Hartwig	382,501	-	-	-	382,501
J Malone *	375,000	-	-	-	375,000
Total	5,882,502	-	-	24,310,000	30,192,502

* Resigned 31 October 2011
** Appointed 7 June 2012
*** Appointed 15 August 2011

(b) KMP option holdings

	Balance at beginning of year or date of appointment	Granted as compensation	Issued on exercise of options	Other changes	Balance at end of year or date of resignation or cessation
2013					
N Curtis	1,333,334	-	-	-	1,333,334
M James	3,616,667	-	-	-	3,616,667
H Ou Wang	1,416,667	-	-	-	1,416,667
M Wolley	-	-	-	-	-
E Correia	858,334	-	-	-	858,334
G Atkins	733,334	-	-	-	733,334
S Hartwig	877,501	-	-	-	877,501
Total	8,835,837	-	-	-	8,835,837

	Balance at beginning of year or date of appointment	Granted as compensation	Issued on exercise of options	Other changes	Balance at end of year or date of resignation or cessation
2012					
N Curtis	1,333,334	-	-	-	1,333,334
M James ***	116,667	-	-	3,500,000	3,616,667
H Ou Wang	116,667	-	-	1,300,000	1,416,667
M Wolley **	-	-	-	-	-
E Correia	608,334	-	-	250,000	858,334
G Atkins	633,334	-	-	100,000	733,334
S Hartwig	627,501	-	-	250,000	877,501
J Malone *	125,001	-	-		125,001
Total	3,560,838	-	-	5,400,000	8,960,838

* Resigned 31 October 2011
** Appointed 7 June 2012
*** Appointed 15 August 2011

(c) KMP performance shares holdings

The performance shares expired and were forfeited on 21 March 2012. Ordinary shares totalling 24,000,000 were issued to Nicholas Curtis on 31 May 2012 with the value of $7,920,000.

Note 16: Employee benefits

Superannuation

The consolidated group makes contributions based on each employee's salary to superannuation plans that provide employees with benefits on retirement in accordance with the requirements of superannuation legislations.

Employee incentive plan

The Company has established the Forge Resources Limited Employee Share Trust ("EST") for the purpose of retaining and incentivising its key personnel. A summary of the main terms of the EST is as follows:

i. The trustee of the Forge Resources Limited Employee Share Trust is Trinity Management Pty Limited ("Trustee").

ii. The Board will administer the EST in accordance with the terms of the governing Deed ("Terms") (and any other terms prescribed by the Board for the operation of the EST which are consistent with the Terms).

iii. The Board has discretion to determine which employees, Directors, executives or contractors are invited to apply to the Trustee for Share Units ("Eligible Employee"). The Company has absolute discretion to determine the number of Share Units to be issued to an Eligible Employee.

iv. The Board may from time to time suspend operation of, or cancel, the EST.

v. Subject to the ASX Listing Rules and to specified restrictions in the Terms, the Board may at any time by written instrument or by resolution, amend all or any of the provisions of the Terms, and make amendments to the Terms, or structure of an offer, as they apply in respect of foreign jurisdictions where such amendments would be appropriate for tax purposes, as determined by the Board.

vi. When the performance shares are converted to Shares, they will rank pari passu in all respects with the other Shares of the Company from the date of issue.

vii. The Company must not make an offer under the EST where the grant of the performance shares, Options or Shares contemplated by the offer would result in the Company exceeding the limit that applies under ASIC Class Order 03/184. Class Order 03/184 prescribes that the aggregate of all offers of securities in the same class in the previous 5 years under the EST must not exceed 5% of the issued capital of the Company at the time of the offer. There are certain types of issues, which are exempt from this calculation, including offers made pursuant to a disclosure document.

viii. At the time participating employees wish to redeem or encash their holding, bonus share units are issued by the Trustee to enable full share value to be received including any growth over the holding period. The Company's contribution is limited to the issue of Shares in the Company.

ix. The share units provide to unit holders substantially the same rights in respect of the performance shares which are allocated to the share units as if the unit holders were the legal owners of the performance shares, excluding the rights to:

    (a) direct the Trustee how the voting rights attached to the performance shares shall be exercised; and

    (b) receive the income derived from the performance shares including dividends declared in respect of the shares, until such time that the performance shares are converted to Shares.

x. In general, the share units are not transferable.

xi. Any entitlement to share units, which have not vested, will be forfeited if a participant resigns from employment with the Company or ceases employment for any other reason.

xii. Subject to the ASX Listing Rules, in the event of a takeover, scheme of arrangement or other change of control as determined by the Board in respect of the Company, share units may, at the discretion of the Board, vest on a pro rata basis in accordance with an assessment of performance.

Fair value of options granted

The assessed fair value of options granted during the year ended 30 June 2013 was $0.071 per option (2012: $0.418). The fair value at grant date is determined using the Black Scholes option model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at granted date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate of the term of the option.

The models input for options granted during the year ended 30 June 2012 include the expected price volatility based on the historic volatility of companies in the mining sector.

The value of 24,000,000 shares issued to Nicholas Curtis was based on the share price of the Company on the date of issue.

Note 17: Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the period a sum of $902,000 (2012: $1,958,486) and no options (2012: 1,000,000 options (independently valued at $168,000)) was paid to Riverstone Advisory (Riverstone), a firm involved in the provision of merger and acquisition advisory services to the natural resource sector. Riverstone provided project management and other management support services as well as advisory services relating to the potential acquisitions the Company is currently reviewing. Nicholas Curtis is a Director and shareholder of Riverstone.

Additionally payments were made to Peloton Capital Pty Ltd of $26,400 (2012: $325,000) and Cardrona Energy Pty Ltd of $ nil (2012: $25,000) for corporate advisory and Company management services prior to full time executive management being appointed to the Company. Emmanuel Correia is a Director of Peloton Capital Pty Ltd and Cardrona Energy Pty Ltd.

Key management personnel

Details of the compensation of key management personnel are included in Remuneration Report section of the Directors Report.

	2013	2012
	$	$
Note 18: Notes to statement of cash flows		
(a) Reconciliation of cash		
Cash at bank and on hand	2,045,419	9,720,297
(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities		
Loss from ordinary activities after income tax	(7,534,401)	(13,717,392)
Depreciation and amortisation	7,225	5,762
Non-cash expense – consultancy expenses	-	168,000
Non-cash expense – share based payments	92,476	1,326,251
Non-cash expense – performance shares	-	7,920,000
Non-cash expense – Interest payable accrued	4,175,854	-
Changes in assets and liabilities relating to operations:		
- Increase (Decrease) in creditors and accruals	(372,789)	2,368,398
- Increase (Decrease) in provisions	(5,873)	45,806
- Decrease (Increase) in receivables	(61,335)	(450,099)
Net cash used in operating activities	(3,698,843)	(2,333,274)

(c) Non-cash Financing and Investing Activities

Shares issued:

On 14 October 2011 1,100,000 Ordinary Shares were issued at $0.41 cents as consideration for the acquisition of mining tenements for the Eucla West project to Wild Side (WA) P/L & Westover Holdings P/L (Vendors) as part of option agreement.

On 31 May 2012 24,000,000 ordinary shares were issued at $0.33 to Nicholas Curtis for no consideration.

On 31 May 2012 1,000,000 options were issued with an exercise price of $0.50 and expiry date three years from the date of issue. These options have been independently valued at $168,000.

Note 19: Segment information

Identification of reportable segments

The consolidated group has identified its reportable segments based on the location of its exploration assets.

The primary business segment and the primary geographic segment within which the Company operates are minerals and energy exploration in Australia respectively.

Note 20: Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the consolidated group's risk management framework. The consolidated group's risk management policies are established to identify and analyse the risks faced by the consolidated group, to set appropriate risk limited and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated group's activities.

The consolidated group's activities expose it to a limited number of financial risks as described below. The consolidated group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the consolidated group. To date, the consolidated group has not had the need to utilise derivative financial instruments such as foreign exchange contracts or interest rate swaps to manage any risk exposure identified. The consolidated group holds the following financial instruments.

	2013	2012
	$	**$**
Financial assets		
Cash and cash equivalents	2,045,419	9,720,297
Trade and other receivables	520,456	459,120
Deposits	234,900	235,595
Total	2,800,775	10,415,012
Financial liabilities		
Trade and other payables	1,964,275	2,666,015
Borrowings	32,014,895	27,500,000
Total	33,979,170	30,166,015

Specific financial risk exposures and management

The main risks the consolidated group is exposed to through its financial instruments are interest rate risk, credit risk and liquidity risk.

Interest rate risk

The consolidated group's main interest exposure arises from cash at bank, bank term deposits and mortgage loans as at the reporting date, the consolidated group had the following cash profile.

	2013	2012
	$	**$**
Cash at bank and in hand	2,045,419	9,720,297
Loans	(32,014,895)	(27,500,000)
Total	(29,969,476)	(17,779,703)

The consolidated group's main interest rate risk arises from cash and cash equivalents. The cash in the investment account earns a floating interest rate between 3.00% and 4.50%. The loans carry fixed interest of 15%.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. At 30 June 2013 the Group had no material exposure to foreign currencies and therefore no sensitivity analysis has been performed.

Credit risk

Credit risk is managed on a consolidated group basis. Credit risk arises from cash and cash equivalents, deposits and banks as well credit exposure including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. In respect of the parent entity, credit risk relates to loans with subsidiary and associated companies. In order to achieve stated corporate objectives, the parent entity provides financial support to subsidiary and associated companies, but only to the level, which the Board considers necessary to achieve these objectives and meets agreed conditions. Any loans to subsidiary and associated companies considered to be unrecoverable have been provided for.

Liquidity risk

The consolidated group maintains sufficient liquidity by holding cash in readily accessible accounts. The consolidated group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The consolidated group's financial assets $2,565,875 (2012: $10,305,512) and financial liabilities $33,941,965 (2012: $30,166,015) have a maturity within 12 months of 30 June 2013, however, management are currently negotiating with The Todd Corporation to defer $32,041,895 of the financial liabilities to be due more than 12 months after 30 June 2013.

Fair value

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective net fair values unless otherwise noted, determined in accordance with the accounting policies disclosed in the Statement of Accounting Policies.

Sensitivity analysis

The following table illustrates sensitivity to the consolidated group's exposure to reasonably probable changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. This sensitivity assumes that the movement in a particular variable is independent of other variables.

	Profit $	Equity $
Year ended 30 June 2013		
+/- 1% in interest rates	+/- 20,454	+/- 20,454
Year ended 30 June 2012		
+/- 1% in interest rates	+/- 97,203	+/- 97,203

	2013	2012
Note 21: Earnings per share		
Operating loss after income tax used in the calculation of basic and diluted loss per share	(7,534,401)	(13,717,392)
	No	**No**
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	80,577,667	77,650,818

	Cents per share	Cents per share
Basic earnings per share	(9.35)	(17,67)
Diluted earnings per share	(9.35)	(17,67)

Note 22: Controlled Entities

Controlled Entities Consolidated

Subsidiaries of Forge Resources Ltd	Country of incorporation	Percentage Owned (%)	
		2013	2012
		%	%
Forge Resources Swan Pty Limited	Australia	100	100
Forge Resources Crown Pty Limited*	Australia	100	100
Forge Balla Balla Investments Pty Ltd*	Australia	100	100

* Acquired on incorporation for a consideration of $2. There has been no trading to date.

Note 23: Events occurring after the reporting period

The company advised on 22 August 2013 that the Western Australian Environmental Protection Authority (WA EPA) published the decision of the Minister for the Environment to approve the Balla Balla Export facility. On 17 June 2013, the WA EPA completed their assessment and published their recommended approval conditions. These approval conditions were open to public appeal until 1 July 2013. There were 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 State Minister for the Environment in accordance with Section 44 of the Environmental Protection Act 1986 (EPA Act).

On 24 September 2013 at the general meeting of shareholders, it was approved that Forge Group would sell 7% interest in the Balla Balla Project to the Todd Group for a consideration of $7 million. A resolution was also passed to change the name of the company to Rutila Resources Limited.

Other than described above there has not arisen in the interval since 30 June 2013 and up to the date of this report, any matter that, in the opinion of the Directors, has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

The financial report was authorised for issue on 27 September 2013 by the Board of Directors.

Note 24: Reserves

The share-based payments reserve records items recognised as expenses on valuation of employee share options.

	2013 $	2012 $
Note 25: Capital and Leasing Commitments		
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments:		
– Within one year	167,734	172,739
– Later than one year but not later than five years	410,859	-
	578,593	172,739

The property lease is a non-cancellable lease with a 36-month term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased 4% per annum. The lease allows for subletting of all lease areas.

	2013 $	2012 $
Expenditure Commitments		
Minimum expenditure commitments for mining tenements (including JV commitments):		
– Within one year	630,749	704,870
– Later than one year but not later than five years	1,222,333	1,796,685
– Later than five years	1,541,241	-
	3,394,323	2,501,555

Note 26: Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2013 $	2012 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	2,101,557	10,186,459
Non-current assets	4,436,806	5,104,738
TOTAL ASSETS	6,538,362	15,291,197
LIABILITIES		
Current liabilities	481,530	1,344,229
TOTAL LIABILITIES	481,530	1,344,229
EQUITY		
Issued capital	26,239,259	26,239,259
Retained earnings	(21,771,041)	(13,788,429)
Option reserve	1,588,614	1,496,138
TOTAL EQUITY	6,056,832	13,946,968
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	(7,982,612)	(13,269,181)
Total comprehensive loss	(7,982,612)	(13,269,181)

Guarantees

Forge Resources Ltd has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contractual commitments

As at 30 June 2013, Forge Resources Ltd had expenditure commitments of $337,513. These have been included in Note 26 above. Forge Resources Ltd had not entered into any other contractual commitments for the acquisition of property, plant and equipment.

Note 27: Contingent Liabilities

As part of the Balla Balla transaction with Atlas Iron Limited, as detailed in Note 8, Atlas is entitled to receive a 4% royalty from the initial 5.5 million tonnes of contained Fe within magnetite concentrate sales and 200,000 tonnes of contained TiO_2 within ilmenite sales.
Upon completion of the 4% royalty tonnages, the royalty shall drop to 1% of revenue on remaining tonnages up to a total of 36 million tonnes of contained Fe within magnetite concentrate sales and 1.2 million tonnes of contained TiO_2 within ilmenite sales.
The value of these royalty streams will be determined by the price achieved at the time these tonnages are sold by Forge.

Further royalties of $0.5/tonne ore original vendor royalties and 5% W.A. Government royalties are also payable.

Note 27: Contingent Liabilities (Continued)

As payment of all the royalties mentioned above are dependant on future production, and given the inherit uncertainty in estimating the quantum and timing of production, it is not possible at this stage to quantify the value of the contingent liability.

Note 28: Company Details

REGISTERED OFFICE
Level 24
56 Pitt Street
Sydney NSW 2000

PRINCIPAL PLACE OF BUSINESS
Level 24
56 Pitt Street
Sydney NSW 2000

In accordance with a resolution of the Directors of Forge Resources Ltd, I declare that in the opinion of the Directors:

1. the financial statements and notes, as set out on pages 19 to 46, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the consolidated group;

2. the Chief Executive Officer and Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Australian Accounting Standards; and

   (c) the financial statements and notes for the financial year comply give a true and fair view.

3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated this 27 September 2013

Matthew James
Managing Director

HLB Mann Judd

Accountants | Business and Financial Advisers

FORGE RESOURCES LTD
ACN 139 886 187

INDEPENDENT AUDITOR'S REPORT

To the members of Forge Resources Ltd

Report on the Financial Report

We have audited the accompanying financial report of Forge Resources Ltd ("the company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, given to the directors of the company on 27 September 2013, would be in the same terms if provided to the directors as at the time of this auditor's report.

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HLB Mann Judd

FORGE RESOURCES LTD
ACN 139 886 187

INDEPENDENT AUDITOR'S REPORT
(continued)

Opinion

In our opinion:

(a) the financial report of Forge Resources Ltd is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 8 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Forge Resources Ltd for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 1 (Going concern basis of accounting) in the financial report, which indicates that the consolidated entity incurred a net loss of $7,534,401 during the year ended 30 June 2013 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $31,454,677. These conditions, along with other matters as set forth in Note 1 (Going concern basis of accounting), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Matters relating to the electronic presentation of the audited financial report and remuneration report

This auditor's report relates to the financial report and remuneration report of Forge Resources Ltd for the financial year ended 30 June 2013 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and remuneration report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report and remuneration report.

HLB Mann Judd

M. Muller

HLB Mann Judd
Chartered Accountants

M D Muller
Partner

Sydney, NSW
27 September 2013

Additional Australian Securities Exchange information as at 3 September 2013.

Number of holders of equity securities

Fully Paid Ordinary Shares

80,577,667 fully paid ordinary shares are held by 546 individual shareholders .

All issued ordinary shares carry one vote per share.

Options

19,855,905 Options ($0.20 Ex Price, 31st July 2014 Expiry) held by 236 individual shareholders.

75,000 options with the exercise price of $0.54 and expiry date of 1 December 2015 were issued on 11 September 2012.

50,000 options with the exercise price of $0.56 and expiry date of 10 September 2017 were issued on 11 September 2012.

100,000 options with the exercise price of $0.54 and expiry date of 15 June 2015 were issued on 11 September 2012.

800,000 options with the exercise price of $0.54 and expiry date of 15 June 2015 were issued on 11 September 2012, and approved by shareholders at the Annual General Meeting held 28 November 2012.

600,000 Unlisted options ($0.67 exercise price, 15 June 2015 expiry) held by one employee.

6,500,000 options were issued on 31st May 2012 with an exercise price of $0.50 and expiry date two years from the date of issue.

1,000,000 options were issued on 31 May 2012 with an exercise price of $0.50 and expiry date three years from the date of issue.

4,500,000 options were issued on 1 December 2011 with an exercise price of $0.54 and expiry date four years from the date of issue.

Performance Shares

24,000,000 Performance Shares held by one holder (24,000,000 subject to ASX escrow).

The Performance Shares expired on 21 March 2012 and were replaced by 24,000,000 ordinary shares, with a total value of $7,920,000, issued to Nicholas Curtis as approved by a general meeting of shareholders held on 25 May 2012.

Distribution of holders of equity securities

Category (Size of Holdings)	Ordinary Shares holders	Option holders
1 - 1,000	108	3
1,001 - 5,000	95	96
5,001 - 10,000	105	23
10,001 - 100,000	174	88
100,001 and over	65	26
	547	236
Holding less than a marketable parcel	152	121

Substantial Shareholders

The names of the substantial shareholders listed in the Forge Resources Ltd register as at 3 September 2013 were:

	Fully paid ordinary shares	
Holders	Number	Percentage
TIO (NZ) LIMITED	16,000,000	19.86%
TRINITY MANAGEMENT PTY LTD <FORGE RESOURCES EMPLOYEE SHARE>	13,750,000	17.06%
NYCO PTY LTD <NA CURTIS SUPER FUND A/C>	10,250,000	12.72%
	40,000,000	49.64%

Twenty largest holders of quoted ordinary shares	**Fully Paid Ordinary Shares**	
	Number	**%**
TIO (NZ) LIMITED	16,000,000	19.86
TRINITY MANAGEMENT PTY LTD <FORGE RESOURCES EMP SHARE AC>	13,750,000	17.06
NYCO PTY LTD <NA CURTIS SUPER FUND A/C>	10,250,000	12.72
AUSTRALIA CONGLIN INTERNATIONAL INVESTMENT GROUP PTY LTD	5,000,000	6.21
NYCO PTY LTD <CURTIS S/FUND A/C>	4,250,000	5.27
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	2,831,870	3.51
NATIONAL NOMINEES LIMITED	1,244,567	1.54
KELLY BROOKVALE PTY LIMITED <BURST SUPER FUND A/C>	1,165,900	1.45
MR ANDREW CLIVE BEDE ROSS + MRS MARY-LOUISE ROSS <ARML SUPER FUND A/C>	1,000,000	1.24
BRADFIELD & PRICHARD REAL ESTATE CONSULTANTS PTY LTD <BENSON & GUTH RETIRE FND A/C>	814,171	1.01
MRS YAO XU <XIAO LIU A/C>	671,634	0.83
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	655,003	0.81
WESTOVER HOLDINGS PTY LTD	550,000	0.68
QUOTIDIAN NO 2 PTY LIMITED	544,462	0.68
MR REINHARD GREGG <COLORFORM EXEC SUPER A/C>	529,347	0.66
MR REGINALD STEWART INGLIS <R S INGLIS SUPER FUND A/C>	503,000	0.62
BRADFIELD & PRICHARD REAL ESTATE CONSULTANTS P/L <BENSON&GUTH RETMNT FUND A/C>	500,000	0.62
SAYERS INVESTMENTS (ACT) PTY LTD	475,000	0.59
MR TIMOTHY PETER HAMILTON WEARNE	462,905	0.57
SILMAR PTY LTD <SUPER FUND ACCOUNT>	454,611	0.56
Total	**61,652,470**	**76.51**
Remainder	**18,925,197**	**23.49**
Grand Total	**80,577,667**	**100.00**

Twenty largest holders of quoted options	Fully Paid Ordinary Options Number	%
ENCOUNTER INVESTMENTS PTY LTD <ENCOUNTER INVESTMENTS A/C>	2,655,000	13.37
CANGU PTY LTD <CANGU FAMILY A/C>	2,384,999	12.01
MR KELVIN ROBERT SMITH <GALLERY INVESTMENT A/C>	1,350,000	6.80
WILKES HOLDINGS PTY LTD	1,333,334	6.72
GEBA PTY LTD <GEBA FAMILY A/C>	936,503	4.72
SENTIDO ENA NOMINEES PTY LTD	730,000	3.68
MADEIRA NOMINEES PTY LTD	683,334	3.44
MR DANIEL CORREIA <THE DANS A/C>	670,000	3.37
MR EMMANUEL CORREIA	566,667	2.85
MR GEOFF BARNES	500,000	2.52
MR SHANE ANTHONY HARTWIG	500,000	2.52
JALONEX INVESTMENTS PTY LTD	437,500	2.20
P G HOWARTH PTY LTD	426,618	2.15
TRANSOCEAN SECURITIES PTY LTD	425,000	2.14
LITTLE BREAKAWAY PTY LTD	403,334	2.03
JJ HOLDINGS (VIC) PTY LTD <SUMMERLEA S/FUND A/C>	400,000	2.01
MOOSEHEAD PTY LIMITED	283,334	1.43
NUMBER 7 INVESTMENTS PTY LTD <SUPERANNUATION FUND A/C>	250,000	1.26
JOHN DENOON AND ASSOCIATES PTY LTD	212,976	1.07
MRS MARGARET ANNE DOWNES	205,000	1.03
Total	**15,353,599**	**77.33**
Remainder	**4,502,306**	**22.67**
Grand Total	**19,855,905**	**100.00**

ASX Confirmations and Waivers

As disclosed previously, during the year ended 30 June 2012, Forge obtained funding from Todd Capital Limited ("Todd") (a wholly-owned subsidiary of The Todd Corporation Limited) and its related bodies corporate which enabled Forge to complete the purchase of Balla Balla from Atlas, and Forge Resources Swan Pty Ltd ("Forge Resources Swan") (a wholly-owned subsidiary of Forge) entered into an unincorporated joint venture with a related body corporate of Todd ("Todd JV Party") for the development of Balla Balla. In connection with these transactions Forge obtained from the ASX various waivers of, and confirmations regarding, certain ASX Listing Rules. These waivers and confirmations require Forge to disclose certain information in this annual report, as follows.

1. **Joint Venture Agreement**

Under a Joint Venture Agreement entered into between Forge Resources Swan and Todd JV Party, the Balla Balla project is to be operated as an unincorporated joint venture with Forge Resources Swan having an initial 75% interest and Todd JV Party having an initial 25% interest.

The Joint Venture Agreement contemplates various circumstances in which one joint venturer might transfer all or part of their joint venture interest to the other. In summary, these circumstances include as follows (based on a 2 party joint venture scenario).

(a) Change of control or less than minimum interest

Where a joint venturer ceases to be a subsidiary of its ultimate holding company or has less than a 7.5% interest in the joint venture (in each case the "First Party"), the other joint venturer ("Other Party") may by notice to the First Party and the joint venture manager cause the First Party to make a deemed offer to sell its entire interest in the joint venture to the Other Party.

The purchase price for the First Party's joint venture interest will be a fair market price as determined by an independent expert (such expert to be one nominated by the Institute of Arbitrators & Mediators Australia), unless the circumstances of the transaction are such that none of ASX Listing Rule 10.1, 11.1.2 or 11.2 has any potential application (in which case the price will be a fair market price agreed between the parties, with expert determination only required if the parties cannot agree the price within 30 days after the deemed sale offer is made). The Other Party has 60 days, from the date the purchase price has been agreed or determined, within which to accept the offer. Completion is to occur within 60 days after acceptance.

In circumstances where Forge or a related body corporate of Forge receives a deemed sale offer as per the above and ASX Listing Rule 11.1.2 applies to the acceptance of that deemed sale offer by the relevant Forge entity, it will not be entitled (or obliged) to accept the relevant offer unless Forge shareholders have approved the enforcement in accordance with that ASX Listing Rule.

(b) Default

If a joint venturer has not paid any monies it is required to pay under the Joint Venture Agreement within 14 days of the due date ("Defaulting Party"), the other joint venturer ("Non-Defaulting Party") may by notice to the Defaulting Party and the joint venture manager state that it wishes to purchase all (but not some only) of the Defaulting Party's interest in the joint venture (a "Buy-Out Election"). Where a Non-Defaulting Party makes a Buy-Out Election, it cannot enforce its charge under the Cross Security Deed (that document is summarised in section 11.5 of Forge's notice of general meeting dated 24 April 2012) unless the Defaulting Party suffers an insolvency event.

The purchase price for the First Party's joint venture interest will be a fair market price as determined by an independent expert (such expert to be one nominated by the Institute of Arbitrators & Mediators Australia), unless the circumstances are such that none of ASX Listing Rule 10.1, 11.1.2 or 11.2 applies to the transaction (in which case the price will be a fair market price agreed between the parties, with expert determination only required if the parties cannot agree the price within 14 days after the Buy-Out Election is made).

In circumstances where Forge or a related body corporate of Forge is the Non-Defaulting Party and ASX Listing Rule 11.1.2 applies to the enforcement of a Buy-Out Election by the relevant Forge entity, it will not be entitled to enforce a Buy-Out Election unless Forge shareholders have approved the enforcement in accordance with that ASX Listing Rule.

(c) Sole risk proposal - buy-in right

The Joint Venture Agreement contains a regime whereby one joint venturer can elect to develop and mine a deposit on a sole-risk basis if the joint venturers cannot agree that the joint venture will develop and mine such deposit.

Where a sole risk operation is undertaken, the non-participating joint venturer can elect to participate in the sole risk operation by purchasing an interest in the operation which is equal to the joint venturer's then percentage interest in the joint venture (a "re-buy interest"). The purchase consideration will be a cash amount equal to three times the amount of the non-participating joint venturer's percentage share (based on its percentage interest in the joint venture) of all costs and expenses incurred by the sole risking joint venturer up to the date of the other joint venturer's purchase election.

A Forge entity (ie. Forge or a related body corporate of Forge) which is the non-participating joint venturer may not elect to purchase a re-buy interest in circumstances where ASX Listing Rule 11.1.2 applies to the relevant purchase unless Forge shareholders have approved the transaction in accordance with that ASX Listing Rule.

2. Joint Venture Option Agreement

Under a Joint Venture Option Agreement entered into between Forge Resources Swan and Todd JV Party, Todd JV Party has an option to acquire an additional 7.5% interest in the Balla Balla joint venture from Forge Resources Swan.

The Joint Venture Option Agreement is summarised in Note 13(b) to the financial statements in this annual report. In addition to that summary, the following aspects of the Joint Venture Option Agreement should be noted.

- The 'completion date' of the option will be the later of the date of first drawdown of project finance and satisfaction of completion conditions (ie. receipt of any required regulatory approvals) (provided that if any completion conditions are not satisfied within 30 days after the drawdown date then either party can elect to not proceed with completion).
- If the option is exercised and project finance funds are not drawn down within 4 months after the date that Forge Resources Swan notifies Todd JV Party of a project finance term sheet, then Forge may cancel the transfer of the 7.5% interest in the Balla Balla joint venture. Todd JV Party may again exercise the option during any subsequent exercise period.

3. Top-up right

Under a Master Agreement that has been entered into between Forge and Todd Capital Limited (“Todd Capital”), there is a share top-up right regime under which the Todd group (being Todd Capital and its related bodies corporate) has, for the duration of the Joint Venture Agreement (referred to in section 1 above), a right to subscribe for additional Forge ordinary shares ("Forge shares") to maintain the Todd group's shareholding percentage in Forge if Forge issues additional shares to third parties other than in certain circumstances (eg. pursuant to a pro rata entitlement offer, pursuant to the exercise of existing options, or pursuant to the terms of an employee incentive plan which has been unanimously approved by directors). Generally speaking, the Forge shares will be issued to the Todd group at the same price as they have been issued to the relevant third party.

The issue of top-up shares is subject to all necessary regulatory approvals (including FIRB approval) and Forge shareholder approvals being obtained. The top-up right will apply for so long as the Todd group holds at least 10% of the Forge shares.

DIRECTORS
Mr Nicholas Curtis Non-Executive Chairman
Mr Matthew James Managing Director
Mr Harold Wang Non-Executive Director
Mr Emmanuel Correia Non-Executive Director
Mr Michael Wolley Non-Executive Director

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COMPANY SECRETARY
Mr Shane Hartwig

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