



Forge Resources Ltd

(ACN 139 886 187)

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Forge Resources Ltd ("**Forge**" or the "**Company**") will be held on **Thursday 24th November 2011 at 11 am** (Sydney time) at **Level 24, 56 Pitt Street, Sydney**. The Explanatory Memorandum accompanying this Notice of Annual General Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice.

The Directors have determined that, pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the persons eligible to vote at the Annual General Meeting are those who are registered holders of Shares as at 7pm (Sydney time) on **Tuesday 22nd November 2011**.

Terms and abbreviations used in this Notice are defined in the Glossary to the Explanatory Memorandum.

BUSINESS

FINANCIAL STATEMENTS

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2011 and the related Directors' Report and Auditors' Report.

Note: There is no requirement for Shareholders to approve these reports.

RESOLUTION 1: ADOPTION OF DIRECTORS' REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

"That the Directors' Remuneration Report for the year ended 30 June 2011 be adopted."

Note: In accordance with section 250R of the Corporations Act, the vote on Resolution 1 will be advisory only and will not bind the Directors or the Company.

Voting Exclusion Statement

The Company is required by the Corporations Act to disregard any votes cast on Resolution 1 by or on behalf of a member of the key management personnel of the Company ("**KMP**") (as identified in the Remuneration Report and who include all of the Directors); or their closely related parties (defined in the Corporations Act to include certain of their family members, dependants and companies they control), as well as any undirected votes given to a KMP as proxyholder. However, this restriction will not prevent a KMP or closely related party of a KMP casting a vote on Resolution 1 (and the Company need not disregard a vote cast) where the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1 (and the vote is being cast on behalf of a person who would not themselves be precluded from voting on Resolution 1).

RESOLUTION 2: ELECTION OF DIRECTOR (Mr Nicholas Curtis)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Nicholas Curtis, having been appointed in accordance with the Company’s Constitution as a director of the Company to fill a casual vacancy until the next annual general meeting, retires and, being eligible, offers himself for election, is hereby elected a director of the Company”.

RESOLUTION 3: ELECTION OF DIRECTOR (Mr Harold Wang)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Harold Wang, having been appointed in accordance with the Company’s Constitution as a director of the Company to fill a casual vacancy until the next annual general meeting, retires and, being eligible, offers himself for election, is hereby elected a director of the Company”.

RESOLUTION 4: RE-ELECTION OF DIRECTOR (Mr Emmanuel Correia)

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That Mr Emmanuel Correia, who retires in accordance with Rule 12.11 of the Company’s Constitution and, being eligible, offers himself for re-election as a Director of the Company, is hereby re-elected as a Director of the Company.

RESOLUTION 5: APPROVAL OF THE PRIOR ISSUE OF INCENTIVE OPTIONS

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the prior issue to Mr Geoff Atkins on 27th June 2011 of 600,000 Incentive Options to acquire fully paid ordinary shares in the capital of the Company, on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by Mr Geoff Atkins and any of his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 6: APPROVAL OF THE PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the prior issue on 14th October 2011 of 1,100,000 fully paid ordinary shares in the capital of the Company, on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting, to:

<i>Westover Holdings Pty Ltd</i>	<i>550,000 Shares</i>
<i>Wild Side (WA) Pty Ltd</i>	<i>550,000 Shares"</i>

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 6 by Westover Holdings Pty Ltd, Wild Side (WA) Pty Ltd and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 7: SHARE PLACEMENT FACILITY

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Directors be authorised to issue and allot up to 30,000,000 fully paid ordinary shares (**Shares**) in the capital of the Company at an issue price of not less than 80% of the average market price of the Shares (calculated over the 5 days on which sales of Shares were recorded on ASX before the day on which the relevant issue is made), with all such Shares to be issued within 3 months after the date of the Annual General Meeting to such persons as the Directors in their absolute discretion may determine and otherwise upon the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."*

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue of Shares and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 7 is passed, and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 8: ISSUE OF OPTIONS (Dr Matthew James)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That pursuant to and in accordance with section 208 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors of the Company to issue to or for the benefit of Dr Matthew James, options to subscribe for 3,000,000

fully paid ordinary shares in the capital of the Company at an exercise price of 54 cents per share, and otherwise on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 8 by Dr Matthew James and his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 9: ISSUE OF OPTIONS (Mr Harold Wang)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, subject to Resolution 3 being passed, pursuant to and in accordance with section 208 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors of the Company to issue to or for the benefit of Mr Harold Wang, options to subscribe for 1,000,000 fully paid ordinary shares in the capital of the Company at an exercise price of 54 cents per share, and otherwise on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 9 by Mr Harold Wang and his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 10: ISSUE OF OPTIONS (Mr Emmanuel Correia)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, subject to Resolution 4 being passed, pursuant to and in accordance with section 208 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors of the Company to issue to or for the benefit of Mr Emmanuel Correia, options to subscribe for 250,000 fully paid ordinary shares in the capital of the Company at an exercise price of 54 cents per share, and otherwise on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast in relation to Resolution 10 by Mr Emmanuel Correia and his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 11: ISSUE OF OPTIONS (Mr James Malone)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That pursuant to and in accordance with section 208 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors of the Company to issue to or for the benefit of Mr James Malone, options to subscribe for 100,000 fully paid ordinary shares in the capital of the Company at an exercise price of 54 cents per share, and otherwise on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast in relation to Resolution 11 by Mr James Malone and his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 12: ISSUE OF OPTIONS (Mr Shane Hartwig)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.1, and for all other purposes, the Company approves and authorises the Directors of the Company to issue to or for the benefit of Mr Shane Hartwig, options to subscribe for 250,000 fully paid ordinary shares in the capital of the Company at an exercise price of 54 cents per share, and otherwise on the terms set out in the Explanatory Memorandum accompanying the Notice of Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast in relation to Resolution 12 by Mr Shane Hartwig and his associates. However, the Company will not disregard a vote if:

- (a) it is cast as the proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 13: APPOINTMENT OF AUDITOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purpose of section 327B of the Corporations Act 2001 (Cth) and for all other purposes, Hall Chadwick, having been nominated by a Shareholder and consenting in writing to act in the capacity of auditor, be appointed as the auditor of the Company."

DATED: 25th October 2011

By order of the Board.

Shane Hartwig
Company Secretary

NOTES:

Explanatory Memorandum

This Notice of Annual General Meeting should be read in conjunction with the accompanying Explanatory Memorandum.

Eligibility to vote

In accordance with the Corporations Act and the Company's Constitution, a person's entitlement to vote at the Annual General Meeting will be determined by reference to the number of fully paid ordinary shares registered in the name of that person (reflected in the register of members) as at 7pm (Sydney time) on **Tuesday 22nd November 2011**.

Proxy votes

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

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

A proxy need not be a member.

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

Proxies must reach the Company at least forty eight (48) hours before the Annual General Meeting at which the person named in the Proxy Form proposes to vote (ie. by no later than 11am (Sydney time) on Tuesday 22nd November 2011). Proxies received after this time will not be valid.

The address for lodgement of proxies is:

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

Undirected proxies

The Chairman of the Annual General Meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions, except for Resolution 1 (Adoption of Directors' Remuneration Report).

Any undirected proxies held by the Chairman will not be voted on Resolution 1. The same will apply if you appoint any other Director of the Company or member of the key management personnel of the Company (as identified in the Remuneration Report and include all of the Directors) or their closely related parties (defined in the Corporations Act to include certain of their family members, dependants and companies they control) as a proxy and do not direct them on how to vote on Resolution 1.

Accordingly, if you appoint the Chairman of the Annual General Meeting (or any of the persons referred to in the previous paragraph) as your proxy, you should direct him or her to vote on Resolution 1 if you want your Shares to be voted on that item of business.

Power of Attorney

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

Bodies Corporate

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

Questions for the Auditor

Under section 250PA of the Corporations Act, Shareholders may submit written questions for the auditor up to five business days before the date of the Annual General Meeting. Shareholders wishing to do so may send their questions to the Company c/- Level 5, 56 Pitt Street Sydney NSW 2000, and the Company will pass them on to the auditor.

2011 Annual Report

Copies of the Company's 2011 Annual Report for the financial year ending 30 June 2011 ("**Annual Report**") comprising the Annual Financial Report, Directors' Report and Auditor's Report of the Company and the Company's controlled entities will be distributed to those Shareholders requesting a physical copy of these documents. The Company's Annual Report is able to be viewed at the Company's website at www.forgeresources.com.au.

Enquiries

Shareholders are invited to contact the Company Secretary, Shane Hartwig on (02) 9259 4422 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY MEMORANDUM

FORGE RESOURCES LTD

INTRODUCTION

This Explanatory Memorandum has been prepared to assist Shareholders in considering the Resolutions set out in the Company's Notice of Annual General Meeting. This Explanatory Memorandum forms part of, and should be read in conjunction with, the Company's Notice of Annual General Meeting, for the Company's Annual General Meeting to be held at **Level 24, 56 Pitt Street Sydney** on **Thursday 24th November 2011 at 11am (Sydney time)**.

Terms used in this Explanatory Memorandum are defined in the Glossary at page 14 of this Explanatory Memorandum.

BUSINESS

FINANCIAL STATEMENTS

The Corporations Act requires that the Annual Financial Report (including the financial statements of the Company and its controlled entities for the year ended 30 June 2011) and the related Directors' Report and Auditor's Report to be laid before the Annual General Meeting.

Although not requiring a vote of Shareholders, the Chairman of the Annual General Meeting will allow a reasonable opportunity for Shareholders to ask questions about or make comments on the management of the Company, and also to ask questions the Company's auditor who will be available to answer questions relating to the Auditor's Report.

ASX Listing Rule 7.1 – Background to Resolutions 5, 6, 7 and 12

(a) Listing Rule 7.1

ASX Listing Rule 7.1 restricts the number of equity securities (including ordinary shares and options to acquire ordinary shares) that a listed company may issue or agree to issue in any 12 month period, without the approval of shareholders, to 15% of the number of ordinary shares on issue at the start of the period, subject to certain adjustments and permitted exceptions. Any equity securities which the company has issued, or has agreed to issue, with the approval of shareholders under ASX Listing Rule 7.1 will not count towards the 15% in 12 months limitation.

(b) Listing Rule 7.4

ASX Listing Rule 7.4 provides that, where the shareholders of a company ratify an issue of equity securities that has already been made, the issue will be treated as having been made with requisite approval for the purpose of ASX Listing Rule 7.1. The result is that the relevant securities will not, following the time of shareholder approval, count towards the 15% in 12 months limitation.

(c) General

The Company is taking the opportunity to seek Shareholder approval for the purposes of Listing Rules 7.1 and 7.4 in connection with the issue or prior issue (as applicable) of the Incentive Options (Resolution 5), the Shares (Resolution 6), the Placement Facility Shares (Resolution 7) and the Options (Resolution 12). If Resolutions 5, 6, 7 and 12 are approved, the securities referred to in those resolutions will not be counted towards any future calculation of the 15% limit under ASX Listing Rule 7.1.

As noted on page 8 of this Explanatory Memorandum, if the proposed issue of options to the Directors (Resolutions 8 to 11) are approved, those options (and Shares issued upon the exercise of such options) will also not be counted towards any future calculation of the 15% limit under ASX Listing Rule 7.1

RESOLUTION 1: ADOPTION OF DIRECTORS' REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act, the Board is presenting the Company's Remuneration Report for the year ended 30 June 2011 to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report appears within the Directors' Report in the Company's Annual Report and describes the remuneration practices of the Company and the rationale underpinning those practices.

The Board is committed to creating value for Shareholders by applying the Company's funds productively and responsibly. A portion of the funds available to the Company is applied to remunerate your Non-Executive Directors.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the resolution.

RESOLUTION 2: ELECTION OF DIRECTOR (Mr Nicholas Curtis)

Nicholas Curtis was appointed to the Board 1st July 2010. Under Rule 12.7(b) of the Company's Constitution, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Directors must retire at the next annual general meeting and will then be eligible for election.

Mr Curtis retires in accordance with Rule 12.7(b) and, being eligible, offers himself for election as a Director.

Mr Curtis 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.

Mr Curtis is also Executive Chairman of Lynas Corporation Limited and has been involved with that company since mid-2001. Lynas' strategy is to create a reliable, fully integrated source of rare earths supply from mine through to customers in the global rare earths industry.

Mr Curtis has gained extensive industry knowledge from his early career as a banker to the resources industry and from his time spent as the President and Chief Executive Officer of Sino Mining International Limited, which he established in 1996. Sino Mining International Limited was then a wholly-owned subsidiary of China National Nonferrous Metals Industry Corporation ("CNNC"), a large Chinese trading company. Following disbandment of CNNC, Mr Curtis established Sino Mining Limited, which became Sino Gold Mining Limited ("Sino Gold") and was the Chairman until November 2005. Sino Gold was an Australian public company, also listed on the Hong Kong Stock Exchange, with gold assets in China. Sino Gold was purchased by Eldorado Gold Corporation of Canada in December 2009.

Prior to his time with Sino Gold, Mr Curtis held the positions of Executive Director of Macquarie Bank Limited and Managing Director of Asia Resource Capital Limited, a joint venture between Macquarie Bank Limited and CNNC.

Mr Curtis also served as Chairman of St Vincents & Mater Health Sydney Limited from 2004–2009 and is currently a Director on the boards of the Sisters of Charity Health Service and the Garvan Institute of Medical Research.

Directors' Recommendation

The Directors (with Mr Nicholas Curtis abstaining) unanimously recommends that Shareholders vote in favour of the election of Mr Nicholas Curtis.

RESOLUTION 3: ELECTION OF DIRECTOR (Mr Harold Ou Wang)

Mr Harold Wang was appointed to the Board 1st July 2010. Under Rule 12.7(b) of the Company's Constitution, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Directors must retire at the next annual general meeting and will then be eligible for election.

Mr Wang retires in accordance with Rule 12.7(b) and, being eligible, offers himself for election as a Director.

Mr 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.

Mr Wang previously worked for China National Non-ferrous Metals Corporation (CNNC), China's non-ferrous sector 'ministry' and former parent of CHINALCO, CNMC, JNMC, Minmetals and many other non-ferrous majors. Mr Wang was Deputy Director of CNNC's planning department, overseeing new investment projects, and Foreign Affairs Department. In his role at CNNC Mr Wang was in charge of all international funding for CNNC for a period of 10 years.

Mr Wang 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. Mr Wang held the position of Executive Director and President of Lynas Corporation Limited. Harold studied at Tsinghua University, Beijing for his Master's degree of Engineering in early 1980s.

Directors' Recommendation

The Directors (with Mr Harold Ou Wang abstaining) unanimously recommends that Shareholders vote in favour of the election of Mr Harold Ou Wang.

RESOLUTION 4: RE-ELECTION OF DIRECTOR (Mr Emmanuel Correia)

Rule 12.11 of the Company's Constitution provides that, at each annual general meeting of the Company, one third of the Directors (not including persons appointed to fill a casual vacancy) must automatically retire from office and, if eligible, may offer themselves for re-election. Mr Emmanuel Correia retires in accordance with Rule 12.11 and, being eligible, offers himself for re-election as a Director.

Mr Correia was appointed to the Board on 8th October 2009 and is a Chartered Accountant and has extensive experience in the corporate finance and equity capital markets. Mr Correia has had over 20 years public accounting and corporate finance experience both 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.

Mr Correia provides corporate advice to a diverse client base both in Australia and in overseas markets. Mr Correia 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. Mr Correia is also the Company Secretary of Bluglass Ltd and Jatoil Ltd.

Directors' Recommendation

The Directors (with Mr Emmanuel Correia abstaining) unanimously recommends that Shareholders vote in favour of the re-election of Mr Emmanuel Correia.

RESOLUTION 5 APPROVAL OF THE PRIOR ISSUE OF INCENTIVE OPTIONS

5.1 Background

Pursuant to Resolution 5, the Company is asking shareholders to approve and ratify the prior issue to Mr Geoff Atkins of 600,000 Incentive Options for the purposes of ASX Listing Rule 7.4. Each Incentive Option confers on Mr Atkins the right, but not the obligation, to subscribe for one Share (subject to and in accordance with the terms of issue of the Incentive Options).

Mr Geoff Atkins is a key employee of the Company and as part of his remuneration package the Board resolved to include a Long Term Incentive component to assist in further aligning the goals of the Company and Mr Atkins.

If Resolution 5 is approved, the prior issue of 600,000 Incentive Options will not count towards the 15% in 12 month limitation in ASX Listing Rule 7.1 as described above.

5.2 Details

The following information is provided to Shareholders for the purposes of the requirements of ASX Listing Rule 7.5:

- 600,000 Incentive Options were issued to Mr Geoff Atkins on 27th June 2011;
- The Incentive Options were issued for Nil consideration;
- The Incentive Options were issued to Mr Geoff Atkins;
- The funds raised from any exercise of the Incentive Options will be used for the Company's general working capital purposes;
- The Incentive Options are as follows:
 - (a) The Options will vest to the Holder on the following basis:
 - (i) 50% (300,000) upon the 12 month anniversary date of the Holder's employment with the Company, being 31st May 2012; and
 - (ii) 50% (300,000) in the event the Company is successful in raising at least \$15 million in equity at a price not less than \$0.35 per share on or before 23rd March 2012
 - (b) Each Option entitles the holder to one Share in the capital of the Company.
 - (c) The Options are to be exercised by completing an Option exercise form and providing payment for the number of Shares in respect of which the Options are exercised, to the registered office of the Company.
 - (d) The exercise price of the Options is \$0.67 each and the Options expire on 15 June 2015 (**Expiry Date**).
 - (e) The Options are transferable.
 - (f) All Shares issued upon exercise of Options will rank pari passu in any respects with the Company's then issued Shares. The Company will apply for Official Quotation by the ASX of all Shares issued upon exercise of Options.
 - (g) There are no participating rights and entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising their Options. However, the Company will ensure that optionholders will be allowed ten business days notice to convert their Options to Shares to participate in an entitlement issue on the same basis as Shareholders.
 - (h) If any takeover bid (including by way of scheme of arrangement or otherwise) is publicly announced in respect of the Company, then the following provisions apply in relation to the takeover bid:
 - (i) the Company must promptly give written notice of the takeover bid to the optionholder whereupon all Options (which have not lapsed or expired), notwithstanding anything to the contrary, must be exercised at any time prior to the expiry of the later of:
 - A. 60 days after receiving such notice; and
 - B. the date that a takeover bid (which is recommended for acceptance by the Board) becomes unconditional,("Takeover Exercise Period") or, if applicable, within the further seven day period referred to in (iv) below.
 - (ii) The dates referred to in paragraph (h)(i)(A) and (B) above only apply where they occur before the Expiry Date. For the avoidance of doubt, where the Expiry Date occurs before a date referred to in (h)(i)(A) or (B), the Options must be exercised on or before the Expiry Date.
 - (iii) If, during the Takeover Exercise Period, the person making the takeover bid ("bidder") offers to grant options in the capital of the bidder ("Replacement Options") to the optionholder (and, for the avoidance of doubt, this does not obligate the Company in any way to procure such an offer from the bidder) in consideration for the

cancellation or acquisition of the Options, the optionholder may, in their discretion, accept such Replacement Options instead of exercising their Options.

- (iv) If no offer of Replacement Options is made during the Takeover Exercise Period and accepted, the optionholder has (other than in the case of a scheme of arrangement) a further seven days' grace after the expiry of the Takeover Exercise Period within which to exercise their Options (**Grace Period**), whereupon unexercised Options will lapse. For the avoidance of doubt, where the Expiry Date occurs before the end of the Grace Period, the Options must be exercised on or before the Expiry Date. In the case of a scheme of arrangement, the Options will lapse at the end of the Takeover Exercise Period.
- (v) If the takeover bid lapses or is withdrawn or closes without being recommended for acceptance by the Board, whether the bid is conditional or unconditional, then the provisions of all the paragraphs hereof will revive in respect of any unexercised Options which Options will remain on foot.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date of the Options, the number of Options or the exercise price of the Options, or both, shall be reconstructed in accordance with the Listing Rules.
- (i) Adjustment for bonus issues
If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the optionholder would have received if the optionholder had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the exercise price of the Options.
- (j) Adjustment for pro rata issue

If the Company makes a pro rata issue of Shares or other securities to existing Shareholders (other than a bonus issue or an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the five trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the resolution.

RESOLUTION 6 APPROVAL OF THE PRIOR ISSUE OF SHARES

6.1 Background

On 29th September 2011, the Company announced that it had agreed terms with Wild Side (WA) Pty Ltd and Westover Holdings Pty Ltd (the "**Vendors**") surrounding the Farm-In by the Company into 50.1% of certain Exploration Licenses collectively referred to as the Eucla Basin Mineral Sands Project. The Vendors are the current registered owners of the Project.

One of the conditions of the Farm-In Agreement was that Forge was to issue the Vendors 1,100,000 Shares as recompense for past exploration expenditure. The Vendors agreed to a voluntary 3 months escrow on trading these Shares. These Shares were subsequently issued on 14th October 2011 and pursuant to Resolution 6, the Company is asking Shareholders to approve and ratify the issue of these 1,100,000 Shares for the purposes of ASX Listing Rule 7.4 and for all other purposes.

If Resolution 6 is approved, the issue of 1,100,000 Shares will not count towards the 15% in 12 month limitation under ASX Listing Rule 7.1.

6.2 Details

The following information is provided to Shareholders for the purposes of the requirements of ASX Listing Rule 7.5:

- the number of Shares that were allotted were 1,100,000 Shares;
- the Shares were issued at a deemed issue price of \$0.45 per Share;
- the Shares issued were fully paid ordinary shares ranking equally in all respects with all other Shares on issue;
- 550,000 Shares were issued to Wild Side (WA) Pty Ltd and 550,000 Shares were issued to Westover Holdings Pty Ltd;
- the Shares were issued as part of the consideration payable by Forge to Farm-In to 50.1% of certain Exploration Licenses collectively referred to as the Eucla Basin Mineral Sands Project, in accordance with the Company's announcement to ASX on 29th September 2011;
- there were Nil funds raised from the issue of these Shares.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

RESOLUTION 7 APPROVAL OF THE SHARE PLACEMENT FACILITY

7.1 Background

Resolution 7 seeks the approval of Shareholders for a share placement facility of up to 30,000,000 Shares, which the Directors may utilise to raise additional working and/or acquisition capital for the Company.

As per the Company's charter and recent announcements, the Company continues to review and consider potential project acquisitions which may require material amounts of capital to be raised to fund project acquisition costs, development and/or working capital or a combination of all three.

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

As noted earlier in this Explanatory Memorandum, ASX Listing Rule 7.1 restricts the number of equity securities (including ordinary shares and options to acquire ordinary shares) that a listed company may issue or agree to issue in any 12 month period, without the approval of shareholders, to 15% of the number of ordinary shares on issue at the start of the period, subject to certain adjustments and permitted exceptions.

Shareholder approval is being sought under ASX Listing Rule 7.1 for the issue of up to 30,000,000 Shares in the Company.

7.2 Details

The following information is provided to Shareholders for the purposes of the requirements of ASX Listing Rule 7.3:

- the maximum number of securities that may be issued under Resolution 7 is 30,000,000 Shares;
- any Shares issued in accordance with Resolution 7 will be issued and allotted within 3 months from the date of the Annual General Meeting;

- the Shares will be issued at a price which is not less than 80% of the average market price of the Shares, calculated over the 5 days on which sales of Shares were recorded on ASX before the day on which the relevant issue is made;
- as at the date of this Notice of Annual General Meeting there has been no decision by the Directors to issue any Shares. Accordingly, the names of any allottees or proposed allottees are not known. However, it is likely that the Directors would only allot Shares to those persons in respect of whom a prospectus or other disclosure document is not required to be prepared and given (eg. institutional investors and other sophisticated investors);
- any Shares issued pursuant to Resolution 7 will rank equally in all respects with existing Shares on issue;
- funds raised by the issue of any Shares will be used to fund project acquisition costs, development and/or working capital or a combination of all three; and
- it is not known whether any allotments will occur as a single allotment or will occur progressively. However, it would be likely that any issue of Shares will be made as a single allotment.
- Set out in the table below is the capital structure of Forge before and after the issue of the Shares proposed under the Share Placement Facility:

Issued Capital	Before the issue of Shares Under the Share Placement Facility	After the issue of Shares Under the Share Placement Facility
Ordinary Shares:	27,777,667	57,777,667
Options (Expire 31/07/14, Exercise price of \$0.20)	19,855,905	19,855,905
Unlisted options (Expire 15/06/15, Exercise price of \$0.67)	600,000	600,000
Unlisted performance shares (no voting or dividend rights)	24,000,000	24,000,000

- Set out below is the intended allocation percentage of the funds raised pursuant to the proposed Share Placement Facility:

Proposed Allocation	%
Project Acquisition and Development Costs	80%
Working Capital	15%
Costs of the Share Placement Facility	5%
Total	100%

RESOLUTIONS 8 to 12: APPROVAL FOR ISSUE OF OPTIONS TO DIRECTORS AND COMPANY SECRETARY

Shareholder approval is being sought in Resolutions 8 to 12 to grant a total of 4,600,000 options (each of which confers on the holder the right, but not the obligation, to subscribe for one Share) (collectively the "**Options**") to Directors and the Company Secretary as follows:

- (a) 3,000,000 Options are to be issued to Dr Matthew James, Managing Director;

Note: The Company announced on the 15th August 2011 that Dr James had been appointed to the role of Managing Director and that a component of his remuneration package was to be the issue of 2,000,000 options to acquire fully paid ordinary shares in the Company. The Board has resolved to increase this amount of options to 3,000,000 in total, subject to Shareholder approval, on the terms set out in this Explanatory Memorandum.

- (b) 1,000,000 Options are to be issued to Mr Harold Ou Wang, Non-Executive Director;

- (c) 250,000 Options are to be issued to Mr Emmanuel Correia, Non-Executive Director;
- (d) 100,000 Options are to be issued to Mr James Malone, Non-Executive Director; and
- (e) 250,000 Options are to be issued to Mr Shane Hartwig, Company Secretary.

The proposed terms of the Options are set out at Annexure A to this Explanatory Memorandum.

Forge currently provides no long term equity incentive for its Directors. Industry trends are providing equity incentives to company directors as a means of reducing cash out-flow and giving directors a performance related incentive. The Board considers that the current state of the Company and achievements to date warrant the issue of Options to Directors.

The Directors may decide to issue all or some of the Options pursuant to the Company's Executive Share Trust in which case the Options would be issued to the trustee of the Executive Share Trust for the benefit of the relevant Director or Company Secretary.

The grant of the Options is designed to encourage a greater involvement by Directors and the Company Secretary in the achievement of the Company's objectives and to provide them with an opportunity to participate in the future growth of the Company through equity ownership.

The Company recognises that the grant of the Options to non-executive Directors would not comply with the ASX's Principles of Good Corporate Governance and Best Practice Recommendations. However, under the Company's current circumstances, the Directors consider that the incentive represented by the grant of these Options is a cost effective means of rewarding and incentivising Directors, when compared to alternative forms of incentive such as the payment of additional cash compensation.

The number of Options to be granted to each of the Directors has been determined based upon considerations of appropriate remuneration and incentivisation:

- . the Directors wish to ensure that the remuneration offered is competitive with market. The Directors have reviewed a selection of comparable companies to determine market conditions generally and consider the proposed number of Options to be granted will ensure that the Directors' overall remuneration is in line with market standards.
- . Each Director will play a key and integral role in the future benefit of the Company - the grant of the Options will act as an incentive to ensure continuity of service.

Reasons for Shareholder Approval

ASX Listing Rule 10.11 states that a company must not issue, or agree to issue, equity securities (which includes options to acquire shares) to a related party of the Company without the approval of ordinary shareholders. Each of the Directors is a related party of the Company, and accordingly Shareholder approval for the grant of the Options to Directors is sought under ASX Listing Rule 10.11. The Company Secretary is not a related party of the Company, but Shareholder approval for the issue of Options to the Company Secretary is nonetheless being sought for the purposes of ASX Listing Rule 7.1.

In accordance with ASX Listing Rule 7.2, as Shareholder approval is being sought under ASX Listing Rule 10.11 for the issue of Options to Directors, Shareholder approval is not required to be obtained under ASX Listing Rule 7.1. If the proposed issue of Options to the Directors and the Company Secretary (Resolutions 8 to 12) are approved, those Options (and Shares issued upon the exercise of

such Options) will also not be counted towards any future calculation of the 15% limit under ASX Listing Rule 7.1

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

Each of the Directors is a related party of the Company. Although the issue of Options to the Directors might be said to fall within a nominated exception under the Corporations Act for Shareholder approval (being reasonable remuneration of an officer or employee), your Directors consider it prudent to seek Shareholder approval nonetheless under the Corporations Act.

ASX Listing Rule 10.13 information

The following information is provided to Shareholders for the purposes of the requirements of ASX Listing Rule 10.13 (in the case of the proposed issue of Options to Directors):

- (a) the persons to whom Options will be issued, and the number to be issued to each of them, are set out on page 7 of this Explanatory Memorandum;
- (b) the maximum number of Options to be issued to Directors is 4,350,000 (with an additional 250,000 to be issued to the Company Secretary);
- (c) the Options are intended to be issued as soon as possible following the Annual General Meeting but in any event within one month of the date of the Annual General Meeting; and
- (d) the Options will be granted as incentive options and accordingly the Options will be issued for no consideration.

The terms of the Options are as set out in Annexure A to this Explanatory Memorandum. In addition, the Options will vest, and therefore become exercisable, in accordance with the following:

- i. Dr Matthew James – 3,000,000 Options in total
 - a) 1,500,000 Options will vest on the first anniversary date of employment, being 14 August 2012;
 - b) 1,500,000 Options will in the event the Company is successful in raising a minimum of \$15 million in equity at a price no less than \$0.35 per share on or before 23rd March 2012;
 - c) all Options will vest upon the public announcement of a change of control transaction for the Company
- ii. Mr Harold Ou Wang – 1,000,000 Options in total
 - a) 500,000 Options will vest upon issue;
 - b) 500,000 Options will vest in the event the Company is successful in raising a minimum of \$15 million in equity at a price no less than \$0.35 per share on or before 23rd March 2012
 - c) all Options will vest upon the public announcement of a change of control transaction for the Company
- iii. Mr Emmanuel Correia – 250,000 Options in total
 - a) All 250,000 Options will vest upon issue.
- iv. Mr James Malone – 100,000 Options in total
 - b) All 100,000 Options will vest upon issue.

No loans will be granted by the Company to any Option holder to enable them to exercise their Options in the future.

ASX Listing Rule 7.3 information

The following information is provided to Shareholders for the purposes of the requirements of ASX Listing Rule 7.3 (in the case of the proposed issue of Options to the Company Secretary):

- (a) the Options will be issued to Mr Shane Hartwig;
- (b) the maximum number of Options to be issued is 250,000;
- (c) the Options are intended to be issued and allotted within three months of the date of the Annual General Meeting; and
- (d) the Options will be granted as incentive options and accordingly the Options will be issued for no consideration.

The terms of the Options are as set out in Annexure A to this Explanatory Memorandum. The Options will not be subject to any vesting conditions. No loans will be granted by the Company to the Company Secretary to enable him to exercise the Options in the future.

Related Party Disclosures in Relation to the Grant of Options

The following additional disclosures are made for the purposes of Chapter 2E of the Corporations Act in respect of the proposed issue of Options to Directors:

(a) *The nature of the financial benefit*

The proposed financial benefit to be given is the grant of Options for no cash consideration.

(b) *Valuation of Options*

The Directors, in conjunction with the Company's advisers, have determined the value of the Options using the Black-Scholes/Hull White models for pricing of financial options. These valuation models use inputs including time to expiration, strike price, value of the underlying financial instrument, expected share volatility, exercise multiple, employee exit rate and the risk free interest rate.

The assumptions underlying the Black-Scholes / Hull-White valuation are as follows:

Share price (Ps)	=	\$0.418		
Exercise price (E)	=	\$0.54		
Maximum Option Life (t)	=	4 years		
Risk-free rate (r)	=	3.8%		
Expected share volatility (q) (1)	=	75%		
Employee exit rate (2)	=	5%		
Exercise multiple (3)	=	2		
Vesting period (4)	=	A) 10 months	B) 5 months	C) Nil
Po	=	\$0.164	\$0.160	\$0.159

(1) The historical volatility of the listed Forge shares, based on the standard deviation of the continuously compounded rate of return on the shares for the prior twelve months, adjusted for the historically high volatility of the market and the FRG shares, which is not expected to occur to the same extent in the future.

(2) The estimated annual employee exit turnover rate. As these options are being issued to Directors and the Company Secretary a low exit rate has been assumed.

- (3) The multiple of the stock price over the exercise price at which the option is exercised early and presumably the underlying stock sold or employee leaves employment or the Director ceases to hold office (as applicable). One of the shortcomings of the standard option valuation model (e.g. Black Scholes) is that the model presumes that the option can be traded and that the option is only exercised at expiry. For employee stock options, this is not the case. Therefore, the Hull White modified FASB 123R model allows for early exercise of the option on the basis that the underlying option cannot be traded. The model assumes that the option will be exercised where the underlying stock price is at a certain multiple of the option exercise price.
- (4) The following vesting periods have been assumed to determine the value of the options issued to each Director / Company Secretary:
- A) 10 months to 14 August 2012 for the Options being issued to Dr Matthew James that vest on the first anniversary date of employment;
 - B) 5 months to 23 March 2012 for the Options being issued to Dr Matthew James and Mr Harold Ou Wang subject to the Capital Raising vesting condition; and
 - C) Nil for those Options being issued to Mr Harold Ou Wang, Mr Emmanuel Correia, Mr James Malone and Mr Shane Hartwig that vest upon issue.

Based on the application of the Black-Scholes and Hull-White models above, the Company in conjunction with its advisers has prescribed an indicative valuation of the 4,350,000 Options to be issued to the Directors is **\$541,150**, calculated as follows:

Option holder	Number of Options	Value	Vesting Discount (1)	Total Value
Dr Matthew James	1,500,000	0.164	N/A	246,000
Dr Matthew James	1,500,000	0.160	50%	120,000
Mr Harold Ou Wang	500,000	0.159	N/A	79,500
Mr Harold Ou Wang	500,000	0.160	50%	40,000
Mr Emmanuel Correia	250,000	0.159	N/A	39,750
Mr James Malone	100,000	0.159	N/A	15,900
	4,350,000			541,150

- (1) The value of the Options subject to the Capital Raising vesting condition have been discounted by 50% to reflect the less than certain likelihood of achieving the Capital Raising in the time frame required.

- (c) *Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors*

Current securities on issue

As at the date of the Notice of Annual General Meeting the Company has the following Shares, Options and Performance Shares on issue:

Issued Capital:	
Ordinary Shares:	27,777,667
Options (Expire 31/07/14, Exercise price of \$0.20):	19,855,905
Unlisted options (Expire 15/06/15, Exercise price of \$0.67):	600,000
Unlisted performance shares (no voting or dividend rights):	24,000,000

Effect of Issue of Options under Resolutions 8 to 11

If all of the 4,600,000 Options proposed to be issued to Directors and the Company Secretary are issued and exercised the effect would be to dilute the shareholding of existing Shareholders. On a fully diluted basis (ie. assuming all of the existing options on issue are exercised and no other securities are issued), the Company has the equivalent of 52,833,572 Shares. The issue

of 4,600,000 Shares upon the exercise of the Options would result in a dilution of 8.7% (i.e. 4,600,000 Shares expressed as a percentage of the expanded Share capital of 52,833,572 Shares inclusive of the 250,000 Options proposed to be issued to the Company Secretary).

The market price of the Shares during the period of the Options will normally determine whether or not the Option holder will exercise the Options. At the time any Options are exercised and Shares are issued pursuant to their exercise, the Shares may be trading at a price which is higher than the exercise price of the Options.

Forge Share Price

The highest price of Shares trading on ASX during the past 12 months prior to 25th October 2011 was \$1.60 which occurred on 13th January 2011 and the lowest price of Shares trading on ASX during the past 12 months prior to 25th October 2011 was \$0.32 which last occurred on 21st June 2011. The most recent closing price of Shares trading on the ASX prior to the date of the Notice of Annual General Meeting was \$0.33 which occurred on 25th October 2011.

Current Remuneration of the Directors

The remuneration currently being received by the relevant Directors is disclosed in the Remuneration Report and is set out below:

Director	Salary per annum (Cash)	Director Fees per annum (Cash)
Dr Matthew James	\$370,000	Nil
Mr Harold Ou Wang	Nil	\$35,000
Mr Emmanuel Correia	Nil	\$35,000
Mr James Malone	Nil	\$35,000
Total	\$370,000	\$105,000

Role of Board with respect to Remuneration Matters

The number of Options to be issued to Directors was determined by the Board which in order to provide Directors with an appropriate mix of cash remuneration and remuneration by way of Options. The Options component of the remuneration provides a link to the medium term and long term strategies of growing the Company for the benefit of all Shareholders.

It is not considered that from an economic and commercial point of view there are any costs or detriments (other than an effect on earnings as set out below), including opportunity costs or taxation consequences, for the Company or benefits forgone by the Company resulting from the issue of the Options pursuant to Resolutions 8 to 11.

Effect on Earnings

There will be an effect on the Company's earnings for the period to 30th June 2012 in that the Company will likely recognise a share based payment expense in the Company's Profit and Loss Statement of \$84,715. This will have a corresponding increase in the Retained Losses in the Company's Balance Sheet as at 30th June 2012. The remaining \$496,185 will be amortised over the period 1st July 2012 to 30th November 2015.

Shares and Options held by Directors

The Shares and options to acquire Shares currently held directly and indirectly by the relevant Directors as at the date of the Notice of Annual General Meeting are set out below:

Director	Shares	Number of options held prior to issue of Options	Percentage of share capital on a fully diluted basis prior to issue of Options	Number of shares and options held after issue of Options	Percentage of Share Capital on a fully diluted basis after issue of Options
Dr James	410,000	116,667	1.09%	3,526,667	6.68%
Mr Wang	350,000	116,667	0.97%	1,466,667	2.78%
Mr Correia	325,001	608,334	1.94%	1,183,335	2.24%
Mr Malone	375,000	125,004	1.04%	600,004	1.14%

Directors Recommendations

In relation to Resolutions 8 to 12, each Director (other than a Director to whom the Options are to be issued under the particular resolution relating to them):

- (a) recommends that Shareholders vote in favour of Resolutions 8 to 12 for reasons set out above; and
- (b) confirms they have no interest in the outcome of the relevant Resolution.

In relation to the Director to whom Options are to be issued in each instance under Resolution 8, 9, 10 or 11 (as applicable), that Director:

- (a) did not vote on the specific matter (namely the proposed issue to or for the benefit of them of Options) at the meeting of the Board that was held to consider the proposed issue of Options to Directors; and
- (b) makes no recommendation because they have an interest in the outcome of that Resolution, namely the proposed issue to or for the benefit of them of Options.

The Directors confirm that, to their knowledge, the Notice of Annual General Meeting and this Explanatory Memorandum contain all information, that is known to the Company and the Directors, that is reasonably required by the Shareholders in order to decide whether or not it is in the Company's interest to pass Resolutions 8 to 12.

RESOLUTION 13: APPOINTMENT OF AUDITOR

Pursuant to section 327B(1) of the Corporations Act, the Company must appoint an auditor at its first annual general meeting.

In accordance with section 328B(1) of the Corporations Act, the Company has received a written notice of nomination from a Shareholder for Hall Chadwick to be appointed as the Company's auditor. A copy of the notice of nomination is enclosed with this Explanatory Memorandum as Annexure B.

Hall Chadwick has given its written consent to act as the Company's auditor subject to shareholder approval of Resolution 13.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 13.

GLOSSARY

\$ and cents means Australian dollars and cents.

Annual General Meeting means the annual general meeting of the Company convened by the Notice.

ASX means the Australian Securities Exchange.

ASX Listing Rule means a Listing Rule of ASX.

Board means the board of directors of the Company.

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

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company.

Explanatory Memorandum means this explanatory memorandum accompanying, and forming part of, the Notice.

Notice means the Notice of Annual General Meeting accompanying this Explanatory Memorandum, and of which the Explanatory Memorandum forms part.

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

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

Shareholder means a person who is registered as the holder of one or more Shares.

ANNEXURE A

OPTION TERMS – RESOLUTIONS 8 TO 12 INCLUSIVE

1. No monies will be payable for the issue of the Options.
2. The Options shall expire on the earlier of:
 - (i) 4 years from the date of issue; and
 - (ii) the date which is 6 months after the date of which the Holder resigns as a director of the Company or dis-continues their service to the Company,

("Expiry Date").
3. Each Option shall carry the right in favour of the Option holder to subscribe for one Share at an exercise price of 54 cents per Share.
4. Options may be exercised in whole or in part at any time (and from time to time) in parcels of not less than 1,000 prior to the Expiry Date by written notice of exercise to the Company accompanied by payment of the relevant exercise price.
5. The Options are personal to the holder and cannot be assigned or transferred, except with the prior approval of the Board.
6. No application will be made for the Options to be listed for Official Quotation on ASX.
7. Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
8. The Company shall make application to have Shares allotted pursuant to an exercise of Options listed for Official Quotation.
9. There are no participating rights and entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising their Options. However, the Company will ensure that optionholders will be allowed ten business days notice to convert their Options to Shares to participate in an entitlement issue on the same basis as Shareholders.
10. The Option holder will not, in respect of the Options, be entitled to vote on resolutions at a meeting of the Company.
11. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date of the Options, the number of Options or the exercise price of the Options, or both, shall be reconstructed in accordance with the **ASX** Listing Rules.
12. If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the optionholder would have received if the optionholder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the exercise price of the Options.
13. If the Company makes a pro rata issue of Shares or other securities to existing Shareholders (other than a bonus issue or an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:

$$O' = \frac{O - E[P - (S + D)]}{N + 1}$$

Where:

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying securities in the Company into which one Option is exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) trading days on ASX ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.

14. Options may be converted into Shares to be held in the name of the Option holder's nominee.

15. If a proposed Change of Control Transaction (as defined below) is publicly announced in respect of the Company, then the following provisions apply in relation to that proposed Change of Control Transaction:

(i) the Company must promptly give written notice of the proposed Change of Control Transaction to the Optionholder whereupon all Options (which have not lapsed or expired), notwithstanding anything to the contrary but subject to sub-paragraph (v) below, must (if the Optionholder chooses to exercise the Options) be exercised during the period commencing on the date the Optionholder receives such notice and ending on the earlier of:

A. 60 days after the Optionholder receives such notice; and

B. the date that the proposed Change of Control Transaction becomes unconditional (and a Change of Control Transaction effected via a scheme of arrangement is taken to become unconditional upon the Court order(s) approving the scheme becoming effective under section 411(10) of the Corporations Act),

(the "**New Exercise Period**") or, if applicable, within the further seven day period referred to in sub-paragraph (iv) below.

(ii) The dates referred to in sub-paragraphs (i)(A) and (B) above only apply where they occur before the Expiry Date. For the avoidance of doubt, where the Expiry Date occurs before a date referred to in sub-paragraphs (i)(A) or (B), the Options must be exercised on or before the Expiry Date.

(iii) If, during the New Exercise Period, the proposed acquirer under the Change of Control Transaction offers to grant options in the capital of the acquirer or a related body corporate of the acquirer ("**Replacement Options**") to the Optionholder (and, for the avoidance of doubt, this does not obligate the Company in any way to procure such an offer from the acquirer) in consideration for the cancellation or acquisition of the Options, the Optionholder may, in their discretion, accept such Replacement Options instead of exercising their Options.

(iv) If no offer of Replacement Options is made during the New Exercise Period and accepted, the Optionholder has (other than in the case of a scheme of arrangement) a

further seven days' grace after the expiry of the New Exercise Period within which to exercise their Options ("**Grace Period**"), whereupon unexercised Options will lapse. For the avoidance of doubt, where the Expiry Date occurs before the end of the Grace Period, the Options must be exercised on or before the Expiry Date. In the case of a scheme of arrangement, the Options will lapse at the end of the New Exercise Period.

- (v) If the proposed Change of Control Transaction lapses or is withdrawn or closes without being unconditional, then the provisions of all the paragraphs hereof will revive in respect of any unexercised Options which Options will remain on foot.

16. For the purposes of these Option terms, a "**Change of Control Transaction**" is a transaction which, if completed, would result in a person:

- (a) holding a beneficial interest in more than 50% of the Shares; or
- (b) acquiring control (as defined in section 50AA of the Corporations Act) of the Company.

17. If the Options are issued subject to vesting conditions (that is, the Options cannot be exercised unless those vesting conditions are satisfied), then all vesting conditions are deemed to be satisfied upon the public announcement of a proposed Change of Control Transaction.

ANNEXURE B

NOTICE OF NOMINATION OF AUDITOR

Dr Matthew James
Managing Director
Forge Resources Ltd
Level 24, 56 Pitt Street
Sydney NSW 2000

15th October 2011

Dear Dr James,

NOTICE OF NOMINATION OF AUDITOR

I am a member of Forge Resources Ltd ACN 139 886 187 ("the Company").

I hereby nominate Hall Chadwick for appointment as the auditor of the Company.

This letter serves as a Notice of Nomination in accordance with section 328B(1) of the Corporations Act 2001 (Cth) ("Corporations Act").

In accordance with section 328B(3) of the Corporations Act, please send a copy of this notice to Hall Chadwick and any person entitled to receive notice of general meetings of the company.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Shane Hartwig', written in a cursive style.

Shane Hartwig