



Notice of Meeting of the Holders of Performance Shares

Notice is given that a meeting of the holders of the Performance Shares of Forge Resources Ltd ("**Forge**") will be held on **Friday 25 May 2012 at 10.15am (Sydney time) at Level 24, 56 Pitt Street, Sydney** or immediately after the end of the General Meeting of Shareholders which has been convened to be held at 10.00am (Sydney time) on the same day at the same place, whichever is later.

The Explanatory Memorandum accompanying this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice of Meeting.

The Directors have determined that, pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the persons eligible to vote at the Meeting are those who are registered holders of Performance Shares as at 7.00pm (Sydney time) on Wednesday 23 May 2012.

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

BUSINESS

RESOLUTION 1: CANCELLATION OF PERFORMANCE SHARES

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

"That, pursuant to and for the purposes of sections 256B(1) and 256C(2) of the Corporations Act and for all other purposes, approval is given for the cancellation and extinguishment of 24,000,000 performance shares issued in the capital of Forge, being all of the performance shares issued by Forge at the date of this Notice of Meeting, for nil consideration."

DATED: 24 April 2012

By order of the Board.

Shane Hartwig
Company Secretary

NOTES TO NOTICE OF MEETING

Explanatory Memorandum

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

Eligibility to vote

In accordance with the Corporations Act and the Constitution, a person's entitlement to vote at the Meeting will be determined by reference to the number of Performance Shares registered in the name of that person (reflected in the register of members) as at 7.00pm (Sydney time) on Wednesday 23 May 2012.

Proxy votes

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

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

A proxy need not be a member.

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

Proxies must reach Forge by no later than 12.00pm (Sydney time) on Wednesday 23 May 2012. Proxies received after this time will not be valid.

Proxies may be lodged in person, by post or by fax. The address and fax number details for lodgement of proxies are:

Delivery Address:

Forge Resources Ltd
c/- Computershare Investor Services
Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

Postal Address:

Forge Resources Ltd
c/- Computershare Investor
Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Fax Number:

1800 783 447 (if faxing from
within Australia)
+ 61 3 9473 2555 (if faxing from
outside Australia)

Undirected proxies

The Chairman of the Meeting will vote undirected proxies on, and in favour of, all of the proposed resolution(s).

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 by no later than 12.00pm (Sydney time) on Wednesday 23 May 2012.

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 shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

Enquiries

Shareholders may contact the Company Secretary, Shane Hartwig, on +61 2 8651 7804 during office hours if they have any queries in respect of the matters set out in this document.

Explanatory Memorandum

Introduction

This Explanatory Memorandum has been prepared to assist shareholders in considering the Resolution set out in Forge's Notice of Meeting. This Explanatory Memorandum forms part of, and should be read in conjunction with, Forge's Notice of Meeting, for the Meeting of holders of Performance Shares to be held on Friday 25 May 2012 at 10.15am (Sydney time) at Level 24, 56 Pitt Street, Sydney or immediately after the General Meeting of Shareholders which has been convened to be held at 10.00am (Sydney time) on the same day at the same place, whichever is later.

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

1. Background

In September 2010, Forge issued 24,000,000 performance shares ("**Performance Shares**") pursuant to, and on the terms set out in, its initial public offering prospectus. All of the Performance Shares were issued to, and remain held by, Trinity Management Pty Ltd as trustee for Forge Resources Ltd Employee Share Trust ("**Trustee**"). The Trustee holds the Performance Shares on behalf of Mr Nicholas Curtis (Forge's Chairman).

The Performance Shares were issued in order to attract Mr Curtis' services to Forge and to provide sufficient incentive for him to create shareholder value. The Performance Shares do not carry any voting rights at general meetings or dividend entitlements, are non-transferable, and upon a winding up of Forge the Performance Shares can participate in the surplus profits or assets of Forge only to the extent of \$0.000001 per Performance Share. The Performance Shares are not quoted on any securities exchange.

Under their terms of issue, the Performance Shares would have converted into 24,000,000 Shares upon either one of Forge's existing projects, or a project acquired after Forge's ASX listing on 21 September 2010, having been identified as having a JORC compliant resource which supported a successful capital raising of at least \$15 million at a price not less than \$0.35 per Share and Forge having completed such a capital raising – these are known as the performance milestones". The performance milestones expired on 21 March 2012 ("**Expiry Date**").

Given the above, the Performance Shares effectively carry no rights and have nominal or nil value.

2. Proposed cancellation of Performance Shares

Following on from the expiry of the performance milestones of the Performance Shares, Forge proposes to cancel and extinguish all of the Performance Shares for nil consideration (the "**Proposal**").

3. Effect of the Proposal

If the Proposal is implemented then the capital structure of Forge will be simplified as there will be only class of share on issue, namely ordinary shares (ie. Shares). The Proposal will not have any effect on the number of Shares on issue. As a separate matter, it is proposed

that Mr Curtis be issued a number of Shares as part of a proposed funding transaction, which will be considered at a general meeting of Shareholders to be held on the same day as, and after, the meeting to which this Notice relates. A separate notice of meeting and explanatory memorandum has been issued in respect of that other general meeting.

Forge will not provide any consideration to the Trustee or Mr Curtis for the cancellation and extinguishment of the Performance Shares. Accordingly, the Proposal will not have any financial impact on Forge. As the Performance Shares do not carry any voting rights at general meetings of Forge, the Proposal will not have any impact on the control of Forge. The Directors do not believe there are any disadvantages associated with the Proposal.

The Performance Shares were originally recorded in Forge's accounts as a share-based payment against retained earnings and issued capital at an amount of \$1,316,160. If the Proposal is implemented, then this entry would be reversed and retained earnings would be credited and issued capital debited with \$1,316,160, with the net effect on equity being zero.

4. Corporations Act requirements

Section 256B(1) of the Corporations Act provides that a company, such as Forge, may reduce its share capital (in the manner contemplated by the Proposal) if the reduction:

- (a) is fair and reasonable to the company's shareholders as a whole;
- (b) does not materially prejudice the company's ability to pay its creditors (but this requirement does not apply if the reduction is a cancellation of a share for no consideration); and
- (c) is approved by shareholders under section 256C of the Corporations Act.

In relation to paragraph (a), the Board considers that the Proposal is fair and reasonable to Forge shareholders as a whole because the Performance Shares will be cancelled for no consideration and because they currently have nominal or nil value.

Paragraph (b) does not apply because the Performance Shares will be cancelled for no consideration.

For the purposes of paragraph (c), Forge is seeking the required approvals under section 256C(2) of the Corporations Act. In order for the Proposal to be implemented, the following shareholder approvals are required under section 256C(2):

- (a) a special resolution (ie. approved by at least 75% of votes cast) passed at a general meeting of Forge, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or by their associates (note: as no consideration will be provided under the Proposal, there are no voting exclusions here, however the Performance Shares do not in any event carry any voting rights at any general meeting of Forge); and
- (b) a special resolution (ie. approved by at least 75% of votes cast) passed at a meeting of only those shareholders whose Performance Shares are to be cancelled (ie. the Trustee only),

(together the "**Resolutions**").

In respect of the Resolutions, Forge has convened two separate meetings – one for each Resolution - and issued two separate notices of meeting.

This Notice relates to the Resolution described in paragraph (b) above.

5. Directors' recommendation

As at the date of this Notice of Meeting, the Directors of Forge are: Mr Nicholas Curtis (Chairman), Dr Matthew James (Managing Director), Mr Emmanuel Correia and Mr Harold Ou Wang.

Each of those Directors (with Mr Curtis abstaining due to his interest in the Performance Shares) recommends that:

- (a) Shareholders vote in favour of the Proposal by voting in favour of the Resolution referred to in paragraph 4(a); and
- (b) the Performance Shareholder votes in favour of the Proposal by voting in favour of the Resolution referred to in paragraph 4(b).

6. Timetable

The Corporations Act requires that the cancellation of the Performance Shares not be made until 14 days after Forge lodges with ASIC the required notifications that the Resolutions have been passed. Assuming that the Resolutions are passed, Forge proposes to lodge copies of the Resolutions with ASIC on the date they are passed as well as notify ASX that the Resolutions have been passed, and then to implement the Proposal shortly after the expiration of the 14 day waiting period.

Glossary

\$ and cents means Australian dollars and cents.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange.

Board means the board of directors of Forge.

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

Constitution means Forge's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of Forge.

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

Meeting means the meeting of the holder(s) of the Performance Shares convened by the Notice.

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

Performance Shares means the 24,000,000 non-voting performance shares issued in the capital of Forge pursuant to Forge's initial public offering prospectus dated 30 July 2010.

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

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

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

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

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MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

 **For your proxy appointment to be effective it must be received by Wednesday 23 May 2012 at 12:00pm (Sydney time)**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Forge Resources Ltd hereby appoint

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the Chairman
of the meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Meeting of the holders of Performance Shares of Forge Resources Ltd to be held at the offices of Forge Resources Ltd, Level 24, 56 Pitt Street, Sydney on Friday 25 May 2012 at 10:15am (Sydney time) or immediately after the end of the General Meeting of shareholders to be held on the same day at the same place at 10:00am (Sydney time) (whichever is later), and at any adjournment of that Meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

1 Cancellation of Performance Shares

For

Against

Abstain

☐☐☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

FRG

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