

Forge Group Ltd

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Australian Securities Exchange
Company Announcements Office
10th Floor
20 Bond St
SYDNEY NSW 2000

1st February 2008**Via E - lodgement**

Dear Sirs

Settlement of Acquisition - Abesque Engineering & Construction Ltd (Abesque)

The Company advises that it has today completed the acquisition of Abesque Engineering and Construction Ltd (Abesque). The completion of the transaction which was first announced to the market on the 30th November 2007 was conditional upon

1. Forge shareholder approval
2. The consent of the National Australia Bank (the Company's bankers)
3. Completion of due diligence
4. A capital raising of no less than \$7m

The initial consideration for the acquisition of the Abesque shares included the issue of 14 million Forge shares and the payment of \$10m cash.

Conditions 1 to 3 above were satisfied in accordance with standard processes and the company has been able to complete the financing of the transaction by utilising existing cash reserves and a \$3m commercial bill line from National Australia Bank. As a result, the company will not be undertaking a capital raising at this point in time.

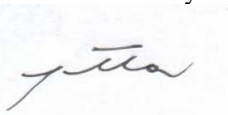
Abesque is an EPC (engineering, procurement and construction) company operating from leased offices on Stirling Highway, Nedlands and company owned fabrication facilities in Welshpool. Forge has based the purchase price on forecast calendar year 2008 revenue for Abesque of \$100m and forecast calendar year net profit before tax of \$8m. The contract provides for economic ownership to commence with effect from 1st January 2008.

Forge is confident that the net realisable assets of Abesque equates to the cash consideration of \$10m and in this regard, where duplication of such assets may exist the board will consider the sale of same.

Mr Greg McRostie, the Managing Director of Abesque has today joined the board of Forge Group Ltd as an executive director.

For further information please contact Mr Peter Hutchinson on 9313 2722.

Yours sincerely



Peter Hutchinson
Managing Director