Forte Consolidated Limited

QUARTERLY REPORT
1 April 2014 to 30 June 2014

ASX: FRC

Forte Consolidated Limited
ABN 37 148 168 825

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EPM 18986 Johnnycake Highlights

- **The Sledgehammer Prospect has produced high grade rock chip assays from an outcrop of silicified hydrothermal breccia including a single sample yielding 47g/t gold and 38g/t silver**
- **This outcrop sits central to, and is consistent with, a broader gold and silver in soil anomaly**
- **The prospectivity of Sledgehammer is underpinned by a series of co-incident geophysical anomalies which bear the hallmarks of a hydrothermal system overprint**
- **The Szarbs prospect consists of a silicified pyritic hydrothermal breccia within an advanced argillic alteration zone defined by anomalous to significant outcropping silver mineralisation in a number of samples, with the highest assay returning 9.03g/t silver**
- **A Pole-dipole Induced Polarisation survey has commenced to test each prospect**

Johnnycake (EPM 18986) - background

As reported in the March 2014 quarterly report the Johnnycake tenement has been confirmed as hosting the regionally prospective Mt Toussaint Trachyte in a favourable structural setting for Mt Carlton style epithermal gold-silver. Reconnaissance mapping at the Szarbs Prospect confirmed strong evidence of a shallow high-sulphidation epithermal system hosted within Mt Toussaint Trachyte. A number of other coincident magnetic and radiometric anomalies have followed up via tenement scale mapping and sampling and yielded a further exciting prospect, Sledgehammer (Figure1).

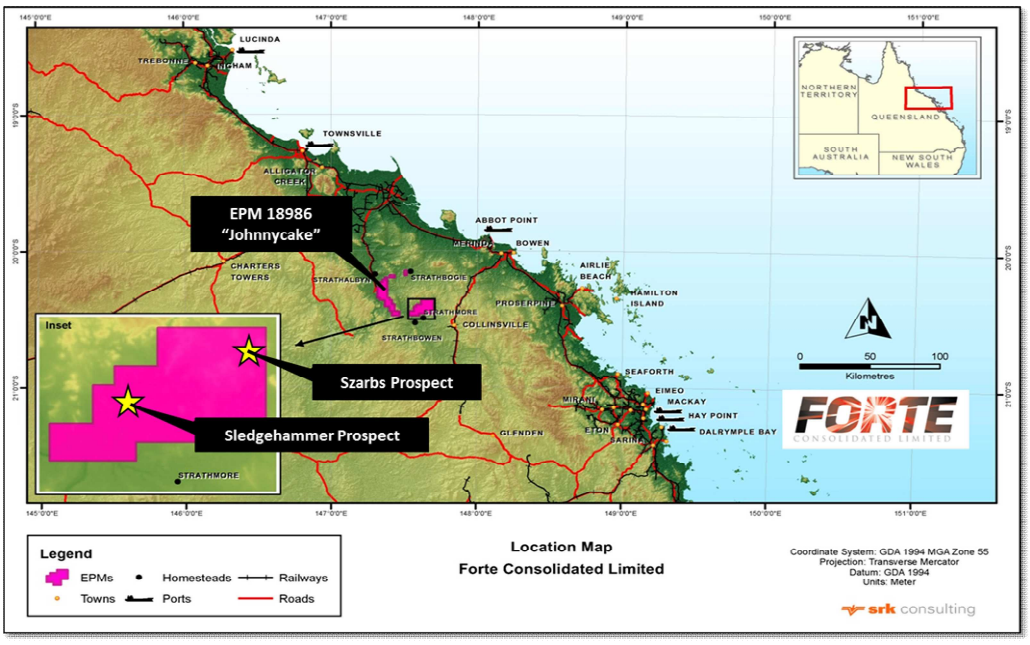

Figure 1: Eastern portion of EPM18986 showing the Sledgehammer and Szarbs Prospects

Johnnycake (EPM 18986) - work undertaken during the quarter

During the reporting period Forte received the results of the high resolution airborne magnetic and radiometric survey commenced at the end of the March 2014 quarter. A number of anomalies were highlighted and, on the strength of this, SRK Consulting (Australasia) Pty Ltd ("SRK") undertook tenement scale mapping which identified evidence of a hydrothermal system at Sledgehammer (informally re-named from West Rocky Creek), in addition to the already identified system at Szarbs (informally re-named from Hill 345).

Subsequent prospect scale mapping was completed at Sledgehammer and Szarbs with the aim of refining these prospects into 'drill ready' targets. Rock chip and PIMA sampling at each prospect has enhanced this objective, with surface rock chip results at Sledgehammer including **47g/t Au** and **38g/t Ag**, 1.52g/t Au 6.2g/t Ag, 3.79g/t Au **32.3g/t Ag**, while results at Szarbs included a number of strongly geochemically anomalous silver results with a highest assay of 9.35g/t Ag. The rock chip results at each prospect are supported by a number co-incident geophysical anomalies and broad halos of hydrothermal alteration consistent with the target style of epithermal mineralisation.

Review of work to date at Johnnycake

In addition to work reported in the March 2014 quarterly report, the key work undertaken to date at Johnnycake has been extended to include:

- A high resolution airborne radiometric and magnetic survey
- Additional enhancement processing of the high resolution magnetic data to support detailed structural interpretation work;
- Interpretation of the data and the development of a preliminary lithology map. The key objectives of the interpretation being to:
    - Produce a better definition of possible surface geology throughout the tenure area;
    - Produce a more detailed and improved understanding (and prediction, where practical) of faults and areas / structures with a higher probability of enhanced permeability, structural complexity (potential target mineralisation sites);
    - Produce a map of the potential alteration features;
    - Define potential target areas;
    - Assist in planning for the field programs

- Tenement Scale mapping - careful and detailed mapping across the tenement at a 1:25,000 scale. This stage of mapping was aimed at delineation of further prospects through identifying field evidence for the presence of any 'hydrothermal systems' across all remaining areas of the tenement; and

- Prospect Scale mapping – mapping and sampling for detailed lithology, structural, alteration and mineralization at a more detailed scale, e.g., 1:5000. This stage of mapping is important for the design of further exploration on the prospect. (e.g., ground geophysics and/or reconnaissance drilling).

As part of the mapping program, SRK undertook a targeted sampling program comprising:

- Outcrop by hand-held XRF analysis;
- Outcrop chip samples for geochemical assay;
- PIMA (alteration mineralogy) sampling; and
- Thin section analysis;

High Resolution Airborne Radiometric and Magnetic Survey

A detailed airborne magnetic, radiometric and digital terrain survey was conducted by Thomson Aviation over the EPM from 23 March to 2 April 2014. A total of 3,597 line kilometres of survey data was collected across the survey area which approximates the EPM extent. A fixed-wing single engine PAC750 was used as the survey platform.

Survey lines were spaced 50m apart in an east-west direction, with 500m tie line spacing in a north-south direction. Magnetic data was recorded with a Geometrics G822A optically pumped magnetometer that was kept at a mean terrain clearance of 40m during the survey. Radiometric data were also collected using a Radiations Solutions Inc RS 500 Spectrometer placed inside the aircraft.

Magnetics

SRK defined a number of areas within EPM 18986 that present evidence of magnetite destruction (possibly associated with hydrothermal alteration) given the context of the likely geology interpreted from the magnetic and radiometric data. These 'destructive' or suppressed magnetic features are presented in Figure 2.

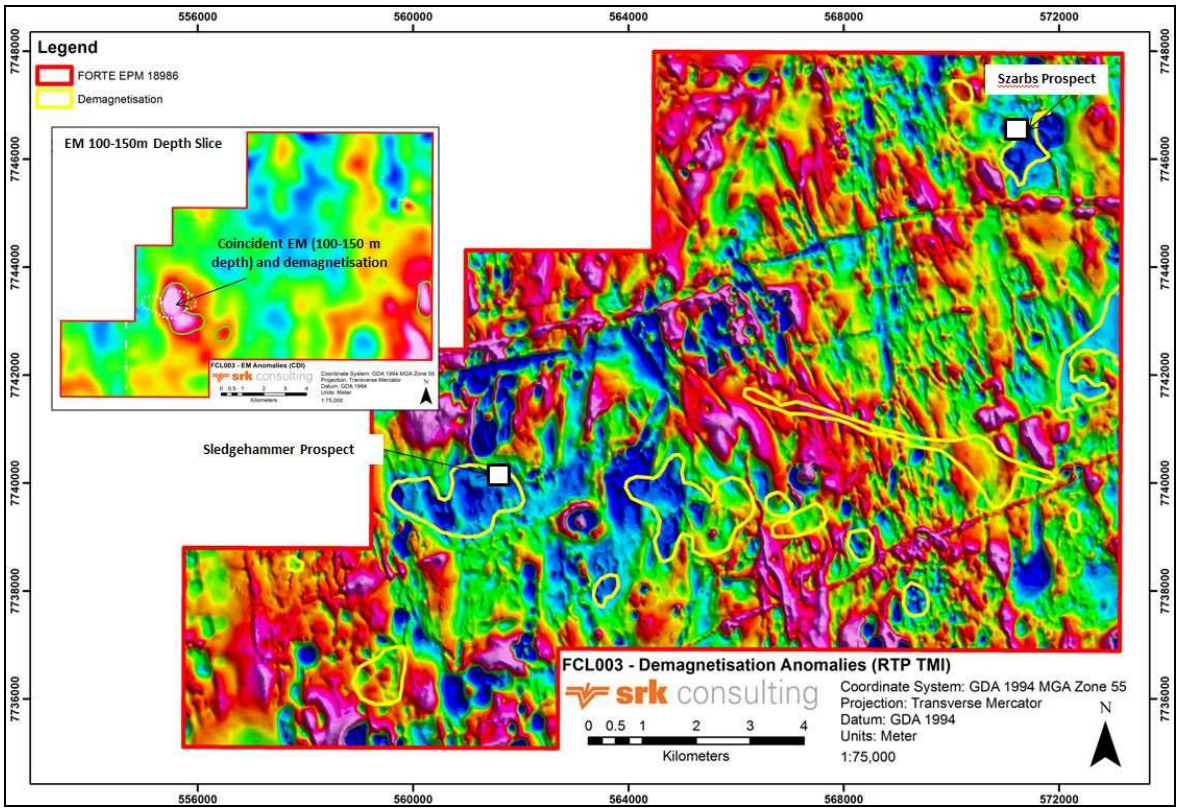

Figure 2: Demagnetisation anomalies (RTP TMI) at Johnnycake showing prospect locations

Radiometrics

The aim of enhancing radiometric data is to help map geological domains based on the variations in radioactive properties of different soils and lithologies. Due to the very shallow depth of penetration of radiometric surveying, only surface features are detected and interpretation was conducted in conjunction with the interpretation of the magnetics data.

Reprocessing of Historic Electromagnetic Data

Between November 2007 and April 2008, Geosolutions Pty Ltd undertook a RepTEM helicopter Time domain electromagnetic (TEM) survey over the Mt Carlton regional project area in North Queensland. A subset of the grid data relevant to EPM 18986 was made available to Forte by Evolution Mining Limited, the current custodians of the geophysical dataset flown over the broader EPM 14783. The database presents only 43 survey lines over EPM 18986. These lines were flown with a line spacing of 400m, resulting in a total of 368 lines-kilometres being flown. SRK defined a number of areas within the EPM that present evidence of anomalous conductivity within the 100-150 conductivity depth slice. The interpretation was restricted to 'deeper' depth slices to avoid ambiguity around the potential impact of surficial, or shallow, features related to hydrology and geography.

Tenement Scale Mapping

A regional mapping program of the tenement, conducted by Dr Bryce Healy and Dr Carol Simpson from SRK Consulting, was commenced in the north-eastern part of the tenement in November 2013 with mapping of the remainder of the tenement completed during a two week period in May 2014.

The overall aims of the total three weeks of mapping were to:

(i) ground truth previous geological mapping work and the geophysical interpretation;
(ii) resolve the stratigraphy of the Lizzie Creek Volcanics and any other units identified; and
(iii) identify which parts in the tenement warranted further, more detailed exploration. The mapping was supported by a number (total of 24) of thin-section samples prepared at Petrographic International Pty Ltd in Brisbane from the first mapping phase in 2013 and a further 33 thin sections prepared at Ingham Petrographics from the second phase.

The two phases of tenement-wide fieldwork has resulted in identification of a number of distinct volcanic and volcaniclastic facies and substantial revision to the geology of the area. The revised interpretation is shown in Figure 3 and the underlying supporting observations upon which the interpretation is based have been provided to Forte in detail. Tabulated field observations, including sites sampled, lithological and structural data, magnetic susceptibility data and photographs taken, have also been provided to Forte as part of a GIS data package.

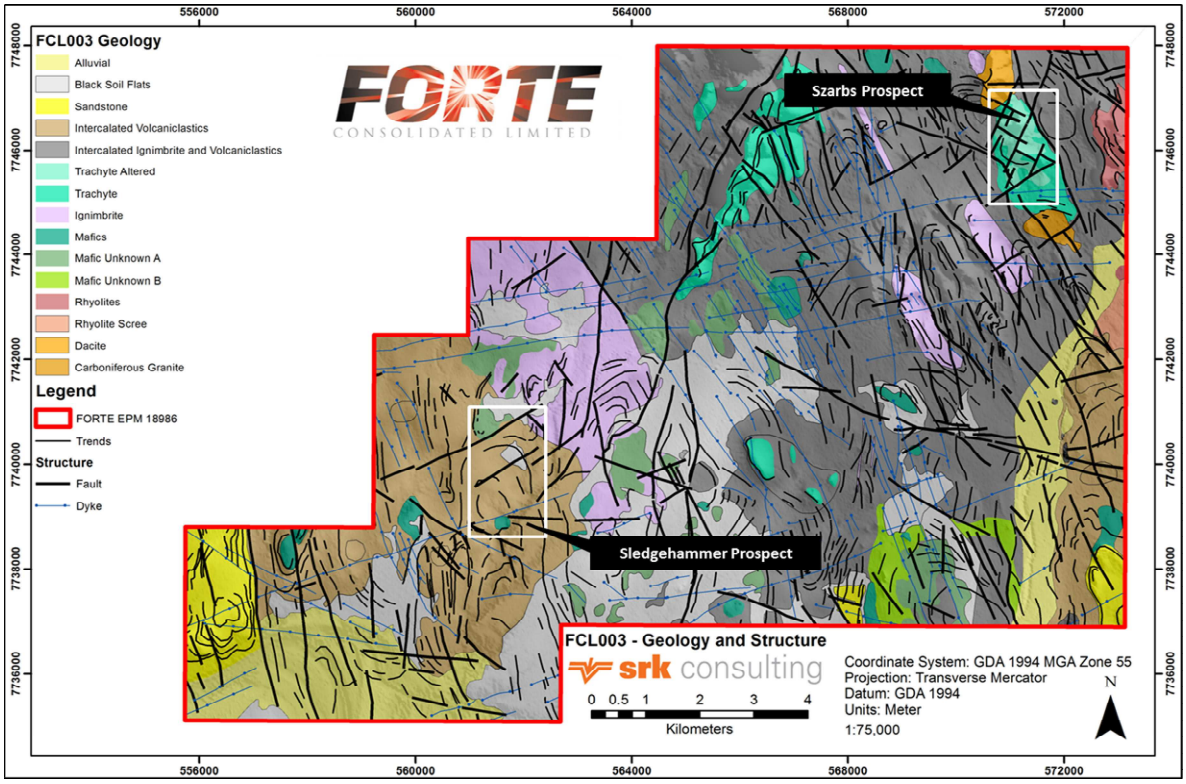

Figure 3: Geological and structural map generated from airborne radiometrics and tenement scale mapping conducted by SRK in the June quarter

Review of Results by Prospect

A review of the geophysical and remotely sensed data, in combination with ground-truthing of geochemical anomalism and tenement scale mapping has identified two key prospects, namely Sledgehammer and Szarbs. The following section reviews each prospect in further detail and documents the follow-up mapping and sampling program across the prospects which involved a detailed mapping and PIMA and geochemical sampling program over a 4 day period between 21 and 25 June 2014.

Sledgehammer Prospect

The Sledgehammer Prospect (Figure 4) is located within a volcaniclastic sequence, inferred to overlie locally present trachyte and andesite at depth.

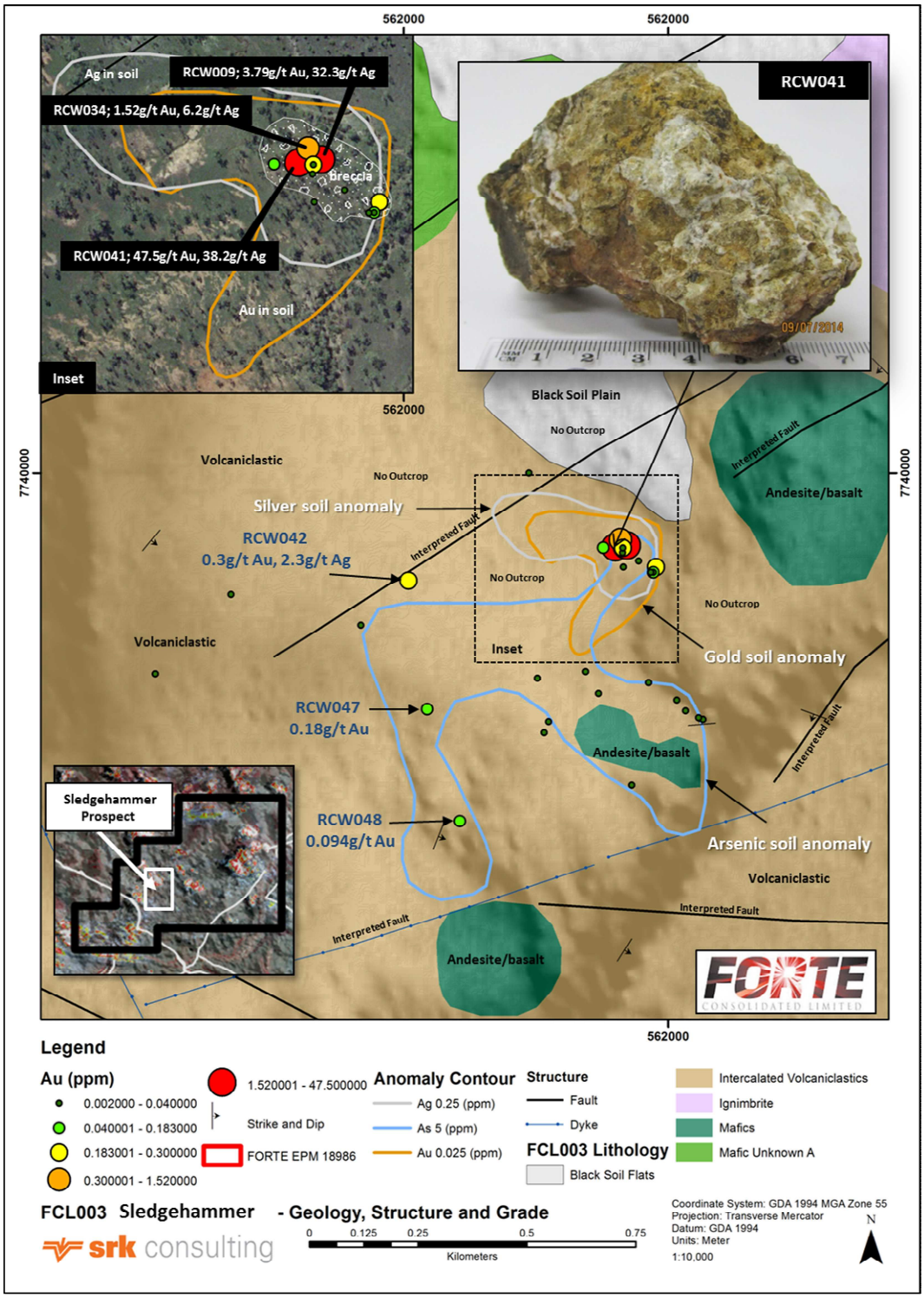

Figure 4: Sledgehammer Prospect showing Geology, Structure and Grade

The prospectivity is underpinned by a series of co-incident geophysical anomalies which bear the hallmarks of a hydrothermal system overprint. These are:

- The prospect is linked to a deep seated structure in the form of a major basement break interpreted from the gravity and supported by the magnetic datasets. This feature is considered regionally significant and has a high potential to provide a favourable pathway for hydrothermal fluids. Another prominent feature of the gravity dataset is a broad dense gravity feature (anomaly) which sits below the

prospect and potentially links to the major basement break. This feature could either reflect an intrusive source or dense mineralised body;

- Coincident with this gravity anomaly is a broad zone of demagnetisation. The favoured interpretation of this zone is that the destruction of primary magnetite signature resulting in the broad anomaly is due to the hydrothermal overprint associated with phyllic and propylitic alteration; and

- Broadly co-incident with these two anomalies is evidence of anomalous conductivity within the 100-150 conductivity depth slice which SRK recommended should be investigated for the possibility of conductivity associated with hydrothermal alteration. SRK reports that elevated conductivity is consistent with clay alteration zones and provides more weight of evidence for the presence of a sizeable hydrothermal system preserved at Sledgehammer.

At surface, the zone interpreted as hydrothermally overprinted based on geophysical data, exhibits intense and laterally extensive alteration in outcrop (supported by thin section and PIMA analysis) characterised by propylitic and phyllic alteration assemblages. This alteration zone is co-incident with elevated geochemistry. Geochemically the prospect has been sampled by both soil (historic, see Appendix: JORC Code Compliance Tables) and rock chip (this phase of work) and is characterised by:

- A broader halo of anomalous As hosting strong Au and Ag anomalism, weakly elevated Cu (± elevated Pb, Te and B) consistent with an epithermal system; and

- A corresponding zone of anomalous gold and silver in rock chip samples, including one exposure in the north of the prospect hosting brecciated and intensively altered volcaniclastics with significant mineralisation at surface (up to 47g/t Au).

Rock Chip Results – Sledgehammer

A total of 27 rock samples have been collected from the Sledgehammer prospect during the tenement- and prospect-scale mapping programs. 1-2 kg samples were collected from exposed outcrop and transported to either ALS Laboratories in Townsville or Brisbane for preparation and assay. The samples were assayed using conventional ME-ICP41 (aqua regia ICPMS) for a 51 element analytical suite (Ag, Al, As, Au, B, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, Ga, Ge, Hf, Hg, In, K, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Rb, Re, S, Sb, Sc, Se, Sn, Sr, Ta, Te, Th, Ti, Tl, U, V, W, Y, Zn, Zr). The samples were then assayed using Fire assay fusion ICP-AES finish for Au (0.001).

Rock chip results are shown graphically in Figure 4. Sampling from the small outcrop of silicified hydrothermal breccia zone in the north of the prospect defined significant outcropping gold and silver mineralisation in most samples, including one assay (RCW041) returning 47g/t Au and 38g/t Ag. A number of 'significant' sample assays are presented in Table 1. More distal quartz-pyrite altered volcaniclastics (e.g., RCW047, RCW042) show significant anomalism in Au (up to 0.3 g/t) and Ag defining a broader area.

Table 1: Rock chip sampling details and summary of significant assay results

Sample ID	Rock Type	Easting	Northing	Au g/t	Ag g/t
RCW041	Volcaniclastic breccia	561879	7739828	**47.5**	**38.2**
RCW047	Volcaniclastic	561446	7739454	**0.18**	**0.18**
RCW042	Volcaniclastic breccia	561403	7739751	**0.3**	**2.3**
RCW034	Volcaniclastic breccia	561890	7739845	**1.52**	**6.2**
RCW009	Volcaniclastic breccia	561905	7739832	**3.79**	**32.3**
RCW036	Volcaniclastic breccia	561897	7739782	**0.23**	**0.71**

* Note that these results are depicted graphically in Figure 4. Significant results will lie within the illustrated anomalies. The balance of results will lie within or outside the illustrated anomalies as determined by consultants, SRK.

This outcrop sits central to, and is consistent with, the broader Au and Ag in soil anomaly.

The anomalous rock chip results within the breccia zone, in conjunction with the adjacent broader Au anomalism in soil and more distal Au anomalism in rock chip results throughout the broader prospect highlight the potential of the area to host economic Au ± Ag mineralisation.

Sledgehammer bears all the hallmark features of a significant and highly prospective epithermal system and is exhibiting attributes to date that warrant significant follow-up exploration work. A pole-dipole induced polarisation survey has commenced at the Sledgehammer Prospect, under the direction of a highly experienced consultant geophysicist, which is aimed at assisting in the definition of future drill targets.

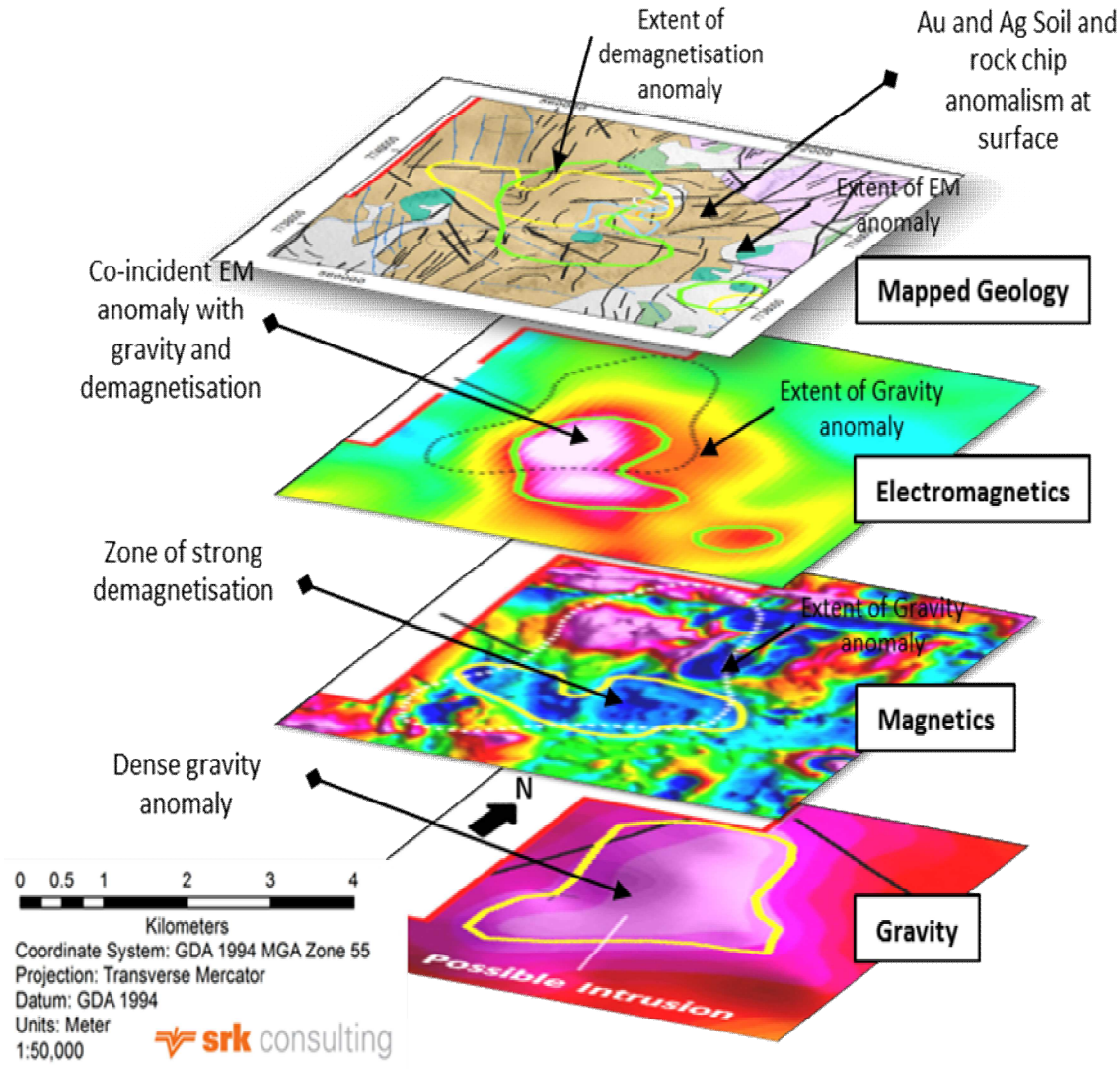

Figure 5: Concident anomalies indicate that the Sledgehammer Prospect bears all the hallmark features of a significant and highly prospective epithermal system

Szarbs Prospect

The Szarbs prospect is located within a prospective trachyte host unit interpreted to be part of the Mt Toussaint Trachyte which hosts the Mt Carlton series of deposits approximately 20kms to the north.

Geophysically, the prospect is located over a zone of demagnetisation that is interpreted to reflect the effects of propylitic and phyllic alteration associated with a hydrothermal system. At surface, SRK notes the presence of an alteration overprint in outcrop. The alteration is characteristic of an argillic and phyllic alteration classification extending to silicic alteration around the margins of the system.

Geochemically the prospect has been sampled by both soil (historically – see Appendix: JORC Code Compliance Tables) and rock chip (this phase of work) and is characterised by:

- A broader halo of anomalous As hosting patchy Ag (strong anomaly) and Au (weak anomaly) soil anomalism central to the alteration zone;
- A series of elemental associations, i.e., elevated As, Ag, Au, Pb, Te and Bi consistent with an epithermal system; and
- A corresponding zone of anomalous silver in rock chip samples up to 10g/t Ag (this program) and up to 71g/t Ag historical sample (see Figure 6 and Appendix: JORC Code Compliance Tables) supporting that the system has the potential to host significant Ag (±Au) mineralisation.

The combined demagnetisation associated with classic high-sulphidation alteration assemblages and a geochemistry which supports the deposit style (i.e., the relevant indicator element and metallogenic assemblages) provides strong evidence of a shallow high-sulphidation epithermal system at Szarbs. Importantly, the core of the system (i.e. the potentially mineralising zone) does not appear to be exposed, and is therefore, expectantly preserved at shallow depth.

Rock Chip Results – Szarbs

A total of 41 rock samples were collected from the Szarbs prospect during the tenement and prospect scale mapping programs. 1-2 kg samples were collected from exposed outcrop and transported to either ALS Laboratories in Townsville or Brisbane for preparation and assay. The samples were assayed using conventional ME-ICP41 (aqua regia ICPMS) for a 51element analytical suite (Ag, Al, As, Au, B, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, Ga, Ge, Hf, Hg, In, K, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Rb, Re, S, Sb, Sc, Se, Sn, Sr, Ta, Te, Th, Ti, Tl, U, V, W, Y, Zn, Zr). The samples were then assayed using Fire assay fusion ICP-AES finish for Au (0.001).

The combined geochemical results are shown geographically in Figure 6. Sampling from the silicified pyritic hydrothermal breccia zone within the advanced argillic alteration in the north of the prospect defined anomalous to significant outcropping silver mineralisation in a number samples, with the highest assay returning 9.03g/t Ag. All samples returned only weakly anomalous Au. The most 'significant' sample assays are presented in Table 2.

More distal quartz-hematite and silicic altered zones (e.g., RCW047, RCW042) show insignificant anomalism in Ag and Au over a broad area.

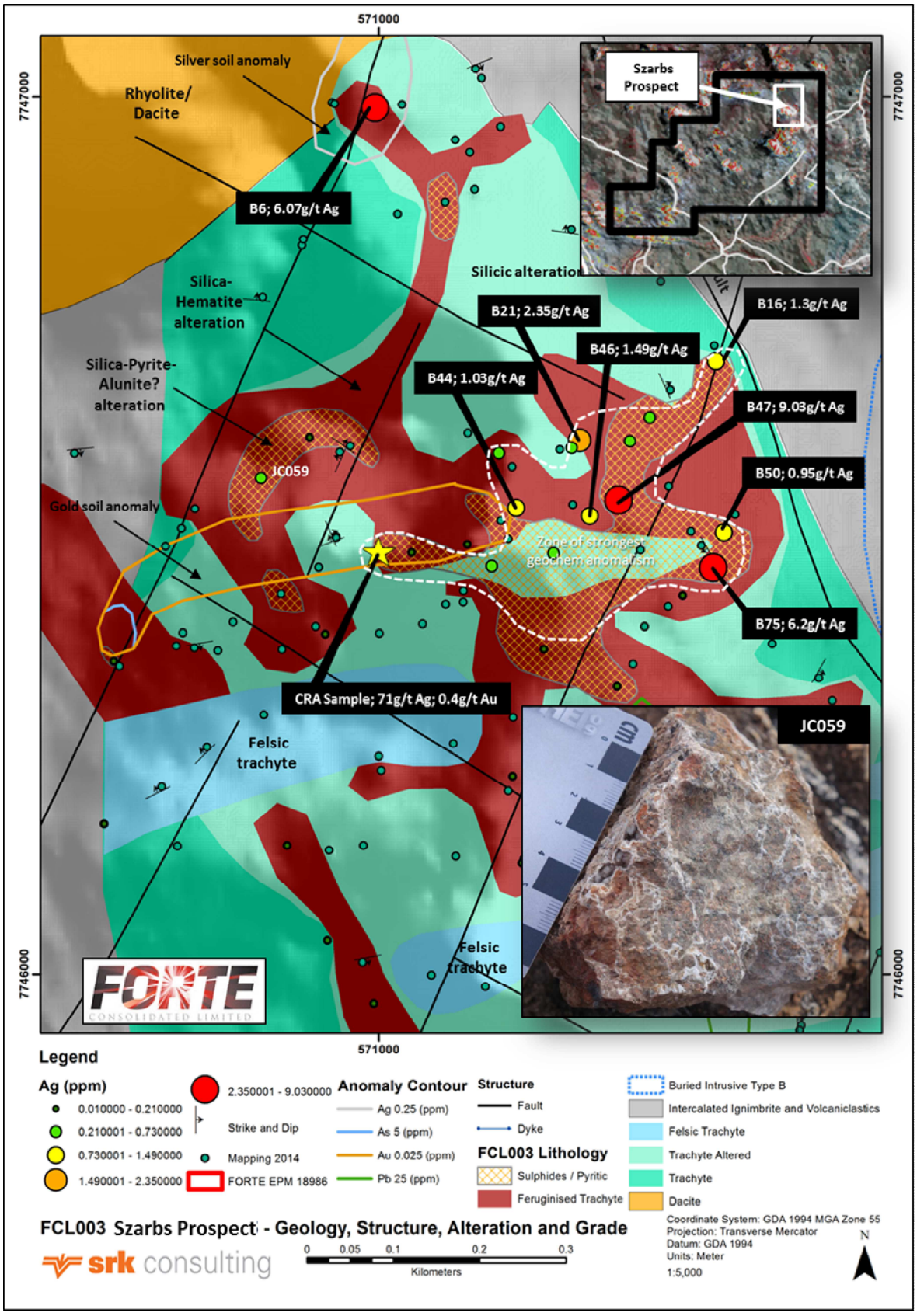

Figure 6: Szarbs Geology, Structure, Alteration and Grade

Table 2: Rock chip sampling details and summary of significant assay results

SampleID	Rock Type	Easting	Northing	Au g/t	Ag g/t
B6	Argillic altered trachyte	570996	7746992	**0.003**	**6.07**
B21	Argillic altered trachyte	571232	7746608	**0.022**	**2.35**
B44	Argillic altered trachyte	571159	7746532	**0.007**	**1.03**
B46	Argillic altered trachyte	571244	7746523	**0.034**	**1.49**
B16	Argillic altered trachyte	571390	7746698	**0.002**	**1.3**
B50	Argillic altered trachyte	571400	7746503	**0.007**	**0.95**
B75	Argillic altered trachyte	571387	7746463	**0.008**	**6.2**
B47	Argillic altered trachyte	561446	7739454	**0.054**	**9.03**

* Note that these results are depicted graphically in Figure 6. Significant results will lie within the illustrated anomalies. The balance of results will lie within or outside the illustrated anomalies as determined by consultants, SRK.

Work Planned for the September 2014 Quarter

Pole-Dipole Ground Geophysics

At this stage of exploration, given the current limitations of the interpretation, a major advancement in the understanding of the prospect would be to better define the 3D geometry of the alteration system. SRK recommends proceeding to ground geophysical techniques in order to better constrain the epithermal system at depth. SRK recommended that IP survey technique would be most appropriate to 'map' the alteration system and would aid progression to a drilling program. The disseminated sulphide mineralisation, associated with the argillic alteration zone which sits central to the prospect should, in theory, respond well to this geophysical technique.

Forte has appointed a leading geophysics contractor to undertake a pole-dipole induced polarization survey over both the Sledgehammer and Szarbs prospects during the September 2014 quarter.

Clarke Prospect (EPM 14825)

During the reporting period no field work was undertaken on this tenement.

Finance

At 30 June 2014 the Company had available cash totalling $1,367,000

Exploration and evaluation expenditure for the quarter was $193,000.

The information in this report that relates to Exploration Results is based on information compiled by Mr James Pratt. Mr Pratt is the Exploration Manager for Forte Consolidated limited He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, is a Member of the Australasian Institute of Geoscientists and, as such, is a Competent Person for the Reporting of Exploration Results, Mineral Resources and Ore Reserves under the JORC Code (2012).

Mr Pratt consents to the inclusion in the report of the matters based on his information in the form and context in which they occur.

Tenement Interests

Tenements held at end of quarter	Ownership	Project	Location
EPM14825	100%	Kangaroo Hills	Kangaroo Hills, Queensland
EPM18986 EPM25196	100%	Johnnycake	Collinsville, Queensland

Tenements acquired during the quarter	Ownership	Project	Location
NIL			

Tenements disposed during the quarter	Ownership	Project	Location
EPM14824 EPM19374	100%	Kangaroo Hills	Kangaroo Hills, Queensland

Farm-in/out Agreements at end of quarter	Beneficial Interest	Project	Location
NIL			

Farm-in/out Agreements acquired/disposed during the quarter	Beneficial Interest	Project	Location
NIL			

Appendix: JORC Code compliance tables

Section 1: Sampling Techniques and Data for work detailed in this report

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Sampling techniques</td><td>

Forte Consolidated (Forte) is reporting a new airborne magnetic and radiometric survey completed in April 2014. Forte contracted Thomson Aviation Pty. Ltd to acquire the survey data. A total of 3,597 line kilometers of survey data was collected across the eastern portion of the EPM. Equipment and sampling technique employed in the survey are listed as follows:

Summary of key flight specifications
<table>
<tr><td>Aircraft</td><td>Fixed-wing PAC750</td></tr>
<tr><td>Magnetometer</td><td>Geometrics G822A</td></tr>
<tr><td>Spectrometer</td><td>Radiation Solutions RS 500</td></tr>
<tr><td>Flight line direction</td><td>East-west</td></tr>
<tr><td>Flight line spacing</td><td>50 m</td></tr>
<tr><td>Tie line direction</td><td>North-south</td></tr>
<tr><td>Tie line spacing</td><td>500 m</td></tr>
<tr><td>Sensor mean terrain clearance</td><td>40 m</td></tr>
<tr><td>Time base – magnetics</td><td>0.05 sec</td></tr>
<tr><td>Time base – radiometrics</td><td>1 sec</td></tr>
<tr><td>Total traverse kilometres</td><td>3,257</td></tr>
<tr><td>Total tie kilometres</td><td>339.4</td></tr>
<tr><td>Total line kilometres</td><td>3,597</td></tr>
</table>

Historic systematic soil sampling completed in 2008/2009 by Conquest Mining Limited was undertaken on a 100m grid sampling pattern. Soil samples were assayed on an ~80 mesh fraction. These results were reported in the Conquest (2010) Partial Relinquishment Report for EPM 14783.
Historic EM data was collected between 2007 and 2008 by Geosolutions Pty Ltd on behalf of Conquest Mining. The survey data was acquired on 400 m line space E-W traverses using a helicopter REPTEM Time Domain single loop transmitter. This program, including sampling methodology were reported in the Conquest (2010) Partial Relinquishment Report for EPM 14783. The data was obtained by Forte through Evolution Mining, the current custodians of the data. The database received by SRK presents only 43 survey lines over the EPM 18986 covering a total of 368 lines-kilometres.
Historic rock chip sampling at the Szarbs Prospect was undertaken by CRA Exploration Pty Ltd in 1988-89 and was reported in the Exploration Report for the second year of tenure, 18/11/1988 to 18/11/1989, for Blue Valley A to P 5070M.
All samples taken during the field mapping campaign were taken from surface from outcrop. Each sample comprises rock material between 1-3 kg in weight. The sampling is selectively collected from specific geological features of interest. Samples were bagged in cloth sample bags and subsequently delivered direct from the field to ALS Laboratory in Townsville.
PIMA samples were acquired more systematically from outcrop to provide an adequate distribution of data. Each sample comprises a small (100-200 gm) amount of fresh rock. Samples were bagged in cloth sample bags and couriered to SRK Newcastle Office for further analysis. Mulitple analysis (x3) was carried out on each sample using SCiAps Navigator Spectrometer at the SRK Newcastle Office.

</td></tr>
</table>

Drilling techniques	• No drilling undertaken during the quarter
Drill sample recovery	• No drilling undertaken during the quarter
Logging	• Surface samples correspond with mapping observation points and have been described in as much detail as possible and place within an interpreted geological context, but no resource can be estimated from the surface work done so far. All samples are photographed to illustrate the sample collected.
Sub-sampling techniques and sample preparation	• The sample preparation of rock samples follows industry best practice, involving oven drying, crushing and pulverising. All samples weighed less than 3 kg so no sub-sampling occurred. No samples were duplicated in the field, therefore each sample in its entirety was crushed and split. ALS retains the coarse reject of material not pulverised.
Quality of assay data and laboratory tests	• Rock chip samples were assayed using conventional ME-ICP41 (aqua regia ICPMS) for a 51 element analytical suite. The samples were then assayed using Fire assay fusion ICP-AES finish for Au (0.001). ALS is an internationally recognized, certified laboratory (certified to ISO 9001:2008 with Brisbane laboratory being NATA accredited to ISO 17025:2005) who exercise best practices in their sample preparation and assay methods including providing duplicate assays periodically. No external laboratory checks were done. • Quality assurance and quality control (QAQC) procedures for historic sampling, assay data and laboratory tests is not reported in detail. However, Forte believes it is reasonable to assume that both Conquest Mining and CRA Exploration conducted sampling to reasonable industry standards in operation at that time and as such the results are relevant to current exploration at Johnnycake.
Verification of sampling and assaying	• Verification of airborne magnetics data had been initially conducted by Thomson Aviation Pty Ltd. SRK Consulting (Australasia) Pty Ltd carried out independent data QA/QC process (in line with contract specifications) periodically during the data acquisition and at completion of the survey; • Internal reviews were done by independent consultants (SRK). Rock chip sample descriptions were entered into an Excel spreadsheet where they were then combined and cross-checked with assay results once those results were provided by the lab. The distribution of those results were further cross-checked in a GIS platform. • The PIMA data was independently verified (and interpreted) using The Spectral Geologist software by Spectral Geoscience Pty Ltd. Thin section work on selected samples was used to verify alteration mineralogy.
Location of data points	• All data used in this report are in: Datum: Geodetic Datum of Australia 94 (GDA94)Projection: Map Grid of Australia (MGA)Zone: Zone 55 • Airborne magnetic and radiometric survey were located with GPS navigational system: mobile Novatel OEMV-1 VBS Receiver • Rock chip and PIMA sample locations were determined with a hand held GPS instrument, with an accuracy of ±5m which is considered appropriate for this stage of exploration.

<table>
<tr><td>Data spacing and distribution</td><td>Airborne magnetic and radiometric survey had been conducted as follows:

<table><tr><td>Flight line direction</td><td>East-west</td></tr><tr><td>Flight line spacing</td><td>50 m</td></tr><tr><td>Tie line direction</td><td>North-south</td></tr><tr><td>Tie line spacing</td><td>500 m</td></tr><tr><td>Sensor mean terrain clearance</td><td>40 m</td></tr><tr><td>Time base – magnetics</td><td>0.05 sec</td></tr><tr><td>Time base – radiometrics</td><td>1 sec</td></tr><tr><td>Total traverse kilometres</td><td>3,257</td></tr><tr><td>Total tie kilometres</td><td>339.4</td></tr><tr><td>Total line kilometres</td><td>3,597</td></tr></table>
• Surface rock samples were collected from locations where the rock being sampled appeared to be either altered or mineralised. Sample distribution was, in part, controlled by available outcrop. No systematic sampling has been done and the sampling done to date should be considered reconnaissance level.</td></tr>
<tr><td>Orientation of data in relation to geological structure</td><td>• Airborne magnetic and radiometric survey were flown perpendicular to the regional structure and stratigraphy with flight line direction: 090 – 270 degrees and tie line direction: 000 – 180 degrees.
• Rock chip and PIMA sampling is based on outcrop distribution. A link between outcrop distribution and geological structure has not been established at this stage</td></tr>
<tr><td>Sample security</td><td>• Sample submission forms are sent to the ALS facility in paper form accompanying the samples. Delivered samples are reconciled with the batch submission form prior to the commencement of any sample preparation. Samples were always held in the presence of company personnel or securely in company vehicles.</td></tr>
<tr><td>Audits or reviews</td><td>• ALS undertake standard QA/QC analysis of samples submitted to their facility. No irregularities were identified by reviews of the data by Forte Personnel.</td></tr>
</table>

Section 2: Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	• Forte has a 100% interest in EPM 18986 (Johnnycake). An Exploration Agreement has been signed with the relevant Native Title Claim Group. • The tenement is in good standing and there are no known impediments to exploration in the area.

Exploration done by other parties	• Past exploration work by different mineral exploration companies is summarized by historical tenements below:
	  • EL 5070 CRA Exploration (1987 to 1991).
	  • EL 14783 Conquest Mining (2006 to 2010).
	• The exploration activities performed by CRA on EL 5070 over the period 1987 to 1991 included:
	  • Airborne magnetic and radiometric survey (100m line space) of the eastern part of EPM18986; and
	  • Minimal and non-systematic rockchip sampling , including sample with 71g/t Ag and 0.4g/t Au (Figure 6)
	• During 2006 to 2010 exploration work was carried out by Conquest Mining in JV with Goldfields Australasia Pty Ltd and included:
	  • extensive and systematic soil sampling (454 samples)
	  • minor rock chip sampling, and
	  • a broad (400m line space) Electromagnetic survey which covers part EPM 18986.

Geology	• Detailed information on the geology of EPM18986 (Johnnycake) is provided in the text of this report
Drill hole Information	• No drilling was undertaken
Data aggregation methods	• Only 'significant' anomalous assay results have been presented here
Relationship between mineralization widths and intercept lengths	• No relevant program was undertaken
Diagrams	• Appropriate diagrams, Figures 4 and 6, show the spatial distribution in plan view of the results relevant to this report
Balanced reporting	• The competent person believes this report to be a balanced representation of exploration undertaken
Other substantive exploration data	• At Sledgehammer adjacent broader Au anomalism in soil and more distal Au anomalism in rock chip results throughout the broader prospect highlight the potential of the area to host economic Au ± Ag mineralisation. Surface mapping has revealed intense and laterally extensive alteration in outcrop (supported by thin section and PIMA analysis) characterised by propylitic and phyllic alteration assemblages. • At Szarbs, SRK mapping has revealed the presence of an alteration overprint in outcrop. The alteration is characteristic of an argillic and phyllic alteration classification extending to silicic alteration around the margins of the system
Further work	• A pole-dipole induced polarisation survey has commenced at the Sledgehammer and Szarbs prospects under the direction of a highly experienced consultant geophysicist which is aimed at assisting in the definition of future drill targets.

Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Forte Consolidated Limited

ABN	Quarter ended ("current quarter")
37 148 168 825	30 June 2014

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (9 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(193)	(460)
	(b) development		
	(c) production		
	(d) administration	(134)	(459)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	28	89
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	- Tenement Bonds (paid)refunded	-	(3)
	Net Operating Cash Flows	(299)	(833)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	(40)
	(b) equity investments		
	(c) other fixed assets	-	(7)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	-	(47)
1.13	Total operating and investing cash flows (carried forward)	(299)	(880)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(299)	(880)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(299)	(880)
1.20	Cash at beginning of quarter/year to date	1,666	2,247
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	1,367	1,367

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	86
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	NIL	
3.2	Credit standby arrangements	NIL	

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	420
4.2	Development	
4.3	Production	
4.4	Administration	163
	Total	**583**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	187	171
5.2	Deposits at call	1,180	1,495
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	1,367	1,666

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	EPM14824 EPM19374	Disposal by sale Relinquished	100% 100%	0% 0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	95,805,002	95,805,002		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** (*description)*				

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does /does not* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 July 2014
(Director/Company secretary)

Print name: Bruno Firriolo

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

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

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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