



31st July 2014

Quarterly Report – June 2014

Forte Energy NL ("Forte" or "the Company") (ASX/AIM: FTE) is an emerging international uranium company focused on the exploration and development of a portfolio of uranium assets in the Republics of Mauritania and Guinea, West Africa.

Highlights of 2nd Quarter to 30th June 2014

- Agreement to enter into Joint Venture for Slovakian uranium assets with European Uranium Resources Ltd ("European Uranium") announced. Forte may earn a 50% interest in the Slovak uranium projects of European Uranium for a total expenditure of CAD\$4,000,000 over 10 years
- Definitive Joint Venture agreement with European Uranium executed 31 July 2014
- Forte to acquire a 50% interest in NI 43-101 compliant estimated mineral resources of 57.6Mlbs contained U₃O₈ (100% basis), to significantly boost Forte's uranium resources
- Shareholder approval obtained post quarter end for substantial placement and Share Purchase Plan
- Continued focus on expenditure reduction
- Forte's existing U₃O₈ JORC resources (all at a 100ppm cut-off) (Forte holds 100% of the projects):

Project	Resource Category	M tonnes	ppm U ₃ O ₈	Contained U ₃ O ₈ Mlbs
A238*	Inferred	45.2	235	23.4
Bir En Nar	Indicated	0.5	886	1.0
	Inferred	0.8	575	1.0
Firawa	Inferred	30.3	295	19.5
Total	Indicated	0.5	886	1.0
	Inferred	76.3	262	43.9
	Total	76.8	266	44.9

* A238NW Anomaly included in the A238 Inferred Resources

Progress

Commenting on the quarter, Mark Reilly, Managing Director of Forte, said:

"Forte looks forward to working closely with European Uranium in a long term relationship to advance these exciting Slovakian uranium assets, and with shareholder approval received to raise additional equity, the Company will be well positioned to take advantage of other opportunities and for when the anticipated improvement in the uranium market occurs."

Joint Venture

On 16 June 2014, the Company announced the execution of a binding Letter of Intent ("LOI") by Forte and European Uranium Resources Ltd ("European Uranium"), whereby Forte may earn a 50% interest in the Slovak uranium projects of European Uranium for a total expenditure of CAD\$4,000,000 over 10 years. The interest will be held through ownership of 50% of European Uranium's currently wholly-owned Slovak subsidiaries, Ludovika Energy and Ludovika Mining, which hold the mineral licenses comprising the Kuriskova and Novoveska Huta uranium projects.

This new agreement with European Uranium replaces the Share Purchase Agreement ("SPA") announced on 9 May 2014, which was terminated on 14 June 2014. The SPA was terminated for failure to satisfy one of the conditions, when the special resolution of European Uranium shareholders to approve the acquisition by Forte of its Slovakian uranium assets was not approved by the required majority of shareholders.

The principal terms of the earn-in agreement are:

- European Uranium will transfer 50% of the shares of each of the two Slovak companies to Forte, the ownership of which will be governed by a shareholder's agreement and subject to forfeiture whereby if Forte does not meet the required expenditures on the Kuriskova and Novoveska Huta uranium projects, it must transfer the shares of the Slovak companies back to European Uranium.
- To acquire its 50% interest in the projects, Forte must expend a total of CAD\$4 million on the following schedule:

<u>Cash Payments to European Uranium:</u>	<u>CAD\$</u>	<u>CAD\$</u>
No later than June 20, 2014	\$25,000	
On signing a definitive agreement, but not later than 14 August 2014 (see below)	\$475,000	
Total cash to European Uranium		\$500,000
<u>Work Commitments:</u>		
Year 1 (firm obligation)	\$350,000	
Years 2 – 10, minimum annual expenditures \$350,000 / year unless higher amounts are required to keep licenses in good standing	\$3,150,000	
Total work commitments		\$3,500,000
<u>Total earn-in expenditure commitment</u>		<u>\$4,000,000</u>

- The expenditures can be accelerated by Forte at Forte's election. If the parties each agree to sell their 50% interest to a third party then Forte will pay European Uranium the difference between CAD\$3,500,000 and expenditures made to date.
- A definitive joint venture agreement is to be executed by both parties. The date for completion of this has been extended until the 14 August 2014 (previously 31 July 2014).
- Forte can forfeit its 50% interest to European Uranium with no further obligation any time after it has paid European Uranium CAD\$500,000 and funded the first year minimum work commitment of CAD\$350,000.

- Prior to Forte completing the earn-in of its 50% interest, exploration and development activities on the projects will be governed by a Management Committee on which European Uranium will have the casting vote until Forte has funded the full CAD\$4,000,000. Forte will be the operator during this period.

The transaction is subject to receipt of all applicable regulatory approvals. The initial payment of CAD\$25,000 (which was due by 20 June 2014) has been paid. A share placement to raise funds for the second instalment of CAD\$475,000 was approved by shareholders at the General Meeting held on 30 July 2014.

As announced today, the definitive joint venture agreement was executed by both parties on 31 July 2014.

In addition, on 23 April 2014, Forte announced the completion of a private subscription for CAD\$100,000 in the capital of European Uranium consisting of 1,111,111 shares (based on a price of CAD\$0.09 each) and 555,555 attaching warrants with a two year term and exercise price of CAD\$0.15.

About European Uranium's assets

European Uranium has two project areas in Slovakia, namely Kuriskova and Novoveska Huta, of which Kuriskova is the most advanced. The projects are held in two wholly owned subsidiaries of European Uranium that are registered in the Slovak Republic.

The Kuriskova project consists of 32 square kilometres of mineral licenses situated approximately 10 km northwest of the city of Kosice, a regional industrial centre in East-Central Slovakia.

The summary results of a preliminary feasibility study prepared for Kuriskova released in January 2012 are as follows:

- IRR 30.8%
- 1.9 year payback on CAPEX of \$US 225m
- NPV \$US 276m at 8% discount
- Base case price \$US 68/lb U₃O₈
- First 4 year operating costs \$US 16.68/lb U₃O₈
- Life of Mine operating costs \$US 22.98/lb U₃O₈

The Novoveska Huta uranium deposit is located at the western end of the Carpathian uranium belt, about 50 kilometres northwest of Kuriskova and near the town of Spisska Nova Ves. The deposit consists of a mining license over one square kilometre and a surrounding fifteen square kilometre exploration license.

European Uranium Slovakian U₃O₈ NI 43-101 mineral resource estimates (100%) ***

Project	Resource Category	M tonnes	ppm U₃O₈	Contained U₃O₈ Mlbs
Kuriskova **	Indicated	2.3	5,550	28.5
	Inferred	3.1	1,850	12.7
Novoveska Huta **	Measured	0.8	1,080	2.0
	Indicated	0.8	970	1.7
	Inferred	4.7	1,230	12.7
Total	Measured	0.8	1,080	2.0
	Indicated	3.1	4,352	30.2
	Inferred	7.8	1,477	25.4
	Total	11.7	2,141	57.6

****** *Kuriskova calculated at 500ppmU cut-off, Novoveska Huta at 600ppmU cut-off*

******* *These mineral resource estimates are reported in this announcement as "foreign estimates under ASX Listing Rule 5.10*

- The foreign estimates are not reported in accordance with the JORC Code.*
- A competent person has not yet undertaken sufficient work to classify the foreign estimates as mineral resources or ore reserves in accordance with the JORC Code.*
- It is uncertain that, following evaluation and/or further exploration work, it will be possible to report these estimates as mineral resources or ore reserves in accordance with the JORC Code.*

ASX Listing Rule 5.12 specifies that additional information must be provided to the market in any announcement containing foreign estimates. Forte has previously provided that information in the Accompanying Notes in its announcement of 4 April 2014.

Exploration

Forte is one of the largest uranium exploration licence holders in Mauritania, with ten 100%-owned licences, covering over 7,000 km² in the vicinity of Bir Moghreïn in the North West, close to the border with Western Sahara.

Forte also holds two 100%-owned uranium exploration licences in Guinea, West Africa, comprising the Firawa project. This project consists of two licences, totalling 286km², which are located approximately 25km to the east of Kissidougou. The Firawa project has an inferred resource of 19.5Mlbs U₃O₈ (30.3M tonnes @ 295ppm U₃O₈, 100ppm cut-off).

Following a review of its exploration priorities and objectives, the Company has elected to relinquish the Bohoduo project in Guinea, which consisted of two licences, covering an area of 294km², situated approximated 120km north east of Firawa. Exploration conducted at Bohoduo had not been sufficient for a resource estimate to be defined.

No significant exploration works were carried out in Mauritania or Guinea during the quarter with the Company focussing instead on acquisition activities and preserving its capital.

Corporate

During the quarter, Forte has continued to focus on corporate and acquisition activities. The Company has maintained its strict cost control focus to minimise overheads and optimise its working capital, with expected annual savings of approximately A\$750,000.

Despite the continued lethargy in the worldwide uranium market, Forte remains confident in the compelling medium to long term supply/demand fundamentals, which indicate a sizeable supply shortfall in coming years. Upon the successful execution of the European Uranium Joint Venture agreement, Forte's expanded portfolio of uranium interests will enhance the Company's prospects to capitalise on the strong long term fundamentals of the uranium market.

A General Meeting of shareholders was held on 30 July 2014 to consider resolutions in relation to a share placement and a Share Purchase Plan. All resolutions were passed unanimously on a show of hands. The placement entails the issue of up to 600 million shares at no less than 80% of the average market price for the last 5 days shares are traded prior to the share issue. In addition, participants in the placement will receive 1 free warrant for every 2 shares purchased. Up to 300 million warrants will be issued with an exercise price of £0.005 (approximately A\$0.0091) each and exercisable within 2 years of grant. Approval was received for the issue of up to 200 million shares through a Share Purchase Plan at a price not less than 80% of the average market price for the last 5 days that shares are traded prior to the date the prospectus is signed. A prospectus containing further details of the Share Purchase Plan will be sent to shareholders shortly.

In April the Company entered into a short-term loan agreement with Darwin Strategic Limited. Under the agreement Forte has issued a Loan Note for £437,500, repayable by 10 August 2014 (initial repayment date of 10 July 2014 was extended on agreement of the parties). If the loan is not repaid by this date, then the loan amount will increase to £481,250, the repayment period will be extended until January 2016 and the lender may elect to convert all or part of the loan at the lower of 0.4 pence per share or 80% of an average market price calculated during the twenty days prior to conversion. The agreement also requires that Forte issue 164,062,500 warrants with a 5-year expiry and an exercise price of 0.4 pence per share to the lender. Shareholder approval to issue the Loan Note Warrants was received at the General Meeting held on 30 July 2014. Further details of the Loan Note and associated Warrants were included in the Notice of Meeting that was announced and sent to shareholders on 30 June 2014.

The Company also has £9.4 million (A\$17 million) available under its £10 million Equity Financing Facility ("EFF") with Darwin as announced on 15 February 2013.

Mark Reilly
Managing Director

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INTERESTS IN MINING TENEMENTS

Forte held the following interests in mining tenements at the end of the Quarter:

LOCATION	TENEMENT NAME/PROJECT	TENEMENT NUMBER	INTEREST
Republic of Guinea	Kissidougou (Firawa)	XP 110	100%
	Kissidougou (Firawa)	XP 130	100%
Republic of Mauritania	Steilet Zednes	XP 281	100%
	D' Adem Essder	XP 282	100%
	Rhall Amane	XP 283	100%
	Tisram	XP 284	100%
	Gleibat Ten Ebdar	XP 285	100%
	Legleya	XP 286	100%
	Hassi Baida	XP 948	100%
	Ouissuat	XP 949	100%
	Bir Ould Ben Nassar	XP 1173	100%
	Nord Tmeimichat Rhall Amane	XP 1588	100%

NOTE: XP = Exploration Permit

During the quarter, the Company relinquished its 100% interest in its Bohoduo exploration permits (XP 107 and XP 109) in the Republic of Guinea. There were no tenements acquired during the Quarter and no other changes in the beneficial interests held by the Company.

About Forte Energy

Forte Energy is an Australian-based minerals company focused on the exploration and development of uranium and associated bi-products in Mauritania and Guinea in West Africa. The Company has an extensive pipeline of assets and total JORC resources of 76.8Mt @ 266ppm U₃O₈ for 44.9Mlbs contained U₃O₈ (100ppm cut-off).

Its flagship assets are the A238 prospect (23.4Mlbs U₃O₈) and the Bir En Nar project (2.06Mlbs U₃O₈) in Mauritania, and the Firawa Project in Guinea (19.5Mlb U₃O₈).

Forte Energy U₃O₈ JORC resources (all at a 100ppm cut-off) (Forte holds 100% of these projects):

Project	Resource Category	M tonnes	ppm U ₃ O ₈	Contained U ₃ O ₈ Mlbs
A238*	Inferred	45.2	235	23.4
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* A238NW Anomaly included in the A238 Inferred Resources

The Company is quoted on the Australian Securities Exchange (ASX: FTE) and AIM market of the London Stock Exchange (AIM: FTE). For more information, visit www.forteenergy.com.au

Note:

The information in this report that relates to the reporting of Mineral Resources is based on information compiled or reviewed by Mr. Galen White, who is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM). Mr White is the Principal Geologist of CSA Global (UK) Ltd. CSA Global have an on-going role as geological consultants to Forte Energy NL. Mr. White has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. White consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the reporting of foreign mineral resource estimates is provided under ASX listing rule 5.12 and is an accurate representation of the available data and studies for the Kuriskova and Novoveska Huta uranium deposits and is based on information reviewed by Mr Dorian (Dusty) Nicol. Mr Nicol is President and CEO of European Uranium Resources Ltd. Mr Nicol is a Fellow of the AusIMM, a Registered Member of the SME, a Certified Professional Geologist, a Registered Geologist in the state of Wyoming, USA and is a Qualified Person under NI 43-101.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

FORTE ENERGY NL

ABN

59 009 087 852

Quarter ended ("current quarter")

30 June 2014

Cash flows related to operating activities		Current quarter A\$'000	Year to date (12 months) A\$'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(237)	(1,007)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(186)	(1,264)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(423)	(2,269)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	(25)	(25)
	(b) equity investments	(100)	(100)
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	100
	(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		(125)	(25)
1.13	Total operating and investing cash flows (carried forward)	(548)	(2,294)

Consolidated statement of cash flows

1.13	Total operating and investing cash flows (brought forward)	(548)	(2,294)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	1,436
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	683	770
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Settlement of Guarantee		
Net financing cash flows		683	2,206
Net increase (decrease) in cash held		135	(88)
1.20	Cash at beginning of quarter/year to date	57	280
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	192	192

Payments to directors of the entity and associates of the directors

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

	Current quarter \$A'000
Aggregate amount of payments to the parties included in item 1.2	55
Aggregate amount of loans to the parties included in item 1.10	0

Explanation necessary for an understanding of the transactions

Salaries and rental of office premises

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

Nil

- 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

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available '000	Amount used '000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	GBP 10,000	GBP 587

See also Note 6 for details of Discretionary Equity Financing Facility

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	350

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	192	57
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	192	57

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	XP107 XP129	Guinea Bohoduo Guinea Bohoduo Interests relinquished	100 100	0 0
6.2 Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

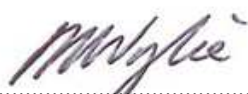
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		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	1,416,495,311 2,250,000	1,416,495,311 -	25	1
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description) (refer to Appendix 3B dated 6 June 2013)	0			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		1,000,000	-	6 pence	1/09/2016
		4,000,000	-	12.5 cents	14/04/2015
		5,000,000	-	3 pence	14/02/2015
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)	1			

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:
Company Secretary



Date: 31 July 2014.

Print name:Murray Wylie.....

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.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.
- 6 **Discretionary Equity Financing Facility** On 15 February 2013 the Company announced that it had entered into a £10 million (\$17 million) discretionary equity financing facility with Darwin Strategic Limited, a majority owned subsidiary of Henderson Global Investors' Volantis Capital. Forte Energy is under no obligation to make a draw down and may make drawdowns at its discretion. Further details of the facility are available in the Company's announcement of 15 February 2013. At the end of the quarter the Company has drawn down a total of approximately £587,000 (\$893,000), leaving £9.4 million (\$16 million) available to the Company under the facility.