

Forte Consolidated Limited

QUARTERLY REPORT

1 July 2014 to 30 September 2014

ASX: FRC

Forte Consolidated Limited
 ABN 37 148 168 825

Board of Directors

Chairman
 Executive Director
 John Terpu

Non-Executive Director
 Bruno Firiolo

Non-Executive Director
 Brian Cleaver

Company Secretary
 Bruno Firiolo

Website

forteconsolidated.com.au

Registered Office

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 BALCATT WA 6021
 Phone: 61 8 9240 4111
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 BALCATT WA 6914

Share Capital

FRC ordinary shares
 95,805,002

Share Registry

Link Market Services Limited
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<https://investorcentre.linkmarketservices.com.au/Login.aspx/Login>

EPM 18986 Johnnycake Highlights

- Three 'drill ready' anomalies have been identified at the Sledgehammer Prospect, including a 600m long coincident chargeable and resistive anomaly associated with the 47g/t Au rock chip result identified in the Company's field mapping programme in June 2014
- Two 'drill ready' anomalies have been identified at the Szarbs Prospect, along with a third anomaly recommended for geochemistry follow up

Johnnycake (EPM 18986) - background

As reported in the June 2014 quarterly report Forte has previously conducted a high resolution airborne magnetic and radiometric survey at Johnnycake. 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 Prospect, in addition to the already identified system at Szarbs Prospect. The location of the prospects is provided in Figure 1.

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 and 6.2g/t Ag, 3.79g/t Au and **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 of co-incident geophysical anomalies and broad halos of hydrothermal alteration consistent with the target style of epithermal mineralisation.

A ground IP survey conducted during the September 2014 quarter has identified 3 chargeable and resistive anomalies at each of the Sledgehammer and Szarbs Prospects. Five of these represent 'drill ready' targets.

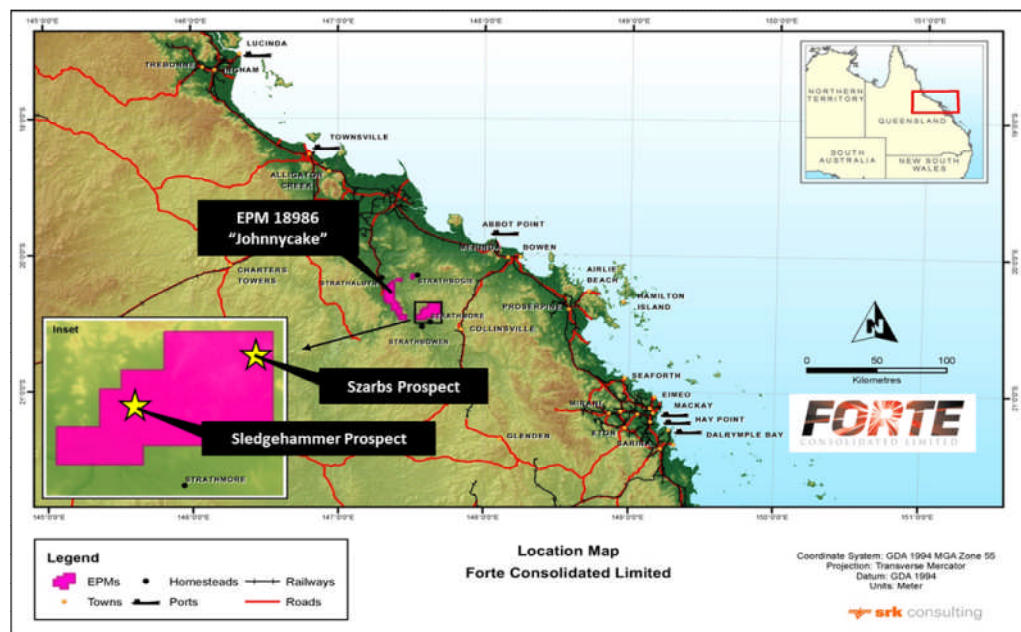


Figure 1: Location Map for Sledgehammer and Szarbs Prospects

Ground IP Survey

Sledgehammer Prospect

A 50m pole-dipole IP survey was conducted by Fender Geophysics, under the guidance of experienced consultant geophysicist Terry Hoschke, over the Sledgehammer Prospect to try to identify sulphides and silicification associated with epithermal systems. This is an area of anomalous gold and clay alteration and appears to be covered by major drainage. Results of an historic airborne EM survey (RepTEM) over this area show conductive zones mapped by the EM which is consistent with clay alteration. The magnetics is subdued which could be due to alteration destroying magnetite.

About 19 line km were surveyed with lines initially 400m apart. There were anomalies identified in the northern part of the survey and the 400m lines were infilled to 200m to define the anomalies. A 3D inversion was run using all the data.

Four chargeability anomalies of interest were identified (Figures 2 & 3):

IP1 – This is a weak linear chargeability anomaly with associated high resistivity. It corresponds to a gold anomaly in soils and is close to outcrop with anomalous rock chips. This anomaly may be due to a NS trending epithermal vein and is a high priority drill target.

IP2 – This is a broad area of weak anomalous chargeability and high resistivity that could be due to a high sulphidation epithermal system. It underlies black soils which mask geochemistry and warrants drilling.

IP3 – This is an anomaly on a single line in the southern part of the survey area without the 200m infill. It is particularly interesting in that it corresponds with a discrete magnetic anomaly and a relative conductor. The cause of the anomalies may be alteration associated with a porphyry system and should be tested via drilling.

IP4 – This is a chargeability anomaly on the most southern line of the survey and may be worth defining with more IP or geochemistry.

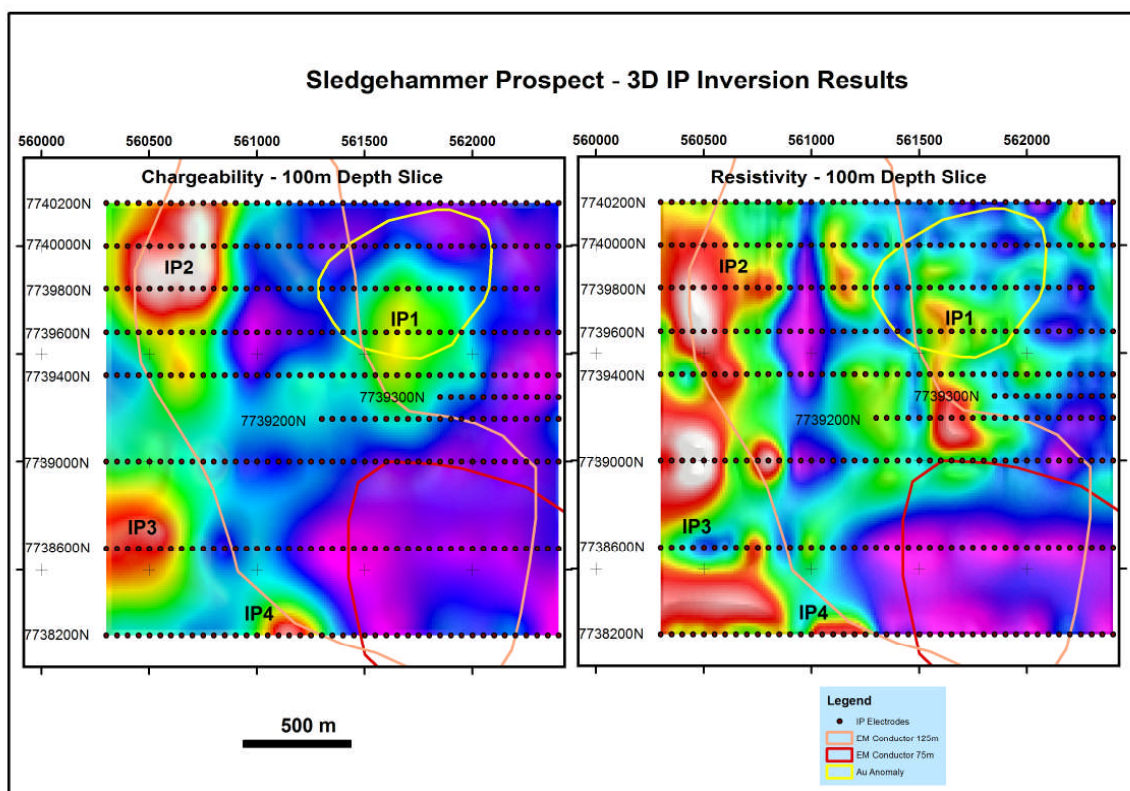


Figure 2: Sledgehammer Prospect showing chargeability and resistivity anomalies at the 100m depth slice

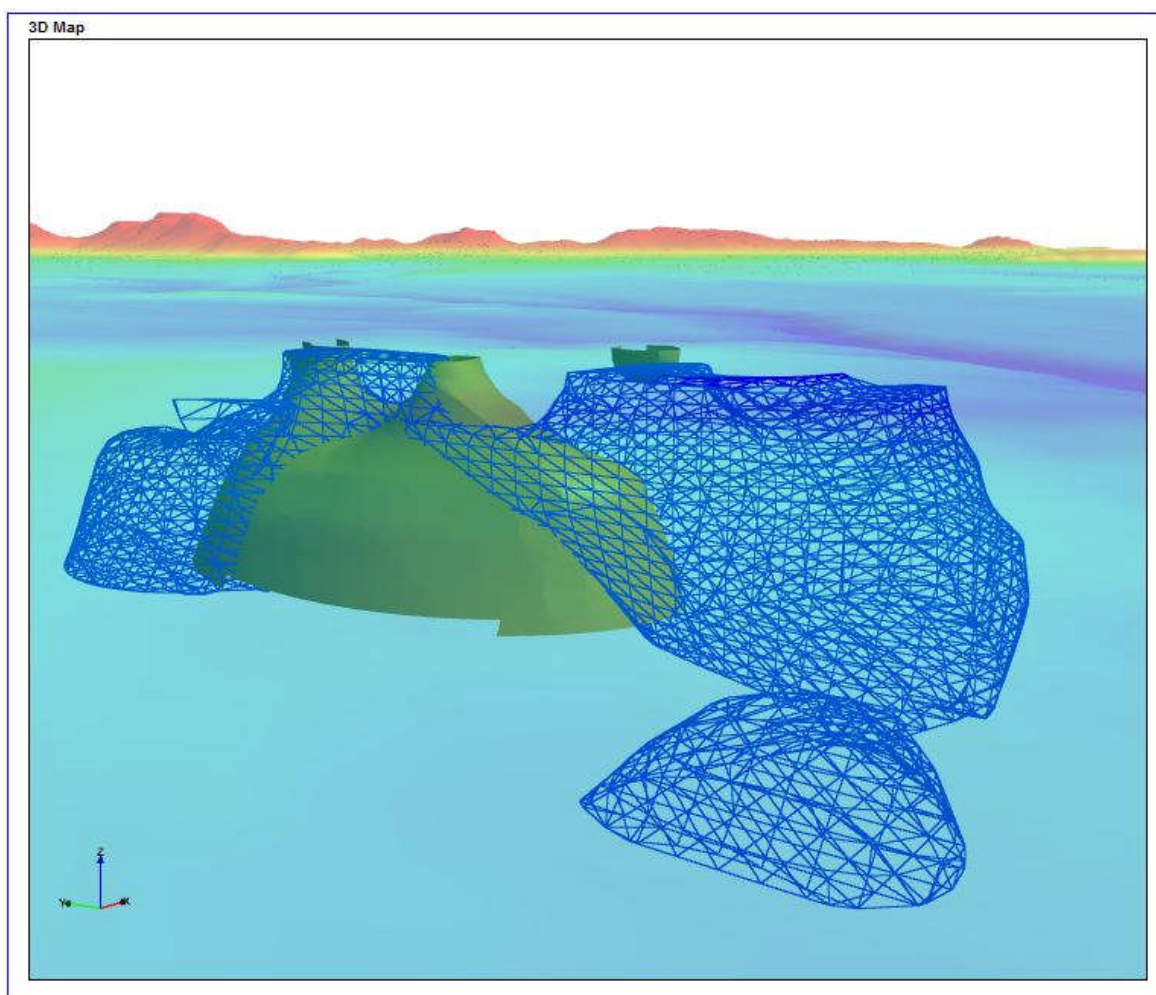


Figure 3: Anomaly IP1 at the Sledgehammer Prospect is associated with a 47g/t Au rock chip result reported in the June 2014 quarterly report. The solid frame represents chargeability while the blue wireframe represents resistivity.

Szarbs Prospect

An IP survey was conducted over the Szarbs Prospect in order to identify sulphides and silicification associated with epithermal systems. This is an area of anomalous gold and silica alteration. There are a number of interesting magnetic features including a circular magnetic low that could be due to a breccia complex similar to Mount Leyshon (Figure 4).

A 50m pole-dipole IP survey was conducted by Fender Geophysics under the guidance of experienced consultant geophysicist Terry Hoschke. About 10 line km were surveyed with lines 200m apart. There is a high voltage power line running through the survey area which affected the chargeability results on three of the lines.

After quality control, all of the lines were inverted in 2D using Geotomo software. This software was also used to run a 3D inversion using all the data.

Two chargeability anomalies and a resistivity anomaly were identified from the survey (Figures 4 & 5):

T1 - This is a weak chargeability anomaly that coincides with a circular low feature in the magnetics of about 600m diameter that may be due to a breccia pipe (Figure 4). The low is thought to be due to magnetite destruction although there may be remanently magnetised intrusions/alteration on the western side. This is a similar signature to the Mount Leyshon breccia complex although smaller. In addition, there is a coincident high resistivity anomaly. This anomaly underlies barren ignimbrite and is recommended to be tested with drilling.

T2 - This is an intense resistive feature of more than 700 ohm-metres that could be due to silicification. It is immediately to the west of a hill with mapped silica alteration. This is a high priority drill target (Figures 4 & 5).

T3 - This is an intense chargeability anomaly to the south of T1. This is close to a high voltage power line that clearly affected the readings. Although the obvious affected readings were not used in the inversion, the geophysicist engaged to interpret the survey considers there may still be an anomaly. It is in an interesting location to the south of the resistivity anomaly and to the west of a hill displaying alteration. The source of the anomaly may not outcrop (Figures 4 & 5).

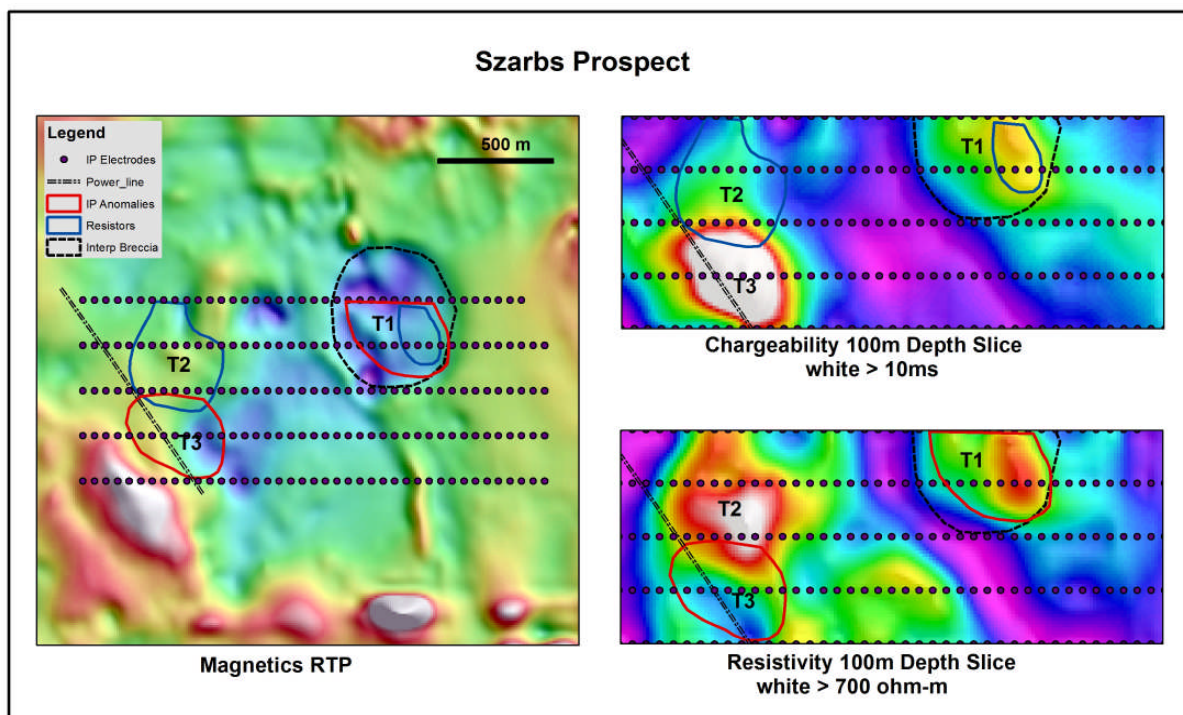
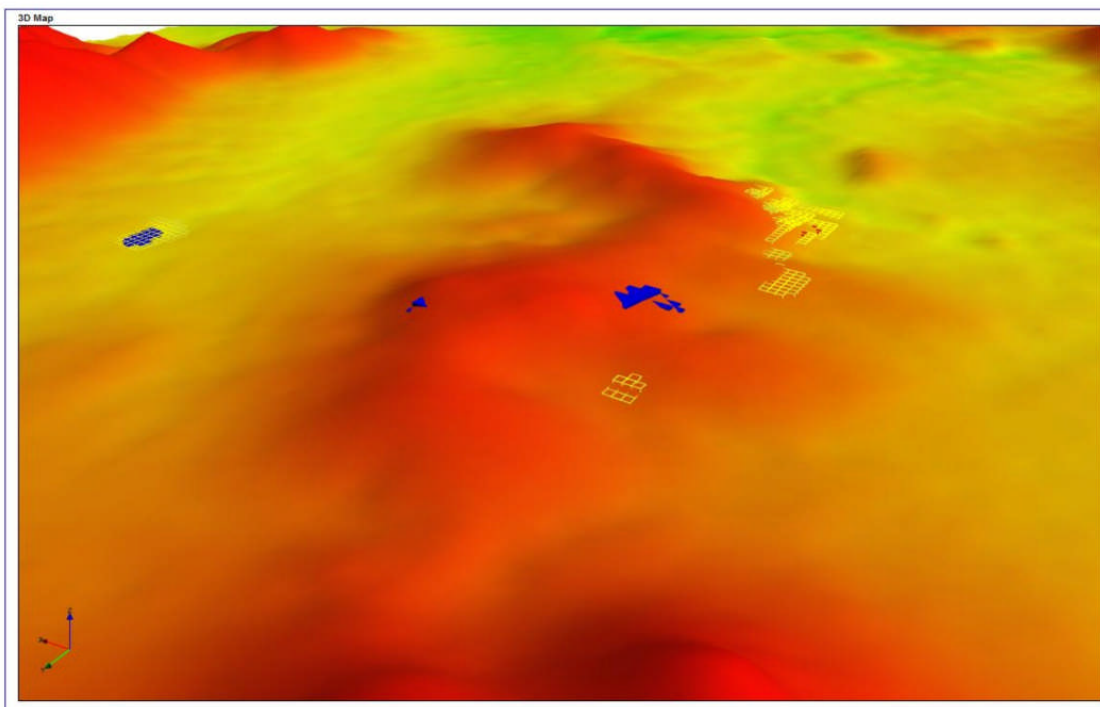
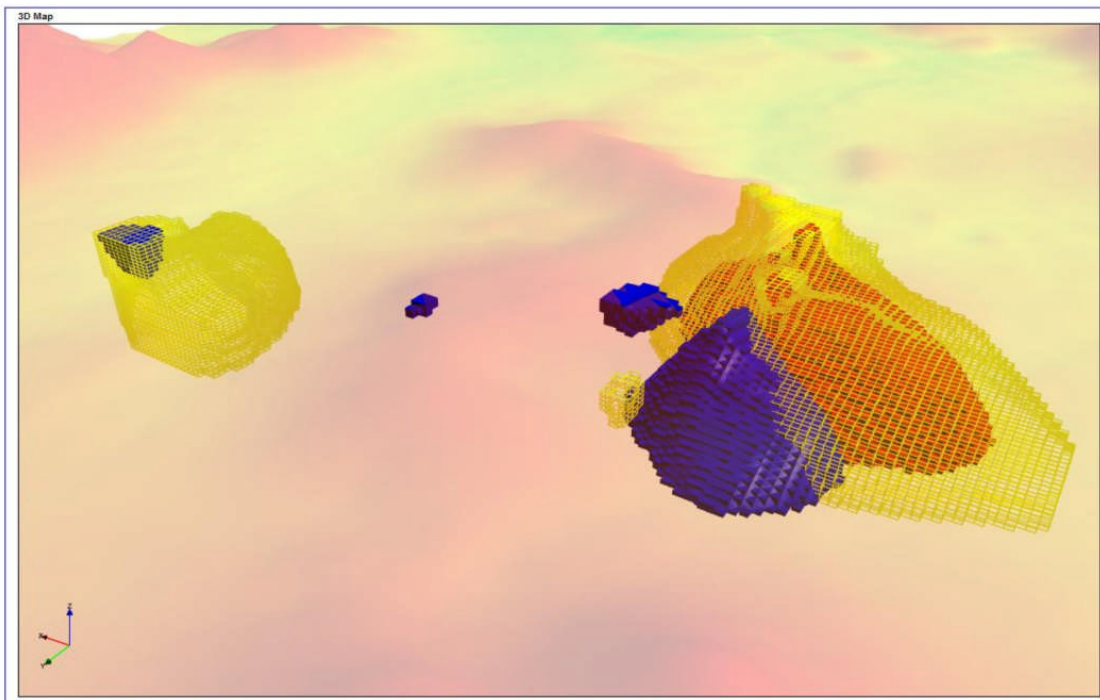


Figure 4: Dipole-dipole anomalies at the Szarbs Prospect showing chargeability and resistivity along with the underlying Mt Leyshon style magnetic anomaly.

Szarbs Prospect



Topography perspective looking SW



**Topography perspective looking SW
with IP and resistivity models**

Figure 5: Topography perspective showing 3D chargeability and resistivity models at the Szarbs Prospect

Work Planned for the December 2014 Quarter

Due to the upcoming wet season there is no on-ground exploration planned for the December quarter. Work during this quarter will focus on planning, preparing and coordinating with stakeholders for drilling to be undertaken during the 2015 field season.

Finance

At 30 September 2014 the Company had available cash totalling \$974,000.

Exploration and evaluation expenditure for the quarter was \$271,000.

The information in this report that relates to Exploration Results from a ground IP survey on EPM 18986 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.

The information in this report that relates to airborne magnetic and radiometric surveys and surface rock chip assay results is extracted from the report entitled "Quarterly Activities Report" created on 31 July 2014 and is available to view on www.forteconsolidated.com.au. The Competent Person named in that report is Mr James Pratt. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Tenement Interests

Tenements held at end of quarter	Ownership	Project	Location
EPM18986 EPM25196	100%	Johnnycake	Collinsville, Queensland
EPM25755	100%	Kangaroo Hills	Kangaroo Hills, Queensland

Tenements acquired during the quarter	Ownership	Project	Location
EPM25755	100%	Kangaroo Hills	Kangaroo Hills, Queensland

Tenements disposed during the quarter	Ownership	Project	Location
EPM14825	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

Criteria	Commentary																						
Sampling techniques	<ul style="list-style-type: none"> Ground Induced Polarisation survey was completed in September 2014. A total of 29.6 line kilometers of survey data was collected across two prospects, Szarbs and Sledgehammer. Equipment and sampling techniques employed in the survey are listed as follows: <table> <tr> <th colspan="2">Summary of key survey specifications</th></tr> <tr> <td>Equipment Receiver</td><td>GDD 16 Channel receiver via 8 core data cable</td></tr> <tr> <td>Equipment - Transmitter</td><td>5,000 watt GDD TcII</td></tr> <tr> <td>Array</td><td>Dipole-dipole</td></tr> <tr> <td>Transmitter dipole length</td><td>50m</td></tr> <tr> <td>Receiver dipole length</td><td>50m</td></tr> <tr> <td>Station separation</td><td>50m</td></tr> <tr> <td>Line separation</td><td>Initial 400m. Infilled to 200m where anomalism warranted</td></tr> <tr> <td>Frequency</td><td>0.125Hz or 2 second on/off</td></tr> <tr> <td>Depth of penetration</td><td>N=8 minimum</td></tr> <tr> <td>Line orientation</td><td>E-W</td></tr> </table> 	Summary of key survey specifications		Equipment Receiver	GDD 16 Channel receiver via 8 core data cable	Equipment - Transmitter	5,000 watt GDD TcII	Array	Dipole-dipole	Transmitter dipole length	50m	Receiver dipole length	50m	Station separation	50m	Line separation	Initial 400m. Infilled to 200m where anomalism warranted	Frequency	0.125Hz or 2 second on/off	Depth of penetration	N=8 minimum	Line orientation	E-W
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Line orientation	E-W																						
Drilling techniques	<ul style="list-style-type: none"> No drilling undertaken during the quarter 																						
Drill sample recovery	<ul style="list-style-type: none"> No samples taken during the quarter 																						
Logging	<ul style="list-style-type: none"> No geological logging undertaken during the quarter 																						
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> No sample preparation undertaken during the quarter 																						
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> As detailed in "Sampling Techniques" 																						
Verification of sampling and assaying	<ul style="list-style-type: none"> As detailed in "Sampling Techniques" 																						
Location of data points	<ul style="list-style-type: none"> All data used in this report are in: Datum: Geodetic Datum of Australia 94 (GDA94) Projection: Map Grid of Australia (MGA) Zone: Zone 55 Ground IP survey points were located with Garmin GPS60 units 																						
Data spacing and distribution	<p>Ground IP survey has been conducted as follows:</p> <table> <tr> <td>Transmitter dipole length</td><td>50m</td></tr> <tr> <td>Receiver dipole length</td><td>50m</td></tr> <tr> <td>Station separation</td><td>50m</td></tr> <tr> <td>Line separation</td><td>Initially 400m. Infilled to 200m where anomalism warranted</td></tr> <tr> <td>Depth of penetration</td><td>N=8 minimum</td></tr> <tr> <td>Line orientation</td><td>E-W</td></tr> </table>	Transmitter dipole length	50m	Receiver dipole length	50m	Station separation	50m	Line separation	Initially 400m. Infilled to 200m where anomalism warranted	Depth of penetration	N=8 minimum	Line orientation	E-W										
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Depth of penetration	N=8 minimum																						
Line orientation	E-W																						
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Ground IP surveys were conducted perpendicular to the regional structure and stratigraphy with survey line direction being 090 – 270 degrees 																						

Sample security	<ul style="list-style-type: none"> All sample information is kept in paper and digital form. Digital data is backed up onto the Company server regularly and then externally backed up daily.
Audits or reviews	<ul style="list-style-type: none"> No audits or reviews have been conducted.

Section 2: Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> 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. Conduct and Compensation Agreements are required with land holders before drilling can be undertaken. Terms have been agreed and a Conduct And Compensation Agreement signed with the land holder for the Sledgehammer Prospect. Negotiations have commenced with the land holder for the Szarbs Prospect. A predesign meeting has been scheduled to vary the Environmental Approval for Sledgehammer Prospect to allow the Company to drill within the buffer zone of a Remnant Regional Ecosystem. The Company is not aware of any reason that the variation would be withheld. The indicative timeframe from the Department for Environment and Heritage Protection is approximately the end of November 2014.
Exploration done by other parties	<ul style="list-style-type: none"> Past exploration work by different mineral exploration companies is summarized by historical tenements below: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 During 2006 to 2010 exploration work was carried out by Conquest Mining in JV with Goldfields Australasia Pty Ltd and included: <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Detailed information on the geology of EPM 18986 (Johnnycake) is provided in the text of the Company's June 2014 quarterly activities report lodged with ASX on 31 July 2014.
Drill hole Information	<ul style="list-style-type: none"> No drilling was undertaken
Data aggregation methods	<ul style="list-style-type: none"> Not applicable
Relationship between mineralization widths and intercept lengths	<ul style="list-style-type: none"> No relevant program was undertaken
Diagrams	<ul style="list-style-type: none"> Appropriate diagrams, Figures 2 and 3, show the spatial distribution in plan view of the results relevant to this report
Balanced reporting	<ul style="list-style-type: none"> The competent person believes this report to be a balanced representation of exploration undertaken
Other substantive exploration data	<ul style="list-style-type: none"> Detailed information on exploration undertaken at EPM 18986 (Johnnycake) is provided in the text of the Company's June 2014 quarterly activities report lodged with ASX on 31 July 2014.
Further work	<ul style="list-style-type: none"> The Company is planning a drilling program to drill the identified anomalies in 2015. Commencement is dependent on all approvals being in place and drill-conductive weather conditions following the usual northern summer wet season.

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

37 148 168 825

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(271) (131)	(271) (131)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	6	6
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	3
Net Operating Cash Flows	(393)	(393)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
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	-	-
1.13 Total operating and investing cash flows (carried forward)	(393)	(393)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(393)	(393)
1.14	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.		
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings		
1.18	Repayment of borrowings		
1.19	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(393)	(393)
1.20	Cash at beginning of quarter/year to date	1,367	1,367
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	974	974

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	107
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	164
4.2 Development	
4.3 Production	
4.4 Administration	141
Total	305

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	73	187
5.2 Deposits at call	901	1,180
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	974	1,367

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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	EPM14825	Relinquished	100%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	EPM25755	Application	0%	100%

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)			

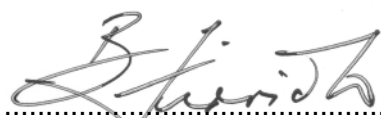
+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
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:



(Director/Company secretary)

Date: 13 October 2014

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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