

## QUARTERLY ACTIVITIES REPORT

### 1 April 2017 to 30 June 2017

#### 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  
 Joe Radici

Company Secretary  
 Bruno Firiolo

Website  
[forteconsolidated.com.au](http://forteconsolidated.com.au)

Registered Office  
 Suite 4, 213 Balcatta Road  
 BALCATTA WA 6021  
 Phone: 61 8 9240 4111  
 Fax: 61 8 9240 4054

Postal Address  
 PO Box 572  
 BALCATTA WA 6914

Share Capital  
 FRC ordinary shares  
 179,078,187

Share Registry  
 Link Market Services Limited  
 Level 12, QV1 Building  
 250 St Georges Terrace  
 Perth WA 6000

Telephone  
 (within Australia): 1300 554 474  
 (outside Australia): +61 1300 554 474  
 Facsimile: +61 2 9287 0303

Email: [registrars@linkmarketservicess.com.au](mailto:registrars@linkmarketservicess.com.au)

If you wish to view your holdings online please login using the following link:  
<https://investorcentre.linkmarketservices.com.au/Login.aspx/Login>

## Highlights

### Exploration

- Office-based activities focussed on overall project potential and mitigation of geological risk.
- Planning finalised and a drill rig has been mobilised to carry out a small targeted stratigraphic drilling program at the Szarbs and Sledgehammer prospects at Johnnycake (EPM 18986) to better understand the geology at depth.
- Preparation for a field visit to EPM 25755 in Queensland incorporating site reconnaissance and rock chip sampling.

### Project Generation

- New tenement application EPM 26527 (Johnnycake North) lodged which incorporates the Molongle Hill, Mount Dillon and Fish Creek epithermal prospects.

### Corporate

- \$870,000 cash in the bank.

## Johnnycake Project

### EPM 18986 Background

Forte has applied first principles geoscience at its Johnnycake Project. As previously reported, exploration already undertaken in 2014 by Forte commenced with a high resolution airborne magnetic and radiometric survey from which a number of anomalous areas were highlighted. On the strength of this, SRK Consulting (Australasia) Pty Ltd ("SRK") undertook tenement scale mapping which identified multiple layers of evidence of a hydrothermal system at the Sledgehammer and Szarbs Prospects. The location of these prospects is provided in Figure 1.

Subsequent prospect scale mapping was completed with the aim of refining these prospects into 'drill ready' targets. Rock chip sampling at each prospect enhanced this objective, yielding a number of anomalous rock chip results at Sledgehammer up to **47g/t Au** and **38g/t Ag**.

A shallow ground IP survey was conducted in late 2014 with the intention of defining any immediate shallow drill targets on the basis of chargeable and resistive anomalies at each of the Prospects. A number of weak anomalies were defined and during the June 2015 quarter a reconnaissance phase RC drilling program, along with surface trench sampling, targeted these anomalies with the aim of refining the mineralisation model and providing vectors to mineralisation.

### Sledgehammer Prospect

The prospectivity of the zone around Sledgehammer Hill has been enhanced by detailed trench sampling undertaken in the June 2015 quarter (Figure 2) which returned Au grades up to ~7 g/t and further supports the results of the 2014 rock chip program.

RC drilling undertaken during the June 2015 quarter has shown that the IP targets correspond to zones of alteration with weak Au and Ag mineralisation. The chargeability and resistivity can therefore be explained by the presence of pyrite and silica alteration.

The fact that the high grade surface assays are not replicated in the 2015 RC drilling campaign is suggestive of a strong structural control, which has not been adequately tested by the reconnaissance drilling which targeted the IP anomalism.

### Szarbs Prospect

RC drilling, and analysis undertaken during the June 2015 quarter focussed on the IP anomalism, which has been shown to correspond to zones of alteration with only weak Ag mineralisation. The chargeability and resistivity are explained by the presence of pyrite and silica respectively which constitute part of the phyllic and propylitic alteration assemblages normally associated with a high sulphidation epithermal system.

Geochemically and structurally, the vectors provided by the drilling indicate very strongly that the most prospective part of the system is to the east of the previous drilling (Figure 3) centred on an area of:

- more acidic higher temperature alteration (weak alunite-jarosite-pyrite-silica), evidenced by a combination of Hylogger and petrographic analysis of rock specimens from Szarbs;
- a series of elevated elemental associations, i.e., elevated As, Ag, Te and Bi consistent with the proximal parts of an epithermal system;
- a zone of demagnetisation that is interpreted to reflect the effects of phyllic alteration associated with a hydrothermal system; and
- adjacent an interpreted regionally significant fault structure, interpreted to be west dipping with alteration associated with hanging wall sequences.

Based on the above, the drilling conducted at Szarbs has given shape to the alteration sequence peripheral to the core of the system, which is now strongly defined as lying to the east, and possibly at depth.

In the Company's opinion the prospectivity of the broader area is not diminished, albeit the current results to date confirm a modified approach to further exploration is warranted. Despite the mineralisation discovered at surface, and the clear delineation of structure and alteration the basal sequences of the Permian volcanic package, which are the primary exploration target (e.g., Mt Carlton), remain untested and are poorly understood geologically in this area. The potential for these deeper basal units to host the core of the apparent alteration system remains the focus of further exploration at both the Sledgehammer and Szarbs prospects.

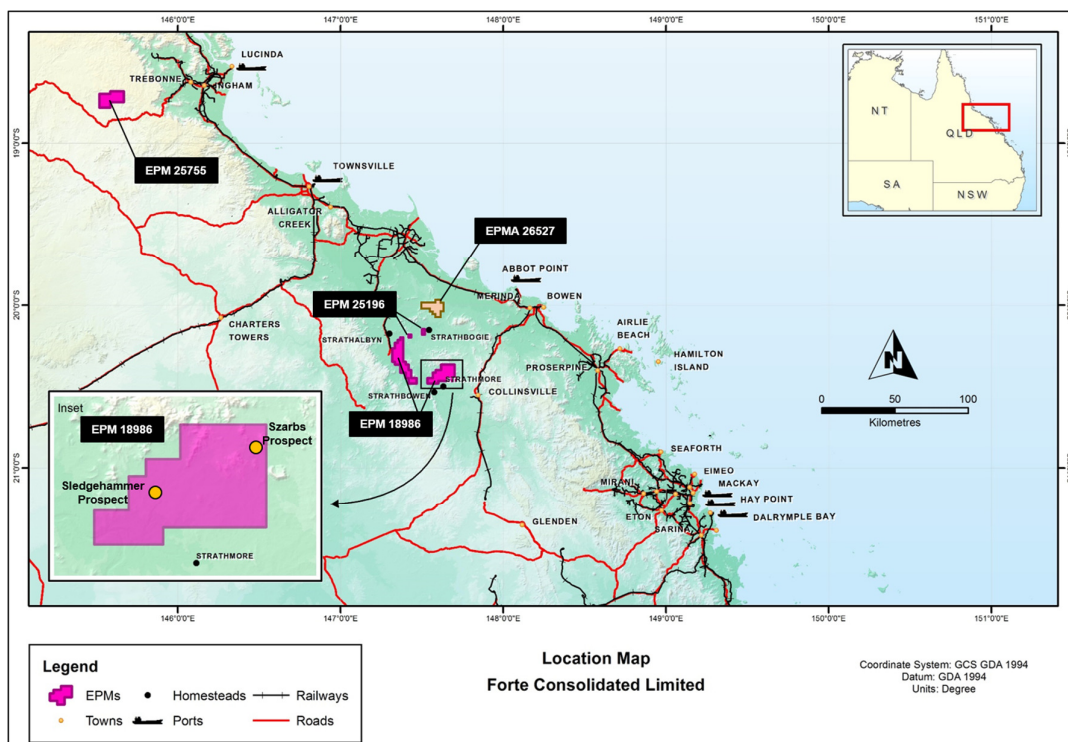


Figure 1: Location Map for Forte tenements, Sledgehammer and Szarbs Prospects

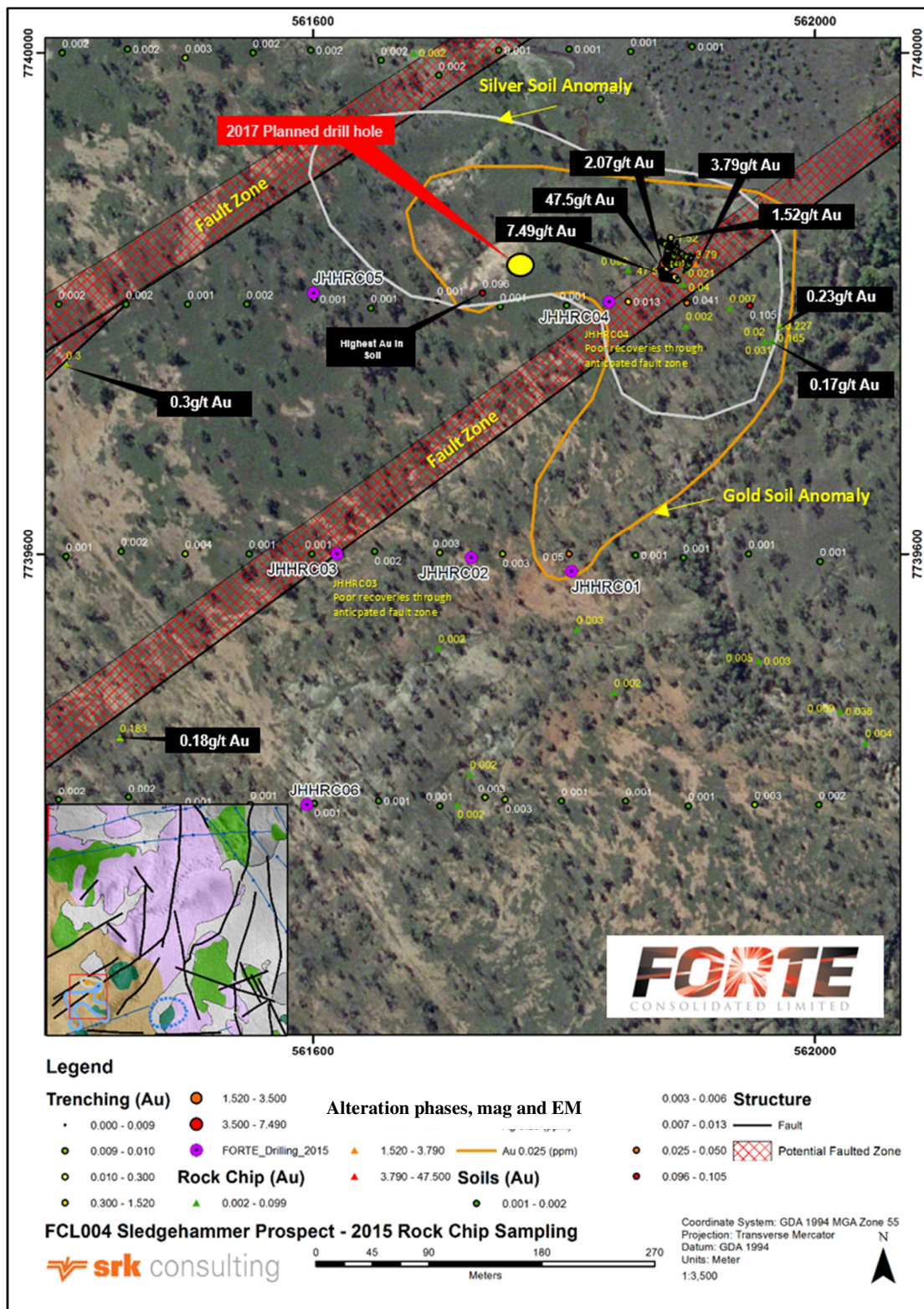


Figure 2: Plan view of the Sledgehammer prospect showing drill hole locations (completed and planned), anomalous rock chip and soil results, and interpreted faults



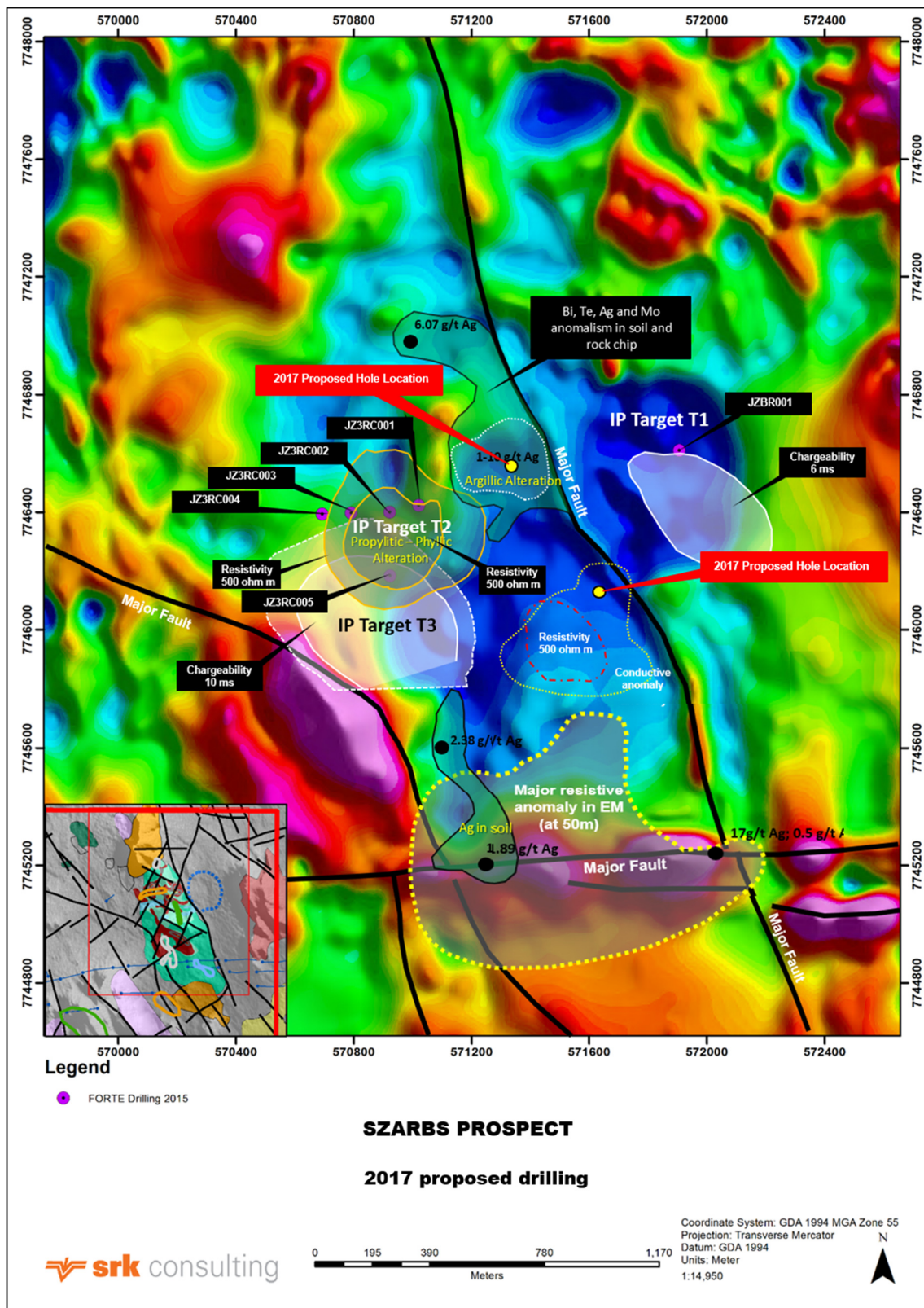


Figure 3: Plan view of the Szarbs prospect showing drill hole locations (completed and planned), anomalous rock chip results, IP anomalies, alteration phases, EM resistive anomaly, magnetic low and faults

### **EPM 18986 Activities During the Quarter**

During the quarter the Company's activities included finalisation of plans to conduct a small drilling program and commencement of ground preparation. Prior desktop studies during the December 2016 and March 2017 quarters were focussed on a refinement of the geological model and potential deeper targets for mineralisation. The previous exploration results referred to earlier highlighted a need for further focus on the overall project potential and mitigation of geological and exploration risk moving forward with the exploration program. During the current quarter, the three hole program was approved, however unseasonal wet weather events restricted access to the tenement and delayed the commencement. A drill rig has recently been mobilised and the planned drilling has commenced.

### **EPM 18986 Proposed Activities for Next Quarter**

Although there have been encouraging exploration findings at Johnnycake, the geological stratigraphy at the Szarbs and Sledgehammer prospects remains poorly understood and the exploration model developed for the area, which recommends targeting the deeper basement unconformity between the Permian volcanics and the Carboniferous granites (and host metasediment and volcanics) has yet to be adequately tested.

In order to advance the geological understanding of the permit area, Forte will be conducting a small targeted stratigraphic drilling program at the Szarbs and Sledgehammer prospects to better understand the geology at depth, where the most prospective sequences are inferred to be located.

Forte have planned for 3 exploratory drill holes, two at the Szarbs prospect and one at the Sledgehammer prospect. All three holes are presented in Figure 2 and Figure 3 and are designed to test:

- The Permian stratigraphy and depth to basement, thereby sampling to (or just below) the Permian-Carboniferous unconformity;
- The basal volcanic sequences above the unconformity as a potentially suitable 'chemical trap' to mineralising fluids;
- This potentially important stratigraphic horizon or zone proximal to a major structural features, inferred as a potential fluid pathway; and
- The area beneath the most anomalous surface geochemical results

The planned holes will not only advance the understanding of the key target sequences at depth, but also provide a greater context to the exploration results obtained to date.

## **Kangaroo Hills Project**

### **EPM 25755 Background**

EPM 25755 is situated within the Camel Creek Sub province of the Broken River Province (Figure 1). The permit geology comprises Late Silurian to Early Devonian sediments of the upper sequences of the Kangaroo Hills Formation (lithofeldspathic arenite and mudstone; local polymictic conglomerate with limestone clasts; allochthonous limestone blocks). The Kangaroos Hills Formation is intruded by numerous Carboniferous to Permian age granitoids (Poison Creek granite, West Creek Diorite, Ingham granites).

Mineral deposits and occurrences locally show a close spatial association with the Carboniferous to Permian age intrusions where the deposits commonly occur in zones of breccias, veins and stockworks and also as skarn and replacement deposits where intrusions are in contact with reactive host rocks.

Gold  $\pm$  antimony  $\pm$  arsenic mineralisation linked to veins, stockworks and breccia zones is the primary exploration target within EPM 25755.

### **EPM 25755 Activities During the Quarter**

No new work was conducted during the quarter.

### **EPM 25755 Proposed Activities for Next Quarter**

Further desktop studies and a field visit to EPM 25755 incorporating site reconnaissance and rock chip sampling is planned.

## **Project Generation**

Forte submitted one new tenement application, EPMA 26527 (Johnnycake North) during the current quarter, located in the northern Bowen Basin some 32 km north of EPM 18986 (Johnnycake). The area is deemed by Forte to be prospective for Mount Carlton-style epithermal mineralisation. The application area hosts the Molongle Hill, Mount Dillon and Fish Creek epithermal prospects.

An assessment of the prospectivity of the area and the effectiveness of previous exploration is currently under review.

## **Finance**

At 30 June 2017 the Company had available cash totalling \$870,000

Exploration and evaluation expenditure for the quarter was \$39,000

## **Tenement Interests**

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

<b>Tenements acquired during the quarter</b>	<b>Ownership</b>	<b>Project</b>	<b>Location</b>
EPM26527	100%	Johnnycake	Collinsville, Queensland

<b>Tenements disposed during the quarter</b>	<b>Ownership</b>	<b>Project</b>	<b>Location</b>
NIL			

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

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

*The information in this report that relates to airborne magnetic and radiometric surveys, along with surface rock chip analysis and 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](http://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.*

*The information in this report that relates to results of a ground IP survey is extracted from the report entitled "Quarterly Activities Report" created on 13 October 2014 and is available to view on [www.forteconsolidated.com.au](http://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.*

*The information in this report that relates to RC drilling results , trench sampling results and alteration mineral (Hylogger) analysis is extracted from the report entitled "Quarterly Activities Report" created on 21 July 2015 and is available to view on [www.forteconsolidated.com.au](http://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.*

## 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, 01/05/13, 01/09/16

**Name of entity**

FORTE CONSOLIDATED LIMITED	
<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
37 148 168 825	30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(39)	(142)
(b) development		
(c) production		
(d) staff costs	(13)	(50)
(e) administration and corporate costs	(109)	(449)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	29
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(157)</b>	<b>(612)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments	-	(36)
(d) other non-current assets		



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments	-	494
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>458</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,027	1,024
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(157)	(612)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	458
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>870</b>	<b>870</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	295	691
5.2 Call deposits	575	336
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>870</b>	<b>1,027</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
115
Nil

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
Nil
Nil

N/A

## Mining exploration entity and oil and gas exploration entity quarterly report

**8. Financing facilities available**

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
Nil	
Nil	
Nil	

--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	238
9.2 Development	
9.3 Production	
9.4 Staff costs	13
9.5 Administration and corporate costs	121
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>372</b>

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	EPM26527 Queensland	Application	0%	100%

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:  
(Director/Company secretary)

Date: 19 July 2017

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.