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ASX ANNOUNCEMENT
11 October 2017

PRELIMINARY DRILLING RESULTS

- Forte Consolidated Limited (ASX: FRC) ("Forte" or the "Company") is pleased to report the successful completion of a stratigraphic RC and diamond core drilling program at the Szarbs and Sledgehammer prospects, which form part of the Johnnycake Project (EPM 18986) in north-east Queensland. Four holes were completed for a total of 1,559m, including 718m of diamond core.

- The extent and intensity of alteration observed in the holes confirms the presence of a significant fossil hydrothermal system, whilst the delineation of a wide (15-20m) zone of sulphide mineralisation within a shear zone in JZRD003, albeit with weak anomalism, is the first evidence of a potential feeder system and confirms previous interpretations that there are strong structural controls on alteration and mineralisation observed at surface.

- The drilling results further highlight that the geology, and structural architecture of the prospective structures (and potentially reactive host-rocks), is complex with a number of potential structures that could accommodate and focus hydrothermal fluids pathways. The geological understanding of the volcanic sequence, basement lithology and potential first order structural controls need to be further evaluated to determine the more prospective zones within the volcanic sequences.

- Forte will carry out ongoing assessment of the exploration results and further analysis of the stratigraphy and alteration.

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 evidence supporting the presence 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 and PIMA sampling at each prospect in mid-2014 has enhanced this objective, yielding 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.

A ground IP survey conducted in late 2014 identified a series of chargeable and resistive anomalies at each of the Prospects. In 2015 a drilling program targeted these anomalies with the aim of refining the mineralisation model and providing vectors to mineralisation.

Although there have been encouraging exploration findings at Johnnycake, the geological stratigraphy at the Szarbs and Sledghammer prospects has remained 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 has undertaken 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.

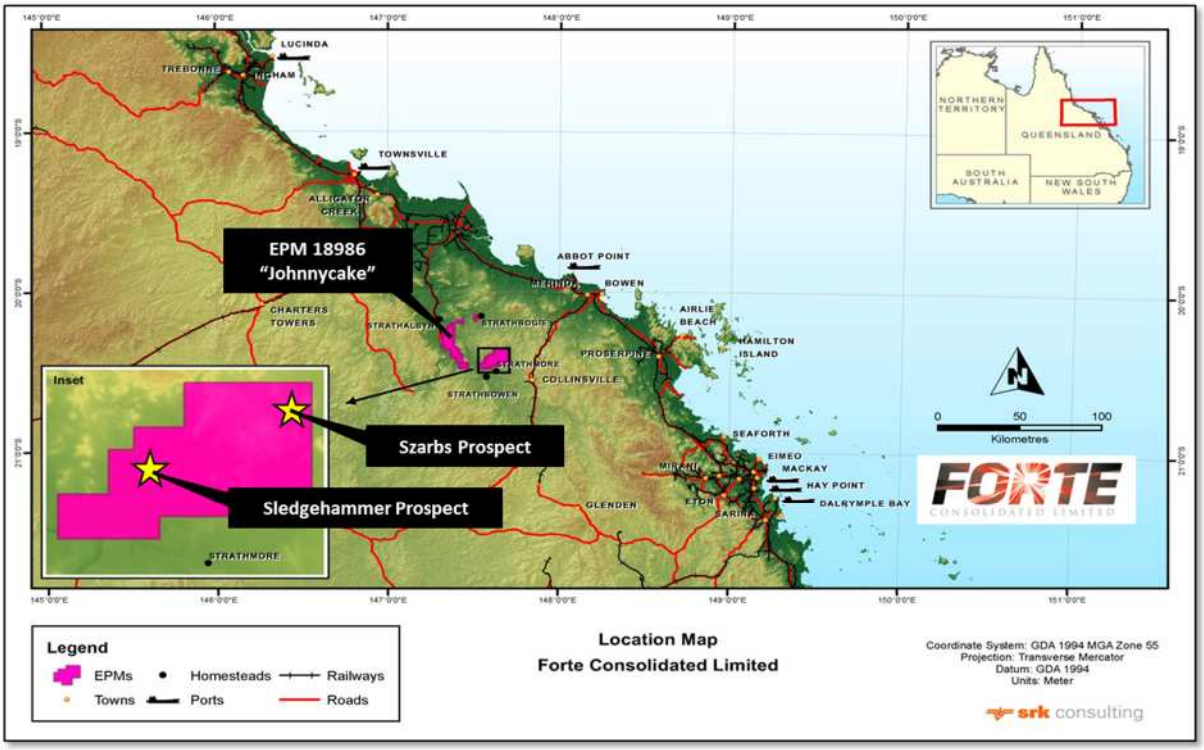

Figure 1: Location Map for Sledgehammer and Szarbs Prospects

DETAIL OF ACTIVITIES

Szarbs Prospect

Summary

A total of 3 holes (JZRD001-003) for a combined 1,064 drilling meters was completed at the Szarbs Prospect. Figure 2 shows the location of these holes. JZRD001 and JZRD002 were planned as stratigraphic holes to provide information on the Permian-age stratigraphy above Carboniferous-age basement. JZRD001 and JZRD002 were drilled as vertical holes to a depth of 516m and 247m respectively. JZRD003 was planned as a targeted hole to provide information on an area under weakly mineralised (anomalous mid-2014 rock chip results) and altered outcrop (Figure 2). The hole was drilled as an inclined hole to the northeast to a depth of 300m.

JZRD001 & 2

JZRD001 intersected a 500m+ (downhole) sequence of felsic to mafic extrusive lavas with minor volcanoclastic sedimentary rocks. The upper 200m is dominated by trachyte, with minor dacite, rhyolite and sedimentary rocks. The lower sequences are dominated by andesitic compositions. Variably intense and persistent propylitic (carbonate-chlorite-hematite) alteration is present throughout the entire hole. There are zones of sericitic and silica-pyrite alteration in the trachytes. JZRD001 did not intercept basement which must be considerably deeper in this area.

JZRD002 intersected a 207m+ (downhole) sequence of volcanoclastic sediments (sandstones) dominated by andesitic compositions. The sequence is pervasively propylitically (carbonate – chlorite) altered with rare zones of sericitic and pyrite alteration along interpreted shears. The hole intersected altered granitic basement at 207m (downhole). The alteration was similar in nature and intensity to the overlying volcanics.

Conclusions

The nature of the alteration in both JZRD001 and JZRD002 would support the holes having intersected the distal parts of a large hydrothermal system, with prospectivity for identifying epithermal mineralisation with ongoing sustained exploration. On the basis of visual inspection of the RC cuttings and core, no samples were sent for geochemical analysis. Some of the more intensely altered andesitic units (at depth) need to be assessed further as they represent prospective permeable and reactive host rock for mineralisation in the right structural environment. Consequently, a number of petrographic samples have been taken for further analysis of the alteration.

The granite contact is a minimum of 300m higher in the JZRD002 hole than in JZRD001 which is located approximately 750m to the north. It is unlikely that the variation in the basement depth can be related solely to palaeotopography and suggests the interpreted east-west structure just to the south of the collar position of JZRD002 (Figure 2) may be a major regional structure.

JZRD003

In JZRD003, the geology consists of a 300m+ (downhole) sequence of trachytes and andesites with minor rhyolites.

The entire hole displays intense propylitic (calcite/pink carbonate + chlorite) alteration and there are two zones overprinting alteration which displayed sericitic and pyrite alteration (± quartz veins and silicification). The first zone was intersected in the RC cuttings from 101 to 122m which was andesitic lava with quartz sericite pyrite alteration and apparent thin mm-scale quartz veining.

RC cuttings (1m samples) from the interval 100-120m were assayed to test for anomalous elements associated with the alteration. Assay results from this zone returned a 4m interval from 100 to 104m which was clearly anomalous with 0.6 to 2.2 ppm Ag (avg. 1.3 ppm), 13-65ppm Mo (avg. 39 ppm) and elevated As (avg. 8 ppm) with respect to background levels. No Au anomalism was detected. The weak mineralisation is correlated with abundant (5-10%) quartz veins noted in the geological logs. The remainder of this interval displayed weakly anomalous zones with elevated As, Ag and Mo. The intersection is consistent geochemically with the surface anomalism which also shows the same elemental indicators (Ag, Mo and As).

The second zone intersected in core from 224 to 242m presented a north-south trending vertical shear in a trachyte host rock with pervasive to intense hematite-pyrite alteration with up to 20% sulphide based on geological and alteration logging of the core (Figures 3A, B & C). Mineralisation appears restricted to two phases (generations) of pyrite.

Core (1m samples) from 207 to 257m was assayed to test this zone for anomalous geochemistry associated with the sulphide mineralisation. The shear zone is distinctly anomalous in S (avg. 1.4% S; up to 7.99% S) indicative of the volume of sulphide observed visually in the core. The zone has weakly anomalous As (up to 42ppm) but no Au or Ag anomalism were reported, although there is a weak correlation between Cu, Ag and As.

Conclusions

The sulphide mineralisation provides further evidence on the strong structural controls on hydrothermal fluid flow which overprint the pervasive propylitic halo. Although the zone was not geochemically anomalous, the shear zone provides a good target to define lateral zones of metal concentrations in sulphide mineralistion.

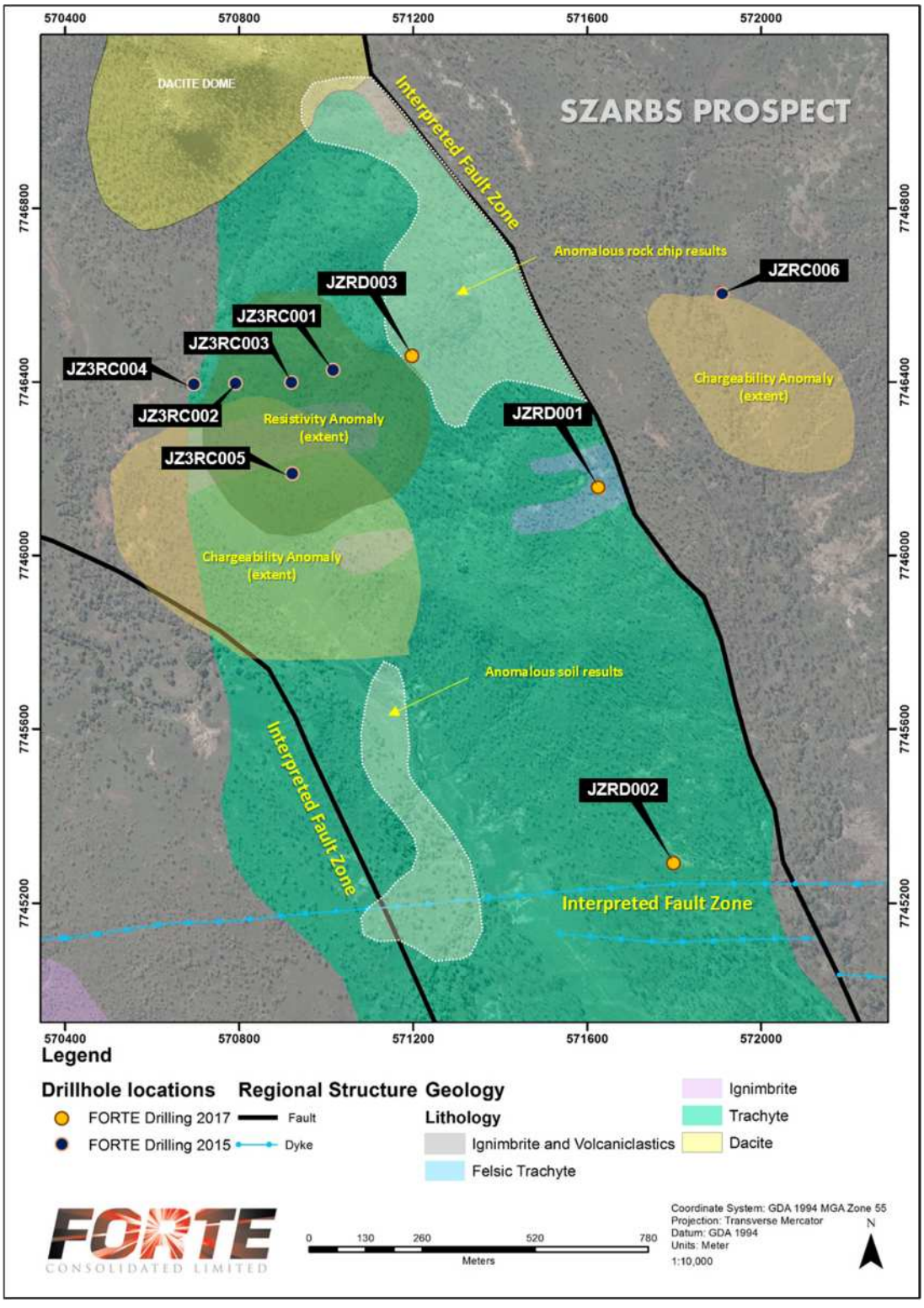

Figure 2: Plan view of the Szarbs prospect showing drill hole locations, anomalous rock chip results, IP anomalies, and interpreted faults

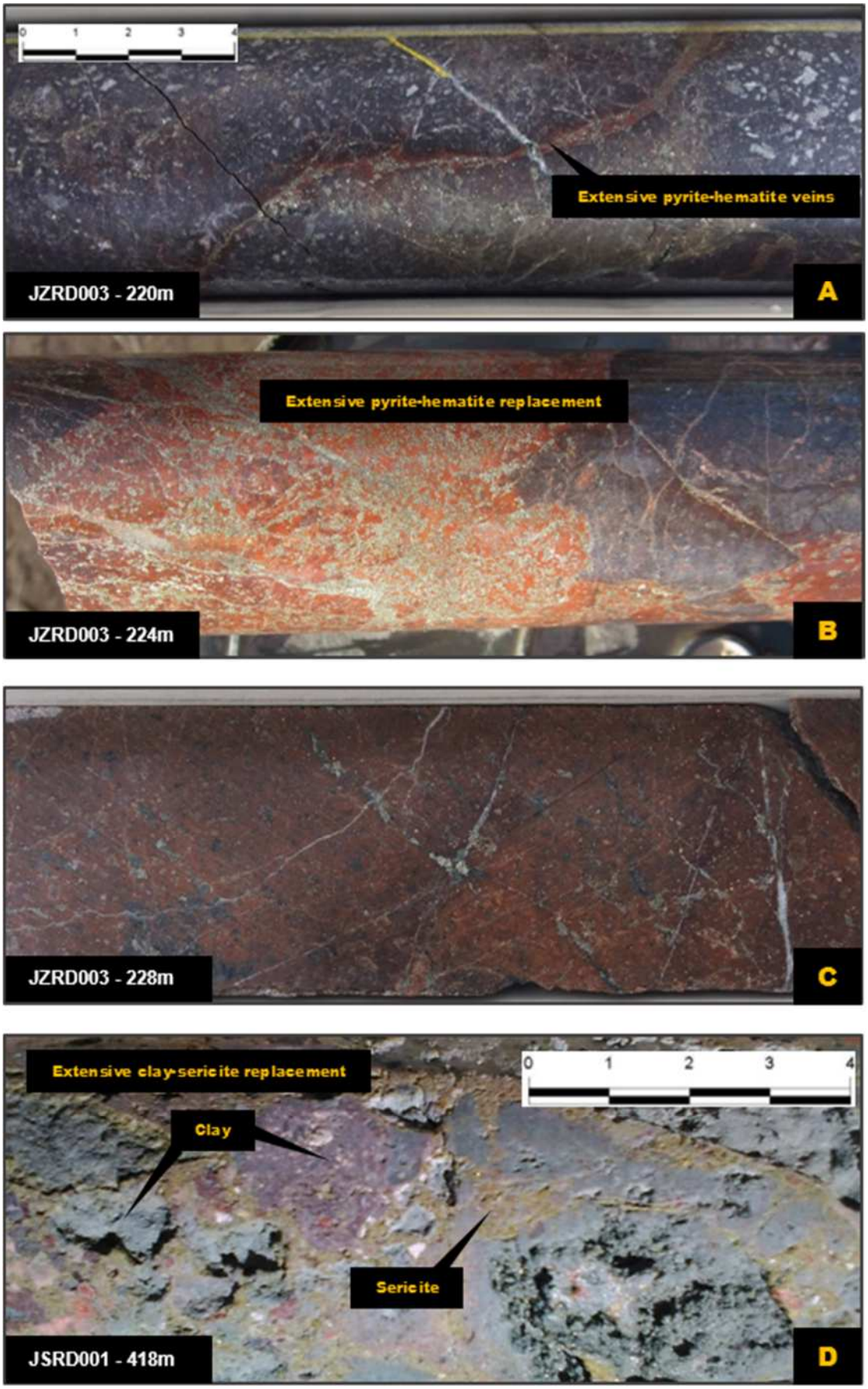

Figure 3: Core photographs highlighting alteration and mineralisation in JZRD002 (A-C) and alteration in JSRD001 (D)

Sledgehammer Prospect

One hole (JSRD001) was completed for 492 drilling meters at the Sledgehammer Prospect. Figure 4 shows the location of this hole. JSRD001 was planned as a stratigraphic hole and drilled vertically to provide information on the Permian-age stratigraphy above Carboniferous-age basement. The geology consists of a 500m+ (downhole) sequence of volcaniclastics with interbedded tuffs and basalt intrusives at depth.

Propylitic alteration (carbonate-chlorite-epidote-pyrite) is variable throughout the entire hole but generally increases in intensity with depth. Two zones of overprinting alteration were identified within the core. A zone of sericitic and pyrite (1 – 2 %) alteration of volcanoclastic was intersected between 310 and 328m. The propylitic zone transitions sharply into a second zone of intense clay – sericite alteration of volcaniclastic from 416 – 429m (Figure 3D). The intensity of the alteration has led to the development of vughy host rock. The clay alteration zone is coincident with a number of altered basalt intersections, which are interpreted as dykes and may indicate the presence of a structural zone.

Core samples from 313-323m displaying volcaniclastic with sericite-pyrite alteration was sampled and assayed although not anticipated to return significant results. The interval was not geochemically anomalous. Core samples from 408 to 435m displaying a volcaniclastic with intense clay-sericite alteration were also sampled. The interval was not geochemically anomalous.

Conclusions

A number of petrographic samples have been taken from the intense clay-sericite alteration zone for further analysis of the alteration. The transition may suggest evidence of a vectoring of a hydrothermal system, although as the hole was positioned as a vertical hole, the hole was terminated with a view to re-positioning another hole at a later stage.

The stratigraphy intersected in the hole is markedly different from that logged in the earlier 2015 drilling campaign and suggests that a number of major structures transect the immediate area. These structures may provide good exploration targets with further delineation.

Forte's Executive Chairman, John Terpu, commented "In line with our exploration approach of applying good first principles geoscience to our exploration targets, the stratrigraphic drilling program conducted is providing valuable information on the geology at depth in a greenfields exploration area. The intensity and scale of the alteration is encouraging. The drilling data collected as part of this program will allow Forte to progress the exploration work with a better geological understanding and potentially define new exploration concepts on what we believe is a prospective environment to host intrusive related economic mineralisation."

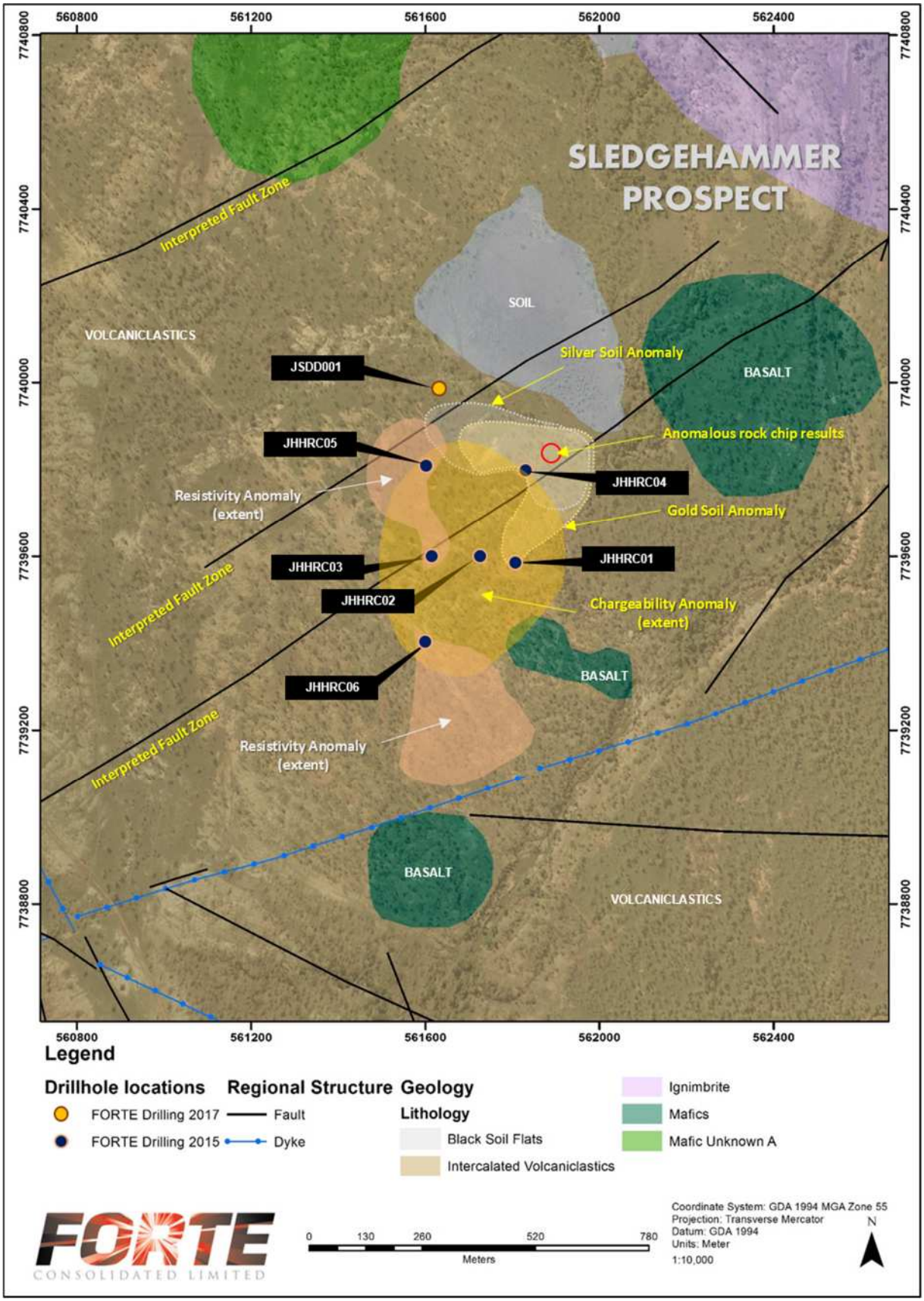

Figure 4: Plan view of the Sledgehammer prospect showing drill hole locations, anomalous rock chip results, IP anomalies, and interpreted faults

The information in this report that relates to 2017 RC and diamond core drilling results on EPM 18986 is based on information compiled by Mr Bryce Healy. Mr Healy is a principal consultant with SRK Consulting (Australasia) Pty Ltd. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, Mr Healy 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 Healy 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 2015 RC drilling results is extracted from the report entitled "Quarterly Activities Report" created on 21 July 2015 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.

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. 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 airborne magnetic and radiometric surveys, along with surface rock chip PIMA 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. 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 1: JORC Code compliance tables

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

Criteria	Commentary
Sampling techniques	A combined Reverse Circulation ("RC") and Diamond core (DD) drilling program was completed in August 2017. A total of 1,546 meters (828m RC & 718m DD) of drilling was completed on four holes across two prospects, those being the Szarbs and Sledgehammer prospects. Two holes (JZRD001 & JSRD001) were sampled in part. 1 meter samples were taken down the length of selected portions of two holes. Sampling protocols RC cuttings were collected over 1m intervals via cyclone into plastic bags (25-30 kg of sample material): For RC assay sampling, 1-2kg of sample was split from each 1 meter sample length via a cone splitter Cyclone was manually cleaned at the completion of each rod and thoroughly cleaned at the completion of each hole. All drill core (NQ2 tube size/50mm core diameter) was collected directly from the core barrel, marked, logged and then placed into core boxes: Core samples were cut with half-core (2-3 kg) for analysis and half-core retained as reference in the core tray. Core trays were labelled with hole number, tray number, and metre intervals marked. Bottom-of-hole orientation line was marked prior to geological logging and sampling. 116 samples were collected (96 diamond core; 20 RC) and submitted for analysis at ALS Laboratories in Townsville. Field QC procedures involved the use of Certified Reference Materials (CRM's) as assay standards (2) and blanks (3). Samples were crushed (>70% <6 micron), pulverised (PUL-23) and split to produce a homogeneous sub-sample for geochemical analysis. The samples were assayed using conventional ME-ICP61 (4 acid digest ME-ICP61)) for 33 element analytical suite (Ag (0.5), Al (0.01%), As (5), Ba (10), Bi (2), Ca (0.01%), Cd (0.5), Co (1), Cr, (1) Cu (1), Fe (0.01%), Ga (10), K (0.1%), La (10), Mg (0.01%), Mn (5), Mo (1), Na (x0.01%), Ni (1), P (10), Pb (2), S (0.01%), Sb (5), Sc (1), Sr (1), Th (20), Ti (0.01%), Tl (10), U (10), V (1), W (10), Zn (2). The samples were then assayed using Fire assay (Au-AA26) for Au (0.01). Elemental lower limits of detection (LOD) for the above analytical methods are presented in brackets as ppm unless stated otherwise. 18 samples were selected from the core for petrographic analysis.
Drilling techniques	The drilling operation was undertaken by drilling contractor Eagle Drilling RC and diamond core drilling was conducted with a modern truck mounted drill rig (UDR650). RC pre-collar samples were obtained utilizing high pressure and high volume compressed air using RC 5¾" diameter face bit. RC pre-collars on all four holes were drilled to a depth of 207m. Diamond holes were undertaken using NQ2 core (tube size/50mm core diameter) Holes orientations were surveyed using a Reflex-EZ shot at 50m intervals down hole.
Drill sample recovery	RC sample recoveries of less than approximately 80% are noted in the geological/sampling log with a visual estimate of the actual recovery. Very few samples were recorded with recoveries of less than 80%. Wet RC samples are recorded in logs Diamond Drilling: Core recovery and drill meterage were recorded and reconciled by field geologist at drill site, prior to transfer of the core to the storage facility; Overall, recoveries of diamond core is >95%.

Logging	The total of the drilling data is 1,546m of which 718m is diamond core. All drilling was logged at the rig. RC Drilling: Lithology, veining, mineralisation, alteration, weathering and oxidation are recorded; Evidence for structural features are noted. RC logging is qualitative and descriptive in nature Representative portion of samples were retained in chip trays for future reference. Diamond drilling: Drill core is marked, photographed and logged prior to sampling; The core has been geologically logged to a level of detail considered appropriate for this level of exploration; Lithology, veining, geological contacts, mineralisation, alteration, weathering and oxidation are recorded; Structural features are noted. Sample recovery was also noted All data was recorded in field logs/note books and subsequently transferred to electronic drillhole database. Select samples through all holes have been sent for petrographic analysis to support rock classification and alteration.
Sub-sampling techniques and sample preparation	Core was half-cut lengthwise using a diamond saw and orientation line. The half core was sampled on 1m intervals. RC samples (nominal 25-30 kg weight) were split through a cyclone splitter, and a 2-3 kg sub-sample submitted as the primary sample for assay.
Quality of assay data and laboratory tests	107m of combined RC and DD intervals were sampled and 112 samples (including blanks and standards) were collected and submitted for analysis at ALS Laboratories in Townsville. Field QC procedures involved the use of Certified Reference Materials (CRM's) as assay standards (2), along with blanks (3). The fire assay gold analyses undertaken are considered a total assay method and is an appropriate assay method for the target-style mineralisation. Au by 50g fire assay using (au-AA26) Standard lab QC was also implemented as part of the geochemical testing protocol. No geophysical tools were used or data analysed.
Verification of sampling and assaying	Field QC procedures involved the use of Certified Reference Materials (CRM's) as assay standards (2) and blanks (3). Field duplicates were collected for future analysis.
Location of data points	All data location points referred to in this report are in: Datum: Geodetic Datum of Australia 94 (GDA94) Projection: Map Grid of Australia (MGA) Zone: Zone 55 All collar surveys were completed using handheld GPS (+/- 3m accuracy). Downhole surveys were routinely carried out, generally on 50m spacing's, conducted using a Reflex EZ shot camera system. The 3D location of individual samples is considered to be adequately established and in line with industry standards for this stage of exploration :
Data spacing and distribution	As the holes were planned to test the stratigraphy across broader areas, continuity between samples and spacing was not considered. Sampling of both RC cuttings and drill core has been undertaken at 1m intervals. Sample compositing has not been applied.
Orientation of data in relation to geological structure	The volcanic/volcanoclastic sequences are mapped as relatively flat-lying to shallow dipping. Stratigraphic holes are drilled vertical to optimise intercepts of the stratigraphic sequences with respect to thickness and distribution.
Sample security	Samples were shipped directly from site to a secure stored site in Townsville to undergo evaluation. Select samples for geochemical analysis were transported from the storage facility to ALS in Townsville where upon receipt the samples are officially checked in and appropriate chain of custody documentation received. 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	No audits or reviews have been conducted.

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. Conduct and Compensation Agreements are required with land holders before drilling can be undertaken. Terms have been agreed and Conduct And Compensation Agreements signed with the relevant land holders for each prospect
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 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 partly covers EPM 18986.
Geology	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	A table of all drill hole collars and relevant mineralised intersections are reported in Appendix 2 of this release.
Data aggregation methods	Not applicable
Relationship between mineralization widths and intercept lengths	Not yet established
Diagrams	Appropriate diagrams, Figures 2 to 4, show the spatial distribution in plan view of the Sledgehammer results relevant to this report. Diagrams 5 and 6 show in plan view and cross section view the results of the work carried out at Szarbs.
Balanced reporting	The competent person believes this report to be a balanced representation of exploration undertaken
Other substantive exploration data	Detailed information on exploration undertaken at EPM 18986 (Johnnycake) is provided in the text of the Company's September 2014 quarterly activities report lodged with ASX on 13 October 2014.
Further work	Further surface rock chip sampling and subsequent drill programs at both Szarbs and Sledgehammer TBC

Appendix 2: Drillhole information and significant drilling results for the quarter

Table A1: Drillhole Information and significant drilling results for the Szarbs Prospect

Drillhole ID	Easting (MGA z55)	Northing (MGA z55)	RL (m)	Dip	Azimuth	EOH Depth (m)	Downhole From (m)	Downhole to (m)	Downhole Intersection (m)	Assay Result
JZRD001	571616	7746162	167	-90		516.3	*Not sampled*			
JZRD002	571793	7745290	151	-90		246.5	*Not sampled*			
JSRD003	571192	7746469	220	-60	40	300.7	100	104	4	1.3 ppm Ag; 39 ppm Mo & 8 ppm As
							104	120	16	*No significant anomalism*[1]
							207	224	17	*No significant anomalism*[2]
							224	225	1	1.4 ppm Ag, 42 ppm As, 7.99% S
							225	257	32	*No significant anomalism*[3]

Table A2: Drillhole Information and significant drilling results for the Sledgehammer Prospect

Drillhole ID	Easting (MGA z55)	Northing (MGA z55)	RL	Dip	Azimuth	EOH Depth (m)	Downhole From (m)	Downhole to (m)	Downhole Intersection (m)	Assay Result
JSRD001	561629	7739976	106	-90	0	495.5	313	323	10	*No significant anomalism*[4]
							408	435	27	*No significant anomalism*[5]

1: (Assay ppm: Ag <0.5; Au <0.01; As < 37, Cu <34; Pb <86, Zn, <150, Mo <15)

2: (Assay ppm: Ag <0.5; Au <0.01; As < 16, Cu <32; Pb <24, Zn, <80, Mo <4)

3: (Assay ppm: Ag <1.1; Au <0.01; As < 19, Cu <34; Pb <28, Zn, <80, Mo <2)

4: (Assay ppm: Ag <0.5; Au <0.01; As < 5, Cu <49; Pb <6, Zn, <97, Mo <1)

5: (Assay ppm: Ag <0.5; Au <0.03; As < 5, Cu <65; Pb <20, Zn, <126, Mo <2)