

ASX: FRC

Forte Consolidated Limited
 ABN 37 148 168 825

Board of Directors

Chairman
 Executive Director
 John Terpu

Non-Executive Director
 Bruno Firriolo

Non-Executive Director
 Joe Radici

Company Secretary
 Bruno Firriolo

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<https://investorcentre.linkmarketservices.com.au/Login.aspx/Login>

Highlights**Exploration**

- Office based activities focussed on overall project potential and preparation of exploration activities and budgets for 2018;
- Renewal sought for EPM 18986;
- Commencement of desktop studies and exploration planning on a recent grant of new EPM 26527, which forms an addition to the Johnnycake Project;
- Ongoing assessment of the exploration results within EPM 18986 at the Johnnycake project and further analysis of the stratigraphy and alteration.

Corporate

- \$882,000 cash in the bank.

Johnnycake Project Background**EPM 18986, EPM 26527, EPM 25196 (FRC 100%)**

EPM 18986 (Johnny Cake Project), EPM 26527 (Johnnycake North Project) and EPM 25196 (MCArea Project) are located near the northern margin of the south-south easterly plunging Permo-Triassic Bowen Basin (Figure 1). The Company holds a 100% interest in the Project.

EPM 18986 Background

Exploration undertaken by Forte commenced in 2014 on EPM 18986 with the acquisition of a high resolution airborne magnetic and radiometric survey across the EPM. The interpretation of the magnetic data provided the basis for tenement-scale mapping that led to identification of multiple layers of evidence of a hydrothermal system at the Sledgehammer and Szarbs prospects (Figure 1; Figure 2).

Subsequent prospect-scale mapping was completed in 2014, followed by rock chip and PIMA (portable infrared mineral analyser) sampling at each prospect. Rock chip results at the Sledgehammer prospect include 47g/t Au and 38g/t Ag, 1.52 g/t Au and 6.2 g/t Ag, 3.79 g/t Au and 32.3 g/t Ag – the outcrop was variably exposed. Mapping and rock chip sampling at the Szarbs prospect yielded a broad zone of anomalous silver mineralisation (up to 10 g/t Ag), with other anomalous indicator elements (Bi, Te, As, Mo) supportive of epithermal fluids.

Two separate ground induced polarisation (IP) surveys were conducted in late 2014 across the Szarbs and Sledgehammer prospects. The surveys identified several weak chargeable and resistive anomalies at both prospects (Figure 2).

Forte's exploration progressed to a campaign of RC drilling (Figure 2) undertaken during the June 2015 quarter that demonstrated that the IP targets at each prospect correspond to zones of alteration characterised by intense propylitic and phyllic alteration assemblages with weak gold and silver mineralisation. The chargeability and resistivity were explained by the presence of pyrite and silica respectively. The drilling campaign was supported by detailed alteration mineral analysis using the HyLogger™ imaging system.

The fact that the high-grade surface assays are not replicated in the 2015 RC drilling campaign was taken to suggest a strong structural control, which was not adequately tested by the reconnaissance drilling targeting the IP anomalism.

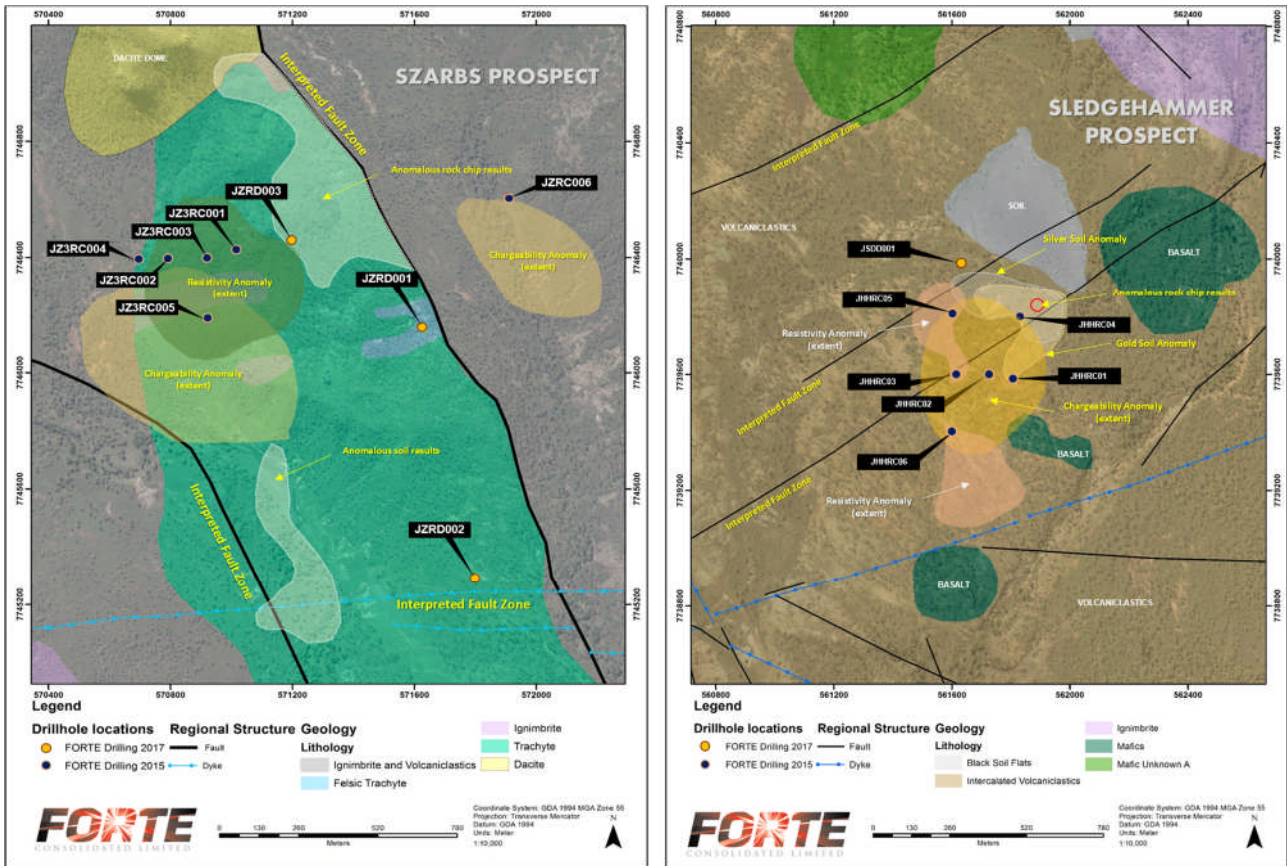


Figure 2: Overview of exploration conducted at the Szarbs prospect (left) and Sledgehammer prospect (right) in EPM 18986.

EPM 26527 Background

EPM 26527 was granted in late September 2017 and is in the first year of a 5 year term of tenure. The primary style of mineralisation targeted in EPM 26527 is intrusive related high-sulphidation and low-sulphidation epithermal gold-silver systems within the Permian volcanics, and to a lesser extent porphyry systems within the Carboniferous basement, and adopts the same exploration model as EPM 18986.

Some initial epithermal prospects, Fish Creek, Mt Dillon and Molongle Prospects (Figure 3), have already been defined through historical exploration and there is a significant amount of data – drilling, assays, soil geochemistry and stream sediment sampling, mapping and geophysics – already compiled and available for EPM 26527.

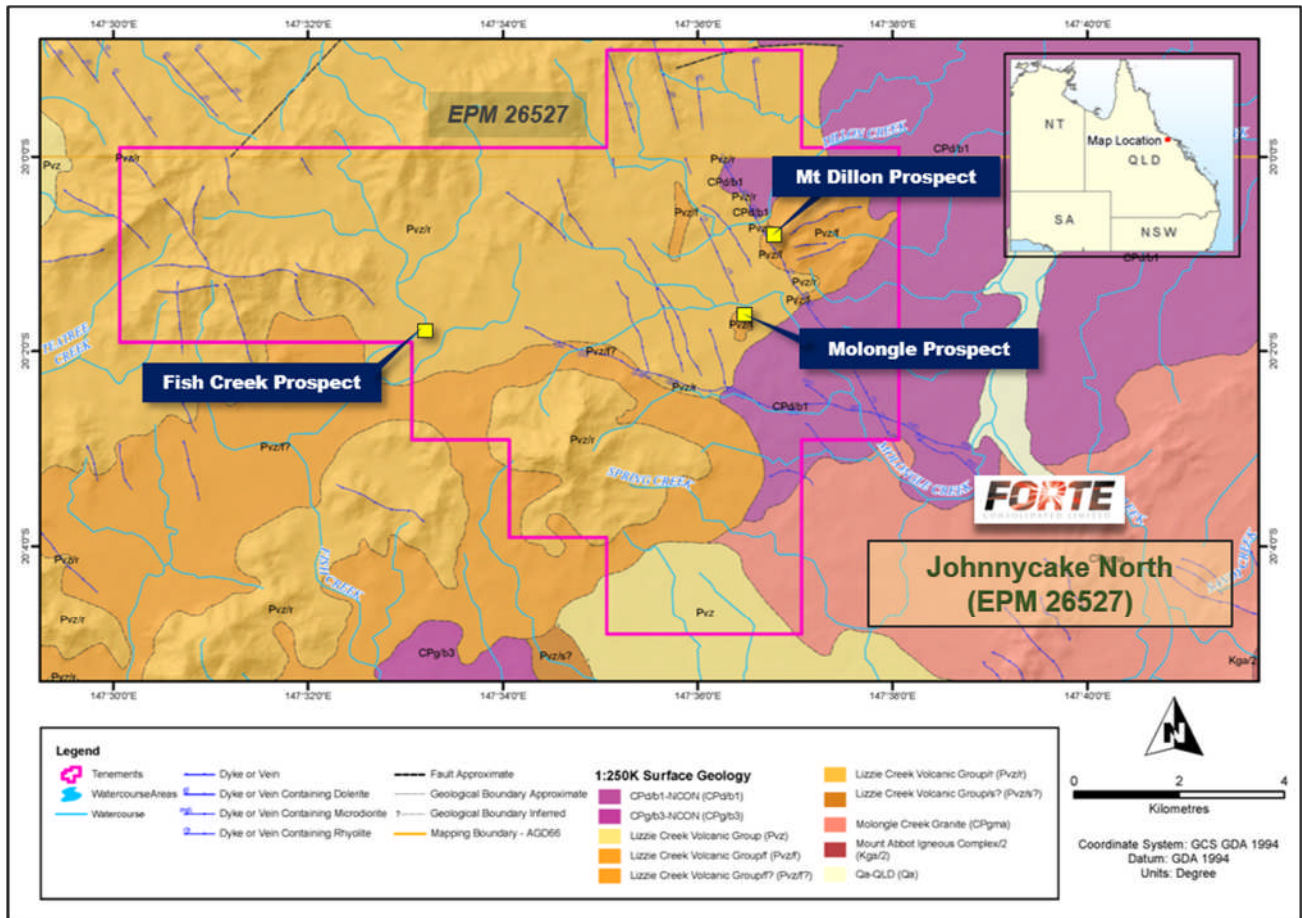


Figure 3: Geology of EPM 26527 showing the location of known prospects.

Kangaroo Hills Project

EPM 25755 Background

EPM 25755 is situated within the Camel Creek Sub province of the Broken River Province. The Company holds a 100% interest in the Project. 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 ± antimony ± arsenic mineralisation linked to veins, stockworks and breccia zones is the primary exploration target within EPM 25755.

ACTIVITIES DURING THE QUARTER

JOHNNYCAKE PROJECT (FRC 100%)

EPM 18986, EPM 26527, EPM 25196

The Company has lodged a renewal application (seeking a further five year term) with the Queensland Department of Natural Resources and Mines for EPM 18986 following its expiry on the 12 December, 2017 and is awaiting confirmation on the renewal. Included in that renewal application, and in compliance with the licence renewal conditions, the Company has relinquished 53 sub-blocks of the tenement. Throughout the grant period, the Company had only undertaken minor desktop review work within the area relinquished, having conducted all on-ground exploration within the retained part of the tenure. Given the extent of exploration work on the tenement, the Company expects the renewal application for the retained part of the tenement to be approved without further changes.

During the quarter, the Company has carried out ongoing assessment of exploration results. As reported in the previous quarter, Forte undertook a small targeted stratigraphic drilling program at the Szarbs and Sledgehammer prospects to better understand the geology. A number of petrographic samples were taken from the drill core for further analysis of rock lithology and alteration type. During the quarter, an assessment of those petrographic samples was undertaken by SRK Consulting. A subsequent report outlining the findings of that assessment is anticipated in the next quarter.

During the quarter, no field work was undertaken on EPM 18986.

The Company announced in its June 2017 Quarterly Report that it had lodged an application for an Exploration Permit for EPM 26527 (28 sub-blocks) covering a total area of 84 km² located 60 km north of Collinsville (Figure 1). EPM 26527 was granted on the 23 of September 2017 for a period of five (5) years.

Due to the recent grant of EPM 26527 and the timing of the field season, during the current quarter the Company's activities have been confined to the commencement of desktop studies and no field work was undertaken. The area is considered by the Company to be highly prospective for epithermal mineralisation and deemed a high priority exploration target which the Company will pursue in the following quarter with field activities.

In relation to a number of prospects identified within EPM 18986 and EPM 26527, an assessment of their prospectivity, including a review of exploration results (both current and historical), is currently being undertaken in tandem with planning and budgeting for exploration activities to be conducted in 2018 across the Company's tenement portfolio.

KANGAROO HILLS PROJECT (FRC 100%)

EPM 25755

No new work was undertaken on the tenement during the quarter.

PROPOSED ACTIVITIES FOR NEXT QUARTER

JOHNNYCAKE PROJECT (FRC 100%)

In the next quarter, the Company will continue ongoing assessment of the exploration results and further analysis of the stratigraphy and alteration with the review of petrographic work currently being undertaken.

The next exploration steps likely to commence in the next quarter will involve further geological mapping and geochemical sampling along key structural features within EPM 18986 with a directive on widening the exploration focus to delineate further prospects.

Site work will involve continued drill hole site rehabilitation monitoring on EPM 18986.

In the next quarter, the Company will continue to evaluate the prospectivity of EPM 26527 and intends to release the results of the desktop review. Additionally, a reconnaissance mapping (and geochemical sampling) program is planned to commence on EPM 26527 to help plan and prioritise exploration for 2018 and beyond.

KANGAROO HILLS PROJECT (FRC 100%)

No exploration work is planned for EPM 25755 in the coming quarter as the Company prioritises other tenements.

GENERAL

The Company continues to work on identifying new and exciting exploration opportunities in Australia to expand the Company's exploration portfolio, whilst also seeking to realise short-term value for shareholders via existing assets.

Finance

At 31 December 2017 the Company had available cash totalling \$882,000.

A non-renounceable entitlement offer undertaken during the quarter raised \$691,000 (after costs).

Exploration and evaluation expenditure for the quarter was \$268,000.

Tenement Interests

Tenements held at end of quarter	Ownership	Project	Location
EPM18986 EPM25196 EPM26527	100%	Johnnycake	Collinsville, Queensland
EPM25755	100%	Kangaroo Hills	Kangaroo Hills, Queensland

Tenements acquired during the quarter	Ownership	Project	Location
NIL			

Tenements disposed during the quarter	Ownership	Project	Location
NIL			

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

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

The information in this report that relates to 2017 RC and diamond core drilling results is extracted from the report entitled "Preliminary Drilling Results" created on 11 October 2017 and is available to view on www.forteconsolidated.com.au. The Competent Person named in that report is Mr Bryce Healy. 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 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 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	
ABN	Quarter ended ("current quarter")
37 148 168 825	31 DECEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(268)	(380)
(b) development		
(c) production		
(d) staff costs	(12)	(22)
(e) administration and corporate costs	(169)	(281)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	8
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)		
1.9 Net cash from / (used in) operating activities	(447)	(675)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(4)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(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)		
2.6	Net cash from / (used in) investing activities	(4)	(4)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	708	708
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	(17)	(17)
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)		
3.10	Net cash from / (used in) financing activities	691	691

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	642	870
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(447)	(675)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	691	691
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	882	882

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	178	415
5.2 Call deposits	704	227
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	882	642

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	106
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	Nil
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	
8.2 Credit standby arrangements	Nil	
8.3 Other (please specify)	Nil	
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.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	113
9.2 Development	
9.3 Production	
9.4 Staff costs	11
9.5 Administration and corporate costs	123
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	247

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	Nil			

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: 18 January 2018

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.