FORTE CONSOLIDATED LIMITED
ACN 148 168 825
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00am (WST)

DATE: Thursday 29 March 2018

PLACE: Suite 3, 213 Balcatta Rd, Balcatta, Western Australia

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on Tuesday 27 March 2018.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of ASX Listing Rule 10.1 and section 611, item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of Resolution 1 to the non-associated Shareholders. The Independent Expert has determined the Acquisition is **not fair but reasonable.**

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF ACQUISITION OF MT LUCKY PROJECT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of all other Resolutions, for the purposes of ASX Listing Rules 10.1 and 10.11 and section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for:

(a) the Company to acquire the Mt Lucky Project from the Vendor;

(b) the Company to issue to the Vendor 15,000,000 Shares; and

(c) the acquisition of a relevant interest in the voting shares of the Company by the Associated Entities which is otherwise prohibited by section 606(1) of the Corporations Act,

on the terms and conditions set out in the Explanatory Statement.

Voting Exclusion – ASX Listing Rules: The Company will disregard any votes cast in favour of the Resolution by a party to the Acquisition, the Vendor or an associate of the Vendor. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Exclusion – Corporations Act: No votes may be cast in favour of this Resolution by:
(a) the person proposing to make the acquisition and their associates; or
(b) the persons (if any) from whom the acquisition is to be made and their associates.
Accordingly, the Company will disregard any votes cast on this Resolution by the Vendor and any of its associates.

Independent Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under ASX Listing Rule 10.1 and section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this resolution to the non-associated Shareholders in the Company. The Independent Expert has determined the Acquisition is **not fair but reasonable** to the non-associated Shareholders. A copy of the Independent Expert's Report accompanies this Notice and is also available on the Company's website (www.forteconsolidated.com.au/). If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

Dated: 26 February 2018

By order of the Board

Bruno Firriolo
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9240 4111.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO THE ACQUISITION

1.1 General

On 23 January 2018, the Company announced to ASX that it had entered into a conditional binding agreement to acquire 100% interest in the Mt Lucky Project (M38/1256), a gold project located in Western Australia (**Mt Lucky Project**) from Valleybrook Investments Pty Ltd ACN 055 673 571 as trustee for Terpu Trust (**Vendor**) (**Acquisition**).

The Vendor is an entity associated with Executive Chairman, John Terpu.

Subsequently, as announced on 22 February 2018, the Company and the Vendor varied the allocation of cash and Share consideration for the Acquisition.

Further details on the Mt Lucky Project are included in Section 1.3, in the Company's announcement to ASX on 23 January 2018 and the Independent Specialist Report on the Mt Lucky Project accompanying this Notice as Appendix 3.

Additionally, the Independent Specialist Report on Mineral Assets (accompanying this Notice as Appendix 2), contains and references information in respect of the Company's existing assets previously announced to ASX. The Company confirms that it is not aware of any new information or data that materially affects the announcements referred to.

1.2 Acquisition Agreement

The material terms of the conditional binding agreement as subsequently varied (**Acquisition Agreement**) are as follows:

(a) (**Conditions**) The conditions precedent which must be satisfied prior to the Company completing the Acquisition (**Completion**) are:

(i) the grant of the relevant approvals under section 82(1)(d) of the Mining Act 1978 (WA) for the Acquisition to complete; and

(ii) the parties obtaining all necessary approvals pursuant to the ASX Listing Rules and Corporations Act to allow the Company to lawfully complete the Acquisition. This Notice of Meeting has been prepared to seek shareholder approval for the matters required to complete the Acquisition.

(b) (**End Date**): The final date for satisfaction of the conditions is 30 April 2018.

(c) (**Consideration**) The consideration payable by the Company on Completion is:

(i) $250,000, subject to the ASX being satisfied that the cash payment is reimbursement of expenditure incurred in developing the Mt Lucky Project as required by Chapter 10 of the ASX Listing Rules (**Cash Consideration**);

(ii) 15,000,000 fully paid ordinary shares (**Consideration Shares**) in the capital of the Company (**Share**) at a deemed issue price of $0.02 per Share which are expected to be subject to escrow for 12 months from the date of issue in accordance with the ASX Listing Rules; and

(iii) a 2.75% net smelter return royalty on customary industry terms (**Royalty**).

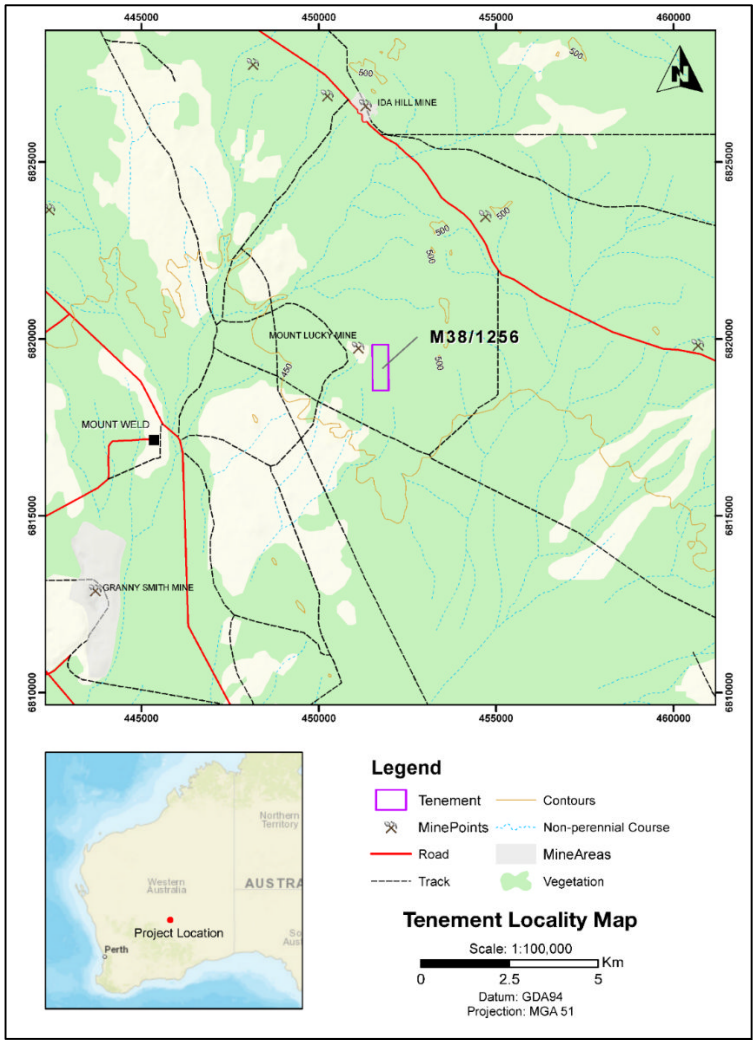
(d) (**Warranties**): The Acquisition Agreement contains standard warranties and representations on behalf of the parties typical for an agreement of this nature.

(e) (**Other**): The Acquisition Agreement otherwise contains terms and conditions typical for an agreement of this nature.

Further details on the Mt Lucky Project are set out in the Independent Specialist Report annexed to the Independent Expert's Report.

1.3 Mt Lucky Project

The Mt Lucky Project comprises a small mining lease (M38/1256). M38/1256 was granted to the Vendor in 2012 for a term of 21 years. The Tenement lies within the Mt Margaret Mineral Field of the northeastern Goldfields of Western Australia (Laverton Greenstone Belt), approximately 10 km east of the Granny Smith Mill and 18 km southeast of Laverton as per the map below.



The Laverton region has a well-documented gold endowment with in excess of 25 million ounces with two world class deposits, in Sunrise Dam and Wallaby, and numerous deposits that show endowment in excess of 1 million ounces (e.g., Mt Morgans, Lancefield, Granny Smith).

The exploration target for the tenement is orogenic gold mineralisation associated with a regional shearzone (the Barnicoat shear). There are a number of historic shafts along the shear which have extracted gold in the early 19th century and the tenement has been subjected to 'modern' exploration since the late 1980's through a number of exploration companies including Placer (Granny Smith) Pty Ltd between 2001 and 2002.

1.4 Pro forma balance sheet

An unaudited pro-forma balance sheet of the Company following completion of the Acquisition is set out in section 7.2.4 of the Independent Expert's Report.

1.5 Pro forma capital structure

The capital structure of the Company following completion of the Acquisition is:

Shares

	Number
Shares on issue as at the date of this Notice	214,499,003
Shares to be issued to the Vendor	15,000,000[1]
Shares on issue on completion of the Acquisition	**229,499,003**

Notes:

1. Expected to be subject to ASX imposed escrow for a period of 12 months from the date of issue.

1.6 Risk factors

Following the Acquisition, there will be no material change in the nature of the Company's business activities as the Company will continue to conduct exploration activities on mineral projects. Accordingly, the risk profile will be analogous to that of the Company's existing business which has previously been disclosed to Shareholders. The relevant risks include: exploration risks; reliance on key personnel; liquidity and volatility; operational and technical risks; commodity prices and exchange rate fluctuations; environmental regulations and tenure and native title risks.

In addition, the Company will be exposed to the following risks as a result of entering into the Acquisition Agreement and the Acquisition:

Contractual

Under the terms of the Acquisition Agreement, the Company has agreed to acquire the Mt Lucky Project, subject to the satisfaction of a number of conditions (as outlined in Section 1.2(a) above).

The ability of the Company to acquire the Mt Lucky Project and fulfil its stated objectives is subject to the performance by the Vendor of its obligations under the Acquisition Agreement. If the Vendor defaults in the performance of its obligations, it may delay the completion of any stage of the Acquisition (if it

completes at all) and it may be necessary for the Company to approach a court to seek a legal remedy, which can be uncertain and costly.

1.7 Indicative Timetable

Subject to the requirements of the ASX Listing Rules, the Company anticipates completion of the Acquisition will be in accordance with the following timetable:

Event	Date
ASX announcement of Acquisition	23 January 2018 and 22 February 2018
Notice of Meeting despatched to Shareholders	26 February 2018
General Meeting to approve Acquisition	29 March 2018
Completion of Acquisition	29 March 2018

** These dates are indicative only and subject to change.*

1.8 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1;

(a) the Mt Lucky Project is highly prospective for gold mineralisation which complements the Company's existing assets;

(b) the Mt Lucky Project is at a more advanced stage of exploration than the Company's existing assets and is a mining lease;

(c) the consideration payable under the Acquisition Agreement is approximately half scrip, therefore conserving the Company's cash reserves;

(d) the Independent Expert's Report identifies other advantages of the Acquisition to which Shareholders should have regard; and

(e) the potential increase in market capitalisation of the Company following completion of the Acquisition may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present.

1.9 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

(a) current Shareholders will have their voting power in the Company diluted;

(b) the Vendor and its associates (including Director Mr John Terpu) will own 46.00% of Shares on issue in the Company upon Completion. As a result, the Vendor will have significant influence over matters that require approval by the Company's shareholders including the election of directors and approval of significant corporate transactions. This concentration of ownership might also have the effect of delaying or preventing a change of control transaction in respect of the Company that other Shareholders may view as beneficial as the Vendor and its

associates' shareholding interest will mean that they can block any proposal by a third party to acquire all of the Shares in the Company;

(c) there is no guarantee that Mt Lucky Project will be successful for gold discovery or that any gold can be economically extracted;

(d) the Independent Expert's Report identifies other disadvantages of the Acquisition to which Shareholders should have regard; and

(e) current Shareholders will be exposed to the additional risks associated with the Acquisition as set out in Section 1.6.

1.10 Intentions if Acquisition is not approved

If Resolution 1 is not passed, the Acquisition will not complete and the Company will continue to explore on its Johnnycake Project and Kangaroo Hills Project.

2. RESOLUTION 1 – APPROVAL OF THE ACQUISITION

2.1 General

This Notice of Meeting has been prepared to seek shareholder approval for the matters required to complete the Acquisition. Resolution 1 seeks Shareholder approval for the purposes of:

(a) ASX Listing Rule 10.1 for the acquisition of a substantial asset from a related party and substantial holder of the Company;

(b) ASX Listing Rule 10.11 for the issue of the Consideration Shares to a related party of the Company; and

(c) item 7 of section 611 of the Corporations Act for the acquisition *of a relevant interest in the voting shares of the Company by the Associated Entities which is otherwise prohibited by section 606(1) of the Corporations Act as a result of the issue of the Consideration Shares.*

2.2 Independent Expert's Report

ASX Listing Rule 10.10.2 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

A report on the transaction from an independent expert is also required for approval under Section 611 Item 7 of the Corporations Act.

The Independent Expert's Report accompanying this Notice sets out a detailed independent examination of the Acquisition to enable non-associated Shareholders to assess the merits and decide whether to approve Resolution 1. The independent expert has concluded that the Acquisition is **not fair but reasonable** to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

The Independent Expert's Report is also available on the Company's website (www.forteconsolidated.com.au/). If requested by a Shareholder, the Company

will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

2.3 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons:

(a) a related party of the entity

(b) a substantial holder of the entity;

(c) an associate of a substantial holder of the entity,

without the prior approval of holders of the entity's ordinary shareholders.

Acquisition by the Company

Completion of the Acquisition will result in an acquisition by the Company.

Substantial Asset

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The equity interests of the Company as defined by the ASX Listing Rules and as set out in the latest accounts given to ASX under the ASX Listing Rules (being for the financial year ending 30 June 2017 were $2,654,590). A substantial asset is therefore an asset of value greater than $132,729.50.

As the consideration for the Acquisition includes the issue of Shares representing $300,000 (in addition to the Cash Consideration and grant of the Royalty), the value of the consideration exceeds 5% of the equity interests of the Company, and therefore the Acquisition will result in the acquisition of a substantial asset.

Related party

Mr John Terpu controls the Vendor and is a related party by virtue of being a Director of the Company therefore the Vendor is a related party for the purposes of ASX Listing Rule 10.1.

Substantial holder

For the purposes of ASX Listing Rule 10.1, a substantial holder is a person who has a relevant interest (either directly or through its associates), or had at any time in the six months before the transaction, in at least 10% of the total votes attaching to the voting securities of the Company.

The Vendor (and associated entities) currently holds a relevant interest in 42.22% in the Company and is therefore a substantial holder for the purpose of ASX Listing Rule 10.1.

Mr John Terpu controls the Vendor and Mr Terpu holds a relevant interest in 42.22% in the Company and is therefore a substantial holder for the purpose of ASX Listing Rule 10.1.

Requirement for shareholder approval

As a result of the above conclusions, the completion of the Acquisition will result in the acquisition of a substantial asset from a related party and/or a substantial holder (or associates of a substantial holder) of the Company. The Company is therefore required to seek Shareholder approval under ASX Listing Rule 10.1.

As stated above, ASX Listing Rule 10.10.2 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

Shareholders are urged to carefully read the Independent Expert's Report annexed to this Notice.

2.4 ASX Listing Rule 10.11

Listing Rule Summary

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The Vendor, is a related party of the Company as it is controlled by John Terpu who is a related party of the Company under section 228(1) of the Corporations Act by virtue of being a Director.

As the transaction involves the issue of equity securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors (other than John Terpu who has a material personal interest in the Acquisition) that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue Consideration Securities to the Vendor as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Consideration Shares to the Vendor will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

Technical Requirements

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue to the Vendor of its Consideration Shares:

(a) the Consideration Shares will be issued to the Vendor;

(b) the maximum number of Consideration Shares to be issued to the Vendor is 15,000,000 Shares;

(c) the Consideration Shares will be issued on Completion (and no later than one month after the date of the Meeting or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that all Consideration Shares will occur on the same date;

(d) the Consideration Shares are being issued for nil cash consideration but at a deemed issue price of $0.02 per Share as consideration under the terms of the Acquisition Agreement;

(e) the Vendor is a related party of the Company by virtue of being controlled by Mr John Terpu a related party of the Company under section 228(1) of the Corporations Act;

(f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

(g) no funds will be raised from the issue of the Consideration Shares as they are being issued as consideration under the terms of the Acquisition Agreement.

2.5 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Consideration Shares will result in the issue of Shares which constitutes giving a financial benefit and the Vendor is a related party.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Consideration Shares as the terms of the Acquisition including the agreed consideration have been negotiated on arm's length terms for the purpose of section 210 of the Corporations Act.

2.6 Item 7 of Section 611 of the Corporations Act

2.6.1 Legislative regime

(a) **Section 606 of the Corporations Act – Statutory Prohibition**

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(i) from 20% or below to more than 20%; or

(ii) from a starting point that is above 20% and below 90%,

(**Prohibition**).

(b) **Voting Power**

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of

a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) **Associates**

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

(i) (pursuant to section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:

(A) a body corporate the first person controls;

(B) a body corporate that controls the first person; or

(C) a body corporate that is controlled by an entity that controls the first person;

(ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or

(iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(d) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

(i) are the holder of the securities;

(ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

(i) a body corporate in which the person's voting power is above 20%; and

(ii) a body corporate that the person controls.

The Corporations Act defines "control" broadly. Under section 50AA of the Corporations Act control means the capacity to determine the outcome of decisions about the financial and operating policies of the Company.

(e) **Associates of the Vendor**

For the purposes of the Corporations Act, Mr John Terpu is an associate of the Vendor as he controls the Vendor by virtue of being the sole director of the trustee and beneficiary of the trust.

Mr John Terpu also controls Valleyrose Pty Ltd as trustee for the Terpu Superannuation Fund (**Valleyrose**) by virtue of being a director of the trustee and a member of the fund. Accordingly, Valleyrose is also considered an associate of the Vendor.

No other associates of the Associated Entities have been disclosed to the Company.

Together the Vendor, Mr John Terpu and Valleyrose are the **Associated Entities**.

(f) **The Associated Entities current relevant interests in the Company**

The Associated Entities' relevant interest in the Company prior to the Acquisition is:

	Shares	Voting Power
Vendor[1]	35,207,815	16.41%
Valleyrose	55,359,902	25.81%
Total	**90,567,717**	**42.22%**

Notes:

1. Mr John Terpu as the controller of both the Vendor and Valleybrook currently has a relevant interest in 90,567,717 Shares through his controlled entities.

Other than as stated above, none of the Associated Entities' hold any further interests in the securities of the Company as at the date of this Notice.

As Mr John Terpu controls the Vendor he will acquire a relevant interest in the Consideration Shares issued to the Vendor.

As at the date of this Notice, the Associated Entities, which includes Mr John Terpu, have a voting power in the Company of 42.22%.

2.6.2 Reason Section 611 Approval is Required

Item 7 of section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

The Associated Entities currently have a combined relevant interest in 90,567,717 Shares in the Company. Following Completion, the Associated Entities will collectively have a relevant interest in 105,567,717 Shares representing 46.00% voting power in the Company.

Accordingly, Resolution 1 seeks Shareholder approval for the purpose of section 611 Item 7 to enable the Company to issue the Consideration Shares to the Vendor.

2.6.3 Specific Information required by Section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Nexia Perth Corporate Finance Pty Ltd which accompanies this Notice of Meeting.

(a) **Identity of the Acquirer and its Associates**

The Vendor is the current owner of Mt Lucky Project.

As at the date of this Notice, the Vendor currently holds 35,207,815 Shares in the Company.

Mr John Terpu and Valleyrose are associates of the Vendor as per the relationships set out in section 2.6.1(e).

The Associated Entities each currently have voting power in the Company of 42.22% as at the date of this Notice.

(b) **Relevant Interest and Voting Power**

The relevant interest in Shares and the voting power of the Associated Entities (both current and following the issue of the Consideration Securities) are as follows:

Party	Relevant interest as at the date of this Notice of Meeting	Voting power as at the date of this Notice of Meeting	Maximum relevant interest after the issue of Consideration Shares (Shares)	Voting Power after the issue of the Consideration Shares [3]
Associated Entities	90,567,717[1]	42,22%	105,567,717[2]	46.00%
Other Share holders	123,931,286	57.78%	123,931,286[3]	54.00%

Notes:

1. Being 35,207,815 Shares held in the name of the Vendor and 55,359,902 Shares held in the name of Valleyrose.
2. Being 50,207,815 Shares held in the name of the Vendor and 55,359,902 Shares held in the name of Valleyrose.
3. Assuming no securities are issued prior to Completion.

(c) **Summary of increases**

The estimated total relevant interest that the Associated Entities will hold on Completion is 105,567,717 Shares giving the Associated Entities voting power of 46.00%(in aggregate).

(d) **Assumptions**

The following assumptions have been made in calculating the above voting power:

(i) the Company has 214,499,003 Shares on issue as at the date of this Notice of Meeting;

(ii) the Company issues 15,000,000 Shares to the Vendor;

(iii) the Company does not issue any other securities prior to Completion; and

(iv) the Vendor (individually or through its associates) does not acquire a relevant interest in any additional securities in the Company other than under this Resolution.

(e) **Reasons for the proposed issue of securities**

As set out in Section 1 of this Explanatory Statement, the reason for the issue of the Consideration Shares to the Vendor is to comply with the Company's obligations under the Acquisition Agreement, which was entered into for the purpose of acquiring Mt Lucky Project.

(f) **Date of proposed issue of securities**

The Consideration Shares the subject of this Resolution will be issued on the date of Completion under the Acquisition Agreement. It is anticipated that Completion will take place during April 2018.

(g) **Material terms of proposed issue of securities**

The Consideration Shares will be issued in accordance with the terms and conditions of the Acquisition Agreement and will be issued on the same terms and conditions as all other existing Shares on issue in the Company. The material terms of the Acquisition Agreement are summarised in Section 1.2.

(h) **Intentions of the Associated Parties**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that the Associated Parties:

(i) have no present intention of making any significant changes to the business of the Company;

(ii) will consider participating in further capital raisings of the Company to maintain their shareholding interest;

(iii) have no present intention of making changes regarding the future employment of the present employees of the Company (with future changes, if any, to be made in consultation with the Company's management team);

(iv) do not intend to redeploy any fixed assets of the Company;

(v) do not intend to transfer any property between the Company and any other entity; and

(vi) have no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Associated Parties at the date of this Notice.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(i) **Proposed changes of Directors of the Company**

The Company's board will not change as a result of the Acquisition.

(j) **Interests and Recommendations of Directors**

(i) Other than Mr John Terpu who has an interest in the outcome of Resolution 1, none of the current Board members has a material personal interest in the outcome of Resolution 1.

(ii) Other than Mr John Terpu (who does not make a recommendation to Shareholders for the reason set out above), all of the current Directors are of the opinion that the transactions contemplated by the Acquisition Agreement are in the best interests of Shareholders and, accordingly, all the Directors (other than Mr John Terpu) recommend that Shareholders vote in favour of Resolution 1. This recommendation is based on the following reasons:

(A) after assessment of the advantages and disadvantages referred to in Sections 1.8 and 1.9 they are of the view that the advantages outweigh the disadvantages; and

(B) the Independent Expert has determined the Acquisition to be **not fair but reasonable** to the non-associated Shareholders.

(iii) The Directors are not aware of any other information other than as set out in this Notice that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

2.7 Advantages and Disadvantages of the Acquisition

Non-exhaustive lists of the advantages and disadvantages of the Acquisition are set out in Sections 1.8 and 1.9 of the Explanatory Memorandum.

GLOSSARY

$ means Australian dollars.

Acquisition has the meaning given in Section 1.1.

Acquisition Agreement means the formal agreement entered between the Company and the Vendor for the Acquisition (as varied).

ASIC means the Australian Securities & Investments Commission.

Associated Entities means the Vendor, Valleyrose and Mr John Terpu, and details of the associate relationships are set out in Section 2.6.1(e).

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Cash Consideration has the meaning given in Section 1.2(b)

Chair means the chair of the Meeting.

Company means Forte Consolidated Limited (ACN 148 168 825).

Completion means the completion of the Acquisition.

Consideration Shares has the meaning given in Section 1.2(c).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company, or the directors seeking appointment to the Company pursuant to this Notice (as applicable).

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Independent Expert means Nexia Perth Corporate Finance Pty Ltd.

Independent Expert's Report means the report on the Acquisition completed by the Independent Expert for the purposes of Resolution 1, accompanying the Notice as Annexure A.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Vendor means Valleybrook Investments Pty Ltd as trustee for Terpu Trust.

Valleyrose has the meaning as per Section 2.6.1(e).

WST means Western Standard Time as observed in Perth, Western Australia.

PROXY FORM

FORTE CONSOLIDATED LIMITED
ACN 148 168 825

GENERAL MEETING

I/We _____

of: _____

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name: _____

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.00am (WST), on be Thursday 29 March 2018 at Suite 3, 213 Balcatta Rd, Balcatta, Western Australia, and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		**FOR**	**AGAINST**	**ABSTAIN**
Resolution 1	APPROVAL OF ACQUISITION OF MT LUCKY PROJECT	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ **%**

Signature of Shareholder(s):

Individual or Shareholder 1	**Shareholder 2**	**Shareholder 3**
Sole Director/Company Secretary	Director	Director/Company Secretary

Date: _____

Contact name: _____ **Contact ph (daytime):** _____

E-mail address: _____ **Consent for contact by e-mail in relation to this Proxy Form:** **YES** ☐ **NO** ☐

Instructions for completing Proxy Form

1. (**Appointing a proxy**): A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

2. (**Direction to vote**): A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. (**Signing instructions**):

   - (**Individual**): Where the holding is in one name, the Shareholder must sign.
   - (**Joint holding**): Where the holding is in more than one name, all of the Shareholders should sign.
   - (**Power of attorney**): If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
   - (**Companies**): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

4. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

5. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   (a) post to PO Box 572, Balcatta, Western Australia 6914;

   (b) email to admin@forteconsolidated.com.au; or

   (c) facsimile to the Company on facsimile number +61 8 9240 4054,

   so that it is received not less than 48 hours prior to commencement of the Meeting.

   Proxy Forms received later than this time will be invalid.

8 February 2018

The Directors
Forte Consolidated Limited
Suite 4, 213 Balcatta Road
BALCATTA WA 6021

Dear Sirs

INDEPENDENT EXPERT'S REPORT
PURSUANT TO ITEM 7 OF SECTION 611 OF THE CORPORATIONS ACT AND
ASX LISTING RULES 10.1 AND 10.11
ACQUISITION OF MT LUCKY PROJECT FROM RELATED PARTY

1. INTRODUCTION

Nexia Perth Corporate Finance Pty Ltd ("NPCF") has been requested by Forte Consolidated Limited ("Forte" or "the Company" or "FRC") to prepare an Independent Expert Report in relation to the proposed acquisition of the Mt Lucky Project from Valleybrook Investments Pty Ltd as trustee for Terpu Trust, an entity associated with Forte's executive chairman ("the Proposed Transaction").

The transaction consideration comprises the issue of 15,000,000 fully paid ordinary shares in the Company with cash consideration of $250,000, together with a 2.75% net smelter return royalty. Shareholder approval is required in accordance with ASX Listing Rules 10.1 and 10.11 and item 7 of Section 611 of the Corporations Act. The Proposed Transaction will the subject of a Resolution of the Notice of Meeting to be considered at the Company's forthcoming Extraordinary General Meeting ("EGM"), provisionally set down to be held on or about 3 April 2018.

NPCF has concluded that **the Proposed Transaction is not fair but reasonable** having regard to the interests of the non-associated shareholders of FRC.

Resolution 1 of the attached Notice of Meeting seeks shareholder approval of the acquisition of the Mt Lucky Project from the Vendor.

Resolution 1 seeks shareholders to consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, subject to the passing of all other Resolutions, for the purposes of ASX Listing Rules 10.1 and 10.11 and section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for:

(a) the Company to acquire the Mt Lucky Project from the Vendor;

(b) the Company to issue to the Vendor 15,000,000 Shares; and

(c) acquisition of a relevant interest in the voting shares of the Company by the Associated Entities which is otherwise prohibited by section 606(1) of the Corporations Act,

on the terms and conditions set out in the Explanatory Statement.

Nexia Perth Corporate Finance Pty Ltd
AFSL 289 358
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e info@nexiaperth.com.au
w nexia.com.au

To assist shareholders in making a decision on the Resolution, the directors have requested that NPCF prepare an independent expert's report, which must state whether, in the opinion of the independent expert, the Proposed Transaction is fair and reasonable having regard to the interests of FRC shareholders other than those involved in the Proposed Transaction or associated with such persons and whose approval the Resolution giving effect to these transactions are required at the General Meeting ("non-associated shareholders of FRC").

The Summary of our opinion is set out in Section 2 of this Report.

A brief summary of the Proposed Transaction is set out in Section 3 of this Report and a detailed outline is set out fully in the Explanatory Statement accompanying the Notice of Meeting of FRC to be held on or about 3 April 2018.

We understand that this Report will accompany the Notice of Meeting and Explanatory Statement. NPCF consents to the issue of this report in its form and context and consents to its inclusion in the Explanatory Statement.

2. SUMMARY OF OPINION

This section is a summary of our opinion and cannot substitute for a complete reading of this Report. Our opinion is based solely on information available as at the date of this Report.

The principal factors that we have considered in forming our opinion are summarised below.

2.1 Assessment of fairness

In considering whether or not the transaction is fair to FRC's non-associated shareholders, we have considered the fair value in FRC on a control basis prior to the Proposed Transaction to the fair value of a minority interest in FRC after the Proposed Transaction.

The comparative positions are summarised below:

	MID	LOW	HIGH
NPCF valuation of FRC shares prior to the Proposed Transaction on a control basis (section 6.3)	**$0.0188**	$0.0138	$0.0215
NPCF valuation of FRC shares post Proposed Transaction on a minority basis (section 7.3.1)	**$0.0132**	$0.0103	$0.0141

Based upon the information set out in this report, we are of the opinion that the **Proposed Transaction is not fair but reasonable** having regard to the interests of the non-associated shareholders of FRC.

NPCF has formed the opinion that the Proposed Transaction is not fair because the value of FRC's shares *post* the Proposed Transaction is less than the value of the Company's shares prior to the Proposed Transaction.

NPCF has also had regard to other relevant considerations in assessing the reasonableness of the Proposed Transaction. Further details are set out in Section 8 of this Report.

Our opinion is based solely on the information available at the date of the report as detailed in Section 10.

2.2 Assessment of Reasonableness

As referred to in more detail in Section 5 of this report, in accordance with RG 111:

- an offer is considered 'fair' if the value of the offer price or consideration is equal to, or greater than, the value of the securities that are the subject of the offer.
- an offer is considered 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

In forming our opinion we have considered the following relevant factors (see section 10).

Advantages

- The Independent Specialist Report provided by SRK (refer Appendix 3 to this Report) anticipates that with a suitable focus on exploration and an appropriate budget, there is a reasonable likelihood of defining enough continuity of mineralisation with appropriate grade to define a Mineral Resource at the Mt Lucky Project;
- Forte's existing exploration assets comprising Johnnycake and Black Mountain are only exploration permits, whereas the Mt Lucky Project comprises a Mining Lease;
- The majority of the consideration is to be settled in shares and hence this reduces the impact on the company's cash reserves;
- Acceptance of the Proposed Transaction may result in an increase in cash reserves should further funding be attracted on the merits of the Mt Lucky project;
- The Consideration Shares are expected to be placed into voluntary escrow for twelve months;
- The dilutionary impact on the non-associated shareholders is less than 4%;
- The Proposed Transaction is the only offer capable of acceptance at present and there is an absence of alternative offers;
- It may provide opportunity for enhanced liquidity in Forte shares; and
- It may give rise to a market repricing of Forte shares, given the foregoing.

Disadvantages of proceeding

- The Company will be required to pay a cash consideration of $250,000 which would reduce available cash for other activities and planned commitments;
- Reduces the interest of non-associated FRC Shareholders from 57.78% to 54.00% on the issue of the Consideration Shares;
- As the single largest shareholder in the Company prior to the transaction and hence effectively controlling FRC, after the Proposed Transaction J Terpu and his associates will increase that effective control;
- The Company will need to undertake further capital raising(s) to fund further exploration of the Mt Lucky Project which will further dilute the interest of FRC Shareholders; and
- Whilst Mt Lucky Project is considered to be prospective, it currently has no Mineral Resources or Mineral Reserves reported in accordance with the JORC code.

The principal factors that we have taken into account in forming our opinion are set out in the supporting detail to this report.

2.3 Opinion

The decision of each shareholder as to whether to approve the Proposed Transaction is a matter for individual shareholders. These decisions should be based on each shareholder's views as to matters including value and future market conditions, risk profile, liquidity preferences, investment strategy, portfolio structure and tax positions. In particular, taxation consequences may vary from shareholder to shareholder. If shareholders are in any doubt, they should consult an independent professional adviser.

The opinion should be read in conjunction with the full text of this report which follows after our Financial Services Guide, which sets out our scope and findings.

The supporting detail of our Report (set out in the sections that follow after our Financial Services Guide and Qualifications Declarations and Consents), comprises the following sections:

3. Summary of the Proposed Transaction
4. Purpose of the Report
5. Basis of the Assessment
6. Valuation of FRC shares Pre Proposed Transaction
7. Valuation of FRC shares Post Proposed Transaction
8. Assessment as to Fairness and Reasonableness of the Proposed Transaction
9. Limitations and Reliance on Information
10. Sources of Information

Appendix 1 – Overview of valuation methodologies

Appendix 2 – Independent Specialist Report on FRC's Exploration and Evaluation Assets prepared by SRK Consulting (Australia) Pty Ltd

Appendix 3 – Independent Specialist Report on the Mt Lucky Project prepared by SRK Consulting (Australia) Pty Ltd

This assignment is a valuation engagement as defined by APES 225 Valuation Services as issued by the Accounting Professional & Ethical Standards Board Limited. Valuation engagement means an engagement or assignment to perform a valuation and provide a valuation report where the independent expert is free to employ the valuation approaches, valuation methods, and valuation procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the engagement or assignment available to the independent expert at that time.

Yours faithfully

NEXIA PERTH CORPORATE FINANCE PTY LTD

TJ SPOONER FCA FCA(UK) AGIA ACIS AMIIA CTA
DIRECTOR

Nexia Perth Corporate Finance Pty Ltd ("NPCF")
FINANCIAL SERVICES GUIDE

1. NPCF (ABN 84 009 342 661) provides valuation advice, valuation reports, Independent Expert's Reports and Investigating Accountant's Reports in relation to takeovers and mergers, prospectuses and disclosure documents, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes. NPCF holds Australian Financial Services Licence No. 289358.
2. NPCF has been engaged to provide general financial product advice in the form of the attached report to be provided to you.

Financial Services Guide

3. The Corporations Act 2001 authorises NPCF to provide this Financial Services Guide (FSG) in connection with its provision of an Independent Expert's Report (IER) to accompany the Notice of Meeting to be sent to FRC shareholders.
4. This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about NPCF generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

5. Our Australian financial services licence allows us to carry on a financial services business to provide financial product advice for securities and deal in a financial product by arranging for another person to issue, apply for, acquire, vary or dispose of a financial product in respect of securities to retail and wholesale clients.

General Financial Product advice

6. The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. It is not intended to take the place of professional advice and you should not make specific investment decisions in reliance upon the information contained in this report.
7. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. You may wish to obtain personal financial product advice from the holder of an Australian Financial Service Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

8. NPCF charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity which engages NPCF to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us.
9. Neither NPCF nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.
10. All of our employees receive a salary and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
11. We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

12. If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
13. If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Industry Complaints Services (FICS), an external complaints resolution service. You will not be charged for using the FICS service.

Contact details

14. NPCF contact details are contained on the first page of our Independent Expert's Report.

QUALIFICATIONS, DECLARATIONS AND CONSENTS

Qualifications

1. NPCF is licensed under the Corporations Act to carry on a financial services business to provide the financial services referred to in section 5 of our Financial Services Guide (refer above). NPCF's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have undertaken a significant number of valuations, IER's, IAR's and similar assignments.
2. This report was prepared by Mr TJ Spooner, who is an authorised representative of NPCF. Mr Spooner has substantial experience in the provision of valuation and similar advice and has been a qualified Chartered Accountant (UK and Australia) for over 30 years.

Declarations

3. This report has been prepared at the request of the Directors of FRC to accompany the Notice of Meeting to be sent to FRC shareholders. It is not intended that this report should serve any purpose other than as stated therein.

Interest

4. NPCF is not the auditor of FRC. At the date of the attached report, neither NPCF, nor Mr TJ Spooner or any other director, executive or employee of NPCF or NPCF has any material interest in FRC either directly or indirectly, or in the outcome of the offer, other than in the preparation of this Report for which normal professional fees of approximately $16,000 (excluding GST) will be received. Such fee will be payable regardless of whether or not shareholders approve the Proposed Transaction.

Indemnification

5. As a condition of NPCF's agreement to prepare this report, FRC agrees to indemnify NPCF in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of FRC which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

6. NPCF was not involved in the preparation of any other part of the Explanatory Statement to accompany the Notice of Meeting (Explanatory Statement), and accordingly makes no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Explanatory Statement. NPCF consents to the inclusion of this report in the Explanatory Statement in the form and context in which it is included. At the date of this report, this consent has not been withdrawn.

3. SUMMARY OF THE PROPOSED TRANSACTION

3.1 Background

On 23 January 2018, Forte has announced that it has entered into a conditional binding agreement to acquire 100% interest in the Mt Lucky Project (M38/1256) (the Tenement), a gold project located in Western Australia, from an entity associated with Executive Chairman, John Terpu (J Terpu and his associates) on the terms and conditions summarised below. For the purposes of ASX Listing Rule 10.1 and 10.11, a related party of an entity includes, amongst other persons, directors of a public company and an entity controlled by directors of a public company (unless that entity is also controlled by the public company). Valleybrook Investments is a company controlled by a current company director, Mr John Terpu, who holds 42.22% of the voting shares in the Company – please refer to Section 2.6.1(e) of the Explanatory Statement.

The Mt Lucky project comprises a small Mining Lease M38/1256 held by Valleybrook Investments Pty Ltd. M38/1256 was granted to Valleybrook Investments Pty Ltd in 2012 for a term of 21 years. The tenement lies within the Mt Margaret Mineral Field of the North-eastern Goldfields of Western Australia (Laverton Greenstone Belt), approximately 10km East of the Granny Smith Mill and 18km Southeast of Laverton.

The Laverton region has a well-documented gold endowment with in excess of 25 million ounces with two world class deposits in Sunrise Dam and Wallaby, and numerous deposits that show endowment in excess of 1 million ounces (e.g. Mt Morgans, Lancefield, Granny Smith).

The exploration target for the tenement is orogenic gold mineralisation associated with a regional shearzone (the Barnicoat Shear). There are a number of historic shafts along the shear which have extracted gold in the early 19th century and the tenement has been subjected to 'modern' exploration since the late 1980's through a number of exploration companies including Placer (Granny Smith) Pty Ltd between 2001 and 2002.

For further information on the Mt Lucky project please refer to the Independent Specialist Report prepared by SRK Consulting (Australia) Pty LTD (SRK) dated February 2018 which is attached to this report as Appendix 3.

3.2 Mt Lucky Project Conditions

Completion of the acquisition is conditional upon the satisfaction (or waiver) of the following conditions:

i. The grant of the approval by the Minister or an officer of the Department acting with the authority of the Minister under section 82(1)(d) of the Mining Act to the transactions contemplated by this agreement; and

ii. The parties obtaining all necessary approvals pursuant to the ASX Listing Rules and Corporations Act to allow the Purchaser to lawfully complete the transaction

contemplated by this agreement, including the Purchaser obtaining shareholder approval under ASX Listing Rule 10.1.

The final date for satisfaction of the conditions is 30 April 2018.

3.3 Consideration payable

The consideration payable by the Company comprises the following:

i. $250,000, subject to the ASX being satisfied that the cash payment is reimbursement of expenditure incurred in developing the Tenement as required by Chapter 10 of the ASX Listing Rules; and

ii. 15,000,000 fully paid ordinary shares in the capital of the Company at a deemed issue price of $0.02 per share which are expected to be subject to escrow for 12 months from the date of issue in accordance with the ASX Listing Rules; and

iii. A 2.75% net smelter return royalty on customary industry terms.

The Agreement contains standard warranties and representations on behalf of the parties typical for an agreement of this nature. The Agreement otherwise contains terms and conditions typical for an agreement of this nature.

J Terpu and his associates will have a maximum voting power in the Company of 46.00% after the issue of all shares following the resolutions in the attached Notice of Meeting.

Please refer to the table below which summarises the pre- and post- Proposed Transaction shareholdings:

Shareholder	Pre Proposed Transaction		Issued under Resolution 1	Post Proposed Transaction	
	Number	%		Number	%
Non-associated shareholders	123,931,286	57.78%		123,931,286	54.00%
J Terpu and his associates	90,567,717	42.22%	15,000,000	105,567,717	46.00%
	214,499,003	100.00%	15,000,000	229,499,003	100.00%

Forte Consolidated Limited ("FRC" or "the Company") has commissioned this Independent Expert's Report ("the Report") in respect of the issue of the Proposal Shares for the purposes of compliance with ASX Listing Rules 10.1 and 10.11 and item 7 of Section 611 of the Corporations Act 2001 ("the Act") which is the subject of Resolution 1, so that shareholders may assess the merits of the Proposed Transaction when voting on the Resolution at an Extraordinary Shareholders Meeting to be held on or about 3 April 2018.

Unless otherwise specified, the terms and references in this Report have the same meaning as those used in the Explanatory Statement ("ES") accompanying the Notice of Meeting, to which this Report is attached as Annexure A.

4. PURPOSE OF THE REPORT

Section 606(1) of the *Corporations Act 2001* prohibits a person from acquiring a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

a) from 20% or below to more than 20%; or

b) from a starting point above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with Section 610 of the *Corporations Act 2001*. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates (as defined therein) have a relevant interest. Section 611 of the *Corporations Act 2001* provides that certain acquisitions of relevant interests in a company's voting shares are exempt from the prohibition in Section 606(1) above, including acquisitions approved previously by a resolution passed at a general meeting of the company in which the acquisition is made (Section 611, Item 7).

Accordingly, as the value of the consideration being issued by the Company to J Terpu and his associates will result in their having a maximum voting power in the Company of 46.00% after the issue of all shares following the resolution in the attached Notice of Meeting, this will result in their holding in excess of 20% of the voting power of the company for the purposes of Section 606 of the Corporations Act and hence shareholder approval is being sought.

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons, a related party of the entity, a substantial holder or one of its associates, without the prior approval of holders of the entity's ordinary shareholders. For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

As the value of the consideration being issued by the Company to J Terpu and his associates who are a related party of the Company (as they are likely to control the Company given their 46.00% voting power upon completion of the acquisition of Mt Lucky Project) will result in their receiving more than 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules, the acquisition of Mt Lucky Project will result in the acquisition of a substantial asset.

ASX Listing Rule 10.11 provides inter alia that unless one of the exceptions in rule 10.12 applies, an entity must not issue or agree to issue equity securities to a related party without the approval of holders of ordinary securities. Exception 10 in Rule 10.12 will apply where the agreement to issue equity securities is conditional upon the prior agreement to the issue being obtained from the holders of ordinary securities before the issue is made.

To assist shareholders in making a decision on the Proposed Transaction, the Directors have requested that NPCF prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the Proposed Transaction is fair and reasonable to the non-associated shareholders of FRC.

5. BASIS OF THE ASSESSMENT

Set out in the Notice of Meeting and Explanatory Statement accompanying this Report are the ASX Listing Rules and Corporations Act provisions relevant to the Proposed Transaction and information in relation thereto. In preparing our Report, we have had regard to ASIC Regulatory Guide 111 and 112 relating to Independent Experts' Reports.

The term 'fair and reasonable' has no legal definition although over time a commonly accepted interpretation has evolved. However, fair and reasonable has different meanings for different regulatory purposes.

ASIC Regulatory Guide 111 provides that the assessment of whether a proposal is fair and reasonable should involve a comparison of the likely advantages and disadvantages for non-associated shareholders if the Proposed Transaction is implemented and if it is not.

In essence, the proposal will be "fair and reasonable" if the non-associated shareholders are better off if the proposal is implemented. They will be better off if the expected benefits outweigh the disadvantages to the non-associated shareholders.

ASIC regulatory Guide 111, states, inter alia:

- an offer is considered 'fair' if the value of the offer price or consideration is equal to, or greater than, the value of the securities that are the subject of the offer.
- an offer is considered 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

ASIC Regulatory Guide 111 requires the assessment of 'fair' to be made assuming 100% ownership of the company. It considers it to be inappropriate to apply a discount to the value of the securities under the offer that would normally be considered in the valuation of a minority interest to reflect such factors as a lack of control.

ASIC Regulatory Guide 111 also provides examples of factors that are relevant in an assessment of reasonableness. The form of analysis the expert uses to evaluate a transaction should address the issues faced by security holders.

In our opinion, for the purposes of this report 'fairness' is taken to mean a reference to quantification of respective values of consideration being paid compared to the value of assets being transferred. This has been calculated in the context of the impact on FRC shares prior to (on a Control basis - and hence assuming 100% ownership of the company) and subsequent (on a Minority basis – and hence applying a minority discount) to the Proposed Transaction. 'Reasonableness' is taken to include consideration of other qualitative factors which can be assessed on objective grounds.

The assessment as to the fairness and reasonableness of the Proposed Transaction is set out in Section 8 of this Report.

6. VALUATION OF FORTE CONSOLIDATED LIMITED SHARES PRE PROPOSED TRANSACTION

6.1. VALUATION OVERVIEW

The usual approach to the valuation of an asset is to seek to determine what a willing but not anxious buyer, acting at arm's length, with adequate information, would be prepared to pay and a willing, but not anxious seller would be prepared to accept in an open market.

RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, acquisitions requiring approval by security holders, takeovers and prospectuses. These include:

- Discounted cash flow (DCF) approach;
- Capitalisation of future maintainable earnings (earnings based) approach;
- Orderly realisation of assets (asset based) approach;
- Quoted price of listed securities (market value) approach; and
- Comparable Market Transactions.

We have outlined these methodologies in Appendix 1 to this report. Each of these methodologies is appropriate in certain circumstances. The decision as to which methodology to use generally depends on the methodology most commonly adopted in valuing the asset in question and the availability of appropriate information. This is addressed further in Section 6.2 below.

6.2 VALUATION APPROACH

The traditional valuation method used to value companies is the capitalisation of future maintainable earnings, with such earnings being estimated using historical results. However, in order to adopt such a basis of valuation, a business must have a track record of profitability. As can be seen from the summary of historical statements of Profit or Loss and Other Comprehensive Income summarised in the table on the following page, FRC does not have a track record of profitability, we consider a valuation on this basis to be inappropriate.

NPCF believes that the most appropriate method for valuing the issued shares in FRC is the asset-based approach. The most common form of asset based approach is the Net Realisable Value method. The resultant net realisable assets of the Company can then be expressed in terms of a value per share.

As a crosscheck to the valuation on the above basis, NPCF has used the market value approach with reference to the market price of FRC shares. This valuation crosscheck calculation is set out in Section 6.4.5 of this Report.

6.2.1 Forte Consolidated Limited Historical Statements of Profit or Loss or Other Comprehensive Income

	2017 $	2016 $	2015 $
Revenue and other income	340,623	166,102	39,767
Expenses			
Exploration and evaluation expenditure written off	-	-	8,974
Administration expenses	540,439	474,671	553,318
Administration expenses capitalised to exploration	(35,022)	(25,347)	(26,662)
Depreciation expense	5,036	8,404	12,710
Depreciation capitalised to exploration	(4,219)	(7,069)	(10,618)
Loss on sale of fixed assets	-	3,204	-
Loss on write off of fixed assets	919	-	-
Total expenses	507,153	453,863	537,722
Loss before income tax expense	(166,530)	(287,761)	(497,955)
Income tax expense	-	-	-
Net loss for the year	(166,530)	(287,761)	(497,955)
Other comprehensive income, net of income tax			
Items that will not be reclassified to profit or loss:			
Available-for-sale assets disposed of during the year	(300,395)	-	-
Items that may be reclassified to profit or loss:			
Change in the fair value of available-for-sale investments	38,815	313,050	-
Income tax expense	-	-	-
Total comprehensive (loss)/income for the year	(428,110)	25,289	(497,955)

Source: FRC's audited financial statements for the years ended 30 June 2015 to 2017

6.2.1.1 Commentary on the above results

Over the past 3 years, the company had generated a total of $546,492 of income which principally comprises interest received and profit on sale of assets.

However, the Company has been in a loss-making position for over three years with an accumulated loss before tax for the three years to 30 June 2017 of $952,246.

The losses have been underpinned principally by capital raisings and the sale of some of its ASX-listed investments.

6.3 VALUE OF FRC'S SHARES *PRE* PROPOSED TRANSACTION

In establishing the value of FRC prior to the Proposed Transaction, the net asset backing per share has been determined based upon the audited position as at 30 June 2017, adjusted for certain significant subsequent events as referred to in the Notes to section 6.3.1 below.

This has resulted in a net asset backing per share of $0.0148 (prior to any adjustments) *pre* Proposed Transaction or a net asset backing per share of $0.0188 (including adjustments), as calculated in the table below:

FORTE CONSOLIDATED LIMITED – NET ASSET BACKING PER SHARE

Balance Sheet	Audited Pre proposed Transaction 30.06.17	Adjustment for subsequent events	Valuation Adjustment (Mid value)	Note	Unaudited Pro Forma Pre Proposed 31.01.18	Unaudited Pro Forma Pre Proposed 31.01.18 Low	Unaudited Pro Forma Pre Proposed 31.01.18 High
	$	$	$		$	$	$
Current Assets							
Cash and cash equivalents	870,380	(29,146)		1	841,234	841,234	841,234
Other receivables	7,116	(7,116)			-	-	-
Other Assets	20,836	(20,836)			-	-	-
Total Current Assets	898,332				841,234	841,234	841,234
Non-current Assets							
Other receivables	7,500	2,500			10,000	10,000	10,000
Available for sale listed securities	138,000	114,000		2	252,000	252,000	252,000
Plant and equipment	11,546	3,917			15,463	15,463	15,463
Exploration & Evaluation expenditure	1,668,573	-	1,306,427	3	2,975,000	1,950,000	3,600,000
Total Non-current Assets	1,825,619				3,252,463	2,227,463	3,877,463
Total Assets	2,723,951				4,093,697	3,068,697	4,718,697
Current Liabilities							
Trade and other payables	65,470	(12,998)			52,472	52,472	52,472
Employee benefits	3,891	869			4,760	57,232	57,232
Total Current Liabilities	69,361				57,232	109,704	109,704
Net Assets	**2,654,590**				**4,036,465**	2,957,993	4,608,993
Total number of shares on issue	179,078,187			4	214,499,033	214,499,033	214,499,033
Net asset backing per share	**0.0148**				**0.0188**	0.0138	0.0215

6.3.1 Notes

1. Adjustments for subsequent events comprise movements from 30 June 2017 to 31 January 2018.

2. This reflects the revaluation to market value, based on the share price of the ASX-listed securities as at 31 January 2018.

3. This reflects our current assessment of the fair value of the company's exploration and evaluation expenditure. This is based on the preferred valuation of these assets contained in SRK's Independent Specialist Report included as Appendix 2 to this Report. We have also included SRK's low and high valuation range for reference only.

4. Please refer to Section 6.4.1 regarding the increase in issued capital.

5. As the Net Asset backing per share considers the assessment of 100% of the company's net assets, this methodology effectively includes a control premium and hence does not require any adjustment in determining the value of an FRC share prior to the Proposed Transaction on a control basis.

6.4 Issued Capital And Share Transactions

6.4.1 Issued Capital (per Annual Report + Subsequent Appendix 3B's)

As at 30 June 2017 the total issued share capital of FRC comprised 179,078,187 fully paid ordinary shares. The movements in FRC's issued capital since 30 June 2017, the balance date of its last audited financial report, are provided in the table below. The values below are net of share issue costs.

	Number of Shares	Note	$
Balance as at 1 July 2017	179,078,187	Per 30 June 2017 Annual Report	20,169,503
Subsequent movements:			
Rights Issue 03.11.17	35,420,816	Net of issue costs	690,846
As at the date of this report(1)	**214,499,003**	As at the date of this report	**20,860,349**
Issue of shares under Resolution 1	**15,000,000**	Included at prevailing rate of $0.04 per share (1)	600,000
Total if resolution passed	**229,499,003**		**21,460,349**

(1) The amount credited to equity has been calculated based on the prevailing share price of the company's ordinary shares (rounded). This will be recomputed after they have been issued.

6.4.1.1 Top 20 shareholders – ungrouped (as at 13 September 2017 – per the 30 June 2017 Annual Report)

Ordinary Shareholders	Number	%
DANNY TAK TIM CHAN	46,538,392	25.99%
VALLEYBROOK INVESTMENTS PTY LTD <TERPU A/C>	43,166,252	24.10%
VALLEYROSE PTY LTD <TERPU SUPER FUND A/C>	29,227,929	16.32%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,954,188	7.23%
ANYSHA PTY LTD <GEMELLI A/C>	10,000,084	5.58%
GOLDEN GATE S A	5,000,000	2.79%
MR MARK BARNABA	4,375,000	2.44%
CITICORP NOMINEES PTY LIMITED	3,158,000	1.76%
KIWI BATTLER PTY LTD <KIWI BATTLER SUPER FUND A/C>	2,452,089	1.37%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,337,129	1.31%
ORBIT DRILLING PTY LTD	1,817,226	1.01%
MRS CARMELA FIRRIOLO	1,770,000	0.99%
MR JAMES DOUGLAS RYSTON PRATT & MRS MYFANWY JEAN RYSTON DURHAM J & C PRATT SUPER FUND	1,000,000	0.56%
GOLDEN MILE INVESTMENTS PTY LTD	1,000,000	0.56%
MR JAMES DOUGLAS PRATT	1,000,000	0.56%
MRS MELISSA DOMENICA CIFELLI	925,000	0.52%
ARODAM PTY LTD <THE ARODAM A/C>	853,080	0.48%
ADMARK INVESTMENTS PTY LTD <JS PINTO SUPER FUND A/C>	840,000	0.47%
COOLTRAS PTY LTD <KOULOUKAKIS INVESTMENT A/C>	808,054	0.45%
MR BRIAN BARRY CLEAVER & MRS JEAN ISABEL CLEAVER <CLEAVER SUPER FUND A/C>	764,000	0.43%
MR PHILIP RUSSELL HARRIS <HARRIS FAMILY A/C>	700,000	0.39%
RHODA HARRIS PTY LTD <HARRIS SUPER FUND A/C>	650,000	0.36%
TOTAL TOP 20 SHAREHOLDERS	171,336,423	95.68%

6.4.1.2 Distribution of shares (as at 13 September 2017)

Size of Holding	Fully Paid Ordinary Shares
1 - 1,000	168
1,001 - 5,000	16,854
5,001 - 10,000	536,700
10,001 - 100,000	2,570,762
100,000 and over	175,953,703
Total	179,078,187
Number of holders holding less than a marketable parcel	89

6.4.2 OPTIONS

As at the date of this report, the Company had no Options on issue:

6.4.3 SHARE TRADING

The following summary provides details of the monthly values and average daily volumes of FRC shares being transacted on ASX from 1 July 2017 to 2 February 2018:

	Open	High	Low	Close	Total Volume	Volume weighted average price	Note
Feb-18	0.04	0.04	0.04	0.04	0	0.00	1,2
Jan-18	0.03	0.04	0.03	0.04	50,000	0.04	
Dec-17	0.03	0.03	0.03	0.03	0	0.00	2
Nov-17	0.02	0.03	0.02	0.03	206,250	0.03	
Oct-17	0.02	0.03	0.02	0.02	439,221	0.02	
Sep-17	0.02	0.02	0.02	0.02	30,000	0.02	
Aug-17	0.02	0.02	0.02	0.02	0	0.00	2
Jul-17	0.02	0.02	0.02	0.02	30,000	0.02	

Source: Yahoo Finance

(1) Based on trading history for the period 1 February 2018 to 2 February 2018.

(2) There were no trades during the month, hence the volume weighted average price is $nil.

Based on the above table FRC's share price has fluctuated over the period since 1 July 2017 from a low of 2 cents in July 2017 to a high of 4 cents in January and February 2018.

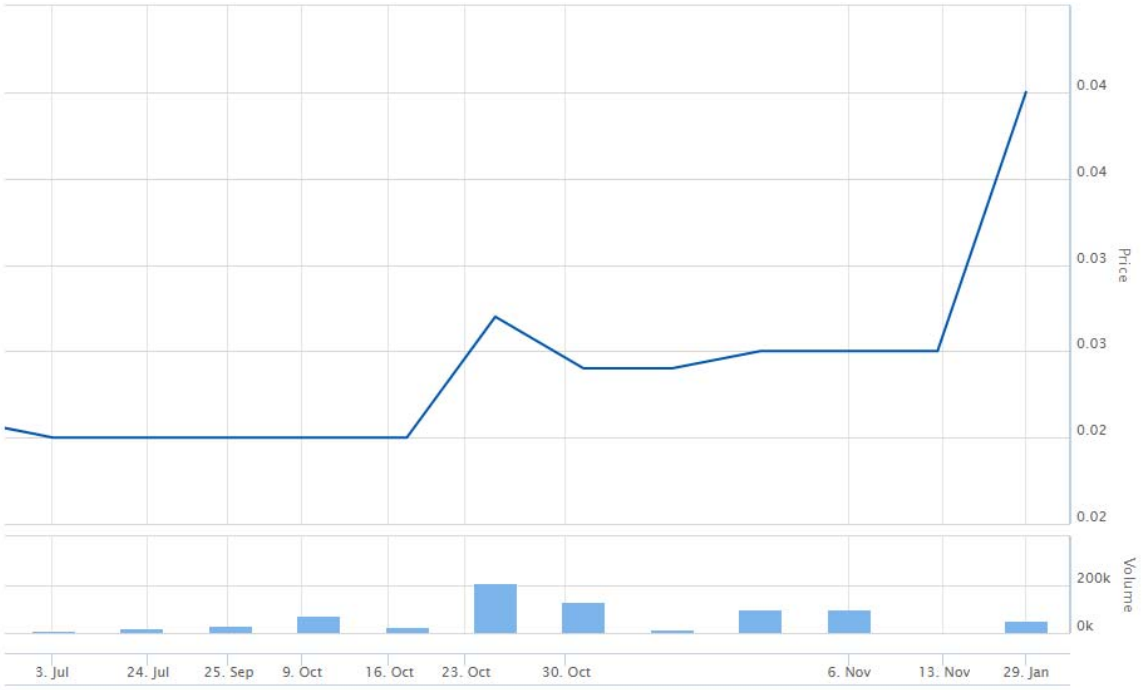
Trading volumes have been very low throughout the period, with two of the six complete months not registering any trades.

The highest single day trading volume was recorded on 26 October 2017 when 210,000 shares were traded.

The average daily volume of shares traded over the period 1 July 2017 to 2 February 2018 was 5,139 shares, with 136 (out of 147 day period) where no trades were recorded. During that period a very small percentage (less than 0.4%) of the company's prevailing free float was traded per day.

6.4.3.1 FRC Recent Share Price History:

The chart below represents the movement in the share price of FRC listed shares since 1 July 2017:



Source: asx.com.au

6.4.4 SCHEDULE OF RECENT ASX ANNOUNCEMENTS

Company announcements released on the ASX platform since lodgement of its 30 June 2017 Annual Report to the date of this report are summarised below:

Announcement date	Headline
23 Jan 2018	Acquisition of Gold Project
18 Jan 2018	Quarterly Activities and Cashflow Reports
20 Dec 2017	Exploration Development Incentive Scheme
19 Dec 2017	Change in substantial holding
6 Dec 2017	Amended Change of Director's Interest Notice
5 Dec 2017	Change of Director's Interest Notice
16 Nov 2017	Results of Meeting
9 Nov 2017	Change in substantial holding
9 Nov 2017	Change of Director's Interest Notice

6.4.4 SCHEDULE OF RECENT ASX ANNOUNCEMENTS (CONTINUED)

Announcement date	Headline
9 Nov 2017	Change of Directors Interest Notice
9 Nov 2017	Change in substantial holding
9 Nov 2017	Change of Director's Interest Notice
3 Nov 2017	Completion of Entitlement Issue
26 Oct 2017	Change of Director's Interest Notice
19 Oct 2017	Change of Director's Interest Notice
19 Oct 2017	Offer Document Dispatched
17 Oct 2017	Quarterly Activities and Cashflow Reports
12 Oct 2017	Letter to Shareholders
11 Oct 2017	Preliminary Drilling Results
11 Oct 2017	Appendix 3B
11 Oct 2017	Cleansing Notice and Offer Document
11 Oct 2017	Non-Renounceable Issue
10 Oct 2017	Non-Renounceable Issue
19 Sep 2017	Notice of Annual General Meeting/Proxy Form
14 Sep 2017	Appendix 4G

Source: asx.com.au

6.4.5 MARKET VALUE

FRC's share price has fluctuated over the period 1 July 2017 to 2 February 2018 from a low of 2 cents in July 2017 to a high of 4 cents in January and February 2018.

As can be seen from the very low trading volumes during this period as reflected in Section 6.4.4 above, together with only a very small percentage of the company's free float being traded, we consider that the share price methodology does not provide sufficient information to be the most appropriate methodology to use in this instance.

We therefore consider the Net Realisable Value method to be the most appropriate method to adopt in this instance.

7. VALUATION OF FORTE CONSOLIDATED LIMITED SHARES *POST* PROPOSED TRANSACTION

7.1 COMPONENTS OF THE PROPOSED TRANSACTION

- the acquisition of a 100% interest in Mt Lucky Project, on the terms set out in the Explanatory Statement.

For further information on the Mount Lucky Project, please refer to Section 3.1 of this report and to the Independent Specialist Report prepared by SRK Consulting (Australia) Pty Ltd (SRK) dated February 2018 which is attached to this report as Appendix 3.

7.2 VALUATION APPROACH

7.2.1 Valuation assessment

As noted in section 2.1, in determining whether or not the transaction is fair, NPCF has determined the value of FRC and the Mt Lucky Project (the combined entity) immediately after the Proposed Transaction on a minority basis.

In establishing the value of the combined entity following completion of the Proposed Transaction, the net asset backing per share has been determined based upon the audited position in accordance with Section 6.3 of this Report including the following adjustments referred to in Section 6.3:

- Material movements in cash and other assets and liabilities subsequent to 30 June 2017;
- Revaluation of the Company's ASX listed investments;
- Adjustment to the carrying value of the Company's Exploration and Evaluation Expenditure reflecting the preferred value included in SRK's Specialist Report (refer Appendix 2); and
- Further funds raised since 30 June 2017.

In addition to the above, we have adjusted for the effects of the acquisition of the Mt Lucky Project as follows:

- Cash and Cash equivalents have been reduced by cash component on the consideration comprising $250,000 (refer Section 3.3 above);
- The number of shares on issue has been increased by the 15 million shares to be issued to J Terpu and his associates (refer Section 3.3 above); and
- No amount has been included for the net smelter royalty payable as the Mt Lucky Project currently contains no Mineral Resource or Mineral Reserves reported in accordance in the JORC code and hence no scoping study or feasibility studies have been undertaken. In the circumstances it is not possible to accurately predict the extent or timing of such net smelter royalties payable;

The Mt Lucky Project has been reflected in the Pro-Forma Balance Sheet *post* Proposed Transaction based on its preferred value included in SRK's Specialist Report (refer Appendix 2);

No adjustment has been made in respect of any potential taxation consequences in respect of the Proposed Transactions.

This has resulted in a net asset backing per share of $.0132 *post* the Proposed Acquisitions, on a minority basis, as calculated below (please also refer to Section 7.3 below).

7.2.4 Unaudited Adjusted Pro-Forma Balance Sheet as at 31 January 2018 *Post* the Proposed Transaction

Balance Sheet	Audited Pre proposed Transaction 30.06.17	Adjustment for subsequent events	Adjustment for Independent Valuation (Mid value)	Note	Unaudited Pro Forma Post Preferred 31.01.18	Unaudited Pro Forma Post Proposed 31.01.18 Low	Unaudited Pro Forma Post Proposed 31.01.18 High
	$	$	$		$	$	$
Current Assets							
Cash and cash equivalents	870,380	(299,146)		1	571,234	571,234	571,234
Other receivables	7,116	(7,116)			-	-	-
Other Assets	20,836	(20,836)			-	-	-
Total Current Assets	898,332				571,234	571,234	571,234
Non-current Assets							
Other receivables	7,500	2,500			10,000	10,000	10,000
Available for sale listed securities	138,000	114,000		2	252,000	252,000	252,000
Plant and equipment	11,546	3,917			15,463	15,463	15,463
Mt Lucky Project	-	-	550,000	3	550,000	400,000	600,000
Exploration & Evaluation expenditure	1,668,573	-	1,306,427	4	2,975,000	1,950,000	3,600,000
Total Non-current Assets	1,825,619				3,802,463	2,627,463	4,477,463
Total Assets	2,723,951				4,373,697	3,198,697	5,048,697
Current Liabilities							
Trade and other payables	65,470	(12,998)			52,472	52,472	52,472
Employee benefits	3,891	869			4,760	4,760	4,760
Total Current Liabilities	69,361				57,232	57,232	57,232
Net Assets	2,654,590				4,316,465	3,141,465	4,991,465

7.2.4.1 Notes to the unaudited adjusted Pro-forma Balance Sheet

1. Adjustments for subsequent events comprise movements from 30 June 2017 to 31 January 2018.
2. This reflects the revaluation to market value, based on the share price of the ASX-listed securities as at 31 January 2018.
3. This reflects our current assessment of the fair value of the Mt Lucky Project. This is based on the preferred valuation of these assets contained in SRK's Independent Specialist Report included as Appendix 3 to this Report. We have also included SRK's low and high valuation range for reference only.
4. This reflects our current assessment of the fair value of the company's exploration and evaluation expenditure. This is based on the preferred valuation of these assets contained in SRK's Independent Specialist Report included as Appendix 2 to this Report. We have also included SRK's low and high valuation range for reference only.
5. Please refer to Section 6.4.1 regarding the increase in issued capital.

7.3 NET ASSET VALUATION *POST* PROPOSED TRANSACTION

7.3.1 Valuation assessment

As noted in section 2.1, in determining whether or not the transaction is fair, NPCF has determined the value of FRC including the Mt Lucky Project immediately after the Proposed Transaction on a minority basis.

In establishing the value of FRC following completion of the Proposed Transaction, the net asset backing per share has been determined based upon the audited position in accordance with Section 6.3 of this Report together with the adjustments to FRC referred to in Section 6.3.1 and adjusting for the effects of the acquisition of the Mt Lucky Project (refer to Section 7.2.4 above).

No adjustment has been made in respect of any potential taxation consequences in respect of the Proposed Transaction.

The fair value of FRC post Proposed Transaction is as follows:

	Note	**Mid**	Low	High
		$	$	$
Fair value of FRC on a control basis (refer to Section 7.4 above)		**4,316,465**	3,141,465	4,991,465
Discount for control premium	1	**0.30**	0.25	0.35
Fair value post Proposed Transaction on a minority basis		**3,021,526**	2,356,099	3,244,452
Number of shares				
Shares on issue pre Proposed Transaction		**214,499,003**	214,499,003	214,499,003
Acquisition of Mt Lucky Project (resolution 1)	2	**15,000,000**	15,000,000	15,000,000
Number of shares on issue post Proposed Transaction		**229,499,003**	229,499,003	229,499,003
Fair Value of a share Post Proposed Transaction		**0.0132**	0.0103	0.0141

Notes

1. The fair value of FRC and Mt Lucky Project represents a controlling interest in the combined entity. Immediately following the transaction current FRC shareholders will hold a minority interest in the combined entity. Therefore an adjustment has been made to determine the fair value on a minority basis by eliminating a premium for control. Premiums for control generally range from 25% to 35%.
2. As noted in section 1, 15,000,000 FRC shares will be issued to J Terpu and his associates.

8. ASSESSMENT AS TO FAIRNESS AND REASONABLENESS OF THE PROPOSED TRANSACTION

8.1 Assessment as to Fairness

As noted in Section 5 of this Report, an offer is considered "fair" if the value of the consideration being offered is equal to, or greater than, the value of the securities that are the subject of the offer in the context of the impact on FRC shares prior to and subsequent to the Proposed Transaction. NPCF's assessment as to the fairness of the Proposed Transaction is set out below:

	MID	LOW	HIGH
NPCF valuation of FRC shares prior to the Proposed Transaction on a control basis (section 6.3)	**$0.0188**	$0.0138	$0.0215
NPCF valuation of FRC shares post Proposed Transaction on a minority basis (section 7.3.1)	**$0.0132**	$0.0103	$0.0141

After consideration of the above, the Proposed Transaction is considered to be **not fair** to the non-associated shareholders of FRC as the preferred value of a share after completion of the Proposed Transaction (being the Mid value in the above table) is less than the value of an FRC share prior to the Proposed Transaction.

8.2 Assessment as to Reasonableness

ASIC Regulatory Guide 111 states that an offer is reasonable if it is fair. However under this criterion as the value of FRC shares after the completion of the Proposed Transaction is less than the value prior thereto, the offer is not fair and therefore is not automatically considered to be reasonable. There are a number of other relevant factors to be considered in assessing the reasonableness of the Proposed Transaction. These factors are set out below as advantages and disadvantages (refer Sections 8.2.1 and 8.2.2 below).

8.2.1 Advantages and Disadvantages of the Proposed Transaction proceeding:

Advantages of proceeding

- The Independent Specialist's Report provided by SRK (refer Appendix 3 to this Report) anticipates that with a suitable focus on exploration and an appropriate budget, there is a reasonable likelihood of defining enough continuity of mineralisation with appropriate grade to define a Mineral Resource at the Mt Lucky Project;
- Forte's existing exploration assets comprising Johnnycake and Black Mountain are only exploration permits, whereas the Mt Lucky Project comprises a Mining Lease;
- The majority of the consideration is to be settled in shares and hence this reduces the impact on the company's cash reserves;
- Acceptance of the Proposed Transaction may result in an increase in cash reserves should further funding be attracted on the merits of the Mt Lucky project;
- The Consideration Shares are expected to be placed into voluntary escrow for twelve months;
- The dilutionary impact on the non-associated shareholders is less than 4%;
- The Proposed Transaction is the only offer capable of acceptance at present and there is an absence of alternative offers;
- It may provide opportunity for enhanced liquidity in Forte shares; and
- It may give rise to a market repricing of Forte shares, given the foregoing.

Disadvantages of proceeding

- The Company will be required to pay a cash consideration of $250,000 which would reduce available cash for other activities and planned commitments;
- Reduces the interest of non-associated FRC Shareholders from 57.78% to 54.00% on the issue of the Consideration Shares;
- As the single largest shareholder in the Company prior to the transaction and hence effectively controlling FRC, J Terpu and his associates will, after the Proposed Transaction, increase that effective control;
- The Company will need to undertake further capital raising(s) to fund further exploration of the Mt Lucky Project which will further dilute the interest of FRC Shareholders; and
- Whilst Mt Lucky Project is considered to be prospective, it currently has no Mineral Resources or Mineral Reserves reported in accordance with the JORC code.

8.2.2 Advantages and Disadvantages of the Proposed Transaction not Proceeding:

Advantages of not proceeding

- FRC will avoid the disadvantages referred to above.

Disadvantages of not proceeding

- The directors of FRC have indicated that they will seek other opportunities to raise capital and to identify other opportunities It is uncertain, in light of current equity markets (a) when this may be achieved; and (b) if alternative proposals will add greater value or be more dilutive to FRC's Shareholders than the Proposed Transaction.

In our opinion, on balance, the advantages of approving the Proposed Transaction are greater than the disadvantages. These advantages arise both as a result of implementing the Proposed Transaction and of avoiding the disadvantages that may arise as a result of not implementing the Proposed Transaction. Accordingly, in our opinion, the Proposed Transaction is **reasonable** to the non-associated shareholders of FRC.

8.3 Conclusion

Based on the valuation of a FRC share and on the above assessment, NPCF is of the opinion that the Proposed Transaction is not fair but reasonable to the non-associated shareholders of FRC.

9. LIMITATIONS AND RELIANCE ON INFORMATION

Our opinion is based on the economic, stock market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Our report is also based upon financial and other information provided by FRC and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS). We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Proposed Transaction from the perspective of FRC security holders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. Whilst NPCF has made what it considers to be appropriate enquiries for the purpose of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER. Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the Proposed Transaction, rather than a comprehensive audit or investigation of detailed matters.

The opinions and judgement of management of the Company comprise an important part of the information base used in forming an opinion of the kind expressed in this report. This information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

In forming our opinion, we have also assumed that:

(a) the information set out in the Notice of Meeting is complete, accurate and fairly presented in all material respects

(b) if the Proposed Transaction is approved it will be implemented in accordance with the terms set out in the Notice of Meeting.

10. SOURCES OF INFORMATION

In making our assessment as to whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of FRC, we have reviewed relevant published available information and other unpublished information of the Company which is relevant in the circumstances. In addition, we have held discussions with representatives of the Company's Board. Information we have received includes, but is not limited to the following:

- FRC's audited annual reports for the years ended 30 June 2015 to 30 June 2017;
- Recent ASX announcements lodged by FRC;
- FRC Unaudited Financial Statements at 31 January 2018;
- Independent Specialist Report on FRC's Exploration and Evaluation Assets prepared by SRK Consulting (Australia) Pty Ltd;
- Independent Specialist Report on the Mt Lucky Project prepared by SRK Consulting (Australia) Pty Ltd;
- Share Price data for FRC; and
- Draft Notice of Meeting and Explanatory Statement this Report will accompany.

APPENDICES

APPENDIX 1 Overview of valuation methodologies

APPENDIX 2 Independent Specialist Report on FRC's Exploration and Evaluation Assets prepared by SRK Consulting (Australia) Pty Ltd

APPENDIX 3 Independent Specialist Report on the Mt Lucky Project prepared by SRK Consulting (Australia) Pty Ltd

APPENDIX 1 OVERVIEW OF VALUATION METHODOLOGIES

Discounted cash flow ("DCF") approach

- DCF involve projected cash flows being discounted by a discount rate which reflects the time value of money and the risk inherent in the cash flows. DCF valuations are arguably the most technically accurate method of valuing an asset or business, however, they suffer from the practical impediment that few companies have prepared cash flow forecasts of sufficient reliability over the necessary long time frame.
- The DCF methodology is typically the most appropriate valuation methodology where there is adequate information about likely future cash flows and usually over a finite term.

Capitalisation of future maintainable earnings (earnings based) approach

- The capitalisation of earnings methodology involves capitalising the earnings of the business at a multiple which reflects the risks of the business and the stream of income it generates. This methodology requires the estimation of future maintainable earnings having regard to historical and forecast operating results, including sensitivity to key industry risk factors, future growth prospects and the general economic outlook. The estimated realisable value of any surplus assets is then added to the capitalised earnings.
- The determination of an appropriate capitalisation rate will typically reflect a potential purchaser's required rate of return, risks inherent in the business, future growth prospects and alternative investment opportunities. This methodology is the most commonly used method for the valuation of industrial companies, which have a proven operating history and a consistent earnings trend.

Asset based approach

- Asset based valuation methods estimate the value of a company based on the realisable value of its net assets less liabilities. There are a number of asset-based methods including orderly realisation; liquidation value; net assets on a going concern basis; replacement cost; and reproduction cost. Since wind-up or liquidation of the company may not be contemplated, these methods in their strictest forms may not necessarily be appropriate. The net assets on a going concern basis estimates the market values of the net assets without taking into account realisation costs. Asset-based valuation methods are considered most appropriate where a business or company is not making an adequate return on its assets, where there are surplus non-operating assets or where investments are the primary asset.

Quoted price for listed securities (market value) approach

- This approach reflects the quoted price for the listed securities of the company being valued and is most suited when there is a liquid and active market in those securities (and allowing for the fact that the quoted price may not reflect their value where 100% of the securities are available for sale).

Comparable market transactions approach

- This methodology entails obtaining information on any comparable transactions in the same industry for a similar entity to that being valued. If such transactions exist and the entity being valued is directly comparable to that being acquired, then the assets, revenue or earnings multiples, or other relevant measures employed in the actual transaction, can be utilised in the valuation.
- This methodology suffers from the difficulty in sourcing detailed information on the transaction to determine the basis of the consideration and the comparability of the two businesses or entities.

APPENDIX 2

Independent Specialist Report on the Mineral Assets of Forte Consolidated Limited

Report Prepared for

Forte Consolidated Limited

Report Prepared by

SRK Consulting (Australasia) Pty Ltd

Project Number: FCL005

February 2018

Independent Specialist Report on the Mineral Assets of Forte Consolidated Limited

Forte Consolidated Limited

SRK Consulting (Australasia) Pty Ltd

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February 2018

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Stuart Munroe
Principal Consultant

Authors:

Bryce Healy, Mat Davies.

Executive Summary

SRK Consulting (Australasia) Pty Ltd (SRK) understands that Forte Consolidated Limited (Forte) is currently in negotiations regarding a potential transaction involving Mining Licence M38/1256 (Mt Lucky Project, or the Project) held by Valleybrook Investments Pty Ltd (Valleybrook), which contains gold mineralisation. SRK has been requested to provide an Independent Valuation report relating to Forte's mineral assets, which will be used as an Independent Specialist Report to accompany an Independent Expert Report in a Notice of Meeting to be distributed to shareholders in relation to the transaction.

Summary of principal objectives

The objective of this Report is to provide an independent assessment of the technical project value drivers impacting on the group of mineral assets held by Forte Consolidated Limited. These include, but are not limited to:

- Location and geological setting
- Results of exploration activities and technical studies completed to date
- Any stated Mineral Resources
- Any other relevant technical assumptions not listed above
- The valuation of all resources and exploration potential.

This Report has been prepared in accordance with the Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets - VALMIN Code (2015), which incorporates the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves - JORC Code (2012).

Outline of work program

The following program was undertaken in the preparation of this Report:

- Discussion with key Forte personnel and consultants
- Review of the geology, exploration, project risks and opportunities
- Review of technical reports and supporting documentation prepared by and/or on behalf of the parties
- Compilation of comparable transactions
- Valuation of Exploration Potential
- Report preparation.

Overview

Forte is currently evaluating M38/1256 (the Mt Lucky Project), in the Laverton region of Western Australia. The Project is held by Valleybrook Investments Pty Ltd. The Project is at the exploration stage of development and is targeting orogenic gold mineralisation.

When valuing the exploration asset, SRK has considered methods commonly used in Australia to value mineral assets at these stages of development. These methods are outlined in this Report.

All monetary figures used in this report are expressed in Australian dollar (A$) terms. The final valuation is presented in Australian dollars. This Report has adopted an effective valuation date of 15 December 2017.

SRK's recommended valuation ranges and preferred value are detailed in Section 6 (Valuation) and summarised in Table ES-1. SRK has produced a Market Value as defined by the VALMIN Code (2015). SRK's preferred values for Forte's mineral assets are positioned conservatively, as given the level of study and assumptions incorporated by SRK into its analysis, SRK has no strong inclination towards either end of the valuation range.

Table ES-1: Summary of SRK's Valuation of Forte's mineral asset as at 15 December 2017

Project	Value Centre	Low (A$,000)	High (A$,000)	Preferred (A$,000)
Johnnycake	Exploration Potential – Comparative Transactions (Area based)	1,815	2,628	
	Exploration Potential – Geoscientific	1,228	4,249	
	Exploration Potential – Multiples of Exploration Expenditure	1,315	1,593	
	Value of Mining Information	1,300	1,370	
	Selected	**1,863**	**3,417**	**2,825**
Black Mountain	Exploration Potential – Comparative Transactions (Area based)	240	360	
	Exploration Potential – Geoscientific	75	253	
	Exploration Potential – Multiples of Exploration Expenditure	24	30	
	Value of Mining Information	15	15	
	Selected	**90**	**165**	**150**
All Projects (100% Equity Interest)		**1,950**	**3,600**	**2,975**

Any discrepancies between values presented in the table are due to rounding.

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Forte Consolidated Limited (Forte). The opinions in this Report are provided in response to a specific request from Forte to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

1 Introduction and Scope of Report

1.1 Introduction

SRK Consulting (Australasia) Pty Ltd (SRK) has been requested to provide an Independent Valuation relating to the mineral assets of Forte Consolidated Limited (Forte) which is to be used as an Independent Specialist Report to accompany an Independent Expert Report (to be prepared by an as yet undisclosed party) in a Notice of Meeting to be distributed to shareholders in relation to a potential transaction.

1.2 Standard of the Report

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code (2015). It should be noted that the authors of this Report are Members of either, or both, the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG) and, as such, are bound by both the VALMIN and JORC codes. For the avoidance of doubt, this Report has been prepared according to:

- 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code)
- 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).; and

For the purposes of this Report, value is defined as 'market value' being:

"the amount of money (or the cash equivalent of some other consideration) for which a mineral asset should change hands on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion" (VALMIN Code, 2015).

SRK's valuation expresses an opinion regarding the current market value of the mineral assets. It does not comment on the 'fairness and reasonableness' of any transaction.

All monetary figures used in this report are expressed in Australian dollar (A$) terms.

Specialists involved in the preparation of this report are listed in Table 1-1.

Table 1-1: Specialists

SRK Personnel	Project Role
Bryce Healy	Principal Consultant (Geology)
Mathew Davies	Senior Consultant (Comparative Transaction Analysis)
Stuart Munroe	Principal Consultant (Peer Review)

1.3 Statement of SRK independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK. SRK has prior association with Forte concerning the mineral assets that are the subject of this Report. SRK has acted as technical consultants on the assets that are the subject of this Report.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees agreed are based on the complexity of the

assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A$15,000. The payment of that professional fee is not contingent upon the outcome of the Report.

1.4 Legal matters

SRK has not been engaged to comment on any legal matters.

SRK notes that it is not qualified to make legal representations regarding the ownership and legal standing of the mineral tenement that is the subject of this valuation. SRK has not attempted to confirm the legal status of the tenement with respect to local heritage or potential environmental or land access restrictions.

SRK has relied upon the representations made by Forte regarding the current standing of the permits.

In line with ASIC Regulatory Guide 111 "Content of Expert Reports", SRK is obliged to issue a supplementary report if a material change in circumstances arises after the release of its report.

SRK has sighted documentation available at the relevant Government Agency and has prepared this Report on the understanding that the tenements of Forte Consolidated Limited are currently in good standing, and that there is no cause to doubt the eventual granting of any tenement renewals. The tenement schedule as supplied to SRK is listed in Table 2-2.

1.5 Information basis of this Report

SRK has derived the technical information, which forms that basis of this Report on information provided by Forte. SRK has supplemented this information, where necessary, with information sourced from the public domain. However, where discrepancies arise and no alternative comments are provided, data and interpretations provided by Forte prevail in this Report. The past exploration history for these tenements has been derived from the reports of previous explorers, as provided by Forte and verified by SRK, as well as government records of exploration activities within the Project area.

The principal sources of information are included in Section 8 (References). The Report has been prepared to include information available up to the date of this Report. Forte has stated that all information provided by Forte may be presented in the Report and that none of the information is regarded as confidential.

SRK notes that the VALMIN Code (2015) recommends that a site inspection be completed should it be 'likely to reveal information or data that is material to the report'. A site visit was not undertaken to any of the sites, which are the subject of this Report, as part of this evaluation, as these assets remain in the early stages of assessment and as such, SRK considered a site visit was unlikely to reveal material information not already available in the supplied information.

1.6 SRK and Authors

SRK is an independent, international group providing specialised consultancy services. Among SRK's clients are many of the world's mining companies, exploration companies, financial institutions, EPCM (engineering, procurement and construction management) firms and government bodies. Formed in Johannesburg in 1974, the SRK Group now employs some 1,400 staff internationally in 45 permanent offices in 20 countries on six continents. A broad range of internationally recognised associate consultants complements the core staff. In Australia, SRK employs ~100 people in offices located in Brisbane, Melbourne, Newcastle, Perth and Sydney.

The SRK Group's independence is ensured by the fact that it is strictly a consultancy organisation, with ownership by staff. SRK does not hold equity in any project. This permits SRK's consultants to provide clients with conflict-free and objective support on crucial issues.

This Report was prepared by SRK Consultant Dr Bryce Healy, Principal Consultant (Geology). Dr Stuart Munroe, Principal Consultant (Project Evaluations) undertook internal peer review. Dr Healy and Dr Munroe are full-time employees of SRK.

The information in this Report that relates to Exploration Results on the mineral assets of Forte is based on, and fairly represents, information and supporting documentation compiled by Dr Bryce Healy. Dr Healy is a Member of the Australian Institute of Geoscientists, and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Dr Healy consents to inclusion in the report of the matters based on this information in the form and context which it appears.

SRK has not performed, nor does it accept, the responsibilities of a Competent Person as defined by the JORC Code (2012) in respect of the Exploration Results, Mineral Resources and Ore Reserve estimates presented in this Report except for the 2017 exploration results reported for EPM 18986. In relation to the information in this report that relates to 2017 exploration results within EPM 18986, the Competent Person named in that report is Mr Bryce Healy.

Bryce Healy, BSc (Hons) (Geology), PhD (Geology), MAusIMM – Principal Consultant

Bryce Healy is a structural geologist with over 14 years' experience, including over 12 years consulting experience in the exploration and mining sector. Bryce has developed a broad technical background across both coal and minerals commodities. Bryce is technically proficient and an experienced project manager in a range of areas – geology exploration programs including target generation and prospectivity analysis; minesite structural geological risk reviews; independent technical reviews, asset valuation and due diligence for exploration and mining projects for the resource and finance sectors.

Stuart Munroe, PhD, GDip AppFinInv, MAusIMM – Principal Consultant

Stuart Munroe is a structural geologist with 25 years' experience. In his professional career, he has consulted on a wide range of geological evaluation projects for mining and exploration companies. For the past nine years, Stuart managed exploration projects and pre-development studies with a gold focus and provided technical advice at a corporate level. In addition, Stuart has been involved in growth through acquisition, involving due diligence and identification of potential upside. As a structural geologist, he was involved in detailed studies of controls on mineralisation, resource model assessment, technical due diligence, independent expert's reporting and strategic planning.

1.7 Warranties and indemnities

Forte has warranted in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

As recommended by the VALMIN Code, Forte has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Forte or to Forte not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

1.8 Consents

SRK provides consent in the form and context in which this technical assessment is provided for this Independent Specialist Report to accompany an Independent Expert Report in a Notice of Meeting to be distributed to shareholders in relation to the transaction involving Mining Licence M38/1256 (Mt Lucky Project) held by Valleybrook, and not for any other purpose.

SRK provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report.

2 Corporate Structure and Project Tenure

2.1 Corporate structure

Forte Consolidated Limited (ASX: FCR, or Forte) is the authorised holder of, and retains a 100% share of, Exploration Permit for Minerals (EPM) 18986 (Johnnycake), 26527 (Johnnycake), 25196 (Johnnycake) and 25755 (Black Mountain) in northern Queensland.

2.2 Location, access, climate and physiography

The Johnnycake, project area lies north of Collinsville in the Bowen Basin in northern Queensland.

EPM 18986 is located 40 km northwest of Collinsville (Figure 2-1). The area is accessed by the Strathmore and Strathalbyn roads off the Collinsville-Bowen Road. The tenement lies within the Bowen 250 K map sheet.

EPM 26527 is located about 40 km south-southeast of Home Hill and 80 km west of Bowen (Figure 2-1). Access to the area is via unsealed formed roads and tracks that head south from the Bruce Highway (National Route) between Home Hill and Bowen to various station properties and homesteads.

EPM 25196 is located 10 km north east of Dalbeg (Figure 2-1). The area is accessed via the Strathalbyn Road off the Dalbeg Road, and from there, via property tracks. The tenement lies within the Bowen 250 K map sheet.

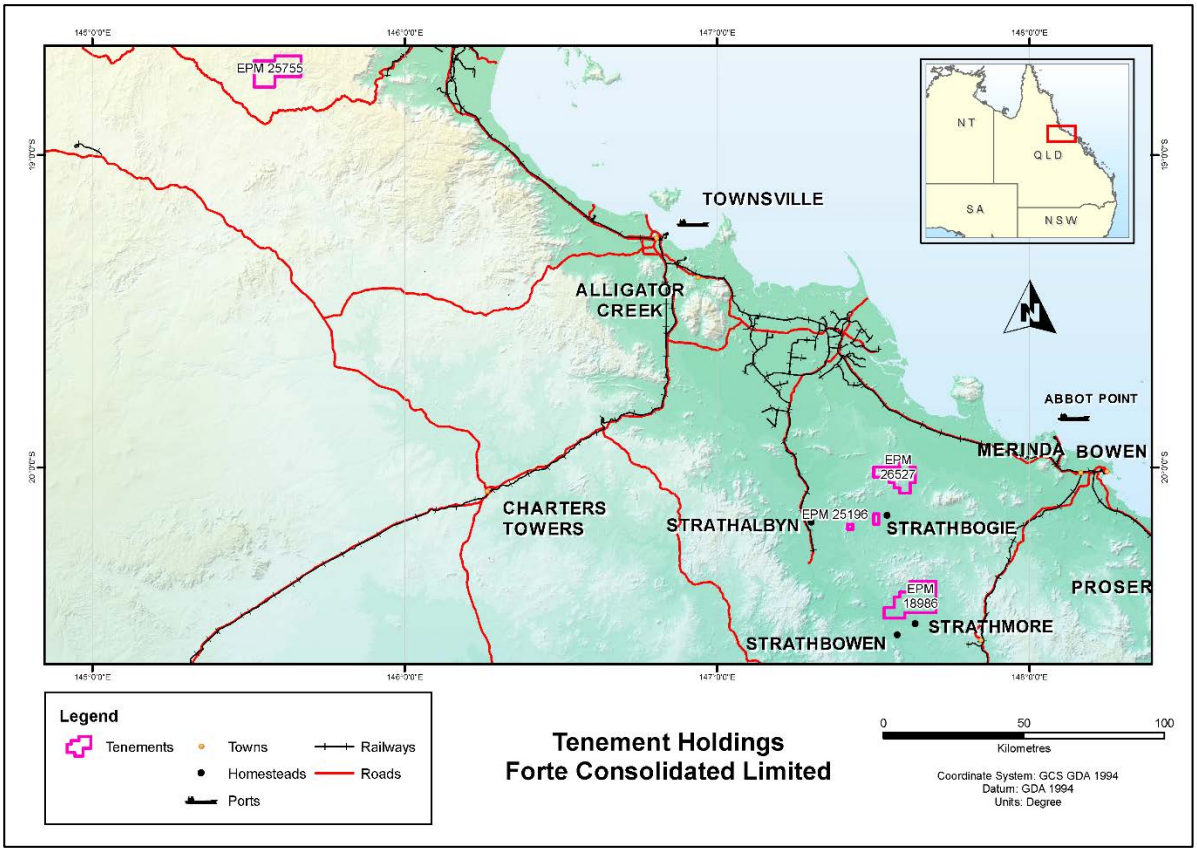

Figure 2-1: Location of Forte's mineral assets

Apart from the main track passing through the Johnnycake tenement, there are numerous other old exploration grid lines and access tracks crossing the tenements, which provide relatively easy access.

The physiography of the region is dominated by undulating to rugged ranges and alluvial plains. The vegetation is primarily acacia open forests and eucalypt woodlands used for livestock grazing on pastoral leases. The main rural land use is beef cattle farming.

The climate is warm and temperate, with hot summers and mild winters. Significant rainfall events occur in the summer months as part of the northern Australian wet season. The long-term average climate statistics for Collinsville are shown in Table 2-1.

Table 2-1: Climate statistics for Collinsville

Month	Mean maximum temperature (°C)	Mean minimum temperature (°C)	Mean rainfall (mm)
January	33.5	22.0	135.4
February	32.8	21.9	156.2
March	32.0	20.1	98.3
April	30.3	17.0	41.9
May	27.6	13.8	33.4
June	25.2	10.5	27.4
July	25.1	9.1	19.8
August	29.6	10.6	17.2
September	29.7	13.7	11.6
October	32.2	17.3	21.7
November	33.5	20.0	50.2
December	34.1	21.3	93.7
Annual	**30.2**	**16.4**	**704.3**

2.3 Project tenure

Forte's mineral assets comprise four granted EPMs, which are resource authorities held under the provisions of the *Mineral Resources Act 1989*.

Forte Consolidated Limited is the registered holder of the permits and retains 100% equity interest in these permits. The status of the Project tenements held by Forte is detailed in Table 2-2.

Table 2-2: Forte Consolidated Limited's tenement holding

Title	Name	Granted	Expires	Area (ha)	3-year committed exploration expenditure (A$)
EPM 18986	Johnnycake	13/12/2012	12/12/2017*	15,000	272,000
EPM 26527		23/08/2017	22/08/2022	8,400	125,000
EPM 25196		03/03/2014	02/03/2020	900	62,000
EPM 25755	Black Mountain	08/04/2015	07/04/2020	12,000	57,000

Note: * renewal lodged.

3 Regional Geology - EPM 18986, 26527, 25196

EPM 18986, EPM 26527 and EPM 25196 (collectively the 'Johnnycake Project') are located near the northern margin of the south-south easterly plunging Permo-Triassic Bowen Basin. The Early Permian Lizzie Creek Volcanics are exposed across the permit areas, outcropping as a fault bounded block between the Millaroo and Almoola Fault Zones along the western and eastern boundaries of the Bowen Basin respectively. The Lizzie Creek Volcanics is a Late Carboniferous to Early Permian sequence of andesite, shale, siltstone, trachytic to rhyolitic volcanics and ignimbrites.

During the Early Permian, an extensive area of magmatic rocks formed by eruptions and intrusion into a hot region undergoing dextral transtension, resulting in local extension. The Late Carboniferous to Early Permian extension in the northern Bowen Basin, as a result of NW–SE divergence, is correlated with the Bulgonunna and Lizzie Creek Volcanics. The dominant first order (or basin-scale) pre-existing basement features within the Drummond Basin included NW–WNW structures, curvilinear broadly NS–NNW trends and NE–NNE trends.

Development of the early Bowen Basin was accommodated by dextral movement on NNW–NS structures with normal faulting (oblique strike slip?) of NNE–NE trending reactivated transfer zones. Those accommodating structures remained periodically active during Early Permian deposition, and would have provided the loci of magmatic and hydrothermal activity during this time.

The exposed sequences are prospective for both high and low-sulphidation epithermal mineralisation.

The clustering of epithermal deposit occurrences generally indicates a strong NE–NNE control of regional strike slip fault zones that were active since the early stages of the deposition of the Lizzie Creek Volcanics, e.g. the Mt Carlton and Quartz Hill prospects. Faults trending NW–NNW faults (also active at this time) are also considered important regional structures in terms of focusing fluid flow, e.g. BV1 and BV7 prospects. In particular, the convergent intersection of these trends with NE–NNE trending master faults appears to have favoured the emplacement of intrusions within the Carboniferous basement, e.g. deeper porphyry source, and intrusive domes within the Permian volcanics sequences, or has provided sites of fluid flow and mineralising traps, e.g. Mt Carlton and Silver Hills deposits.

Literature includes numerous references to mineralisation associated with the Triassic age (~230 Ma) Mt Wickham Rhyolites that have been intentionally targeted and explored. Evidence at Mt Carlton, Silver Hills and the Blue Valley prospects all note the following:

1. Evidence for two felsic igneous cycles that involve emplacement/ deposition of intrusive and extrusive rocks, with one cycle occurring in the Early Permian, followed by the other in the Early Triassic.
2. A general lack of mineralisation associated with the later cycle, which favours the Early Permian event as the prospective mineralising event.

3.1 Johnnycake Project (EPM 18986)

3.1.1 Exploration

Exploration undertaken by Forte commenced in 2014 with the acquisition of a high resolution airborne magnetic and radiometric survey across the Johnnycake tenement. 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 3-1 and Figure 3-2).

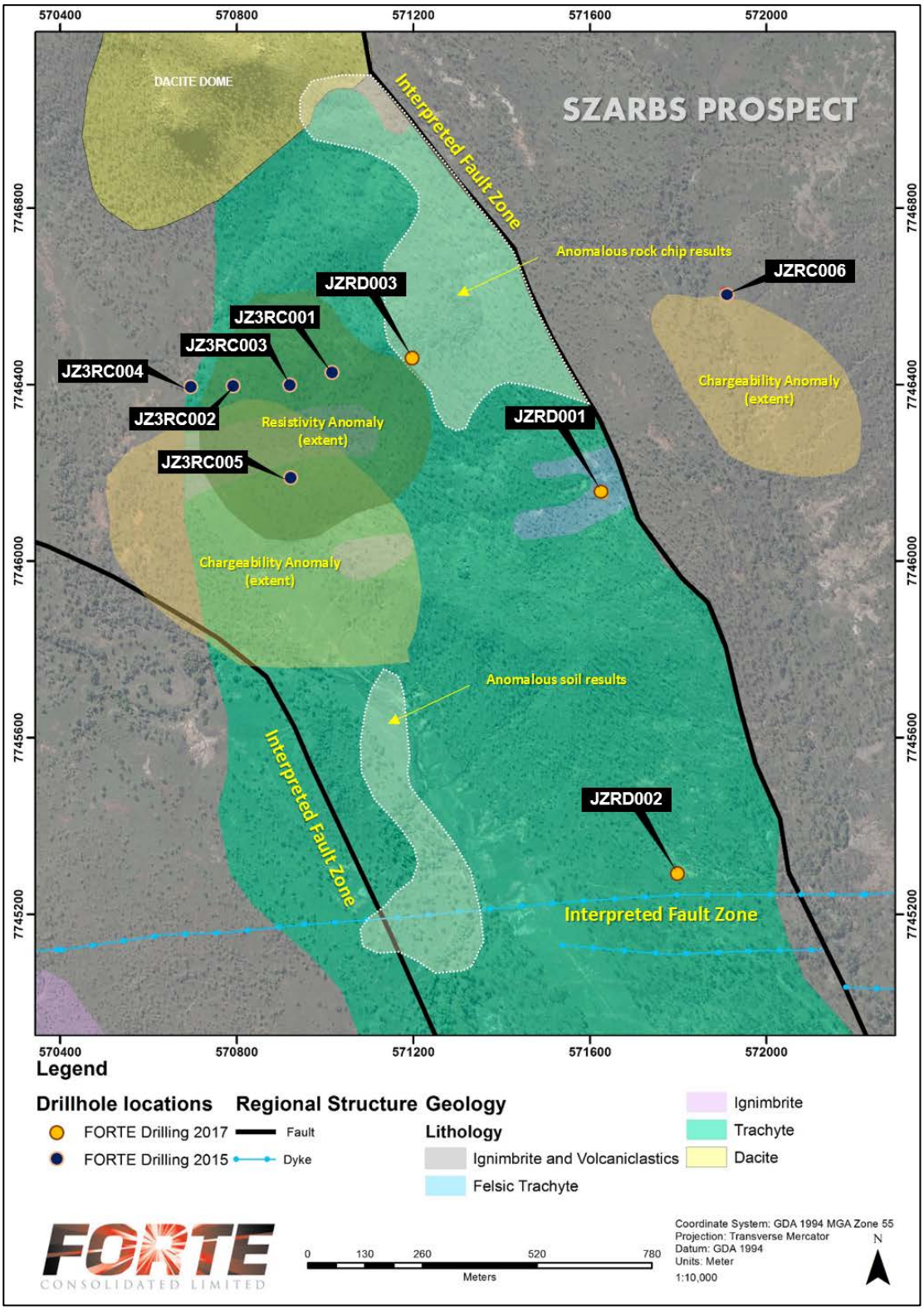

Figure 3-1: Location and geological setting of the Szarbs prospect

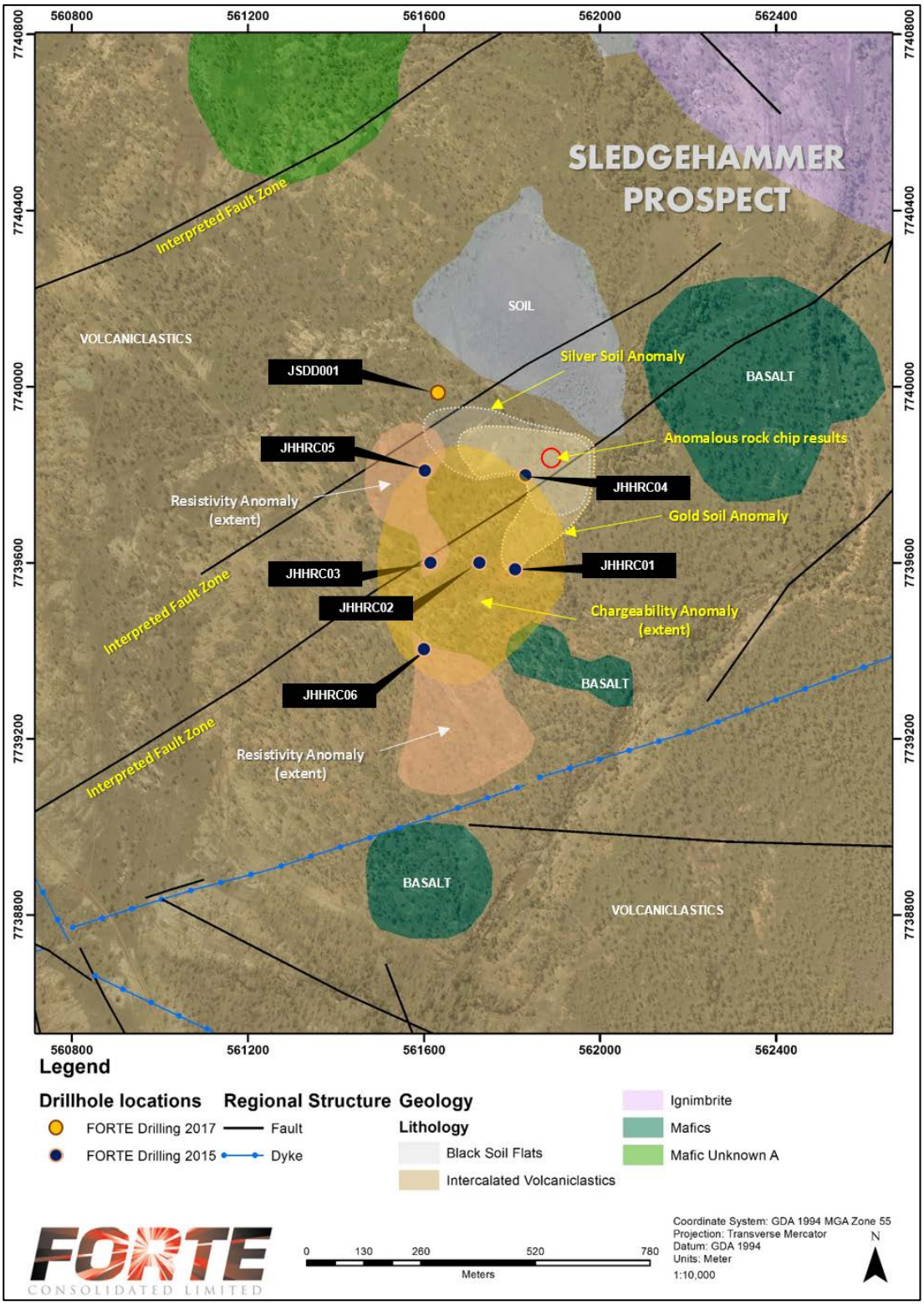

Figure 3-2: Location and geological setting of the Sledgehammer prospect

Subsequent prospect-scale mapping was completed in 2014, followed by rock chip and portable infrared mineral analyser (PIMA) 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.

Forte's exploration progressed to a campaign of RC drilling 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.

In July and August 2017, a follow-up combined RC and diamond drilling (DD), i.e. RC collars with diamond tails, drilling program was undertaken. On the basis of the widespread alteration, the 4-hole program (total of 1,555 m) was designed as stratigraphic holes to test the prospective geological sequences and extent of alteration at depth at both prospects. As at the date of this report, the drilling program has been completed. The results are currently under review and the alteration mineral analysis is still in progress.

Forte has undertaken a considerable amount of exploration to improve the current geological understanding. While the level of geological understanding has been considerably enhanced, given the complexity of the geology and the early exploration stage of EPM 18986, exploration success will be a longer term endeavour.

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 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 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 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.

In relation to the information provided in this report, SRK Consulting (Australasia) Pty Ltd ("SRK") confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. SRK confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

3.1.2 Mineral Resources

There are no current Mineral Resources reported in compliance with the JORC Code.

3.1.3 Ore Reserves

There are no current or recent Ore Reserve estimates prepared for the Project.

3.1.4 Exploration potential

A number of targets derived from structural and geophysical interpretation require further exploration and assessment. SRK considers that large parts of EPM 18986 that have not been drill tested offer additional exploration potential for epithermal mineralisation.

Through ongoing exploration in the current term, zones of epithermal alteration and mineralisation centred on two delineated prospects (named 'Szarbs' and 'Sledgehammer') characterised by low grade Au-Ag mineralisation at surface have been identified. The alteration zones show encouraging surface sampling results and drill holes prove the presence of intensely hydrothermally altered zones at depth, and the alteration is focussed on the basal volcanic sequences and the unconformity with basement granites.

Forte plans to target the following three main mineralisation styles:

1 High sulphidation epithermal deposits formed by percolation of mineralising fluids through major fault zones and along suitably reactive volcanic host rocks
2 Low sulphidation epithermal deposits hosted within similar major fault zones, potentially more distal from source rocks and fluids
3 Porphyry-style deposits located within the underlying granite basement.

SRK considers the Exploration Permit to be prospective for epithermal gold and silver mineralisation. SRK anticipates that with a suitable focus on exploration and an appropriate budget, there is a reasonable likelihood of defining mineralisation, which may be of sufficient continuity, tonnage and grade to support the delineation of a gold-silver Mineral Resource.

3.2 Johnnycake Project (EPM 26527)

3.2.1 Exploration

In the mid to late 1980s, Ashton Mining Ltd (Ashton) undertook exploration across the EPM 26527. Following an airborne multi-spectral scanner (GEOSCAN) survey, Ashton identified a large number of spectral survey features that were systematically followed up by geological mapping, extensive surface rock sampling and high density bulk cyanide leach (BCL) gold-silver and base metals stream sediment sampling. Anomalies from this were subsequently followed by selective soil sampling.

Exploration led to identification of three prospects within the current tenement: Anomaly 8/1, Fish Creek and Molongle (previously termed Mt Dillon). All three prospects were investigated by means of detailed geological mapping and grid geochemical soil surveys.

Ashton subsequently drilled eight short open-hole percussion drill holes (total of 491 m) at the Molongle prospect to test the soil and rock geochemical anomalies. The drill holes were analysed for gold and silver only; all showed weak to moderate gold-silver anomalism. The drill holes all displayed similar geology – 40 - 50 m of highly altered clastic rhyolite overlying coherent, barren granodiorite.

The exploration work after the early 1990s is limited. Lost Sands Pty Ltd held part of the Exploration Permit covering the area in 2004 – 2005, but did not undertake any fieldwork.

After a significant hiatus in exploration, much of the current tenure was subsequently explored under EPM 15969, which was granted to Cloncurry Metals Limited (Cloncurry) in 2007.

Cloncurry undertook additional stream sediment sampling, rock chip sampling, geological reconnaissance and mapping, soil geochemical surveys, ground magnetic surveys, dipole-dipole IP surveys, geophysical modelling, RC drilling and petrographic studies.

Three main prospects, Fish Creek, Mt Dillon and Molongle, are located within EPM 26527 and were followed up, with further work culminating in the drilling of 15 percussion RC drill holes (total of 1,760 m).

Reconnaissance drilling at Molongle returned low grade Au and Ag, with elevated levels of As, Cu, Pb, Zn, and Mo. The Molongle area was deemed the highest priority for further work by Cloncurry. Mineralisation is hosted by quartz-chlorite-carbonate-sericite-altered andesite, rhyolite and granite, and is likely to occur in breccia zones and quartz veins. Flanking IP chargeable anomalies are likely to be explained by the drilling, but the core resistive zone associated with the mineralisation is not adequately drill tested.

Reconnaissance drilling in the Fish Creek drainage targeted a range of geological, geochemical and IP anomalies, returning intersections of wide low-grade Ag over a 400 m^+ long zone on the "Silica Flat" area. Mineralised zones contain elevated Zn and Mo, and consist of minor chalcedonic veins within silicified, pyrite altered andesite, with epithermal veins in the siliceous outcrops.

Cloncurry concluded that further target definition was required at the Silica Flat and proposed infill IP surveys to better define the chargeability and resistivity anomalies, as well as detailed ground magnetic surveys, as mineralisation appears to be magnetite-destructive.

The ground was relinquished in 2013 as exploration funds were starved during the global financial crisis (GFC). No further exploration in the tenure area has been undertaken since 2013.

3.2.2 Mineral Resources

There are no current Mineral Resources reported that are in compliance with the JORC Code.

3.2.3 Exploration potential

The primary style of mineralisation targeted in EPM 26527 area is intrusive related high sulphidation and low sulphidation epithermal gold-silver systems within the Permian volcanic rocks, and to a lesser extent porphyry systems within the Carboniferous basement.

EPM 26527 is located in the Permian Lizzie Creek Volcanics of northeastern Queensland. This sequence unconformably overlies Carboniferous basement sequences of the New England Fold Belt (NEFB). The area is host to numerous small prospects and one major mine (Mt Carlton) that have been worked for gold and silver.

The mineralisation at the Silica Flat and Molongle Hill prospects has similarities with typical low sulphidation epithermal systems, with Silica Flat having formed at shallower depth.

EPM 26527 hosts a zone of epithermal alteration and mineralisation centred near Mt Dillion characterised by low grade (~0.5 ppm Au) gold-silver mineralisation at surface. The alteration zones show encouraging surface sampling results and drill holes, although not always adequately placed), provide evidence for the presence of thin (10 - 20 m) ore zones at depth; this is consistent with the broader exploration model for the region that involves targeting the basal volcanic sequences and the unconformity with basement granites.

SRK considers the following to be appropriate exploration targets in EPM 26527:

- High sulphidation epithermal deposits formed by percolation of mineralising fluids up major fault zones and along suitably reactive volcanic host rocks
- Porphyry-style deposits associated with the underlying granite basement.

SRK considers the exploration ground to be highly prospective for delineating resources of epithermal gold-silver mineralisation. Some initial epithermal prospects, e.g. Mt Dillon, have already been defined 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. The regional structural controls should be investigated by means of detailed interpretation and calibration using appropriate or available remotely sensed data.

SRK anticipates that with a suitable focus on exploration and an appropriate budget, there is a reasonable likelihood of defining mineralisation, some of which may be of sufficient tonnage and grade to support the delineation of a gold-silver resource.

3.3 Johnnycake Project (EPM 25196)

3.3.1 Exploration

Limited meaningful exploration work has been conducted within EPM 25196.

The area was explored by AO (AUST) Pty Ltd (AO) under grant of Authority to Prospect (ATP) 1371M. After conducting a regional helicopter survey, AO mapped a number aerial photo anomalies of the Mt Wickham Rhyolite and its equivalents. The primary exploration target was porphyry and epithermal-style mineralisation associated with these units.

One aerial photograph anomaly (Anomaly 27) is located within EPM 25196 slightly west of Strathbogie. Field investigations showed the anomaly corresponds to a zone an extensively silicified breccia interpreted as a volcanic dome. Remnant iron oxide was interpreted as weathered sulphide.

Four rock chip samples of the breccia were taken (Samples 27 1-4), but had only minor elevated levels of lead in two samples. There was no analysis for gold. No further field investigations were carried out on the breccia dome, as the company prioritised other prospects. Details of the sampling locations are shown in Figure 3-3.

Failure to attract joint venture interest resulted in relinquishment of the tenure in June 1977.

The available ground was acquired by Getty Oil Development Company in 1980, who were following up on various priority prospects identified by AO (AUST) Pty Ltd. As part of a more extensive exploration program that was concentrated on areas to the south, follow-up reconnaissance stream sediment, soil and rock chip sampling was undertaken in and around ‘Anomaly 27’ within EPM 25196.

The assay results indicated a lack of anomalism, with the exception of minor elevated levels of lead and zinc. There was no analysis for gold.

No further field investigations were carried out on the breccia dome, as the company prioritised other prospects. The tenure was subsequently relinquished.

The area was then explored under EPM 4502, which was granted to BP Minerals Australia Limited in November 1986. The tenure was acquired to target epithermal or breccia pipe-style gold deposits associated with continental acid volcanic rocks of the Permo-Triassic Mt Wickham Formation.

The Exploration Permit was explored using a combination of bulk leach extractable gold (BLEG) sampling, rock chip sampling and float and outcrop examination. A number of rock chip samples were taken across EPM 25196 (Figure 3-3).

EPM 5002 was granted to Ashton in October 1987. The exploration target was epithermal gold mineralisation associated with the Permo-Triassic Mt Wickham Rhyolite. A multi-spectral scanner survey was flown over the entire Exploration Permit, and a number of anomalies were identified (Figure 3-3). From a total of 56 identified anomalies, the following three anomalies were identified within the boundaries of the current EPM 25196:

- Anomaly: 8/12 characterised by interpreted high kaolin and/or pyrophyllite
- Anomaly: 8/13 characterised by interpreted high iron oxide
- Anomaly: 8/14 characterised by interpreted high kaolin.

A follow-up reconnaissance geological mapping and rock chip geochemical sampling program was undertaken to target these anomalies. Anomalies 8/12, 8/13 and 8/14 were identified in the field as areas of rhyolite breccia.

Subsequent rock chip sampling of the breccia bodies failed to identify significant mineralisation, except for elevated lead levels in one breccia body.

3.3.2 Mineral Resources

There are no current Mineral Resources reported in compliance with the JORC Code.

3.3.3 Exploration potential

Evidence of epithermal vein textures warranted systematic geological mapping, with follow-up soil and rock chip sampling, particularly in and around some of the observed breccia zones that display very weak geochemical anomalism.

Although silica alteration of rhyolitic intrusions can be intense and pervasive over considerable areas, the mineralisation is often noted as being weak and sporadic. Exploration to date has not been encouraging and remains high risk of exploration expenditure leading to a significant discovery, therefore; any warranted further exploration requires a tentative approach to be taken.

With no known economic gold-silver deposits correlated to the later stage (Late Permian to Triassic) mineralisation event associated with emplacement of the Mt Wickham Rhyolites, the primary exploration target remains brecciated zones within the basal Permian volcanic package, e.g. Mt Carlton.

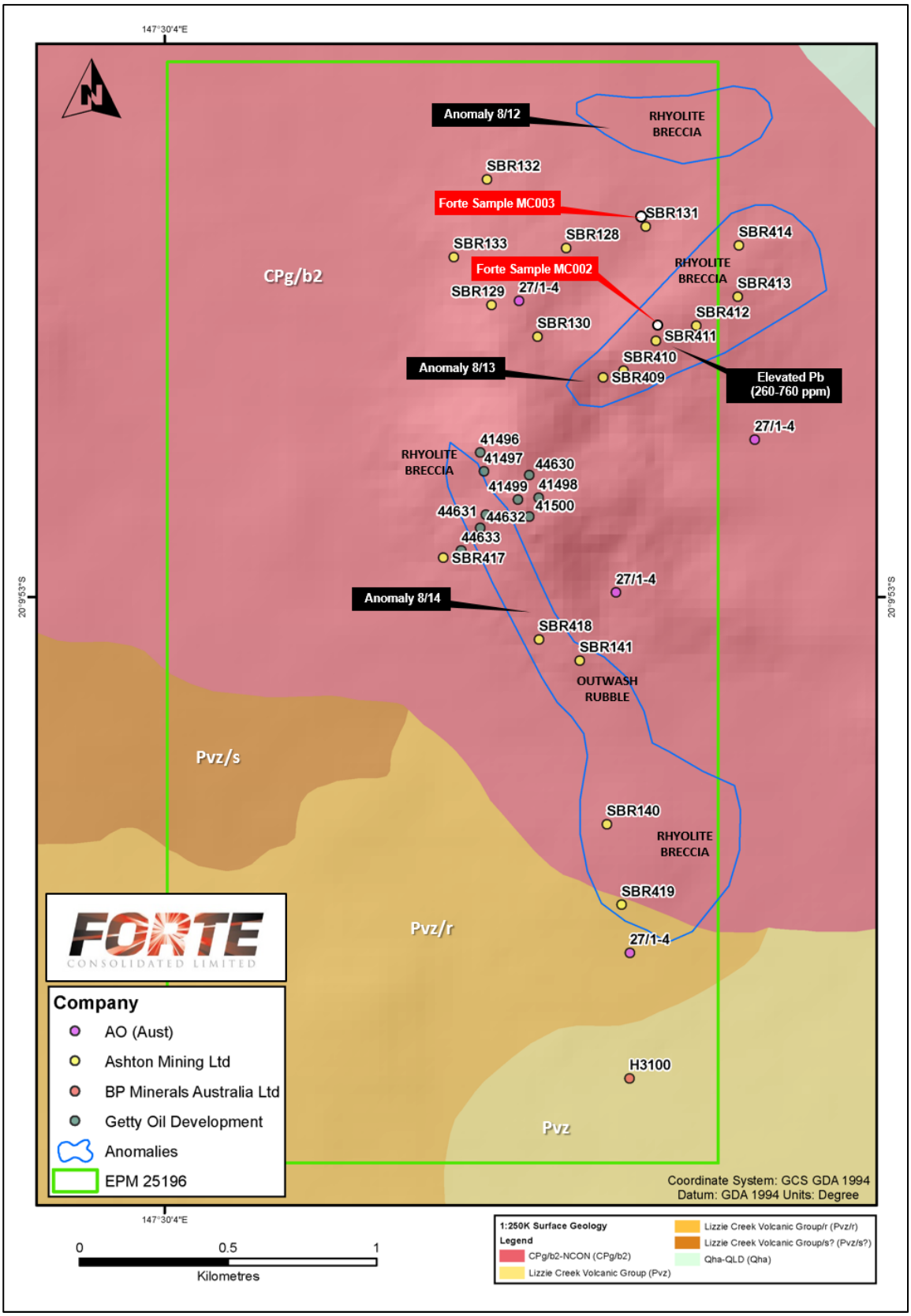

Figure 3-3: Geology and locations of rock chip sampling in the Eastern Block

4 Regional Geology - EPM 25755

EPM 25755 is situated within the Broken River Province which forms part of the Tasman Orogenic Zone and lies between the Georgetown Province to the north and the Lolworth-Ravenswood Province to the south (Figure 4-1). The northeast trending Broken River Province has been divided into two subprovinces, the Camel Creek Subprovince in the east and the Graveyard Creek Subprovince in the west. These subprovinces are separated by the Gray Creek Fault.

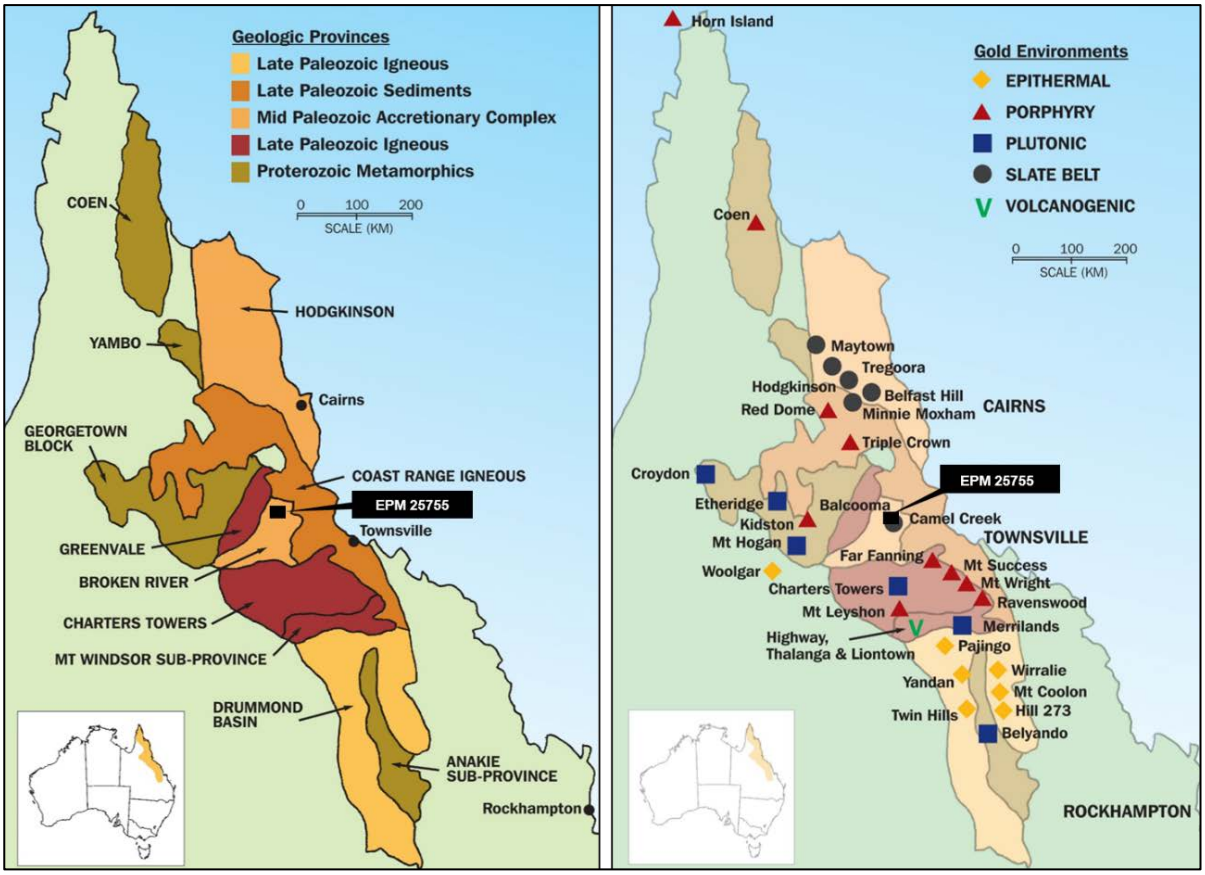

Figure 4-1: Location and regional geological setting of EPM 25755

EPM 25755 is situated within the Camel Creek Subprovince that is composed of Ordovician to Early Devonian sedimentary rocks, which have been deformed and are overlain in places by Late Devonian to Late Carboniferous sediments of the Clarke River Group. These rocks have been intruded by granitoids of mid-Carboniferous to mid-Permian age.

The Camel Creek Subprovince consists predominantly of turbidites and includes quartz-rich units with associated basalt and chert (Wairuna Formation, Pelican Range Formation and Tribute Hills arenite), and quartz-intermediate units (Greenvale Formation, Perry Creek Formation and Kangaroo Hills Formation) with minor basalt, chert, limestone and conglomerates containing limestone clasts. A narrow, heterogeneous belt of rocks of the Carriers Well Formation and Everett's Creek Volcanics crops out along the western edge of the subprovince and includes basaltic to dacitic lavas and volcaniclastic rocks, as well as quartz-rich arenite and limestone. The contacts between most of the sedimentary units are probably mainly tectonic and the western part is dominated by westward younging, alternating bands of quartz-rich and quartz-intermediate turbidite units. This, together with a general eastward younging from Late Ordovician to Early Devonian suggests that the subprovince is probably made up of a series of overlapping thrust sheets.

The Kangaroo Hills mineral field has a variety of mineralisation, including tin, tungsten, copper, silver, lead, zinc, bismuth, molybdenum and gold. Much of the mineralisation is thought to be related to intrusion of granites of the Kallanda Suite, and the mineralisation is hosted within the granites and adjacent metasedimentary rocks. The known mineralisation occurs in a number of centres – each of which is represented by a group of old mine workings. Some of these centres are described briefly in the following sections, summarising the work by Gunther (1993).

4.1 Black Mountain Project

4.1.1 Exploration

Limited reconnaissance exploration work has been conducted within the current permit. ATP 4450 was taken out in 1986 to explore for epithermal-style gold mineralisation associated with Carboniferous to Permian age intrusives. Initial reconnaissance stream sediment sampling initially indicated two main areas of gold anomalism. One anomaly, the Black Cow Creek anomaly, was defined within the current EPM 25755 – located ~25 km north of Kangaroo Hills homestead.

Follow-up field investigations on the potential source area of the Black Cow Creek stream sediment anomaly involved limited geological mapping, rock chip sampling and further stream sediment sampling. This work led to the discovery of a series of three NE–NNE trending quartz veins with a maximum strike length of 100 m. The veins were hosted within what was mapped at that time as the Poison Creek Granite and are described as milky, banded quartz with common carbonate in fractures. The veins were sampled and all returned anomalous gold and silver. The veins were inferred to account for the stream sediment anomalies to the east and west.

The permit was relinquished after 12 months and the mineralisation noted at the Black Cow Creek prospect was deemed too small to warrant follow-up investigations.

EPM 4390 was held by Golden Ant Mining Limited between 1989 and 1992 to explore for gold and base metals in the ground surrounding the Camel Creek Mine.

Development of prospects was initiated by extensive bulk cyanide leach (BCL) stream gold sampling, prospecting and base metals stream geochemistry. Numerous samples were taken in EPM 25755 in and around the Douglas Creek and its associated tributaries in the eastern part of the permit (Figure 4-2). A number of anomalous stream sediment gold results were obtained; however, these were not followed up, as the company prioritised other prospects.

The anomalous gold results in the northeastern part of the permit around Douglas Creek were near anomalous rock chip results obtained by Newmont from quartz veins.

EPM 14823 was held by Forte between 2005 and 2011. In 2007, a fixed-wing airborne magnetic and radiometric survey was flown over an area covering 1,600 km^2, for the purposes of improving the geological interpretation and generating targets.

Southern Geoscience Consultants (SGC, 2008) was subsequently commissioned to interpret the data at 1:50 000 scale and a detailed basement geology map was produced. A number of exploration target types were developed from the delineation of anomalous magnetic and radiometric zones, and analysis of the interpreted geological and structural features.

The survey and subsequent interpretation incorporated the EPM 25755 tenure, and several structural targets were delineated. These are zones of structural interest and/or complexity that may represent dilational sites, or sites where mineralising fluids may have been focused. These include axial faults, flexures along major structures and intersections of multiple structures.

In 2011, a field reconnaissance program was undertaken; this included collection of several follow-up rock chip samples (Figure 4-1). Field investigations identified a number of breccia zones within the Poison Creek Granite returning anomalous Au, Ag and Cu.

4.1.2 Mineral Resources

There are no current Mineral Resources reported in compliance with the JORC Code.

4.1.3 Exploration potential

The exploration target for EPM25755 is intrusion-related gold mineralisation associated with the margins of the Poison Creek Granite, Ingham Igneous Complex and West Creek Diorite.

Porphyry related gold (± Cu) in and around the mapped intrusions or smaller related (unmapped) igneous phases may have established localised metal-bearing hydrothermal systems.

Near the intrusive phases, the Kangaroo Hills Formation is prospective for mesothermal veining in shear zones, vertical dilational pipes and sheets and breccia stockworks.

The Permit has exposure to the Kangaroo Hills Formation close to the (arbitrarily drawn) northern margin of the Amanda Bel Goldfield. The Golden Ant deposit which was worked at the Camel Creek mine lies within contiguous stratigraphy approximately 10 km to the south. Therefore, a secondary exploration target is lode gold (± Sb-As) deposits in structurally controlled narrow quartz veins and stockworks associated with semi-ductile to semi-brittle zones near major fault systems that dismember the Kangaroo Hills Formation. Prominent N–NE trending structures within the permit are prospective for hosting small gold deposits.

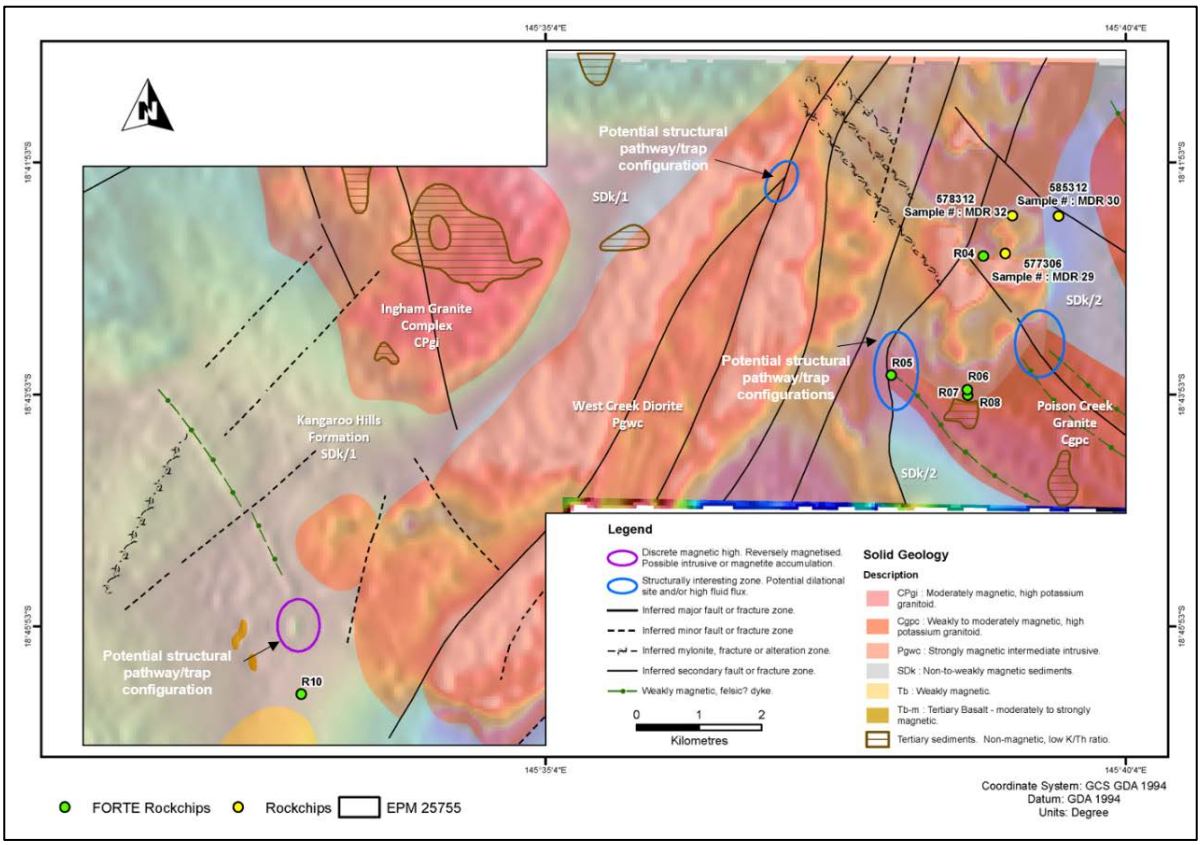

Figure 4-2: Magnetic data interpretation, structural targets and notable rock chip samples

5 Other Considerations

5.1 Market conditions

SRK carried out a limited analysis of the gold metal markets to provide an understanding of gold price trends for the consideration of the market value.

5.1.1 Gold market

According to the Office of the Chief Economist at the Australian Department of Industry, Innovation and Science (OCE, 2016), gold prices declined noticeably in the December quarter of 2016 (Figure 5-1). The stronger US dollar, along with a push into equity markets, saw investment flows out of the gold market.

Gold prices are expected to be lacklustre over the next 18 months. Drivers will be improved economic conditions, rising US interest rates and a stronger US dollar. Gold is forecast to average US$1,200/troy ounce in 2017, down from an average of US$1,250/troy ounce in 2016.

Furthermore, the gold price is forecast to average US$1,180/troy ounce in 2018, as investors look to other assets as economic conditions improve. However, historically high levels of debt across Europe, Japan, US and China will provide some investor interest in gold as a safe haven asset.

On the demand side, industrial consumption has been subdued, largely due to higher prices throughout most of 2016. Similarly, gold consumption in electronics also declined throughout 2016 as producers substituted cheaper metals for gold in industrial applications. Continued economic growth in India and China – the world's major jewellery markets – will likely encourage higher discretionary spending on gold. Jewellery consumption is forecast to increase by 3% in 2018 more than offsetting a forecast 6% decline in technology use.

From a supply perspective, total gold supply increased moderately in 2016, as an increase in recycled output offset a decline in mine production. World mine production was forecast to have increased by 1.7%, to just over 3,318 t in 2017, then decline to 3,109 t in 2018.

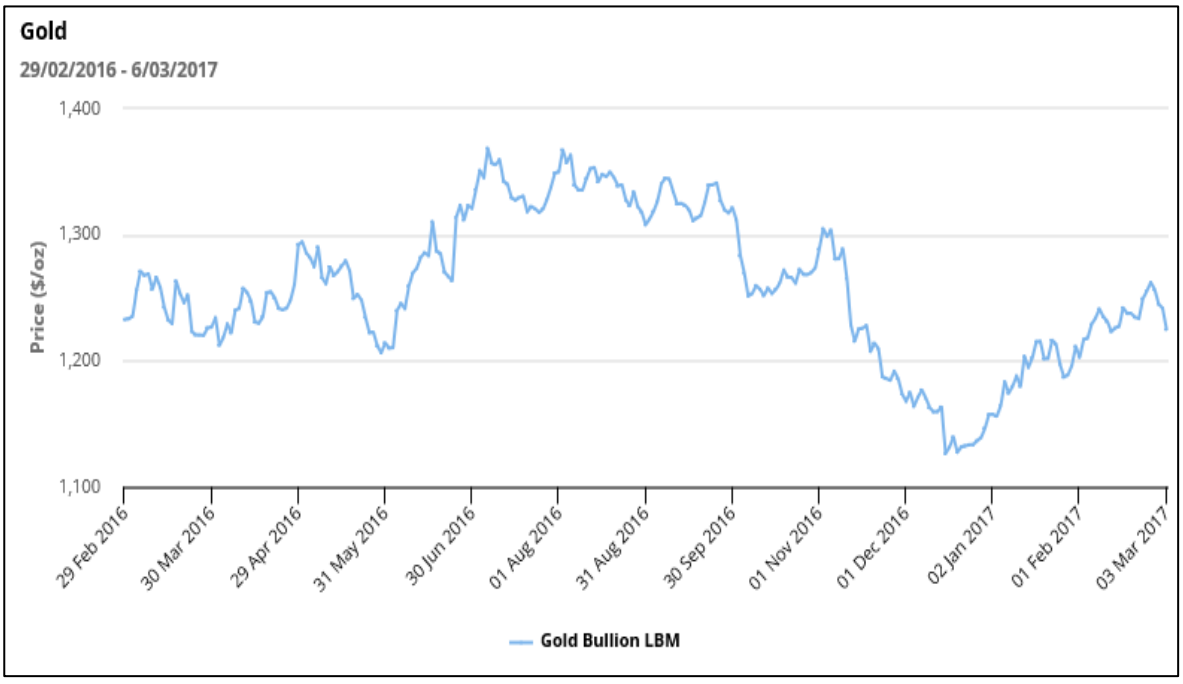

Figure 5-1: Gold price (US$/oz)

Source: SNL (accessed 7 March 2017).

6 Valuation

The objective of this section is to provide a valuation of Forte's mineral assets. SRK has not valued the corporate entity which is the beneficial owner of the mineral assets considered in this Report. SRK understands that this Valuation will be used for both internal purposes by Forte and potentially as part of an Independent Expert Report, as such, is intended for public release.

In assessing the technical aspects relevant to this Valuation, SRK has relied on information provided by Forte, as well as information sourced from the public domain. All sources are listed in the Section 8 (References).

6.1 Valuation approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the Practitioner, where possible, SRK considers a number of methods.

The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted Valuation approaches:

1. Income Approach
2. Market Approach
3. Cost Approach.

The *Income Approach* is based on the principle of anticipation of benefits and includes all methods that are based on the income or cashflow generation potential of the Mineral Property (VALMIN, 2015). Valuation methods that follow this approach include Discounted Cashflow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The *Market Approach* is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market (CIMVAL, 2003). Methods include comparable transactions, analysis of the metal transaction ratio (MTR) and analysis of option or farm-in agreement terms.

The *Cost Approach* is based on the principle of contribution to value (CIMVAL, 2003). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the mineral property.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the property, and hence the amount and quality of the information available on the mineral potential of the property. Table 6-1 presents the various valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

Table 6-1: Suggested valuation approaches according to development status

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015).

The Market approach to valuation is generally accepted as the most suitable approach for valuation of a Mineral Resource Property or a Pre-development Project.

An income-based method, such as a DCF model is commonly adopted for assessing the Value of Tenure containing a deposit where an Ore Reserve has been produced following appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012). However, an income-based method is not considered an appropriate method for deposits that are less advanced, (i.e. where there is not a declared Ore Reserve and supporting mining and related technical studies). Income-based methods of valuation have not been considered for Forte's mineral assets within the context of this valuation.

The use of cost-based methods, such as considering suitable multiples of exploration expenditure is best suited to exploration properties, before Mineral Resources are reliably estimated. Currently no estimates of quantities and grades have been reported for the exploration project, and therefore cost-based methods of valuation are considered a suitable method of valuation for these mineral assets.

In general, these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market-derived data.

The **"Market Value"** is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the IVSC term of the same name. This has the same meaning as Fair Value in RG111. In the 2005 edition of the VALMIN Code, this was known as Fair Market Value.

The **"Technical Value"** is defined in the VALMIN Code (2015) as an assessment of a mineral asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term, Investment Value.

Valuation methods are, in general, subsets of valuation approaches and, for example, the Income Based Approach comprises several methods. Furthermore, some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb considered suitable only to benchmark valuations completed using primary valuation methods.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or property value in each of the various categories of development. In some instances, a particular mineral asset or property or project may comprise assets which logically fall under more than one of the previously discussed development categories.

6.2 Valuation basis

SRK has considered the development status of Forte's mineral assets in order to determine the key elements to be valued (Table 6-2).

Table 6-2: Valuation basis of Forte's mineral assets

Mineral Asset	Tenements	Development Stage	Valuation basis
Johnnycake	EPM 18986	Early Exploration	Exploration Potential
Johnnycake	EPM 26527	Early Exploration	Exploration Potential
Johnnycake	EPM 25196	Early Exploration	Exploration Potential
Black Mountain	EPM 25755	Early Exploration	Exploration Potential

6.3 SRK's valuation technique

In estimating the value of Forte's mineral assets as at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015).

The valuation method applied depends on the relative maturity of assessment for the mineral assets, as well as the amount of available data supporting the project. In preparing its valuation, SRK has considered the three main approaches (income, market and cost), as well as the available methodologies under each approach.

6.3.1 Valuation of Exploration potential

In valuing the exploration potential associated with Forte's projects, SRK has carried out an analysis of market transactions involving similar assets in Australia, as well as a modified Kilburn valuation of the tenements.

Comparable transactions

Similar to the valuation of Exploration Potential, SRK used internal databases and SNL Financial (SNL) subscription database to compile transactions involving Australian projects in the early to advanced stages of exploration (Table 6-3).

Area based transaction multiples

SRK initially identified 161 transactions, involving gold assets occurring between May 2007 and November 2017. Of these, 56 transactions were excluded as they either did not have sufficient deal information to determine valuation multiples; or were not comparative as they were for a royalty stream or offtake, or the deals were not concluded. The remaining 105 transactions involved mineral assets in the early to operating exploration stage of development. Of these, 30 transactions included projects with Mineral Resources or Ore Reserves prepared in accordance with an international mineral reporting code, i.e. JORC Code, SAMREC etc., and which are therefore too advanced for use as a comparative. For the remaining 75 transactions (Table 6-3), SRK was able to determine sufficient transaction information to enable an area-based transaction multiple to be calculated (Table 6-4).

Table 6-3: Global gold transactions (area based)

Project	State/ Province(s)	Geological Province / Local Region	Date	Vendor	Purchaser	Consideration (100% basis) (A$ M)	Total area (km²)	Transaction multiple ($A/km²)	Transaction multiple (normalised A$/km²)
Violet project	Western Australia	Eastern Goldfields (Laverton)	Dec-16	Undisclosed seller	Navigator Resources Ltd	0.02	0.82	27,439.02	28,641.25
Bellevue project	Western Australia	Leinster	Aug-16	Golden Spur Resources Pty Ltd	Draig Resources Ltd	3.22	27.00	119,296.30	111,554.80
Paynes Find project	Western Australia		Jun-17	European Lithium Ltd	Cervantes Corporation Ltd	1.00	7.00	142,857.14	140,509.95
Balagundi project	Western Australia		Aug-16	Eastern Goldfields Mining Company Pty Ltd	Great Boulder Resource Ltd	1.33	6.00	222,222.22	207,801.55
Klondyke gold project	Western Australia	Warrawoona Greenstone Belt	Sep-16	Arcadia Minerals Pty Ltd	Keras Resources Plc	1.25	6.50	192,307.69	180,649.51
Paynes Find project	Western Australia	Murchison	Dec-16	European Lithium Ltd	Cervantes Corporation Ltd	0.75	7.00	107,142.86	111,837.26
Broadwood project	Western Australia	Kalgoorlie	Aug-16	Eastern Goldfields Mining Company Pty Ltd	Great Boulder Resource Ltd	0.67	10.83	61,557.40	57,562.76
Kanowna North project	Western Australia	Kalgoorlie	Jan-17	Private investors - Ms Lindsay Stockdale & Mr Eugene Gerald Lamont	Intermin Resources Ltd	0.05	2.75	18,158.71	18,574.22
Brittania Well Gold tenement	Western Australia	Mount Magnet Greenstone Belt	Nov-17	Ragged Range Mining Pty Ltd	Aldershot Resources Ltd	0.02	0.91	16,488.95	16,488.95
Dingo gold project	Western Australia	Kilkenny tectonic zone	May-17	Undisclosed seller	Blina Minerals NL	0.02	11.68	1,712.33	1,676.70
E16/470 tenement	Western Australia	Kalgoorlie	Jan-17	Corinthian Mining Pty Ltd	Intermin Resources Ltd	0.01	8.90	842.70	861.98
Three gold projects	Western Australia	Laverton	Nov-16	Investor group	Western Mining Network Ltd	0.06	8.08	7,428.50	7,431.53

Project	State/ Province(s)	Geological Province / Local Region	Date	Vendor	Purchaser	Consideration (100% basis) (A$ M)	Total area (km²)	Transaction multiple ($A/km²)	Transaction multiple (normalised A$/km²)
Goongarrie project	Western Australia	Kalgoorlie	Feb-16	Investor group	Intermin Resources Ltd	0.04	10.00	4,200.00	4,095.65
Wadderin project	Western Australia	Yilgarn	Oct-17	Cygnus Gold Ltd	Gold Road Resources Ltd	4.51	3,400.00	1,326.41	1,326.41
Kurnalpi project	Western Australia	Eastern Goldfields	Aug-17	Serendipity Resources Pty Ltd	Riversgold Ltd	0.88	1,184.00	739.02	748.41
Yowereena tenements	Western Australia	peak hill mineral field	Mar-17	Vango Mining Ltd	Lodestar Minerals Ltd	0.45	35.70	12,500.00	12,709.76
Mertondale East tenement	Western Australia	Coolgardie	Oct-17	Undisclosed seller	Magnetic Resources NL	0.04	22.00	1,818.18	1,818.18
Eight prospecting licences	Western Australia		Jun-17	Kazoo Nominees Pty Ltd	Kin Mining NL	0.01	15.79	506.65	498.33
E39/1837 exploration licence	Western Australia	Laverton Region	Apr-17	Cazaly Resources Ltd	Matsa Resources Ltd	0.05	19.68	2,540.65	2,479.65
Glandore project	Western Australia		Apr-16	Aruma Resources Ltd	Southern Gold Ltd	0.60	28.70	20,905.92	21,163.14
E37/1259 & E37/1270	Western Australia	Leonora	Nov-17	Undisclosed seller	NTM Gold Ltd	0.12	18.00	6,666.67	6,666.67
Tenement E45/4764	Western Australia	Pilbara	Oct-17	Private investor	Macarthur Minerals Ltd	0.02	13.00	1,538.46	1,538.46
Beowulf tenements	Western Australia	Kalgoorlie	Oct-17	Undisclosed sellers	Aruma Resources Ltd	0.11	12.00	9,166.67	9,166.67
Novo tenements	Western Australia	Pilbara	Sep-17	Novo Resources Corp.	Calidus Resources Ltd	4.29	184.00	23,291.93	23,193.72
Kalgoorlie - Menzies projects	Western Australia	Kalgoorlie	Mar-16	Metaliko Resources Ltd	Intermin Resources Ltd	0.38	141.00	2,659.57	2,619.75
Rembrandt gold project	Western Australia	Eastern Goldfields	Sep-15	Rembrandt Mining Pty Ltd	Terrain Minerals Ltd	0.03	56.00	446.43	459.90
Sunrise Dam South project	Western Australia	Albany Frazer	Dec-16	Raven Resources Pty Ltd	Matsa Resources Ltd	0.50	46.32	10,794.47	11,267.43

Project	State/ Province(s)	Geological Province / Local Region	Date	Vendor	Purchaser	Consideration (100% basis) (A$ M)	Total area (km²)	Transaction multiple ($A/km²)	Transaction multiple (normalised A$/km²)
Two tenements	Western Australia	Laverton Region	Mar-17	Private investor - Mr Bruce Robert Legendre	Matsa Resources Ltd	0.02	43.32	512.98	521.59
Harris Find project	Western Australia	Yandal Greenstone Belt	Nov-16	Investor group	Great Western Exploration Ltd	0.46	36.68	12,608.02	12,613.17
Six tenements	Western Australia	Pilbara	Oct-17	Private Investor - Mr Mathew Gordon Vanmaris	De Grey Mining Ltd	0.70	30.00	23,458.33	23,458.33
Yandal East project	Western Australia	Yandal Greenstone Belt	Sep-17	Zebina Minerals Proprietary Ltd	Overland Resources Ltd	1.13	327.00	3,465.85	3,451.24
E47/2502 tenement	Western Australia		Aug-17	Farno-McMahon Proprietary Ltd	De Grey Mining Ltd	3.57	226.00	15,781.71	15,982.19
Doolgunna project	Western Australia	Yerrida Basin	Mar-16	TasEx Geological Services Pty Ltd	DGO Gold Ltd	0.20	68.00	2,883.51	2,840.33
E37/1214	Western Australia		Dec-15	Wildviper Pty Ltd	Terrain Minerals Ltd	0.01	18.21	274.63	305.86
Ballard project	Western Australia	Eastern Goldfields	Sep-17	Private investor - Bruce Legendre	Enterprise Metals Ltd	0.07	190.00	350.88	349.40
Croydon Top Camp gold project	Western Australia	Pilbara	Nov-17	Creasy Group Pty Ltd	Coziron Resources Ltd	1.14	317.00	3,605.23	3,605.23
Dumbleyung project	Western Australia		Jun-17	Chalice Gold Mines Ltd	Ausgold Ltd	0.33	461.00	715.84	704.07
Monument gold project	Western Australia	Laverton	Jul-16	Monument Exploration Pty Ltd	Syndicated Metals Ltd	0.25	210.00	1,190.48	1,100.33
Mt Gill & Kurrajong tenements	Western Australia		May-16	Breaker Resources NL	Gold Road Resources	0.05	221.00	226.24	215.82
MGK Resources Pty Ltd	Western Australia	Eastern Goldfields	Sep-15	Private Consortium	latitude Consolidated Ltd	0.11	297.00	357.74	368.54

Project	State/ Province(s)	Geological Province / Local Region	Date	Vendor	Purchaser	Consideration (100% basis) (A$ M)	Total area (km²)	Transaction multiple ($A/km²)	Transaction multiple (normalised A$/km²)
Mount Fisher project	Western Australia	North Eastern Goldfields	May-16	Rox Resources Ltd	Doray Minerals Ltd	9.80	480.00	20,424.84	19,483.90
West Pilbara gold project	Western Australia	Ashburton basin	Sep-16	Red Hill Iron Ltd	Chalice Gold Mines Ltd	1.96	1,390.00	1,410.64	1,325.12
Mount Monger and Bulgera gold projects	Western Australia		May-17	POZ Minerals Ltd	Accelerate Resources Pty Ltd	0.66	67.30	9,806.84	9,602.78
Bulgera gold project	Western Australia	Plutonic Well Greenstone Belt	May-17	Phosphate Australia Ltd	AX8	0.60	37.30	16,085.79	15,751.09
Walker Gossan project	Northern Territory		Jan-14	Rio Tinto plc	GPM Metals Inc	5.88	1,660.00	3,543.59	4,146.79
Havilah project	New South Wales		Dec-15	Thompson Resources	Silver Mines Ltd	0.38	48.56	7,722.41	8,600.34
McArthur River tenements	Northern Territory	Deal Primary Commodity	May-14	Brumby Resources Ltd	Teck Australia Pty Ltd	5.71	480.62	11,889.38	14,101.86
Havilah project	New South Wales		Apr-14	Newmont Mining Corporation	Thomson Resources Ltd	0.03	105.00	285.71	336.39
JV - EL 7746&7931	New South Wales		Mar-14	Thomson Resources Ltd	Kidman Resources	0.14	192.53	712.92	794.55
JV - EL 7891	New South Wales		Mar-14	Lassiter	Kidman Resources	0.06	48.72	1,207.33	1,345.56
Tenements/ interests	New South Wales		Mar-14	Thomson Resources Ltd	Kidman Resources Ltd	0.38	56.95	6,590.71	7,345.31
Thurlga tenement	South Australia		Aug-14	Adelaide Resources Ltd	Gawler Resources Pty Ltd	1.00	333.00	3,003.85	3,541.99
NT zinc project	Northern Territory		Jun-16	Imperial Granite & Minerals Pty Ltd	TNG Ltd	0.02	50.45	396.43	376.95
Great Sandy copper-gold project	Western Australia	Eastern Goldfields	Mar-16	Ming Gold Ltd	Sipa Resources Ltd	1.96	320.60	6,116.00	6,024.43

Project	State/ Province(s)	Geological Province / Local Region	Date	Vendor	Purchaser	Consideration (100% basis) (A$ M)	Total area (km²)	Transaction multiple ($A/km²)	Transaction multiple (normalised A$/km²)
Spinifex Ridge East project	Western Australia		Dec-14	Metal Bank Ltd	Undisclosed buyer	0.09	60.50	1,549.59	1,748.68
Tennant Creek project	Northern Territory		Jun-14	Emmerson Resources Ltd	Evolution Mining Ltd	29.03	2,200.00	13,195.80	15,858.81
Walker Gossan project	Northern Territory		Jan-14	Rio Tinto plc	GPM Metals Inc	5.88	1,660.00	3,543.59	4,146.79
Captains Flat	New South Wales		Nov-14	Rutila Resources Ltd	Ironbark Zinc Ltd JV with Glencore	0.41	125.11	3,262.44	3,946.42
NT Zinc project	Northern Territory	Warumpi Province	Jun-16	Imperial Granite & Minerals	TNG Ltd	0.02	50.45	396.43	376.95
Browns Reef Project	New South Wales	Lachlan Fold Belt	Mar-14	Comet Resources Ltd	Kidman Resources Ltd	0.50	28.69	17,428.28	19,423.74
Louth	New South Wales		Dec-08	Minotaur Exploration Ltd	JOGMEC	3.33	1,085.00	3,072.20	4,125.96
White Range tenements	Queensland		Dec-16	Queensland Mining Corp. Ltd	Teck Resources Ltd	6.14	550.18	11,165.22	11,654.42
Moonmera project	Queensland		Feb-16	Rio Tinto	GBM Resources Ltd	0.04	15.70	2,229.16	2,173.77
Millennium Zinc project	Western Australia	Paterson Province	Apr-15	Encounter Resources Ltd	Hampton Hill Mining NL	5.00	290.05	17,238.41	18,261.13
Unca Creek project	Northern Territory		Mar-17	Natural Resources Exploration	KGL Resources Ltd	0.50	72.90	6,858.71	6,973.80
Bullo Downs Copper Project	Western Australia		Jun-14	Atlas Iron Ltd	Aruma Resources Ltd	0.61	896.00	681.39	818.90
Bullo Downs Copper Project	Western Australia		Mar-14	Dynasty Resources Ltd	Aruma Resources Ltd	0.47	218.00	2,140.18	2,385.22
Soldiers Cap	Queensland		May-07	Exco Resources Ltd	Ivanhoe Australia Ltd	6.88	541.00	12,707.95	25,801.64
Osborne JV	Queensland		Aug-15	Minotaur Exploration Ltd	JOGMEC	6.86	1,800.00	3,812.64	4,082.68

Project	State/ Province(s)	Geological Province / Local Region	Date	Vendor	Purchaser	Consideration (100% basis) (A$ M)	Total area (km²)	Transaction multiple ($A/km²)	Transaction multiple (normalised A$/km²)
Eloise Exploration Area	Queensland		Jul-13	Minotaur Exploration Ltd	Private Group	12.00	515.00	23,300.97	27,299.89
Paroo Station mine	Western Australia		Dec-16	LeadFX Inc.	Riva Resources Ltd	8.00	45.90	174,291.94	181,928.45
Butcher Well and Lake Carey	Western Australia	Laverton	Oct-16	Saracen Mineral Holdings Ltd	AngloGold Ashanti Ltd	29.41	339.56	86,617.28	85,524.67
Stonehenge	Tasmania		Dec-11	Stonehenge Metals Ltd	RMG Ltd	0.27	7.00	38,571.43	39,052.98
Millennium leases	Queensland		May-16	Investor group	Hammer Metals Ltd	0.09	1.35	65,051.78	62,054.96
Yambah tenements	Northern Territory	Arunta	Apr-15	Mithril Resources Ltd	KGL Resources Ltd	0.02	392.11	51.01	54.03

Notes:

Transactions shaded grey are gold predominant or gold only transactions and are all located in the WA goldfields.

Transactions not shaded grey are generally polymetallic or have more than one commodity target.

Table 6-4: Area based multiple transaction analysis

Preferred comparatives	Transaction multiple (A$/km²)	Normalised (A$/km²)
All area based transactions		
Minimum	51.01	54.03
Median	4,006.32	4,146.79
Average	21,821.18	21,834.25
Maximum	222,222.22	207,801.55
Weighted average	6,707.49	7,480.91
Area based transactions - excluding both high and low outliers		
Minimum	226.24	215.82
Median	3,465.85	3,946.42
Average	6,681.64	7,177.10
Maximum	23,458.33	27,299.89
Weighted average	5,491.16	6,372.32
Area based transactions - excluding outliers and WA goldfields projects		
Minimum	285.71	336.39
Median	3,543.59	4,136.38
Average	6,309.66	7,526.65
Maximum	23,300.97	27,299.89
Weighted average	6,961.22	8,517.59

Geoscientific Rating (or modified Kilburn approach)

The Geoscientific Rating method attempts to assess the relevant technical aspects of a property through the use and ranking of appropriate factors applied to a Base Acquisition Cost (BAC). The BAC represents the average cost incurred by a Tenement Holder or Explorer to identify, apply for and then retain a unit area of the exploration licence of title (Goulevitch and Eupene, 1994), including statutory expenditure costs. The BAC forms the starting value from which a technical valuation range is then estimated.

The factors used for the technical rating include Off-property, On-property, Geology and Anomaly aspects. The ranking of these key factors will either enhance or reduce the intrinsic value of a property. A further factor, the Market factor, may then be considered in order to derive a Fair Market Value. Table 6-5 summarises the modified property rating criteria.

Having reviewed the technical aspects of the mineral assets in relation to Forte's projects, SRK considers the Geoscientific Rating approach appropriate for valuation of the Exploration Potential.

The Geoscientific Rating approach requires the Practitioner to assess and grade the relevant factors. The BAC is then sequentially multiplied by these factors to produce a Technical Value range. A Market factor is then applied to arrive at a Market Value range.

Limits of the method

The Geoscientific Rating method has some limitations, such as the Technical Valuation may not include all relevant factors such as the accuracy of the BAC, the size of the property (small areas may be undervalued), other geological factors (depth of target mineralisation) or other non-geological technical factors such as environmental and cultural heritage considerations.

For the purpose of this valuation, SRK has not undertaken an assessment of factors such as environmental, cultural heritage and also does not review sovereign risk liabilities in the Geoscientific Rating method.

Base Acquisition Cost (BAC) estimate adopted for this Valuation

A BAC of A$500/km^2 has been estimated for an average EPM in Queensland. The rating criteria used for assessing the modifying factors are provided in Table 6-5. These rating criteria have been modified by SRK.

Table 6-5: Geoscientific ratings table (after Xstract, 2010)

Rating	Off-Property Factor	On-Property Factor	Anomaly Factor	Geological Factor
0.1				Unfavourable geological setting
0.5			Extensive previous exploration gave poor results	Poor geological setting
0.9			Poor results to date	Generally favourable geological setting, undercover
1	No known mineralisation in district	No known mineralisation on lease	No targets outlined	Generally favourable geological setting
1.5	Minor workings	Minor working or mineralised zones exposed	Target identified, initial indications positive	
2	Several old workings in district	Several old workings or exploration targets identified		Favourable geological setting, with structures or mineralised zones
2.5			Significant grade intercepts evident, but not linked on cross or long sections	
3	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production		Significant mineralised zones exposed in prospective host rock
3.5			Several economic grade intercepts on adjacent sections	
4	Along strike from a major deposit(s)	Major mine with significant historical production		
5	Along strike from a world class deposit			
10		World class mine		

6.4 Multiple of Exploration expenditures

In the case of an Exploration Property, and to a lesser extent an Advanced Exploration Property, the potential is more speculative and the valuation is dependent to a large extent on the informed, professional opinion of the valuator. Where useful previous and committed future exploration expenditure is known or can be reasonably estimated, the Multiple of Exploration Expenditure (MEE) method is considered to represent one of the more appropriate valuation techniques.

This method involves assigning a premium or discount to the relevant effective Expenditure Base (EB), represented by past and future committed expenditure, through application of a Prospectivity Enhancement Multiplier (PEM). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on

the premise that a 'grassroots' project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value.

The MEE method (also known as the Past Expenditure Method) relies on the assumption that well directed exploration adds value to a property. This is not always the case and exploration can also lead to a property being downgraded. The PEM which is applied to the effective expenditure therefore commonly ranges from 0.5 to 3.0, as follows:

- 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration
- 1.1 to 2.0 where strong indications of potential for economic mineralisation have been identified
- 2.1 to 3.0 where quality intersections or exposures are indicative of economic resources present.

6.5 Value of Exploration information

6.5.1 Introduction

As outlined in Eggert (2010), mineral exploration and development are sequential information-gathering activities. Exploration and development represent a variety of activities involving the collection of information necessary to identify mineral deposits and then evaluate whether these should be developed into mines.

Table 6-6 outlines the information-gathering activities typically completed in the early stages of exploration. The important information-gathering activities are desktop studies and reviews of existing information; acquisition of exploration rights for lands identified through desktop studies; regional geological, geochemical and geophysical examinations and preliminary engagement with local communities. The area involved is generally large, ranging from several tens to several millions of square kilometres. Costs are relatively low, up to several tens of millions of dollars. The desired outcome of early-stage exploration is the identification of promising mineralisation or even a geologic deposit that will be examined more closely and in greater detail in subsequent activities.

Table 6-6: Early-stage exploration

Early-stage exploration	
Activities	Desktop studies, area selection, land acquisition, regional studies (geology, geochemistry, geophysics), preliminary community engagement
Typical land area	10,000 to 1,000,000 km^2
Typical expenditures	Up to 10s (A$ M)
Possible outcome	Target identification for subsequent detailed examination

Table 6-7 focuses on advanced exploration, sometimes called detailed target evaluation. Typical information-gathering activities include geological, geochemical and geophysical studies at much closer scale or greater density than during early-stage exploration; drilling, trenching and delineation of the mineral deposit; preliminary studies of the amenability of the rock to mineral recovery (extractive metallurgy); collection of environmental and social baseline data and continued engagement with local communities. The typical land area is smaller than in early-stage exploration, one to several tens of thousands of square kilometres. Typical expenditures are larger, up to several hundreds of millions of dollars.

Possible outcomes of advanced exploration are two types of studies:

1 A scoping study is an initial, order-of-magnitude evaluation of the deposit's commercial attractiveness. It typically includes a preliminary resource estimate and order-of-magnitude cost estimates. A scoping study may be prepared by one or a small team of people.

2 A preliminary feasibility study is more detailed and includes revised resource estimates, preliminary mine design and engineering (a mining concept) and associated preliminary cost estimates. If a scoping study and subsequent preliminary feasibility study suggest that a mine might be commercially feasible, a deposit progresses to the development stage.

Table 6-7: Advanced exploration

Advanced exploration	
Activities	Detailed target evaluation (geology, geochemistry, geophysics), drilling, trenching, deposit delineation, preliminary metallurgy, collection of environmental and social baseline data, community engagement
Typical land area	1,000 - 10,000 km^2
Typical expenditures	Many 10 (A$ M)
Possible outcome	Scoping study: resource estimates, order-of-magnitude cost estimates, general idea of what a mine may look like. Preliminary feasibility study: more detailed than scoping study and including revised resource estimates, preliminary mine design and engineering and preliminary cost estimates

Table 6-8 summarises the key characteristics of deposit development. Typical information-gathering activities include detailed (close-spaced) drilling, mine planning, metallurgical testing, continued assessment of the likely environmental consequences of mine development and continued community engagement. The land necessary becomes smaller, up to about 1,000 km^2. Typical expenditures vary, but can exceed A$1 billion. Should a deposit continue to be attractive, a company will prepare a feasibility study, a technical and economic assessment that serves as the basis for making a "go/no go" decision about whether to develop the mine. A feasibility study includes Ore Reserve estimates, mine and plant designs, detailed cost estimates, full technical and economic assessments, and details of possible financing arrangements. A so-called "bankable" feasibility study is a type of feasibility study that a company would take to a bank or other financial entity in its search for financing.

Table 6-8: Deposit development

Deposit development	
Activities	Detailed drilling, mine planning, metallurgical testing, continued environmental assessment, continued community engagement
Typical land area	Up to 1,000 km^2
Typical expenditures	Varies, may be in excess of A$1 billion
Possible outcome	Applications for required permits and approvals Feasibility Study: reserve estimates, mine and plant design, detailed engineering and cost estimates, full technical and economic assessment, financing "Go/no go" decision on mine development

The Australian mining project evaluation framework is designed to incrementally assess and mitigate risk, and as this happens, the value of the venture increases.

Perceptions of geologic potential are based on a minimum of two factors. First, perceptions reflect geological knowledge obtained from previous activities, which include previous exploration and mining, as well as non-mining activities such as infrastructure building and assessment of geologic hazards.

This category includes the “nearology” effect, i.e. a theory the exploration success by one company has a positive effect on the geologic perceptions of others. In a relatively unexplored area, news of mineralised drill core from one company’s activities often leads to the purchase of exploration rights in the area by other companies.

Second, geoscientific research and information from public geological survey organisations often play a critical role in attracting exploration to a relatively unexplored region. Pre-competition research and information are examples of public goods, i.e. goods that are likely to be undersupplied from society’s perspective by the market acting alone because the benefits or rewards of these activities are difficult for those who fund these activities to fully capture. The benefits of pre-competitive research and information usually come at a much later stage, if at all.

Finally, exploration of an area can never be done in a once-and-for-all manner. Different explorers view the same data and information differently. Many deposits have been discovered only after several companies, exploration programs or drilling campaigns investigated the same area. Moreover, over time, conditions change, altering the attractiveness of the same parcel of land. One company may discover promising mineralisation, but relinquish the area as economic conditions are not favourable or because extraction techniques do not permit extraction of a certain mineral type. Over time, economic conditions change and technological capabilities improve. Exploration techniques also improve, increasing the chances of detecting subsurface mineralisation. Scientific advances in how mineral deposits are formed alter how geoscientists view the prospectivity of an area.

In valuing intangible assets such as mining and exploration information, there is a general three-level hierarchy of reliability in the approaches to be considered (IVSC, 2013). In general, sales comparison is considered the best indicator of market value, derived profits/ capitalisation multiples under the income approach may also provide a guide towards value, whilst the replacement cost of the asset is the least favoured approach.

For mining and exploration information, SRK notes that market and income approaches are highly problematic, in that i) there are very few transactions involving only mining/ exploration information without the associated rights and ii) it is unlikely that the mining/ exploration information is able to produce an income in its own right (i.e. without the associated mineral rights). In SRK’s opinion, the only realistic way to assess the value of Forte’s exploration information is through consideration of the replacement cost of that information.

6.5.2 Transaction support

As noted above, there is generally a paucity of public releases regarding exploration/ mining data and/or information transactions, i.e. without the associated mining/ exploration tenements, and not all transactions disclosed the consideration.

Comparability with typical transaction databases is difficult as each is comprised of differing numbers of records, information types, data quality, security and storage formats. Furthermore, in several cases, the consideration is either not disclosed or in the form of equity/ royalties in the project. As such, SRK has elected to rely on the cost approach in determining the value of Forte’s exploration information.

6.5.3 Historical cost

As the main valuation method in general use today by financial accountants, SRK considered the historical costs of exploration at Forte’s projects. It involves aggregating all the costs of creating the exploration information over the past eight years. Based on information supplied by Forte, SRK has assessed the implied values derived from exploration expenditures incurred historically at Forte’s projects.

However, the main disadvantage of the historical cost approach is that in an inflationary situation, such as was experienced in the mining industry over the 2000s, the price of an asset from the time of its purchase to the end of the accounting period, may bear no resemblance at all to a current market valuation for the asset (Diewert, 2005).

According to Lonergan (1999), the historical cost valuation method has the following shortcomings:

- It ignores the effects of inflation.
- It ignores the time cost of money.
- It implicitly and incorrectly assumes that there is a direct relationship between cost and prospective profits.
- It may be distorted by differing accounting policies and/or arbitrary amortisation policies.
- It may place an excessive valuation on less successful identified intangible assets at which high levels of expenditure have been directed.
- It may place low values on successful identified intangible assets of which there has been relatively little expenditure.
- It assumes the availability and accuracy of detailed financial information over an extended period of time, and requires judgements on the level of expenditure which relates to the development and maintenance of an identifiable intangible asset.

Therefore, historical cost is not an appropriate valuation methodology for assessing the value of identifiable intangible assets, such as mining/ exploration information (although historical cost may be relevant for and used for various accounting purposes). On this basis, SRK has not used historical cost as its primary valuation method for Forte's exploration information, but has used it to help inform its valuation range.

6.5.4 Indexed historical cost

To account for some of the issues associated with the historical cost method, SRK has also considered an indexed historical cost to determine the value of Forte's exploration information. The nominal figures were then inflated using various factors, including the Consumer Price Index (CPI) and the Producer Price Index (PPI), to determine an appropriate proxy for costs in the exploration and mining industry. CPI data was obtained from the Australian Bureau of Statistics (ABS) website and the appropriate period ending CPI factor was applied per year.

The ABS data was cross-referenced to determine whether the CPI provides an appropriate inflationary measure. Importantly, the ABS does not capture early-stage exploration cost data, and relies to a larger extent on engineering and mining construction cost data.

For the purposes of this Report, SRK analysed data for mining. The annual rate of inflation for mining from 2002 - 2016 ranges from -5.2% to +10.1% (from ABS data).

SRK has taken into consideration the type and style of exploration activity carried out by Forte on the licence, the resulting mineralisation discovered and the activities required to reproduce the exploration information.

6.5.5 Replacement value

It is relatively easy to identify what an existing asset would be replaced with should the entity be deprived of it. However, consideration needs to be given to whether the replacement asset has the same or different service potential to the existing asset.

Due to technological advancements, new materials, new exploration techniques and improved safety measures, it is normally the case that a difference exists between the service potential of the existing

asset and its modern equivalent. It would not be considered prudent to replace an asset that did not provide additional utility with another more expensive asset.

6.6 Previous valuations and transactions

The VALMIN Code (2015) requires that an Independent Valuation report should refer to other recent Valuations or Expert Reports undertaken on the mineral properties being assessed. Having asked the question of Forte, SRK is not aware of any recent Valuations or Expert Reports involving the mineral assets which are the subject of this Report.

6.7 Valuation of the Forte's mineral assets

6.7.1 Comparative transactions

For the purposes of this valuation, SRK has derived an implied value (in A$/km^2) for the comparative transactions multiple. The transaction multiple is calculated by determining the transaction value (on a 100% equity basis) divided by the total area of the Exploration Licence being the subject of the transaction. The transaction multiple is then normalised, based on the gold price at the time of the transaction. Table 6-9 summarises the comparative transaction valuation of Forte's projects.

Table 6-9: Valuation of Forte's exploration assets - comparative transactions

Preferred comparatives	Normalised (A$/km^2)	Implied Value (A$,000)			
		EPM 18986	EPM 26527	EPM 25755	EPM 25196
Minimum	336	51	28	40	3
Median	4,136	620	347	496	37
Average	7,526	1,129	632	903	68
Maximum	27,300	4,095	2,293	3,276	246
Weighted average	8,518	1,278	715	1,022	77

Using a Comparative Transactions approach only, the value of a 100%interest in Forte's mineral assets resides within a valuation range of A$0.12 M to A$9.9M.

SRK assessed the prospectivity of each tenement and applied preferred Valuation ranges (in A$/km^2) based on the comparable transactions. These are outlined in Table 6-10.

Table 6-10: SRK's preferred value of Forte's mineral assets based on comparative transactions

Project	Preferred Valuation range (A$/km^2)		Implied Value (A$,000)	
	Low	High	Low	High
EPM 18986	7,000	9,000	1,050	1,350
EPM 26527	9,000	15,000	756	1,260
EPM 25755	2,000	3,000	240	360
EPM 25196	1,000	2,000	9	18
		Total	**2,055**	**2,988**

SRK's preferred Comparative Transaction valuation of a 100%interest in Forte's assets resides within a valuation range of A$2.01 M to A$2.99M.

6.7.2 Exploration potential (area based alternative)

Geoscientific rating

Based on its analysis using the Geoscientific Rating method, SRK's estimate of the current market value of Forte's 100% interest in the Exploration Potential associated with the four tenements lies in the range between A$1.3M and A$4.5M as outlined in Table 6-11.

Using a Geoscientific Rating approach only, SRK's preferred value for a 100% interest in Forte's projects lies within a valuation range of A$1.3M to A$4.5M.

6.7.3 Multiples of Exploration expenditure

Table 6-12 presents a summary of the rating factors and technical value for the Johnnycake and Black Mountain projects, based on the Multiples of Exploration Expenditure (MEE).

Applying the MEE method, the technical value for 100% of the Johnnycake and Black Mountain projects is within a range from a low of A$0.4M to a high of A$0.56M, with a mid-point value of A$0.48M.

SRK notes that the MEE method can also factor in future committed exploration expenditure, which is nominally a factor related to past exploration results and perceived prospectivity. In this case, future exploration expenditure could not be quantified and the MEE method may therefore undervalue a highly prospective tenement at the early stages of exploration.

The method is also unable to assign a value to tenements where the total company exploration budget does not include an allocation for exploration on that tenement which is not necessarily linked to the prospectivity of the tenement.

Table 6-11: Valuation of Forte's exploration assets – geoscientific rating

Tenement	Name	Area (km^2)	BAC (A$/km^2)	Equity (%)	Off-Property		On-Property		Anomaly		Geology		Technical Value (A$'000)	
					Low	High	Low	High	Low	High	Low	High	Low	High
EPM 18986	Johnnycake	150	500	100	3	4	1	1.5	0.9	1.5	2.5	2.5	506	1,688
EPM 26527		84	500	100	3	4	1.5	2.5	1.5	2	2.5	3.0	708	2,520
EPM 25196		9	500	100	3	4	1	1.5	1	1	1.0	1.5	14	41
												Johnnycake Project	1,228	4,449
EPM 25755	Black Mountain	120	500	100	1	1.5	1	1.5	1.25	1.25	1.0	1.5	75	253
												Total	**1,304**	**4,501**

Table 6-12: Valuation of Forte's exploration assets – multiples of exploration expenditure

Tenement	Total expenditure (A$)	Productive exploration factor (%)	Expenditure Base (A$)	Prospectivity Enhancement Multiplier		Technical Value (A$'000)	
				Low	High	Low	High
EPM 18986	1,621,000	80	1,296,800	1	1.2	1,297	1,556
EPM 25196	40,818	90	36,700	0.5	1.0	18	37
					Johnnycake Project	1315	1,593
EPM 25755	32,810	90	29,500	0.8	1.0	24	30
					Total	**1,339**	**1,623**

6.8 Value of Exploration information

6.8.1 Historical cost

The historical method relies on determination of the company's exploration expenditure over the period of existence of the tenements, i.e. approximately 6 years or less. This methodology essentially depicts the cost of the actual production of all the known information regarding each permit.

Based on information supplied by Forte, exploration expenditure over the past six years has a nominal total of approximately A$1,617,202, as set out in Table 6-13. SRK notes that for the purposes of this Report, these amounts have been annualised to calendar years.

Table 6-13: Nominal exploration expenditures

Year	Exploration spend (A$)			
	EPM 18986	EPM 25196	EPM 26527	EPM 25755
2017	377,092			
2016				
2015	418,513	13,361		14,042
2014	629,159			
2013	165,035			
2012				
Total	**1,589,799**	**13,361**	**0**	**14,042**

6.8.2 Indexed historical cost

Using the following assumptions, SRK arrived at real (inflated or escalated) estimates for the historical cost.

- General inflation – CPI inflation rates sourced from the Reserve Bank of Australia
- Industry-specific inflation – industry inflation as determined by mining data from the Australian Bureau of Statistics.

Based on these adjustments, exploration expenditure over the past six years has a real total of approximately A$1.7M, as set out in Table 6-14.

Table 6-14: Indexed exploration expenditure

Year	CPI & industry-specific adjusted expenditure					
	CPI (%)	Industry-specific inflation (%)	Indexed exploration cost (A$)			
			EPM 18986	EPM 25196	EPM 26527	EPM 25755
2017	2.00	1.65	384,634			
2016	1.28	-0.7				
2015	1.50	-5.2	438,811	14,009		14,723
2014	2.48	0.3	672,086			
2013	2.45	2.7	176,295			
2012	1.75	4.5				
		Total	**1,671,826**	**14,009**	**0**	**14,723**

6.8.3 Replacement value

SRK has also estimated the value of the exploration information using the Replacement Value method.

SRK then adjusted the indexed historical costs for quality degradation, replacement prioritisation, time and risk to determine the Optimised Replacement Value. In calculating this replacement value, SRK considered the requirement to replace each dataset and then applied the following:

- **Quality degradation** – 10% per annum to reflect that some of the information may now be obsolete (i.e. multiple geophysical surveys, so not necessary to repeat all, or contained within annual reports lodged with the Mines Department, etc.) or redundant (i.e. within areas which have subsequently been relinquished under statutory reduction requirements). In addition, the age of some of the data may have impacted on its usefulness and accessibility. Importantly, some of the historic data has been lodged with government agencies and may now be able to be replaced at relatively low cost, rather than having to recreate the data. It is widely acknowledged in the industry that publicly available data is not as rich in content as the data held by the creator. A potential purchaser of the permits is likely to apply such a discount when valuing such publicly available exploration information, for some of the following reasons:
  - Relevance and timeliness: Information is perishable
  - Accessibility: ease of location and retrieval
  - Usability: ability to manipulate and analyse
  - Utility: suitability for multiple applications
  - Quality: accuracy, reliability, credibility and validation
  - Customisation: filtered, targeted, sub-setted
  - Re-useability: ability for others to access and use.

For example, the company creating the data would have it contained in a database, which could be interrogated swiftly and in a sophisticated way for rigorous analysis; however, a potential purchaser may only have access to paper-based reports from the public domain.

- **Replacement prioritisation** – 80% replacement factor to account for the proportion of information to be reproduced with the benefit of hindsight; a range of 70% - 90% is used to define the lower and upper values for the replacement value
- **Risk adjustment** – 10% per annum for its value-of-time rate to reflect the opportunity cost of having to sink funds into the replacement of information
- **Time required to recollect information** – three years; this period reflects the benefit of hindsight and the targeted nature of any conceptual replacement program.

Based on the above assumptions, SRK estimates the current optimised replacement value for a 100% interest in Forte's exploration information lies in a range of A$0.85M and A$1.12M, with a preferred value of A$1.04M.

Table 6-15: Replacement value

Year	EPM 18986 (Replacement 60% - 80%)			EPM 25196 (Replacement 70% - 90%)			EPM 25755 (Replacement 70% - 90%)		
	Low (A$'000)	Preferred (A$'000	High (A$'000)	Low (A$'000	Preferred (A$'000	High (A$'000	Low (A$'000	Preferred (A$'000	High (A$'000
1	425	496	567	4.1	5	5	4	5	6
2	447	521	596	4.5	5	6	5	5	6
Total	**872**	**1,018**	**1,163**	**8.6**	**10**	**11**	**9**	**10**	**12**

6.8.4 Recreation value

As a further cross-check on the implied value of the exploration information, SRK considered the minimum cost to recreate the information supporting the current assessment of Forte's gold targets using prevailing mining industry costs.

SRK's estimates of the 2017 cost to reproduce the information for Forte's EPMs 18986, 25196 and 25755 are outlined in Table 6-16.

Table 6-16: Estimated cost of reproducing the recent exploration data at Johnnycake Project

Activity	Unit	Description	Estimated cost (A$)
General project management, clearance approval, cultural heritage, landholder liaison, exploration camp and logistics	Fixed	One-off cost of A$80,000	80,000
Geological mapping, rock and soil sampling	Fixed	One-off cost of A$50,000	50,000
Drilling of 18 RC holes for 2,630 m (average hole depth 146 m), including geophysical logging, supervision, sampling and analysis	A$/m	All-in sustaining cost of A$110/m	289,000
Drilling of three diamond holes for 1,500 m (average hole depth 500 m), including supervision, geological logging, sampling and analysis	A$/m	All-in sustaining cost of A$240/m	370,000
Geophysical data acquisition (magnetics and IP), processing and interpretation	days	5 days (Geophysicist) at A$2,000 day	250,000
		Subtotal	**959,000**

In SRK's view, it would take two years to recreate this information, and hence an opportunity cost of 5% per annum has been applied to reflect the cost of having to sink funds into the replacement of information. On this basis, SRK estimates the cost of the recreating the exploration data is A$960,000.

Summary – value of exploration information

Based on SRK's analysis using the cost approach, the value of Forte's regional exploration information is summarised in Table 6-17.

Table 6-17: Summary of values for the exploration data under the cost approach

Valuation of Exploration Information	All Projects		
	Low (A$ M)	Preferred (A$ M)	High (A$ M)
Historic cost	1.62	1.62	1.62
Indexed historic cost	1.70	1.70	1.70
Replacement value	0.85	1.04	1.12
Recreation value	0.96	0.96	10.96
SRK Preferred	1.29	1.34	1.36

In determining its overall position, SRK has placed equal weighting on all methods and selected the mid-point of this range.

This view is based on the likelihood that the market value will be determined through a negotiated process between a vendor endeavouring to recover sunk costs and a purchaser not wishing to have to recreate the original data, but willing to pay appropriately for the historic exploration data.

7 Valuation Summary

Forte commissioned SRK to prepare an Independent Specialist Report, incorporating a technical assessment and valuation of the mineral assets held by Forte in Queensland. This Report has been prepared under the guidelines of the VALMIN Code (2015), which incorporates the JORC Code (2012).

For this valuation, SRK conducted a high-level review of the available technical information supporting Forte's projects, for the purpose of determining the validity of such information from a valuation perspective.

While the VALMIN Code (2015) states that decisions regarding which valuation methodology is used are the responsibility of the Expert or Specialist, where possible, SRK considers a number of methods. The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

SRK has recommended preferred values and value ranges for Forte's mineral assets on the basis of estimates of productive exploration expenditure, of the exploration result in defining mineralisation and the areal extent of tenure. SRK has also considered value ranges for Forte's mineral assets on the basis of an analysis of recent comparable transactions involving similar Australian gold and polymetallic projects.

SRK's recommended valuation ranges and preferred values for each project are summarised in Table 7-1. SRK has produced a Market Value as defined by the VALMIN Code (2015). The positioning of SRK's selected valuation range and preferred value are provided in the relevant sections in this Report.

SRK has positioned its preferred value for the mineral assets towards the middle of the adopted valuation range having no preference for either end of the range, based on the geological and exploration uncertainty.

Table 7-1: Summary of SRK's Technical Valuation of Forte's mineral assets as at 15 December 2017

Project	Value Centre	Low (A$,000)	High (A$,000)	Preferred (A$,000)
Johnnycake Project (EPM 18986; 26527; 25196	Exploration Potential – Comparative Transactions (Area based)	1,815	2,628	
	Exploration Potential – Geoscientific	1,228	4,249	
	Exploration Potential – Multiples of Exploration Expenditure	1,315	1,593	
	Value of Mining Information	1,300	1,370	
	Selected	**1,863**	**3,417**	**2,825**
Black Mountain	Exploration Potential – Comparative Transactions (Area based)	240	360	
	Exploration Potential – Geoscientific	75	253	
	Exploration Potential – Multiples of Exploration Expenditure	24	30	
	Value of Mining Information	15	15	
	Selected	**90**	**165**	**150**
All Projects (100% Equity Interest)		**1,950**	**3,600**	**2,975**

7.1 Discussion on SRK's valuation range

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with early stage to advanced stage exploration assets.

The wide range in value is driven by the confidence limits placed around the size and grade of coal occurrences assumed to occur within each project area. Typically, this means that as exploration progresses and a prospect transitions from an early to advanced stage prospect, through Inferred, Indicated or Measured Resource categories to Reserve status, there is greater confidence around the likely size and quality of the contained coal and its potential to be extracted profitably.

Table 7-2 presents a general guide of the confidence in targets, resource and reserve estimates, and hence value, referred to in the mining industry.

Table 7-2: General guide regarding confidence for target and Resource/ Reserve estimates

Classification	Estimate range (90% Confidence Limit)
Proven/ Probable Reserves	±5% - 10%
Measured Resources	±10% - 20%
Indicated Resources	±30% - 50%
Inferred Resources	±50% - 100%
Exploration Targets	+100%

The level of uncertainty with advancing project stages can be seen in Figure 7-1.

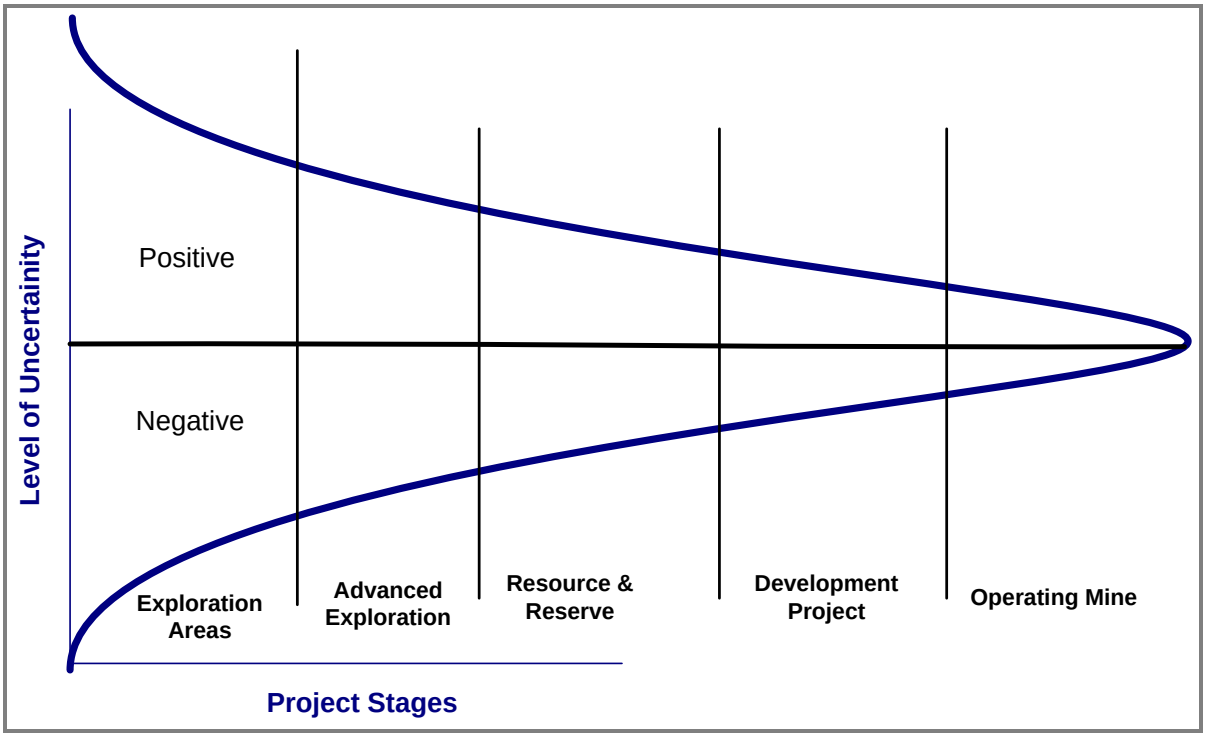

Figure 7-1: Uncertainty by advancing exploration stage

Estimated confidence of ± 60% - 100% or more are not uncommon for exploration areas and are within acceptable limits, given the level of uncertainty associated with early stage exploration assets. By applying narrower confidence ranges, a greater degree of certainty regarding these assets is actually being implied than may be the case in reality.

Forte's tenements are exploration assets in the early to advanced stages of exploration assessment.

Therefore, there are significant uncertainties around their attributes. This results in a wide valuation range. Where possible, SRK has endeavoured to narrow its valuation range. In recognising this wide range, SRK has also indicated a preferred value for each tenement.

Compiled by

Bryce Healy

Principal Consultant

Peer Reviewed by

Stuart Munroe

Principal Consultant

8 References

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SRK Report Client Distribution Record

Project Number: FCL005

Report Title: Independent Specialist Report on the Mineral Assets of Forte Consolidated Limited

Date Issued: 22 February 2018

Name/Title	Company
Bruno Firriolo	Forte Consolidated Ltd

Rev No.	Date	Revised By	Revision Details
0	15/12/2017	Bryce Healy	Draft Report
1	19/01/2018	Bryce Healy	Final Report
2	15/02/2018	Bryce Healy	Final Report
3	22/02/2018	Bryce Healy	Amended Final Report
4	22/02/2018	Bryce Healy	Amended Final Report

APPENDIX 3

Independent Specialist Report on M38/1256 (Mt Lucky Gold Project) of Valleybrook Investments Pty

Report Prepared for

Forte Consolidated Limited

Report Prepared by

SRK Consulting (Australasia) Pty Ltd

VBI001

February 2018

Independent Specialist Report on M38/1256 of Valleybrook Investments Limited

Forte Consolidated Limited

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February 2018

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Authors:

Bryce Healy, Mat Davies.

Executive Summary

SRK Consulting (Australasia) Pty Ltd (SRK) understands that Forte Consolidated Limited (Forte) is currently in negotiations regarding a potential transaction involving Mining Licence M38/1256 (the Mt Lucky Project, or the Project) held by Valleybrook Investments Pty Ltd (Valleybrook), which contains gold mineralisation. SRK has been requested to provide an Independent Valuation Report relating to the Project, which is capable of assisting Forte with its ongoing negotiations and potentially for use as an Independent Specialist Report to accompany an Independent Expert Report (to be prepared by an as yet undisclosed party) in a Notice of Meeting to be distributed to shareholders in relation to the transaction.

Summary of principal objectives

The objective of this Report is to provide an independent assessment of the technical project value drivers impacting on the Mt Lucky Project. These include, but are not limited to:

- Location and geological setting
- Results of exploration activities and technical studies completed to date
- Any stated Mineral Resources
- Any other relevant technical assumptions not listed above
- The valuation of all Mineral Resources and Exploration Potential.

This Report has been prepared in accordance with the Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets - VALMIN Code (2015), which incorporates the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves - JORC Code (2012).

Outline of work program

The following aspects were considered in the preparation of this Report:

- Access to key Forte and Valleybrook personnel and consultants for discussion and enquiry
- A review of the geology, exploration, project risks and opportunities
- A review of technical reports and supporting documentation prepared by and/or on behalf of the parties
- Compilation of comparable transactions
- Valuation of Exploration Potential
- Report preparation.

Overview

Forte is currently evaluating M38/1256, the Mt Lucky Project, in the Laverton region, Western Australia. The Project is held by Valleybrook Investments Pty Ltd. The Project is at the exploration stage of development and is targeting orogenic gold mineralisation.

When valuing Valleybrook's exploration asset, SRK has considered methods commonly used in Australia to value mineral assets at these stages of development. These methods are outlined in this Report.

All monetary figures used in this report are expressed in Australian dollar (A$) terms. The final valuation is presented in Australian dollars. This Report has adopted an effective valuation date of 15 December 2017.

SRK's recommended valuation ranges and preferred values are detailed in Section 4 (Valuation) and are summarised in Table ES-1. SRK has produced a Market Value as defined by the VALMIN Code (2015). SRK's preferred values for the Mt Lucky Project are positioned conservatively; given the level of study and assumptions incorporated by SRK in its analysis, SRK has no strong inclination towards either end of the valuation range.

Table ES-1: Summary of SRK's Valuation of Valleybrook's mineral asset as at 15 December 2017

Project	Value Centre	Low (A$ '000)	Preferred (A$ '000)	High (A$ '000)
Mt Lucky Gold Project	Exploration Potential – Comparative Transactions (Area based)	2.5		105
	Exploration Potential – Geoscientific	78		134
	Exploration Potential – Multiples of Exploration Expenditure	399	480	562
	Value of Mining Information	460	470	480
	Selected Technical Value	**400**	**550**	**600**
Selected Market Value		**400**	**550**	**600**

Any discrepancies between values presented in the table are due to rounding.

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Forte Consolidated Limited (Forte). The opinions in this Report are provided in response to a specific request from Forte to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

1 Introduction and Scope of Report

1.1 Introduction

SRK Consulting (Australasia) Pty Ltd (SRK) understands that Forte Consolidated Limited (Forte) is currently in negotiations regarding a potential transaction involving Mining Lease M38/1256 M38/1256 (the Mt Lucky Project, or the Project) held by Valleybrook Investments Pty Ltd (Valleybrook), which contains gold mineralisation. SRK has been requested to provide an Independent Valuation Report relating to the Project, which is capable of assisting Forte with its ongoing negotiations and may be used as an Independent Specialist Report to accompany an Independent Expert Report (by an as yet undisclosed party) in a Notice of Meeting to be distributed to shareholders in relation to the transaction.

1.2 Standard of the Report

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code (2015). It should be noted that the authors of this Report are Members of either, or both, the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG) and, as such, are bound by both the VALMIN and JORC codes.

For the avoidance of doubt, this Report has been prepared according to:

- The 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code); and
- The 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

For the purposes of this Report, value is defined as 'market value' being:

"The amount of money (or the cash equivalent of some other consideration) for which a mineral asset should change hands on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion" (VALMIN Code, 2015)."

SRK's valuation expresses an opinion regarding the current market value of the mineral asset. It does not comment on the 'fairness and reasonableness' of any transaction.

All monetary figures used in this report are expressed in Australian dollar (A$) terms.

The specialists involved in the preparation of this report are listed in Table 1-1.

Table 1-1: Specialists

Specialist	Project Role
Bryce Healy	Principal Consultant (Geology)
Mathew Davies	Senior Consultant (Comparative Transaction Analysis)
Jeames McKibben	Principal Consultant (Peer Review)

1.3 Statement of SRK independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK. SRK has prior association with Valleybrook concerning the mineral asset that is the subject of this Report. SRK has acted in the capacity of exploration manager on the Mining Lease in 2017.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A$12,000. The payment of that professional fee is not contingent upon the outcome of the Report.

1.4 Legal matters

SRK has not been engaged to comment on any legal matters.

SRK notes that it is not qualified to make legal representations in regard to the ownership and legal standing of the mineral tenement that is the subject of this valuation. SRK has not attempted to confirm the legal status of the tenement with respect to local heritage or potential environmental or land access restrictions.

SRK has relied upon the representations made by Valleybrook regarding the current standing of the permits.

In line with ASIC Regulatory Guide 111 "Content of Expert Reports", SRK is obliged to issue a supplementary report if a material change in circumstances arises after the release of its report.

SRK has sighted documentation available at the relevant Government Agency and has prepared this Report on the understanding that the tenement of Valleybrook Investments Pty Ltd is currently in good standing, and that there is no cause to doubt the eventual granting of any tenement renewals. The tenement schedule as supplied to SRK is listed in Table 2-2.

1.5 Information basis of this Report

SRK has derived the technical information, which forms that basis of its Report on information provided by Forte and Valleybrook. SRK has supplemented this information, where necessary, with information sourced from the public domain. However, where discrepancies arise and no alternative comments are provided, data and interpretations provided by Valleybrook prevail in this Report. The past exploration history for these tenements has been derived from the reports of previous explorers, as provided by Valleybrook and verified by SRK, as well as government records of exploration activities within the project area.

The principal sources of information are included in Section 6 (References). The Report has been prepared to include information available up to the date of this Report. Valleybrook has stated that all information provided by Valleybrook may be presented in the Report and that none of the information is regarded as confidential.

SRK notes that the VALMIN Code (2015) recommends that a site inspection be completed should it be *'likely to reveal information or data that is material to the report'*. A site visit was not undertaken as the asset remains in the early stages of assessment and as such, SRK considered a site visit was unlikely to reveal material information not already available in the supplied information.

1.6 SRK and Authors

SRK is an independent, international group providing specialised consultancy services. Among SRK's clients are many of the world's mining companies, exploration companies, financial institutions, EPCM (engineering, procurement and construction management) firms and government bodies. Formed in Johannesburg in 1974, the SRK Group now employs some 1,400 staff internationally in 45 permanent offices in 20 countries on six continents. A broad range of internationally recognised associate consultants complements the core staff. In Australia, SRK employs ~100 people in offices located in Brisbane, Melbourne, Newcastle, Perth and Sydney.

The SRK Group's independence is ensured by the fact that it is strictly a consultancy organisation, with ownership by staff. SRK does not hold equity in any project. This permits SRK's consultants to provide clients with conflict-free and objective support on crucial issues.

This Report was prepared by SRK Consultant Dr Bryce Healy, Principal Consultant (Geology). Dr Stuart Munroe, Principal Consultant (Project Evaluations) undertook internal peer review. Dr Healy and Dr Munroe are permanent employees of SRK Consulting (Australasia) Pty Ltd.

The information in this Report that relates to Exploration Results on the Mt Lucky Project is based on, and fairly represents, information and supporting documentation compiled by Dr Bryce Healy. Dr Healy is a Member of the Australian Institute of Geoscientists, and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code.

Dr Healy consents to inclusion in the report of the matters based on this information in the form and context which it appears.

SRK has not performed, nor does it accept the responsibilities of a Competent Person as defined by the JORC Code (2012) in respect of the Exploration Results, Mineral Resources and Ore Reserve estimates presented in this Report except for the information presented in this report that relates to the 2017 exploration results on ML38/1256 (presented in Appendix A) which is based on information compiled by Mr Bryce Healy who assumes the acting Competent Persons role in this matter.

Bryce Healy, BSc (Hons) (Geology), PhD (Geology), MAusIMM – Principal Consultant

Bryce Healy is a structural geologist with over 14 years' experience, including over 12 years consulting experience in the exploration and mining sector. Bryce has developed a broad technical background across both coal and minerals commodities. Bryce is technically proficient and an experienced project manager in a range of areas – geology exploration programs including target generation and prospectivity analysis; minesite structural geological risk reviews; independent technical reviews, asset valuation and due diligence for exploration and mining projects for the resource and finance sectors.

Stuart Munroe, PhD, GDip AppFinInv, MAusIMM – Principal Consultant

Stuart Munroe is a structural geologist with 25 years' experience. In his professional career, he has consulted on a wide range of geological evaluation projects for mining and exploration companies. For the past nine years, Stuart managed exploration projects and pre-development studies with a gold focus and provided technical advice at a corporate level. In addition, Stuart has been involved in growth through acquisition, involving due diligence and identification of potential upside. As a structural geologist, he was involved in detailed studies of controls on mineralisation, resource model assessment, technical due diligence, independent expert's reporting and strategic planning.

1.7 Warranties and indemnities

Forte and Valleybrook have warranted in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true. As recommended by the VALMIN Code, Forte has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- Which results from SRK's reliance on information provided by Forte or to Forte not providing material information; or
- Which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

1.8 Consents

SRK provides consent that, should a transaction proceed and Forte decides that an Independent Expert Report is required, SRK provide consent on the basis that this Report is included, in full, in the as yet undisclosed Independent Expert documents in the form and context in which the technical assessment is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report.

2 Corporate Structure and Project Tenure

2.1 Corporate structure

Valleybrook Investments Pty Limited (Valleybrook) is a private unlisted company which is the authorised holder of, and retains a 100% share of, Mining Licence M38/1256 near Mt Weld in Western Australia.

2.2 Location, access, climate and physiography

The Mt Lucky project area lies within the Mt Margaret Mineral Field of the north-eastern Goldfields of Western Australia. The tenement lies 10 km east of the Granny Smith Mill and 18 km southeast of Laverton (Figure 2-1). Good access is provided by the Mt Weld Rd from Laverton to the Granny Smith airstrip then east along the station tracks from Homestead Bore.

Apart from the main track passing through the Mt Lucky tenement, there are numerous other old exploration grid lines and access tracks crossing the tenements that provide relatively easy access.

The vegetation is sparse, with the dominant type being Mulga trees and salt bush. The dominant geology of the breakaway country is confined to silica-rich scree, which is not conducive to plant growth.

M38/1256 is located on the Mt Weld Pastoral Station (Pastoral Lease NO49826) which is owned and Managed by Goldfields Australia (Granny Smith Mine). The climate is semi-arid, with hot summers and mild to cool winters. The long-term average climate statistics for Laverton are shown in Table 2-1.

Table 2-1: Climate statistics for Laverton

Month	Mean maximum temperature (°C)	Mean minimum temperature (°C)	Mean rainfall (mm)
January	35.8	20.5	26.1
February	34.8	20.0	31.6
March	31.9	18.0	31.4
April	27.2	13.9	22.0
May	22.1	9.5	22.9
June	18.5	6.6	23.2
July	17.8	5.2	16.5
August	20.0	6.4	13.2
September	24.5	9.5	8.8
October	28.0	12.8	9.5
November	32.1	16.6	14.5
December	34.9	19.3	18.0
Annual	**27.3**	**13.2**	**234.6**

2.3 Project tenure

The Project comprises one granted Mining Licence – resource authorities held under the provisions of the *Mining Act 1978* (the Act). Valleybrook Investments Pty Limited is the registered holder of the permit and retains 100% equity interest in the permit. M38/1256 was granted to Valleybrook Investments Pty Ltd in 2012 for a term of 21 years. The status of the Project tenure held by Valleybrook is detailed in Table 2-2.

Table 2-2: Valleybrook Investments Pty Limited's tenement holding

Title	Name	Granted	Expires	Area (ha)	3-year exploration expenditure commitment (A$)
M38/1256	Mt Lucky	3/12/2012	2/09/2033	58.4	40,000

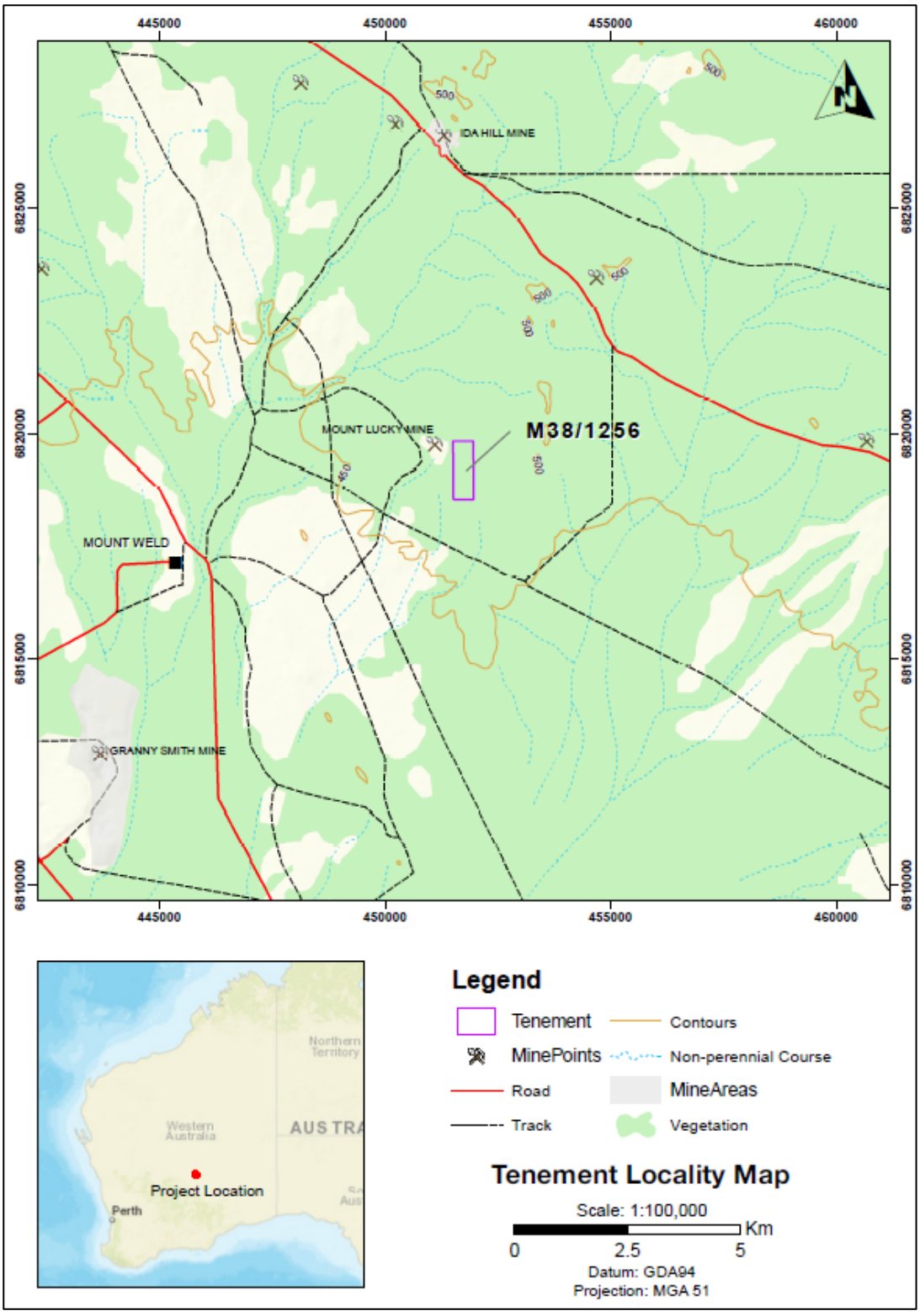

Figure 2-1: Tenement location map

2.4 Project geology

2.4.1 Regional

The Mt Lucky Project lies within the Laverton Greenstone Belt (LGB) located in the north-eastern part of the Eastern Goldfields Province (EGP) of the Yilgarn Craton in Western Australia. The Laverton region has a well-documented gold endowment – in excess of 25 million ounces with two world class deposits, Sunrise Dam and Wallaby, and numerous deposits that show endowment each in excess of 1 million ounces, e.g. Mt Morgans, Lancefield, Granny Smith.

The orogenic gold deposits are spatially associated with granitoids, with many deposits located adjacent to, or hosted by, granitoids within a complex greenstone belt bound between two major tectonostratigraphic terranes of the Yilgarn Craton; the Kurnalpi and Burtville Terranes. The Kurnalpi and Burtville Terrane boundary is defined by major N–NNW trending shear zones – Far East Fault, Barnicoat West Fault and the Barnicoat East Fault.

The basal stratigraphy is dominated by basalt with intercalated ultramafic units and banded iron-formation (BIF) units. These are intruded by gabbros and dolerite dykes and sills, and are overlain by conglomerates and turbiditic rocks.

Recently proposed genetic models for Archaean orogenic gold deposits have emphasised the role of granitoids in the formation of ore deposits, but differ significantly in the nature of that role. Some models suggest that the granitoids are a source of ore fluids and solutes, whereas others suggest the granitoids exert an important structural control on gold mineralisation. Such conflicting genetic models for gold mineralisation variably propose either a proximal-magmatic or distal-metamorphic, or less commonly distal-magmatic, source for gold-bearing fluids, or mixing of fluids from multiple sources.

Structurally, the deformation history for the Yilgarn Craton is complex and lengthy. The current structural configuration, with a series of north–south, structurally bounded, regional-scale belts, form distinct structural terranes that are considered to reflect a sequence of extensional and contractional deformational events. The deformation history involves the following:

- An early extensional event
- A D_1 shortening event that was north–south orientated and associated with recumbent folding and thrusting
- A period of large-scale upright folding during the ENE–WSW widespread contractional and extensional events that evolved episodically and rapidly, with a diachronous series of approximately coaxial switches in tectonic mode during a series of D_2 folding and thrusting events;
- D_3 deformation that was minor and occurred as north–south orientated strike-slip faulting and associated faulting
- Finally, localised transpressive oblique and reverse faulting during D_4 deformation.

The boundaries to each province, terrane and domain are mapped as regional-scale shear zones. The cumulative effect of this deformation history has resulted in the Eastern Goldfields Province having a pronounced NNW–SSE fabric or regional strike that is seen in both the orientation of the granite and greenstone units, as well as the orientation of the major shear zones.

2.4.2 Local geology and mineralisation

The Mt Lucky project lies in the centre of the Laverton Tectonic Zone. It lies on the Barnicoat Shear Zone which defines the eastern flank of the central terrain. The tenement covers the sheared contact between conglomerate to the west and basalt to the east.

The regional foliation of the area is steeply east dipping. A chert ridge also lies along the east of the tenement in a N–NW orientation and is folded to the south. A number of quartz veins of various orientations outcrop in the area. There are relatively small ironstone outcrops within the conglomerate. A cross-cutting Proterozoic dolerite dyke is situated to the north of the tenement boundary.

Topographically, the tenement is located on an erosional plateau with a north–south oriented breakaway located in the centre of the tenement marking the approximate boundary of the conglomerate/basalt contact. Mineralisation appears to be confined to the quartz veins, and is confirmed by the numerous historic workings in the area.

Much of the tenement is covered by 1–5 m of siliceous Cainozoic regolith with sporadic subcrop/outcrop of oxidised Archaean rocks. The regolith typically consists of variably cemented siliceous colluvium up to 6 m deep. Colluvium directly overlying Archean conglomerate is characterised by well-rounded gravels.

The central part of the tenement is divided by a breakaway up to 15 m high and exposes strongly oxidised schists along the eroded margin area below the breakaway where the Archean sequence is covered by less than 1 m of alluvium and sheet wash. This area includes a number of old workings, e.g. Mon Ami, Blanc Plat, Bordee and Riche. Resistant ridges of chert occupy the plateau immediately east of the breakaway.

The Barnicoat Shear Zone is a high strain zone up to 50 m wide which strikes NNE and dips steeply east (and west) to near vertical. It includes discontinuous cherts, “ironstones”, silicified schists and quartz veins in outcrop and is characterised by gold mineralisation, as evidenced at the Ida H mine, and more widespread arsenic anomalism. It is transitional with a broader zone of strong deformation in which evidence of alteration and mineralisation is more limited.

A regional foliation, which strikes NNW–N and dips steeply east to vertical, is superimposed on structures within the shear zones, resulting in lineations which are variable in intensity and plunge. Regional compression also resulted in the folding of deformation fabrics in the shear zones.

2.5 Project history

2.5.1 Exploration

There are a number of shafts in the area, the most significant one being the Mon Ami shaft that produced 311 oz of gold from 128 tonnes of ore crushed at a grade of ~48 g/t Au (GSWA, 1906). The majority of the shafts are west dipping, ranging from ~3 m to 10 m. The shafts are concentrated on the outcropping quartz veins or are along strike from other shafts.

The earliest ‘modern’ exploration was carried out by Black Swan NL from the late 1980s to early 1990s. Mapping by Black Swan NL in 1989–1990 clearly defined the main gold-bearing structure as a 50–100 m wide deformation zone with intense shearing and alteration. The surface expression of the zone was mapped for a distance of 2 km and confirmed previous interpretations that the majority of the old workings, including the Mon Ami, Riche, Bordee and Blanc Plat prospects, explored narrow high-grade stringers along the west limit of the deformation zone where the lack of a thick siliceous caprock allowed early explorers to detect the gold-bearing veins and explore the veins by digging shallow pits and trenches. The mapping program indicated that these workings occur adjacent to, and form only a small part of, the wider deformation zone.

A 32-hole rotary air blast (RAB) program for 1,285 m was carried out to test selected areas beneath and along strike of old workings where underground sampling had produced encouraging results. The RAB program was followed up with a shallow 9-hole RC program for 459 m.

In 2001, Placer (Granny Smith) Pty Ltd conducted extensive soil and rock chip sampling that was followed up with a 17-hole RAB program for 1,105 m. The program was supplemented with geological and regolith mapping and MIP/MMR geophysical surveys to map geology, ore controlling geological structure and sulphides below the conductive cover.

In 2009, Nexstar Pty Ltd completed a reverse circulation (RC) drilling program consisting of 13 drill holes for 934 m. The drilling was undertaken to both confirm the type of mineralisation and grade from the previous drilling, and to test the deeper extension of those mineralised zones in and around the Mon Ami shaft. Subsequently, on August 2010 the tenement was sold to Valleybrook.

This was followed up in 2010 with a 14-RC hole program for 1,302 m and a 5-hole program for 714 m. The later programs were completed by Australasia Consolidated under an option agreement with Valleybrook. The option lapsed and the tenure defaulted to Valleybrook.

In 2017, Valleybrook completed a ground magnetic survey followed by a 10-hole RC program for a total length of 1,526 m.

Table 2-3: Exploration drilling 1989–2017

Period	Company	Type	Holes	Total metres	Minimum metres	Maximum metres	Average metres	Dip
1989 -1990	Black Swan	RAB	45	1,848	30	54	41	Vertical
1990		RC	9	459	51	51	51	Inclined -60 (E&W)
2001 -2002	Placer (Granny Smith) Pty Ltd	RAB	17	1,105	12	95	65	Inclined -60 (E&W)
2002		RC	1	145	145	145	145	Inclined -60 (E)
2009 - 2010	Nexstar Pty Ltd/ Australasia Consolidated Ltd (2009/2010)	RC	32	2,938	43	150	43	Inclined -60 – -70 (E)
2010		DD	2	300	150	150	150	-60 (E)
2017	Valleybrook Investments	RC	10	1,526	120	200	153	Inclined -60 (E)

2.6 Mineral Resources

There are no current Mineral Resources reported in compliance with the JORC Code.

2.7 Ore Reserves

There are no current or recent Ore Reserve estimates prepared for the Project.

2.8 Exploration potential

SRK considers the exploration ground and the exploration undertaken to date to have established a gold deposit that is prospective for delineating small (<150,000 oz) resources of orogenic-style gold mineralisation.

At this stage of exploration, the exploration data technically demonstrates a coherent geological model. However, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain whether further exploration will result in the estimation of a Mineral Resource.

SRK anticipates that with a suitable focus on exploration and an appropriate budget, there is a reasonable likelihood of defining enough continuity of mineralisation with appropriate grade to define a Mineral Resource.

The potential for delineating further targets is limited by the size of the tenure.

Table 2-4: Summary of RC and diamond drilling at Mt Lucky (Nextstar/Valleybrook)

Hole Number	Campaign	Co-ordinates (MGA 84)		End of Hole	Gold intersection		Average grade (Au ppm)
		Northing	Easting		From (m)	To (m)	
ML014	Nexstar Pty Ltd/ Australasia Consolidated Ltd (2009/2010)	6818683	451745	138	54	57	1.34
ML014		6818863	451717	138	105	113	1.00
ML014		6818863	451717	138	130	133	0.90
ML028		6818880	451713	150	32	52	0.91
ML029		6818880	451663	150	112	134	2.77
MLRC01	Valleybrook Investments Pty Ltd (2017)	6818785	451716	120	8	15	1.60
MLRC01		6818785	451716	120	60	75	2.69
MLRC03		6818740	451711	121	40	43	1.80
MLRC03		6818740	451711	121	77	80	5.10
MLRC04		6818690	451697	120	80	89	1.03
MLRC05		6818879	451712	150	78	87	0.84
MLRC06		6818906	451666	200	139	159	1.94
MLRC07		6818949	451665	182	141	146	2.75
MLRC07		6818949	451665	182	150	154	2.39
MLRC07		6818949	451665	182	158	164	1.93
MLRC08		6819047	451683	176	157	165	2.00
MLRC09		6819349	451684	158	70	72	4.80

The 2009 and 2010 exploration results above have been reported to the ASX in the following releases:

- Australasia Consolidated Limited (ASX:AAO)(2010). ASX Release: Positive Drilling Results. Dated 21 December 2010; and
- Australasia Consolidated Limited (ASX:AAO)(2010). ASX Release: Tenement Acquisition and Significant Drilling Results. Dated 1 December 2010.

The 2017 (Valleybrook Investments Pty Ltd) exploration results are further documented in accordance with the JORC Code (2012) Appendix A of this report.

3 Other Considerations

3.1 Market conditions

SRK carried out a limited analysis of the gold metal markets to provide an understanding of gold price trends for the consideration of the market value.

3.1.1 Gold market

According to the Office of the Chief Economist at the Australian Department of Industry, Innovation and Science (OCE, 2016), gold prices are expected to be lacklustre over the next 12 months. Drivers will be improved economic conditions, rising US interest rates and a stronger US dollar. Gold is forecast to average US$1,200/troy ounce in 2017, down from an average of US$1,250/troy ounce in 2016.

Furthermore, the gold price is forecast to average US$1,180/troy ounce in 2018, as investors look to other assets as economic conditions improve. However, historically high debt levels across Europe, Japan, US and China will provide some investor interest in gold as a safe haven asset.

On the demand side, fabrication consumption has been subdued, largely due to higher prices throughout most of 2016. Similarly, gold consumption in electronics also declined throughout 2016 as producers substituted cheaper metals for gold in industrial applications. Continued economic growth in India and China – the world's two major jewellery markets – will likely encourage higher discretionary spending on gold. Jewellery consumption is forecast to increase by 3% in 2017, more than offsetting a forecast 6% decline in technology use.

From a supply perspective, total gold supply increased moderately in 2016, as an increase in recycled output offset a decline in mine production. World mine production is forecast to increase by 1.3% in 2016, i.e. to 3,263 t. World mine production is forecast to increase by 1.7%, to slightly over 3,318 t in 2017, then decline to 3,109 t in 2018.

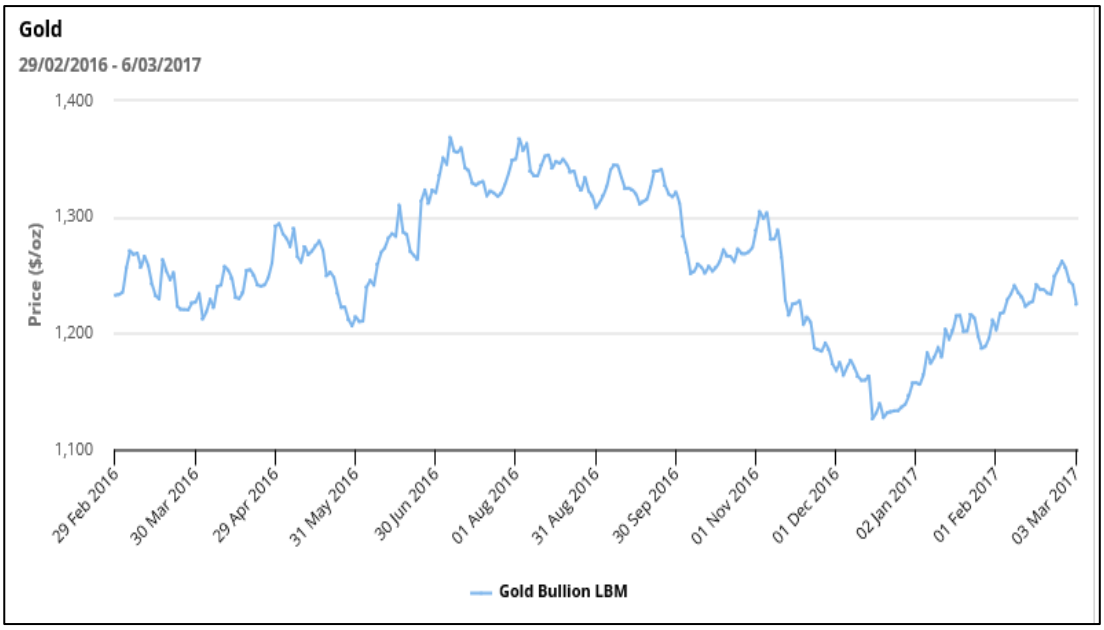

Figure 3-1: Gold price (US$/oz)

Source: SNL (accessed 7 March 2017).

4 Valuation

The objective of this section is to provide a valuation of Valleybrook's mineral asset. SRK has not valued Valleybrook, this being the corporate entity which is the beneficial owner of the mineral asset considered in this Report. SRK understands that this Valuation will be used for both internal purposes by Forte and will potentially form part of an Independent Expert Report, as such, is intended for public release.

In assessing the technical aspects relevant to this Valuation, SRK has relied on information provided by Forte and Valleybrook, as well as information sourced from the public domain. All sources are listed in the Section 6 (References).

4.1 Valuation approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the Practitioner, where possible, SRK considers a number of methods.

The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted Valuation approaches:

1. Income Approach
2. Market Approach
3. Cost Approach.

The *Income Approach* is based on the principle of anticipation of benefits and includes all methods that are based on the income or cash flow generation potential of the Mineral Property (VALMIN, 2015). Valuation methods that follow this approach include Discounted Cash Flow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The *Market Approach* is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market (CIMVAL, 2003). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The *Cost Approach* is based on the principle of contribution to value (CIMVAL, 2003). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the mineral property.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the property, and hence the amount and quality of the information available on the mineral potential of the property. Table 4-1 presents the various valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

Table 4-1: Suggested valuation approaches according to development status

Valuation Approach	Exploration Projects	Pre-Development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015).

The Market approach to valuation is generally accepted as the most suitable approach for valuation of a Mineral Resource Property or a Pre-Development Project.

An income-based method, such as a DCF model is commonly adopted for assessing the Value of Tenure containing a deposit where an Ore Reserve has been produced following appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012). However, an income-based method is not considered an appropriate method for deposits that are less advanced, (i.e. where there is not a declared Ore Reserve and supporting mining and related technical studies). Income-based methods of valuation have not been considered for the Mt Lucky Project within the context of this Valuation.

The use of cost-based methods, such as considering suitable multiples of exploration expenditure is best suited to exploration properties, before Mineral Resources are reliably estimated. As currently no estimates of quantities and grades have been reported for the exploration project, and therefore cost-based methods of valuation are considered a suitable method of valuation for this property.

In general, these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market derived data.

The **"Market Value"** is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the IVSC term of the same name. This has the same meaning as Fair Value in RG111. In the 2005 edition of the VALMIN Code, this was known as Fair Market Value.

The **"Technical Value"** is defined in the VALMIN Code (2015) as an assessment of a mineral asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term, Investment Value.

Valuation methods are, in general, subsets of valuation approaches and, for example, the Income Based Approach comprises several methods. Furthermore, some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb considered suitable only to benchmark valuations completed using primary methods.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or property value in each of the various categories of development. In some instances, a particular mineral asset or property or project may comprise assets which logically fall under more than one of the previously discussed development categories.

4.2 Valuation basis

SRK has considered the development status of Valleybrook's mineral asset in order to determine the key elements to be valued (Table 4-2).

Table 4-2: Valuation basis of Valleybrook's mineral asset

Mineral Asset	Tenements	Development Stage	Valuation basis
Mt Lucky Project	M38/1256	Advanced Exploration	Exploration Potential

4.3 SRK's valuation technique

In estimating the value of Valleybrook's assets as at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015).

The valuation method applied depends on the relative maturity of assessment for the asset, as well as the amount of available data supporting the project. In preparing its valuation, SRK has considered the three main approaches (income, market and cost), as well as the available methodologies under each approach.

4.3.1 Valuation of Exploration potential

In valuing the exploration potential associated with Valleybrook's project, SRK has carried out an analysis of market transactions involving similar assets in Australia, as well as a modified Kilburn valuation of the tenement, and a Multiples of Exploration Expenditure valuation of the tenement.

Comparable transactions

Similar to the valuation of Exploration Potential, SRK used internal databases and the SNL Financial (SNL) subscription database to compile transactions involving Australian gold projects in the early to advanced stages of exploration.

Gold

SRK initially identified 128 transactions, involving gold assets occurring between September 2015 and November 2017. Of these, 48 of these transactions were excluded as they either did not have sufficient deal information to determine valuation multiples; or were not comparative as they were for a royalty stream or offtake, or were found to have failed. The remaining 80 transactions involved mineral assets in the early to operating exploration stage of development; of which, 53 transactions (Table 4-3) were not sufficiently advanced to contain declared Mineral Resources or Ore Reserves prepared in accordance with an international mineral reporting code (i.e. JORC Code, SAMREC). SRK was able to determine sufficient transaction information for 45 of these projects to enable an area-based transaction multiple to be calculated.

Table 4-3: Global gold transactions (area based)

Project	State/Province(s)	Geological Province/ Local Region	Date	Vendor	Purchaser	Consideration (100% basis) (A$ M)	Total area (km²)	Transaction multiple ($A/km²)	Transaction multiple (normalised A$/km²)
Wadderin Project	Western Australia	Yilgarn	Oct-17	Gold Road Resources Ltd	Cygnus Gold Ltd	4.51	3,400.00	1,326.41	1,326.41
Kurnalpi Project	Western Australia	Eastern Goldfields	Aug-17	Riversgold Ltd	Serendipity Resources Pty Ltd	0.88	1,184.00	739.02	748.41
Yandal East Project	Western Australia	Yandal Greenstone Belt	Sep-17	Overland Resources Ltd	Zebina Minerals Proprietary Ltd	1.13	327.00	3,465.85	3,451.24
E47/2502 tenement	Western Australia		Aug-17	De Grey Mining Ltd	Farno-McMahon Proprietary Ltd	3.57	226.00	15,781.71	15,982.19
Novo Tenements	Western Australia	Pilbara	Sep-17	Calidus Resources Ltd	Novo Resources Corporation	4.29	184.00	23,291.93	23,193.72
Kalgoorlie - Menzies Projects	Western Australia	Kalgoorlie	Mar-16	Intermin Resources Ltd	Metaliko Resources Ltd	0.38	141.00	2,659.57	2,619.75
Rembrandt Gold Project	Western Australia	Eastern Goldfields	Sep-15	Terrain Minerals Ltd	Rembrandt Mining Pty Ltd	0.03	56.00	446.43	459.90
Sunrise Dam South Project	Western Australia	Laverton	Dec-16	Matsa Resources Ltd	Raven Resources Pty Ltd	0.50	46.32	10,794.47	11,267.43
Two Tenements	Western Australia	Laverton Region	Mar-17	Matsa Resources Ltd	Private investor - Mr Bruce Robert Legendre	0.02	43.32	512.98	521.59
Harris Find Project	Western Australia	Yandal greenstone belt	Nov-16	Great Western Exploration Ltd	Investor group	0.46	36.68	12,608.02	12,613.17
Six Tenements	Western Australia	Pilbara	Oct-17	De Grey Mining Ltd	Private investor - Mr Mathew Gordon Vanmaris	0.70	30.00	23,458.33	23,458.33
Mertondale East Tenement	Western Australia		Oct-17	Magnetic Resources NL	Undisclosed seller	0.04	22.00	1,818.18	1,818.18
Eight Prospecting Licences	Western Australia		Jun-17	Kin Mining NL	Kazoo Nominees Pty Ltd	0.01	15.79	506.65	498.33

Project	State/Province(s)	Geological Province/ Local Region	Date	Vendor	Purchaser	Consideration (100% basis) (A$ M)	Total area (km²)	Transaction multiple ($A/km²)	Transaction multiple (normalised A$/km²)
E39/1837	Western Australia	Laverton Region	Apr-17	Matsa Resources Ltd	Cazaly Resources Ltd	0.05	19.68	2,540.65	2,479.65
Glandore Project	Western Australia		Apr-16	Southern Gold Ltd	Aruma Resources Ltd	0.60	28.70	20,905.92	21,163.14
E37/1259 & E37/1270	Western Australia	Leonora	Nov-17	NTM Gold Ltd	Undisclosed seller	0.12	18.00	6,666.67	6,666.67
E45/4764	Western Australia	Pilbara	Oct-17	Macarthur Minerals Ltd	Private investor	0.02	13.00	1,538.46	1,538.46
Beowulf Tenements	Western Australia	Kalgoorlie	Oct-17	Aruma Resources Ltd	Undisclosed sellers	0.11	12.00	9,166.67	9,166.67
Violet Project	Western Australia	Eastern Goldfields (Laverton)	Dec-16	Navigator Resources Ltd	Undisclosed seller	0.02	0.82	27,439.02	28,641.25
Kanowna North Project	Western Australia	Kalgoorlie	Jan-17	Intermin Resources Ltd	Private investors - Ms Lindsay Stockdale & Mr Eugene Gerald Lamont	0.05	2.75	18,158.71	18,574.22
Seven Tenements	Western Australia		Jan-17	Artemis Resources Ltd	D & K Corps Investments Pty Ltd.	4.44	1.60		
Brittania Well Gold Tenement	Western Australia	Mount Magnet Greenstone Belt	Nov-17	Aldershot Resources Ltd	Ragged Range Mining Pty Ltd	0.02	0.91	16,488.95	16,488.95
Jindalee Nikolaenko	Western Australia		Jun-17	Kin Mining NL	Kazoo Nominees Pty Ltd	3.00			
Dingo Gold Project	Western Australia	Kilkenny tectonic zone	May-17	Blina Minerals NL	Undisclosed seller	0.02	11.68	1,712.33	1,676.70
E16/470	Western Australia	Kalgoorlie	Jan-17	Intermin Resources Ltd	Corinthian Mining Pty Ltd	0.01	8.90	842.70	861.98
Paynes Find Project	Western Australia		Jun-17	Cervantes Corporation Ltd	European Lithium Ltd	1.00	7.00	142,857.14	140,509.95
Balagundi Project	Western Australia		Aug-16	Great Boulder Resource Ltd	Eastern Goldfields Mining Company Pty Ltd	1.33	6.00	222,222.22	207,801.55

Project	State/Province(s)	Geological Province/ Local Region	Date	Vendor	Purchaser	Consideration (100% basis) (A$ M)	Total area (km²)	Transaction multiple ($A/km²)	Transaction multiple (normalised A$/km²)
Klondyke Gold Project	Western Australia	Warrawoona Greenstone Belt	Sep-16	Keras Resources Plc	Arcadia Minerals Pty Ltd	1.25	6.50	192,307.69	180,649.51
Paynes Find Project	Western Australia	Murchison	Dec-16	Cervantes Corporation Ltd	European Lithium Ltd	0.75	7.00	107,142.86	111,837.26
Three Gold Projects	Western Australia	Laverton	Nov-16	Western Mining Network Ltd	Investor group	0.06	8.08	7,428.50	7,431.53
Goongarrie Project	Western Australia	Kalgoorlie	Feb-16	Intermin Resources Ltd	Investor group	0.04	10.00	4,200.00	4,095.65
Broadwood Project	Western Australia	Kalgoorlie	Aug-16	Great Boulder Resource Ltd	Eastern Goldfields Mining Company Pty Ltd	0.67	10.83	61,557.40	57,562.76
Bellevue Project	Western Australia	Leinster	Aug-16	Draig Resources Ltd	Golden Spur Resources Pty Ltd	3.22	27.00	119,296.30	111,554.80
Yowereena Tenements	Western Australia	Peak Hill Mineral Field	Mar-17	Lodestar Minerals Ltd	Vango Mining Ltd	0.45	35.70	12,500.00	12,709.76
E37/1214	Western Australia		Dec-15	Terrain Minerals Ltd	Wildviper Pty Ltd	0.01	18.21	274.63	305.86
Doolgunna Project	Western Australia	Yerrida Basin (100km north of Meekatharra)	Mar-16	DGO Gold Ltd	TasEx Geological Services Pty Ltd	0.20	68.00	2,883.51	2,840.33
Ballard Project	Western Australia	Eastern Goldfields	Sep-17	Enterprise Metals Ltd	Private investor - Bruce Legendre	0.07	190.00	350.88	349.40
Croydon Top Camp Gold Project	Western Australia	Pilbara	Nov-17	Coziron Resources Ltd	Creasy Group Pty Ltd	1.14	317.00	3,605.23	3,605.23
Dumbleyung Project	Western Australia		Jun-17	Ausgold Ltd	Chalice Gold Mines Ltd	0.33	461.00	715.84	704.07
Yamarna Project	Western Australia	Yamarna Province	Oct-17	Gold Road Resources Ltd	Montezuma Mining Company Ltd	0.15			
Siberia Gold Tenements	Western Australia		Jan-17	Eastern Goldfields Ltd	Heron Resources Ltd	0.10	56.86		
Monument Gold Project	Western Australia	Laverton	Jul-16	Syndicated Metals Ltd	Monument Exploration Pty Ltd	0.25	210.00	1,190.48	1,100.33

Project	State/Province(s)	Geological Province/ Local Region	Date	Vendor	Purchaser	Consideration (100% basis) (A$ M)	Total area (km²)	Transaction multiple ($A/km²)	Transaction multiple (normalised A$/km²)
Mt Gill & Kurrajong Tenements	Western Australia		May-16	Gold Road Resources	Breaker Resources NL	0.05	221.00	226.24	215.82
MGK Resources Pty Ltd	Western Australia	Eastern Goldfields	Sep-15	latitude Consolidated Ltd	Private Consortium	0.11	297.00	357.74	368.54
Butcher Well and Lake Carey	Western Australia	Laverton	Oct-16	AngloGold Ashanti Ltd	Saracen Mineral Holdings Ltd	29.41	339.56	86,617.28	85,524.67
Mount Fisher Project	Western Australia	North Eastern Goldfields	May-16	Doray Minerals Ltd	Rox Resources Ltd	9.80	480.00	20,424.84	19,483.90
West Pilbara Gold Project	Western Australia	Ashburton Basin	Sep-16	Chalice Gold Mines Ltd	Red Hill Iron Ltd	1.96	1,390.00	1,410.64	1,325.12
Leonora Project	Western Australia	Eastern Goldfields (Laverton)	Nov-16	Roman Kings Pty Ltd	Zinc of Ireland NL	0.88			
Mount Monger and Bulgera Gold Projects	Western Australia		May-17	Accelerate Resources Pty Ltd	POZ Minerals Ltd	0.66	67.30	9,806.84	9,602.78
Bulgera Gold Project	Western Australia	Plutonic Well Greenstone Belt	May-17	AX8	Phosphate Australia Ltd	0.60	37.30	16,085.79	15,751.09
Doherty's Project	Western Australia		Mar-16	Accelerated Mining Pty Ltd	Classic Minerals Ltd	4.00			
Gunga West Project	Western Australia	Coolgardie	Mar-16	Metals X Ltd	Kidman Resources Ltd	1.50			
Burbanks & Gunga West Gold Projects	Western Australia		Jan-16	Kidman Resources Ltd	Blue Tiger Mining Pty Ltd	7.50			

Notes:

Transactions without shading were either too large in terms of tenure size, not sufficiently advanced or had additional targets in metals other than gold etc.

Transactions shaded blue were considered to be most comparative based on the style and nature of mineralisation described.

Transactions shaded dark blue were considered to be the most comparative based on the size of tenure (small to very small) and exploration conducted number of prospects and inclusion of one or more Mining Leases.

Table 4-4: Area based multiple transaction analysis

Preferred comparatives	Transaction multiple (A$/km²)	Normalised (A$/km²)
All comparatives (WA gold projects without declared mineral resources)		
Minimum	226.24	215.82
Median	6,666.67	6,666.67
Average	27,029.59	26,234.36
Maximum	222,222.22	207,801.55
Weighted average	7,016.25	6,884.94
Comparatives of small tenure size (<30 km²) with similar target and level of exploration		
Minimum	274.63	305.86
Median	12,500.00	12,709.76
Average	43,523.04	42,064.83
Maximum	222,222.22	207,801.55
Weighted average	32,721.64	32,721.64
Preferred projects /transactions which included a Mining Lease as part of the transaction		
Minimum	4,200.00	4,095.65
Median	84,350.13	84,558.78
Average	81,988.79	78,855.25
Maximum	192,307.69	180,649.51
Weighted average	86,297.73	82,029.88

Geoscientific Rating (or modified Kilburn approach)

The Geoscientific Rating method attempts to assess the relevant technical aspects of a property through the use and ranking of appropriate factors applied to a Base Acquisition Cost (BAC). The BAC represents the average cost incurred by a Tenement Holder or Explorer to identify, apply for and then retain a unit area of the exploration licence of title (Goulevitch and Eupene, 1994), including statutory expenditure costs. The BAC forms the starting value from which a technical valuation range is then estimated.

The factors used for the technical rating include Off-property, On-property, Geology and Anomaly aspects. The ranking of these key factors will either enhance or reduce the intrinsic value of a property. A further factor, the Market factor, may then be considered in order to derive a Fair Market Value. Table 4-5 summarises the modified property rating criteria.

Having reviewed the technical aspects of the mineral asset in relation to the Mt Lucky Project, SRK considers the Geoscientific Rating approach appropriate for valuation of the Exploration Potential.

The Geoscientific Rating approach requires the Practitioner to assess and grade the relevant factors. The BAC is then sequentially multiplied by these factors to produce a Technical Value range. A Market factor is then applied to arrive at a Market Value range.

Limits of the method

The Geoscientific Rating method has some limitations, such as the Technical Valuation may not include all relevant factors such as the accuracy of the BAC, the size of the property (small areas may be undervalued), other geological factors (depth of target mineralisation) or other non-geological technical factors such as environmental and cultural heritage considerations.

For the purpose of this valuation, SRK has not undertaken an assessment of factors such as environmental, cultural heritage and also does not review sovereign risk liabilities in the Geoscientific Rating method.

Base Acquisition Cost (BAC) estimate adopted for this Valuation

A BAC of A$500/km^2 has been estimated for a typical Western Australia Exploration Licence. The rating criteria used for assessing the modifying factors are provided in Table 4-5. These rating criteria have been modified by SRK.

Table 4-5: Geoscientific ratings table (after Xstract, 2010)

Rating	Off-Property Factor	On-Property Factor	Anomaly Factor	Geological Factor
0.1				Unfavourable geological setting
0.5			Extensive previous exploration gave poor results	Poor geological setting
0.9			Poor results to date	Generally favourable geological setting, undercover
1	No known mineralisation in district	No known mineralisation on lease	No targets outlined	Generally favourable geological setting
2.5	Minor workings	Minor working or mineralised zones exposed	Target identified, initial indications positive	
3	Several old workings in district	Several old workings or exploration targets identified		Favourable geological setting, with structures or mineralised zones
3.5			Significant grade intercepts evident, but not linked on cross or long sections	
4	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production		Significant mineralised zones exposed in prospective host rock
5.5			Several economic grade intercepts on adjacent sections	
6	Along strike from a major deposit(s)	Major mine with significant historical production		
8	Along strike from a world class deposit			
10		World class mine		

4.4 Multiple of Exploration expenditures

In the case of an Exploration Property, and to a lesser extent an Advanced Exploration Property, the potential is more speculative and the valuation is dependent to a large extent on the informed, professional opinion of the valuator. Where useful previous and committed future exploration expenditure is known or can be reasonably estimated, the Multiple of Exploration Expenditure (MEE) method is considered to represent one of the more appropriate valuation techniques.

This method involves assigning a premium or discount to the relevant effective Expenditure Base (EB), represented by past and future committed expenditure, through application of a Prospectivity Enhancement Multiplier (PEM). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on

the premise that a grassroots project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value.

The MEE method (also known as the Past Expenditure Method) relies on the assumption that well directed exploration adds value to a property. This is not always the case and exploration can also lead to a property being downgraded. The PEM which is applied to the effective expenditure therefore commonly ranges from 0.5 to 3.0.

The PEM generally falls within the following ranges:

- 0.5 to 1.0, where work to date or historic data justifies the next stage of exploration
- to 2.0, where strong indications of potential for economic mineralisation have been identified
- 2.1 to 3.0, where quality intersections or exposures are indicative of economic resources present.

4.5 Value of Exploration information

4.5.1 Introduction

As outlined in Eggert (2010), mineral exploration and development are sequential information-gathering activities. Exploration and development represent a variety of activities involving the collection of information necessary to identify mineral deposits and then evaluate whether these should be developed into mines.

Table 4-6 outlines the information-gathering activities typically completed in the early stages of exploration. The important information-gathering activities are desktop studies and reviews of existing information; acquisition of exploration rights for lands identified through desktop studies; regional geological, geochemical and geophysical examinations and preliminary engagement with local communities. The area involved is generally large, ranging from several tens to several millions of square kilometres. Costs are relatively low, up to several tens of millions of dollars. The desired outcome of early-stage exploration is the identification of promising mineralisation or even a geologic deposit that will be examined more closely and in greater detail in subsequent activities.

Table 4-6: Early-stage exploration

Early-stage Exploration	
Activities	Desktop studies, area selection, land acquisition, regional studies (geology, geochemistry, geophysics), preliminary community engagement
Typical land area	10,000 to 1,000,000 of square kilometres
Typical expenditures	Up to 10s (A$ M)
Possible outcome	Target identification for subsequent detailed examination

Table 4-7 focuses on advanced exploration, sometimes called detailed target evaluation. Typical information-gathering activities include geological, geochemical and geophysical studies at much closer scale or greater density than during early-stage exploration; drilling, trenching and delineation of the mineral deposit; preliminary studies of the amenability of the rock to mineral recovery (extractive metallurgy); collection of environmental and social baseline data and continued engagement with local communities. The typical land area is smaller than in early-stage exploration, one to several tens of thousands of square kilometres. Typical expenditures are larger, up to several hundreds of millions of dollars.

Possible outcomes of advanced exploration are two types of studies, as detailed below:

- A scoping study is an initial, order-of-magnitude evaluation of the deposit's commercial attractiveness. It typically includes a preliminary resource estimate and order-of-magnitude cost estimates. A scoping study may be prepared by one or a small team of people.
- A preliminary feasibility study is more detailed and includes revised resource estimates, preliminary mine design and engineering (a mining concept) and associated preliminary cost estimates. If a scoping study and subsequent preliminary feasibility study suggest that a mine might be commercially feasible, a deposit typically progresses to the development stage.

Table 4-7: Advanced exploration

Advanced Exploration	
Activities	Detailed target evaluation (geology, geochemistry, geophysics), drilling, trenching, deposit delineation, preliminary metallurgy, collection of environmental and social baseline data, community engagement
Typical land area	1,000 to 10,000 of square kilometres
Typical expenditures	Many 10 (A$ M)
Possible outcome	Scoping study: resource estimates, order-of-magnitude cost estimates, general idea of what a mine may look like. Preliminary feasibility study: more detailed than scoping study and including revised resource estimates, preliminary mine design and engineering and preliminary cost estimates.

Table 4-8 summarises the key characteristics of deposit development. Typical information-gathering activities include detailed (close-spaced) drilling, mine planning, metallurgical testing, continued assessment of the likely environmental consequences of mine development and continued community engagement. The land necessary becomes smaller, up to about 1,000 km^2. Typical expenditures vary, but can exceed A$1 billion. Should a deposit continue to be attractive, a company will prepare a feasibility study, a technical and economic assessment that serves as the basis for making a "go/no go" decision about whether to develop the mine. A feasibility study includes Ore Reserve estimates, mine and plant designs, detailed cost estimates, full technical and economic assessments, and details of possible financing arrangements. A so-called "bankable" feasibility study is a type of feasibility study that a company would take to a bank or other financial entity in its search for financing.

Table 4-8: Deposit development

Deposit Development	
Activities	Detailed drilling, mine planning, metallurgical testing, continued environmental assessment, continued community engagement
Typical land area	Up to 1,000 square kilometres
Typical expenditures	Varies, may be in excess of A$1 billion
Possible outcome	Applications for required permits and approvals Feasibility Study: reserve estimates, mine and plant design, detailed engineering and cost estimates, full technical and economic assessment, financing "Go/no go" decision on mine development

The Australian mining project evaluation framework is designed to incrementally assess and mitigate risk, and as this happens, the value of the venture increases.

Perceptions of geologic potential are based on a minimum of two factors. First, perceptions reflect geological knowledge obtained from previous activities, which include previous exploration and mining, as well as non-mining activities such as infrastructure building and assessment of geologic hazards. This category includes the "nearology" effect that exploration success by one company has

on geologic perceptions of others. In a relatively unexplored area, news of mineralised drill core from one company's activities often leads to the purchase of exploration rights in the area by other companies.

Second, geoscientific research and information from public geological survey organisations often play a critical role in attracting exploration to a relatively unexplored region. Pre-competition research and information are examples of public goods (i.e. goods that are likely to be undersupplied from society's perspective by the market acting alone because the benefits or rewards of these activities are difficult for those who fund these activities to fully capture). The benefits of pre-competitive research and information usually come at a much later stage, if at all.

Finally, exploration of an area can never be done in a once-and-for-all manner. Different explorers view the same data and information differently. Many deposits have been discovered only after several companies, exploration programs or drilling campaigns investigated the same area. Moreover, over time, conditions change, altering the attractiveness of the same parcel of land. One company may discover promising mineralisation, but relinquish the area as economic conditions are not favourable or because extraction techniques do not permit extraction of a certain mineral type. Over time, economic conditions change and technological capabilities improve. Exploration techniques also improve, increasing the chances of detecting subsurface mineralisation. Scientific advances in how mineral deposits are formed alter how geoscientists view the prospectivity of an area.

In valuing intangible assets such as mining and exploration information, there is a general three-level hierarchy of reliability in the approaches to be considered (IVSC, 2013). In general, sales comparison is considered the best indicator of market value, derived profits/capitalisation multiples under the income approach may also provide a guide towards value, whilst the replacement cost of the asset is the least favoured approach.

For mining and exploration information, SRK notes that market and income approaches are highly problematic, in that i) there are very few transactions involving only mining/exploration information without the associated rights and ii) it is unlikely that the mining/exploration information is able to produce an income in its own right (i.e. without the associated mineral rights). In SRK's opinion, the only realistic way to assess the value of Valleybrook's exploration information is through consideration of the replacement cost of that information.

4.5.2 Transaction support

As noted above, there is generally a paucity of public releases regarding exploration/mining data and/or information transactions, i.e. without the associated mining/exploration tenements, and not all transactions disclosed the consideration.

Comparability with these transaction databases is difficult as each is comprised of differing numbers of records, information types, data quality, security and storage formats. Furthermore, in several cases, the consideration is either not disclosed or in the form of equity/royalties in the project.

As such, SRK has elected to rely on the cost approach in determining the value of Valleybrook's exploration information.

4.5.3 Historical cost

As the main valuation method in general use today by financial accountants, SRK considered the historical costs of exploration at the Mt Lucky Project. It involves aggregating all the costs of creating the exploration information over the past eight (8) years.

Based on information supplied by Valleybrook, SRK has assessed the implied values derived from exploration expenditures incurred historically at Valleybrook's Project.

However, the main drawback associated with the historical cost approach is that in an inflationary situation, such as experienced in the mining industry over the 2000s, the price of an asset from the time of its purchase to the end of the accounting period, may bear no resemblance at all to a current market valuation for the asset (Diewert, 2005).

According to Lonergan (1999), the historical cost valuation method:

- Ignores the effects of inflation
- Ignores the time cost of money
- Implicitly and incorrectly assumes that there is a direct relationship between cost and prospective profits
- May be distorted by differing accounting policies and/or arbitrary amortisation policies
- May place an excessive valuation on less successful identified intangible assets at which high levels of expenditure have been directed
- May place low values on successful identified intangible assets of which there has been relatively little expenditure
- Assumes the availability and accuracy of detailed financial information over an extended period of time, and requires judgements on the level of expenditure which relates to the development and maintenance of an identifiable intangible asset.

Therefore, historical cost is not an appropriate valuation methodology for assessing the value of identifiable intangible assets, such as mining/exploration information (although historical cost may be relevant for and used for various accounting purposes).

On this basis, SRK has not used historical cost as its primary valuation method for Valleybrook's exploration information, but has used it to help inform its valuation range.

4.5.4 Indexed historical cost

To account for some of the issues associated with the historical cost method, SRK has also considered an indexed historical cost to determine the value of Valleybrook's exploration information. The nominal figures were then inflated using various factors, including the Consumer Price Index (CPI) and the Producer Price Indices (PPI), to determine an appropriate proxy for costs in the exploration and mining industry. CPI data was obtained from the Australian Bureau of Statistics (ABS) website and the appropriate period ending CPI factor was applied per year.

The ABS data was cross-referenced to determine if the CPI provides an appropriate inflationary measure. Importantly, the ABS do not capture early-stage exploration cost data, relying more on engineering and mining construction cost data.

For the purposes of this report, SRK analysed data for coal mining. The annual rate of inflation for mining from 2002–2016 ranges from -5.2% to +10.1% (from ABS data).

SRK has taken into consideration the type and style of exploration activity carried out by Valleybrook on the licence, the resulting mineralisation discovered and the activities required to reproduce the exploration information.

4.5.5 Replacement value

It is relatively easy to identify what an existing asset would be replaced with should the entity be deprived of it. However, consideration needs to be given to whether the replacement asset has the same or different service potential to the existing asset.

Due to technological advancements, new materials, new exploration techniques and improved safety measures, it is normally the case that a difference exists between the service potential of the existing asset and its modern equivalent. A key question to ask is: if it did not provide additional utility, why replace the asset with one more expensive?

4.6 Previous valuations and transactions

The VALMIN Code (2015) requires that an Independent Valuation report should refer to other recent Valuations or Expert Reports undertaken on the mineral properties being assessed.

Having asked the question of Valleybrook, SRK is not aware of any recent Valuations or Expert Reports involving the mineral assets which are the subject of this Report.

4.7 Valuation of the Mt Lucky Gold Project

4.7.1 Comparable transactions

For the purposes of this valuation, SRK has derived an implied A$/km^2 of tenure comparative transaction multiple. The transaction multiple is calculated by determining the transaction value (on a 100% equity basis) divided by the total area of the Exploration Licence being the subject of the transaction. The transaction multiple is then normalised, based on the gold price at the time of the transaction.

Table 4-9 summarises the comparative transaction valuation of the Mt Lucky Project. Transactions that were considered most comparable and then analysed involved small areas (<5 km^2) areas transacted with or without Mining Leases. The deal values (o a 100% equity ownership basis) implied by these transactions ranged from as little as A$40,000 to A$3.22M, with an average of A$1.00M and a median of A$0.71M.

In its assessment of the data, SRK note that the raw deal values are also instructive on the likely market value of the Mt Lucky property. When $A/km^2 metrics are determined for the comparable transactions and then applied to the Mt Lucky property, the valuation range estimated for the Mt Lucky property is notably influenced by the small size of the Mining Lease when compared to the most comparable assets transacted.

Table 4-9: Implied value of the Mt Lucky Project using Comparative Transactions

Preferred comparatives	Deal Value (A$M)	Normalised A$,000/km^2	Implied Value (A$)
Minimum	0.04	2.44	2.38
Median	0.71	48.92	49.04
Average	1.00	47.55	45.74
Maximum	3.22	111.54	104.78
Weighted average		50.05	47.58

Using a Comparative Transaction resource multiple approach only, the value of a 100%interest in the Mt Lucky Project resides within a valuation range of A$2,500 to A$105,000.

4.7.2 Exploration potential (area based alternative)

Geoscientific rating

In considering the value of the Mt Lucky Project, SRK notes the following:

- The project is located close to existing infrastructure that would allow offsite processing and smaller resource bases to be potentially economic.
- The small size of the currently held tenure which is largely restricted to coverage of the remaining high potential mineralisation. This offers little in the way of Exploration Potential outside of the known target.
- The small size of the currently held tenure is also likely to limit the universe of potential purchasers to junior exploration companies or companies operating in relative proximity to the Mt Lucky Project.
- Previous exploration has encountered broad zones of gold mineralisation at potentially economic depths, albeit that subsequent exploration has not advanced the Project to the declaration of a JORC Code Compliant Mineral Resource.
- No advanced techno-economic studies have been completed to date, with recommended additional drilling and investigation be carried out.

Based on its analysis using the Geoscientific Rating method, SRK's estimate of the current market value of Valleybrook's 100% interest in the Exploration Potential associated with the Mt Lucky Project tenement lies in the range A$78,000 to A$134,000, as outlined in Table 4-10. In selecting its preferred value, SRK has adopted the mid-point of the range.

Using a Geoscientific rating approach only, SRK's Preferred Value for a 100% interest in Valleybrook's Gold Project lies within a valuation range of A$78,000 to A$134,000.

4.7.3 Multiples of Exploration expenditure

Table 4-11 presents a summary of the rating factors and technical value for the Mt Lucky property, based on the MEE method.

Applying the MEE method, the technical value for 100% of the Mining Lease is within a range from a low of A$400,000 to a high of A$560,000 and a mid-point value of A$480,000.

SRK notes that the MEE method can also factor future committed exploration expenditure, which is nominally a factor related to past exploration results and perceived prospectivity. In this case, future exploration expenditure could not be quantified and therefore the methodology may undervalue a highly prospective tenement at the early stages of exploration.

The MEE method is also unable to value tenements where exploration budget has not allowed exploration, which is not necessarily linked to the prospectivity of the tenement.

Table 4-10: Modified Kilburn valuation of Valleybrook's exploration asset

Tenement	Name	Area (km^2)	BAC (A/km^2$)	Equity (%)	Off-Property		On-Property		Anomaly		Geology		Technical Value (A$,000)	
					Low	High	Low	High	Low	High	Low	High	Low	High
M38/1256	Mt Lucky (Gold)	0.58	600	100	5.5	6	3.5	3.5	4	4.5	3.5	4	78	134
												Total	**78**	**134**

Table 4-11: Multiples of exploration valuation of Valleybrook's exploration asset

Tenement	Campaign	Total Expenditure ($)	Productive Exploration Factor (%)	Expenditure Base (EB)	Prospectivity Enhancement Multiplier		Technical Value (A$,000)	
					Low	High	Low	High
M38/1256	2009/2012	348,000	50	174,000	1	1.5	174	261
	2017	167,000	90	150,300	1.5	2	225	301
						Total	**399**	**562**

4.8 Value of Exploration information

4.8.1 Historical cost

The premise of the historical method relies upon determination of the company's exploration expenditure over the period of existence of the tenements, i.e. approximately 10 years or less. This methodology essentially depicts the cost of the actual production of all the known information regarding the permit.

Based on information supplied by Valleybrook, exploration expenditure over the past eight years has a mixed-nominal total of approximately A$514,743, as set out in Table 4-12. SRK notes that for the purposes of this Report, these amounts have been annualised to calendar years.

Table 4-12: Nominal exploration expenditures

Year	Exploration spend (A$)
2017	166,825
2016	
2015	
2014	
2013	
2012	40,909
2011	35,162
2010	256,650
2009	15,197
Total	514,743

4.8.2 Indexed historical cost

Using the following assumptions, SRK arrived at real (inflated or escalated) estimates for the historical cost:

- **General Inflation** – Consumer Price Index (CPI) inflation rates sourced from the Reserve Bank of Australia
- **Industry-specific inflation** – Industry inflation as determined by mining data from the Australian Bureau of Statistics.

Based on these adjustments, exploration expenditure over the past 10 years has real total of approximately A$540,000, as set out in Table 4-13.

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Table 4-13: Indexed exploration expenditure

Year	CPI & Industry adjusted Expenditure			
	CPI	Industry Inflation	Exploration Cost (A$)	Total (A$)
2017	2.00%	1.65%	166,825	170,162
2016	1.28%	-0.7%		
2015	1.50%	-5.2%		
2014	2.48%	0.3%		
2013	2.45%	2.7%		
2012	1.75%	4.5%	40,909	43,700
2011	3.30%	7.3%	35,162	37,561
2010	2.95%	2.0%	256,650	274,161
2009	1.78%	-1.8%	15,197	16,234
		Total	514,743	541,818

4.8.3 Replacement value

SRK has also estimated the value of the exploration information using the Replacement Value method.

SRK then adjusted the indexed historical costs for quality degradation, replacement prioritisation, time and risk to determine the Optimised Replacement Value. In calculating this replacement value, SRK considered the requirement to replace each dataset and then used:

- **Quality degradation** – 5% per annum to reflect that some of the information may now be obsolete (i.e. multiple geophysical surveys, so not necessary to repeat all, or contained within annual reports lodged with the Mines Department, etc.) or redundant, i.e. within areas which have subsequently been relinquished under statutory reduction requirements. In addition, the age of some of the data may have impacted on its usefulness and accessibility. Importantly, some of the historic data has been lodged with government agencies and may now be able to be replaced at relatively low cost, rather than having to recreate the data. It is widely acknowledged in the industry that publicly available data is not as rich in content as the data held by the creator. A potential purchaser of the permits is likely to apply such a discount when valuing such publicly available exploration information, for some of the following reasons:
  - Relevance and timeliness: information is perishable
  - Accessibility: ease of location and retrieval
  - Usability: ability to manipulate and analyse
  - Utility: suitability for multiple applications
  - Quality: accuracy, reliability, credibility and validation
  - Customisation: filtered, targeted, sub-settled
  - Re-useability: ability for others to access and use.

For example, the company creating the data would have it contained in a database, which could be interrogated swiftly and in a sophisticated way for rigorous analysis; however, a potential purchaser may only have access to paper-based reports from the public domain.

- **Replacement prioritisation** – 80 percent replacement factor to account for the proportion of information to be reproduced with the benefit of hindsight. A range of 70 percent to 90 percent is used to define the lower and upper values for the replacement value.
- **Risk adjustment** – 10% per annum for its value-of-time rate to reflect the opportunity cost of having to sink funds into the replacement of information.
- **Time required to recollect information** – one year; this period reflects the benefit of hindsight and the targeted nature of any conceptual replacement program.

Based on the above assumptions, SRK estimates the current optimised replacement value for a 100 percent interest in Valleybrook's exploration information lies in a range between A$280,000 and A$360,000, with a preferred value of A$320,000.

Table 4-14: Replacement value

Year	Mt Lucky Project		
	Low (A$)	Preferred (A$)	High (A$)
1	136,000	156,000	175,000
2	143,000	164,000	183,000
Total	279,000	320,000	359,000

4.8.4 Recreation value

As a further cross-check on the implied value of the exploration information, SRK considered the minimum cost to recreate the information supporting the current assessment of Valleybrook's gold targets using prevailing mining industry costs. SRK's estimates of the 2017 cost to reproduce the information for the Mt Lucky Project are outlined in Table 4-15. These costs are derived from costings supplied for the most recent 2017 exploration workings undertaken.

Table 4-15: Estimated cost of reproducing the recent exploration data at Mt Lucky Project

Activity	Unit	Description	Estimated Cost (A$)
General project management, clearance approval, cultural heritage, landholder liaison, exploration camp and logistics	Fixed	One off cost of A$1,000,000	50,000
Drilling of 42 RC holes for 4,500 m (average hole depth 150 m), including geophysical logging, supervision, sampling and analysis	$/m	All in sustaining cost of A$90/m	405,000
Drilling of 2 diamond holes for 300 m (average hole depth 150 m), including supervision, geological logging, sampling and analysis	$/m	All in sustaining cost of A$120/m	36,000
Geophysical data acquisition, processing and interpretation	days	5 days (Geophysicist) at A$2,000 per day	10,000
Subtotal			**501,000**

In SRK's view, it would take one year to recreate this information, and hence an opportunity cost of 5 percent per annum has been applied to reflect the cost of having to sink funds into the replacement of information. On this basis, SRK estimates the cost of the recreating the exploration data is A$500,000.

Summary – value of exploration information

Based on SRK's analysis using the cost approach, the value of Valleybrook's regional exploration information is summarised in Table 4-16.

Table 4-16: Summary of values for the exploration data under the cost approach

Valuation Method	Mt Lucky Project		
	Low (A$ M)	Preferred (A$ M)	High (A$ M)
Historic cost	0.51	0.51	0.51
Indexed Historic cost	0.54	0.54	0.54
Replacement value	0.28	0.32	0.36
Recreation value	0.50	0.50	0.50
Selected	**0.46**	**0.47**	**0.48**

In determining its overall "selected" position, SRK has placed equal weighting on all methods and selected the midpoint of this range, that being A$470,000 within a range of A$460,000 to A$480,000.

In determining its overall position, SRK has placed equal weighting on all methods and chosen a value in the midpoint of this range. This view is based on the likelihood that the market value will be determined through a negotiated process between a vendor endeavouring to recover sunk costs and a purchaser not wishing to have to re-create the original data, but willing to pay appropriately for the historic exploration data.

5 Valuation Summary

Forte Consolidated Limited (Forte) commissioned SRK to prepare an Independent Specialist Report, incorporating a technical assessment and valuation of a mineral asset held by Valleybrook Investments Pty Ltd in Western Australia, Australia. This Report has been prepared under the guidelines of the VALMIN Code (2015), which incorporates the JORC Code (2012).

For this valuation, SRK conducted a high-level review of the available technical information supporting Valleybrook's project, for the purpose of determining the validity of such information from a valuation perspective.

While the VALMIN Code (2015) states that decisions regarding which valuation methodology is used are the responsibility of the Expert or Specialist, where possible, SRK considers a number of methods. The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

SRK has recommended preferred values and value ranges for Valleybrook's mineral asset on the basis of estimates of productive exploration expenditure, of the exploration result in defining mineralisation and the areal extent of tenure. SRK has recommended value ranges for Valleybrook's mineral asset on the basis of an analysis of recent comparable transactions involving similar Australian gold projects.

SRK's recommended valuation ranges and preferred values for each project are summarised in Table 5-1. The positioning of SRK's selected valuation range and preferred value are explained elsewhere in this Report. SRK has produced a Market Value as defined by the VALMIN Code (2015). In consideration of a Market Value, SRK has opted not to apply a premium or discount to the Technical Value, given the early stage of exploration and therefore the Market Value is considered as the Technical Value.

SRK notes that it has positioned its preferred value for the project towards the middle of the adopted valuation range having no preference for either end of the range based on the geological and exploration uncertainty.

Table 5-1: Summary of SRK's Technical Valuation of Valleybrook's mineral assets as at 10 December 2017

Project	Value Centre	Low (A$,000)	Preferred (A$,000)	High (A$,000)
Mt Lucky Gold Project	Exploration Potential – Comparative Transactions (Area based)	2.5		105
	Exploration Potential – Geoscientific	78		134
	Exploration Potential – Multiples of Exploration Expenditure	399	480	562
	Value of Mining Information	460	470	480
	Selected Technical Value	**400**	**550**	**600**
Selected Market Value		**400**	**550**	**600**

5.1 Discussion on SRK's valuation range

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with early stage to advanced stage exploration assets.

The wide range in value is driven by the confidence limits placed around the size and grade of coal occurrences assumed to occur within each project area. Typically, this means that as exploration progresses and a prospect moves from an early to advanced stage prospect, through Inferred, Indicated or Measured Resource categories to Reserve status, there is greater confidence around the likely size and quality of the contained gold and its potential to be extracted profitably.

Table 5-2 presents a general guide of the confidence in targets, resource and reserve estimates, and hence value, referred to in the mining industry.

Table 5-2: General guide regarding confidence for target and Resource/Reserve estimates

Classification	Estimate range (90% Confidence Limit)
Proven/Probable Reserves	±5% - 10%
Measured Resources	±10% - 20%
Indicated Resources	±30% - 50%
Inferred Resources	±50% - 100%
Exploration Targets	+100%

The level of uncertainty with advancing project stages can be seen in Figure 5-1.

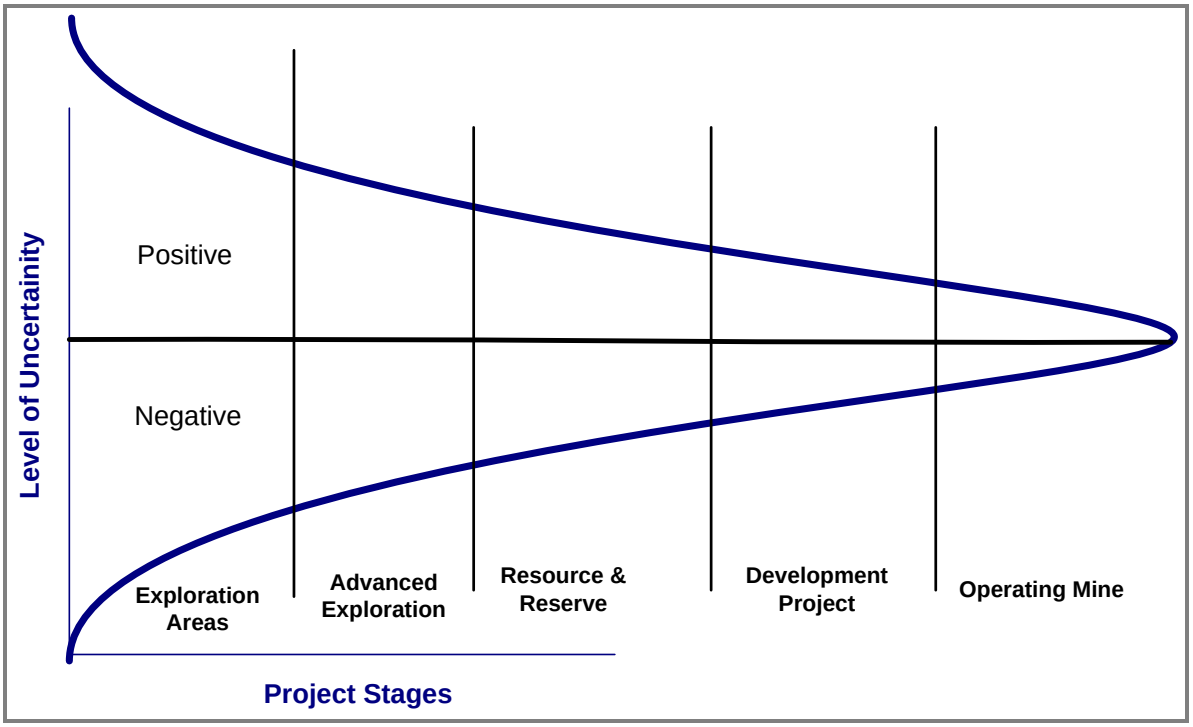

Figure 5-1: Uncertainty by advancing exploration stage

Estimated confidence of ± 60%–100% or more are not uncommon for exploration areas and are within acceptable limits, given the level of uncertainty associated with early stage exploration assets. By applying narrower confidence ranges, a greater degree of certainty regarding these assets is actually being implied than may be the case in reality.

Valleybrook's exploration asset is in the early to advanced stages of exploration assessment. Therefore, there are significant uncertainties around their attributes. This results in a wide valuation range. Where possible, SRK has endeavoured to narrow its valuation range. In recognising this wide range, SRK has also indicated a preferred value for each tenement.

Compiled by

Bryce Healy

Principal Consultant

Peer Reviewed by

Stuart Munroe

Principal Consultant

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Appendices

Appendix A: Project Update (10 October 2017)

PROJECT UPDATE

10 October 2017

MODERATE TO HIGH GRADE DRILLING INTERCEPTS AT THE MON AMI PROSPECT

HIGHLIGHTS

- Valleybrook Investments Limited ("Valleybrook" or the "Company") is pleased to report the successful completion of a RC drilling program at the Mon Ami prospect, which form part of the Mt Lucky Project (ML38 / 1256) in the Laverton Region, WA.

- Follow-up phase reconnaissance RC drill programme at Mt Lucky has demonstrated widespread alteration along with gold mineralisation.

- Continuity of the mineralisation along the high-grade shearzone, the Barnicoat shear zone (or subsidiary splay of the shear) will now be targeted with a view to a maiden Resource estimate reported in compliance with the JORC Code (2012).

BACKGROUND

The Mt Lucky project lies in the centre of the Laverton Tectonic Zone. It lies on the Barnicoat Shear Zone which defines the eastern flank of the central terrain. The tenement covers the sheared contact between conglomerate to the west and basalt to the east.

The regional foliation of the area is steeply east dipping. A chert ridge also lies along the east of the tenement in a N–NW orientation and is folded to the south. A number of quartz veins of various orientations outcrop in the area. There are relatively small ironstone outcrops within the conglomerate. A cross-cutting Proterozoic dolerite dyke is situated to the north of the tenement boundary.

Topographically, the tenement is located on an erosional plateau with a north–south oriented breakaway located in the centre of the tenement marking the approximate boundary of the conglomerate/ basalt contact. Mineralisation appears to be confined to the quartz veins, and is confirmed by the numerous historic workings in the area.

Much of the tenement is covered by 1 - 5 m of siliceous Cainozoic regolith with sporadic subcrop/ outcrop of oxidised Archaean rocks. The regolith typically consists of variably cemented siliceous colluvium up to 6 m deep. Colluvium directly overlying Archean conglomerate is characterised by well-rounded gravels.

The central part of the tenement is divided by a breakaway up to 15 m high and exposes strongly oxidised schists along the eroded margin area below the breakaway where the Archean sequence is covered by less than 1 m of alluvium and sheet wash. This area includes a number of old workings, e.g. Mon Ami, Blanc Plat, Bordee and Riche. Resistant ridges of chert occupy the plateau immediately east of the breakaway.

The Barnicoat Shear Zone is a high strain zone up to 50 m wide which strikes NNE and dips steeply east (and west) to near vertical. It includes discontinuous cherts, “ironstones”, silicified schists and quartz veins in outcrop and is characterised by gold mineralisation, as evidenced at the Ida H mine, and more widespread arsenic anomalism. It is transitional with a broader zone of strong deformation in which evidence of alteration and mineralisation is more limited.

A regional foliation, which strikes NNW–N and dips steeply east to vertical, is superimposed on structures within the shear zones, resulting in lineation’s which are variable in intensity and plunge. Regional compression also resulted in the folding of deformation fabrics in the shear zones.

DETAIL OF ACTIVITIES

Mon Ami Prospect

During the September 2017 quarter the company conducted its maiden drilling program at the Mon Ami project. Drilling commenced as scheduled on 10 September 2017. A total of 10 Reverse Circulation (RC) drill holes (MLRC01-10) were completed for 1,526 m. All drill holes were undertaken using RC 5’25” diameter holes. Hole depths ranged from 120 m to 200 m.

Table A-1: 2017 drillhole information

Drillhole ID	Easting	Northing	RL	Dip	Azimuth	EOH Depth (m)
MLRC01	451716	6818785	470	-60	90	120
MLRC02	451664	6818796	470	-60	90	180
MLRC03	451711	6818740	470	-60	90	121
MLRC04	451697	6818690	470	-60	90	120
MLRC05	451712	6818879	470	-60	90	150
MLRC06	451666	6818906	470	-60	90	200
MLRC07	451665	6818949	470	-60	90	182
MLRC08	451683	6819047	466	-60	90	176
MLRC09	451684	6819349	466	-60	90	158
MLRC010	451696	6818825	467	-60	90	120

Table A-2: Sampling and assay result summary

Drillhole ID	Downhole from (m)	Downhole to (m)	Downhole Intersection (m)	Assay Result (Au ppm)	Assay Result (Arsenic %)
MLRC01	0	8	8 m	0.11 ppm	
	8	15	7 m	1.6 ppm	
	15	19	4 m	0.19 ppm	
	19	23	4 m	<0.05 ppm	
	23	50	27 m	Not Sampled	
	50	60	10 m	0.13 ppm	
	60	75	15 m	2.67 ppm	
	75	80	5 m	<0.05 ppm	
	80	120	40 m	Not Sampled	
MLRC02	0	120	120 m	Not Sampled	
	120	122	2 m	<0.05 ppm	
	122	124	2 m	0.97 ppm	
	124	130	6 m	<0.05 ppm	
	130	150	20 m	Not Sampled	
	150	180	30 m	<0.05 ppm	
MLRC03	0	20	20 m	Not Sampled	
	20	22	2 m	<0.05 ppm	
	22	23	1 m	0.11 ppm	
	23	29	6 m	<0.05 ppm	
	29	30	1 m	0.13 ppm	
	30	35	5 m	<0.05 ppm	
	35	40	5 m	0.14 ppm	
	40	43	3 m	1.80 ppm	
	43	50	7 m	0.14 ppm	
	50	57	7 m	<0.05 ppm	
	57	58	1 m	0.12 ppm	
	58	60	2 m	<0.05 ppm	
	60	65	5 m	0.17 ppm	
	65	75	10 m	<0.05 ppm	
	75	81	6 m	2.66 ppm	
	81	84	3 m	<0.05 ppm	
	84	121	37 m	Not Sampled	
MLRC04	0	15	15 m	Not Sampled	
	15	24	9 m	<0.05 ppm	
	24	27	3 m	0.48 ppm	
	27	30	3 m	<0.05 ppm	
	30	31	1 m	0.27 ppm	
	31	45	14 m	<0.05 ppm	
	45	65	20 m	Not Sampled	

Drillhole ID	Downhole from (m)	Downhole to (m)	Downhole Intersection (m)	Assay Result (Au ppm)	Assay Result (Arsenic %)
	65	73	8 m	<0.05 ppm	
	73	75	2 m	0.61 ppm	
	75	81	6 m	<0.05 ppm	
	81	89	8 m	1.03 ppm	
	89	90	1 m	<0.05 ppm	
	90	120	30 m	Not Sampled	
MLRC05	0	30	30 m	Not Sampled	
	30	35	5 m	<0.05 ppm	
	35	38	3 m	0.12 ppm	
	38	53	15 m	<0.05 ppm	
	53	58	5 m	0.13 ppm	
	58	76	8 m	<0.05 ppm	
	76	90	14 m	0.59 ppm	
	90	140	50 m	Not Sampled	
	140	150	10 m	<0.05 ppm	
MLRC06	0	120	120 m	Not Sampled	
	120	124	4 m	<0.05 ppm	
	124	130	6 m	0.82 ppm	
	130	139	9 m	0.07 ppm	
	139	164	25 m	1.68ppm	
	164	200	36 m	Not Sampled	
MLRC07	0	80	80 m	Not Sampled	
	80	83	3 m	0.13 ppm	
	83	90	7 m	<0.05 ppm	
	90	96	6 m	Not Sampled	
	96	98	2 m	<0.05 ppm	
	98	100	2 m	0.30 ppm	
	100	116	16 m	Not Sampled	
	116	128	12 m	0.40 ppm	
	141	146	5 m	2.75 ppm	
	146	149	3 m	<0.05 ppm	
	149	156	7 m	1.42 ppm	
	156	158	2 m	<0.05 ppm	
	158	165	7 m	1.21 ppm	
	165	170	5 m	<0.05 ppm	
	170	182	12 m	Not Sampled	
MLRC08	0	90	90 m	Not Sampled	
	90	93	3 m	0.33 ppm	
	93	100	7 m	<0.05 ppm	
	100	103	3 m	0.15 ppm	

Drillhole ID	Downhole from (m)	Downhole to (m)	Downhole Intersection (m)	Assay Result (Au ppm)	Assay Result (Arsenic %)
	103	107	4 m	<0.05 ppm	
	107	109	2 m	0.56 ppm	
	109	110	1 m	<0.05 ppm	
	110	120	10 m	Not Sampled	
	120	157	37 m	<0.05 ppm	
	157	165	8 m	2.0 ppm	
	165	170	5 m	<0.05 ppm	
	170	176	6 m	Not Sampled	
MLRC09	0	40	40 m	Not Sampled	
	40	70	30 m	<0.05 ppm	
	70	72	2 m	4.8 ppm	
	72	75	3 m	0.11 ppm	
	75	80	5 m	<0.05 ppm	
	80	158	78 m	Not Sampled	
MLRC010	0	20	20 m	Not Sampled	
	20	51	31 m	<0.05 ppm	
	51	60	9 m	0.70 ppm	
	60	65	5 m	<0.05 ppm	
	65	66	1 m	1.6 ppm	
	66	72	6 m	<0.05 ppm	
	72	76	4 m	1.07 ppm	
	76	90	14 m	Not Sampled	
	90	94	4 m	<0.05 ppm	
	94	101	7 m	0.92 ppm	
	101	110	9 m	0.19 ppm	
	110	112	2 m	<0.05 ppm	
	112	120	8 m	Not Sampled	

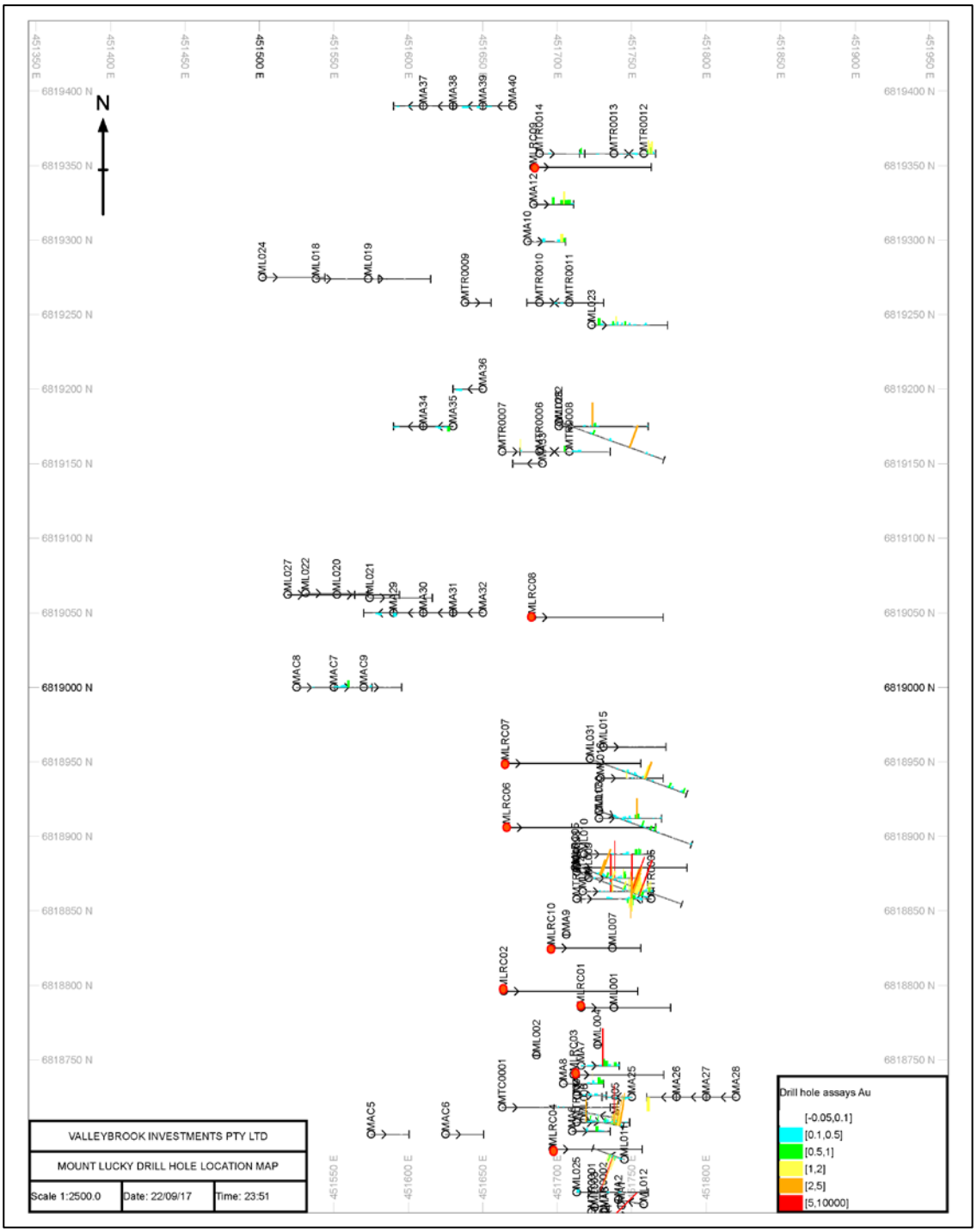

Figure A-1: 2017 Valleybrook exploration drilling hole locations

Recommendations

Given the encouraging gold results from the initial drilling program, Valleybrook will now review all recent and historical data and plan a second more extensive drilling program designed to test the continuity on the mineralisation and extensions to the north and at depth.

The information in this report that relates to RC drilling results on ML38/1256 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.

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

Criteria	Commentary
Sampling techniques	A Reverse Circulation (“RC”) drilling program was completed in September 2017. A total of 1,527 m of drilling was completed on ten holes (MLRC01-10) along a single prospect, that being the Mon Ami prospect. All holes were sampled in part. 1 m samples were taken down the length of selected portions of each hole. Sampling protocols RC cuttings were collected over 1 m intervals via cyclone into plastic bags (5-10 kg of sample material): For RC assay sampling, 1-2 kg of sample was split from each 1 m 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. 457 samples were collected and submitted for analysis at ALS Laboratories in Kalgoorlie. Field QC procedures involved the use of Certified Reference Materials (CRM’s) as assay standards (2) and blanks (1). 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.
Drilling techniques	The drilling operation was undertaken by drilling contractor Challenge Drilling. RC drilling was conducted with a modern truck mounted drill rig (KWL350). RC pre-collar samples were obtained utilizing high pressure and high volume compressed air using RC 5¾” diameter face bit. Holes orientations were surveyed using a Reflex-EZ shot at 50m intervals down hole and at the EOH depth.
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.
Logging	The total of the drilling data is 1527m of which all is RC. All drilling was logged at the rig. Lithology, veining, mineralisation, alteration, weathering and oxidation were 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. All data was recorded in field logs/note books and subsequently transferred to electronic drillhole database.
Sub-sampling techniques and sample preparation	RC samples (nominal 5-10 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	457 m of RC interval were sampled (on 1 m sample intervals) and 457 samples (including blanks and standards) were collected and submitted for analysis at ALS Laboratories in Kalgoorlie. Field QC procedures involved the use of Certified Reference Materials (CRM’s) as assay standards (2), along with blanks (1). 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 50 g fire assay using (au-AA26). Standard lab QC was also implemented as part of the geochemical testing protocol.

Criteria	Commentary
Verification of sampling and assaying	Field QC procedures involved the use of Certified Reference Materials (CRM's) as assay standards (2) and blanks (1). 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 51 All collar surveys were completed using handheld GPS (+/-3 m accuracy). Downhole surveys were routinely carried out, generally on 50 m spacing's (with one reading at EOH depth), 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	The holes were planned to test the continuity of mineralisation along a broadly north-south striking and steeply west-dipping shear zone, with a hypothesised northerly plunge. Therefore, holes were oriented to the east and spaced at broadly 50-100 m spacing with the aim of confirming the exploration target. Sampling of RC cuttings has been undertaken at 1m intervals. Sample compositing has not been applied.
Orientation of data in relation to geological structure	The RC holes are oriented to intercept a steeply west-dipping structure (Barnicoat shear).
Sample security	Samples were shipped directly from site to a secure stored site in Perth to undergo evaluation. Select samples for geochemical analysis were transported from site to ALS in Kalgoorlie 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

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>Valleybrook has a 100% interest in ML38 / 1256. Native Title Claim has been extinguished.
The tenement is in good standing.</td></tr>
<tr><td>Exploration done by other parties</td><td>Past exploration work by different mineral exploration companies is summarized by historical tenements below:
There are a number of shafts in the area, the most significant one being the Mon Ami shaft that produced 311 oz of gold from 128 tonnes of ore crushed at a grade of ~48 g/t Au (GSWA, 1906). The majority of the shafts are west dipping, ranging from ~3 m to 10 m. The shafts are concentrated on the outcropping quartz veins or are along strike from other shafts.
The earliest ‘modern’ exploration was carried out by Black Swan NL from the late 1980s to early 1990s. Mapping by Black Swan NL in 1989 - 1990 clearly defined the main gold-bearing structure as a 50 - 100 m wide deformation zone with intense shearing and alteration. The surface expression of the zone was mapped for a distance of 2 km and confirmed previous interpretations that the majority of the old workings, including the Mon Ami, Riche, Bordee and Blanc Plat prospects, explored narrow high-grade stringers along the west limit of the deformation zone where the lack of a thick siliceous caprock allowed early explorers to detect the gold-bearing veins and explore the veins by digging shallow pits and trenches. The mapping program indicated that these workings occur adjacent to, and form only a small part of, the wider deformation zone.
A 32-hole rotary air blast (RAB) program for 1,285 m was carried out to test selected areas beneath and along strike of old workings where underground sampling had produced encouraging results. The RAB program was followed up with a shallow 9-hole RC program for 459 m.
In 2001, Placer (Granny Smith) Pty Ltd conducted extensive soil and rock chip sampling that was followed up with a 17-hole RAB program for 1,105 m. The program was supplemented with geological and regolith mapping and MIP/ MMR geophysical surveys to map geology, ore controlling geological structure and sulphides below the conductive cover.
In 2009, Nexstar completed a reverse circulation (RC) drilling program consisting of 13 drill holes for 934 m. The drilling was undertaken to both confirm the type of mineralisation and grade from the previous drilling, and to test the deeper extension of those mineralised zones in and around the Mon Ami shaft.
This was followed up in 2010 with a 14-RC hole program for 1,302 m and a 5-hole program for 714 m. The later programs were completed by Australasia Consolidated under an option agreement with Valleybrook. The option lapsed and the tenure defaulted to Valleybrook.
In 2017, Valleybrook completed a ground magnetic survey followed by a 10-hole RC program for a total length of 1,526 m.
Exploration drilling 1989 – 2017.
<table>
<tr><th>Period</th><th>Company</th><th>Type</th><th>Holes</th><th>Total (m)</th><th>Minimum (m)</th><th>Maximum (m)</th><th>Average (m)</th><th>Dip</th></tr>
<tr><td>1989 - 1990</td><td rowspan="2">Black Swan</td><td>RAB</td><td>45</td><td>1,848</td><td>30</td><td>54</td><td>41</td><td>Vertical</td></tr>
<tr><td>1990</td><td>RC</td><td>9</td><td>459</td><td>51</td><td>51</td><td>51</td><td>Inclined -60 (E&W)</td></tr>
<tr><td>2001 - 2002</td><td rowspan="2">Placer (Granny Smith) Pty Ltd</td><td>RAB</td><td>17</td><td>1,105</td><td>12</td><td>95</td><td>65</td><td>Inclined -60 (E&W)</td></tr>
<tr><td>2002</td><td>RC</td><td>1</td><td>145</td><td>145</td><td>145</td><td>145</td><td>Inclined -60 (E)</td></tr>
<tr><td>2009 - 2010</td><td>Nexstar Pty Ltd/Australasia Consolidated</td><td>RC</td><td>32</td><td>2,938</td><td>43</td><td>150</td><td>43</td><td>Inclined -60 - -70 (E)</td></tr>
<tr><td>2017</td><td>Valleybrook Investments</td><td>RC</td><td>10</td><td>1,526</td><td>120</td><td>200</td><td>153</td><td>Inclined -60 (E)</td></tr>
</table></td></tr>
<tr><td>Geology</td><td>Detailed information on the geology of ML38 / 1256 (Mt Lucky) is provided in the text of this report.</td></tr>
<tr><td>Drill hole Information</td><td>A table of all drill hole collars and relevant mineralised intersections are reported in the body of this document.</td></tr>
<tr><td>Data aggregation methods</td><td>Not applicable.</td></tr>
<tr><td>Relationship between mineralization widths and intercept lengths</td><td>Not yet established.</td></tr>
</table>

Criteria	Commentary
Diagrams	Appropriate diagrams, Figure 1 shows the spatial distribution in plan view of the drillholes relevant to this report.
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 is provided in the text of this report.
Further work	Further work is yet to be confirmed for the project.

SRK Report Client Distribution Record

Project Number: VBI001

Report Title: Independent Specialist Report on M38/1256 (Mt Lucky Gold Project) of Valleybrook Investments Pty Ltd

Date Issued: 22 February 2018

Name/Title	Company
John Terpu	Valleybrook Investments Limited

Rev No.	Date	Revised By	Revision Details
0	19/01/2018	Bryce Healy	Final Report
1	15/02/2018	Bryce Healy	Final Report
2	21/02/2018	Bryce Healy	Amended Final Report
3	22/02/2018	Bryce Healy	Amended Final Report