

ASX: FRC

Forte Consolidated Limited
 ABN 37 148 168 825

Board of Directors

Chairman
Executive Director
 John Terpu

Non-Executive Director
 Andrew Caruso

Non-Executive Director
 Kathleen Bozanic

Company Secretary
 Bruno Firriolo

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FRC ordinary shares
245,899,003

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

Highlights

Exploration

- Acquisition of new West Australian tenement M38/1256 (Mt Lucky).
- Office based activities focussed on preparation of exploration activities and budgets for 2018.
- Renewal granted for EPM 18986 (Johnnycake).
- Commencement of exploration planning on a recent grant of new EPM 26527 and expanding of the tenement holding with a new application for a contiguous tenement, EPM 26810, collectively the Edinburgh Project.

Corporate

- \$645,000 cash in the bank.

Acquisition of M38/1256 “Mt Lucky” (100%)

On 23 January 2018 the Company announced it had entered into a conditional binding agreement (Agreement) to acquire a 100% interest in the Mt Lucky Project (M38/1256), a gold project located in Western Australia.

The transaction was approved by shareholders at an Extraordinary General Meeting held on 29 March 2018.

The Mt Lucky project comprises a small Mining Lease M38/1256 granted 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 10 km east of the Granny Smith Mill and 18 km southeast of Laverton (Figure 1).

The exploration target for the tenement is orogenic gold mineralisation associated with a regional shear zone (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.

The project has accumulated a significant wealth of exploration data. This exploration has included prospect- scale geological mapping, soil and rock chip sampling, geophysical surveys, 2,950m of RAB drilling, 52RC holes for 5,000 metres and two diamond cored holes for 280m.

Following the successful completion of the transaction, Forte has commenced a detailed review of the exploration data for the project in anticipation of commencing a maiden exploration campaign on the asset in the next quarter.

EPM 26527, EPM 26810 “Edinburgh Park” (FRC 100%) Background

Edinburgh Park’ project comprises two contiguous EPM’s (26527 & 26810). The Company announced in its June 2017 Quarterly Report, that it had lodged an application for Exploration Permit EPM26527 (28 sub-blocks) covering a total area of 84km² located 60 km north of Collinsville. EPM26527 was granted on 23 August 2017 for a period of 5 years.

EPM26527 is considered to be a highly prospective area which includes mapped Permian volcanics and incorporates the Molongle Hill, Mount Dillon and Fish Creek prospects, previously explored for epithermal gold-silver mineralisation.

In March 2018 the company lodged an application for Exploration Permit EPM26810 (58 subblocks) covering a total area of 174km² with the application currently pending. The application is contiguous with, and compliments the strategy of EPM26527. The primary style of mineralisation targeted in EPM 26810 is intrusive related high-sulphidation and low-sulphidation epithermal gold-silver systems within the Permian volcanics and, to a lesser extent, porphyry systems within the Carboniferous basement exposed in the north of the tenement.

Some initial epithermal prospects, Fish Creek, Mt Dillon and Molongle Prospects (Figure 2), have already been defined through historical exploration and there is a significant amount of data – drilling, assays, soil geochemistry and stream sediment sampling, mapping and geophysics – already compiled and available for EPM 26527.

EPM 18986 Background

Exploration undertaken by Forte commenced in 2014 on EPM 18986 with the acquisition of a high resolution airborne magnetic and radiometric survey across the EPM. The interpretation of the magnetic data provided the basis for tenement-scale mapping that led to identification of multiple layers of evidence of a hydrothermal system at the Sledgehammer and Szarbs prospects (Figure 2; Figure 3).

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

Two separate ground induced polarisation (IP) surveys were conducted in late 2014 across the Szarbs and Sledgehammer prospects. The surveys identified several weak chargeable and resistive anomalies at both prospects (Figure 3).

Forte’s exploration progressed to a campaign of RC drilling (Figure 3) 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 1,555m) (Figure 3) was designed as stratigraphic holes to test the prospective geological sequences and extent of alteration at depth at both prospects. The results are currently under review and the alteration mineral analysis is still in progress.

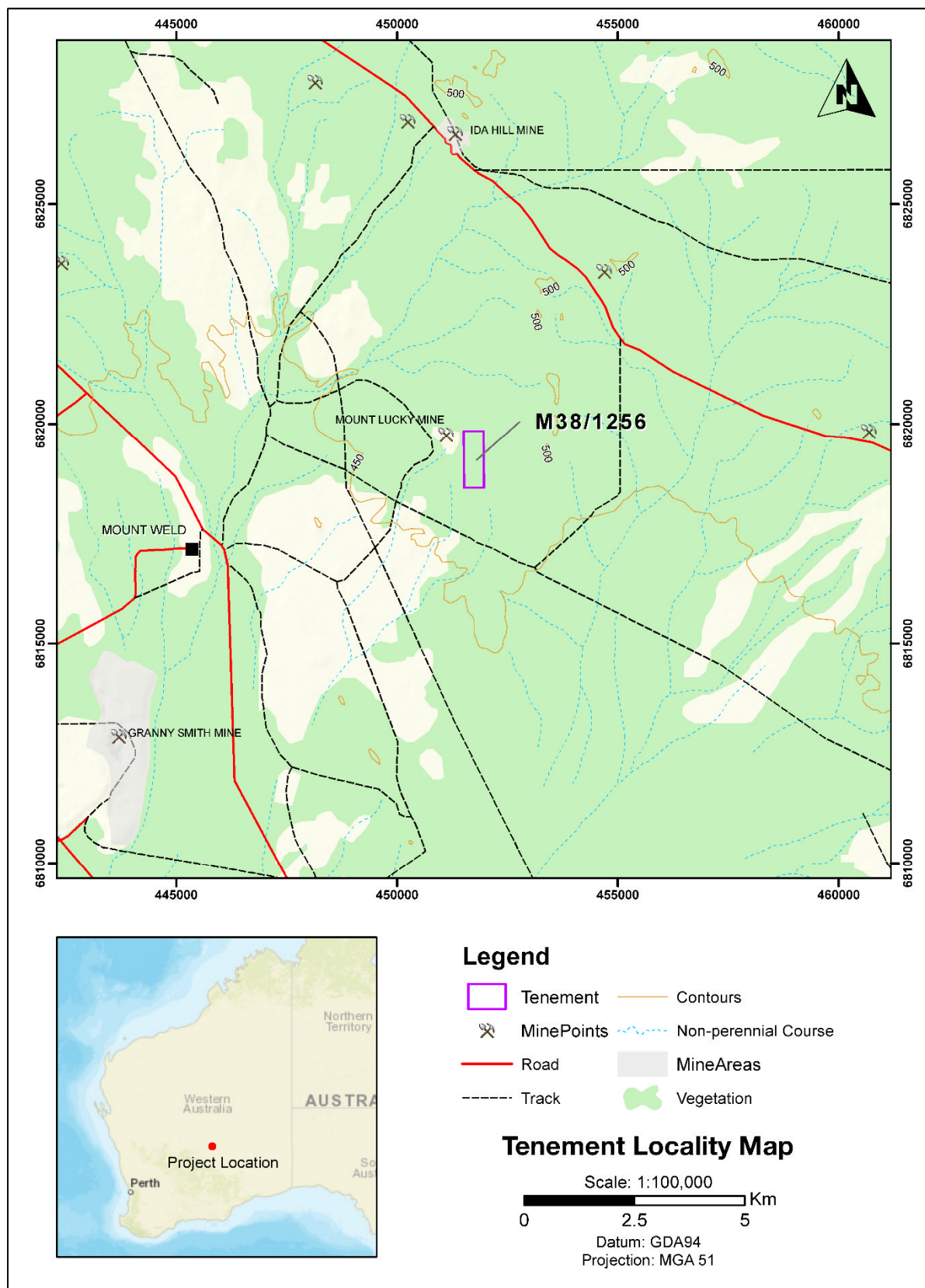


Figure 1: Location Map for M38/1256, Mt Lucky Project.

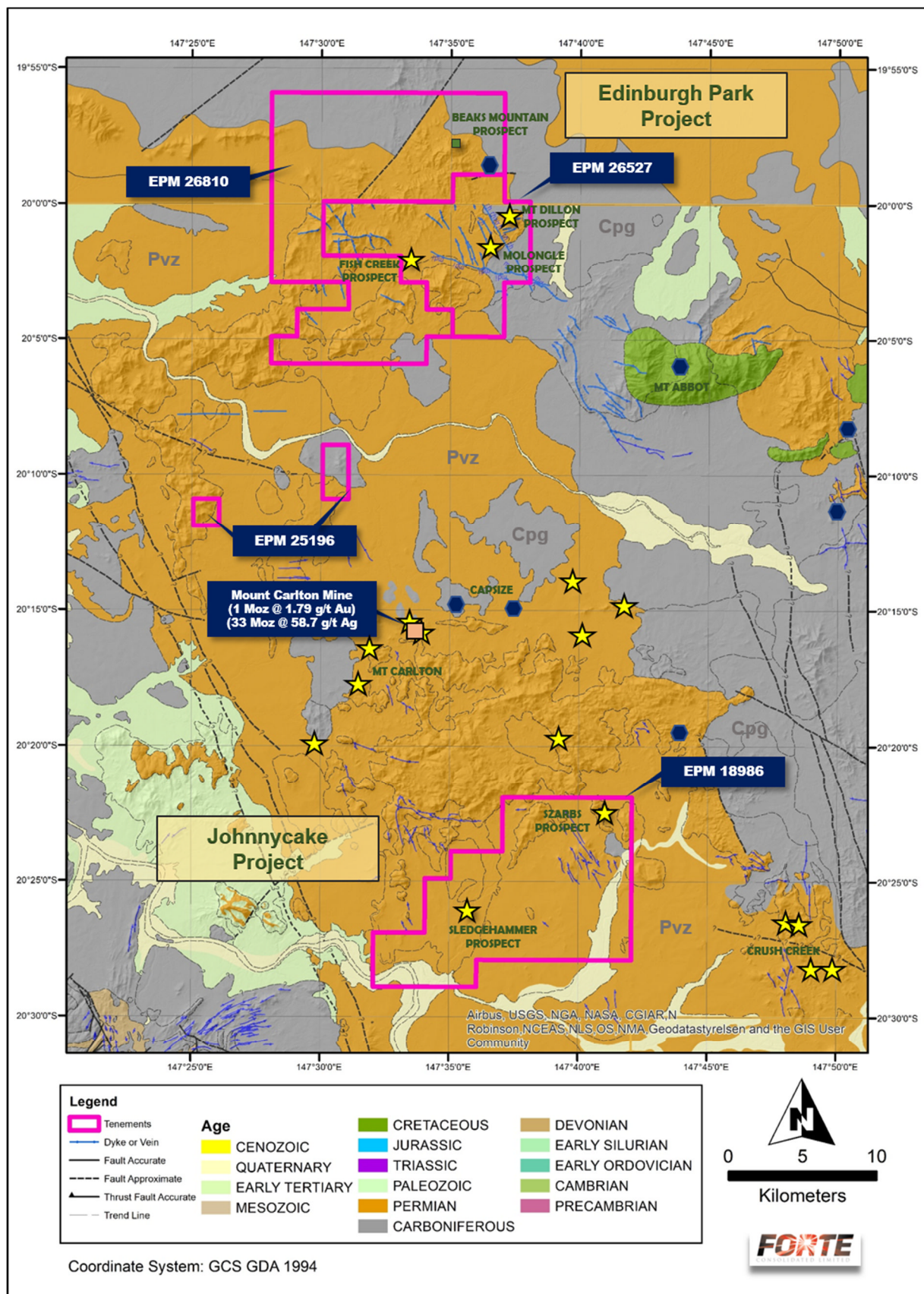


Figure 2: Location Map for the Edinburgh Park and Johnnycake EPM's showing key Prospects.

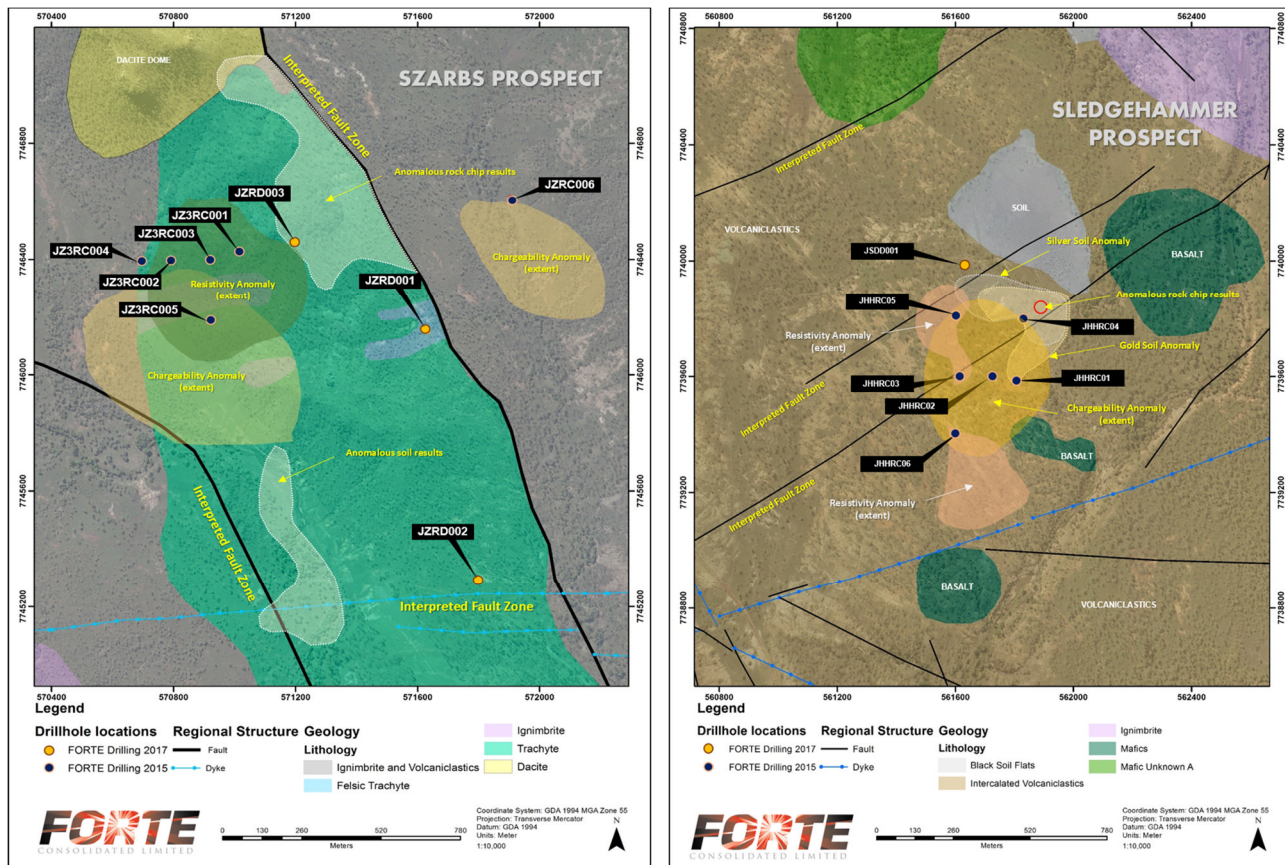


Figure 3: Overview of exploration conducted at the Szarbs prospect (left) and Sledgehammer prospect (right) in EPM 18986.

EPM 25755 “Kangaroo Hills (FRC 100%) Background

EPM 25755 is situated within the Camel Creek Sub province of the Broken River Province. The Company holds a 100% interest in the Project. The permit geology comprises Late Silurian to Early Devonian sediments of the upper sequences of the Kangaroo Hills Formation (lithofeldspathic arenite and mudstone; local polymictic conglomerate with limestone clasts; allochthonous limestone blocks). The Kangaroos Hills Formation is intruded by numerous Carboniferous to Permian age granitoids (Poison Creek granite, West Creek Diorite, Ingham granites).

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

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

ACTIVITIES DURING THE QUARTER

EDINBURGH PARK PROJECT (FRC 100%)

EPM 26527 was granted on 23 August 2017 for a period of 5 years. The area is considered to be highly prospective for epithermal mineralisation.

Due to the grant date of EPM 26527 and the timing of the field season, the Company’s activities have been confined to the commencement of desktop studies and no field work was undertaken

during the quarter. Planning is almost complete for a first stage of exploration and the Company will pursue field activities in the next quarter.

In March 2018 the Company lodged an application for Exploration Permit EPM 26810 (58 sub-blocks) covering a total area of 174km² with the application currently pending. The application is contiguous with, and compliments the exploration strategy of EPM 26527.

During the quarter, an assessment of both Permits' prospectivity has been undertaken and the project is deemed a high priority exploration target which the Company will pursue in the following quarter with field activities.

JOHNNYCAKE PROJECT (FRC 100%)

Following the expiry of EPM 18986 on the 12 December, 2017, the Company lodged a renewal application (seeking a further five year term) with the Queensland Department of Natural Resources and Mines.

The tenement was successfully renewed on 20 March 2018.

Throughout the quarter, the Company only undertook minor desktop review work and no field work was undertaken on the tenement.

KANGAROO HILLS PROJECT (FRC 100%)

EPM 25755

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

PROPOSED ACTIVITIES FOR NEXT QUARTER

MT LUCKY PROJECT (FRC 100%)

In the next quarter, the Company will continue to evaluate the prospectivity of M38/1256 and commence on-ground exploration works at the Mt Lucky Project.

The next exploration steps likely to commence in the next quarter will involve further geological mapping along key structural features within M38/1256, geological modelling of the existing exploration data, and a maiden drilling program to further develop the geological understanding of the deposit.

EDINBURGH PROJECT (FRC 100%)

Edinburgh Park is a "grass roots stage" exploration project. Forte's exploration activity has established a geological framework for the project area which highlights strong similarities with the Mt Carlton district some 30 kilometres to the south. The project requires significant ground work to advance the currently delineated prospects and potentially delineate new targets.

With planning of exploration programs completed in the current quarter, the Company will now commence a first stage of exploration activities on EPM 26527 and EPM 26810. The next exploration steps will involve acquisition of geophysical data and tenement-scale geological mapping along with geochemical sampling programs.

JOHNNYCAKE PROJECT (FRC 100%)

No exploration work is planned for EPM 18986 in the coming quarter as the Company prioritises commencing exploration on its other tenements.

KANGAROO HILLS PROJECT (FRC 100%)

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

GENERAL

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

Finance

At 31 March 2018 the Company had available cash totalling \$645,000.

Exploration and evaluation expenditure for the quarter was \$114,000.

Tenement Interests

Tenements held at end of quarter	Ownership	Project	Location
M38/1256	100%	Mt Lucky	Mt Weld, Western Australia
EPM18986 EPM25196 EPM26527	100%	Johnnycake	Collinsville, Queensland
EPM25755	100%	Kangaroo Hills	Kangaroo Hills, Queensland

Tenements acquired during the quarter	Ownership	Project	Location
M38/1256	100%	Mt Lucky	Mt Weld, Western Australia

Tenements disposed during the quarter	Ownership	Project	Location
NIL			

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

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

The information in this report that relates to 2017 RC and diamond core drilling results is extracted from the report entitled "Preliminary Drilling Results" created on 11 October 2017 and is available to view on www.forteconsolidated.com.au. The Competent Person named in that report is Mr Bryce Healy. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to 2015 RC drilling results is extracted from the report entitled "Quarterly Activities Report" created on 21 July 2015 and is available to view on www.forteconsolidated.com.au. The Competent Person named in that report is Mr James Pratt. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to results of a ground IP survey is extracted from the report entitled "Quarterly Activities Report" created on 13 October 2014 and is available to view on www.forteconsolidated.com.au. The Competent Person named in that report is Mr James Pratt. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

FORTE CONSOLIDATED LIMITED

ABN

37 148 168 825

Quarter ended ("current quarter")

31 MARCH 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(114)	(494)
(b) development		
(c) production		
(d) staff costs	(11)	(33)
(e) administration and corporate costs	(112)	(393)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	10
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(235)	(910)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(6)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(2)	(6)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	708
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(17)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	691

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	882	870
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(235)	(910)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	691
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	645	645

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	171	178
5.2 Call deposits	475	704
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	645	882

6. Payments to directors of the entity and their associates

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

Current quarter \$A'000
105
Nil

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

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

Current quarter \$A'000
Nil
Nil

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	Nil	
8.2	Credit standby arrangements	Nil	
8.3	Other (please specify)	Nil	
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	200
9.2	Development	
9.3	Production	
9.4	Staff costs	41
9.5	Administration and corporate costs	128
9.6	Other (provide details if material)	
9.7	Total estimated cash outflows	369

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	M38/1256, Western Australia	Acquired tenement	0%	100%

Compliance statement

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



Sign here:
(Director/Company secretary)

Date: 26 April 2018

Print name: Bruno Firriolo

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.