

Forte Consolidated Limited
 ABN 37 148 168 825

Board of Directors

Chairman
 Executive Director
 John Terpu

Non-Executive Director
 Bruno Firriolo

Non-Executive Director
 Brian Cleaver

Company Secretary
 Bruno Firriolo

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

EPM 18986 Johnnycake Highlights

- Conduct and compensation agreement signed with landholder which covers three 'drill ready' anomalies that have been identified at the Sledgehammer Prospect, including IP1, a 600m long coincident chargeable and resistive anomaly associated with the 47g/t Au rock chip result
- Approval received from the Department of Environment and Heritage Protection to amend the Environmental Authority at Johnnycake to allow drilling to be conducted on the IP1 anomaly

Johnnycake (EPM 18986) - background

During 2014 Forte returned to first principles geoscience and carried out several phases of exploration at its Johnnycake Project which has resulted in a number of drill ready anomalies being identified. Exploration commenced with a high resolution airborne magnetic and radiometric survey from which a number of anomalies were highlighted. On the strength of this, SRK Consulting (Australasia) Pty Ltd ("SRK") undertook tenement scale mapping which identified multiple layers of evidence of a hydrothermal system at the Sledgehammer and Szarbs Prospects. The location of these prospects is provided in Figure 1.

Subsequent prospect scale mapping was completed at Sledgehammer and Szarbs with the aim of refining these prospects into 'drill ready' targets. Rock chip and PIMA sampling at each prospect has enhanced this objective, with surface rock chip results at Sledgehammer including **47g/t Au** and **38g/t Ag**, 1.52g/t Au and 6.2g/t Ag, 3.79g/t Au and **32.3g/t Ag**, while results at Szarbs included a number of strongly geochemically anomalous silver results with a highest assay of 9.35g/t Ag. The rock chip results at each prospect are supported by a number of co-incident geophysical anomalies and broad halos of hydrothermal alteration consistent with the target style of epithermal mineralisation.

A ground IP survey conducted during the September 2014 quarter has identified 3 chargeable and resistive anomalies at each of the Sledgehammer and Szarbs Prospects. Five of these represent 'drill ready' targets.

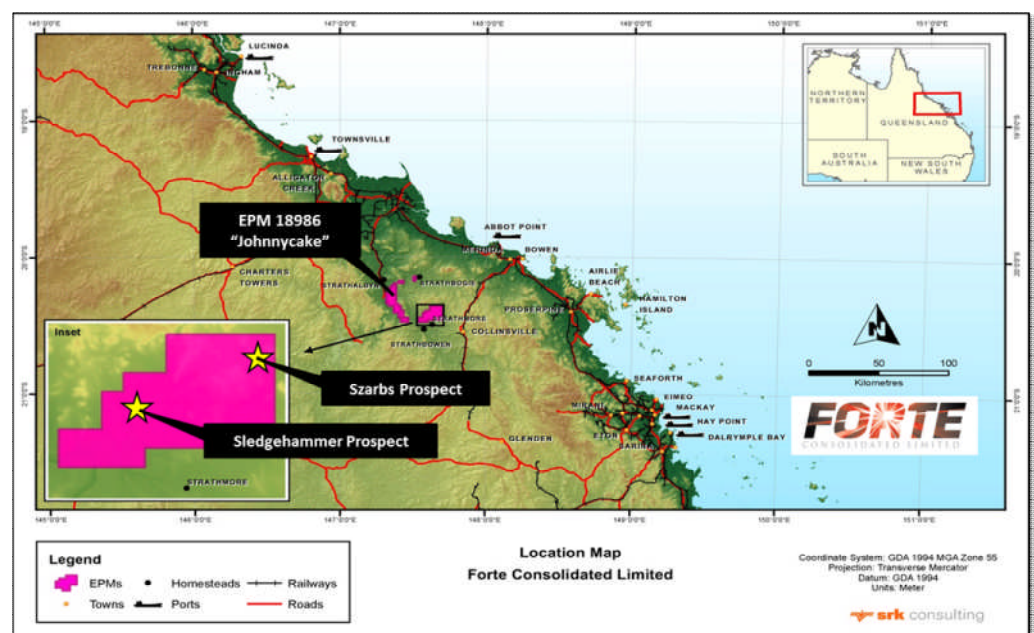


Figure 1: Location Map for Sledgehammer and Szarbs Prospects

Activities for the quarter

Seasonal rains typically make exploration drilling inefficient and expensive in Queensland during the December quarter. During this period the company has focussed on gaining all necessary approvals so that it will be in a position to conduct a drilling program in 2015.

Sledgehammer Prospect

At Sledgehammer the company has completed negotiations with the relevant landholder and signed a Conduct and Compensation Agreement, as required under Queensland law prior to commencing advanced activities.

The company has also sought and received approval to amend the terms of its Environmental Authority for the Johnnycake Project, so that drilling may be carried out within a 500m buffer zone of a Category B environmentally sensitive area of remnant Brigalow Belt flora at Sledgehammer.

Quotes for drilling and laboratory analysis have been received for the drill programme at Sledgehammer. Drill hole positions have been identified on the ground and relocated where required due to terrain conditions. Access has been analysed and optimised.

Szarbs Prospect

At Szarbs the company is continuing negotiations with the relevant landholder regarding suitable terms for a Conduct and Compensation Agreement, as required under Queensland law prior to commencing advanced activities.

Quotes for drilling and laboratory analysis have been received for the drill programme at Szarbs. Drill hole positions have been identified on the ground and relocated where required due to terrain conditions. Access has been analysed and optimised.

Work Planned for the March 2015 Quarter

Seasonal rains typically make exploration drilling inefficient and expensive in Queensland during the March quarter. Work during this quarter will focus on planning, site preparation, review of contracts and co-ordinating with stakeholders for drilling to be undertaken during the 2015 field season.

Finance

At 31 December 2014 the Company had available cash totalling \$685,000

Exploration and evaluation expenditure for the quarter was \$163,000.

Tenement Interests

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

Tenements acquired during the quarter	Ownership	Project	Location
NIL			

Tenements disposed during the quarter	Ownership	Project	Location
NIL			

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

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

The information in this report that relates to airborne magnetic and radiometric surveys and surface rock chip 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.

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.

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, 01/05/2013

Name of entity

Forte Consolidated Limited

ABN

37 148 168 825

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(163)	(434)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	8	14
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material) - Tenement Bonds (paid)refunded	-	3
Net Operating Cash Flows	(269)	(662)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(20)	(20)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(20)	(20)
1.13 Total operating and investing cash flows (carried forward)	(289)	(682)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(289)	(682)
1.14	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.		
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings		
1.18	Repayment of borrowings		
1.19	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(289)	(682)
1.20	Cash at beginning of quarter/year to date	974	1,367
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	685	685

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	99
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	
3.2 Credit standby arrangements	NIL	

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	110
4.2 Development	
4.3 Production	
4.4 Administration	122
Total	232

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	60	73
5.2 Deposits at call	625	901
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	685	974

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	NIL		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	NIL		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	95,805,002	95,805,002	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	*Convertible debt securities (description)			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: 23 January 2015

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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