

9 February 2015

NON-RENOUNCEABLE RIGHTS ISSUE – CLEANSING NOTICE PURSUANT TO SECTION 708AA(2)(f) OF THE CORPORATIONS ACT 2001

This notice is given by Forte Consolidated Limited (ASX: FRC) (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**), as notionally modified by ASIC Class Order [08/35] (**Class Order**).

On 9 February 2015, the Company announced that it would be offering eligible shareholders the opportunity to acquire additional fully paid ordinary shares in the capital of the Company (**Shares**) via a non-renounceable pro-rata rights issue (**Rights Issue**) on the basis of one (1) Share for every one (1) Share held at 4.00pm (WST) on the record date of 13 February 2015.

Shares under the Rights Issue will be offered at 2 cents (\$0.02) per Share. The maximum number of Shares which may be issued under the Rights Issue is 95,805,002 to raise up to \$1,916,100 (before costs). The Rights Issue will not be underwritten.

An Offer Document will be mailed to eligible shareholders on 18 February 2015 together with a personalised Entitlement and Acceptance Form. For informational purposes, a sample copy of this Offer Document has been attached to this notice.

The Company hereby gives notice under section 708AA(2)(f) of the Act that:

- (a) the Company will offer the Shares under the Rights Issue for issue without disclosure to investors under Part 6D.2 of the Act, as notionally modified by the Class Order;
- (b) the Company is providing this notice under section 708AA(2)(f) of the Act, as notionally modified by the Class Order;
- (c) at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act;
- (d) at the date of this notice, there is no information that is “excluded information” within the meaning of section 708AA(8) and section 708AA(9) of the Act; and
- (e) the potential effect that the issue of the Shares under the Rights Issue will have on the control of the Company is as follows:
 - (i) if all eligible shareholders take up their entitlements under the Rights Issue, the issue of Shares under the Rights Issue will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company, subject

only to changes resulting from ineligible shareholders being unable to participate in the Rights Issue;

- (ii) in the more likely event that there is a shortfall, eligible shareholders who do not subscribe for their full entitlement of Shares under the Rights Issue and ineligible shareholders unable to participate in the Rights Issue will be diluted relative to those shareholders who subscribe for some or all of their entitlement. In addition, it is noted that in the event the two major substantial holders of the Company accept their full entitlements and no other shareholders subscribe for any of their respective entitlements and the resulting shortfall is not placed to other investors the major substantial holders voting power in the Company will increase as follows:
 - (A) Valleybrook Investments Pty Ltd <Terpu A/C> & Others, entities associated with Mr John Terpu, Director, from 37.49% based on the holdings in the register as at 6 February 2015 to 54.54% (if the other major substantial holder does not accept any of their entitlement) or 44.9% (if the other major substantial holder accepts their entitlement in full); and
 - (B) Danny Tak Tim Chan from 29.51% based on the holdings in the register as at 6 February 2015 to 45.57% (if the other major substantial holder does not accept any of their entitlement) or 35.34% (if the other major substantial holder accepts their entitlement in full); and
- (iii) in respect of any shortfall, the Company will only issue Shares to an applicant where the Directors are satisfied, in their sole discretion, that the issue of the Shares will not result in a person's voting power increasing above 20%.

Signed for and on behalf of the Company:

MR JOHN TERPU
EXECUTIVE CHAIRMAN
FORTE CONSOLIDATED LIMITED

FORTE CONSOLIDATED LIMITED
ACN 148 168 825

OFFER DOCUMENT

NON-RENOUNCEABLE RIGHTS ISSUE

For a non-renounceable pro rata entitlement issue to Shareholders of one (1) Share for every one (1) Share held by Eligible Shareholders registered at the Record Date at an issue price of 2 cents (\$0.02) per Share to raise up to approximately \$1,916,100 before costs (**Offer**).

**This Offer opens on 18 February 2015 and closes at 5:00pm WST on 27 February 2015.
Valid acceptances must be received before that time.**

This document is not a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding the Shares offered by this document.

This document and the accompanying Entitlement and Acceptance Form are important and require your immediate attention. They should be read in their entirety. If you do not understand their content or are in doubt as to the course you should follow or have any questions about the Shares being offered by this document, you should consult your stockbroker or other professional adviser.

The Shares offered by this Offer Document should be considered as speculative.

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IMPORTANT INFORMATION

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

This document is not a prospectus

This Offer Document is dated 9 February 2015, has been prepared by Forte Consolidated Limited and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Document is not a prospectus under the Corporations Act and has not been lodged with the ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares offered by this document.

This Offer Document including each of the documents attached to it and which form part of this Offer Document are important and should be read in their entirety prior to making an investment decision. In particular, Shareholders should refer to the risk factors set out in Section 3 of this document. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser.

Section 708AA of the Corporations Act

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act and applicable ASIC Class Order CO 08/35. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding to accept the Offer.

Eligibility

Applications for Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand or Hong Kong.

New Zealand

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Hong Kong

The Offer is being made in Hong Kong and is exempt from the prospectus registration requirement under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and restrictions under the Securities and Futures Ordinance.

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Nominees and custodians

Shareholders resident in Australia or New Zealand or Hong Kong holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that applying for Shares under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Privacy Act

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

CORPORATE DIRECTORY

Directors

Mr John Terpu, Executive
Chairman

Mr Brian Cleaver, Non Executive
Director

Mr Bruno Firriolo, Non Executive Director

Share Registry*

Link Market Services Limited
Level 4, Central Park
152 St Georges Terrace
PERTH WA 6000

Company Secretary

Mr Bruno Firriolo

Legal Advisers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Registered Office

Suite 4
213 Balcatta Road
BALCATT WA 6021
Telephone: +61 8 9240 4111
Facsimile: +61 8 9240 4054

Auditor*

HLB Mann Judd (WA Partnership)
Level 4
130 Stirling Street
PERTH WA 6000

ASX Code

FRC

*These parties have been included for information purposes only. They have not been involved in the preparation of this Offer Document.

1. DETAILS OF THE OFFER

1.1 The Offer

The Company is making a non-renounceable pro rata entitlement offer to Shareholders of Shares at an issue price of 2 cents (\$0.02) each on the basis of one (1) Share for every one (1) Share held by Eligible Shareholders on the Record Date to raise up to \$1,916,100 before costs (**the Offer**).

As at the date of this Offer Document, the Company has on issue 95,805,002 Shares. On this basis, the Company expects that up to approximately 95,805,002 Shares will be issued under the Offer.

The Shares offered under this Offer Document will rank equally in respect of dividends and have the same rights in all other respects (e.g. voting, bonus issues) as existing Shares.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The Directors may at any time decide to withdraw this Offer Document and the offer of Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

1.2 Use of funds

In the event all Shares under the Offer are issued the Company will raise approximately \$1,916,100.

The Company intends to apply the funds raised from the Offer towards:

Item of Expenditure	Amount (\$)	Percentage (%)
Further the development of the Company's Johnnycake Project	\$1,150,000	60%
Working capital¹	\$739,000	38%
Expenses of the Offer	\$27,100	2%
TOTAL	\$1,916,100	100%

Note:

¹ Funds allocated to working capital will be used for administration expenses of the Company over the next 15 months, including administration fees (\$309,000), Director's remuneration (\$175,000) and other administration and obligatory overheads (\$255,000).

In the event the Company raises less than the full subscription, funds allocated after expenses of the offer will be reduced from working capital in priority to development of the Company's Johnnycake Project.

The above table is a statement of the Board's current intentions as at the date of this Offer Document. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and

development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

1.3 Timetable

Company Announces Rights Issue	9 February 2015
Lodgement of Offer Document, Appendix 3B and s708AA Cleansing Notice with ASX	Prior to the commencement of trading on 9 February 2015
Notice sent to Shareholders	10 February 2015
Ex date	11 February 2015
Record Date for determining Entitlements	13 February 2015
Offer Document sent out to Eligible Shareholders & Company announces this has been completed & Offer Opening Date	18 February 2015
Closing Date	27 February 2015
Shares quoted on a deferred settlement basis	2 March 2015
ASX notified of under subscriptions	4 March 2015
Issue date/Shares entered into Shareholders' security holdings	6 March 2015
Quotation of Shares issued under the Offer	9 March 2015
Subject to the Listing Rules and the Corporations Act, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the Shares offered under this Offer Document.	

1.4 Entitlements and acceptance

Details of how to apply under the Offer are set out in Section 2.

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document. You may accept for a lesser number of Shares should you wish to take up only part of your Entitlement.

You can also apply for additional Shortfall Shares under the Offer in addition to your Entitlement by completing the shortfall section contained in the Entitlement and Acceptance Form. The Directors reserve the right to issue Shortfall Shares at their absolute discretion. If you are issued a lesser number of Shortfall Shares than you apply for any surplus Application monies will be returned to you.

1.5 No rights trading

The rights to Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to

subscribe for Shares under the Offer to any other party. If you do not take up your Entitlement to Shares under the Offer by the Closing Date, the Offer to you will lapse.

1.6 Directors Interests and Participation

Each Director's relevant interest in the securities of the Company at the date of this Offer Document and their Entitlement is set out in the table below.

Director	Shares	Voting Power (%)	Options	Entitlement
John Terpu	35,920,156	37.49	Nil	35,920,156
Brian Cleaver	833,540	0.87	Nil	833,540
Bruno Firriolo	895,000	0.87	Nil	895,000

Each of Messrs Terpu, Cleaver, and Firriolo has agreed to take up their Entitlements in full. Directors are not entitled to subscribe for additional Shares under the Shortfall Offer.

1.7 Underwriting

The Offer is not underwritten.

1.8 Shortfall

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall.

The Shortfall Offer is a separate offer made pursuant to this Offer Document and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.02 being the price at which Shares have been offered under the Offer.

Eligible Shareholders and investors who are not Shareholder but are exempt from the disclosure requirements of Chapter 6D of the Act can apply for Shortfall Shares by following the instructions set out in the Entitlement and Acceptance Form and in Section 2.1. The Directors reserve the right to issue Shortfall Shares at their absolute discretion. Any application monies received for more than your final allocation of Shortfall Shares will be refunded. No interest will be paid on any application monies received or refunded.

1.9 Issue

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the timetable set out in this Offer Document.

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Offer Document, all Application monies will be held by the Company in trust for the

Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and the timetable set out in this Offer Document.

1.10 ASX listing

Application for official quotation by ASX of the Shares offered pursuant to this Offer Document will be made within 7 days after the date of this Offer Document. If approval is not obtained from ASX before the expiration of 3 months after the date of this Offer Document (or such period as varied by the ASIC) the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

1.11 CHESS

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Offer Document. The notice will also advise holders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

1.12 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand or Hong Kong.

New Zealand

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Hong Kong

The Offer is being made in Hong Kong and is exempt from the prospectus registration requirement under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and restrictions under the Securities and Futures Ordinance.

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Nominees and custodians

Shareholders resident in Australia or New Zealand or Hong Kong holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that applying for Shares under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

1.13 Control Implications

The potential effect that the issue of Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their entitlements for Shares, the issue of Shares under the Offer will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from ineligible shareholders being unable to participate in the Offer;
- (b) in the more likely event that there is a Shortfall, Eligible Shareholders who do not subscribe for their full entitlement of Shares under the Offer will be diluted relative to those Eligible Shareholders who subscribe for some or all of their entitlement of Shares. In addition, it is noted that in the event the two major substantial holders of the Company accept their full entitlements and no other shareholders subscribe for any of their respective entitlements and the resulting shortfall is not placed to other investors the major substantial holders voting power in the Company will increase as follows:
 - (i) Valleybrook Investments Pty Ltd <Terpu A/C> & Others, entities associated with Mr John Terpu, Director, from 37.49% based on the holdings in the register as at 6 February 2015 to 54.54% (if the other major substantial holder does not accept any of their entitlement) or 44.9% (if the other major substantial holder accepts their entitlement in full); and
 - (ii) Danny Tak Tim Chan from 29.51% based on the holdings in the register as at 6 February 2015 to 45.57% (if the other major substantial holder does not accept any of their entitlement) or 35.34% (if the other major substantial holder accepts their entitlement in full); and
- (c) in respect of any shortfall, the Company will only issue Shares to an applicant where the Directors are satisfied, in their sole discretion, that

the issue of the Shares will not result in a person's voting power increasing above 20%.

1.14 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Offer Document.

1.15 Risk factors

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 3.

1.16 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.forteconsolidated.com.au or the ASX www.asx.com.au.

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and the ASX websites.

This Offer Document (including the Entitlement & Acceptance Form) and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

1.17 Rights Issue Notice

The Company has lodged with ASX a notice in accordance with section 708AA of the Corporations Act which sets out, amongst other information, the effect of the Offer on the control of the Company. This notice may be reviewed on the websites of the Company and ASX.

1.18 Enquiries concerning Offer Document

Enquiries concerning the Entitlement and Acceptance Form or this Offer Document should be directed to the Company Secretary, Bruno Firriolo by telephone on (08) 9240 4111.

2. ACTION REQUIRED BY SHAREHOLDERS

2.1 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the appropriate Application monies (at \$0.02 per Share); or
- (b) if you only wish to accept part of your Entitlement:
 - (iii) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (iv) attach your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the appropriate Application monies (at \$0.02 per share); or
- (c) if you wish to accept your full Entitlement **and** apply for additional Shortfall Shares:
 - (i) complete the Entitlement and Acceptance Form including filling in the number of Shortfall Shares you wish to apply for in the shortfall section on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the appropriate application monies (at \$0.02 per Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Your completed Entitlement and Acceptance Form and cheque must reach the Company no later than 5:00pm (WST) on the Closing Date.

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

Please read the instructions on the Entitlement and Acceptance Form carefully.

2.2 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form with the applicable application monies will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form and read them both in their entirety;

- (b) you acknowledge that once the Entitlement and Acceptance Form is returned with the applicable application monies the Application may not be varied or withdrawn except as required by law.

2.3 Payment by cheque/bank draft/money order

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Forte Consolidated Limited – Share Issue Trust Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque, bank draft or money order must reach the Company at the address listed below, no later than 5.00pm WST on the Closing Date.

By delivery	By Post
Forte Consolidated Limited Suite 4 213 Balcatta Rd Balcatta WA 6021 Australia	Forte Consolidated Limited PO Box 572 Balcatta WA 6914 Australia

3. RISK FACTORS

3.1 Introduction

An investment in the Company is not risk free and prospective investors should consider the risk factors described below, together with information contained elsewhere in this Offer Document, before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

3.2 Key investment risks

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. Prospective investors should read this Offer Document in its entirety before deciding whether to apply for Shares under this Offer Document.

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.

(a) Exploration risks

Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. The Company's exploration activities are subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

Further, the costs of the Company's exploration activities may materially differ from its estimates and assumptions. No assurance can be given that the cost Company's cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) Reliance on key personnel

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including sub-contractors.

The Company has a small team and the loss of the services of any such personnel could have an adverse effect on the Company at this stage of its development.

(c) Liquidity and volatility

The Company is a small company in terms of market capitalisation. An investment in Shares should be regarded as speculative. The Company also has a narrow Shareholder base. As a consequence there is a risk, particularly in times of share market turbulence or negative investor

sentiment, that there will not be a highly liquid market for Shares or that the price of Shares may decrease considerably. There may be relatively few buyers or sellers of Securities on ASX at any given time and the market price may be highly volatile. This may result in Shareholders wishing to sell their Shares at such a time receiving a market price for their Shares that is considerably less than the price paid under the Offer.

(d) **Operational and technical risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(e) **Commodity price fluctuations**

In the event of exploration and development success, any future revenue derived through any future sales of valuable minerals exposes the potential income of the Company to commodity price risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for commodities, forward selling by producers and the level of production costs in major commodity-producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities.

(f) **Exchange rate fluctuations**

International prices of most commodities are denominated in United States dollars, whereas the expenditure of the Company, whilst operating on Australian projects, will be in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar, subject to any currency hedging the Company may undertake.

(g) **Environmental risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's proposed activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact can give rise to substantial costs for environmental rehabilitation, damage, control and losses. Further, if there are environmental rehabilitation conditions attaching to the Tenements of the Company, failure to meet such conditions could lead to forfeiture of these Tenements.

The Company will attempt to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, there is always a risk of environmental

damage arising from the Company's operations, including through accident, which may give rise to liabilities and costs for the Company, including through the imposition of fines and the potential for operations to be delayed, suspended or shut down. There is also a risk that environmental issues already exist in the areas where the Company is exploring or operating that may give rise to liability for the Company.

(h) **Tenure and native title risks**

Interests in exploration and mining tenements in Australia are governed by State legislation and are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. These conditions include the requirement, for exploration licences, for reduction in the area held under licence from time to time unless it is considered that special circumstances apply. Consequently the Company could lose title to, or its interest in, its mining tenements if licence conditions are not met or if expenditure commitments are not met.

The *Native Title Act 1993* (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in respect of land and waters, according to their traditional laws and customs. It is possible that, in relation to mining tenements in which the Company has an interest or may acquire such an interest, there may be areas over which legitimate common law or statutory native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to obtain the consent of any relevant land owner, or to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected.

In addition, for mining tenements to be validly granted (or renewed) after 23 December 1996 the "future act regime" established by the *Native Title Act 1993* (Cth) must be followed. This may involve complying with the potentially lengthy and expensive "right to negotiate" process under that Act. Therefore, native title considerations may impact on the Company's operations and future plans.

It is possible that there will exist on the Company's mining tenements, areas containing sacred sites or sites of significance to Aboriginal people subject to the provisions of *The Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) or the *Aboriginal Cultural Heritage Act 2003* (Qld) or areas subject to the *Native Title Act 1993* (Cth). As a result land within the Company's mining tenements may be subject to exploration, mining or other restrictions as a result of claims of Aboriginal heritage sites or native title. In Queensland, the *Aboriginal Cultural Heritage Act 2003* (Qld) imposes a statutory Aboriginal cultural heritage duty of care. Failure to comply with that duty can result in significant penalties.

3.3 General Risks

(a) **Additional requirements for capital**

The funds raised under the Offer are considered sufficient to meet the current proposed objectives of the Company. Additional funding may be required in the event future costs exceed the Company's estimates and to effectively implement its business and operations plans in the

future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its research and development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(b) Climate change

Mining of mineral resources is relatively energy intensive and depends on fossil fuels. Increased regulation of and government policy designed to mitigate, abate or adapt to climate change may adversely affect the Company's cost of operations and reduce profitability.

The increased regulation and policy in Australia to promote reductions in greenhouse gas emissions, impose emission reduction targets and promote improvements in energy efficiency. This includes the *National Greenhouse and Energy Reporting Act 2007* (Cth), the *Energy Efficiency Opportunities Act 2006* (Cth), and the *Renewable Energy (Electricity) Act 2000* (Cth).

(c) Competition

The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

(d) Joint venture partners and contractors

The Company may rely significantly on strategic relationships with other entities and also on a good relationship with regulatory and government departments and other interest holders. The Company may also rely on third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones.

(e) General economic conditions

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

(f) **Equity market conditions**

Securities listed on the stock market, and in particular securities of mining and exploration companies, can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(g) **Change in government policy and legislation**

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the Company, and consequent returns to investors. The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

(h) **Other**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

3.4 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Offer Document. Therefore, the securities to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Offer Document.

4. DEFINED TERMS

Applicant refers to a person who submits an Entitlement and Acceptance Form.

Application refers to the submission of an Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Closing Date means as set out in Section 1.3.

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

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date and have a registered address in Australia, New Zealand, or Hong Kong.

Entitlement means the entitlement to subscribe for one (1) Share for every one (1) Share held by an Eligible Shareholder on the Record Date and **Entitlements** has a corresponding meaning.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Listing Rules means the Listing Rules of the ASX.

Offer means the non-renounceable pro rata offer of Shares at an issue price of 2 cents each on the basis of one (1) Share for every one (1) Share held on the Record Date pursuant to this Offer Document.

Offer Document means this Offer Document dated 9 February 2015.

Opening Date means as set out in Section 1.3.

Record Date means as set out in Section 1.3.

Section means a section of this Offer Document.

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

Shareholder means a holder of Shares.

Shortfall means those Shares under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 1.8.

WST means Australian Western Standard Time.