FORTE ENERGY

ABN 59 009 087 852

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2014

Forte Energy NL
Suite 3 Level 3
1292 Hay Street
West Perth WA 6005
AUSTRALIA

CONTENTS

DIRECTORS' REPORT

The Board of Directors of Forte Energy NL present their half-year report on the Consolidated Entity consisting of Forte Energy NL ("the Company" or "Forte Energy") and the entities it controlled at the end of, or during, the half-year ended 31 December 2014 ("Consolidated Entity" or "Group").

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Glenn Robert Featherby - Chairman
Mark David Reilly – Managing Director
Christopher David Grannell – Non-executive Director
James Gerald Leahy – Non-executive Director

Review and Results of Operations

The Consolidated Entity reported a loss for the half-year of $2,626,504 (2013: $1,063,732).

The principal activity of the Consolidated Entity during the reporting period was the exploration for mineral resources.

The Consolidated Entity continues to investigate resource opportunities. Currently these are focused on the Consolidated Entity's uranium projects in the Slovak Republic and its wholly owned exploration licences in West Africa in the Republic of Guinea and the Islamic Republic of Mauritania. The Consolidated Entity continues to actively investigate merger and acquisition opportunities to capitalise on the strong long term fundamentals of the uranium market.

Despite the continued pressures evident in the worldwide uranium market, Forte Energy remains confident in the compelling medium to long term supply/demand fundamentals, which indicate a sizeable supply shortfall in coming years.

On 31 July 2014, Forte Energy entered into a Partnership Agreement with European Uranium Resources Ltd ("European Uranium"), whereby Forte earned a 50% interest in the Slovak uranium projects of European Uranium for the payment of CAD$500,000 with further expenditure of CAD$3,500,000 over 10 years required to maintain its interest. Payment of the initial CAD$500,000 cash consideration was completed on 1 October 2014. The partnership agreement is treated as an equity accounted associate.

Forte Energy's interest is held through ownership of 50% of the shares in Ludovika Energy and Ludovika Mining, the Slovak-registered entities which hold the mineral licenses comprising the Kuriskova and Novoveska Huta uranium projects. Forte Energy is required to sole fund a minimum of CAD$350,000 a year on the Ludovika entities over the next ten years to maintain its 50% interest with the first year's expenditure of CAD$350,000 being an obligation.

Limited exploration expenditure was incurred during the reporting period in relation to its Mauritanian and Guinean projects, as the Company focussed on the Slovak uranium projects, including undertaking a review of the Canadian NI 43-101 compliant resource estimates that had been published previously by European Uranium.

The review was completed and the results announced on 28 January 2015, including JORC 2012 compliant mineral resource estimates for both Kuriskova (42.2Mlb U_3O_8) and Novoveska Huta (21.1Mlb U_3O_8) for a total of 63.3Mlb U_3O_8. This represents an increase of approximately 6Mlb U_3O_8 or 10% over the previous NI 43-101 resource estimates. As a result, the Company's total JORC compliant resources in West Africa and Slovakia increased by 70% (31.6Mlb) to 76.5 million pounds U3O8.

KURISKOVA – 100% Gross JORC Compliant Mineral Resource

MINERAL RESOURCE SUMMARY AT @ 0.03 U% CUT OFF, KURISKOVA DEPOSIT								
U%	**Tonnes**	**% U_3O_8**	**U_3O_8 lbs**	**Metal U (Tonnes)**	**Metal U_3O_8 (Tonnes)**	**Mo Tonnes**	**% Mo**	**Mo lbs**
Indicated								
0.445	2,475,849	0.525	28,637,284	11,015	12,990	2,448,087	0.062	3,322,512
Inferred								
0.130	4,010,815	0.153	13,545,690	5,210	6,144	3,779,214	0.024	2,036,120
Indicated + Inferred								
0.250	**6,486,664**	**0.295**	**42,182,974**	**16,226**	**19,134**	**6,227,301**	**0.039**	**5,358,632**

* To convert %U to %U_3O_8, a conversion factor of 1.17924 was used.
All at 0.03% U cut off; molybdenum included only when within blocks above U% cut off.
Forte holds a 50% interest in this deposit, subject to meeting expenditure commitments.

NOVOVESKA HUTA – 100% Gross JORC Compliant Mineral Resource

MINERAL RESOURCE SUMMARY AT @ 0.03 U% CUT OFF, NOVOVESKA HUTA DEPOSIT								
U %	**Tonnes**	**% U_3O_8**	**U_3O_8 lbs**	**Metal U (Tonnes)**	**Metal U_3O_8 (Tonnes)**	**Mo Tonnes**	**% Mo**	**Mo lbs**
Measured								
0.055	2,973,287	0.065	4,254,594	1,637	1,930			
Indicated								
0.053	2,774,792	0.063	3,842,852	1,478	1,743			
Inferred								
0.102	4,902,082	0.121	13,043,317	5,017	5,916	10,423,317	0.016	3,770,800
Measured + Indicated + Inferred								
0.076	**10,650,161**	**0.090**	**21,140,763**	**8,132**	**9,589**	**10,423,317**	**0.016**	**3,770,800**

* To convert %U to %U_3O_8, a conversion factor of 1.17924 was used.
All at 0.03% U cut off; molybdenum included only when within blocks above U% cut off.
Forte holds a 50% interest in this deposit, subject to meeting expenditure commitments.

On 14 October 2014, the Company issued 271,157,428 fully paid ordinary shares under a placement for a total consideration of more than A$1.5m before costs, and included one free Placement Warrant for each two shares subscribed for. 192,607,392 shares were issued to Darwin Strategic Limited ("Darwin") under a Controlled Equity Offering financing facility. A further 598,931,080 shares were issued to Darwin during the period following conversion of the convertible loan note issued in April 2014.

On 30 December 2014, the Company announced that it had entered into a new convertible loan note instrument with Darwin for a principal amount of £550,000 with a 2 year maturity.

Events subsequent to balance date

On 14 January 2015, the Company issued 371,758,268 fully paid ordinary shares following the receipt of a conversion notice for the exercise of conversion rights in respect of £375,000 of convertible loan notes issued in December 2014.

On 28 January 2015, the Company announced upgraded JORC code compliant resource estimates for the Kuriskova and Novoveska Huta uranium projects in the Slovak Republic.

On 5 March 2015 the Company announced that it had received conditional approval under ASX Listing Rule 17.11 for the removal of the Company from the official list of the ASX

Apart from other events which are described above in this Director's Report, there has not arisen in the interval between the end of the financial period and the date of this report any other item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to effect:

i. the Consolidated Entity's operations in future financial years; or
ii. the results of those operations in future financial years; or
iii. the Consolidated Entity's state of affairs in future financial years.

Dividends

No dividend has been paid during the period (2013: $ nil).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act is set out on page 23 and forms part of this report.

Signed in accordance with a resolution of the directors.

Mark Reilly
Managing Director

16 March 2015

Note:

The information in this report that relates to the reporting of Mineral Resources in Mauritania and Guinea is based on information compiled or reviewed by Mr. Galen White, who is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM). Mr White is the Principal Geologist of CSA Global (UK) Ltd. CSA Global have an on-going role as geological consultants to Forte Energy NL. Mr. White has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. White consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the reporting of Mineral Resources in the Slovak Republic is based on information compiled or reviewed by Ing. Boris Bartalsky, PhD. who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Society of Mining, Metallurgy and Exploration (SME). Mr Bartalsky is the Director of Ludovika Energy, and country manager for the Slovakian uranium projects. Mr. Bartalsky has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Bartalsky consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	2014 $	2013 $
Revenue	4	**504**	1,377
Other income	5	**144**	92,868
Exploration expenses		**-**	(34,234)
Impairment expense		**(104,780)**	-
Administrative expenses	6	**(2,522,372)**	(1,111,874)
Loss before income tax		**(2,626,504)**	(1,051,863)
Income tax expense		**-**	(11,869)
Loss after income tax		**(2,626,504)**	(1,063,732)
Net loss for the period		**(2,626,504)**	(1,063,732)
Other comprehensive loss			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation		**(8,371)**	(358,783)
Other comprehensive loss for the period net of tax		**(8,371)**	(358,783)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF FORTE ENERGY NL		**(2,634,875)**	(1,422,515)
Loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)			
- basic loss per share		**(0.15)**	(0.09)
- diluted loss per share		**(0.15)**	(0.09)

This statement of comprehensive income should be read in conjunction with the accompanying notes.

FORTE ENERGY NL
(ABN 59 009 087 852)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	31 December 2014 $	30 June 2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	**794,618**	92,467
Trade and other receivables		**326,081**	286,155
Prepayments		**34,561**	52,296
Held for trading		**162,036**	707,671
Total Current Assets		**1,317,296**	1,138,589
Non-current assets			
Available-for-sale financial assets		**12,787**	40,139
Equity accounted investment	9	**689,151**	-
Exploration and evaluation expenditure	10	**30,982,168**	31,060,057
Plant and equipment		**45,379**	63,256
Total Non-Current Assets		**31,729,485**	31,163,452
TOTAL ASSETS		**33,046,781**	32,302,041
LIABILITIES			
Current Liabilities			
Trade and other payables		**919,519**	1,968,074
Income tax payable		**49,754**	47,298
Provisions		**64,588**	46,264
Loan from related party	17	**267,056**	-
Total Current Liabilities		**1,300,917**	2,061,636
Non-Current Liabilities			
Loan from related party	17	303,372	291,485
Convertible loan notes	12	1,047,619	783,520
Derivative financial instruments	16	611,410	-
Provisions		-	26,139
Total Non-Current Liabilities		**1,962,401**	1,101,144
TOTAL LIABILITIES		**3,263,318**	3,162,780
NET ASSETS		**29,783,463**	29,139,261
EQUITY			
Contributed equity	13	**92,439,869**	89,160,792
Reserves		**2,158,020**	2,166,391
Accumulated losses		**(64,814,426)**	(62,187,922)
TOTAL EQUITY		**29,783,463**	29,139,261

This statement of financial position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF -YEAR ENDED 31 DECEMBER 2014

	Contributed equity	Accumulated losses	Equity benefits reserve	Foreign currency translation	Total equity
	$	$	$	$	$
At 1 July 2014	**89,160,792**	**(62,187,922)**	**2,521,606**	**(355,215)**	**29,139,261**
(Loss) for the period	-	(2,626,504)	-	-	(2,626,504)
Other comprehensive income	-	-	-	(8,371)	(8,371)
Total comprehensive income for the half year net of tax	-	(2,626,504)	-	(8,371)	(2,634,875)
Equity transactions:					
Issue of ordinary shares	3,316,830	-	-	-	3,316,830
Transaction costs	(37,753)				(37,753)
Balance At 31 December 2014	**92,439,869**	**(64,814,426)**	**2,521,606**	**(363,586)**	**29,783,463**
At 1 July 2013	85,329,846	(57,897,841)	2,519,765	(130,570)	29,821,200
(Loss) for the period	-	(1,063,732)	-	-	(1,063,732)
Other comprehensive income	-	-	-	(358,783)	(358,783)
Total comprehensive income for the half year net of tax	-	(1,063,732)	-	(358,783)	(1,422,515)
Equity transactions:					
Share based payment	-	-	1,841	-	1,841
Issue of ordinary shares	2,710,299	-	-	-	2,710,299
Transaction costs	(121,471)				(121,471)
Balance At 31 December 2013	87,918,674	(58,961,573)	2,521,606	(489,353)	30,989,354

This statement of changes in equity should be read in conjunction with the accompanying notes.

FORTE ENERGY NL
(ABN 59 009 087 852)

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE HALF -YEAR ENDED 31 DECEMBER 2014

	2014 $	2013 $
Cash flows from operating activities		
Payments to suppliers and employees	**(417,735)**	(1,026,009)
Interest and other income received	**489**	94,245
Interest and other costs of finance paid	**(73,169)**	-
Net cash flows used in operating activities	**(490,415)**	(931,764)
Cash flows from investing activities		
Payment for purchase of equipment	**-**	(17,300)
Payment for 50% equity investment in Slovak entities	**(639,630)**	-
Payment for exploration and evaluation expenditure	**(32,607)**	(611,479)
Proceeds from sale of prospects	**-**	100,000
Proceeds from sale of held for trading investments	**397,577**	-
Net cash flows used in investing activities	**(274,660)**	(528,779)
Cash flows from financing activities		
Proceeds from borrowings	**1,160,140**	205,860
Repayment of borrowings	**(2,213)**	-
Proceeds from issue of shares	**320,000**	1,530,106
Transaction costs on issue of shares	**(14,658)**	(113,382)
Net cash flows from financing activities	**1,463,269**	1,622,584
Net increase in cash and cash equivalents	**698,194**	162,041
Effects of exchange rate changes on cash and cash equivalents	**3,957**	103
Cash and cash equivalents at beginning of the period	**92,467**	146,013
Cash and cash equivalents at end of period	**794,618**	308,157

This statement of cash flow should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The half-year report of Forte Energy NL and its controlled entities ("Consolidated Entity") for the period ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 16 March 2015.

Forte Energy NL is a for profit company limited by shares incorporated in Australia, whose shares are publicly traded on the Australian Stock Exchange (ASX code "FTE"), and on the AIM Board of the London Stock Exchange.

The nature of operations and principal activities of the Consolidated Entity during the half-year was the exploration for minerals. There have been no significant changes in the nature of these activities during the half-year.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose condensed consolidated financial report for the half-year ended 31 December 2014 has been prepared in accordance with AASB 134 "*Interim Financial Reporting*" and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

It is recommended that the half-year financial report should be read in conjunction with the annual financial report of Forte Energy NL for the year ended 30 June 2014 and considered together with any public announcements made by Forte Energy NL during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year financial report has been prepared on a historical cost basis, except for available-for-sale investments, held for trading investments and derivative financial instruments which have been measured at fair value.

The financial report is presented in Australian dollars ($).

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Consolidated Entity has incurred a net loss after tax for the half year ended 31 December 2014 of $2,626,504 (31 December 2013: $1,063,732) and has net current assets at 31 December 2014 of $16,379 (30 June 2014 net current deficiency: $923,047). The Consolidated Entity's cash flow forecast shows that the Consolidated Entity will require further funds to enable it to continue to meet its ongoing administrative and exploration expenditure for at least twelve months from the date of signing these financial statements.

The Directors are satisfied that, at the date of the signing of the financial statements, there are reasonable grounds to believe that the Consolidated Entity will be able to raise sufficient funds to meet its obligations as and when they fall due and continue to proceed with the Consolidated Entity's strategic objectives. The Directors are currently assessing a number of options available to raise those funds, including equity placements to sophisticated investors, open offers to shareholders, rights issues, debt to equity conversion and convertible loan facilities and will pursue these further as and when appropriate.

Should the Group not achieve the matters set out above, there is uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(b) Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2014, except for the adoption of all new and amended standards and interpretations effective as of 1 January 2014, including:

Reference	Title
AASB 2011-4	**Amendments to Australian Accounting Standards to *Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124]** This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.
AASB 2012-3	**Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*** AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
Interpretation 21	***Levies*** This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.
AASB 2013-3	***Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*** AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.
AASB 2013-4	**Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]** AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

The adoption of these amendments had no material impact on the financial position or performance of the Group.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Forte Energy NL and the entities it controlled at the end of, or during, the half year ended 31 December 2014 ("Consolidated Entity").

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct relevant activities in the investee,
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

3. SEGMENT INFORMATION

Identification of reportable segments:

For management purposes, the Consolidated Entity is organised into two operating segments based on geographical exploration regions.

Management monitors the operating results of operating segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on exploration costs and results obtained. Finance costs, finance income and income taxes are managed on a group basis.

The reportable segments of the Consolidated Entity are as follows:

- Uranium exploration in Mauritania.
- Uranium exploration in Guinea.

Accounting policies and inter-segment transactions:

The accounting policies and basis of segmentation used by the Consolidated Entity in reporting segments are consistent with those used to prepare the half-year financial report and are the same as those used in the prior year.

It is the Consolidated Entity's policy that if items of revenue and expenses are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest income and cash balances
- Net gains and losses on disposal of available-for-sale investments
- Non-current assets classified as held for sale, and
- Corporate and administrative income and expenses other than the depreciation of fixed assets.

Operating segments – 31 December 2014

	Mauritania uranium exploration	**Guinea uranium exploration**	**Total**
	$	**$**	**$**
Half year ended 31 December 2014			
Revenues			
Other Revenue from external customers	-	-	-
Total Segment revenue	-	-	-
Unallocated items			
Interest Income			504
Total Revenue			504

	Mauritania uranium exploration $	Guinea uranium exploration $	Total $
Results			
Segment results	(105,788)	(26,957)	(132,745)
Unallocated items			
Unallocated interest and other income			648
Unallocated expenses			(2,494,407)
Net loss before tax			(2,626,504)
Segment assets	**23,905,172**	**7,111,729**	**31,016,901**
Unallocated items			
Cash and cash equivalents			794,618
Other Corporate assets			1,235,262
Total assets per statement of financial position			**33,046,781**
Segment liabilities	**(25,528)**	**-**	**(25,528)**
Unallocated liabilities			(3,237,790)
Total liabilities			**(3,263,318)**

	Mauritania uranium exploration $	Guinea uranium exploration $	Total $
Half year ended 31 December 2013			
Revenues			
Other Revenue from external customers	-	-	-
Total Segment revenue	-	-	-
Unallocated items			
Interest Income			1,377
Results			
Segment results	(16,310)	(28,009)	(44,319)
Unallocated items			
Unallocated interest and other income			94,245
Unallocated expenses			(1,101,789)
Net loss before tax			**(1,051,863)**
Segment assets as at 30 June 2014	**23,984,068**	**7,125,963**	**31,110,031**
Unallocated items			
Cash and cash equivalents			92,467
Other Corporate assets			1,099,543
Total assets per statement of financial position as at 30 June 2014			**32,302,041**
Segment liabilities as at 30 June 2014	**(996,905)**	**-**	**(996,905)**
Unallocated liabilities			(2,165,875)
Total liabilities as at 30 June 2014			**(3,162,780)**

4 REVENUE

	2014 $	2013 $
Interest income	**504**	1,377
Total revenue	**504**	1,377

5 OTHER INCOME

	2014 $	2013 $
Office sub-lease rent	**144**	92,868
Total other income	**144**	92,868

6 ADMINISTRATIVE EXPENSES

	2014 $	2013 $
Accounting and audit fees	26,788	82,500
Consulting fees	19,587	28,193
Depreciation of plant and equipment	18,178	33,506
Employee benefits expense (i)	319,620	315,459
Other employment expenses	2,936	2,991
Foreign exchange differences	(15,701)	(12,406)
Impairment loss on available for sale financial assets	403,675	245
Interest expense	83,053	6,549
Legal fees	(7,542)	61,333
Loan fees and costs	49,427	-
Loan note discount	105,163	-
Media and public relations	9,509	53,805
Nominated adviser and broker fees	52,486	60,707
Reporting and listing costs	72,121	66,918
Loss on derivative financial instruments	1,303,950	-
Telecommunication and computing	29,171	47,921
Travel and accommodation	45,212	70,870
Minimum lease payments – operating lease	(5,604)	249,998
Other	10,343	43,285
Total administrative expenses	**2,522,372**	1,111,874

(i) Employee benefits expense is comprised of:

	2014 $	2013 $
Salaries and wages	328,839	299,339
Employee provisions	(9,219)	(13,512)
Share based payments – employees and officers	-	1,841
Other staff costs	-	27,791
Total	**319,620**	315,459

7. CASH AND CASH EQUIVALENTS

	31 December 2014 $	30 June 2014 $
Cash at bank and on hand	**794,618**	84,517
Short term deposits	**-**	7,950
	794,618	92,467

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents approximate fair value.

8. DIVIDENDS

There were no dividends proposed or paid during the half-year ended 31 December 2014 (2013: nil).

9. EQUITY ACCOUNTED INVESTMENT

Opening balance	**-**	-
Initial contribution	**536,249**	-
Additions	**152,902**	-
Closing balance	**689,151**	-

On 16 June 2014, Forte announced a Partnership Agreement with European Uranium Resources Ltd ("European Uranium"), whereby Forte earned a 50% interest in the Slovak uranium projects of European Uranium for payment of CAD$500,000 with further expenditure of CAD$3,500,000 over 10 years required to maintain its interest. A definitive partnership agreement was subsequently executed by both parties on 31 July 2014 and payment of the initial CAD$500,000 cash consideration was completed on 1 October 2014.

Forte's interest is held through ownership of 50% of the shares in European Uranium's Slovak subsidiaries, Ludovika Energy and Ludovika Mining, which hold the mineral licenses comprising the Kuriskova and Novoveska Huta uranium projects. Forte must sole fund a minimum of CAD$350,000 a year on the Ludovika entities over the next ten years to maintain its 50% interest with the first year's expenditure of CAD$350,000 being an obligation.

10. EXPLORATION AND EVALUATION EXPENDITURE

Movements in carrying amounts

Carrying amount at 1 July	**31,060,057**	30,748,247
Additions	**26,891**	1,551,382
Impairment	**(104,780)**	(1,239,572)
Carrying amount at end of period net of impairment	**30,982,168**	31,060,057

Exploration and evaluation costs have been capitalised at cost. An impairment expense of $104,780 (year ended 30 June 2014: $1,239,572) was recognised during the half-year ended 31 December 2014 when the Company decided not to renew exploration permit 1588 in Mauritania.

11. COMMITMENTS AND CONTINGENCIES

Under the agreement with European Uranium, Forte is committed to sole fund CAD$350,000 expenditure on the project during the first year of the agreement executed on 31 July 2014 (refer Note 9). There have been no other material changes to the exploration commitments and contingencies disclosed in the most recent annual financial report. There have been no material changes to the commitments in relation to operating leases disclosed in the most recent annual financial report.

12. CONVERTIBLE LOAN NOTE

On 30 December 2014 the Company entered into a convertible loan agreement with Darwin Strategic Limited (“Darwin”). Under the agreement Forte has issued Loan Notes for £550,000 to Darwin, repayable by 30 December 2016. Darwin may elect to convert all or part of the loan at the lower of 0.396 pence per share or 90% of an average market price calculated during the twenty days prior to conversion. Subsequent to the end of the reporting period, the Company issued 371,758,268 fully paid ordinary shares following the receipt of a conversion notice for the exercise of conversion rights in respect of £375,000 of the Loan Notes.

13. CONTRIBUTED EQUITY

	31 December 2014 $	30 June 2014 $
Ordinary shares		
2,478,891,511 (30 June 2014: 1,416,495,311) ordinary shares, fully paid	**92,417,369**	89,138,292
2,250,000 (30 June 2014: 2,250,000) 25 cent value ordinary shares, partly paid to 1 cent	**22,500**	22,500
	92,439,869	89,160,792

(i) Ordinary shares

Movement in ordinary shares on issue	Number	$
At 1 July 2013	**905,868,264**	**85,329,846**
Share issues	340,627,047	2,710,299
Transaction costs	-	(121,471)
Balance at 31 December 2013	**1,246,495,311**	**87,918,674**
At 1 July 2014	**1,416,495,311**	**89,160,792**
Placement	271,157,428	1,518,480
Controlled equity offering	192,307,692	921,150
Conversion of loan note	598,931,080	877,200
Transaction costs	-	(37,753)
Balance at 31 December 2014	**2,478,891,511**	**92,439,869**

13. CONTRIBUTED EQUITY (Cont'd)

(ii) Options

Options over ordinary shares:

During the financial period:
- 135,578,714 options were granted with an exercise price of 0.5 pence,
- 164,062,500 options were granted with an exercise price of 0.4 pence, and
- 60,692,308 options were granted with an exercise price of 0.32 pence.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	Number of options	**WAEP**
Outstanding at 30 June 2014	9,000,000	0.086
Granted during the half-year	360,333,522	0.044
Forfeited during the half-year	-	-
Exercised during the half-year	-	-
Expired during the half-year	-	-
Outstanding at 31 December 2014	369,333,522	0.045
Exercisable at 31 December 2014	369,333,522	0.045

14. EVENTS AFTER THE BALANCE SHEET DATE

- On 14 January 2015, the Company issued 371,758,268 fully paid ordinary shares following the receipt of a conversion notice for the exercise of conversion rights in respect of £375,000 of convertible loan notes.

- On 28 January 2015, the Company announced upgraded JORC code compliant resource estimates for the Kuriskova and Novoveska Huta uranium projects in the Slovak Republic.

- On 5 March 2015 the Company announced that it had received conditional approval under ASX Listing Rule 17.11 for the removal of the Company from the official list of the ASX

15. FINANCIAL INSTRUMENTS

At 31 December 2014 the carrying value of the Group's financial assets and financial liabilities approximate their fair value.

Available-for-sale and held for trading investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate. The fair value at 31 December 2014 included unrealised losses during the half year of $403,675 (2013: loss of $245) due to movement in equity prices and currency exchange rates.

Listed shares
The fair value of listed investments has been determined directly by reference to published price quotations in an active market. There are no individually material investments.

15. FINANCIAL INSTRUMENTS (Cont'd)

At 31 December the Company held 358,110 (30 June 2014: 680,000) shares in Global Resources Investment Trust Plc ("GRIT"). It is expected that the GRIT shares will be disposed of within 12 months to raise working capital.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

As at 31 December 2014, the Group held the following classes of financial instruments measured at fair value:

	31 Dec 2014 AUD	30 Jun 2014 AUD
Level 1		
Available for sale financial assets	12,787	40,139
Held for trading	162,036	707,671
	174,823	**747,810**
Level 2		
Derivative financial instruments	611,410	-
	611,410	**-**

16. DERIVATIVE FINANCIAL INSTRUMENTS

The Company has entered into the following derivative contract that has not been designated as a hedge:

	31 December 2014 $	30 June 2014 $
Darwin warrant derivatives at fair value –14 October 2014	406,055	-
Darwin CEO warrant derivatives at fair value –14 October 2014	67,065	-
Placement warrant derivatives at fair value –14 October 2014	138,290	-
	611,410	-

164,062,500 unlisted warrants expiring on 21 October 2019 were approved by shareholders on 30 July 2014 and issued to Darwin on 14 October 2014 in relation to the April 2014 loan note. The warrants are exercisable at GBP 0.4 pence each and entitle the holder to one fully paid ordinary share in the Company once exercised. The fair value at inception was $541,406. The fair value at 31 December 2014 was $406,055.

16. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

60,692,308 unlisted warrants expiring on 14 October 2019 were issued to Darwin on 14 October 2014 and ratified by shareholders on 26 November 2014 in relation to a Controlled Equity Offering agreement. The warrants are exercisable at GBP 0.32 pence each and entitle the holder to one fully paid ordinary share in the Company once exercised. The fair value at inception was $78,900. The fair value at 31 December 2014 was $67,065.

135,578,714 unlisted warrants expiring on 14 October 2016 were approved by shareholders on 30 July 2014 and issued to investors who participated in the Company's placement in October 2014. Participants received one free-attaching warrant for every 2 shares. The warrants are exercisable at GBP 0.5 pence each and entitle the holder to one fully paid ordinary share in the Company once exercised. The fair value at inception was $230,484. The fair value at 31 December 2014 was $138,920.

Unlisted warrants issued and option pricing model inputs:

The Binomial model inputs for unlisted warrants issued on 14 October 2014 to Darwin under the April 2014 Loan Note agreement included:
(a) 164,062,500 warrants were granted for no consideration. Entitlements to the warrants vested at grant date
(b) Exercise price of options: 0.4 pence.
(c) Grant date: 30 July 2014
(d) Time to maturity: 4.8 years
(d) Underlying security spot price at date of options grant: 0.3 pence
(e) Expected future volatility: 80%
(f) Expected Dividend yield: Nil
(g) Risk-free interest rate: 1.97%.

The Binomial model inputs for unlisted warrants issued on 14 October 2014 to Darwin under a Controlled Equity Offering agreement included:
(a) 60,692,308 warrants were granted for no consideration. Entitlements to the warrants vested at grant date
(b) Exercise price of options: 0.32 pence.
(c) Grant date: 26 November 2014
(d) Time to maturity: 4.8 years
(d) Underlying security spot price at date of options grant: 0.15 pence
(e) Expected future volatility: 80%
(f) Expected Dividend yield: Nil
(g) Risk-free interest rate: 1.27%.

The Binomial model inputs for unlisted warrants issued on 14 October 2014 to investors who participated in the Company's placement in October 2014 included:
(a) 135,578,714 warrants were granted for no consideration. Entitlements to the warrants vested at grant date
(b) Exercise price of options: 0.5 pence.
(c) Grant date: 30 July 2014
(d) Time to maturity: 1.8 years
(d) Underlying security spot price at date of options grant: 0.3 pence
(e) Expected future volatility: 80%
(f) Expected Dividend yield: Nil
(g) Risk-free interest rate: 1.04%.

17. RELATED PARTIES

a) Subsidiaries

The consolidated financial statements include the financial statements of Forte Energy NL and the following subsidiary:

Name	Country of Incorporation	% Equity Interest 2014	% Equity Interest 2013
Forte Energy UK Limited	United Kingdom	100	100

b) Ultimate parent

Forte Energy NL is the ultimate parent company.

c) Other transactions and balances with Key Management Personnel and their related parties.

From 1 September 2011, the Company began renting an office at normal market prices from an entity associated with G R Featherby. During the half-year rental charges of $9,900 (2013: $40,150) were incurred payable to the entity. At 31 December 2014 there was an outstanding balance of $27,982.

During the half year ended 31 December 2014, an entity associated with G R Featherby loaned an amount of $263,217 to the Company. The loan included a facility fee of $20,000 and incurs interest at 5.85%. At 31 December 2014 there was an outstanding balance of $267,056.

During the 2014 financial year amounts totalling $291,485 were loaned to the Company by M D Reilly. The loans are interest free with no contracted repayment date. At 31 December 2014 there was an outstanding balance of $303,372.

There were no other related party transactions.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Forte Energy NL, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half-year ended on that date of the Consolidated Entity; and

  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) subject to the matters described in Note 2 Going Concern, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Mark Reilly
Managing Director

16 March 2015

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Auditor's Independence Declaration to the Directors of Forte Energy NL

In relation to our review of the financial report of Forte Energy NL for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
16 March 2015

FD:JH:FORTE:010

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To the members of Forte Energy NL

Report on the 31 December 2014 Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Forte Energy NL, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Forte Energy NL and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

FD:JH:FORTE:011

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Forte Energy NL is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 2(a) in the financial report which describes the principal conditions that raise doubts about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
16 March 2015