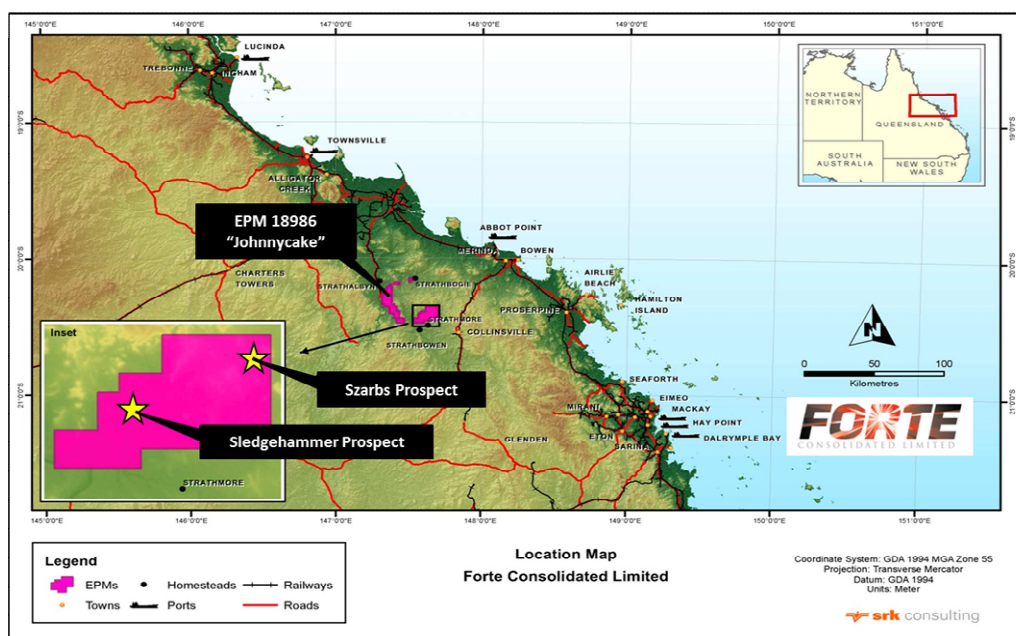


**1 July 2015 to 30 September 2015**

If you wish to view your holdings online please login using the following link:  
<https://investorcentre.linkmarketservices.com.au/login.aspx/login>



The reconnaissance phase drilling focussed predominantly on the weak IP anomalism and has shown that the IP targets correspond to zones of alteration characterised by neutral propylitic and phyllic alteration assemblages with weak Au and Ag mineralisation. The chargeability and resistivity are therefore explained by the presence of pyrite and silica respectively which constitute propylitic alteration assemblages.

The intensity and extent of the propylitic alteration and the enigmatic high level of the Au and Ag noted at Sledgehammer within that alteration style, albeit brecciated, suggests a strong structural control on the mineralisation and deviation from the classic epithermal mineralisation model initially contemplated.

Therefore the mineralisation model for Sledgehammer should be updated. Forte believes that a porphyry model should now be considered.

The fact that the high grade surface assays are not replicated in the drilling assay results (reported June 2015 quarter) is further suggestive of a strong structural control, which has not been adequately tested by the reconnaissance drilling which targeted the IP anomalism. It is Forte's opinion that the prospectivity of the broader area is not diminished and that a modified approach is warranted.

## **Szarbs Prospect**

### **Conclusions**

Reconnaissance phase drilling during the June 2015 quarter focussed on the IP anomalism, which has been shown, via Hylogger analysis, to correspond to zones of alteration characterised by propylitic and phyllic alteration assemblages with weak Ag mineralisation (reported June 2015 quarter). These assemblages, and the formative temperatures they indicate, vector towards the core of the system lying to the east of this drilling (Figure 2). The chargeability and resistivity are explained by the presence of pyrite and silica respectively which constitute part of the phyllic and propylitic alteration assemblages normally associated with a high sulphidation epithermal system.

Geochemically and structurally, the vectors provided by the drilling indicate very strongly that the most prospective part of the system is to the east of the current drilling centred on an area of:

- More acidic higher temperature alteration (weak alunite-jarosite-pyrite-silica), evidenced by a combination of Hylogger and petrographic analysis of rock specimens from Szarbs;
- A series of elevated elemental associations, i.e., elevated As, Ag, Te and Bi consistent with the proximal parts of an epithermal system;
- A zone of demagnetisation that is interpreted to reflect the effects of phyllic alteration associated with a hydrothermal system; and
- Adjacent an interpreted regionally significant fault structure, interpreted to be west dipping with alteration associated with hanging wall sequences.

Based on the above, the drilling conducted at Szarbs has given shape to the alteration sequence peripheral to the core of the system, which is now strongly defined as lying to the east (Figure 2).

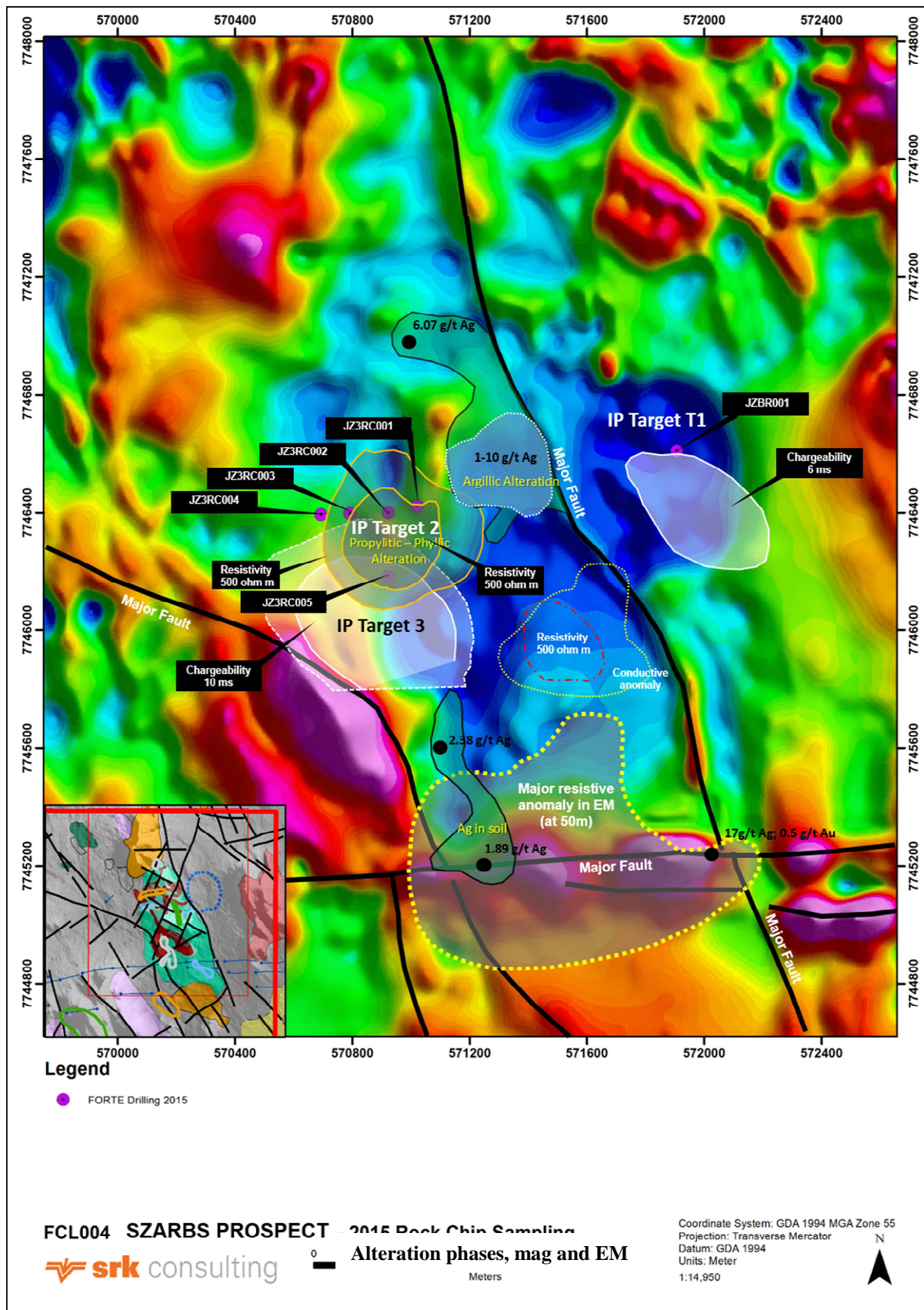


Figure 2: Plan view of the Szarbs prospect showing drill hole locations, anomalous rock chip results, IP anomalies, alteration phases, EM resistive anomaly, magnetic low and faults



## Finance

At 30 September 2015 the Company had available cash totalling \$1,492,000.

Exploration and evaluation expenditure for the quarter was \$293,000.

## Tenement Interests

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

Tenements acquired during the quarter	Ownership	Project	Location
NIL			

Tenements disposed during the quarter	Ownership	Project	Location
NIL			

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

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

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

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

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

# Appendix 5B

## Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Forte Consolidated Limited

ABN

37 148 168 825

Quarter ended ("current quarter")

30 September 2015

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date ( 3 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(293)	(293)
1.3	Dividends received	(111)	(111)
1.4	Interest and other items of a similar nature received	16	16
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
<b>Net Operating Cash Flows</b>		<b>(388)</b>	<b>(388)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
<b>Net investing cash flows</b>		<b>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(388)</b>	<b>(388)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(388)	(388)
1.14	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material) – Issue costs	(7)	(7)
	<b>Net financing cash flows</b>	(7)	(7)
	<b>Net increase (decrease) in cash held</b>	(395)	(395)
1.20	Cash at beginning of quarter/year to date	1,887	1,887
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1,492	1,492

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	102
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

N/A

### Non-cash financing and investing activities

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

N/A

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

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

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

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

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	55
4.2 Development	
4.3 Production	
4.4 Administration	130
<b>Total</b>	<b>185</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	208	341
5.2 Deposits at call	1,284	1,546
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,492</b>	<b>1,887</b>

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+ See chapter 19 for defined terms.



**Changes in interests in mining tenements and petroleum tenements**

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

**Issued and quoted securities at end of current quarter**

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	179,078,187	179,078,187		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities</b> (description)				

+ See chapter 19 for defined terms.

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

## Compliance statement

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

Sign here:  .....

(Director/Company secretary)

Date: 21 October 2015

Print name: Bruno Firriolo

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

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+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.