ABN 59 009 087 852

ANNUAL FINANCIAL REPORT

30 JUNE 2013

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

CONTENTS TO FINANCIAL REPORT

FORTE ENERGY NL
(ABN 59 009 087 852)

CORPORATE INFORMATION

ABN: 59 009 087 852

The Directors of Forte Energy NL present their 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 financial year ended 30 June 2013 (“Consolidated Entity” or “Group”).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' report on pages 5 to 8.

Directors

G R Featherby
M D Reilly
C D Grannell
J G Leahy

Company Secretary

M R Wylie

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Stock Exchanges

Australian Stock Exchange ASX – FTE
London Stock Exchange AIM – FTE

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013

Your Directors submit their report for the year ended 30 June 2013. The financial report of Forte Energy NL for the year ended 30 June 2013 has been authorised for issue in accordance with a resolution of the directors on 30 September 2013.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Glenn Robert Featherby, B.Com., A.C.A. (Non-Executive Chairman)

Mr. Featherby joined the Board on 2 August 2004. Mr Featherby has over 25 years' experience in corporate advisory work and has worked extensively in the resources sector. He worked with KPMG in Perth, Western Australia and London before establishing his own accounting practice in Perth in 1997. Mr Featherby was also a non-executive director of Canadian & AIM listed European Goldfields Limited from November 2003 until December 2005, and served as finance director of Regal Petroleum Plc prior to that.

During the past three years he has held the following listed company directorship:

Hawkley Oil & Gas Limited * – appointed 24 February 2012.
Patagonia Gold plc * – appointed 8 April 2013.

** Denotes current directorship*

Mark David Reilly, B.Bus, A.C.A. (Managing Director)

Mr. Reilly joined the Board on 2 August 2004. Mr Reilly has over 18 years' experience in advisory work with extensive experience in the mining, banking and finance industries. He worked with Pricewaterhouse Coopers in Perth before establishing a practice with Glenn Featherby and has not been a Director of any other listed companies in the past three years to 30 June 2013.

Christopher David Grannell, (Non-Executive Director)

Mr Grannell joined the Board on 4 April 2005. Mr Grannell has significant London capital markets experience focused in the natural resources sector. From August 2003 until March 2006 Mr Grannell served as an Executive Director and Chief Financial Officer of European Goldfields Limited, a company listed on the Toronto Stock Exchange and the AIM market of the London Stock Exchange. Since 2006 Mr Grannell has been involved in the set up, capital raising and public listing of numerous resource companies.

Mr. Grannell has not been a Director of any other listed companies in the past three years to 30 June 2013.

DIRECTORS REPORT (Continued)

James Gerald Leahy, (Non-Executive Director, appointed 26 April 2012)

Mr Leahy joined the Board on 26 April 2012. Mr Leahy has more than 28 years' experience in the mining sector as a senior mining analyst and specialist corporate broker with expertise in international institutional and hedge funds, foreign capital and private equity markets. He held positions at Rudolf Wolff, James Capel, Laing & Cruickshank and Canaccord before joining Mirabaud Securities, as a founding partner of the natural resources team, offering specialised and quality stockbroking to corporate and institutional clients. Mr. Leahy has advised a number of natural resource focused funds in the UK, raised more than US$2 billion in equity for resource companies and participated in over 30 IPO's over his career.

During the past three years he has held the following listed company directorships:

Alberta Coal Corp – appointed 26 February 2011, resigned 29 March 2011.
Continental Coal Ltd – appointed 27 May 2011, resigned 31 July 2013.
Bacanora Minerals Limited * – appointed 29 June 2011.
African Power Corp * – appointed June 2011.
OPI International – appointed 9 September 2011, resigned 31 July 2012.
Mineral Commodities Limited * – appointed January 2013.

** Denotes current directorship*

COMPANY SECRETARY

Murray R Wylie, B Com (Hon), GradDipAppCorpGov, ACIS (Company Secretary)

Mr Wylie was appointed Company Secretary on 5 November 2008. He has more than 30 years experience in administrative and accounting roles in both the public and private sectors. He has also held Company Secretary positions with two other listed companies.

DIRECTORS REPORT (Continued)

Interests in the shares and options of the Company

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
G.R. Featherby	16,380,286	-
M.D. Reilly	17,416,333	-
C.D. Grannell	7,700,000	-
J.G. Leahy	1,600,000	-

None of the Directors' shareholdings in the Company are subject to hedging.

DIVIDENDS

No dividend has been paid since the end of the previous financial year. The Directors recommend that no dividend be paid in respect of the current financial year.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial year was the exploration for minerals.

OPERATING AND FINANCIAL REVIEW

Company Overview

During the year and up to the date of this report, the Company continues to investigate resource opportunities. Currently these are focused on the Company's exploration licences in West Africa in the Republic of Guinea and the Islamic Republic of Mauritania.

Uranium Exploration - Mauritania

- During September 2012, SEMS Exploration Ltd completed over 470 line km of combined high resolution ground magnetic and radiometric survey over the A238 prospect in Mauritania. The survey confirmed the structural control of the A238 prospect in the Zednes shear zone; extension of the main shear zone to the south for over 3.5km, below the quaternary cover; and that the structure continues to the north for over 2km, near to surface and outcropping.

- As part of the preliminary economic assessment (PEA) study, an environmental base line and social impact assessment was completed on the 286 Legleya licence in Mauritania, which contains the A238 prospect.

- In December 2012 a Reverse Circulation (RC) drilling programme was completed at the A238 prospect in Mauritania. 28 holes were drilled, totalling 4,115m. Assay results from the drilling programme released on 12 March 2013 confirmed intermittent narrow mineralisation over a strike length of 0.5km to the north of the existing A238 Resource.

DIRECTORS REPORT (Continued)

- In 2013 the Company conducted a systematic review of its regional database. 27 targets were identified along major NW and WNW structures within the Forte Mauritanian licences. Four high priority targets were identified, two of which are located within an 8km radius of the A238 prospect.

- In May and June 2013 the Company carried out an initial drilling programme at Hassi Baida comprising 214 holes of aircore drilling averaging 10m in depth for a total of 2,190m. Following the completion of the drilling at Hassi Baida, a short scout drilling programme was completed in the covered area 7km to the south east of the A238 prospect. Assay results from the drilling are expected shortly.

- During the June quarter, ground vehicle borne radiometric surveys, covering an area of 170km^2 were completed in prospective areas in the vicinity of the A238 prospect. The results from the surveys were encouraging and will be used to select potential future drilling targets.

Uranium Exploration - Guinea

- Following the 2011/12 field season, a revised JORC resource was announced for Firawa on 6 July 2012 of 30.3Mt @ 295ppm U_3O_8 for 19.5Mlbs of contained U_3O_8 (100ppm cut-off), an increase of 68%.

- Encouraging assay results from RC drilling at the Company's other Guinea project, Bohoduo, were also released in July 2012, confirming near-to-surface uranium mineralisation over a strike length of 2.3km, with best intersections including 24m @ 506ppm U_3O_8.

- Following an audit conducted by KPMG initiated by the Guinean government in 2012, Forte Energy were notified that its licences in Guinea are fully compliant with the Exploration legislation. Applications for licence extensions were submitted in July 2012, and are now being reviewed following the audit results.

Uranium Resources

Forte Energy now has a total of 44.9 Mlbs of contained U_3O_8 resources:

Project	**Resource Category**	**Tonnage (Mt)**	**Grade (ppm U_3O_8)**	**Contained U_3O_8 Mlbs**
A238*	Inferred	45.2	235	23.4
Bir En Nar	Indicated	0.5	886	1.0
	Inferred	0.8	575	1.0
Firawa	Inferred	30.3	295	19.5
Total	**Indicated**	**0.5**	**886**	**1.0**
	Inferred	**76.3**	**262**	**43.9**
	Total	**76.8**	**266**	**44.9**

** A238NW Anomaly included in the A238 Inferred Resources*

OPERATING AND FINANCIAL REVIEW (Continued)

Corporate

- After receiving shareholder approval at a meeting held on 2 August 2012, the Company completed the second tranche of the placement announced in June 2012 with the issue of 78,980,000 shares. The shares were issued at 1.25 pence per share, raising A$1.4m before costs. 86,702,500 attaching unlisted options exercisable at 3 pence per share on or before 3 August 2013 were also granted after obtaining shareholder approval.

- During 2013, the Company entered into detailed negotiations on several prospective corporate transactions however agreement could not be reached on terms that were acceptable to the Company at that time.

- On 15th February 2013, Forte Energy announced that it had entered into a £10 million discretionary Equity Financing Facility ("EFF") with Darwin Strategic Limited ("Darwin"), a majority owned subsidiary of Henderson Global Investors' Volantis Capital ("Henderson Volantis"). During March the Company raised £587,177 before expenses through the issue of 29,250,000 shares to Darwin under the EFF.

- On 6th June 2013, Forte Energy announced that it had entered into a two year convertible loan facility for up to US$1,000,000 with Dutchess Opportunity Cayman Fund, Ltd ("Dutchess") and that it had received an initial drawdown of US$600,000.

Operating Results for the year and financial position

The loss after income tax for the financial year was $3,183,622 (2012: $2,656,016). At 30 June 2013 the Group had cash and cash equivalents of $146,013 and net assets of $29,821,200.

Shareholder Returns

Shareholder returns are anticipated to be achieved via capital growth of the listed share price. The Company's Australian closing share price as at 30 June 2013 was 1.1 cents compared to 1.8 cents as at the close of business on 30 June 2012. The share price at the date of this report is 0.8 cents. The Company has continued to operate in an economic environment that remains difficult for uranium explorers, particularly since the Fukushima nuclear incident in 2011.

Share issues during the year

On 3 August 2012 the Company issued 75,080,000 shares at 1.25 pence (approximately $0.02) per share to institutional investors under the second tranche of a placement announced in June 2012. The placement was completed with the issue of a further 3,900,000 shares on 2 November 2012. On 6 March 2013, the Company issued 29,250,000 shares for a draw down under an equity finance facility which raised £587,177 ($869,961) before costs. 1,000 shares were issued on 14 March 2013 under a short-form prospectus that was required to facilitate secondary trading of the shares issued to Darwin Strategic Limited.3,722,953 shares were issued on 5 June 2013 as satisfaction for a commitment fee associated with a convertible loan facility entered into at that time. Since the end of the reporting period, a further 113,752,047 shares were allotted following conversion of loan funds by Dutchess and 42,000,000 shares were allotted in the first tranche of a placement announced on 15 August 2013.

OPERATING AND FINANCIAL REVIEW (Continued)

Risk management

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. The Company believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year were as follows:

- A placement to institutional shareholders at 1.25 pence per share announced on 6 June 2012, was undertaken in two tranches, raising more than $3.3m before costs.
- Since June 2012, the Company's total uranium resources have increased by 57% to 76.8 @ 266ppm U_3O_8 for 44.9Mlbs contained U_3O_8 (100ppm cut-off) after announcing increased resources for both the A238 prospect in Mauritania and the Firawa prospect in Guinea.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years except for the following:

- On 11 July 2013, the Company announced the proposed acquisition of Leo Mining and Exploration Limited ("Leominex"), an unlisted company with interests in a portfolio of uranium and rare earth elements ("REE") assets in Africa.
- The Company announced a placing of up to £2.5 million (A$4.25 million), conditional on the proposed Leominex acquisition.
- On 16 September 2013, the Company advised that the proposed Leominex acquisition would not proceed because the parties could not agree on certain proposed material amendments to the agreed terms including the withdrawal by Leominex of some of the assets. A reduced placement expected to raise approximately £0.75m (A$1.29 million) before costs.
- Between July and September 2013 the Company issued 113,752,047 ordinary shares to Dutchess Capital in satisfaction of the initial drawdown amount of US$600,000.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of that information would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company has an environmental security deposit of $7,950 (2012: $7,950) in relation to the Millennium mining leases in Queensland. There have been no calls on this deposit up to the date of this report. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of environmental requirements as they apply to the Company.

SHARE OPTIONS

Unissued Shares

As at the date of this report, there were 10,000,000 unissued ordinary shares under options. Refer to note 21 of the financial statements for further details of the options outstanding at 30 June 2013.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

Shares issued as a result of the exercise of options

During the year and up to the date of this report, no shares were issued as a result of the exercise of options (2012: nil).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has not entered into any insurance contracts for the indemnification of Directors and Officers of the Company.

REMUNERATION REPORT (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, and includes all directors of the Company.

Details of Key Management Personnel

G R Featherby	Chairman appointed 2 August 2004
M D Reilly	Managing Director appointed 2 August 2004
C D Grannell	Director (non-executive) appointed 4 April 2005
J G Leahy	Director (non-executive) appointed 26 April 2012
S Yelland	Chief Operating Officer appointed 1 September 2011
M R Wylie	Company Secretary appointed 5 November 2008

There were no changes to the Executives or KMP between the reporting date and the date the Financial Report was authorised for issue.

Remuneration committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the Board and executives.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing Board and executive team.

Remuneration philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives. To this end, the Company provides competitive rewards to attract high calibre executives. At the Board's discretion the nature and amount of executive and directors' emoluments may be linked to the Company's financial and operational performance.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct.

Non-executive director remuneration

Objective
The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

REMUNERATION REPORT (Audited) (Continued)

Structure
The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General meeting held on 26 November 2009 when shareholders agreed an aggregate remuneration of $750,000 per year.

The amount of aggregate remuneration sought to be approved by Shareholders and the fee structure is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process and may seek advice from external consultants if required. During the financial year and to the date of this report, the Board has not sought advice from any external consultants.

Each Non-Executive Director receives a fee for being a Director of the Company.

Non-Executive Directors are encouraged by the Board to hold shares in the Company purchased by the Director. The Non-Executive Directors of the Company are not eligible to participate in the Employee Share Option Plan. Nevertheless, share options may be granted to Non-Executive Directors to enable the Company to provide competitive remuneration at low cost in order to attract and retain high calibre directors while also aligning their remuneration with the creation of shareholder wealth.

The remuneration of Non-Executive Directors for the years ending 30 June 2013 and 30 June 2012 are detailed in Tables 1 and 2 on pages 13 and 14 of this report.

Executive remuneration

Objective
The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- Align the interests of Executives with those of Shareholders; and
- Ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed Remuneration;
- Variable Remuneration – Short Term Incentives (STI); and
- Variable Remuneration – Long Term Incentives (LTI).

REMUNERATION REPORT (Audited) (Continued)

Fixed Remuneration

Objective
The level of fixed remuneration is set so as to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of business and individual performance, relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Remuneration Committee has access to external advice independent of management.

Structure
Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable Remuneration – Short Term Incentive (STI)

Objective
The objective of any short term incentive is to link the remuneration received by the executives with the creation of shareholder wealth.

Structure
STI grants to Executives are delivered in the form of cash bonuses at the discretion of the Board after considering the recommendations of the Remuneration Committee based on contribution towards achievement of the Company's overall objectives. There were no cash bonuses granted during 2013 (2012: nil).

Variable Remuneration – Long Term Incentive (LTI)

Objective
The objective of the LTI plan is to reward Executives in a manner that aligns remuneration with the creation of Shareholder wealth. As such, LTI grants are only made to Executives who are able to influence the generation of Shareholder wealth and thus have an impact on the Company's performance against the relevant long-term performance.

Structure
LTI grants to Executives are delivered in the form of share options. At the discretion of the Board, the terms of the options may include performance, service or other conditions. Options granted to executives during the year are detailed on page 14.

Key Management Personnel are not permitted to enter into agreements at any time that provide lenders with rights over their interests in the Company's securities.

REMUNERATION REPORT (Audited) (Continued)

Company performance
In terms of the impact on the company's performance over the past 5 years, this is best reflected by the movement in the company's earnings, EPS and share price as outlined in the following table:

	2013	2012	2011	2010	2009
Net profit/ (loss) attributable to equity holders	(3,183,622)	(2,656,016)	(2,412,981)	(2,338,112)	(2,179,822)
Basic earnings/(loss) per share (cents)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)
Share price at 30 June (cents)	1.1	1.8	5.7	12.0	16.0
Share price growth over previous year (cents)	(0.7)	(3.9)	(6.3)	(4.0)	2.5

Employment contracts
The Managing Director, Mr Mark D Reilly, is employed under contract. The current employment contract commenced on 1 January 2005. Under the terms of the present contract:

- Mr Reilly may resign from his position and thus terminate this contract by giving 6 months written notice. On resignation by notice, any LTI options granted will have vested, or will vest during the notice period.
- The Company may terminate this employment agreement by providing 6 months written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Reilly's remuneration). On termination on notice by the Company, any LTI options granted will have vested, or will vest during the notice period.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Managing Director is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

Other executives: All executives have rolling contracts.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Table 1: Remuneration for the year ended 30 June 2013.

	Short Term Benefits			**Post employment**				
	Salary & Fees	**Cash Bonus (i)**	**Non-Monetary Benefits (ii)**	**Super-annuation**	**Retirement benefits**	**Share-based Payment Options**	**Total**	**% of remuneration consisting of options**
Directors	$			$	$	**$**	**$**	
G. R. Featherby	90,000	-	-	8,100	-	-	98,100	-
M. D. Reilly	189,122	-	239,031	23,740	-	-	451,893	-
C. D. Grannell	60,000	-	-	-	-	-	60,000	-
J. G. Leahy	61,477						61,477	-
Executives								
S. Yelland	239,666	-	54,199	33,235	-	14,833 (iii)	341,933	4%
M. R. Wylie	135,548	-	-	11,250	-	-	146,798	-
Total	775,813	-	293,230	76,325	-	14,833	1,160,201	

(i) None of the remuneration was performance related.
(ii) Non-monetary benefits relates to the provision of rental accommodation and salary sacrifice payments.
(iii) 1,000,000 options granted to Mr Yelland at commencement on 1 September 2011 vest over 2 years. These were granted as an incentive for Mr Yelland to join the Group, hence no performance conditions were attached. A further 2,000,000 options may be granted to Mr Yelland after 1 September 2012 subject to service conditions and achievement of exploration targets.

REMUNERATION REPORT (Audited) (Continued)

There is no relationship between the remuneration for key management personnel and the Company's financial performance.

Table 2: Remuneration for the year ended 30 June 2012.

	Short Term Benefits			Post employment				
	Salary & Fees	Cash Bonus (i)	Non-Monetary Benefits (ii)	Super-annuation	Retirement benefits	Share-based Payment Options	Total	% of remuneration consisting of options
Directors	$			$	$	$	$	
G. R. Featherby	90,000	-	-	8,100	-	-	98,100	-
B. T. Judge	50,984	-	-	-	-	-	50,984	-
M. D. Reilly	190,040	-	191,419	26,269	-	-	407,728	-
C. D. Grannell	60,000	-	-	-	-	-	60,000	-
J. G. Leahy	11,547						11,547	-
B. Gustafsson	163,457	-	-	-	-	-	163,457	-
Executives								
S. Yelland	236,142	-	46,738	28,420	-	63,065 (iii)	374,365	17%
M. R. Wylie	131,479	-	-	11,250	-	-	142,729	-
Total	933,649	-	238,157	74,039	-	63,065	1,308,910	

(i) None of the remuneration was performance related.
(ii) Non-monetary benefits relates to the provision of rental accommodation and salary sacrifice payments.
(iii) 1,000,000 options granted to Mr Yelland at commencement on 1 September 2011 vest over 2 years. These were granted as an incentive for Mr Yelland to join the Group, hence no performance conditions were attached. A further 2,000,000 options may be granted to Mr Yelland after 1 September 2012 subject to service conditions and achievement of exploration targets.
(iv) Mr Yelland was appointed on 1 September 2011, appointment and resignation of directors is detailed in the Directors' Report.

Table 3: Compensation options and rights granted and vested during the year

During the year ended 30 June 2013, there were nil (2012: 3,000,000) options and rights granted as equity compensation benefits to Directors and KMP. No options vested or were exercised during the year ended 30 June 2013.

	Granted		Terms & Conditions for each Grant					Vested	
Year ended 30 June 2012	Number	Grant date	Fair Value per option/right at grant date ($)	Exercise price per option ($) (i)	Expiry Date	First Exercise Date	Last Exercise Date	Number	%
S Yelland	1,000,000	1.09.11	$0.048	$0.092	1.09.16	1.09.12	1.09.16	500,000	50
S Yelland (ii)	2,000,000	1.09.11	$0.046	$0.153	1.09.17	1.09.13	1.09.17	-	-

(i) Exercise price is 6 pence per share.
(ii) Mr. Yelland has been granted rights to 2,000,000 options exercisable at 10 pence within 5 years subject to service conditions and achievement of exploration performance targets

REMUNERATION REPORT (Audited) (Continued)

Table 4: Options and rights granted as part of remuneration *

Year ended 30 June 2012	Value of options and rights granted during the year	Value of options exercised during the year	Value of options lapsed during the year
	$	$	$
S. Yelland	140,000	-	-

* For details on the valuation of the options, including models and assumptions used, please refer to note 25.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

No shares were issued on exercise of compensation options during the year (2012: nil).

(End of audited remuneration report)

DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

	Directors' Meetings[1]	Remuneration Committee[2]	Audit Committee[3]
G R Featherby	7	0	2
M D Reilly	7	N/A	N/A
C D Grannell	7	0	2
J G Leahy	7	0	2

1. 7 meetings held
2. 0 meeting held
3. 2 meetings held

COMMITTEE MEMBERSHIP

Details of the composition of the Board Committees are provided in the Corporate Governance Statement.

The Directors of the Company consider that due to the level of current operations, a separate Nomination Committee is not necessary.

COMPETENT PERSONS STATEMENT

The information in this report that relates to the reporting of Mineral Resources is based on information compiled 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.

AUDITOR'S INDEPENDENCE

The Directors received the following declaration from the auditor of Forte Energy NL.

Building a better working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
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ey.com/au

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

In relation to our audit of the financial report of Forte Energy NL for the financial year ended 30 June 2013, 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

D S Lewsen
Partner
30 September 2013

NON-AUDIT SERVICES

Ernst & Young received or are due to receive no amounts for the provision of non-audit services.

Signed in accordance with a resolution of the Directors.

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M D Reilly
MANAGING DIRECTOR

30 September 2013

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Forte Energy NL is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Forte Energy NL on behalf of the Shareholders by whom they are elected and to whom they are accountable.

Forte Energy NL's Corporate Governance Statement has been revised to reflect the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (second edition). The table below summarises the Company's compliance with those recommendations.

	Principle/Recommendation	**Comply Yes/No**	**Reference/ Explanation**
1	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	Page 22
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	Page 25
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	Page 25
2	**Structure the board to add value**		
2.1	A majority of the board should be independent directors.	Yes	Page 23
2.2	The chair should be an independent director.	Yes	Page 23
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	Page 3
2.4	The board should establish a nomination committee.	No	Page 24
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	Remuneration Report
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	Pages 3, 23
3	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Website

CORPORATE GOVERNANCE STATEMENT (Continued)

	Principle/Recommendation	**Comply Yes/No**	**Reference/ Explanation**
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	In process of developing	Page 24
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	In process of developing	Page 24
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	Page 24
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	Page 24, Website
4	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee.	Yes	Pages 24
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	No	Page 24
4.3	The audit committee should have a formal charter.	Yes	Website
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	Pages 16, 23
5	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	Website
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	Pages 5-8

CORPORATE GOVERNANCE STATEMENT (Continued)

	Principle/Recommendation	Comply Yes/No	Reference/ Explanation
6	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	Website
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	Website
7	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Page 25
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Page 25
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 25
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	Page 25
8	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee.	Yes	Page 26
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members.	Yes	Page 26
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Pages 10-12
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	Pages 10-15, 25-26

CORPORATE GOVERNANCE STATEMENT (Continued)

Forte Energy NL's corporate governance practices were in place throughout the year ended 30 June 2013.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Forte Energy NL, refer to our website:

http://www.forteenergy.com.au

Board Functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The responsibility for the operation and administration of the Company is delegated, by the Board, to the CEO and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive management team.
Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established the following committees:

- Audit
- Remuneration.

The roles and responsibilities of these committees are discussed throughout this Corporate Governance Statement.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risk identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity; and
- implementation of budgets by management and monitoring progress against budget - via the establishment and reporting of both financial and non financial key performance indicators.

Other functions reserved to the Board include:

- approval of the annual and half-yearly financial reports;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored; and
- reporting to shareholders.

CORPORATE GOVERNANCE STATEMENT (Continued)

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of Forte Energy NL are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with - or could reasonably be perceived to materially interfere with - the exercise of their unfettered and independent judgement.

In the context of director independence, 'materiality' is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Forte Energy NL are considered to be independent:

Name	Position
G R Featherby	Non-Executive Chairman
C D Grannell	Non-Executive Director
J G Leahy	Non-Executive Director

There are procedures in place, agreed by the Board, to enable Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
G R Featherby	9 Years
M D Reilly	9 Years
C D Grannell	9 Years
J G Leahy	2 Years

Trading Policy

Under the Company's Securities Trading Policy, an executive or Director must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

Before commencing to trade, an executive must first obtain the approval of the Company Secretary to do so and a Director must first obtain approval of the Chairman.

Only in exceptional circumstances will approval be forthcoming outside of the period which is four weeks after:

- one day following the announcement of the half yearly and full year results as the case may be;
- one day following the holding of the Annual General Meeting;
- one day after any other form of earnings forecast update is given to the market.

CORPORATE GOVERNANCE STATEMENT (Continued)

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by Directors in the securities of the Company.

Gender Diversity

The Company is in the process of establishing a policy concerning diversity which will be made available on its website.

At 30 June 2013, women represented 20% of all employees in the whole organisation. None of these women were in senior executive positions or on the Board.

Nomination Committee

There is currently no Nomination Committee as matters relating to selection and appointment of new Directors are dealt with by the full Board, due to the size of the Company, whilst ensuring arrangements are in place to identify and manage any associated corporate governance risks.

Audit Committee

The Board has established an Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The members of the Audit Committee during the year were:

C D Grannell (committee chairman)
G R Featherby
J G Leahy

The structure of the audit committee is in accordance with Recommendation 4.2.

Qualifications of audit committee members
Mr. Grannell has been a chartered accountant for more than 20 years and was an Executive Director and Chief Financial Officer of European Goldfields Limited, a company listed on the Toronto Stock Exchange and the AIM market of the London Stock Exchange.

Mr. Featherby has been a chartered accountant for more than 20 years and has been a director of two overseas listed companies, including holding the position of Finance Director of Regal Petroleum plc, a company listed on the AIM market of the London Stock Exchange.

Mr Leahy has more than 26 years experience in the mining sector as a senior mining analyst and as a specialist corporate broker with expertise in international institutional and hedge funds, foreign capital and private equity markets. He has also held several directorships of listed companies.

CORPORATE GOVERNANCE STATEMENT (Continued)

Risk

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:

- establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- continuously identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls;
- implementing a recognised electronic risk management system; and
- monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an annual assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practices are in place that are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Company's resources;
- compliance with applicable laws and regulations; and
- preparation of reliable published financial information.

The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of risk management by benchmarking the Company's performance to the Australia/New Zealand Standard on Risk Management (AS/NZ 4360).

CEO Certification

The Chief Executive Officer has provided a written statement to the Board that:

- the view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating effectively in all material respects.

Performance

The performance of the Board and key Executives is reviewed regularly against both measurable and qualitative indicators. Each Board member's and key Executive's performance is assessed against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which Directors and Executives are assessed are aligned with the financial and non-financial objectives of Forte Energy NL. Directors whose performance is consistently unsatisfactory may be asked to retire.

CORPORATE GOVERNANCE STATEMENT (Continued)

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and key Executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives;
- attraction of high quality management to the Company; and
- performance incentives that allow Executives to share the success of Forte Energy NL.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by the Directors and Executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and executive team. The Board has established a Remuneration Committee, comprising three independent non-executive directors. Members of the Remuneration Committee throughout the year were:

G R Featherby (committee chairman)
C D Grannell
J G Leahy

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

FORTE ENERGY NL
(ABN 59 009 087 852)

SCHEDULE OF INTERESTS IN MINING TENEMENTS
CURRENT AT 30 JUNE 2013

STATE	TENEMENT NAME/LOCATION	TENEMENT NUMBER	INTEREST	COMMENTS
Queensland	Rita Margaret	ML 2512	100%	These leases are all under a sale option agreement
	This Time Maybe l	ML 2761	100%	
	Federal	ML 2762	100%	
	Millennium #1	ML 7506	100%	
	Millennium #2	ML 7507	100%	

NOTE: ML = Mining Lease

COUNTRY	TENEMENT NAME/LOCATION	TENEMENT NUMBER	INTEREST	COMMENTS
Republic of Guinea	Kankan (Bohoduo)	XP 107	100%	
	Kankan (Bohoduo)	XP 129	100%	
	Kissidougou (Firawa)	XP 110	100%	
	Kissidougou (Firawa)	XP 130	100%	
Republic of Mauritania	Steilet Zednes	XP 281	100%	
	D' Adem Essder	XP 282	100%	
	Rhall Amane	XP 283	100%	
	Tisram	XP 284	100%	
	Gleibat Ten Ebdar	XP 285	100%	
	Legleya	XP 286	100%	
	Hassi Baida	XP 948	100%	
	Ouissuat	XP 949	100%	
	Bir Ould Ben Nassar	XP 1173	100%	
	Nord Tmeimichat Rhall Amane	XP 1588	100%	

NOTE: **XP** = Exploration Permit

FORTE ENERGY NL
(ABN 59 009 087 852)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Consolidated 2013 $	Consolidated 2012 $
Revenue	6	190,198	342,734
Other income	7	127,660	-
Exploration expenses		(68,114)	(79,912)
Administrative expenses	8	(3,405,792)	(2,890,129)
Loss before income tax		**(3,156,048)**	(2,627,307)
Income tax expense	9	(27,574)	(28,709)
Loss after income tax		**(3,183,622)**	(2,656,016)
Net loss for the year		**(3,183,622)**	(2,656,016)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net gain/(loss) on available-for-sale financial assets		-	1,957
Exchange differences on translation of foreign operations		(60,309)	(58,492)
Other comprehensive income for the year net of tax		**(60,309)**	(56,535)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF FORTE ENERGY NL		**(3,243,931)**	(2,712,551)
Loss per share (cents per share) attributable to ordinary equity holders of the Company			
- basic loss for the year	10	(0.36)	(0.38)
- diluted loss for the year	10	(0.36)	(0.38)

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

FORTE ENERGY NL
(ABN 59 009 087 852)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Notes	Consolidated As at 30 June 2013 $	Consolidated As at 30 June 2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	11	146,013	1,763,431
Trade and other receivables	12	406,475	528,667
Prepayments		57,684	90,885
		610,172	2,382,983
Non-current assets classified as held for sale	13	126,081	151,661
Total Current Assets		**736,253**	2,534,644
Non-Current Assets			
Available-for-sale investments	14	1,697	1,725
Exploration and evaluation expenditure	15	30,748,247	28,463,555
Plant and equipment	16	175,264	240,058
Total Non-Current Assets		**30,925,208**	28,705,338
TOTAL ASSETS		**31,661,461**	31,239,982
LIABILITIES			
Current Liabilities			
Trade and other payables	17	550,745	382,384
Income tax payable		28,495	6,166
Provisions	18	85,269	99,817
Derivative financial instruments	19	-	-
		664,509	488,367
Liabilities associated with assets held for sale	13	2,760	2,847
Total Current Liabilities		**667,269**	491,214
Non-Current Liabilities			
Convertible loan	20	1,172,992	-
Total Non-Current Liabilities		**1,172,992**	**-**
TOTAL LIABILITIES		**1,840,261**	491,214
NET ASSETS		**29,821,200**	30,748,768
EQUITY			
Issued capital	21	85,329,846	83,076,849
Reserves	22	2,389,195	2,386,138
Accumulated losses	22	(57,897,841)	(54,714,219)
TOTAL EQUITY		**29,821,200**	30,748,768

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

FORTE ENERGY NL
(ABN 59 009 087 852)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity $	Accumulated losses $	AFS financial assets reserve $	Equity benefits reserve $	Foreign currency translation $	Total equity $
Consolidated						
At 1 July 2012	83,076,849	(54,714,219)	-	2,456,399	(70,261)	30,748,768
(Loss) for the period	-	(3,183,622)	-	-	-	(3,183,622)
Other comprehensive income	-	-	-	-	(60,309)	(60,309)
Total comprehensive income for the year net of tax	-	(3,183,622)	-	-	(60,309)	(3,243,931)
Equity transactions:						
Share-based payment	-	-	-	63,366	-	63,366
Issue of ordinary shares	2,410,386	-	-	-	-	2,410,386
Transaction costs	(157,389)	-	-	-	-	(157,389)
Balance at 30 June 2013	**85,329,846**	**(57,897,841)**	**-**	**2,519,765**	**(130,570)**	**29,821,200**

	Contributed equity $	Accumulated losses $	AFS financial assets reserve $	Equity benefits reserve $	Foreign currency translation $	Total equity $
Consolidated						
At 1 July 2011	81,287,225	(52,058,203)	(1,957)	2,331,334	(11,769)	31,546,630
(Loss) for the period	-	(2,656,016)	-	-	-	(2,656,016)
Other comprehensive income	-	-	1,957	-	(58,492)	(56,535)
Total comprehensive income for the year net of tax	-	(2,656,016)	1,957	-	(58,492)	(2,712,551)
Equity transactions:						
Share-based payment	-	-	-	125,065	-	125,065
Issue of ordinary shares	1,918,750	-	-	-	-	1,918,750
Transaction costs	(129,126)	-	-	-	-	(129,126)
Balance at 30 June 2012	83,076,849	(54,714,219)	-	2,456,399	(70,261)	30,748,768

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

FORTE ENERGY NL
(ABN 59 009 087 852)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Consolidated 2013 $	Consolidated 2012 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,815,058)	(2,911,903)
Income tax paid		(5,245)	(55,931)
Interest and other income received		199,972	543,224
Net cash flows used in operating activities	23	**(2,620,331)**	(2,424,610)
Cash flows from investing activities			
Payments for purchase of equipment		(27,494)	(123,943)
Payment for exploration and evaluation expenditure		(1,744,094)	(6,214,644)
Net cash flows used in investing activities		**(1,771,588)**	(6,338,587)
Cash flows from financing activities			
Proceeds from issue of shares		2,303,254	1,918,750
Transaction costs relating to issue of shares		(151,996)	(109,993)
Proceeds from borrowings		620,820	-
Net cash from financing activities		**2,772,078**	1,808,757
Net (decrease)/increase in cash and cash equivalents		(1,619,841)	(6,954,440)
Cash and cash equivalents at the beginning of the financial year		1,763,431	8,716,949
Effects of exchange rate changes on cash and cash equivalents		2,423	922
Cash and cash equivalents at the end of financial year	11	**146,013**	1,763,431

The above cash flow statement should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of Forte Energy NL for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 30 September 2013.

Forte Energy NL is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange, and on the AIM Board of the London Stock Exchange.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments and derivative financial instruments, which have been measured at fair value.

The financial report is presented in Australian dollars. The Consolidated Entity is a for profit entity primarily involved in mineral exploration.

(b) Going Concern

The Consolidated Entity has incurred a net loss after tax for the year ended 30 June 2013 of $3,183,622 (30 June 2012: $2,656,016) and has net current assets at 30 June 2013 of $68,984 (30 June 2012: $2,043,430). The Consolidated Entity's cash flow forecast shows that it does not have sufficient funds to meet its minimum committed administrative and exploration expenditure for at least twelve months from the date of signing these financial statements. The Consolidated Entity will require additional funding within the next 12 months in order to continue as a going concern. The Directors believe that the Consolidated Entity has a number of options available to raise those funds and will pursue these further as and when appropriate.

The Directors are satisfied that, at the date of the signing of the financial statements, that there are reasonable grounds to believe that the Consolidated Entity will be able to meet its obligations as and when they fall due and continue to proceed with the Consolidated Entity's strategic objectives.

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

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(d) New accounting standards and interpretations

Accounting policies adopted are consistent with the prior year.

From 1 July 2012 the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on or before 1 July 2012, including the following pronouncement:

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income.

Adoption of these new and amended Standards and Interpretations did not have any effect on the financial position or performance of the Group.

A number of Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective. The relevant pronouncements which have not been adopted by the Group are as follows:

AASB 9 - Financial Instruments addresses the classification and measurement of financial assets. The standard improves and simplifies the approach for classification and measurement of financial assets compared to AASB 139. The application date for the Group is 1 July 2013.

AASB 1048: Interpretation of Standards. AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 2010 version of AASB 1048.

AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income. This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not. The application date for the Group is 1 July 2012.

AASB 10: Consolidated Financial Statements. AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. The application date for the Group is 1 July 2013.

AASB 13 – Fair Value Measurement. This standard establishes a single source of guidance under Australian Accounting Standards for determining the fair value of assets and liabilities. The application date for the Group is 1 July 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) New accounting standards and interpretations (continued)

AASB 119 – Employee Benefits. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10. The application date for the Group is 1 July 2013.

Interpretation 20 – Stripping Costs in the Production Phase of a Surface Mine. This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset". The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate. The application date for the Group is 1 July 2013.

AASB 2012-2 – Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities. AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met. The application date for the Group is 1 July 2013.

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. The application date for the Group is 1 July 2013.

AASB 2012-5 - Annual Improvements 2009–2011 Cycle. This standard sets out amendments to various Standards and the related bases for conclusions and guidance. These amendments have not yet been adopted by the AASB.

The following items are addressed by this standard:

AASB 1 First-time Adoption of International Financial Reporting Standards

- Repeated application of AASB 1
- Borrowing costs

AASB 101 Presentation of Financial Statements

- Clarification of the requirements for comparative information

AASB 116 Property, Plant and Equipment

- Classification of servicing equipment

AASB 132 Financial Instruments: Presentation

- Tax effect of distribution to holders of equity instruments

AASB 134 Interim Financial Reporting

- Interim financial reporting and segment information for total assets and liabilities

The application date for the Group is 1 July 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 11: Joint Arrangements. AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128. The application date for the Group is 1 July 2013.

AASB 12 – Disclosure of Interests in Other Entities. This standard includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests. The application date for the Group is 1 July 2013.

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. The application date for the Group is 1 July 2013.

A full assessment has not yet been completed of the impact of all new and amended accounting standards and interpretations issued but not yet effective. However, based on the preliminary assessment the Company does not consider that these new or amended Accounting Standards and interpretations will have a significant impact on its future results or operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Forte Energy NL and its subsidiaries as at and for the period ended 30 June each year (the Group). Interests in associates are equity accounted and are not part of the consolidated Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. 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 obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss and;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

(g) Foreign currency translation

(i) Functional and presentation currency
Both the functional and presentation currency of Forte Energy NL is Australian Dollars (A$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of Forte Energy UK Limited is Great British Pounds (GBP).

(ii) Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All exchange differences arising from the above procedures are taken to the profit and loss.

(iii) Foreign operations
As at the reporting date, the assets and liabilities of the overseas subsidiary is translated into the presentation currency of Forte Energy Limited at the rate of exchange ruling at the reporting date and the statement of comprehensive income is translated at the average exchange rates for the period. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

(i) Trade and other receivables

Trade receivables, which generally are security deposits held on 30-90 day terms, are recognised and carried at the original amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(j) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification is determined on initial recognition and depends on the purpose for which the investments were acquired. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Impairment
The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

(i) Loans and receivables
Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Investments and other financial assets (continued)

(ii) Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit and loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit and loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(k) Derivative financial instruments

Derivative financial instruments are initially stated at their fair value on the date a derivate contract is executed and are subsequently carried at fair value at each report date. The resulting gain or loss is recognised in the statement of comprehensive income during each reporting period.

The fair value of derivative financial instruments not traded in an active market is determined using valuation techniques based on option pricing models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 19.

(l) Exploration and evaluation expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

- The exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Exploration and evaluation expenditure (continued)

Impairment
The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset of cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

(m) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific asset as follows:

Plant and equipment – over 3 to 10 years.
Motor vehicles – over 5 years.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(n) Leases

The determination or whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Leases (continued)

Group as a lessee
Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(o) Impairment of other non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(p) Trade and other payables

Trade payables and other payables are carried at amortised cost. Due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave due to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts due to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Share-based payment transactions

The Group provides benefits to its employees (including key management personnel) and to non-employees in the form of share-based payments, whereby services are rendered partly or wholly in exchange for shares or rights over shares (equity-settled transactions).

The Forte Energy NL Employee Share Option Plan currently in place, was approved by Shareholders on 10 February 1996. The employee share option plan has been established where Forte Energy NL may, at the discretion of the Board, grant options over the ordinary shares of Forte Energy NL to Directors and certain members of staff of the Group. The options, issued for nil consideration, are granted in accordance with performance guidelines established by the Directors of Forte Energy NL, although the Board of Forte Energy NL retains the final discretion on the issue of the options. The options are issued for a term of 5 years and are exercisable beginning on the first anniversary of the date of grant. The options cannot be transferred and will not be quoted on the ASX.

The cost of equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black & Scholes or Binomial option modelling technique as appropriate, further details of which are given in note 21.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Forte Energy NL (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled (the vesting period), ending on the date on which the relevant recipient become fully entitled to the award.

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the recipient of the award, as measured at the date of modification.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Share-based payment transactions (continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 10).

(s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest Revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(ii) Dividends

Revenue is recognised when the Company's right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST included.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Income tax and other taxes (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(v) Loss per share

Basic loss per share is calculated as net loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted loss per share is calculated as net profit attributable to members of the Company adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

(x) Convertible loan

The component of the convertible loan that exhibits characteristics of a liability is recognised as a liability in the statement of financial position net of transaction costs. The liability component is initially recognised at fair value and subsequently carried at amortised cost until extinguished on conversion or redemption. Interest on the liability component of the instrument is recognised as an expense. The fair value of any derivative feature embedded in the convertible note other than any equity component is included with the liability component.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash, short-term deposits, available-for-sale investments and borrowings.

The main purpose of these financial instruments is to finance the company's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations. The main risks arising from the Company's financial instruments are cash flow interest rate risk, foreign currency risk and equity price risk. Other risks are also summarised below. The Board reviews and agrees policies for managing each of these risks.

Cash flow interest rate risk
The Group's exposure to the risks of changes in market interest rates relate primarily to the Group's cash, short-term deposits and security deposits with floating interest rates. These financial assets with variable rates expose the Group to cash flow interest rate risk. The Group's policy is to manage this risk by comparing the interest rates received with advertised available rates to ensure competitiveness, whilst considering other matters such as security and operational efficiencies. All other financial assets and liabilities in the form of receivables, payables and available-for-sale investments are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit and equity after tax if interest rates at that date had been 1% higher or lower with all other variables held constant as a sensitivity analysis. The choice of plus or minus 1% for the sensitivity analysis reflects that, while recent movements in Australian interest rates has been downward and continued economic pressures may result in further falls, the external pressure from continuing uncertainty in European and United States economies has caused the rate to remain steady for several months and may lead to downward pressure on Australian interest rates.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Floating Interest Rate		Interest Rate Risk Sensitivity **2013**				Interest Rate Risk Sensitivity **2012**			
			-1%		+1%		-1%		+1%	
	$		$		$		$		$	
	2013	**2012**	Profit higher/ (lower)	Equity higher/ (lower)	Profit higher/ (lower)	Equity higher/ (lower)	Profit higher/ (lower)	Equity higher/ (lower)	Profit higher/ (lower)	Equity higher/ (lower)
Financial assets:										
Cash at Bank	146,013	1,763,431	(1,460)	(1,460)	1,460	1,460	(17,634)	(17,634)	17,634	17,634
Trade & other receivables	7,950	7,950	(79)	(79)	79	79	(79)	(79)	79	79
Total	153,963	1,771,381	(1,539)	(1,539)	1,539	1,539	(17,713)	(17,713)	17,713	17,713
Weighted average interest rate	0.69%	1.00%								
Financial liabilities:										
Trade & other payables	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Weighted average interest rate	-	-								
Net financial assets (liabilities)	153,963	1,771,381	(1,539)	(1,539)	1,539	1,539	(17,713)	(17,713)	17,713	17,713

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income

Price risk
The Group is exposed to changes in quoted prices of its investments in listed entities due to general market forces or to factors specific to those entities. The Group's policy is to regularly monitor market trading performance of these investments and any public announcements issued, to identify any concerns with long-term performance expectations. The Group's exposure to sensitivity of price risk is not considered material.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

Credit risk arises from the financial assets of the Group, which primarily comprises cash and cash equivalents and available-for-sale financial assets. The Group's exposure to credit risk arises from potential default by the counter party, with a maximum exposure equal to the carrying amount of these instruments as indicated in the statement of financial position. Exposure at balance date is addressed in each applicable note. The Group manages this risk by investing with recognised credit worthy third parties. Financial instruments held by the Group are usually spread amongst a number of financial institutions all of which have credit ratings of AA or better, to minimise the risk of counterparty default. At statement of financial position date the majority of cash and cash equivalents are held by two financial institutions with an S&P credit rating of AA.

Liquidity risk

Prudent liquidity management involves the maintenance of sufficient cash, marketable securities, committed credit facilities and access to capital markets. It is the policy of the board to ensure that the Group is able to meet its financial obligations and maintain the flexibility to pursue attractive investment opportunities through ensuring the Group has sufficient working capital and preserving the 15% share issue limit available to the Group under the ASX Listing Rules.

Contractual maturities of financial liabilities for the years ended 30 June:

	2013	**2012**
	$	$
Payable		
- less than 6 months	550,745	382,384
- later than 6 months	1,362,355	-
Total	1,913,100	382,384

Currency risk

The Group has exploration projects in the Republics of Guinea and Mauritania, has established a UK subsidiary with an office in London and is listed on the London Stock Exchange AIM. The Company has transactional currency exposures. Such exposure arises from expenditure for exploration and evaluation which can be affected significantly by movements in the US$/A$ and Euro/A$ exchange rates and UK management and regulatory costs which can be affected significantly by movements in the GBP/A$.

The Group has not entered into any derivative financial instruments to hedge such transactions.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

At 30 June, the Group had the following exposure to foreign currency:

	2013				**2012**			
	AUD				AUD			
	USD	GBP	EUR	Total	USD	GBP	EUR	Total
Financial assets:								
Cash & cash equivalents	106,139	-	-	106,139	21,548	-	-	21,548
Available for sale investments	-	1,697	-	1,697	-	1,725	-	1,725
Financial liabilities:								
Trade and other payables	(4,928)	(71,485)	(3,202)	(79,615)	(38,548)	(54,894)	(2,648)	(96,090)
Convertible loan	(1,172,992)	-	-	(1,172,992)	-	-	-	-
Net exposure	(1,071,781)	(69,788)	(3,202)	(1,144,771)	(17,000)	(53,169)	(2,648)	(72,817)

The following sensitivity is based on the foreign currency risk exposures in existence at the statement of financial position date:

At 30 June 2013 and 2012 respectively, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit		Equity	
	2013	**2012**	**2013**	**2012**
	$	$	$	$
AUD/USD + 10%	107,178	1,700	107,178	1,700
AUD/USD – 10%	(107,178)	(1,700)	(107,178)	(1,700)
AUD/GBP + 10%	6,979	5,489	6,979	5,489
AUD/GBP – 10%	(6,979)	(5,489)	(6,979)	(5,489)
AUD/EUR + 10%	320	265	320	265
AUD/EUR – 10%	(320)	(265)	(320)	(265)
Total AUD + 10%	114,477	7,454	114,477	7,454
Total AUD – 10%	(114,477)	(7,454)	(114,477)	(7,454)

Management believe the statement of financial position date risk exposures are representative of the risk exposure inherent in the financial instruments.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Fair values

All assets and liabilities recognised in the statement of financial position, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes. Apart from the available-for-sale investments, for which the fair value is determined using quoted market prices (level 1), there are no financial assets or liabilities carried at fair value.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees or other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Binomial option pricing model, with the assumptions detailed in note 21. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

5. 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:

- Mineral exploration in Mauritania.
- Mineral exploration in Guinea.

Accounting policies and inter-segment transactions:

The accounting policies used by the Group in reporting segments are the same as those contained in note 2 to the accounts and 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.

5. SEGMENT INFORMATION (Continued)

Operating segments – 30 June 2013

	Mauritania uranium exploration $	Guinea uranium exploration $	Total $
Year ended 30 June 2013			
Revenues			
Other Revenue from external customers	-	-	-
Total Segment revenue	-	-	-
Unallocated items			
Interest Income			5,590
Other unallocated revenue			184,608
Total revenue per statement of comprehensive income (i)			**190,198**
Other unallocated income			127,660
Results			
Segment (loss)	(19,785)	(55,164)	(74,949)
Unallocated items			
Other unallocated revenue			190,198
Other unallocated income			127,660
Administrative expenses			(3,398,957)
Net loss before tax			(3,156,048)
Segment assets as at 30 June 2013	**22,497,443**	**8,330,227**	**30,827,670**
Cash and cash equivalents			146,013
Non-current assets classified as held for sale			126,081
Other Corporate assets			561,697
Total assets per statement of financial position as at 30 June 2013			**31,661,461**
Segment liabilities	**(138,214)**	**(3,876)**	**(142,090)**
Unallocated liabilities			(1,698,171)
Total liabilities			**(1,840,261)**

5. SEGMENT INFORMATION (Continued)

Operating segments – 30 June 2012

	Mauritania uranium exploration $	Guinea uranium exploration $	Total $
Year ended 30 June 2012			
Revenues			
Other Revenue from external customers	-	-	-
Total Segment revenue	-	-	-
Unallocated items			
Interest Income			247,372
Other unallocated revenue			95,362
Total revenue per statement of comprehensive income			**342,734**
Results			
Segment (loss)	(54,241)	(90,373)	(144,614)
Unallocated items			
Other unallocated revenue			342,734
Administrative expenses			(2,825,427)
Net loss before tax			(2,627,307)
Segment assets as at 30 June 2012	**20,519,783**	**8,062,273**	**28,582,056**
Cash and cash equivalents			1,763,431
Non-current assets classified as held for sale			151,661
Other Corporate assets			742,834
Total assets per statement of financial position as at 30 June 2012			**31,239,982**
Segment liabilities	**(84,372)**	**(41,370)**	**(125,742)**
Unallocated liabilities			(365,472)
Total liabilities			**(491,214)**

5. SEGMENT INFORMATION (Continued)

Geographic information

	2013 $	2012 $
Revenue (by location of assets)		
Australia	77,707	316,883
United Kingdom	112,491	25,851
	190,198	342,734
Non-current assets		
Australia	136,561	167,525
Mauritania	22,497,443	20,519,783
Guinea	8,330,227	8,062,273
United Kingdom	85,361	105,693
	31,049,592	28,855,274

Non-current assets for this purpose consist of plant and equipment, exploration and evaluation assets and non-current assets classified as held for sale.

6. REVENUE

Interest income	5,590	247,372
Office sub-lease rent	184,608	87,291
Other revenue	-	8,071
Total revenue	190,198	342,734

7. OTHER INCOME

Gain on derivative financial instruments	167,813	-
Total other income	167,813	-

8. ADMINISTRATIVE AND OTHER EXPENSES

	2013 $	2012 $
Accounting and audit fees	194,593	177,084
Consulting fees	48,314	197,557
Depreciation of plant and equipment	89,887	96,270
Employee benefits expense (i)	1,030,987	1,057,943
Other employment expenses	13,490	15,459
Foreign exchange differences	3,434	3,055
Impairment loss on available for sale assets	28	21,756
Legal fees	78,868	83,977
Loan fees and costs	49,279	-
Loss on convertible loan	548,428	-
Media and public relations	154,662	110,549
Nominated advisor and broker fees	106,750	136,663
Promotions, roadshows and conferences	18,823	52,783
Reporting and listing costs	96,592	95,170
Share based payments - other	189,727	62,000
Telecommunication and computing	84,389	75,087
Travel and accommodation	137,172	328,624
Minimum lease payments – operating lease	413,610	234,365
Other	146,759	141,787
Total administrative and other expenses	3,405,792	2,890,129

	2013 $	2012 $
(i) Employee benefits expense is comprised of:		
Salaries and wages	785,555	747,520
Employee provisions	(17,416)	33,454
Share based payments	14,833	63,065
Other employee benefits expense	248,015	213,904
Total	1,030,987	1,057,943

9. TAXATION

The major components of income tax expense are:

	2013 $	2012 $
Income Statement		
Current income tax		
Current income tax charge	27,574	28,709
Income tax expense reported in the income statement	27,574	28,709

Current tax expense relates to assessable income in Forte Energy UK Limited.

9. TAXATION (Continued)

A reconciliation from accounting loss to tax expense is as follows:

	2013 $	2012 $
Accounting (loss) from continuing operations before income tax	(3,156,048)	(2,627,307)
At Company's statutory income tax rate of 30% (2012:30%)	(946,814)	(788,192)
Expenditure not allowable for income tax purposes	225,896	51,530
Deferred tax benefits not brought to account	748,492	765,371
Income tax expense reported in the Income Statement	27,574	28,709

Deferred income tax

Deferred income tax at 30 June relates to the following:

	2013 $	2012 $
Deferred tax liabilities		
Exploration & evaluation costs	9,224,474	8,539,066
Set-off of deferred tax assets	(9,224,474)	(8,539,066)
Net deferred tax liabilities	-	-
Deferred tax assets		
Carried forward losses recognised to the extent of deferred tax liabilities	9,224,474	8,539,066
Set-off of deferred tax liabilities	(9,224,474)	(8,539,066)
Deferred tax income/(expense)	-	-

The Company has other losses of $25,954,703 (2012: $22,397,764) for which no deferred tax asset has been recognised. These losses are available indefinitely for offset against future taxable profits of the Company in which the losses arose subject to meeting certain statutory requirements.

At 30 June 2013, the Company has other deductible temporary differences of $572,671 (2012: $860,580) for which no deferred tax asset has been recognised. None of these deductible temporary differences relate to investments in subsidiaries, associates or joint ventures.

10. LOSS PER SHARE

The following reflects the loss used in the basic and diluted loss per share computations:

	2013 $	2012 $
Net profit/(loss) attributable to ordinary equity holders of the Company	(3,183,622)	(2,656,016)
Weighted average number of ordinary shares for basic earnings per share	874,116,124	701,499,557
Weighted average number of ordinary shares adjusted for the effect of dilution	874,116,124	701,499,557

Between the reporting date and the date of completion of these financial statements the Company has issued 113,752,047 ordinary shares following conversion of debt and 42,000,000 ordinary shares in accordance with the first tranche of the placement announce on 15 August 2013. 88,652,200 options expired on 2 August 2013.

At the balance sheet date the Company had 98,652,500 options (2012: 105,702,500) and 2,250,000 partly paid shares (2012: 2,250,000) on issue which would not have a dilutive effect on basic earnings per share as calculated in accordance with AASB 133. Furthermore, based on the share price at balance date the convertible loan would convert to 106,740,364 ordinary shares. These potential shares are also considered anti-dilutive.

11. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	146,013	1,663,431
Short term deposits	-	100,000
	146,013	1,763,431

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

Short term deposits are held with banks with maturities of three months.

	2013 $	2012 $

12. TRADE AND OTHER RECEIVABLES

Environmental security deposit – Millenium project	7,950	7,950
Exploration bank guarantee deposits - Mauritania	229,788	209,043
Rent security deposit	100,296	125,210
Interest receivable	-	755
VAT receivable – United Kingdom	68,441	167,356
Other	-	18,353
	406,475	528,667

Environmental security deposit has an average maturity of 90 days and a floating interest rate, which has averaged 2.20% per annum for the year (2012: 2.20%per annum). Exploration bank guarantee deposits are non-interest bearing. These deposits are required under the terms of the Mauritanian exploration licences as guarantee that minimum expenditure commitments will be achieved. The guarantee deposits are for the term of the exploration permit renewals (three years) or until minimum expenditure has been demonstrated. The deposits are held with Banque Nationale de Mauritanie, one of the three largest commercial banks in Mauritania.

13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During 2009 the Company decided to focus on its uranium prospects in West Africa and to pursue opportunities to realise value for its non-uranium assets. The Company entered into sale agreements to realise value for its non-uranium assets and therefore recognised these exploration assets as assets held for sale.

On 18 August 2009, the Company announced an option agreement for the sale of Millenium assets. This agreement is still in place and has been extended while renewal of several of the mining leases is finalised. Renewal of the mining leases was delayed while negotiating landholder compensation agreements. The negotiations have been completed and the final agreements have been executed and lodged. On 17 September 2013 the Company announced that the option agreement has been varied with consideration reduced to $100,000 plus reimbursement of certain tenement costs.

The major classes of assets and liabilities associated with the Millenium project which was unallocated in the segment note disclosure in the prior period at 30 June 2013 are as follows:

	2013 $	2012 $
Assets		
Exploration and evaluation expenditure	126,081	151,661
Assets classified as held for sale	126,081	151,661
Liabilities	(2,760)	(2,847)
Net assets classified as held for sale	123,321	148,814

14. AVAILABLE-FOR-SALE INVESTMENTS

	2013 $	2012 $
At fair value		
Shares - listed	1,697	1,725
	1,697	1,725

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate. The fair value at 30 June 2013 included unrealised losses during the financial year of $28 (2012: loss of $19,798) due to movement in equity prices and currency exchange rates.

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

15. EXPLORATION AND EVALUATION EXPENDITURE

Carrying amount at beginning of year	28,463,555	22,758,353
Additions	2,284,692	5,705,202
Carrying amount at end of year net of impairment	30,748,247	28,463,555

Exploration and evaluation costs have been capitalised at cost. No impairment loss was recognised in the 2013 financial year (2012: Nil) because either:

- The exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- Exploration and evaluation activities in each area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or relevant to, the area of interest are continuing.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

16. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment		
Carrying amount at beginning of year net of accumulated depreciation and impairment	240,058	212,496
Additions	16,238	123,649
Exchange differences	8,855	183
Depreciation	(89,887)	(96,270)
Carrying amount at end of year net of accumulated depreciation and impairment	175,264	240,058

Plant and equipment		
Cost	547,188	519,694
Accumulated depreciation and impairment	(371,924)	(279,636)
Net carrying amount at end of year	175,264	240,058

No impairment loss was recognised in the 2013 or 2012 financial years.

17. TRADE AND OTHER PAYABLES

	2013 $	2012 $
Trade payables	382,959	180,530
Accruals	167,786	201,854
Trade and other payables	550,745	382,384

Trade payables and accruals are non-interest bearing and are normally settled on 30 day terms.

18. PROVISIONS

	Employee Benefits $
At 30 June 2011	66,079
Movement during the year	33,738
At 30 June 2012	99,817
Movement during the year	14,548
At 30 June 2013 - Current	85,269

19. DERIVATIVE FINANCIAL INSTRUMENTS

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

	2013 $	2012 $
Warrant derivatives at fair value – issued 3 August 2012	-	-
	-	-

88,652,500 unlisted warrants expiring on 2 August 2013 were issued on 3 August 2012 to institutional investors who participated in the Company's placements in June and August 2012. Participants received one free-attaching warrant for every 2 shares. The warrants are exercisable at GBP 3 pence each and entitle the holder to one fully paid ordinary share in the Company once exercised. The fair value at inception was $127,660. The fair value at 30 June 2013 was nil.

The change in the fair value of these derivatives of $127,660 (2012: nil) has been recognised in profit or loss during the reporting period under other income as gain on derivative financial instruments.

19. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Unlisted warrants granted and option pricing model inputs:
The Binomial model inputs for unlisted warrants issued on 3 August 2012 included:
(a) 88,625,000 warrants were granted for no consideration. Entitlements to the warrants vested at grant date
(b) Exercise price of options: 3 pence.
(c) Time to maturity: 1 year
(d) Underlying security spot price at date of options grant: $0.02
(e) Risk of underlying share/Annualised standard deviation: 80%
(f) Expected Dividend yield: Nil
(g) Expected life: 1 year
(h) Risk-free interest rate: 0.21%.

20. CONVERTIBLE LOAN

	2013 $	2012 $
Convertible Loan	1,172,992	-
	1,172,992	-

On 6th June 2013, the Company announced that it had entered into a two year convertible loan facility for up to US$1,000,000 with Dutchess Opportunity Cayman Fund, Ltd ("Dutchess") and that it had received an initial drawdown of US$600,000.

Under the terms of the loan facility, Dutchess may elect to convert the face amount of the convertible loan (defined as 133% of the draw down amount) plus the accrued interest into fully paid ordinary shares at 75% of the volume-weighted average market price for the 15 trading days immediately preceding the conversion date. Interest shall accrue on all drawdown amounts at a rate of eight per cent per annum, capitalised annually.

Forte Energy has the right at any time prior to the maturity date to repay all drawdown amounts together with interest accrued thereon at a price equal to 107% of the outstanding drawdown amounts and accrued interest. All drawdown amounts together with interest accrued shall be due and payable on the maturity date at the aforementioned price if not repaid by the Company on or before the maturity date.

Between July and September 2013 the Company issued 113,752,047 ordinary shares to Dutchess Capital in satisfaction of the initial drawdown amount of US$600,000. There have been no further drawdowns under the facility between the end of the financial year and the date of this report.

21. CONTRIBUTED EQUITY

	2013 $	2012 $
Issued And Paid Up Capital		
905,868,264 (2012: 793,914,311) ordinary shares, fully paid	85,307,346	83,054,349
2,250,000 (2012: 2,250,000) of 25 cent value ordinary shares, paid to 1 cent	22,500	22,500
	85,329,846	83,076,849

Effective 1 July 1998, the Corporations legislation abolished the concept of authorised capital and par value shares. Accordingly, the Company does not have authorised capital nor par value in respect of its issued capital.

Partly paid shares have been issued at 25 cents, accordingly 24 cents remains uncalled.

(a) Movement in Ordinary shares on issue

	2013	2012
Balance at beginning of the year	83,076,849	81,287,225
Shares issued:		
- 98,325,000 shares issued from placement at 1.25 pence (1.95 cents) per share	-	1,918,750
- Transaction costs arising from issue of shares	-	(129,126)
- 78,980,000 shares issued from placement at 1.25 pence (1.95 cents) per share	1,478,328	-
- 29,250,000 shares issued under equity financing facility at 2.01 pence (2,98 cents) per share	869,961	-
- Issue of 1,000 shares under short-form prospectus	30	-
- Issue of 3,722,953 shares at 1.67 cents per share for Dutchess Capital facility fee	62,067	-
- Transaction costs arising from issue of shares	(157,389)	
Balance at end of year	85,329,846	83,076,849

(b) Share Options

Options over ordinary shares:

During the financial year 93,652,500 (2012: 5,000,000) options were issued over ordinary shares in the Company. 88,652,500 options are exercisable at 3 pence on or before 2 August 2013 and 5,000,000 options are exercisable at 3 pence on or before 14 February 2015 (2012: 1,000,000 options are exercisable at 6 pence on or before 1 September 2016 and 4,000,000 options are exercisable at 12.5 cents on or before 14 April 2015).

21. CONTRIBUTED EQUITY (Continued)

At the end of the year, there were 98,652,500 (2012: 19,000,000) unissued ordinary shares in respect of which options were outstanding. No options outstanding were issued under the Employee Share Option Plan. The options outstanding include

- 1,000,000 options with an exercise price of 6 pence and a weighted average remaining contractual life of 3.2 years,
- 4,000,000 options with an exercise price of $0.125 and a weighted average remaining contractual life of 1.8 years, and
- 93,625,500 options with an exercise price of 3 pence and a weighted average remaining contractual life of 0.2 years.

Details of the Employee Share Option Plan are provided in Note 26.

(c) Terms and conditions of contributed equity

Ordinary Shares
Holders of ordinary shares are entitled to receive dividends as declared from time to time and at a meeting, on a show of hands, every member present in person or by proxy shall have one vote and upon a poll each shall have one vote per ordinary share.

In the event of the winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

Partly Paid Shares
Holders of partly paid shares are entitled to receive dividends as declared from time to time in the proportion that the amount paid up on the share bears to the total amount payable. At a meeting, on a show of hands, every member present in person or by proxy shall have one vote and such shares shall upon a poll confer only that fraction of one vote which the amount paid up on that share bears to the total par value. If calculation results in a fraction of a vote, that fraction shall be disregarded.

In the event of the winding up of the Company, partly paid shareholders rank equally with other ordinary shareholders to the extent that they are paid up, but after creditors, and are fully entitled to any proceeds of liquidation.

21. CONTRIBUTED EQUITY (Continued)

(d) Capital risk management

When managing capital (being equity of $29,821,200 as at 30 June 2013), management's objective is to ensure the Consolidated Entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Consolidated Entity.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The Company does not have a defined share buy-back plan.

No dividends were paid in the year ending 30 June 2013 and no dividends are expected to be paid in the year ending 30 June 2014.

There is no current intention to incur debt funding on behalf of the company as on-going exploration expenditure will be funded via convertible debt, equity, asset sales or joint venture arrangements with other companies.

The Consolidated Entity is not subject to any externally imposed capital requirements.

Management reviews management accounts on a monthly basis and reviews actual expenditures against budget on a quarterly basis.

22. ACCUMULATED LOSSES AND RESERVES

a) Movements in accumulated losses were as follows:

	2013 $	2012 $
Accumulated losses at 1 July	(54,714,219)	(52,058,203)
Net loss attributable to members of the Company	(3,183,622)	(2,656,016)
Accumulated losses at the end of the year	(57,897,841)	(54,714,219)

22. ACCUMULATED LOSSES AND RESERVES (Continued)

b) Other reserves:

	Available-for-sale financial assets reserve	Equity benefits reserve	Foreign currency translation	Total
	$	$	$	$
At 1 July 2011	(1,957)	2,331,334	(11,769)	2,317,608
Net gains/(losses) on available-for-sale assets	1,957	-	-	1,957
Foreign currency translation	-	-	(58,492)	(58,492)
Share based payment	-	125,065	-	125,065
At 30 June 2012	-	2,456,399	(70,261)	2,386,138
Foreign currency translation	-	-	(60,309)	(60,309)
Share based payment	-	63,366	-	63,366
At 30 June 2013	-	2,519,765	(130,570)	2,389,195

The Available-For-Sale Financial Assets Reserve records movements in the fair value of available-for-sale investments.

The Equity Benefits Reserve is used to record the value of share based payments provided to key management personnel, directors and consultants as part of remuneration.

The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

23. CASH FLOW STATEMENT RECONCILIATION

	2013	2012
	$	$
a) Reconciliation of net loss after tax to net cash flows from operations		
Net loss	(3,183,622)	(2,656,016)
Adjustments for:		
Depreciation	89,887	96,270
(Gain)/ loss on foreign exchange	3,434	3,055
Impairment loss on non-current assets held for sale	44,355	-
Impairment loss on available for sale assets	28	21,756
Share based payments	204,560	125,065
(Gain) on derivative financial instruments	(127,660)	
Loss on convertible loan	548,428	
Changes in assets and liabilities		
(Increase)/decrease in receivables	142,937	(22,048)
(Increase)/decrease in prepayments	74,648	(27,298)
(Decrease)/increase in current tax liability	22,329	(27,222)
(Decrease)/increase in trade payables	(425,107)	28,091
(Decrease)/increase in provisions	(14,548)	33,737
Net cash from operating activities	(2,620,311)	(2,424,610)

23. CASH FLOW STATEMENT RECONCILIATION (Continued)

b) Non-cash financing and investing activities

During 2013 the Company did not undertake any non-cash financing and investing activities (2012: Nil).

24. 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 2013	% Equity Interest 2012
Forte Energy UK Limited	United Kingdom	100	100

b) Ultimate parent

Forte Energy NL is the ultimate parent company.

c) Key management personnel

Details relating to key management personnel, including remuneration paid and other transactions, are included in Note 25.

d) Transactions with related parties

Transactions between Forte Energy NL and its subsidiary

Inter-company Account
Forte Energy UK Limited provides management services in the United Kingdom on behalf of Forte Energy NL for which it receives a fee. Forte Energy NL provides working capital to Forte Energy UK Limited and recognises payment of the management fees through inter-company loan accounts. Transactions between Forte Energy NL and Forte Energy UK Limited during the year ended 30 June 2013 consisted of:

(i) Working capital advanced by Forte Energy NL; and
(ii) Management fees charged by Forte Energy UK Limited

The above transactions were made interest free with no fixed terms for the repayment of outstanding balances.

At balance date the amount payable by Forte Energy NL to its controlled entity was $37,597 (receivable at 30 June 2012: $1,441,107).

There were no other related party transactions.

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

G R Featherby	Chairman appointed 2 August 2004
M D Reilly	Managing Director appointed 2 August 2004
C D Grannell	Director (non-executive) appointed 4 April 2005
J G Leahy	Director (non-executive) appointed 26 April 2012
S Yelland	Chief Operating Officer appointed 1 September 2011
M R Wylie	Company Secretary appointed 5 November 2008

There were no changes of the Executives or key management personnel between the reporting date and the date the Financial Report was authorised for issue.

(b) Compensation of Key Management Personnel

	2013 $	2012 $
Short-term employee benefits	1,069,043	1,171,806
Post-employment benefits	76,325	74,039
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	14,833	63,065
	1,160,201	1,308,910

(c) Option holdings of Key Management Personnel

Year ended 30 June 2013	Balance at beginning of period 1 July 2012	Granted as Compens-ation	Options Exercise d	Net Change Other (ii)	Balance at end of period 30 June 2013	At 30 June 2013 Total	Not Vested (i)	Vested
G R Featherby	1,500,000	-	-	(700,000)	800,000	800,000	-	800,000
M D Reilly	1,500,000	-	-	500,000	2,000,000	2,000,000	-	2,000,000
C D Grannell	1,500,000	-	-	1,100,000	2,600,000	2,600,000	-	2,600,000
J G Leahy	-	-	-	800,000	800,000	800,000	-	800,000
S Yelland	1,000,000-	-		-	1,000,000	1,000,000	500,000-	500,000
M R Wylie	-	-	-	-	-	-	-	-
Total	5,500,000	-	-	1,700,000	7,200,000	7,200,000	500,000	6,700,000

(i) Options for Mr Yelland vest 500,000 on 1st and 2nd anniversaries of his employment

(ii) 1,500,000 options for each of Mr Featherby, Mr Reilly and Mr Grannell expired during the year
Mr Featherby, Mr Reilly, Mr Grannell and Mr Leahy acquired options under the placement approved by shareholders on 2 August 2012.

25. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

Year ended 30 June 2012	Balance at beginning of period 1 July 2011	Granted as Compens-ation	Options Exercised	Net Change Other (ii)	Balance at end of period 30 June 2012	At 30 June 2012 Total	Not Vested (i)	Vested
G R Featherby	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
B T Judge	4,500,000	-	-	(4,500,000)	-	-	-	-
M D Reilly	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
C D Grannell	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
B Gustafsson	5,000,000	-	-	(5,000,000)	-	-	-	-
J G Leahy	-	-	-	-	-	-	-	-
S Yelland	-	1,000,000			1,000,000	1,000,000	1,000,000	-
M R Wylie	-	-	-	-	-	-	-	-
Total	14,000,000	1,000,000	-	(9,500,000)	5,500,000	5,500,000	5,500,000	-

(i) Options for Mr Featherby, Mr Reilly and Mr Grannell can only be exercised if the VWAP for the Company's Shares on ASX is at or above 35 cents for more than 30 days
Options for Mr Yelland vest 500,000 on 1st and 2nd anniversaries of his employment

(ii) Lady Judge and Mr Gustafsson resigned as directors on 30 April 2012

(d) Shareholdings of Key Management Personnel

Shares held in Forte Energy Ltd (number)	Balance 1 July 2012	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2013
30 June 2013	**Fully Paid Ordinary Shares**	**Fully Paid Ordinary Shares**	**Fully Paid Ordinary Shares**	**Fully Paid Ordinary Shares**	**Fully Paid Ordinary Shares**
G R Featherby	10,657,286	-	-	5,723,000	16,380,286
M D Reilly	11,733,333	-	-	5,683,000	17,416,333
C D Grannell	2,500,000	-	-	5,200,000	7,700,000
J G Leahy	-	-	-	1,600,000	1,600,000
S Yelland	-	-	-	-	-
M R Wylie	100,000	-	-	1,000	101,000
Total	24,990,619	-	-	18,207,000	43,197,619

Shares held in Forte Energy Ltd (number)	Balance 1 July 2011	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2012
30 June 2012	**Fully Paid Ordinary Shares**	**Fully Paid Ordinary Shares**	**Fully Paid Ordinary Shares**	**Fully Paid Ordinary Shares**	**Fully Paid Ordinary Shares**
G R Featherby	10,657,286	-	-	-	10,657,286
B T Judge	1,325,000	-	-	(1,325,000)	-
M D Reilly	11,733,333	-	-	-	11,733,333
C D Grannell	2,500,000	-	-	-	2,500,000
B Gustafsson	-	-	-	-	-
S Yelland	-	-	-	-	-
M R Wylie	100,000	-	-	-	100,000
Total	26,315,619	-	-	(1,325,000)	24,990,619

There were no partly paid shares held by Key Management Personnel in 2013 (2012: nil).

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

25. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

(e) Other key management personnel did not hold shares in the Company.

(f) 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 year rental payments of $122,891 (2012: $103,183) were made to the entity. From 1 April 2007 to 31 August 2011, the Company rented an office at normal market prices from an entity associated with G R Featherby and M D Reilly. During the year there were no rental payments (2012: $20,249) made to the entity.

26. SHARE-BASED PAYMENT PLANS

(a) Share Options issued as Remuneration

During the year there were no unlisted options (2012: nil) issued as remuneration to Directors of the Company. During the year there were no unlisted options (2012: 1,000,000) issued to other Key Management Personnel.

(b) Employee Share Option Plan, 'ESOP'

At the Annual General Meeting held on the 29 November 1996 the shareholders approved the adoption of an Employee Share Option Plan ("the Plan"). The Plan is open to all Directors, employees and consultants of the Company or any Subsidiaries. Options issued under the Plan together with any other scheme must not exceed 10% of the issued capital of the Company at the time of the issue of the options. Options issued under the Plan are unlisted for no consideration. The exercise price shall be determined by the Directors but shall be not less than the higher of the average closing sale price of the Company's fully paid Ordinary shares on the ASX over five trading days immediately preceding the day of issue of the Options and $0.40 cents.

There were no share options granted, exercised or expired under the Plan during the year (2012: nil).

(c) Summary of options:

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

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Outstanding at the beginning of the year	19,000,000	0.139	15,000,000	0.143
Granted during the year	93,652,500	0.050	5,000,000	0.118
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(14,000,000)	0.146	(1,000,000)	0.091
Outstanding at the end of the year	98,652,500	0.053	19,000,000	0.139
Exercisable at the end of the year	98,152,500	0.053	12,000,000	0.113

26. SHARE-BASED PAYMENT PLANS (Continued)

Compensation options granted and option pricing model inputs:

For option pricing model inputs for 88,625,000 unlisted warrants issued on 3 August 2012, refer to Note 19 Derivative Financial Instruments.

A further 5,000,000 unlisted warrants expiring on 14 February 2015 were issued on 27 February 2013 to Darwin Strategic Limited, under the terms of a GBP 10 million discretionary equity financing facility. The warrants are exercisable at GBP 3 pence each and entitle the holder to one fully paid ordinary share in the Company once exercised.

The fair value of the warrants is calculated based on the below option pricing model as the fair value of the service rendered could not be reliably measured.

The Binomial model inputs for unlisted warrants issued on 27 February 2013 included:
(a) 5,000,000 warrants were granted for no consideration. Entitlements to the warrants vested at grant date
(b) Exercise price of options: 3 pence.
(c) Time to maturity: 1.96 years
(d) Underlying security spot price at date of options grant: 1.96 pence
(e) Risk of underlying share/Annualised standard deviation: 87%
(f) Expected Dividend yield: Nil
(g) Expected life: 1.96 years
(h) Risk-free interest rate: 0.39%.

The Binomial model inputs for unlisted options issued on 13 July 2011 included:
(a) 1,000,000 options were granted for no consideration. Entitlements to the options vest 50% at 1 September 2012 and 50% at 1 September 2013
(b) Exercise price of options: 6 pence.
(c) Time to maturity: 5.14 years
(d) Underlying share price range at date of options grant: $0.072
(e) Risk of underlying share/Annualised standard deviation: 95%
(f) Expected Dividend yield: Nil
(g) Expected life: 5 years
(h) Risk-free interest rate: 4.675%.

26. SHARE-BASED PAYMENT PLANS (Continued)

The Binomial model inputs for unlisted options issued on 27 September 2011 included:

(a) 4,000,000 options were granted for no consideration. 2,000,000 options vested at 1 February 2012 and 2,000,000 options vested at 6 February 2012
(b) Exercise price of options: 12.5 cents.
(c) Time to maturity: 3.35 years and 3.36 years
(d) Underlying share price range at date of options grant: $0.043
(e) Risk of underlying share/Annualised standard deviation: 95%
(f) Expected Dividend yield: Nil
(g) Expected life: 3 years
(h) Risk-free interest rate: 3.66%.

Weighted average fair value:

The weighted average fair value of options granted during the year was $0.0019 per option (2012: $0.0192).

Range of exercise price:

The range of exercise prices for options outstanding at the end of the year was $0.050 - $0.125 (2012: $0.092- $0.20).

Weighted average remaining contractual life:

The weighted average remaining contractual life for the share options outstanding as at 30 June 2013 is 0.27 years (2012: 1.09 years).

27. COMMITMENTS AND CONTINGENCIES

(a) Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet minimum expenditure requirements of the relevant regulatory bodies. Minimum expenditure requirements including permit rentals are $583,578 (2012: $363,290). These commitments are subject to renewal of the permits, renegotiation upon expiry of the exploration permit or when application for a mining permit is made. These commitments are not provided for in the financial statements.

Exploration commitments contracted for at reporting date but not recognised as liabilities are as follows:

	2013 $	2012 $
Exploration commitments		
Within one year	583,578	256,880
After one year but no more than five years	-	106,410
	583,578	363,290

(b) Operating Lease Commitments – Group as lessee

The commercial lease for rental of the Group's head office in Perth reverted to a monthly basis from 31 August 2013.The Group also leases an office in London. The lease is for five years ending 3 October 2016 with an option to break after three years.

Future minimum rental payable under the operating leases at 30 June are as follows:

	2013 $	2012 $
Within one year	173,766	161,648
After one year but no more than five years	39,187	180,786
After more than 5 years	-	-
Total minimum lease payments	212,953	342,434

(c) Contingent Asset

There are no contingent assets.

(d) Contingent Liabilities

There are no contingent liabilities.

28. EVENTS AFTER THE REPORTING DATE

- On 11 July 2013, the Company announced the proposed acquisition of Leo Mining and Exploration Limited ("Leominex"), an unlisted company with interests in a portfolio of uranium and rare earth elements ("REE") assets in Africa.
- On 16 August the Company announced a placing of up to £2.5 million (A$4.25 million), conditional on the proposed Leominex acquisition.
- On 16 September 2013, the Company advised that the proposed Leominex acquisition would not proceed because the parties could not agree on certain proposed material amendments to the agreed terms including the withdrawal by Leominex of some of the assets. A reduced placement expected to raise approximately £0.75m (A$1.27 million) before costs and a Share Purchase Plan were announced.
- Between July and September 2013 the Company issued 113,752,047 ordinary shares to Dutchess Capital in satisfaction of the initial drawdown amount of US$600,000.

29. AUDITORS' REMUNERATION

	2013 **$**	**2012** **$**
Amounts received or due and receivable by Ernst & Young for audit services – being an audit or review of the financial report of the Consolidated Entity	49,440	47,380
Amounts received or due and receivable by Crowe Clark Whitehill LLP for audit services – being an audit or review of the financial report of Forte Energy UK Ltd	12,118	16,401
	61,558	63,781

30. PARENT ENTITY INFORMATION

Current assets	277,545	731,364
Total assets	31,263,563	30,954,467
Current liabilities	390,091	290,424
Total liabilities	1,563,082	290,424
Net assets	29,700,481	30,664,043
Issued capital	85,329,846	83,076,849
Retained losses	(58,149,130)	(54,869,205)
Net gains/(losses) on available-for-sale assets reserve	-	-
Share-based payments reserve	2,519,765	2,456,399
Total shareholders' equity	29,700,481	30,664,043
Loss of the parent entity	(3,279,925)	(2,695,374)
Total comprehensive income of the parent entity	(3,486,443)	(2,822,396)

The parent entity does not have any contingent liabilities.

The parent entity has no contractual commitments in relation to the acquisition of property, plant or equipment.

DIRECTORS' DECLARATION

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

1. 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 Consolidated Entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 Consolidated Entity will be able to pay its debts as and when they become due and payable.

2. The financial statements and the notes also comply with International Financial Reporting Standards as disclosed in note 2.

3. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ending 30 June 2013.

On behalf of the Board

....
MARK REILLY
MANAGING DIRECTOR

30 September 2013

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Independent auditor's report to the members of Forte Energy NL

Report on the financial report

We have audited the accompanying financial report of Forte Energy NL, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

DL:DR:FORTE:007

Opinion

In our opinion:

a. the financial report of Forte Energy NL is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Forte Energy NL for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2 in the financial report. As a result of the matters described in Note 2, there is a significant uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and 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 consolidated entity not continue as a going concern.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
30 September 2013

DL:DR:FORTE:007