

ASX: FRC

Forte Consolidated Limited
 ABN 37 148 168 825

Board of Directors

Chairman
Executive Director
 John Terpu

Non-Executive Director
 Bruno Firriolo

Non-Executive Director
 Brian Cleaver

Company Secretary
 Bruno Firriolo

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 95,805,002

FRCO listed options
 85,203,334

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EPM 18986 Johnnycake Highlights

- Tenement confirmed as hosting highly prospective Mt Toussaint Trachyte in a favourable structural setting for Mt Carlton style epithermal Au-Ag
- At the Hill 345 Prospect confirmed strong evidence of a shallow high-sulphidation epithermal system hosted within Mt Toussaint Trachyte.
- A number of other geophysical anomalies, equally as prospective as Hill 345, remain to be followed up in 2014 (Figure1).

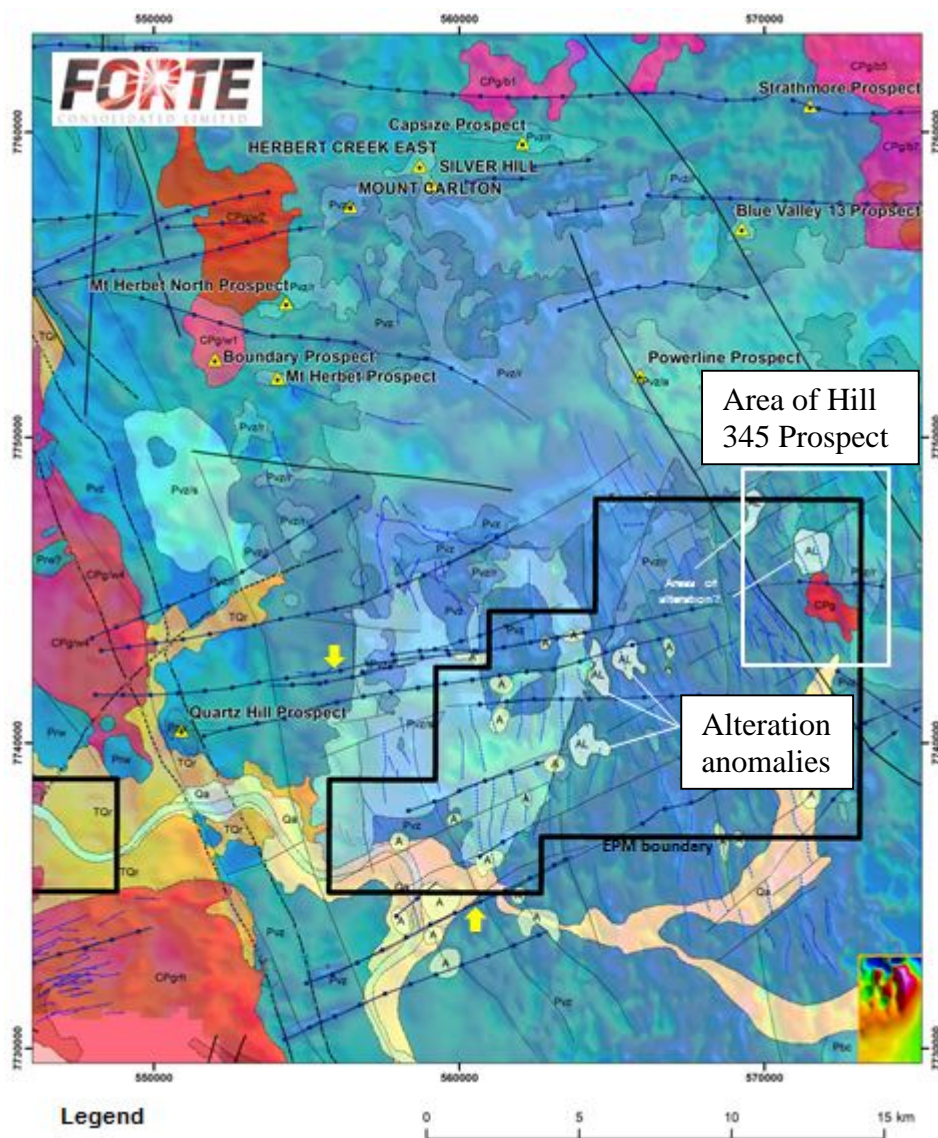


Figure 1: Eastern portion of EPM18986 showing Hill 345 Prospect and further geophysical anomalies (A = interpreted intrusion; AL = interpreted alteration)

Johnnycake (EPM 18986)

During the reporting period Forte commissioned SRK Newcastle to undertake a detailed scope of work focussed on EPM 18986. The principal objectives of the work were to provide a greater level of understanding regarding the prospectivity for epithermal Au-Ag mineralisation, including relevant mineralisation models, and an understanding of the stratigraphic and structural setting for the tenement. The objectives were addressed using available geological, geophysical, and remote sensing data, complimented by a brief reconnaissance mapping trip.

As a result of this work Johnnycake was confirmed as being positioned over highly prospective stratigraphy and in a favourable structural setting for Mt Carlton style epithermal Au-Ag mineralisation. The identification in the field of the silicified, flow banded trachyte unit (Mt Toussaint Trachyte) has provided a primary exploration target sequence at Johnnycake. At the Hill 345 Prospect there is strong evidence (based on alteration assemblages) of a shallow high-sulphidation epithermal system hosted within the exposed Mt Toussaint Trachyte. This discovery provides support of the broader exploration model for the region and shapes exploration planning for 2014.

Results

The key findings of this review work were:

- The exploration priorities at Johnnycake include targeting of high-sulphidation large-tonnage low grade lithologically controlled mineralisation with upside later stage overprints of lower-sulphidation epithermal mineralisation.
- SRK's review of the relationship between observed epithermal mineralisation and the broader stratigraphy highlights a spatial and genetic relationship of Au-Ag mineralisation to the silicified, flow banded trachyte unit sometimes referred to as the Mt Toussaint Trachyte. This sequence provides a primary exploration target.
- An interpretation of the structural model for the EPM indicates a number of regional-scale (at least several kilometres in strike length) ENE to NE structural zones/corridors and NNW to NW trending structures which are favoured (and documented more regionally) as the main hydrothermal fluid pathways within the broader exploration model for the region.
- As part of this interpretation of the magnetic data, SRK identified a number of areas of weakly magnetic anomalism which could represent areas of magnetite destruction due to an alteration over print. These areas provide a focus for immediate follow-up field investigations

A brief reconnaissance mapping program was conducted by SRK between 9th and 14th of November 2013. In summary SRK highlighted the following key findings:

- SRK's interpretation of the exposed adamellite west of Table Mountain is that it constitutes Carboniferous basement and is probably part of the Glen Alpine Suite. Localised outcrops of Quartzo-feldspathic sandstones and Quartzo-feldspathic Ignimbrite are similarly inferred to represent pre-Lizzie Creek Volcanic sequences. These isolated outcrops of inferred basement supports the overlying sequences as representing the basal Mount Toussaint Volcanics, which importantly is the more prospective part of the Lizzie Creek Volcanic sequence;
- The unconformably overlying volcanics/volcaniclastics in the EPM appears to be consistent with the stratigraphic succession previously described for the Mt Toussaint

Trachyte; ie basal subaerial welded intermediate ignimbrite, overlain by predominantly coarse-grained volcanoclastic rocks (probably high-energy sheetwash and fluvial deposits) and in turn by coherent trachyte lava. Further, isolated occurrences of andesite are interpreted as within the Lower Basalt of the Mt Toussaint Volcanics. From a prospectivity perspective this is a significant observation as, regionally, the Mt Toussaint Trachyte is an important host rock (or lithological trap) to high-sulphidation and a number of low-sulphidation deposits/prospects.

- As part of the site visit, SRK ground-truthed one of the weakly magnetic anomalies, corresponding with Hill 345. At this locality, there is strong evidence (based on alteration assemblages) of a shallow high-sulphidation epithermal system hosted within the exposed Mt Toussaint Trachyte. This discovery provides support of the broader exploration model for the region and shapes recommendations for exploration in 2014 described below.

Work Recommended at Johnnycake for early 2014

Geological Mapping

Given the EPM is positioned over highly prospective stratigraphy and in a favourable structural setting which supports the proposed exploration model, and based on SRK's observations in the field, SRK recommend the following:

- Tenement Scale Mapping - Careful and detailed mapping be conducted across the tenement at a 1:25,000 scale. This stage of mapping will be important for delineation of further prospects through identifying field evidence for the presence of any 'hydrothermal systems'.
- Prospect Scale mapping – SRK has already discovered a significant hydrothermal system at Hill 345. As prospects are defined through tenement-scale mapping, SRK recommend more detailed prospect-scale mapping be conducted over these areas of interest with the purpose of reaching a 'drill ready' stage of exploration. The Hill 345 prospect requires follow-up as a priority area.

Geophysical Surveys

SRK recommend that the mapping should be supported by high resolution (50 – 100m line spacing) magnetic and radiometric data as the resolution of the currently available regional data is insufficient to support the exploration focus given the nature of the exploration target within the EPM.

High resolution magnetic and radiometric data at 50-100 m line spacing has been routinely flown on similar prospects in the region and would immeasurably improve the ability to map out the area. High resolution magnetic data would aid the identification of suitable host structures and potential trap sites and provide a basis for detailed interpretation at a suitable scale under areas of extensive surficial cover (e.g. in the south of the tenement).

Clarke Prospect (EPM 14825)

During the reporting period no field work was undertaken on this tenement. As reported in the previous quarter, Forte hired a leading geophysical company to re-interpret and generate drill targets from the Clarke dipole dipole survey reported in the December 2012 Quarterly Report. The next stage will be to design drill holes that should effectively test chargeability anomalies that have not been effectively tested by previous drilling. However, the Company's present priority has been with EPM 18986 (Johnnycake) and the work on the Clarke Prospect has been deferred.

Tenement Interests

Tenements held at end of quarter	Ownership	Project	Location
EPM14824 EPM14825 EPM19374	100%	Kangaroo Hills	Kangaroo Hills, Queensland
EPM18986 EPM25196	100%	Johnnycake	Collinsville, Queensland

Tenements acquired during the quarter	Ownership	Project	Location
NIL			

Tenements disposed during the quarter	Ownership	Project	Location
NIL			

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

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

Finance

At 31 December 2013 the Company had available cash totalling \$1,889,000.

Exploration and evaluation expenditure for the quarter was \$72,000.

Attached is a copy of the Company's Mining Exploration Entity Quarterly Report (Appendix 5B) in accordance with Listing Rule 5.3.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Louis Bucci. Dr Bucci is a Principal Consultant and Director at SRK Consulting (Australasia), the geological consultancy that undertook the exploration work at EPM18986. Dr Bucci is a Member of the Australasian Institute of Geoscientists and as such is a Competent Person for the Reporting of Exploration Results, Mineral Resources and Ore Reserves under the JORC Code (2012).

Dr Bucci consents to the inclusion in the report of the matters based on his information in the form and context in which they occur.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Forte Consolidated Limited

ABN

37 148 168 825

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(72)	(124)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	36	53
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material) - Tenement Bonds (paid)refunded	(5)	(3)
Net Operating Cash Flows	(137)	(311)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	(40)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	(2)	(7)
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(2)	(47)
1.13 Total operating and investing cash flows (carried forward)	(139)	(358)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(139)	(358)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(139)	(358)
1.20	Cash at beginning of quarter/year to date	2,028	2,247
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,889	1,889

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

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	73
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

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

N/A

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

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	91
4.2 Development	
4.3 Production	
4.4 Administration	107
Total	198

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	144	124
5.2 Deposits at call	1,745	1,904
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,889	2,028

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report****Changes in interests in mining tenements and petroleum tenements**

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

Issued and quoted securities at end of current quarter

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

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

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	85,203,334	85,203,334	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 30 April 2014
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

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

Sign here:



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(Director/Company secretary)

Date: 29 January 2014

Print name: Bruno Firriolo

Notes

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

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

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