FORTE

CONSOLIDATED LIMITED

2015

ANNUAL REPORT

ABN 37 148 168 825

Directors

John Terpu (Executive Chairman)
Bruno Firriolo (Non-executive Director)
Joseph Radici (Non-executive Director)

Company Secretary

Bruno Firriolo

Registered Office
and Principal Place of Business

Suite 4, 213 Balcatta Road
Balcatta WA 6021
Telephone: (08) 9240 4111
Facsimile: (08) 9240 4054

Solicitors

Steinepreis Paganin
Level 4, 16 Milligan Street
Perth WA 6000
Telephone: (08) 9321 4000
Facsimile: (08) 9321 4333

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000
Telephone: (08) 9227 7500
Facsimile: (08) 9227 7533

Bankers

Bank of Queensland Limited
259 Queen Street
Brisbane QLD 4001

Share Register

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Telephone: (within Australia): 1300 554 474
Telephone: (outside Australia): +61 (02) 8280 7761
Facsimile: (02) 9287 0303

Securities Exchange Listing

Forte Consolidated Limited is listed on the Australian Securities Exchange (ASX: FRC)

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Dear Shareholder,

The year under review, particularly from a technical perspective, has been one of progress for Forte Consolidated Limited as it strives to meet its objective of delivering substantial exploration success.

The past year has been one of the most challenging times ever seen for the mining sector and in particular for junior exploration companies like Forte. A combination of lower commodity prices brought on by lower world growth and lack of interest from investors has led to sharp and lasting declines in the share prices of many companies and a decrease in exploration activity.

Against this background, I am pleased to report that during this difficult time Forte has, in fact, been able to continue its exploration programmes and raise capital. In the last financial year we completed our first round of drilling program on the Johnnycake tenement in North Queensland resulting in very encouraging results and further strengthening our confidence in prospectively of the landholding.

The Company is also constantly assessing new prospects, with the current depressed state of the resources market providing a number of potentially exciting opportunities for shareholders.

I thank those shareholders who supported the recent capital raising completed in May 2015 and assure you that we continue to operate at minimum costs focusing our funds on planned effective exploration of our projects.

I take this opportunity to thank our dedicated management, contractors and fellow directors over what continues to be a difficult environment but one where we have advanced the company on several fronts over the last year. In particular, I thank shareholders for their continuing support and the many others who have helped in any way.

John Terpu
Chairman
9 September 2015

Johnnycake (EPM 18986)

EPM 18986 remained the Company's primary focus during the reporting period, in particular the two key prospects within the tenement, namely Sledgehammer and Szarbs (Figure 1).

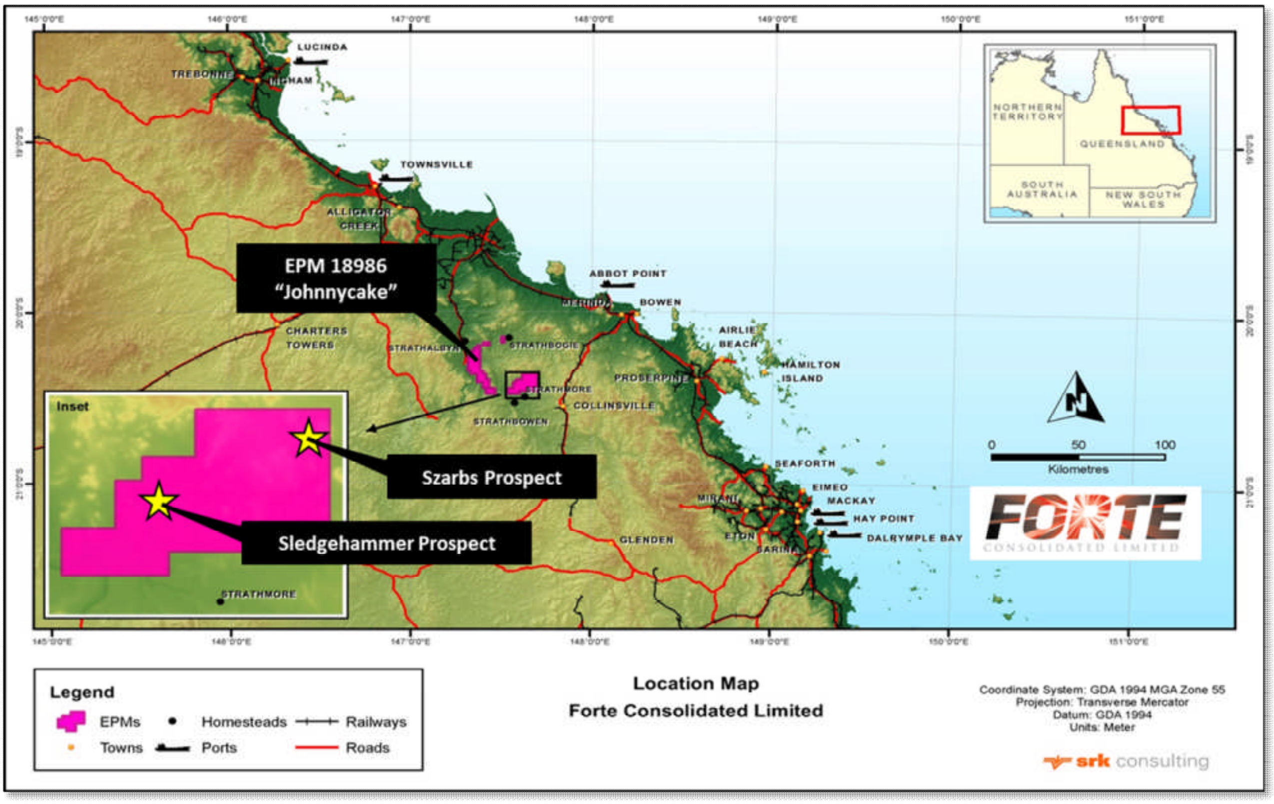

Figure 1: Eastern portion of EPM18986 showing the Sledgehammer and Szarbs Prospects

Sledgehammer Prospect

Ground IP Survey

During August 2014 a 50m pole-dipole IP survey was conducted by Fender Geophysics, aimed at identifying sulphides and silicification associated with epithermal systems. About 19 line kilometers were surveyed with lines initially 400m apart. Where anomalies were identified the lines were infilled to 200m. A 3D inversion was run using all the data.

Four chargeability anomalies of interest were identified (Figure 2):

IP1 – A weak linear chargeability anomaly with associated high resistivity. Proximal to a gold and silver anomaly in soils and to outcrop with anomalous rock chips. Subsequent drilling, described below, defined propylitic and phyllic alteration assemblages, anomalous gold and silver and evidence of a regional scale shear zone. Anomalous molybdenum and copper in trench sampling, along with lack of evidence for an epithermal system, point to a possible porphyry model. This anomaly justifies further work.

IP2 – This is a broad area of weak anomalous chargeability and high resistivity similar to the signature of a high sulphidation epithermal system. However a subsequent drilling program consisting of 5 drill holes found little alteration. No further work will be undertaken on this target.

IP3 – This is an anomaly on a single line in the southern part of the survey area. It corresponds with a discrete magnetic anomaly and a relative conductor. The signature is similar to that of alteration associated with a porphyry system however a subsequent drilling program consisting of a single drill hole found little alteration. No further work will be undertaken on this target.

IP4 – This is a chargeability anomaly on the most southern line of the survey and may be worth defining with more IP or geochemistry. No drilling was conducted on this target.

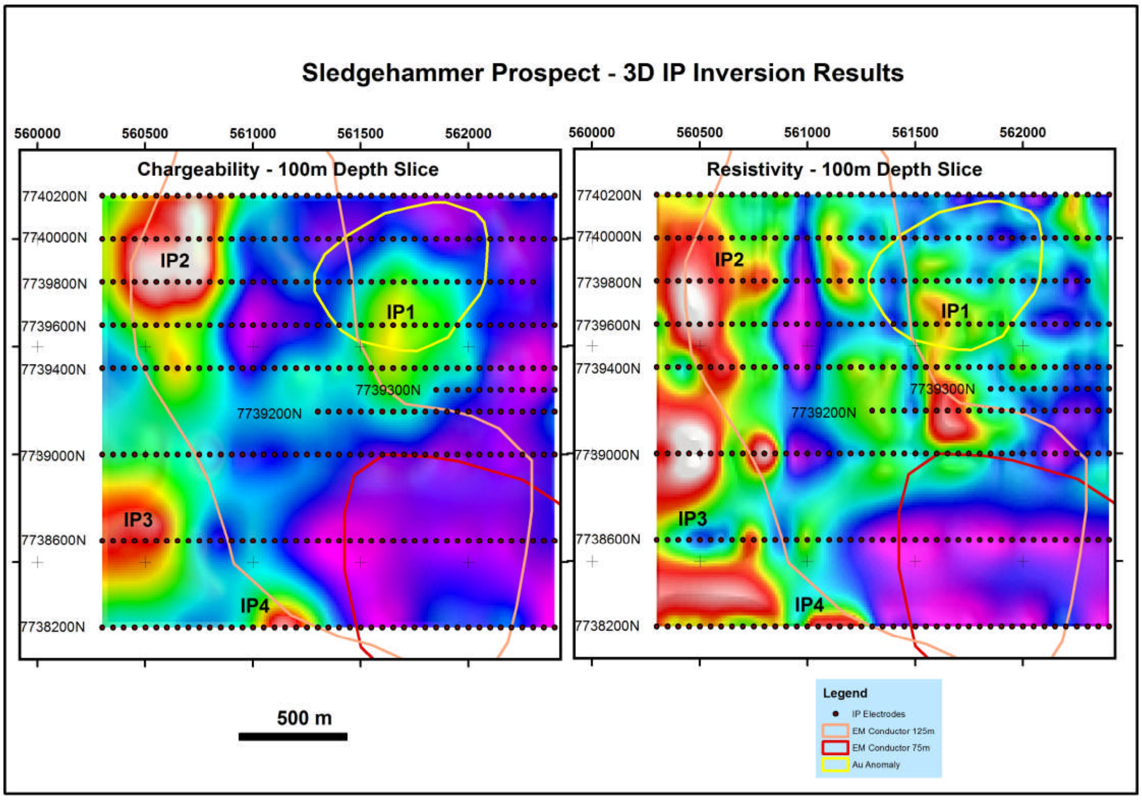

Figure 2: Sledgehammer Prospect showing chargeability and resistivity anomalies at the 100m depth slice

Geochemical Sampling

Table 1 shows the significant results from a trench sampling program conducted in June 2015. These results are shown graphically in Figures 3 and 4, combined with rock chip and soil sampling programs conducted in 2014. The sampling covers an area containing an outcrop of silicified hydrothermal breccia in the north of the prospect which assayed significant outcropping gold and silver mineralisation in many samples, including one rock chip assay (RCW041) returning 47g/t Au and 38g/t Ag. More distal quartz-pyrite altered volcaniclastics (e.g., RCW047, RCW042) show significant anomalism in Au (up to 0.3 g/t) and Ag defining a broader area.

The mineralised outcrop sits central to, and is consistent with, the broader Au and Ag in soil anomaly. The samples also show zones of elevated concentrations of Cu (up to 423ppm) and Mo (up to 200 ppm). These zones are not always correlated with Au and Ag grades.

The anomalous trench and rock chip results within the breccia zone, coupled with the adjacent broader Au anomalism in soil, and more distal Au anomalism in rock chip results throughout the broader prospect (Figure 5), highlight the potential of the area to host economic Au ± Ag mineralisation.

Table 1: Trench chip sampling details and summary of significant assay results

Sample ID	Rock Type	Easting	Northing	Au g/t	Ag g/t
T1001	Volcaniclastic breccia/ignimbrite	561879	7739828	**0.12**	**0.11**
T1008	Volcaniclastic breccia/ignimbrite	561446	7739454	**7.49**	**5.1**
T1013	Volcaniclastic breccia/ignimbrite	561447	7739459	**2.07**	**4.4**
T1016	Volcaniclastic breccia/ignimbrite	561403	7739751	**0.92**	**1.4**
T1017	Volcaniclastic breccia/ignimbrite	561890	7739845	**0.18**	**0.5**
T1020	Volcaniclastic breccia/ignimbrite	561905	7739832	**0.18**	**-**
T1034	Volcaniclastic breccia/ignimbrite	561897	7739782	**0.29**	**-**
T1093	Volcaniclastic breccia/ignimbrite	561880	7739826	**0.16**	**5.9**

T1094	Volcaniclastic breccia/ignimbrite	561881	7739826	**0.54**	**0.6**
T1095	Volcaniclastic breccia/ignimbrite	561882	7739827	**1.15**	**1.3**
T1096	Volcaniclastic breccia/ignimbrite	561883	7739827	**0.16**	**0.7**
T1160	Volcaniclastic breccia/ignimbrite	561886	7739817	**0.17**	**-**
T1173	Volcaniclastic breccia/ignimbrite	561880	7739819	**0.19**	**0.3**

Trenches were excavated to hard rock (~15-20cm), with a pick. Samples of 1-2kg were taken over a continuous 1m interval using a geological pick.

These results have been selected to illustrate the mineralisation potential at Sledgehammer. They are depicted graphically in Figure 3 and Figure 4. For context, results not depicted in the table above are all contained within Figure 3 and Figure 4 and are below 0.10g/t Au and 0.5g/t Ag.

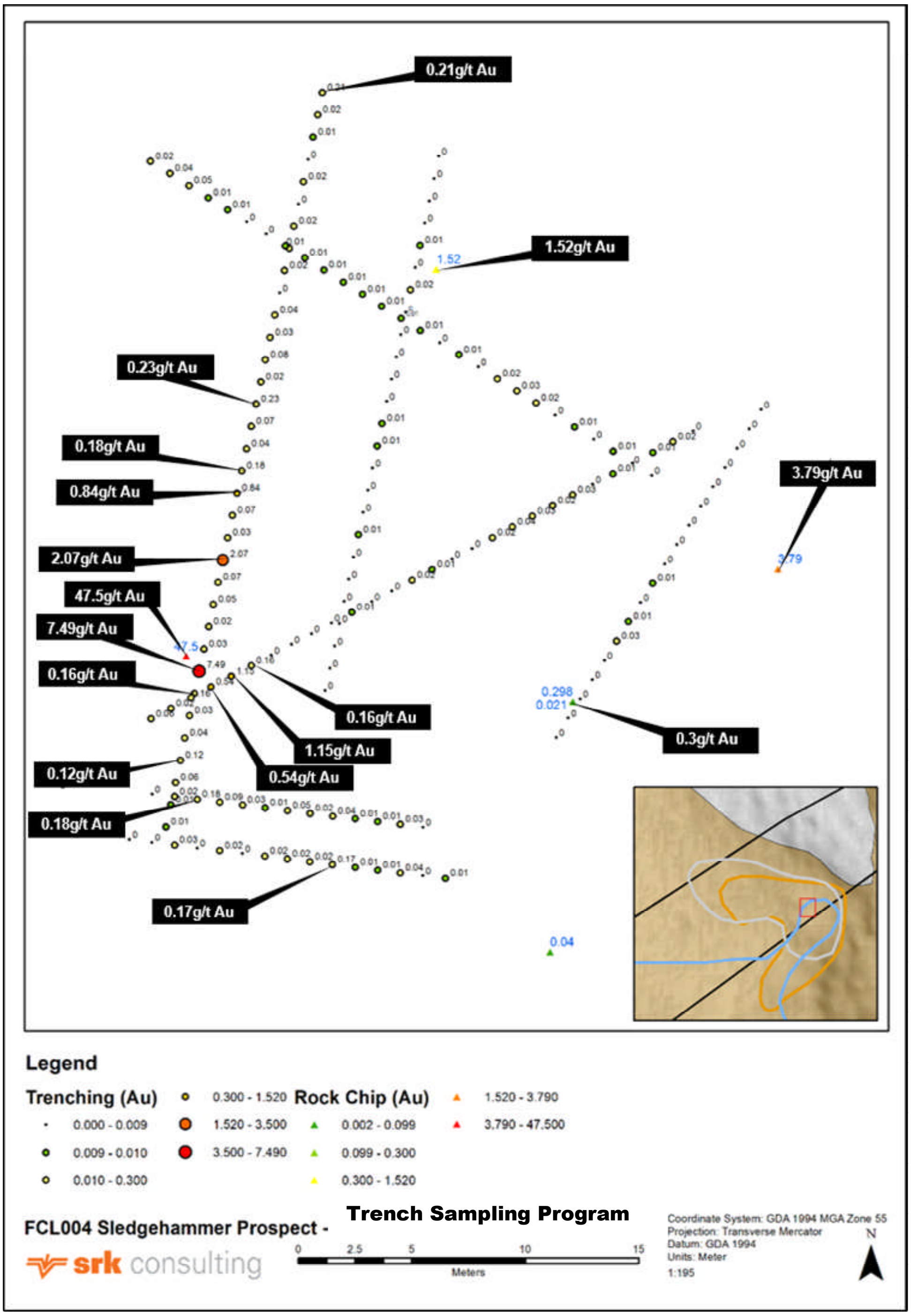

Figure 3: Au assay results from 2015 trench sampling program, also showing 2014 rock chip results

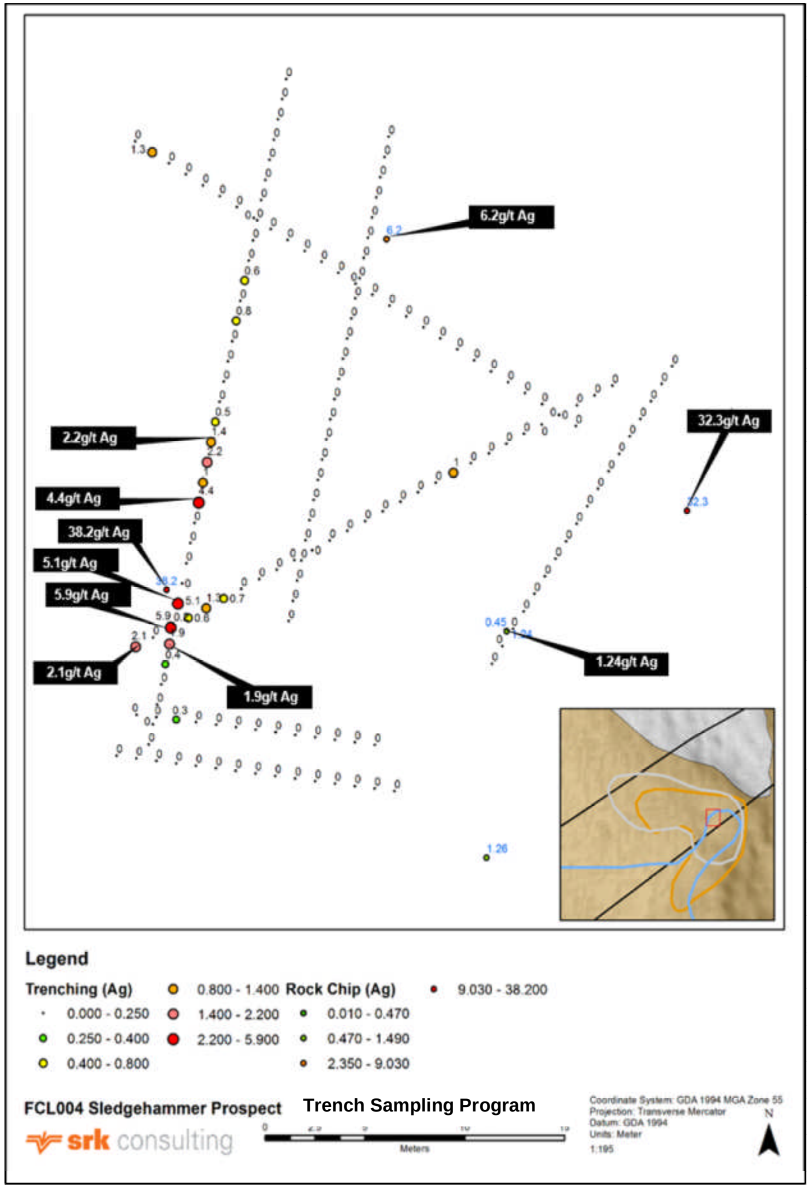

Figure 4: Ag assay results from 2015 trench sampling program also showing 2014 rock chip results

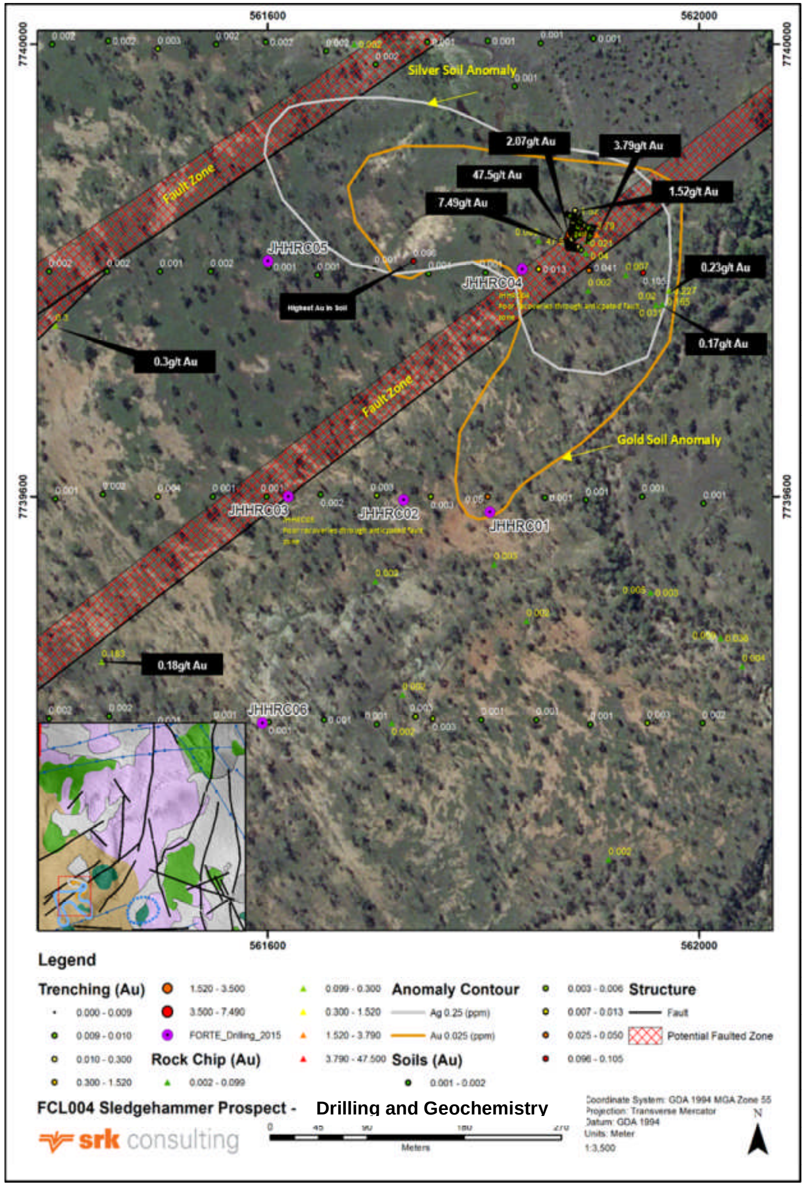

Figure 5: Sledgehammer – overview of trench samples, soil samples and drill hole locations

Reverse Circulation Drilling

A Reverse Circulation (RC) drilling program was undertaken during May 2015.

Pronounced propylitic and phyllic alteration was observed throughout the IP1 target area, along with weak gold and silver anomalism in most of the drill holes indicating that a mineralisation system may be present.

RC chips trays from 6 holes drilled into the IP1 target (JHHRC01-06) were submitted to ALS Laboratories in Wangara, WA for alteration mineral analysis using the Hylogging^{TM} spectral scanning system (Hylogger Terra Spec Spectrometer). High density spectral reflectance measurements were taken on approximately 496 samples. Mineral identification and subsequent analysis was undertaken by AusSpec International using aiSIRISTM (Spectral Infrared Interpretive System), developed by AusSpec International.

The fence line of holes JHHRC01 to JHHRC02 were drilled to test a weak chargeability anomaly with JHHRC03 also positioned to target a weak resistivity zone (Figure 5). JHHRC01 and JHHRC02 are interpreted to have intersected the outer margin of the chargeability anomaly, which is interpreted to reflect the weakly disseminated pyrite intervals present in the lower sections of these holes. These intersected zones are interpreted as propylitic altered with weak patchy Au anomalism (0.01 – 0.04 g/t) associated with more strongly altered zones predominantly within the trachyte. The extensive shale/siltstone horizon appears less altered and contains negligible to no mineralisation.

JHHRC03 intersected the more chargeable core of the IP anomaly which corresponds well with trace amounts of disseminated pyrite consistently observed below ~110m in this hole. The weak resistive anomaly may be associated with an interpreted NE-trending fault zone which connects the hole with the Au and Ag mineralisation at Sledgehammer Hill (Figure 5). Alteration assemblages down hole are consistent with propylitic alteration and weak Au grades (0.01 – 0.04 g/t) are observable in the more altered trachytes. Consistent with holes JHHRC02 and JHHRC01, the shale / siltstone intersection is largely barren of Au mineralisation and appears to be unreactive. Interestingly, the most anomalous zone through the hole is toward the base, drawing closer to the interpreted fault zone (Figure 5), which may be significant, or could reflect a change with depth, as the chargeable anomaly increases, and is open, at depth. However, the core recoveries below the water table through this hole are low, consistent with a fault zone and the assay results are unlikely to be representative of the section.

JHHRC04 was targeted beneath the surface geochemical anomalism identified from historic soil and rock chip sampling (Figure 5). JHHRC04 is interpreted to be sub-parallel to the NE trending fault (Figure 5) which is currently believed to be the source of Au anomalism recorded at surface. Interestingly, broken ground is reported below 80m which is consistent with proximity to a fault zone. Additionally, a large anomalous zone of Au grades (16m @ 0.01-0.03 g/t) was encountered between 114 - 132 m; whilst grades were still low recovery through this zone below the water table was very poor, possibly due to the fault, and estimated to be only 10-25%.

Holes JHHRC05 and JHHRC06 were both targeted to test weak chargeability and resistivity anomalies (Figure 5). Hole JHHRC05 changes from a broadly phyllic to propylitic alteration assemblage down hole. Anomalous Au values (0.01-0.04 g/t @ 36 – 42m) generally correlates with the more altered phyllic intervals which were also noted to contain pyrite, quartz and haematite. The lower half of the hole is generally less altered and the resistive anomaly cannot be adequately explained.

The predominant alteration assemblage in JHHRC06 (Figure 5) is propylitic with a localised phyllic zone between ~40 – ~80 m. The resistive anomaly correlates well with the lower trachyte lithological unit and may be lithological in origin. Anomalous Au is generally not present in rhyolite in this hole. A zone of increased Au anomalism towards the EOH may correlate with the chargeability anomaly anticipated but not intersected below the EOH.

Conclusions

The prospectivity of the zone around Sledgehammer Hill has been enhanced by detailed trench sampling which has returned Au grades up to ~7 g/t and further supports the results of the 2014 rock chip program.

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

The intensity and extent of the propylitic alteration and the enigmatic high level of the Au and Ag noted within that alteration style, albeit brecciated, suggests a strong structural control on the mineralisation and deviation from the classic epithermal mineralisation model initially contemplated. Therefore the mineralisation model for Sledgehammer should be updated. Forte believes that a porphyry model should now be considered.

The fact that the high grade surface assays are not replicated in the drilling is further suggestive of a strong structural control, which has not been adequately tested by the reconnaissance drilling which targeted the IP anomalism. In the Company's opinion the prospectivity of the broader area is not diminished and a modified approach to further exploration is warranted.

Szarbs Prospect

Ground IP Survey

During August 2014 a 50m pole-dipole IP survey was conducted by Fender Geophysics over the Szarbs Prospect aimed at identifying sulphides and silicification associated with epithermal systems. About 10 line kilometers were surveyed with lines 200m apart. There is a high voltage power line running through the survey area which partially affected the chargeability results on three of the lines. After quality control, all of the lines were inverted in 2D using Geotomo software. This software was also used to run a 3D inversion using all the data.

Two chargeability anomalies and a resistivity anomaly were identified from the survey (Figure 6):

T1 - This is a weak chargeability anomaly that coincides with a circular low feature in the magnetics of about 600m diameter and a high resistivity anomaly. This target was later tested with a single drill hole to 149m, but was not found to have any significant alteration or mineralisation.

T2 - This is an intense resistive feature of more than 700 ohm-metres interpreted to be due to silicification. It is immediately to the west of a hill with mapped silica alteration. Subsequent drilling (4 holes) demonstrated a classic epithermal alteration system zoning from propylitic through phyllic alteration towards the east. The planned fifth, easternmost hole on this line could not be drilled due to the steepness of the terrain.

T3 - This is an intense chargeability anomaly to the south of T2. This is close to a high voltage power line that clearly affected the readings. Although the obvious affected readings were not used in the inversion, the geophysicist engaged to interpret the survey considers there may still be an anomaly. It is in an interesting location to the south of the resistivity anomaly and to the west of a hill displaying alteration. The source of the anomaly may not outcrop. This target was not drilled.

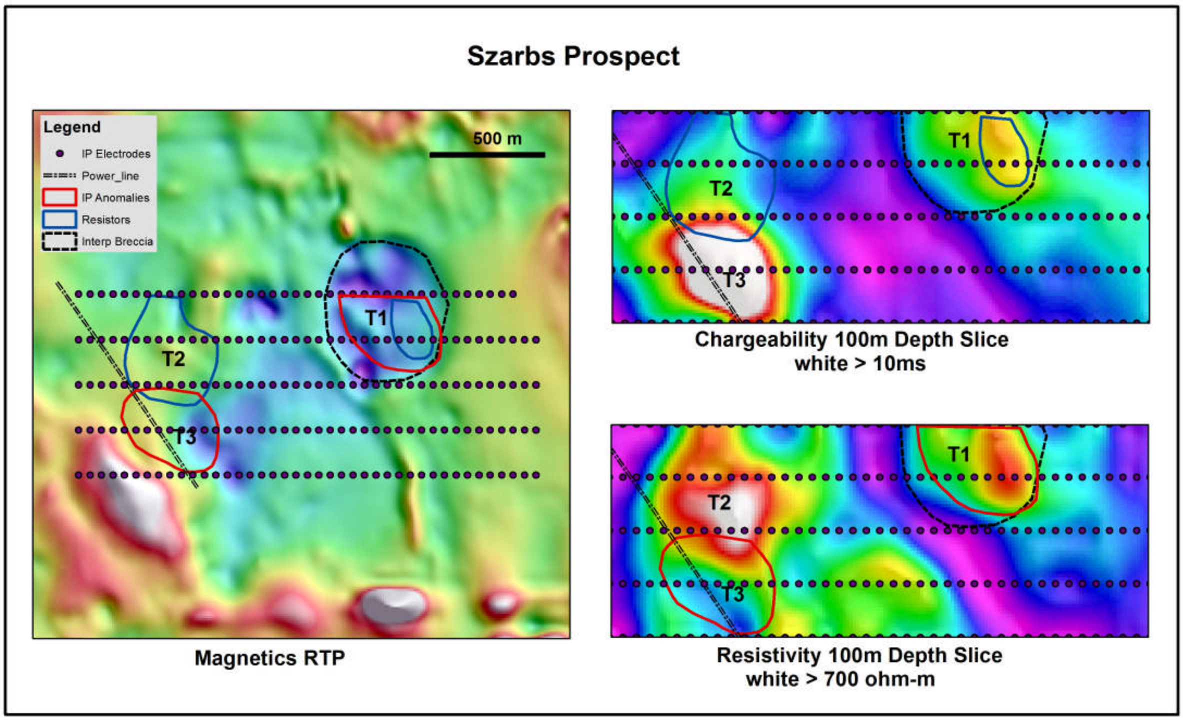

Figure 6: Dipole-dipole anomalies at the Szarbs Prospect showing chargeablity and resistivity alongside magnetics

Reverse Circulation Drilling

During May 2015 a total of 6 Reverse Circulation (RC) drill holes for 950m were drilled to reconnaissance test the IP targets at Szarbs. The holes were positioned and angled to optimally intersect the chargeable and resistive anomalism, with consideration given to site accessibility in hilly terrain. All drill holes were undertaken using RC 5'25" diameter holes. Hole depths ranged from 149 to 160m.

Szarbs Alteration Analysis

RC chips trays from 5 holes (JZ3RC01-05) were submitted to ALS Laboratories in Wangara, WA for alteration mineral analysis using the Hylogging^{TM} spectral scanning system (Hylogger Terra Spec Spectrometer). High density spectral reflectance measurements were taken on approximately 496 samples. Mineral identification and subsequent analysis was undertaken by AusSpec International using aiSIRISTM (Spectral Infrared Interpretive System), developed by AusSpec International.

JZ3RC01 to JZ3RC04 form an east to west fence line of approximately 100m spacing positioned on the western flank of the Hill 345 ridge and designed to test a moderate resistivity (500 – 700+ ohm m) IP target (Target T2 Figure 6). Holes JZ3RC01, 02 and 03 are interpreted to have intersected the 500-700 isoshell, with hole JZ3RC04 located marginally to the west of the anomaly. Although none of the holes have adequately tested the core of the resistive anomaly, the resistive zone does not appear to correlate with an increase in mineralisation, which is weak throughout the 4 holes, although there is a co-incident increase in alteration intensity and transition to phyllic alteration with depth, whereby accompanying increase in silicification of the units is interpreted to account for the resistive anomalism.

JZ3RC05 was positioned to test the transition from moderate resistivity (500 – 700+ ohm m)(IP target T2, Figure 6) into a weak to moderate chargeability anomaly (6-10 ms; IP target T3, Figure 6). Noted silicification throughout the hole is consistent with the resistivity response, however only minimal sulphide is noted and the source of the weaker outer chargeable response is still not known. The hole may have failed to adequately test IP target T3 as the hole failed to intersect the 10 ms chargeable isoshell. This chargeable response extends for over 500m to the south and could reflect a transition in alteration zonation which could be an important vector towards a potential deposit location. Interestingly, the chargeable anomaly is open to the south, toward a broad resistivity high.

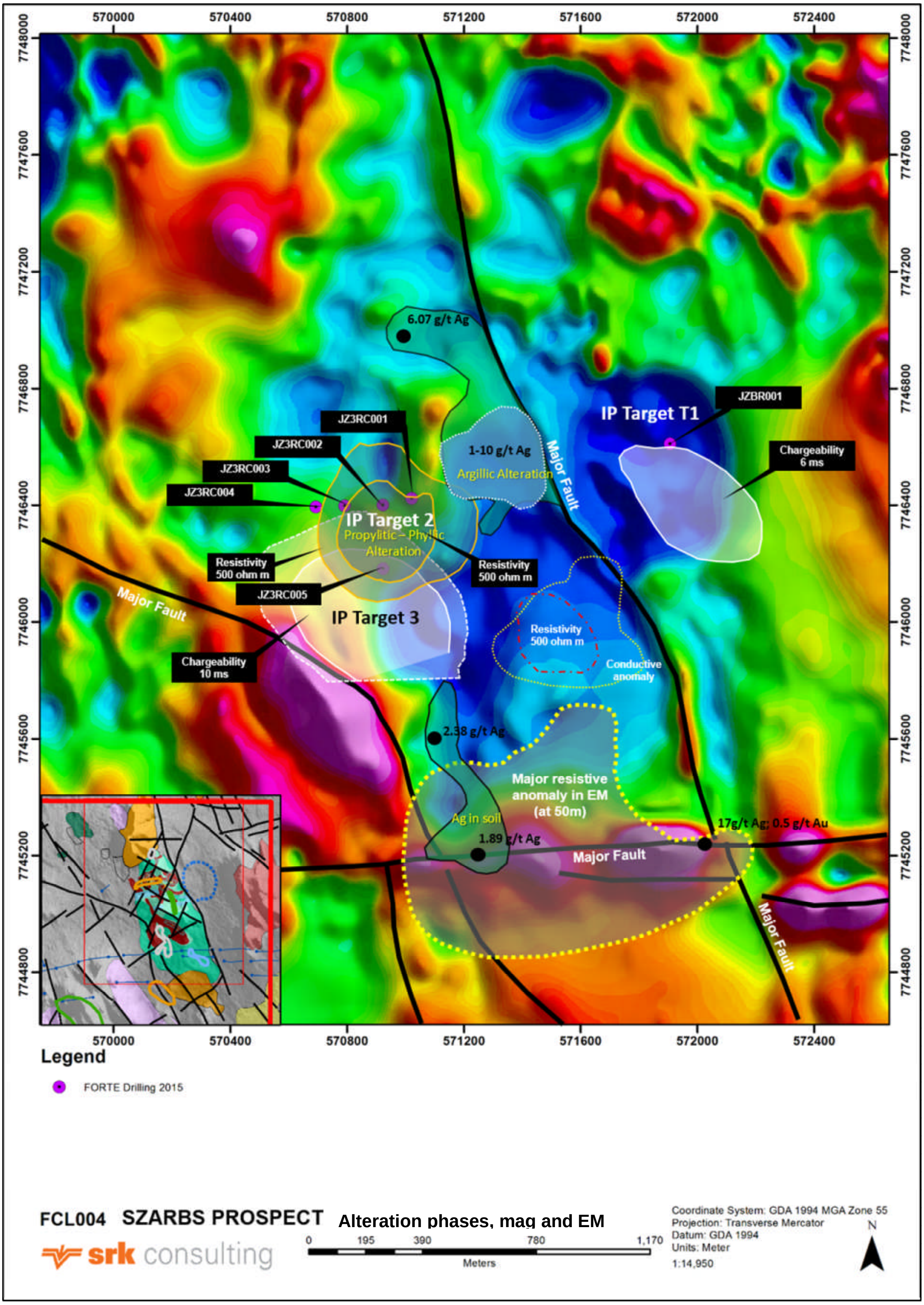

Figure 7: Plan view of the Szarbs prospect showing drill hole locations, anomalous rock chip results, IP anomalies, alteration phases, EM resistive anomaly, magnetic low and faults

Conclusions

Recent drilling focussed on the IP anomalism, which has been shown, via Hylogger analysis, to correspond to zones of alteration characterised by propylitic and phyllic alteration assemblages with weak Ag mineralisation. These assemblages, and the formative temperatures they indicate, vector towards the core of the system lying to the east of this drilling (Figure 7). The chargeability and resistivity are explained by the presence of pyrite and silica respectively which constitute part of the phyllic and propylitic alteration assemblages normally associated with a high sulphidation epithermal system.

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

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

Based on the above, the drilling conducted at Szarbs has given shape to the alteration sequence peripheral to the core of the system, which is now strongly defined as lying to the east (Figure 7).

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

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

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

Your directors submit the annual financial report of the consolidated entity consisting of Forte Consolidated Limited and the entities it controlled during the financial year ended 30 June 2015.

Directors and Company Secretary

The names of directors and the secretary who held office during or since the end of the year and until the date of this report are as follows.

John Terpu MAICD – Executive Chairman
(Appointed Non-executive Chairman 12 January 2011, appointed Executive Chairman 1 July 2013)

Mr Terpu has over seventeen years of commercial and management expertise gained in a broad range of business and investment activities. He has been involved in the mining and exploration industry through the acquisition and investment in a number of strategic exploration and mining projects. Mr Terpu has a wide range of contacts in the exploration and mining investment community. Mr Terpu had no other public company directorships in the previous three years.

Bruno Firriolo FTPA (Tax), B.Bus (Acctg) – Non-executive Director and Company Secretary
(Appointed 12 January 2011)

Mr Firriolo is a Certified Practising Accountant who has been a partner with the accounting firm Cleaver & Associates since April 1991 dealing with all aspects of accounting and taxation. Mr Firriolo's experience in financial and corporate matters is supplemented by a period of co-ownership in a national wholesale business. Mr Firriolo had no other public company directorships in the previous three years.

Joseph Radici FTPA (Tax), B.Bus (Acctg) – Non-executive Director
(Appointed 31 March 2015)

Mr Radici is a Certified Practising Accountant and Fellow of the Taxation Institute of Australia. Since 1995 Mr Radici has been on the board of a number of unlisted public companies as well as being a non-executive director of Conquest Mining Limited for a period of 4 years to May 2010. In addition to skills gained on serving on company boards, Mr Radici has a wide network of entrepreneurial associations and is a respected member of Perth's business community. Mr Radici had no other public company directorships in the previous three years.

Brian Cleaver FTPA (Tax), B.Bus (Acctg) – Non-executive Director
(Appointed 29 November 2013, resigned 31 March 2015)

Mr Cleaver has been involved in taxation and public accounting for over 30 years and has a wide ranging experience in a variety of industries. Since 2002 he has been directly involved in a number of listed exploration companies, both in the provision of services and as an investor. Mr Cleaver had no other public company directorships in the previous three years.

Directors' Meetings

The number of meetings of the Company's Board of Directors attended by each Director during the year ended 30 June 2015 was as follows:

	Number of Board Meetings Held Whilst in Office	Number of Board Meetings Attended
J. Terpu	12	12
B. Firriolo	12	12
B.Cleaver	9	9
J.Radici	3	3

Interests in the shares and options of the company and related bodies corporate

The following relevant interests in shares and options of the company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of fully paid ordinary shares
John Terpu	71,840,312
Bruno Firriolo	1,790,000
Joseph Radici	100,000

Options

Details of ordinary shares issued by the company during or since the end of the financial year as a result of the exercise of an option are: Nil

At the date of this report unissued ordinary shares of the Company under option are: Nil

Dividends

No dividends were declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the entities within the consolidated entity during the year were exploration for and evaluation of economic deposits for gold and other minerals.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the financial year.

Review of operations

During the year, the Company carried out exploration on its tenements with the objective of identifying economic deposits of gold and other metals. The full review of operations immediately precedes this report.

Operating results for the year

The net result of operations for the year was a loss after income tax of $497,955 (2014: $1,883,016).

Significant events after balance date

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Therefore, this information has not been presented in this report.

Environmental legislation

The consolidated entity is not subject to any significant environmental legislation.

Indemnification and insurance of Directors and Officers

The company has agreed to indemnify all the directors of the company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Remuneration report

This report outlines the remuneration arrangements in place for the key management personnel of Forte Consolidated Limited (the "company") for the financial year ended 30 June 2015. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the executives in the Parent and the Group receiving the highest remuneration.

Key Management Personnel

Directors

J. Terpu (Executive Chairman appointed 1 July 2013, Non-executive Chairman appointed 12 January 2011)
B. Firriolo (Non-executive Director and Company Secretary appointed 12 January 2011)
J. Radici (Non-executive Director appointed 31 March 2015)
B. Cleaver (Non-executive Director appointed 29 November 2013, resigned 31 March 2015)

Remuneration philosophy

The performance of the company depends upon the quality of the directors and executives. The philosophy of the company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration

Remuneration committee

Forte Consolidated Limited has not established a Remuneration Committee. The Board of Directors of the company is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

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

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

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.

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 a General Meeting, prior to the Company's listing on ASX, held on 30 March 2011 when shareholders approved an aggregate remuneration of $300,000 per year.

Remuneration report (continued)

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board refers to advice from external shareholders, as well as the fees paid to non-executive directors of comparable companies, when undertaking the annual review process.

Each non-executive director receives a fee for being a director of the company. An additional fee is also paid for each Board committee on which a non-executive director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by non-executive directors who serve on one or more sub committees.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

Senior managers and executive directors are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

Variable Remuneration

The Group currently has no performance-based remuneration component built into director and executive remuneration packages.

Employment Contracts

(a) John Terpu

From 1 June 2014, remuneration and other terms of employment as an Executive for Mr Terpu were formalised in an Executive Services Agreement. Also, from that date, his remuneration as a Director was cancelled.

- Term of agreement – 2 years
- Base annual salary of $100,000 including SGC superannuation
- All other terms of employment similar to those provided under the Fair Work Act.

(b) James Pratt

From 3 March 2014, remuneration and other terms of employment for Mr Pratt, exploration manager, were formalised in an Employment Services Agreement as detailed below:

- Term of agreement – initially 1 year commencing 3 March 2014, but extended by mutual agreement between Mr Pratt and the Company
- Base annual salary of $170,000 per annum, including SGC superannuation and annual leave loading
- Payment of a termination benefit, on early termination by the Company other than in certain specified circumstances, equal to 2 weeks annual salary.

The Employment Services Agreement was terminated on 7 August 2015.

Remuneration report (continued)

Remuneration of key management personnel

Table 1: Directors' remuneration for the years ended 30 June 2015 and 30 June 2014

(Disclosure is not required for any other persons)

		Short-term employee benefits				Post-employment benefits	Other long-term benefits	Equity		
		Salary & Fees $	Bonuses $	Non-Monetary Benefits $	Other $	Superannuation $	Long-service Leave $	Share Options $	Total $	Performance Related %
J Terpu	2015	91,333	-	3,000	-	8,677	-	-	103,010	-
	2014	32,799	-	4,656	585	3,034	-	-	41,074	-
B Firriolo	2015	483	-	131	-	29,517	-	-	30,131	-
	2014	115	-	859	-	29,885	-	-	30,859	-
J. Radici	2015	-	-	131	-	1,500	-	-	1,631	-
	2014	-	-	-	-	-	-	-	-	-
B Cleaver	2015	2,740	-	408	-	6,260	-	-	9,408	-
	2014	1,831	-	135	-	5,169	-	-	7,135	-
N Revell	2015	-	-	-	-	-	-	-	-	-
	2014	11,441	-	-	-	1,058	-	-	12,499	-
Total	2015	94,556	-	3,670	-	45,954	-	-	144,180	-
	2014	46,186	-	5,650	585	39,146	-	-	91,567	-

Option plans in existence during the financial year: Nil

Share-based compensation to directors and executives during the year: Nil

Options granted to directors and exercised or lapsed during the year: Nil

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Remuneration report (continued)

Movements in key management personnel share and option holdings
(Directors unless stated otherwise)

2015	Opening Balance 1/7/2014	At time of commencing/ (ceasing)	Bought	(Expired)	Closing Balance 30/06/2015
Fully paid ordinary shares – directly and indirectly held					
J. Terpu	31,466,026	-	40,374,286	-	71,840,312
B. Firriolo	895,000	-	895,000	-	1,790,000
J. Radici (commenced 31/03/15)	-	100,000	-	-	100,000
B.Cleaver (ceased 31/03/15)	833,540	(1,667,080)	833,540	-	-

2014	Opening Balance 1/7/2013	At time of commencing/ (ceasing)	Bought	(Expired)	Closing Balance 30/06/2014
Fully paid ordinary shares – directly and indirectly held					
J. Terpu	29,466,026	-	2,000,000		31,466,026
B. Firriolo	895,000	-	-		895,000
B.Cleaver (commenced 29/11/13)	-	833,540	-		833,540
N. Revell (ceased 29/11/13)	-	-	-		-
Listed Options – directly and indirectly held					
J. Terpu	29,597,840	-	-	(29,597,840)	-
B.Firriolo	2,146,665	-	-	(2,146,665)	-
B.Cleaver	-	2,493,690	-	(2,493,690)	-
N. Revell	1,000,000	(1,000,000)	-		-

Transactions with key management personnel

The following comprises amounts paid or payable and received or receivable applicable to entities in which key management personnel (KMP) have an interest.

	Consolidated entity	
Directors	**2015 $**	**2014 $**
Paid/payable to:		
J Terpu and B Firriolo (as Trustees of the CAS Trust & BCF Trust trading as Chellserv) for administration services	266,616	225,335
B Cleaver (as Director of Arodam Pty Ltd atf Arodam Trust) for corporate and IT services	20,000	14,000

Amounts owed to related parties at 30 June 2015 were Chellserv $39,297 (2014: $22,841), Arodam Pty Ltd $nil (2014: $nil).

Proceedings on behalf of the company

No persons have applied for leave pursuant to s.327 of the Corporation Act 2001 to bring, or intervene in, proceedings on behalf of Forte Consolidated Limited.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the year ended 30 June 2015.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 3 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of the directors.

John Terpu

John Terpu
Chairman
Perth WA

9 September 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Forte Consolidated Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
9 September 2015

D I Buckley
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

This Corporate Governance Statement is current as at 30 June 2015 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company has, during the financial year ending 30 June 2015, followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skills set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

The Company's Corporate Governance Plan is available on the Company's website at www.forteconsolidated.com.au.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.	YES	(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director. (b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	YES	The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. The Company has had written agreements with each of its Directors and senior executives for the past financial year.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.	PARTIALLY	(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy requires the Board to set measurable gender diversity objectives and to assess annually both the objectives [if any have been set]and the Company's progress in achieving them. (b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website. (c) (i) The Board did not set measurable gender diversity objectives for the past financial year, because: - The Board did not anticipate there would be a need to appoint any new Directors or senior executives due to limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and - if it became necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit; and (ii) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) for the past financial year is disclosed with this Statement.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of	YES	(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
the Board, its committees and individual Directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website. (b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company has completed performance evaluations in respect of the Board, its committees (if any) and individual Directors for the past financial year in accordance with the above process.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Company's Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non executive Director. The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website. (b) The Company has completed performance evaluations in respect of the senior executives (if any) for the past financial year in accordance with the applicable processes.
Principle 2: Structure the Board to add value		
Recommendation 2.1 The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	YES	(a) The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director (b) The Company did not have a Nomination Committee for the past financial year as the Board did not consider the Company would benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively: (i) Devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and (ii) All Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	YES	Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. The Company has, for the past financial year, had a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. A copy is provided with this Statement. The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report.
Recommendation 2.3 A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director	YES	(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Company has disclosed those Directors it considered to be independent in its Annual Report and on the Company's website. The Board considers the following Directors are independent: Bruno Firriolo, Brian Cleaver (retired 31 March 2015) and Joseph Radici (appointed 31 March 2015). (b) Bruno Firriolo is a senior employee of a provider of material professional services to the Company, however the Board is of the opinion that it does not compromise his independence because those services entail basic administration and company secretarial services which do not involve making material decisions. Bruno Firriolo remains able to act independently in the best interests of the Company and its security holders generally; and (c) The Company's Annual Report discloses the length of service of each Director, as at the end of each financial year.
Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.	YES	The Company's Board Charter requires that, where practical, the majority of the Board should be independent. There was an independent majority of the Board during all of the past financial year.
Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	NO	The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director. The Chair of the Company during the past financial year, John Terpu, was not an independent Director and was the CEO. [SP Comment: Adapt as appropriate] The Board did not have an independent Chair because the size and scope of the Company's operations does not justify have more that the minimum number of directors, presently 1 executive director and 2 non-executive directors. Given Mr Terpu's relevant experience in the exploration and mining industry his appointment as Executive Chairman is in the best interests of the Company and its shareholders. Bruno Firriolo, an independent director, undertakes the role of

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
		deputy chair in any situation where the chair is conflicted.
Recommendation 2.6 A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.	YES	In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its Directors, senior executives and employees; and (b) disclose that code or a summary of it.	YES	(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. (b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.
Principle 4*: Safeguard integrity in financial reporting*		
Recommendation 4.1 The Board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the Chair of the Board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	YES	The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair The Company did not have an Audit and Risk Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: (i) the Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and (ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion	YES	The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms. The Company has obtained a sign off on these terms for each of its financial statements in the past financial year.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. The Company's external auditor attended the Company's last AGM during the past financial year.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	(a) The Corporate Governance Plan details the Company's Continuous Disclosure Policy. (b) The Corporate Governance Plan, which incorporates the Continuous Disclosure Policy, is available on the Company's website.
Principle 6: ***Respect the rights of security holders***		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent Directors;	YES	(a) The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.		must be chaired by an independent Director. A copy of the Corporate Governance Plan is available on the Company's website. (b) The Company did not have an Audit and Risk Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to oversee the entity's risk management framework: (i) The Board devotes time at least quarterly at Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures; and (ii) The Board liaises with the Company's external auditors on a semi-annual basis to review the risk management framework relating to financial reporting, security of tenure of the Company's significant business assets and finance risk management practices.
Recommendation 7.2 The Board or a committee of the Board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and (b) disclose in relation to each reporting period, whether such a review has taken place.	YES	(a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound. (b) The Company's Board has completed a review of the Company's risk management framework in the past financial year.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function. (b) The Company did not have an internal audit function for the past financial year. The Board devotes time at least quarterly at Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company discloses this information on its website.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	YES	(a) The Company's Corporate Governance Plan contains a Remuneration Committee Charter that provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director. (b) The Company did not have a Remuneration Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive: (i) the Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives; and (ii) breast of changing market conditions to identify if there are material changes in the marketplace requiring more immediate attention to the level and composition of remuneration for Directors and senior executives.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in the Remuneration Report contained in the Company's Annual Report as well as being disclosed on the Company's website.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	YES	(a) The Company did not have an equity based remuneration scheme during the past financial year. The Company did not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. (b) As the Company did not have an equity based remuneration scheme during the past financial year there is no policy or summary of policy to disclose.

Diversity policy

In accordance with this policy, the Board provides the following information pertaining to the proportion of women employees across the organisation for the past financial year :

	ACTUAL	
	NUMBER	PERCENTAGE
Number of women employees in the whole organisation	0	0%
Number of women in senior executive positions	0	0%
Number of women on the board	0	0%

Senior executive positions (other than Board positions) are defined as those where a person has the responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Board Skills Matrix

The Board is comprised of highly experienced senior business personnel from a variety of professional and enterprise backgrounds. They each meet the fundamental requirements and, collectively, possess the skills, experience and diversity considered necessary to appropriately govern an ASX listed exploration company.

The key skills shared by the 3 current members of the Board are set out below.

Skills	No. of Directors
Accounting and financial reporting	2
Business development and strategy	2
Capital raising	2
Environmental and sustainability compliance	2
Exploration Permit regulatory regime	2
Exploration technical acumen	2
Financial acumen	3
Financial markets	2
Investor relations	2
Legal and securities regulatory compliance	2
Listed company board experience	3
Risk management	3
Senior management role	3
Shareholder management	2

The qualifications and experience of individual members of the Board are set out in the Directors’ Report.

	Notes	Consolidated 2015 $	Consolidated 2014 $
Revenue	2	39,767	73,297
Expenses			
Exploration and evaluation expenditure written off		8,974	1,488,350
Administration expenses		553,318	487,763
Administration expenses capitalised to exploration		(26,662)	(22,533)
Depreciation expense		12,710	13,931
Depreciation capitalised to exploration		(10,618)	(11,198)
Total expenses		537,722	1,956,313
Loss before income tax expense	2	(497,955)	(1,883,016)
Income tax expense	4	-	-
Net loss for the year		(497,955)	(1,883,016)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the year		(497,955)	(1,883,016)
Loss per share (cents per share)	5	(0.41)	(1.97)

Diluted loss per share is not shown as it is not materially different to basic loss per share.

The accompanying notes form part of these financial statements.

	Notes	Consolidated 2015	Consolidated 2014
		$	$
CURRENT ASSETS			
Cash and cash equivalents	6	1,887,867	1,367,034
Other receivables	7	38,909	29,127
Other assets	8	24,513	18,387
Total Current Assets		1,951,289	1,414,548
NON-CURRENT ASSETS			
Other receivables	9	7,500	12,500
Plant and equipment	10	42,038	32,734
Exploration and evaluation expenditure	11	1,405,824	626,184
Total Non-Current Assets		1,455,362	671,418
TOTAL ASSETS		3,406,651	2,085,966
CURRENT LIABILITIES			
Trade and other payables	12	333,808	166,882
Employee benefits	13	10,153	3,776
Total Current Liabilities		343,961	170,658
TOTAL LIABILITIES		343,961	170,658
NET ASSETS		3,062,690	1,915,308
EQUITY			
Issued capital	14	7,012,704	5,367,367
Reserves	15	-	-
Accumulated losses		(3,950,014)	(3,452,059)
TOTAL EQUITY		3,062,690	1,915,308

The accompanying notes form part of these financial statements.

	Notes	Consolidated	
		2015	2014
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(487,611)	(483,938)
Interest received		34,348	88,720
Net cash used in operating activities	16	(453,263)	(395,218)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(22,014)	(7,083)
Payments for exploration and evaluation expenditure		(654,227)	(435,580)
Payments for purchase of tenement		-	(40,000)
Refund/(payment) of tenement bonds		5,000	(2,500)
Net cash used in investing activities		(671,241)	(485,163)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		1,665,463	-
Share issue costs		(20,126)	-
Net cash provided from financing activities		1,645,337	-
Net increase / (decrease) in cash held		520,833	(880,381)
Cash at beginning of year		1,367,034	2,247,415
Cash at end of year	6	1,887,867	1,367,034

The accompanying notes form part of these financial statements.

	Consolidated			
	Issued Capital $	Accumulated Losses $	Option Reserve $	Total $
Balance at 1 July 2013	5,367,367	(2,381,076)	812,033	3,798,324
Total comprehensive income				
- Loss for the period	-	(1,883,016)	-	(1,883,016)
- Other comprehensive income	-	-	-	-
Transactions recorded directly in equity	-	812,033	(812,033)	-
Balance at 30 June 2014	5,367,367	(3,452,059)	-	1,915,308
Balance at 1 July 2014	5,367,367	(3,452,059)	-	1,915,308
Total comprehensive income				
- Loss for the period	-	(497,955)	-	(497,955)
- Other comprehensive income	-	-	-	-
Transactions recorded directly in equity				
- Issue of share capital	1,665,463	-	-	1,665,463
- Issue costs	(20,126)	-	-	(20,126)
Balance at 30 June 2015	7,012,704	(3,950,014)	-	3,062,690

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Your directors present their report on the Company and its subsidiaries (together referred to as the Group or consolidated entity) for the financial year ended 30 June 2015. The Company is a listed public company registered in Australia. The principal activities are the exploration for and evaluation of economic deposits for gold and other minerals. The financial report is presented in Australian dollars.

(b) 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, Accounting Standards and Interpretations and complies with other requirements of the law. The Group is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial report has also been prepared on a historical cost basis except where otherwise stated. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

(c) Adoption of new and revised standards
Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(d) Statement of compliance

The financial report was authorised for issue on the date the directors' report and declaration was signed.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(e) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Forte Consolidated Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Basis of consolidation (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

When the company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights are sufficient to give it power, including,

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Business combinations are accounted for using the acquisition method of accounting.

(f) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Exploration and evaluation costs carried forward
In accordance with accounting policy Note 1 (w), management determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. In determining this, assumptions including the maintenance of title, ongoing expenditure and prospectivity are made. During the year, a total of $8,974 of exploration expenditure was written off. See Note 11 for disclosure of carrying values.

Recovery of deferred tax assets
Deferred tax assets are currently not recognised in the financial statements but will be subject to ongoing review.

(g) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Forte Consolidated Limited.

(h) Revenue recognition

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(i) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance 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; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets 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; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance 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 balance 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 balance date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Income Tax (continued)

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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.

Tax consolidation
Forte Consolidated Limited and its 100% owned Australian resident subsidiaries implemented a tax consolidated group with effect from 1 July 2011. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Forte Consolidated Limited recognises both its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

(j) 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.

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

Cash flows are included in the statement of cash flows 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 are classified as operating cash flows.

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

(k) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Business combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(l) Impairment of assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value-in-use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(m) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(o) Financial assets

Financial assets within the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. 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. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Financial assets (continued)

(iii) Loans and receivables
Loans and receivables 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.

(iv) Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments 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 value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is 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.

(p) Derecognition of financial assets and financial liabilities

(i) Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset, or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group’s continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit.

(r) Plant and equipment

Plant and equipment is stated at 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.

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

Plant and equipment – over 3 to 5 years

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Plant and equipment (continued)

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

(i) Impairment
The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in a separate line item.

(ii) Derecognition and disposal
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.

(s) Trade and other payables

Trade payables and other payables are carried at amortised cost and 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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(t) Employee leave benefits

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

(u) Issued capital

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Earnings per share

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

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share 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) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
(b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(x) Reverse acquisition accounting

The transaction involving Forte Consolidated Limited (“Forte”) acquiring all the issued shares in Nextstar Pty Ltd (“Nextstar”) in the 2011 financial year has been accounted for under the principles of Reverse Acquisitions included in Australian Accounting Standards AASB 3 *Business Combinations.*

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Reverse acquisition accounting (continued)

The legal structure of the Forte Group subsequent to the acquisition of Nextstar is that Forte remains as the legal parent entity. However, the principles of reverse acquisition accounting apply where the owners of the acquired entity (in this case, Nextstar) obtain control of the acquiring entity (in this case, Forte) as a result of the businesses' combination. Under the reverse acquisition accounting, the consolidated financial statements are issued under the name of the legal parent (Forte) but are a continuation of the financial statements of the legal subsidiary (Nextstar), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

Nextstar was deregistered on 27 April 2015.

(y) Parent entity financial information

The financial information for the parent entity, Forte Consolidated Limited, disclosed in note 22 has been prepared on the same basis as the consolidated financial statements.

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	Consolidated	
	2015 **$**	**2014** **$**
The following revenue and expense items are relevant in explaining the financial performance for the year.		
Revenue		
- Interest income – other parties	39,762	73,297
Expense		
- Administration services fees	266,616	225,335

NOTE 3: AUDITOR'S REMUNERATION

The auditor of Forte Consolidated Limited is HLB Mann Judd.

Amounts received or due and receivable by HLB Mann Judd for:		
Audit and review of financial reports	26,500	26,500
Tax compliance services	-	-

NOTE 4: INCOME TAX EXPENSE

(a) Recognised in the statement of comprehensive income

Current income tax expense	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	-
Total income tax benefit	-	-

NOTE 4: INCOME TAX EXPENSE (continued)

(b) Reconciliation between income tax expense and pre-tax profit/(loss)

	Consolidated	
	2015 $	**2014 $**
Loss before tax	(497,955)	(1,883,016)
Income tax using the domestic corporation tax rate of 30% (2014: 30%)	(149,387)	(564,905)
Tax effect of:		
Non-deductible expenses	808	1,535
Expiry of options to take up equity shares	-	243,610
Unused tax losses and temporary differences not recognised as deferred tax assets	148,579	319,760
Income tax expense on pre-tax loss	-	-

(c) Unrecognised deferred tax balances

Deferred tax assets and (liabilities) calculated at 30% (2014: 30%) have not been recognised in respect of the following:		
Income tax losses	1,627,351	1,223,321
Temporary differences	(402,929)	(155,054)
	1,224,422	1,068,267

Deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets (and deferred tax liabilities relating to capitalised exploration expenditure for which immediate tax write-off is available) have not been recognised in the financial statements.

(d) Tax Consolidation

Forte Consolidated Limited and its 100% owned Australian resident subsidiaries implemented a tax consolidated group with effect from 1 July 2011 and therefore will be taxed as a single entity from that date.

The entities in the tax consolidated group have not entered into a tax sharing arrangement or a tax funding arrangement.

The adjustment arising from tax consolidation to the amount of unused tax losses available to offset future taxable income to the extent that the Group continues to satisfy loss integrity testing and available fraction rules was negligible.

NOTE 5: LOSS PER SHARE

	Consolidated	
	2015 Cents per share	**2014 Cents per share**
Basic loss per share	(0.41)	(1.97)
Weighted average number of ordinary shares used in calculation of loss per share	122,421,338	95,805,002
Loss used in calculation of basic loss per share	(497,955)	(1,883,016)

Diluted loss per share is not presented as the entity does not have on issue any dilutive potential ordinary shares.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2015 $	2014 $
Cash on hand and at bank	341,604	187,035
Short-term deposits	1,546,263	1,179,999
	1,887,867	1,367,034

Cash at bank earns interest at floating rates on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and eight months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

NOTE 7: OTHER RECEIVABLES – CURRENT

Other receivables	38,909	29,127

No receivables are past due.

NOTE 8: OTHER ASSETS

Prepaid expenses	24,513	18,387

NOTE 9: OTHER RECEIVABLES – NON CURRENT

Exploration tenement guarantees	7,500	12,500

NOTE 10: PLANT AND EQUIPMENT

Plant and equipment at cost	102,036	89,670
Less: Accumulated depreciation	(59,998)	(56,936)
	42,038	32,734
Movement schedule for plant and equipment		
Opening written down value	32,734	39,582
Additions	22,014	7,083
Depreciation	(12,710)	(13,931)
Closing written down value	42,038	32,734

NOTE 11: EXPLORATION & EVALUATION EXPENDITURE

	Consolidated	
	2015	2014
	$	$
Cost brought forward in respect of areas of interest in the exploration and evaluation stage	626,184	1,517,396
Expenditure incurred during the year	788,614	566,957
Payments for purchase of tenement	-	40,000
Tenement assignment and recoupment of expenditure (i)	-	(9,819)
Expenditure written off during the year (i) (ii)	(8,974)	(1,488,350)
Cost carried forward	1,405,824	626,184

(i) The Clarke Prospect and associated tenements within The Kangaroo Hills project area were either relinquished or otherwise disposed of during the previous year.
(ii) During the year the Jackson Creek North tenement was relinquished

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on successful development and commercial exploitation or sale of respective areas.

NOTE 12: TRADE AND OTHER PAYABLES

Trade and other payables	294,511	144,041
Related party payables (Note 17)	39,297	22,841
	333,808	166,882

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

NOTE 13: EMPLOYEE BENEFITS

Current employee entitlements	10,153	3,776

NOTE 14: ISSUED CAPITAL

Issued capital comprises 179,078,187 fully paid ordinary shares (2014: 95,805,002)	7,012,704	5,367,367

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	2015		2014	
Movement in issued shares for the year	No.	$	No.	$
Balance at beginning of the financial year	95,805,002	5,367,367	95,805,002	5,367,367
Issued for cash	83,273,185	1,665,463	-	-
Costs associated with the issue of shares	-	(20,126)	-	-
Balance at end of the financial year	179,078,187	7,012,704	95,805,002	5,367,367

Options over ordinary shares	2015	2014
	No.	No.
Options on issue at beginning of period	-	85,203,334
Issued for cash	-	-
Issued free-attaching to shares issued	-	-
Expired	-	(85,203,334)
Options on issue at end of period	-	-

NOTE 15: RESERVES

	Consolidated 2015 $	2014 $
Option Reserve		
Balance at beginning of the financial year	-	812,033
Issue of options	-	-
Transfer to accumulated losses on expiry of options	-	(812,033)
Balance at end of the financial year	-	-

The option reserve arises on the grant and/or issue of share options. Amounts are transferred out of the reserve to accumulated losses when the options lapse or expire. When options are exercised, amounts carried in the reserve related to those particular options are dealt with based on their origination. If cash-related those amounts may be transferred out of the reserve to issued capital. If not cash-related, the amounts are transferred out of the reserve to accumulated losses.

NOTE 16: STATEMENT OF CASH FLOWS

Reconciliation of operating loss after income tax to net cash used in operating activities

Operating loss after income tax	(497,955)	(1,883,016)
Add: Non-cash items		
Depreciation	12,710	13,931
Depreciation – capitalised	(10,618)	(11,198)
Exploration and evaluation expenditure written off	8,974	1,488,350
Change in assets and liabilities		
(Increase)/decrease in other current assets	963	10,097
(Increase)/decrease in other current receivables	(9,782)	(1,272)
Increase/(decrease) in operating payables	36,068	(15,886)
Increase/(decrease) in employee entitlements	6,377	3,776
Net cash used in operating activities	(453,263)	(395,218)

NOTE 17: RELATED PARTY DISCLOSURES

a) **Equity Interests in related parties**

Equity Interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 18 to the financial statements.

b) **Transactions within the wholly owned group**

The wholly owned group includes:

- The ultimate parent entity in the wholly-owned group and;
- The wholly-owned controlled entities

The ultimate parent entity in the wholly-owned group is Forte Consolidated Limited

During the financial year Forte Consolidated Limited provided accounting and administrative services at no cost to the controlled entities and the advancement of interest free loans.

NOTE 17: RELATED PARTY DISCLOSURES (continued)

c) Transactions with key management personnel

The following comprises amounts paid or payable and received or receivable applicable to entities in which key management personnel (KMP) have an interest.

	Consolidated entity	
Directors	**2015 $**	**2014 $**
Paid/payable to:		
J Terpu and B Firriolo (as Trustees of the CAS Trust & BCF Trust trading as Chellserv) for administration services	266,616	225,335
B Cleaver (as Director of Arodam Pty Ltd atf Arodam Trust) for corporate and IT services	20,000	14,000

Amounts owed to related parties at 30 June 2015 were Chellserv $39,297 (2014: $22,841), Arodam Pty Ltd $nil (2014: $nil).

Refer to the remuneration report contained in the Director's Report for details of the remuneration paid or payable to each member of the Group's KMP for the year ended 30 June 2015.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2015 $	2014 $
Short-term employee benefits	98,226	52,421
Post-employment benefits	45,954	39,146
Total KMP compensation	144,180	91,567

NOTE 18: CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest	
		2015 %	**2014 %**
Parent Entity			
Forte Consolidated Limited	Australia	100	100
Controlled Entities			
Nextstar Pty Ltd (deregistered 27/04/2015)	Australia	-	100

NOTE 19: COMMITMENTS FOR EXPENDITURE AND CONTINGENCIES

(a) Exploration Expenditure Commitments

The Group has certain obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements.

These obligations will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences, and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the Group.

NOTE 19: COMMITMENTS FOR EXPENDITURE AND CONTINGENCIES (continued)

(a) Exploration Expenditure Commitments (continued)

Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements, where the status of the tenements is to remain unchanged, and excluding commitments where a joint venture party has agreed to meet the Group's obligations, are approximately:

	2015 $	2014 $
Not later than one year	190,000	110,000
Later than one year but not later than five years	565,000	420,000
	755,000	530,000

(b) Native Title

Native title claims have been made with respect to areas which include tenements in which Forte Consolidated Limited has interests. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects.

(c) Administrative Services Agreement

On 15 April 2013, Chellserv (of which Messrs Terpu and Firriolo are the principals) commenced a two year extended term in relation to an Administration Services Agreement. The extended term of the Agreement expired on 14 April 2015 but continues thereafter until terminated by either party giving three months notice of termination. If notice of termination is given, the Company would be liable for further variable monthly charges estimated to be $56,250 (2014: $56,250). The Company's obligation at balance date to make payments of variable amounts to Chellserv are estimated to be:

	2015 $	2014 $
Not later than one year	56,250	178,125
Later than one year but not later than five years	-	-
	56,250	178,125

(d) Contingencies

The group has no contingent liabilities or assets at 30 June 2015.

NOTE 20: SEGMENT INFORMATION

The group has one reportable segment being mineral exploration in Australia.

NOTE 21: FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

NOTE 21: FINANCIAL RISK MANAGEMENT (continued)

Overview (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. At the balance date there were no significant concentrations of credit risk.

Cash and cash equivalents
The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Trade and other receivables
As the Group operates primarily in exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The Group where necessary establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk
The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated Carrying amount	
	2015 $	2014 $
Cash and cash equivalents	1,887,867	1,367,034
Other receivables	46,409	41,627

Impairment Losses
None of the Group's other receivables are past due (2014: nil).

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

NOTE 21: FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk (continued)

The following are the Group's contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2015	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years
Non-interest bearing	$343,961	343,961	333,808	10,153	-	-

30 June 2014	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years
Non-interest bearing	$170,658	170,658	166,882	3,776	-	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Group is not exposed to currency risk and at balance date the Group holds no financial assets or liabilities which are exposed to foreign currency risk.

Interest Rate Risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short term deposit at interest rates maturing over 90 day rolling periods.

Profile
At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Consolidated Carrying amount	
	2015 $	2014 $
Fixed rate instruments		
Financial assets – term deposits	1,546,263	1,179,999
Variable rate instruments		
Financial assets – cash on hand and at bank	341,604	187,035

Fair value sensitivity analysis for fixed rate instruments
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss or through equity, therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

NOTE 21: FINANCIAL RISK MANAGEMENT (continued)

Cash flow sensitivity analysis for variable rate instruments
A 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 remain constant. The analysis is performed on the same basis for 2014.

Company

	Profit or loss		Equity	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
30 June 2015				
Variable rate instruments	3,316	(3,262)	3,316	(3,262)
30 June 2014				
Variable rate instruments	1,770	(1,716)	1,770	(1,716)

Fair Values

Fair values versus carrying amounts
The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Consolidated			
	30 June 2015		30 June 2014	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Cash and cash equivalents	1,887,867	1,887,867	1,367,034	1,367,034
Other receivables	46,409	46,409	41,627	41,627
Trade and other payables	(333,808)	(333,808)	(166,882)	(166,882)
Employee benefits	(10,153)	(10,153)	(3,776)	(3,776)
	1,590,315	1,590,315	1,238,003	1,238,003

Commodity Price Risk

The Group operates primarily in the exploration and evaluation phase and accordingly the Group’s financial assets and liabilities are subject to minimal commodity price risk.

Capital Management

Capital is defined as the equity of the Group.

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group’s focus has been to raise sufficient funds through equity to fund exploration and evaluation activities. The Group monitors capital on the basis of the gearing ratio, however there are no external borrowings as at balance date.

There were no changes in the Group’s approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

The Group is not subject to externally imposed capital requirements.

NOTE 22: PARENT ENTITY DISCLOSURES

Financial position	**30 June 2015 $**	**30 June 2014 $**
Assets		
Current assets	1,951,289	1,413,485
Non-current assets	1,455,362	672,481
Total assets	3,406,651	2,085,966
Liabilities		
Current Liabilities	343,961	170,658
Total liabilities	343,961	170,658
Net Assets	3,062,690	1,915,308
Equity		
Issued capital	7,012,704	18,529,445
Reserves		
Option reserve	-	-
Accumulated losses	(3,950,014)	(16,614,137)
Total equity	3,062,690	1,915,308

Financial performance	**30 June 2015 $**	**30 June 2014 $**
Loss for the year	(497,955)	(6,503,142)
Other comprehensive income, net of income tax	-	-
Total comprehensive loss	(497,955)	(6,503,142)

Commitments and Contingencies – refer Note 19.
The exploration expenditure and Services Agreement commitments and native title claims referred to including comparative figures relate to both parent and subsidiary. Other than the previously mentioned, the parent entity has no contingent liabilities or assets at 30 June 2015.

The investment in Nextstar Pty Ltd ("Nextstar") has been impaired to the extent that the original consideration for the acquisition of Nextstar pertained to tenement expenditure written off in the current and prior periods. Nextstar was deregistered on 27 April 2015.

NOTE 23: EVENTS AFTER BALANCE DATE

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

1. In the opinion of the Directors of Forte Consolidated Limited (the "Company"):

   (a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

   (i) giving a true and fair view of the group's financial position at 30 June 2015 and of its performance for the year then ended; and

   (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. 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 ended 30 June 2015.

This declaration is signed in accordance with a resolution of the Board of Directors.

John Terpu
Chairman
Perth WA

9 September 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Forte Consolidated Limited

Report on the Financial Report

We have audited the accompanying financial report of Forte Consolidated Limited ("the company"), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the 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 for the Group. The Group comprises 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 control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(d), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies 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 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 judgement, 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 control relevant to the Group'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 internal control. 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Forte Consolidated Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 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 1(d).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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.

Auditor's opinion

In our opinion the remuneration report of Forte Consolidated Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
9 September 2015

Additional information as required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

1. Shareholder Information

1.1 As at 8 September 2015 the Company had 180 holders of Ordinary Fully Paid Shares.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each Fully Paid Share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

1.2 Distribution of Shares (as at 8 September 2015)

No.	Fully Paid Shares
1-1,000	36
1,001-5,000	16,854
5,001-10,000	556,700
10,001-100,000	2,866,762
100,001-over	175,637,835
Total	**179,078,187**

The number of shareholders holding less than a marketable parcel is 92 based on the closing market price at 8 September 2015.

1.3 Substantial Shareholders

The following shareholders are recorded as substantial shareholders:

Name	Fully Paid Shares Number
VALLEYBROOK INVESTMENTS PTY LTD <TERPU A/C> & OTHERS	71,840,312
DANNY TAK TIM CHAN	46,538.392
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,954,188
Total	**131,332,892**

1.4 Twenty Largest Holders of Listed Shares (as at 8 September 2015)

	Fully Paid Ordinary	
Ordinary Shareholders	**Number**	**Percentage**
VALLEYBROOK INVESTMENTS PTY LTD <TERPU A/C>	53,166,252	29.69%
DANNY TAK TIM CHAN	46,538,392	25.99%
VALLEYROSE PTY LTD <TERPU SUPER FUND A/C>	18,674,060	10.43%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,954,188	7.23%
ANYSHA PTY LTD GEMELLI	10,000,084	5.58%
GOLDEN GATE S A	5,000,000	2.79%
MR MARK BARNABA	4,375,000	2.44%
CITICORP NOMINEES PTY LIMITED	3,158,000	1.76%
KIWI BATTLER PTY LTD <KIWI BATTLER SUPER FUND A/C>	2,452,089	1.37%
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	1,962,130	1.10%
ORBIT DRILLING PTY LTD	1,817,226	1.02%
MRS CARMELA FIRRIOLO	1,770,000	0.99%
ADMARK INVESTMENTS PTY LTD <JS PINTO SUPER FUND A/C>	1,550,000	0.87%
GOLDEN MILE INVESTMENTS PTY LTD	1,000,000	0.56%
MR JAMES DOUGLAS RYSTON PRATT & MRS MYFANWY JEAN RYSTON DURHAM J & C PRATT SUPER FUND	1,000,000	0.56%
MR JAMES DOUGLAS PRATT	1,000,000	0.56%
MRS MELISSA DOMENICA CIFELLI	925,000	0.52%
ARODAM PTY LTD <THE ARODAM A/C>	1,355,080	0.76%
COOLTRAS PTY LTD <KOULOUKAKIS INVESTMENT A/C>	808,054	0.45%
MR BRIAN BARRY CLEAVER & MRS JEAN ISABEL CLEAVER <CLEAVER SUPER FIND A/C>	764,000	0.43%
	170,269,555	**95.10%**

1.5 Share Buy-Backs

There is no current on-market buy-back scheme.

1.6 Securities Purchased On-market

There is no current employee incentive scheme and there were no securities purchased on-market (including any related to an employee incentive scheme).

2. Other Information

Forte Consolidated Limited, incorporated and domiciled in Australia, is a public listed Company limited by Shares.

3. Tenement Schedule

Tenement No.	Registered Holder	Forte Equity	Area	Grant date	Expiry date
Queensland					
EPM 18986	Forte Consolidated Limited	100%	100 blocks	13 Dec 2012	12 Dec 2017
EPM 25196	Forte Consolidated Limited	100%	4 blocks	3 Sept 2014	2 Sept 2017
EPM 25755	Forte Consolidated Limited	100%	40 blocks	8 April 2015	7 April 2020

FORTE CONSOLIDATED LIMITED
ABN 37 148 168 825

Suite 4, 213 Balcatta Road
BALCATTA WA 6021
T: (61 8) 9240 4111
F: (61 8) 9240 4054

www.forteconsolidated.com.au