

ASX: FRC

Forte Consolidated Limited
 ABN 37 148 168 825

Board of Directors

Chairman
Executive Director
 John Terpu

Non-Executive Director
 Bruno Firriolo

Non-Executive Director
 Joe Radici

Company Secretary
 Bruno Firriolo

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179,078,187

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<https://investorcentre.linkmarketservices.com.au/Login.aspx/Login>

Highlights**Exploration**

- On 11 October 2017 Forte reported the successful completion of a stratigraphic RC and diamond core drilling program at the Szarbs and Sledgehammer prospects, which form part of the Johnnycake Project (EPM 18986) in north-east Queensland. Four holes were completed during the quarter for a total of 1,559m, including 718m of diamond core.
- The extent and intensity of alteration observed in the holes confirms the presence of a significant fossil hydrothermal system, whilst the delineation of a wide (15-20m) zone of sulphide mineralisation within a shear zone in Hole JZRD003, albeit with weak anomalism, is the first evidence of a potential feeder system and confirms previous interpretations that there are strong structural controls on alteration and mineralisation observed at surface.
- The drilling results further highlight that the geology, and structural architecture of the prospective structures (and potentially reactive host-rocks), is complex with a number of potential structures that could accommodate and focus hydrothermal fluids pathways. The geological understanding of the volcanic sequence, basement lithology and potential first order structural controls need to be further evaluated to determine the more prospective zones within the volcanic sequences.
- Forte will carry out ongoing assessment of the exploration results and further analysis of the stratigraphy and alteration.

Corporate

- \$642,000 cash in the bank.

Johnnycake Project**EPM 18986 Background**

Forte has applied first principles geoscience at its Johnnycake Project. As previously reported, exploration already undertaken in 2014 by Forte commenced with a high resolution airborne magnetic and radiometric survey from which a number of anomalous areas were highlighted. On the strength of this, SRK Consulting (Australasia) Pty Ltd ("SRK") undertook tenement scale mapping which identified evidence supporting the presence of a hydrothermal system at the Sledgehammer and Szarbs Prospects. The location of these prospects is provided in Figure 1.

Subsequent prospect scale mapping was completed with the aim of refining these prospects into 'drill ready' targets. Rock chip and PIMA sampling at each prospect in mid-2014 has enhanced this objective, yielding rock chip results at Sledgehammer including 47g/t Au and 38g/t Ag, 1.52g/t Au and 6.2g/t Ag, 3.79g/t Au and 32.3g/t Ag.

A ground IP survey conducted in late 2014 identified a series of chargeable and resistive anomalies at each of the Prospects. In 2015 an RC drilling program targeted these anomalies with the aim of refining the mineralisation model and providing vectors to mineralisation.

Although there have been encouraging exploration findings at Johnnycake, the geological stratigraphy at the Szarbs and Sledgehammer prospects has remained poorly understood and the exploration model developed for the area, which recommends targeting the deeper basement unconformity between the Permian volcanics and the Carboniferous granites (and host metasediment and volcanics) has yet to be adequately tested.

In order to advance the geological understanding of the permit area, Forte undertook a small targeted stratigraphic drilling program at the Szarbs and Sledgehammer prospects to better understand the geology at depth, where the most prospective sequences are inferred to be located.

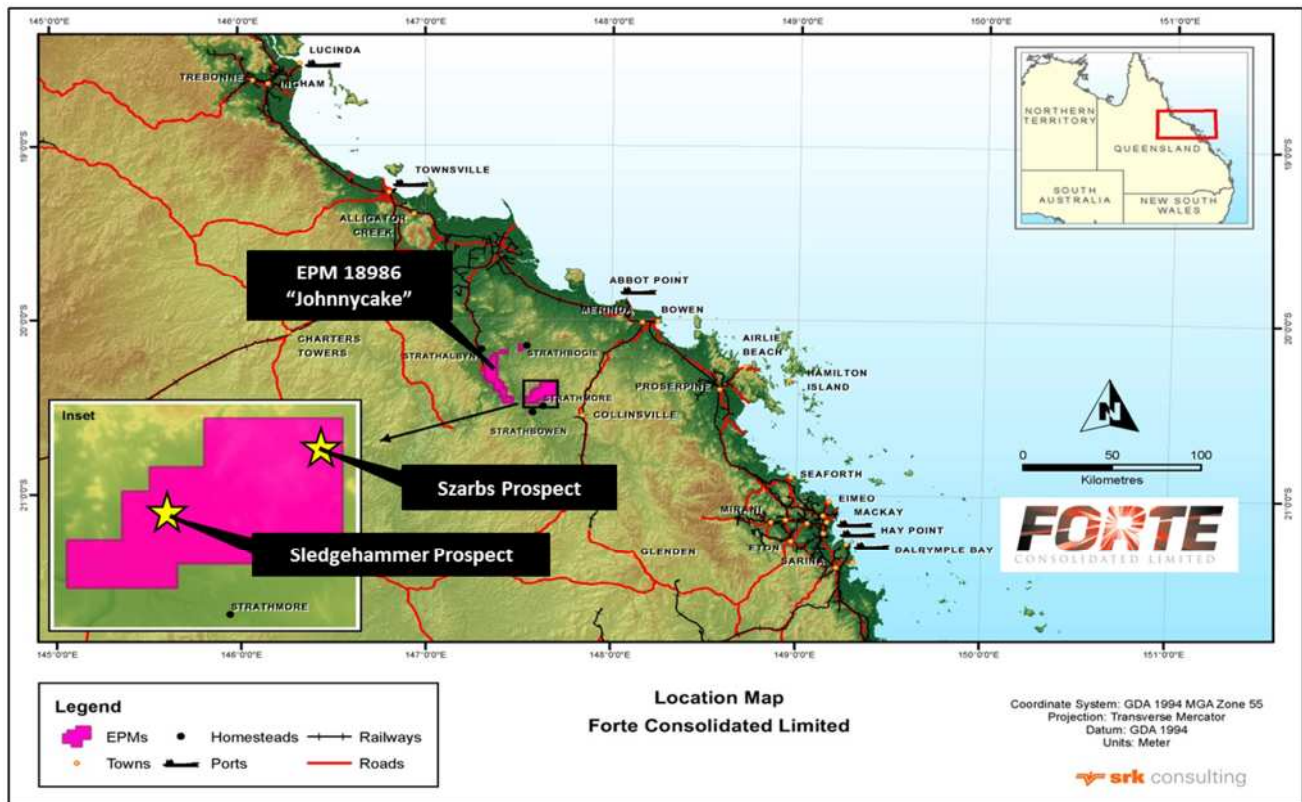


Figure 1: Location Map for Sledgehammer and Szarbs Prospects

ACTIVITIES DURING THE QUARTER

Szarbs Prospect

Summary

A total of 3 holes (JZRD001-003) for a combined 1,064 drilling meters was completed at the Szarbs Prospect. Figure 2 shows the location of these holes. JZRD001 and JZRD002 were planned as stratigraphic holes to provide information on the Permian-age stratigraphy above Carboniferous-age basement. JZRD001 and JZRD002 were drilled as vertical holes to a depth of 516m and 247m respectively. JZRD003 was planned as a targeted hole to provide information on an area under weakly mineralised (anomalous mid-2014 rock chip results) and altered outcrop (Figure 2). The hole was drilled as an inclined hole to the northeast to a depth of 300m.

JZRD001 & 2

JZRD001 intersected a 500m+ (downhole) sequence of felsic to mafic extrusive lavas with minor volcanoclastic sedimentary rocks. The upper 200m is dominated by trachyte, with minor dacite, rhyolite and sedimentary rocks. The lower sequences are dominated by andesitic compositions. Variably intense and persistent propylitic (carbonate-chlorite-hematite) alteration is present

throughout the entire hole. There are zones of sericitic and silica-pyrite alteration in the trachytes. JZRD001 did not intercept basement which must be considerably deeper in this area.

JZRD002 intersected a 207m+ (downhole) sequence of volcanoclastic sediments (sandstones) dominated by andesitic compositions. The sequence is pervasively propylitically (carbonate – chlorite) altered with rare zones of sericitic and pyrite alteration along interpreted shears. The hole intersected altered granitic basement at 207m (downhole). The alteration was similar in nature and intensity to the overlying volcanics.

Conclusions

The nature of the alteration in both JZRD001 and JZRD002 would support the holes having intersected the distal parts of a large hydrothermal system, with prospectivity for identifying epithermal mineralisation with ongoing sustained exploration. On the basis of visual inspection of the RC cuttings and core, no samples were sent for geochemical analysis. Some of the more intensely altered andesitic units (at depth) need to be assessed further as they represent prospective permeable and reactive host rock for mineralisation in the right structural environment. Consequently, a number of petrographic samples have been taken for further analysis of the alteration.

The granite contact is a minimum of 300m higher in the JZRD002 hole than in JZRD001 which is located approximately 750m to the north. It is unlikely that the variation in the basement depth can be related solely to palaeotopography and suggests the interpreted east-west structure just to the south of the collar position of JZRD002 (Figure 2) may be a major regional structure.

JZRD003

In JZRD003, the geology consists of a 300m+ (downhole) sequence of trachytes and andesites with minor rhyolites.

The entire hole displays intense propylitic (calcite/pink carbonate + chlorite) alteration and there are two zones overprinting alteration which displayed sericitic and pyrite alteration ($\pm$ quartz veins and silicification). The first zone was intersected in the RC cuttings from 101 to 122m which was andesitic lava with quartz sericite pyrite alteration and apparent thin mm-scale quartz veining.

RC cuttings (1m samples) from the interval 100-120m were assayed to test for anomalous elements associated with the alteration. Assay results from this zone returned a 4m interval from 100 to 104m which was clearly anomalous with 0.6 to 2.2 ppm Ag (avg. 1.3 ppm), 13-65ppm Mo (avg. 39 ppm) and elevated As (avg. 8 ppm) with respect to background levels. No Au anomalism was detected. The weak mineralisation is correlated with abundant (5-10%) quartz veins noted in the geological logs. The remainder of this interval displayed weakly anomalous zones with elevated As, Ag and Mo. The intersection is consistent geochemically with the surface anomalism which also shows the same elemental indicators (Ag, Mo and As).

The second zone intersected in core from 224 to 242m presented a north-south trending vertical shear in a trachyte host rock with pervasive to intense hematite-pyrite alteration with up to 20% sulphide based on geological and alteration logging of the core (Figures 3A, B & C). Mineralisation appears restricted to two phases (generations) of pyrite.

Core (1m samples) from 207 to 257m was assayed to test this zone for anomalous geochemistry associated with the sulphide mineralisation. The shear zone is distinctly anomalous in S (avg. 1.4% S; up to 7.99% S) indicative of the volume of sulphide observed visually in the core. The zone has weakly anomalous As (up to 42ppm) but no Au or Ag anomalism were reported, although there is a weak correlation between Cu, Ag and As.

Conclusions

The sulphide mineralisation provides further evidence on the strong structural controls on hydrothermal fluid flow which overprint the pervasive propylitic halo. Although the zone was not geochemically anomalous, the shear zone provides a good target to define lateral zones of metal concentrations in sulphide mineralisation.

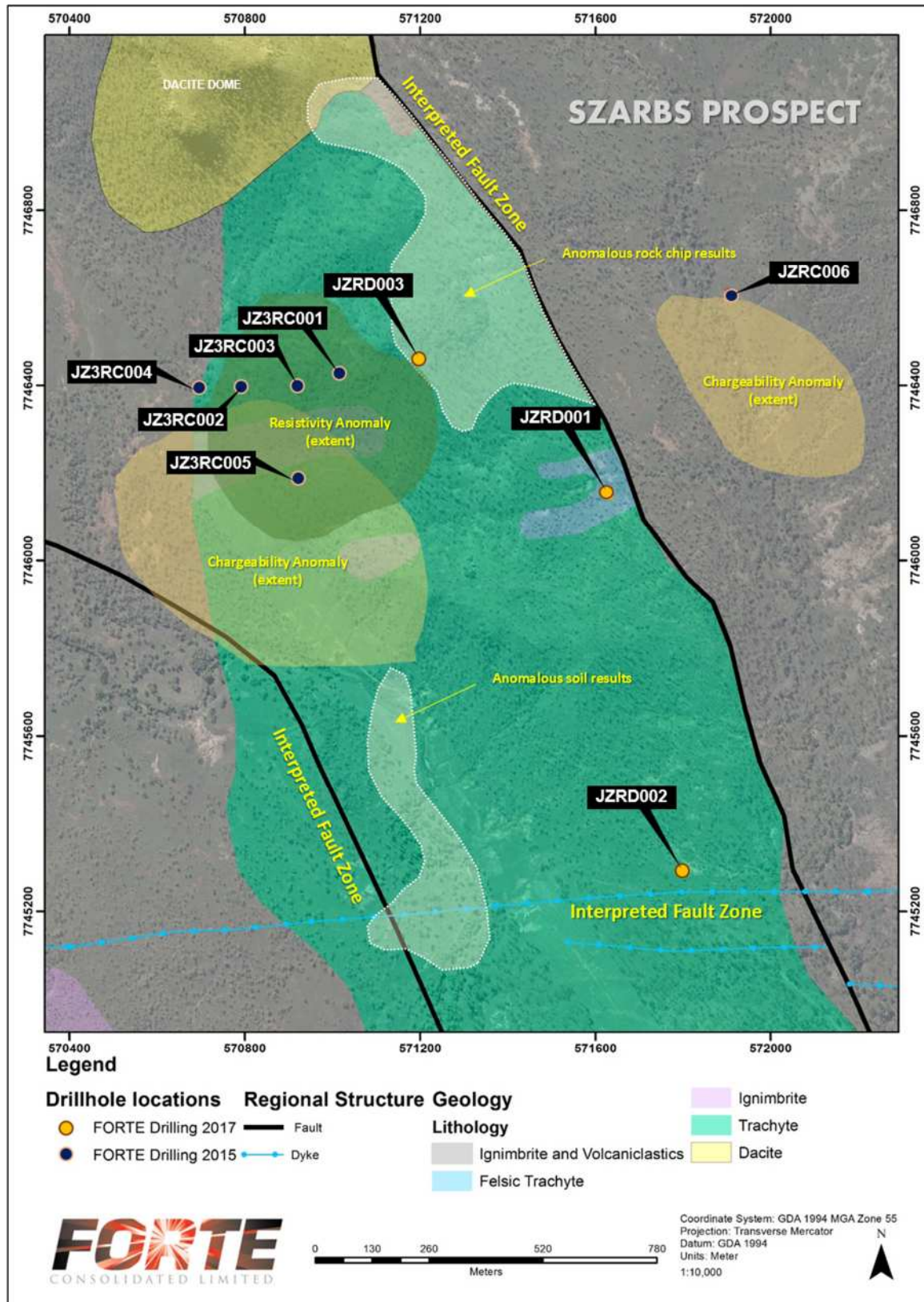


Figure 2: Plan view of the Szarbs prospect showing drill hole locations, anomalous rock chip results, IP anomalies, and interpreted faults

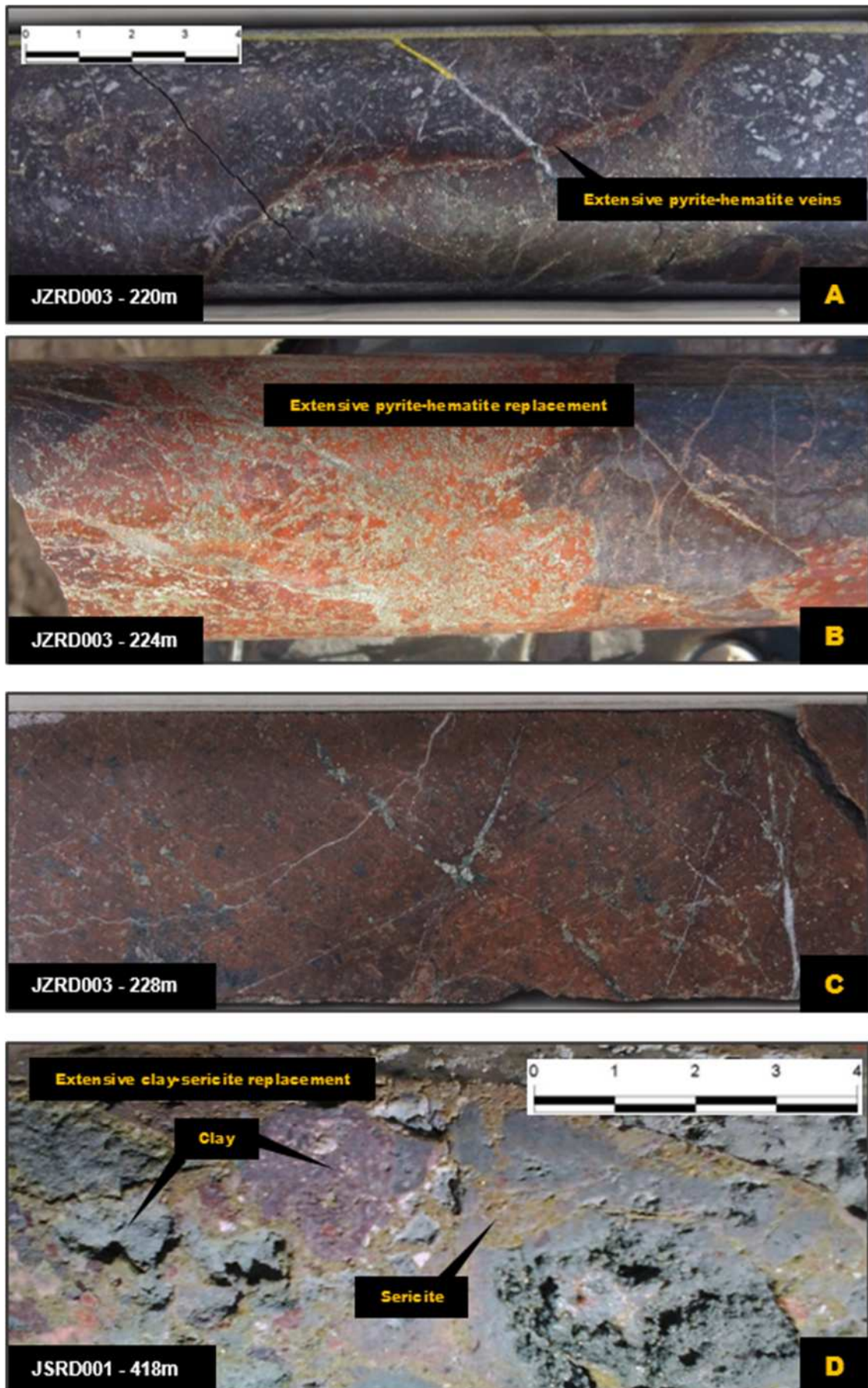


Figure 3: Core photographs highlighting alteration and mineralisation in JZRD002 (A-C) and alteration in JSRD001 (D)

Sledgehammer Prospect

One hole (JSRD001) was completed for 492 drilling meters at the Sledgehammer Prospect. Figure 4 shows the location of this hole. JSRD001 was planned as a stratigraphic hole and drilled vertically to provide information on the Permian-age stratigraphy above Carboniferous-age basement. The geology consists of a 500m+ (downhole) sequence of volcaniclastics with interbedded tuffs and basalt intrusives at depth.

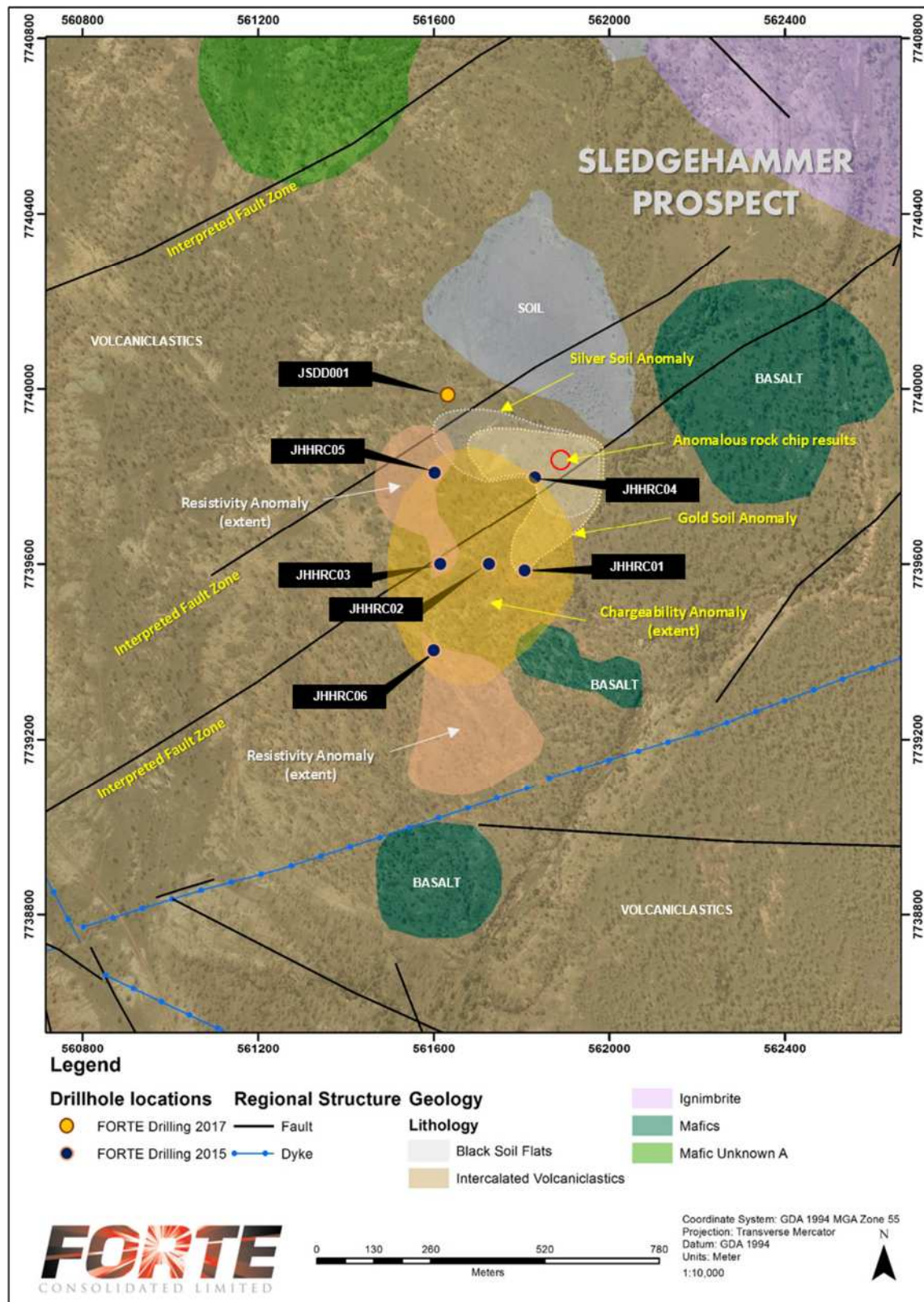


Figure 4: Plan view of the Sledgehammer prospect showing drill hole locations, anomalous rock chip results, IP anomalies, and interpreted faults

Propylitic alteration (carbonate-chlorite-epidote-pyrite) is variable throughout the entire hole but generally increases in intensity with depth. Two zones of overprinting alteration were identified within the core. A zone of sericitic and pyrite (1 – 2 %) alteration of volcanoclastic was intersected between 310 and 328m. The propylitic zone transitions sharply into a second zone of intense clay – sericite alteration of volcanoclastic from 416 – 429m (Figure 3D). The intensity of the alteration has led to the development of vuggy host rock. The clay alteration zone is coincident with a number of altered basalt intersections, which are interpreted as dykes and may indicate the presence of a structural zone.

Core samples from 313-323m displaying volcanoclastic with sericite-pyrite alteration were sampled and assayed although not anticipated to return significant results. The interval was not geochemically anomalous. Core samples from 408 to 435m displaying a volcanoclastic with intense clay-sericite alteration were also sampled. The interval was not geochemically anomalous.

Conclusions

A number of petrographic samples have been taken from the intense clay-sericite alteration zone for further analysis of the alteration. The transition may suggest evidence of a vectoring of a hydrothermal system, although as the hole was positioned as a vertical hole, the hole was terminated with a view to re-positioning another hole at a later stage.

The stratigraphy intersected in the hole is markedly different from that logged in the earlier 2015 drilling campaign and suggests that a number of major structures transect the immediate area. These structures may provide good exploration targets with further delineation.

EPM 18986 Proposed Activities for Next Quarter

In the next quarter, Forte will carry out ongoing assessment of the exploration results and further analysis of the stratigraphy and alteration with the submission of a number of petrographic samples for interpretation.

The exploration results will be used to assess the previous exploration work completed by Forte on the basis of the new findings, before assessing the next exploration steps.

Finance

At 30 September 2017 the Company had available cash totalling \$642,000

Exploration and evaluation expenditure for the quarter was \$112,000

Tenement Interests

Tenements held at end of quarter	Ownership	Project	Location
EPM18986 EPM25196 EPM26527	100%	Johnnycake	Collinsville, Queensland
EPM25755	100%	Kangaroo Hills	Kangaroo Hills, Queensland
Tenements acquired during the quarter	Ownership	Project	Location
NIL			

Tenements disposed during the quarter	Ownership	Project	Location
NIL			

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

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

The information in this report that relates to 2017 RC and diamond core drilling results is extracted from the report entitled "Preliminary Drilling Results" created on 11 October 2017 and is available to view on www.forteconsolidated.com.au. The Competent Person named in that report is Mr Bryce Healy. 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 2015 RC drilling 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

FORTE CONSOLIDATED LIMITED

ABN

37 148 168 825

Quarter ended ("current quarter")

30 SEPTEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(112)	(112)
(b) development		
(c) production		
(d) staff costs	(10)	(10)
(e) administration and corporate costs	(112)	(112)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(228)	(228)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	870	870
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(228)	(228)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	642	642

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	415	295
5.2 Call deposits	227	575
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	642	870

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
96
Nil

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7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
Nil
Nil

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
Nil	
Nil	
Nil	

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	272
9.2 Development	
9.3 Production	
9.4 Staff costs	13
9.5 Administration and corporate costs	164
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	449

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 17 October 2017

Print name: Bruno Firriolo

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.