



**Breakaway
Research**

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Company Information

ASX Code	FRC
Share Price A\$	0.040
Ord Shares	95.8m
Options	-
Market Cap A\$	3.8m
Cash (June 14) A\$	1.4m
Total Debt A\$	-
Enterprise Value A\$	2.5m

Directors

Executive Chairman	John Terpu
Non-Executive Director	Bruno Firriolo
Non-Executive Director	Brian Cleaver

Substantial Share Holders

Valleybrook Investment	34.9%
Danny Tak Tim Chan	29.5%
HSBC Nominees	7.0%
Mark Barnaba	4.6%
Golden Gate SA	2.6%

*Top 20 hold 92.3%

Company Details

Address	Suite 4, 213 Balcatta Road, Balcatta Rd, WA 6021
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Web	www.forteconsolidated.com.au

1 Year Price Chart



Forte Consolidated (FRC)

Diligent exploration paying off

Recommendation: Speculative BUY

Company Update

Key Points

- **Methodical and scientific exploration approach implemented at Johnnycake project generating high quality exploration targets**
- **Highly prospective 'Sledgehammer' and 'Szarbs' targets exhibit hallmarks of epithermal precious metal systems**
- **Prospectivity underpinned by a series of co-incident geophysical anomalies at both prospects**
- **IP Survey underway to define alteration and sulphide accumulations for drill targeting**
- **Drill program likely to commence after upcoming wet season**
- **Enterprise value of A\$2.5m provides leverage to positive news flow**

Forte Consolidated is implementing a diligent and scientific approach to exploration with great success, as evidenced by the highly prospective Sledgehammer and Szarbs prospects. Both prospects exhibit co-incident geochemical and geophysical anomalies, consistent with the target epithermal system. No drilling has yet been undertaken at these targets, proving ample opportunity for a Company re-rating as the prospects are further advanced.

Investment Thesis

Forte Consolidated (ASX: FRC) has made steady progress at its Johnnycake project, located in close proximity to the recently commissioned Mt Carlton gold/silver/copper mine in north east Queensland, where the Company has conducted a systematic exploration approach to identify two high priority exploration targets.

The 'Sledgehammer' prospect is defined by co-incident geochemical and geophysical features which together display the hallmarks of a sizable epithermal system prospective for gold and silver mineralisation. The nearby 'Szarbs' prospect is also shaping up to be a significant exploration target, demonstrating similar geochemical and geophysical characteristics to Sledgehammer, leading to the view that a second epithermal system exists a relatively shallow depths.

An IP Survey is currently underway at both prospects, which should help to define subsurface alteration and sulphide accumulation ahead of an anticipated drill program. With a cash balance of A\$1.4M the Company is likely to undertake a moderate capital raising to fund these drilling programs, however, the calibre of these targets should not be underestimated and with a current enterprise value of A\$2.5M, Forte is significantly leveraged to any positive news flow.

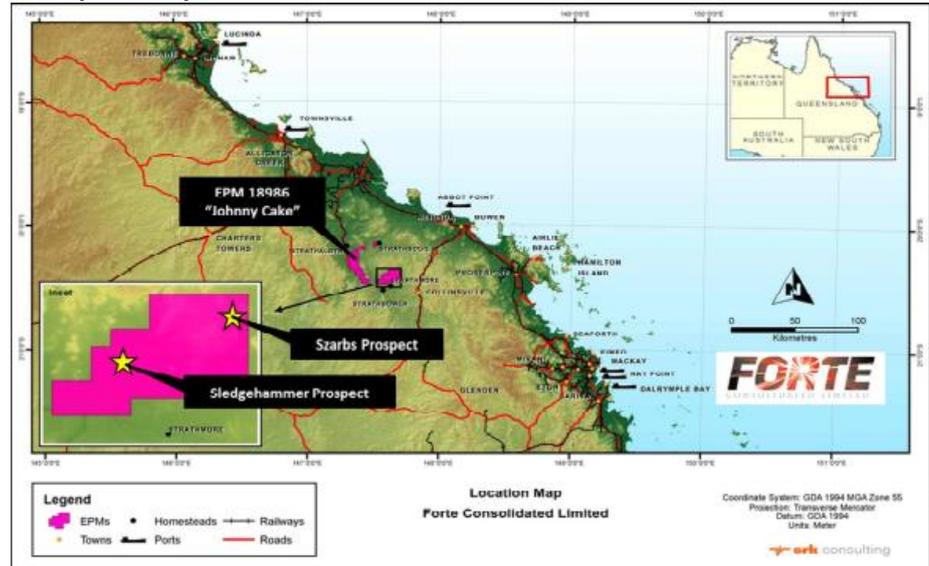


Project Review

100% interest in Johnnycake project

Forte Consolidated has a 100% interest in the 'Johnnycake' project, located towards the northern end of the Bowen Basin, ~170km south of Townsville. The project consists of one exploration licence (EPM 18986) in close proximity to Evolution Mining's 'Mt Carlton Mine' which hosts a JORC Resource of 28.1Mt @ 2.5g/t AuEq (Evolution Mining JORC Resource Statement, June 2014) for ~1.35Moz of contained gold, plus ~31.2Moz silver and ~63kt of contained copper.

Johnnycake Project Location



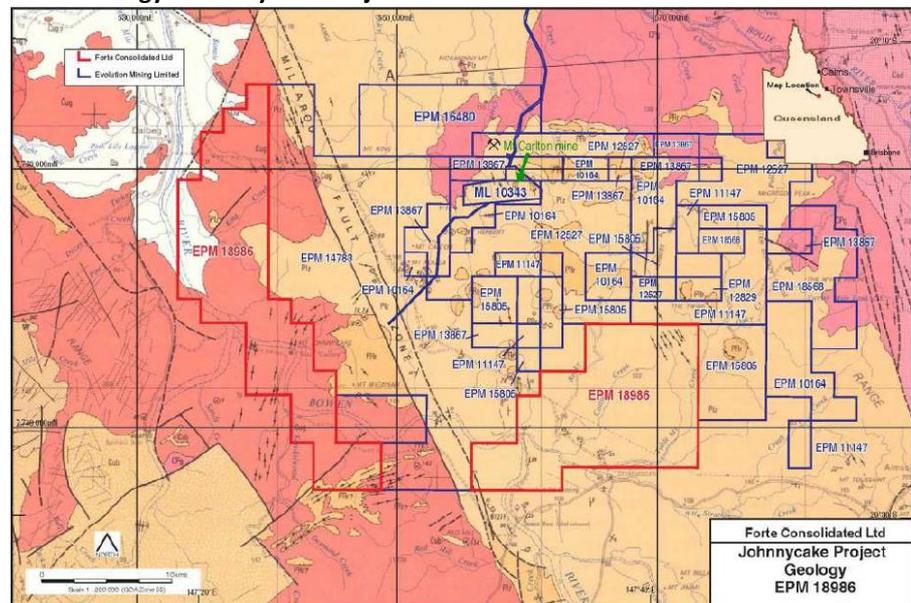
Located in north east Queensland in close proximity to 'Mt Carlton' mine

Source: Forte Consolidated

EPM 18986 was part of a larger tenement held by Evolution Mining, however, this area was relinquished by the Company in a compulsory reduction in 2010.

The nearby Mt Carlton deposit is a high-sulphidation epithermal style deposit, with the mineralisation occurring within shallow dipping felsic volcanic rocks. The Johnnycake project is considered prospective for a similar style of mineralisation, hosted by the Lizzie Creek Volcanics (LCV) and the Urannah Complex on the northern margin of the Permian Bowen Basin.

Local Geology – Johnnycake Project



Prospective for epithermal style deposits

Source: Forte Consolidated



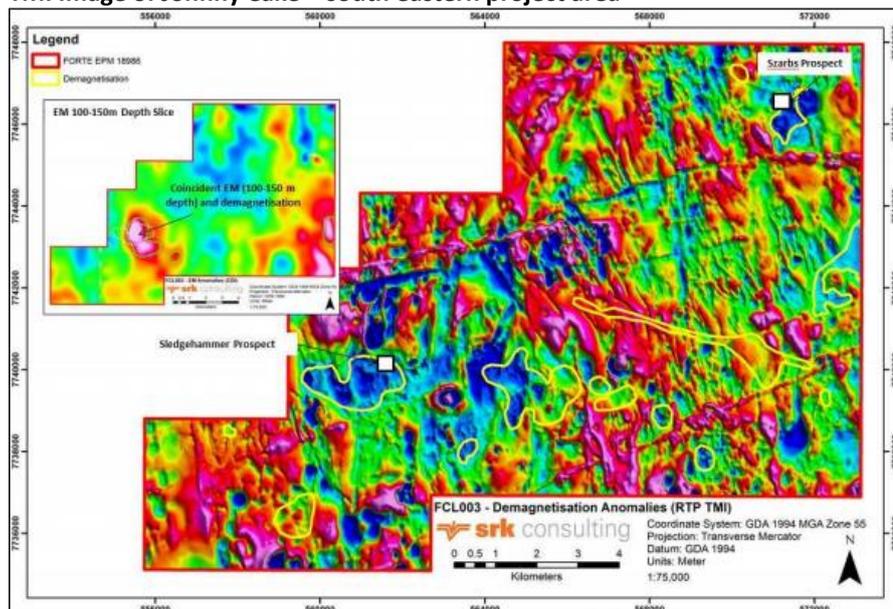
Johnnycake – South-eastern project area

SRK engaged to assist with interpretation

Forte recently completed a high resolution airborne magnetic and radiometric survey which identified numerous anomalies requiring follow up field work. SRK (Australasia) Pty Ltd, a well-respected mining and exploration consulting firm, was engaged to manage the airborne survey and provide tenement scale mapping over the project area. Encouragingly, SRK identified broad areas of hydrothermal alteration at both Sledgehammer and Szarbs (deep blue areas in the image below) representing areas of magnetite destruction during hydrothermal alteration.

Areas of hydrothermal alteration identified

TMI Image of Johnny Cake – south eastern project area



Source: Forte Consolidated

Two high priority targets identified

Broad halos of hydrothermal alteration are important indicators for the target style of epithermal mineralisation. In these systems, the rising hot fluids are a conduit for mineralisation to be transported and precipitated out (potentially into ore deposits) under favourable chemical and geological conditions.

Sledgehammer Prospect

The Sledgehammer prospect is clearly defined by a magnetic low, however, a coincident gravity anomaly has also been identified which either may reflect an intrusive source or a dense mineralised body below the hydrothermal overprint. Providing further 'weight' to the prospectivity of the Sledgehammer prospect, elevated conductivity at the 100-150m depth has also been observed, highlighting the potential for a 'preserved' hydrothermal system. At surface, Forte has identified highly anomalous gold and silver in rock chip samples with one intensively altered sample of silicified hydrothermal breccia assaying an impressive 47.5g/t Au and 38.2g/t Ag.

Encouraging rock chip assays

Select Rock Chip Assays: Sledgehammer Prospect

Sample ID	Rock Type	Au (g/t)	Ag (g/t)
RCW041	Volcaniclastic breccia	47.50	38.20
RCW047	Volcaniclastic	0.18	0.18
RCW042	Volcaniclastic breccia	0.30	2.30
RCW034	Volcaniclastic breccia	1.52	6.20
RCW009	Volcaniclastic breccia	3.79	32.30
RCW036	Volcaniclastic breccia	0.23	0.71

Source: Forte Consolidated



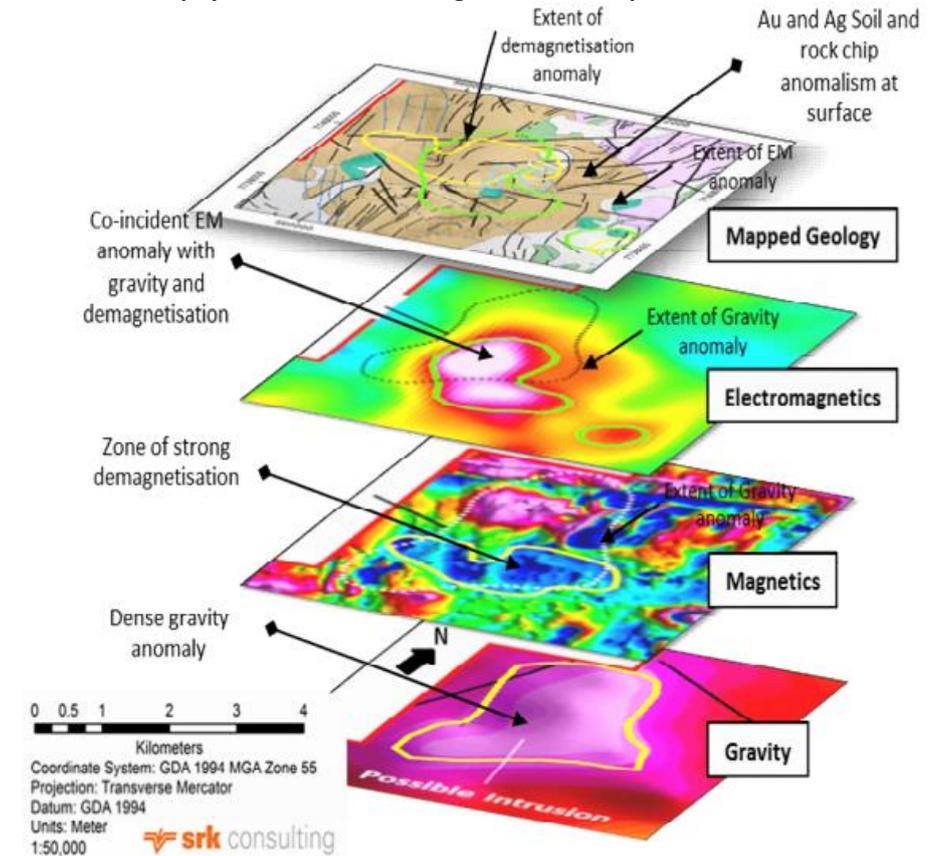
Rock chips provide confidence the area is mineralised

This one high grade rock chip sample is clearly an excellent result, however, it's important to note that the other rock chip samples listed in the table above are equally encouraging as they confirm mineralisation is present in the more distal quartz-pyrite alteration zone.

Together, the co-incident geochemical and geophysical targets stack up to produce a high quality exploration target.

Co-incident anomalies stack up to produce a high quality exploration target

Coincident Geophysical Anomalies: Sledgehammer Prospect



Source: Forte Consolidated

Breakaway's View

First rate exploration approach yields quality prospect

Forte's exploration effort in the area has been first rate with the Company demonstrating a systematic, professional approach to gathering and interpreting data. This work has paid dividends with the identification of the highly prospective Sledgehammer target which is underpinned by a series of co-incident geophysical anomalies. Together, these anomalies display the hallmarks of a sizable epithermal system analogous to the Mt Carlton deposit. In particular, Breakaway is encouraged by the high grade rock chip result within a broader anomalous alteration 'halo', which highlight the potential for the area to host economic gold mineralisation.

The next step in Forte's assessment is the IP survey currently underway. Once this data is processed, it should provide the Company with sufficient quality information to design a program to drill test the Sledgehammer target.



Szarbs Prospect

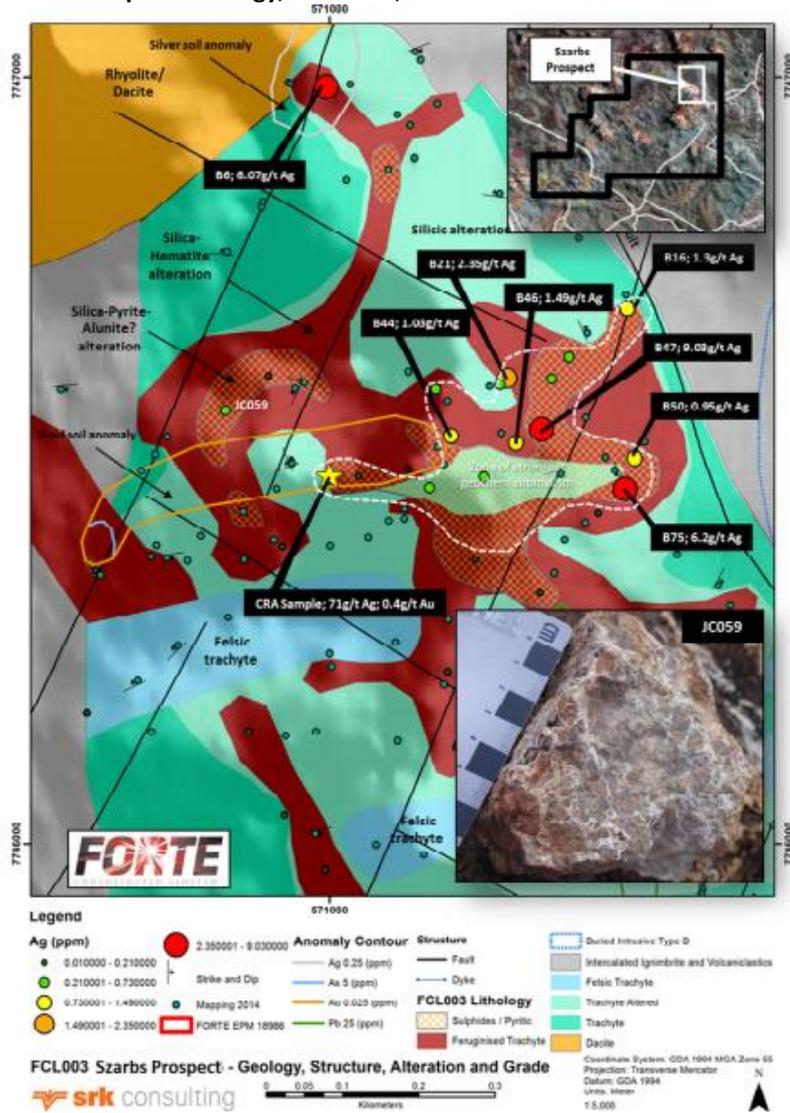
Szarbs located in the same geological unit as the nearby Mt Carlton mine

The Szarbs prospect is located within a trachyte unit, interpreted to be part of the Mt Toussaint Trachyte, which also hosts the Mt Carlton deposits ~20km to the north.

The prospect is defined by a magnetic low which is thought to be as a result of demagnetisation due to hydrothermal alteration (as is the case with the Sledgehammer prospect). Soil and rock chip sampling programs have been carried out over the area, resulting in the identification of an anomalous arsenic (As) halo (a pathfinder element in precious metal systems), as well as anomalous silver in soil and rock chip samples (up to 71g/t Ag), with weaker gold anomalism.

Szarbs Prospect: Geology, Structure, Grade and Alteration Zones

Magnetic low thought to be caused by hydrothermal alteration



Source: Forte Consolidated/SRK Consulting

Potential for a second epithermal system

Breakaway's View

The Szarbs prospect exhibits strong similarities to the Sledgehammer prospect, albeit silver rather than gold rich, providing potential for the Johnnycake project to host two epithermal systems. Forte committed to an IP survey (to be run directly after the Sledgehammer IP survey) which should better define the 3D geometry of the alteration system, and aid defining future drill targets.



Analyst Verification

We, Grant Craighead and Andrew McLeod, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

Disclosure

Breakaway Investment Group (AFSL 290093) may receive corporate advisory fees, consultancy fees and commissions on sale and purchase of the shares of Forte Consolidated and may hold direct and indirect shares in the company. It has also received a commission on the preparation of this research note.

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