



**Breakaway
Research**

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Company Information

ASX Code	FRC
Share Price (1 May 2015)	A\$0.025
Ord Shares	179.1m
Options	0.0m
Market Cap	A\$4.48m
Cash (31 March 2015)	A\$2.11m
Total Debt	A\$0m
Enterprise Value	A\$2.37m

Directors

Executive Chairman	John Terpu
Non-Executive Director	Bruno Firriolo
Non-Executive Director	Joseph Radici

Substantial Shareholders

Valleybrook Investments Pty Ltd	29.77%
Danny Tak Tim Chan	27.74%
Valleyrose Pty Ltd	10.46%
Anysha Pty Ltd	5.60%
Top 20	95%

Source: Forte Consolidated

Company Details

Address	Suite 4, 213 Balcatta Road BALCATT, WA, 6000
Phone	+618 8280 7111
Web	www.forteconsolidated.com.au

1 Year Price Chart



Source: IRESS

Forte Consolidated (FRC)

Drilling Underway

Recommendation: Maintain Speculative BUY

Company Update

Key Points

- **Minimum 24 hole drill programme has commenced at two high quality prospects within the Johnnycake Project, located in the highly prospective Bowen Basin of North Queensland**
- **Both the Sledgehammer and Szarbs prospects have coincident geological, geochemical and geophysical anomalies typical of the target epithermal and breccia hosted mineralisation styles**
- **These targets have been generated from a thorough and methodical "back to first principles" exploration programme over EPM18986**
- **Drill programme is fully funded - \$1.65 million raised in a recent well supported rights issue**
- **Enterprise value of ~\$2.3 million gives excellent leverage to any exploration success**

Forte has recently commenced drilling on its high quality Sledgehammer and Szarbs prospects, which have been delineated through a methodical and thorough exploration programme completed largely during the 2014 field season. Both prospects, which are compelling targets, exhibit coincident geological, geochemical and geophysical anomalism; in the case of Sledgehammer akin to low to medium sulphidation epithermal mineralisation, and in the case of Szarbs both Mount Carlton style high sulphidation epithermal mineralisation and diatreme hosted mineralisation similar to the Mount Leyshon deposit, which is of a similar age to the Johnnycake geology.

Investment Thesis

The Johnnycake Project is located within the highly gold/silver prospective Lizzie Creek Volcanics ("LCV"), the lowermost unit within the Permian Bowen Basin of north and central Queensland. Since acquiring the tenement in 2013, Forte Consolidate (ASX: FRC, "Forte" or "The Company") has gone back to first principles in their exploration work, and defined two key targets – Sledgehammer and Szarbs.

Work completed since our August 2014 note includes IP surveying, with the results of this supporting the prospectivity of the targets, again, like previous work returning signatures typical of the target epithermal and diatreme hosted mineralisation styles.

Initial drilling on these high quality targets has commenced, being fully permitted and cleared by all stakeholders, and fully funded by virtue of the very well supported recent rights issue.

We continue to rate Forte as a SPECULATIVE BUY, and the low enterprise value means that there is excellent leverage to any exploration success.



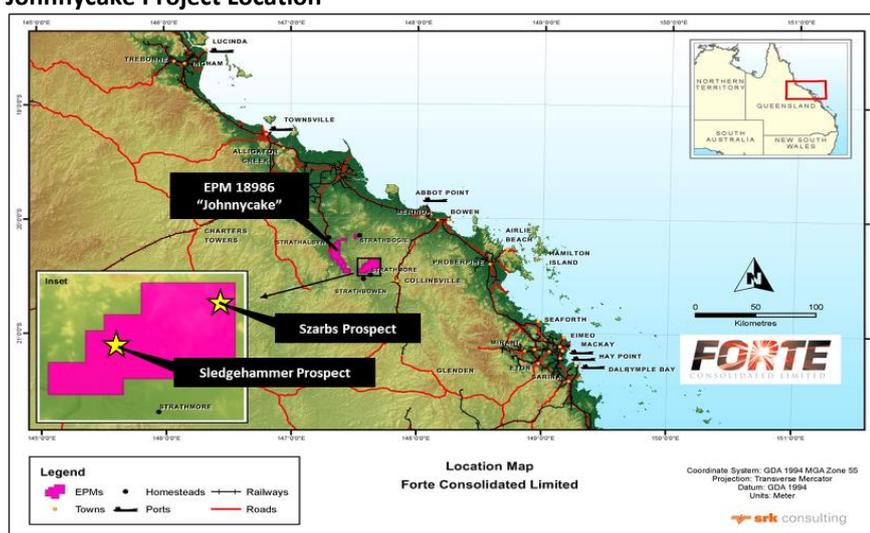
Project Review

Background

Johnnycake is located in the northern Bowen Basin

Forte's 100% held Johnnycake Project is located in the northern part of the Bowen Basin, approximately 170km south of Townsville. The Company acquired the 320km² tenement, EPM18986, in 2013, which comprises ground relinquished by Evolution Mining Limited (ASX: EVN, "Evolution") in 2010, and subsequently acquired by a third party, who sold it to Forte for \$50,000.

Johnnycake Project Location



Source: Forte Consolidated

The project is located over the same units that host Evolution's Mt. Carlton operation

The project is located over the Lower Permian LCV, the same igneous package that hosts Evolution's Mount Carlton Mine, located some 20km to the north. Mount Carlton is a high sulphidation epithermal gold-silver system, which contains total resources of 12.3Mt grading at 2.32g/t gold, 34.8g/t silver and 0.27% copper, and is located within the shallowly dipping Mt Toussaint Trachyte, with a large part of the mineralisation also being shallowly dipping.

Similar age to Mt. Leyshon

Also of a similar age is Mount Leyshon, a sub-volcanic intrusive and diatreme breccia hosted gold system intruding Lower Palaeozoic units, located some 140km west of Johnnycake. The operation produced over 2.5Moz of gold and 2.3Moz of silver from ore grading at around 1.5g/t gold from 1987 until its closure in 2002.

In addition to the prospective lithology the tenement is traversed by major structures with similar orientations to those associated with other deposits in the region. These are potential fluid pathways and controls for mineralisation.

Work to date has outlined two drill ready prospects, Sledgehammer and Szarbs

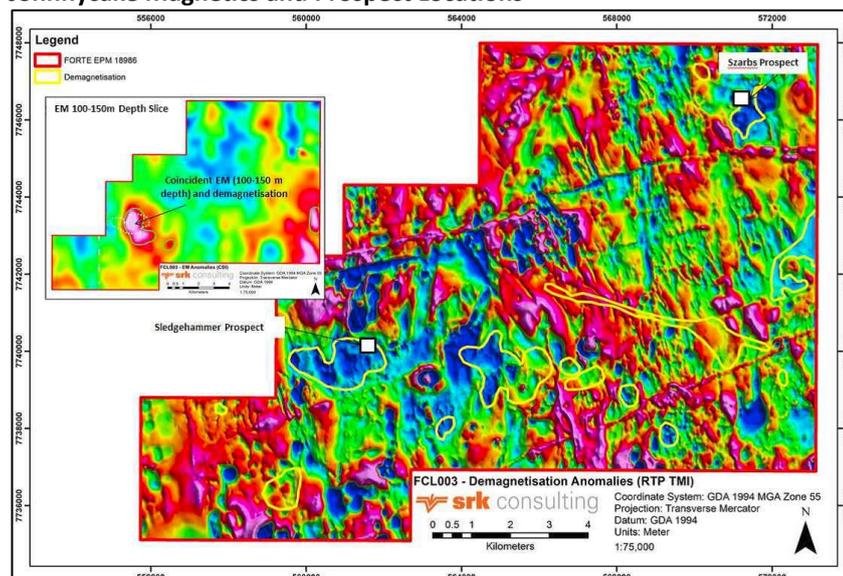
Initial work carried out by Forte (through SRK Consulting) included a high definition airborne magnetics survey, followed by tenement wide geological mapping. This also included reprocessing of helicopter borne time domain electromagnetic ("TEM") surveying completed by Evolution, as part of a broader survey over their Mount Carlton regional project.

This work has outlined the two key prospects – Sledgehammer and Szarbs – characterised by low magnetic signatures and hydrothermal alteration styles typical of the target epithermal and breccia pipe hosted style mineralisation.

Follow up work, again carried out by SRK has included prospect scale mapping and geochemical sampling, which has further reinforced the prospectivity of the two key prospects.



Johnnycake Magnetics and Prospect Locations



Source: Forte Consolidated

Prospects are outlined by demagnetised zones

Recent Activities

Subsequent to our last update, Forte has:

- Completed ground IP surveys over both the Sledgehammer and Szarbs Prospects – these have been used to target sulphides (chargeable) and silica alteration and veining (resistive) associated with epithermal mineralisation
- Obtained all necessary approvals and clearances for drilling programmes over both projects
- Raised ~\$1.6 million through a 1 for non-renounceable rights issue, with acceptances of 82,773,185 shares out of the 95,805,002 shares offered at \$0.02.

Recent activities have included IP surveying and a well-supported rights issue

The monies raised will be partially used to fund the current drill programme – initial plans are for a minimum of 14 holes (up to 200m each) at Sledgehammer, and 10, each of 150m, at Szarbs. The Company however has all approvals and clearances to drill up to 65 holes should results of the initial programme warrant additional drilling.

Sledgehammer Prospect

Sledgehammer is defined by coincident geological, geochemical and geophysical anomalies typical of a low to medium sulphidation epithermal system – this is a priority target partly by virtue of the relatively simple metallurgy generally associated with this style of mineralisation

The recent 19 line km IP survey at Sledgehammer has reinforced the prospectivity of this prospect, outlining four anomalies, three of which are drill ready, coincident with anomalous geological, geochemical and geophysical features resulting from previous exploration. The survey covered an area of conductive airborne EM anomalism, interpreted to reflect clay alteration, a common feature of epithermal systems. This is also associated with a general magnetic low (possibly reflecting de-magnetisation due to alteration) and anomalous gold soil geochemistry.

The four IP anomalies include, with the first three being considered priority drill targets :

- IP1 – This resistive and weakly chargeable 600m long linear anomaly corresponds to soil gold anomalism, and is located close to outcrops that returned anomalous gold rock-chips up to 47g/t. These features are similar to those that may be expected from an epithermal quartz vein
- IP2 – This broad, highly resistive and weakly chargeable anomaly underlies black soils which mask geochemistry, and may reflect flat-lying epithermal mineralisation.
- IP3 – This is a single line anomaly, coincident with a discrete magnetic anomaly and a relative conductor, potentially reflecting alteration associated with a porphyry system

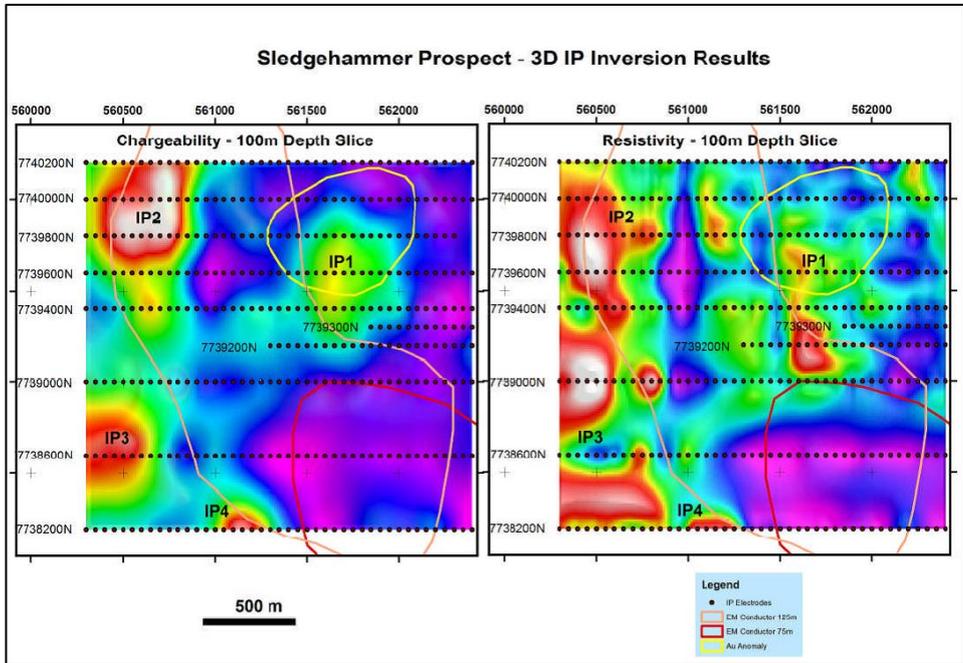
The IP surveying has outlined four anomalies, three of which are considered drill ready



- IP4 – This anomaly is located on the southernmost line, and is therefore open to the south. This may warrant additional IP and geochemical surveying.

With the exception of anomaly IP1 which may reflect a vertical structure, these are interpreted as being horizontal to gently dipping anomalies, thus indicating the potential for mineralisation with a similar orientations to the outflow zones at Mount Carlton.

Sledgehammer IP Results



Source: Forte Consolidated

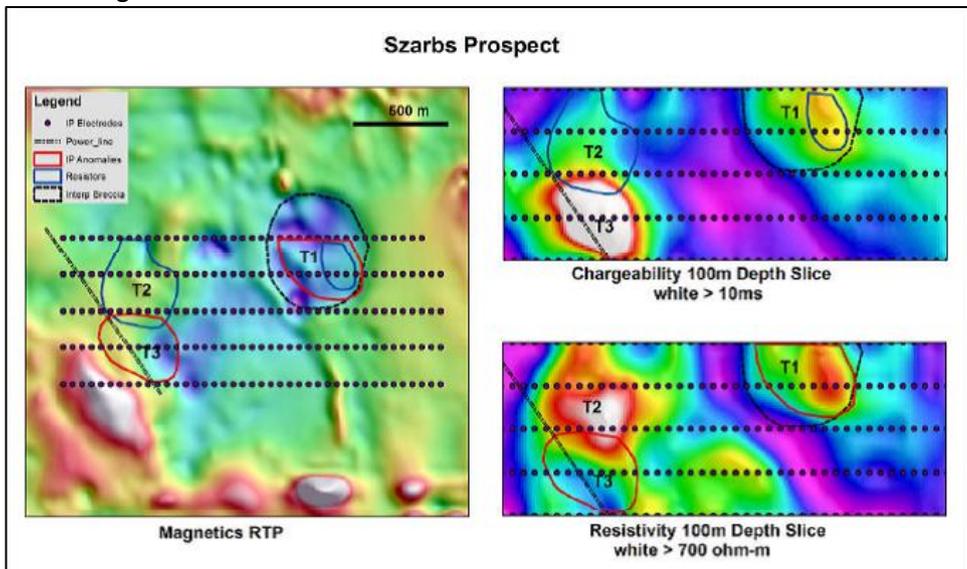
Drilling will target the first three of these anomalies, with 14 holes for 2,300m initially planned, and permitting received for up to 33 holes totalling ~5,120m.

Szarbs Prospect

Szarbs is characterised by gold/silver anomalism and silicification and intense silica alteration

Szarbs is characterised by an area of gold/silver anomalism and silicification. A key feature is a ~600m diameter circular magnetic low, interpreted as being a breccia pipe, located under barren ignimbrite. The magnetic feature is similar to, albeit it smaller than the one associated with the Mount Leyshon igneous/breccia complex.

Szarbs Magnetics and IP Results



Key targets at Szarbs include an interpreted breccia pipe, with a magnetic signature similar to that at Mt Leyshon, and high sulphidation epithermal mineralisation

Source: Forte Consolidated



Three IP anomalies were outlined, with the first two being considered priority drill targets.

- T1 - The IP survey resulted in a weak chargeability and high resistivity response over the circular feature
- T2 – This is an intense resistivity anomaly, possibly due to silicification, and may be related to a hill immediately to the east that has mapped silica alteration – this may reflect a high-sulphidation epithermal system
- T3 – This may partially be cultural, reflecting its proximity to a power line, however there still may be a real anomaly associated with this.

Initial plans are for a 10 hole, 1,500m RC programme on targets one and two. Dependent upon results this can be extended to 32 x 150m holes for a total of 4,800m.

Breakaway's View

The systematic and comprehensive exploration work carried out by Forte has resulted in the identification of two very compelling drill ready prospects in a region highly prospective for gold and silver mineralisation.

We are particularly encouraged by the coincident geological, geochemical and geophysical anomalies, which are similar to those exhibited by known deposits in the region. These features include broad areas of hydrothermal alteration, associated with magnetic lows, as well as resistivity and chargeability signatures potentially related to quartz/silica and sulphides respectively. Although geochemistry is sometimes masked or subdued by black soil cover and leaching, both prospects still exhibit variable gold, silver and arsenic surface geochemical anomalism expected for the target styles of mineralisation.

The 86% take-up of the recent rights issue is also an excellent result in the current market, and gives the Company sufficient cash to complete the planned drill programme.

We continue to rate Forte as a SPECULATIVE BUY, and we expect steady news flow with the commencement of drilling.

*We continue to rate
Forte as a SPECULATIVE
buy*



Analyst Verification

We, Grant Craighead and Mark Gordon, 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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