



# 2017

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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## 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).

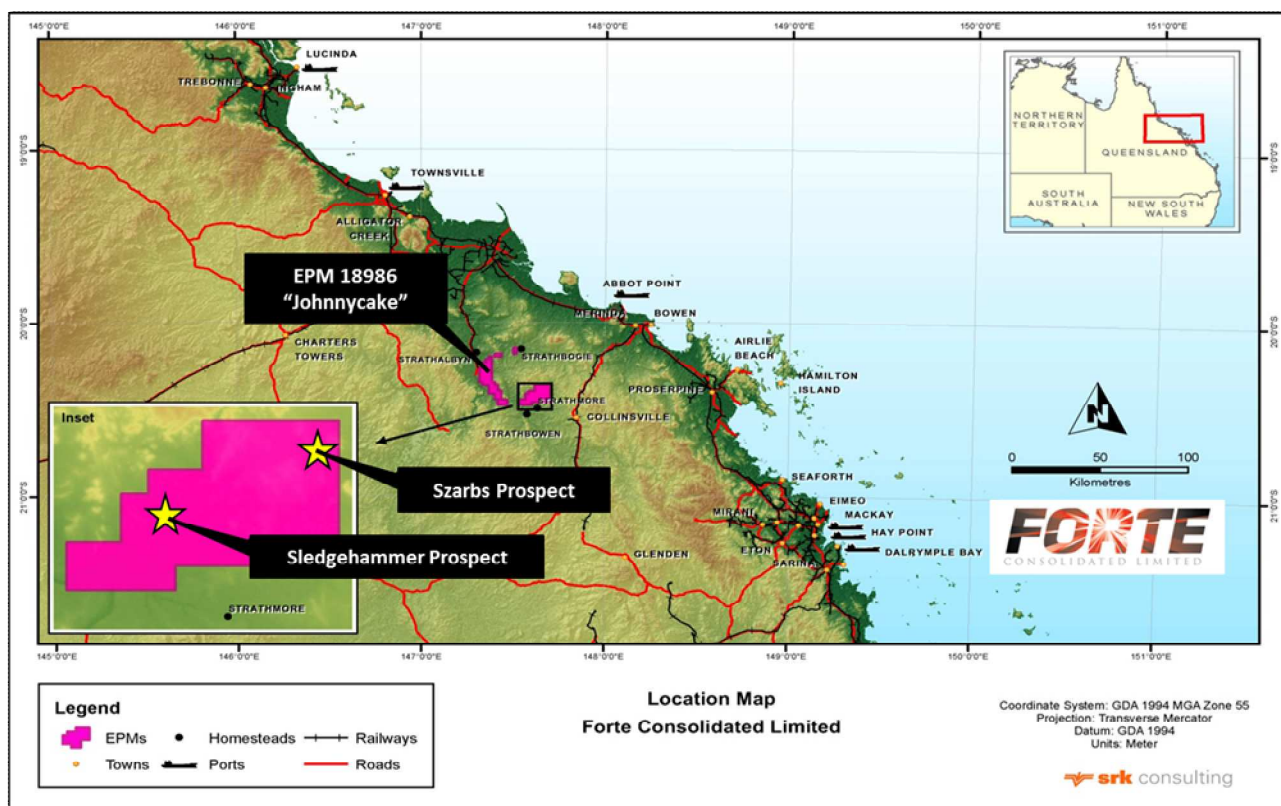


Figure 1: Eastern portion of EPM18986 showing the Sledgehammer and Szarbs Prospects

## Background

The Company has applied first principles geoscience at its Johnnycake Project. As previously reported, on-ground exploration commenced in 2014 with the acquisition of a high resolution airborne magnetic and radiometric survey, acquired over the 'eastern block' of the tenure. The survey was interpreted for geology, and included a number of prominent structural features that supported the broader exploration model for the region. To calibrate this interpretation, SRK Consulting (Australasia) Pty Ltd ("SRK") undertook tenement-scale mapping which identified multiple areas of hydrothermal alteration of the rocks, consistent with epithermal alteration systems. Two priority prospects, the Sledgehammer and Szarbs Prospects, were delineated and prioritised for more detailed exploration. The alteration zones apparent at both prospects were co-incident with historic Au, Ag and As ( $\pm$ Bi, Mo and Te) anomalous soil geochemistry.

Subsequent prospect scale mapping and rock chip sampling was completed across both prospects and supported the soil sample results and the broader presence of an epithermal system. Rock chip results at Sledgehammer included 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. Rock chip results at Szarbs included a broad zone with multiple samples at 1-10 g/t Ag.

In late 2014, a targeted shallow (down to 150m penetration) ground IP survey was conducted over part of each prospect to test the extent of alteration and mineralisation. The survey identified a series of chargeable and resistive anomalies at each of the Prospects. The anomalies were typically open and increasing in strength at depth. During the June 2015 quarter a reconnaissance phase RC drilling program (totalling 1,900 m), along with surface trench sampling, targeted these anomalies with the aim of refining the mineralisation model and providing vectors to mineralisation.

The surface anomalism at Sledgehammer was supported by the return of high grade gold and silver (up to 7.5 g/t Au and up to 5.9 g/t Ag) in surface trench samples.

The 2015 drilling program which helped define the epithermal alteration sequence at Szarbs and Sledgehammer, has enhanced the geological understanding of the epithermal system of these two prospects. The drilling was supported by detailed alteration studies on the RC samples.

In July and August 2017, a follow-up combined RC-DD (RC collars with diamond tail) drilling program was undertaken. On the basis of the widespread alteration, the four-hole program for 1,555m was designed as stratigraphic holes to test the prospective geological sequences and extent of alteration at depth at both prospects. As at the date of this report the drilling program has been completed but the results are currently under review and/or awaiting geochemical and alteration analysis.

## **Sledgehammer Prospect**

### **Work Undertaken**

During and since the reporting period the Company prepared for, and undertook, a reconnaissance phase single hole RC-DD stratigraphic drilling program (Figure 2). All other work in the reporting period continued to be at a desktop level.

### **Conclusions**

The Sledgehammer prospect is hosted within a sequence of volcanoclastics with minor felsic volcanics and sedimentary rocks. The prospect is largely centred around a zone of historic geochemical soil sampling anomalism that showed a zone elevated Au, Ag and As in soil samples (Figure 2). Follow-up geological mapping, combined with rock chip sampling located the source of the soil anomalism as a small brecciated exposure which returned significantly anomalous Au and Ag in rock chip samples (up to 47 g/t Ag and 38 g/t Ag). Follow-up trench sampling returned additional anomalous rock chip results within the same outcrop supporting the original analysis.

RC drilling undertaken during 2015 (Figure 2) demonstrated that the IP targets correspond to zones of alteration characterised by propylitic (carbonate + chlorite + epidote ± sericite) and phyllic (sericite + silica + pyrite + Kaolinite) 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. The Company believes that a meso-thermal and possibly porphyry model should now be considered due to the extent and intensity of alteration.

The results highlight that the geology, and structural architecture of the prospective structures (and potentially reactive host-rocks), is complex and that the geological understanding of the volcanic sequence, basement lithology and potential first order structural controls need to be further evaluated.

In order to advance the geological understanding of the area, the Company carried out a targeted stratigraphic drill hole (JSDD001; RC collar and diamond hole tails) at the Sledgehammer prospect for a total of 490m drilled (Figure 2). The full analysis of this hole is yet to be completed. The Company anticipates that the exploration results will allow a better focus on the more prospective geology and mitigate geological and exploration risk moving forward with the exploration program.

## Szarbs Prospect

### Work Undertaken

In July and August 2017, the Company undertook a reconnaissance phase 3 hole RC-DD stratigraphic drilling program (Figure 3). All other work in the reporting period continued to be at a desktop level.

### Conclusions

The Szarbs prospect is hosted within a sequence of felsic to mafic extrusive lavas with minor volcanoclastic sedimentary rocks sitting unconformably atop granite basement. The upper 200m is dominated by trachyte, with dacite domes, that transition to andesitic lavas at depth. More broadly the prospect is centred around a zone of demagnetisation that is interpreted to reflect the effects of destruction of magnetite due to hydrothermal alteration. This demagnetised zone sits adjacent to a number of prominent structural zones that could have acted as potential conduits for the hydrothermal fluids.

At surface the outcropping trachyte displays zones of weak alunite-jarosite-pyrite-silica alteration (evidenced by a combination of Hylogger and petrographic analysis of rock specimens), which are con-incident with a series of elevated elemental associations, i.e., elevated As, Ag (up to 10 g/t), Te and Bi consistent with an epithermal system.

RC drilling undertaken during the June 2015 quarter focussed on the IP anomalism (Figure 3), which has been shown, via Hylogger analysis (also undertaken in the June 2015 quarter), to correspond to zones of alteration characterised by propylitic (carbonate + chlorite + hematite ± epidote ± pyrite) and sericite + silica + pyrite alteration assemblages with weak Ag (up to 2-3 ppm) mineralisation. The chargeability and resistivity can be 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. The alteration patterns indicate a strong structural control to hydrothermal fluid flow which have not been recognised to date. The potentially mineralised 'core' of the hydrothermal system has not been intersected in drilling to date and needs further exploration to locate.

Despite the encouraging exploration results that have identified an epithermal system at Szarbs, the geology, and structural architecture of those prospective sequences remains poorly understood. Geochemically and structurally, the 2015 drilling campaign (in conjunction with the modelled IP anomalies) has partially given shape to an alteration sequence peripheral to the core of the hydrothermal system, without adequate geological context.

In order to advance the geological understanding of the area, during July and August 2017 the Company carried out a targeted 3 hole stratigraphic drilling program (JZRD001 – 003; RC collars and diamond hole tails) at the Szarbs prospect for a total of 1,063m drilled (Figure 3). The full analysis of these holes is yet to be completed. The Company is confident that the exploration results will allow a better focus on the overall project potential on the more prospective geology and mitigate geological and exploration risk moving forward with the exploration program.

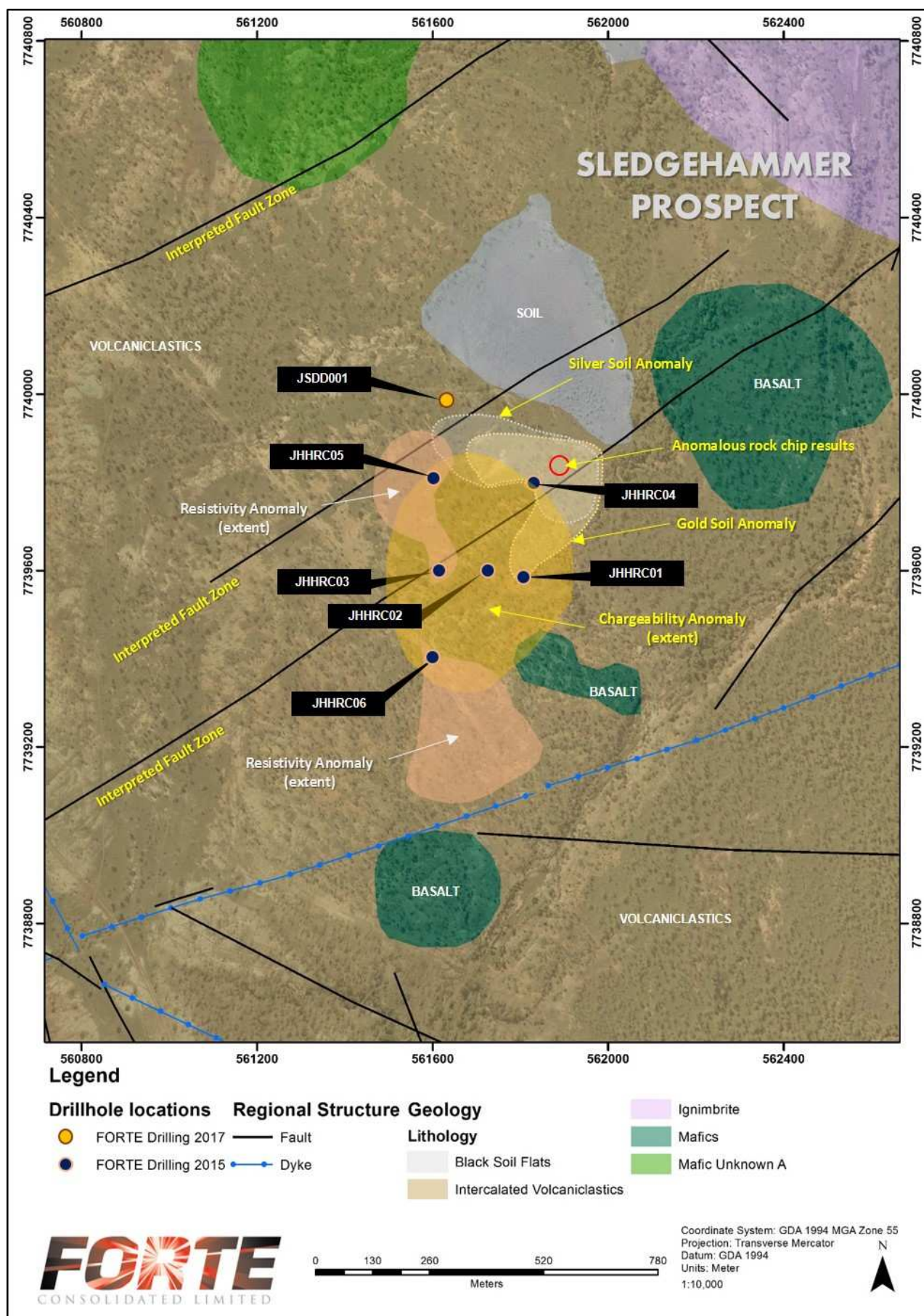


Figure 2: Plan view of the Sledgehammer prospect showing drill hole locations, anomalous rock chip results, IP anomalies, and interpreted faults

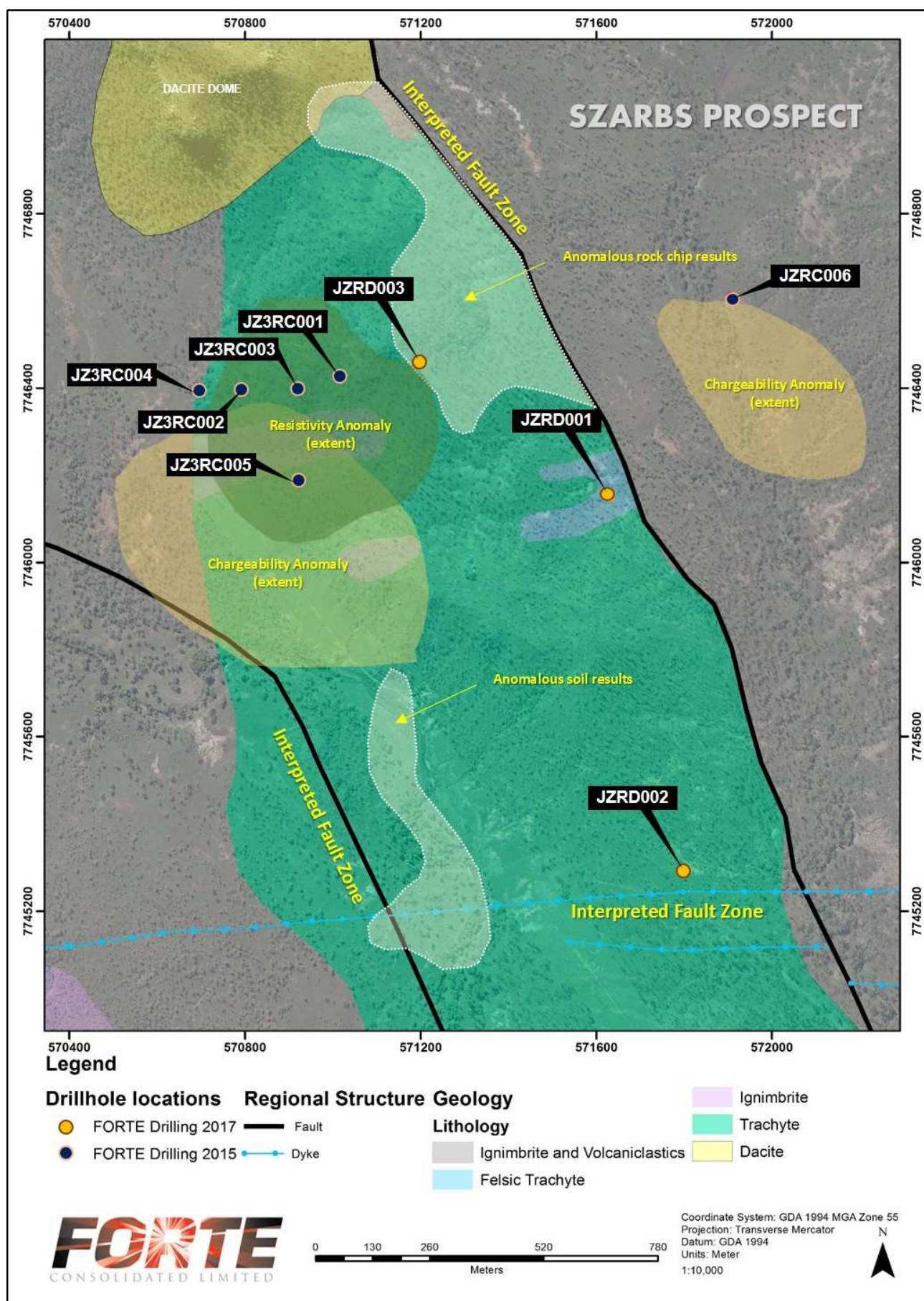


Figure 3: Plan view of the Szarbs prospect showing drill hole locations, anomalous rock chip results, IP anomalies, and interpreted faults

*The information in this report that relates to RC drilling results, trench sampling results and alteration mineral (Hylogger) analysis is extracted from the report entitled "Quarterly Activities Report" created on 21 July 2015 and is available to view on [www.forteconsolidated.com.au](http://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](http://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, surface rock chip PIMA analysis and assay results, and historic geochemical soil sampling is extracted from the report entitled "Quarterly Activities Report" created on 31 July 2014 and is available to view on [www.forteconsolidated.com.au](http://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 Forte Consolidated Limited for the year ended 30 June 2017.

### **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 – Executive Chairman

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

Mr Terpu has over nineteen 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 B.Bus (Acctg) – Non-executive Director and Company Secretary

(Appointed 12 January 2011)

Mr Firriolo is an 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 CPA, 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.

### **Directors' Meetings**

The number of meetings of the Company's Board of Directors attended by each Director during the year ended 30 June 2017 was as follows:

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

### **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	72,394,181
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 Company during the year was 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 \$166,530 (2016: \$287,761).

**Significant events after the reporting date**

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

**Likely developments and expected results**

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

**Environmental legislation**

The Company 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, 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 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 2017. 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, directly or indirectly, including any director (whether executive or otherwise) of the Company, and includes the executives in the Company 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)

### *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 Company.

*Variable Remuneration*

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

*Employment Contracts***John Terpu**

From 1 June 2016, remuneration and other terms of employment as an Executive for Mr Terpu were formalised in a new Executive Services Agreement.

- Term of agreement – 2 years
- Base annual salary of \$50,000 including SGC superannuation
- All other terms of employment similar to those provided under the Fair Work Act.

**Remuneration report (continued)***Remuneration of key management personnel*

Table 1: Directors' remuneration for the years ended 30 June 2017 and 30 June 2016

(Disclosure is not required for any other persons)

		Short-term employee benefits				Post-employment benefits	Other long- term benefits	Equity	Total \$	Performance Related %
		Salary & Fees \$	Bonuses \$	Non-Monetary Benefits \$	Other \$	Superannuation \$	Long-service Leave \$	Share Options \$		
J Terpu	2017	45,664	-	3,797	-	4,338	-	-	53,799	-
	2016	77,450	-	1,467	-	7,358	-	-	86,275	-
B Firriolo	2017	2,283	-	740	-	27,717	-	-	30,740	-
	2016	-	-	-	-	30,000	-	-	30,000	-
J. Radici	2017	-	-	693	-	7,500	-	-	8,193	-
	2016	-	-	-	-	6,000	-	-	6,000	-
Total	2017	47,947	-	5,230	-	39,555	-	-	92,732	-
	2016	77,450	-	1,467	-	43,358	-	-	122,275	-

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)

<b>2017</b>	<b>Opening Balance 1/7/2016</b>	<b>At time of commencing/ (ceasing)</b>	<b>Bought</b>	<b>Closing Balance 30/06/2017</b>
<b>Fully paid ordinary shares – directly and indirectly held</b>				
J. Terpu	71,840,312	-	553,869	72,394,181
B. Firriolo	1,790,000	-	-	1,790,000
J.Radici	100,000	-	-	100,000

<b>2016</b>	<b>Opening Balance 1/7/2015</b>	<b>At time of commencing/ (ceasing)</b>	<b>Bought</b>	<b>Closing Balance 30/06/2016</b>
<b>Fully paid ordinary shares – directly and indirectly held</b>				
J. Terpu	71,840,312	-	-	71,840,312
B. Firriolo	1,790,000	-	-	1,790,000
J.Radici	100,000	-	-	100,000

*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.

<b>Directors</b>	<b>Consolidated entity</b>	
	<b>2017 \$</b>	<b>2016 \$</b>
Paid/payable to:		
J Terpu (as Director of Chellingtons Pty Ltd atf Red Star Trust) for administration services	350,222	100,253
J Terpu and B Firriolo (as Trustees of the CAS Trust & BCF Trust trading as Chellserv) for administration services	-	153,216

Amounts owed to related parties at 30 June 2017 were Chellingtons Pty Ltd \$28,972 (2016: \$27,714).

**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 2017.

**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  
Chairman  
Perth WA

14 September 2017

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Forte Consolidated Limited for the year ended 30 June 2017, 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  
14 September 2017

A handwritten signature in blue ink that reads 'D I Buckley'.

**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 WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

This Corporate Governance Statement is current as at 30 June 2017 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 ended 30 June 2017, 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](http://www.forteconsolidated.com.au).

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<b>Recommendation 1.1</b> 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	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Recommendation 1.2</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</li> <li>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</li> </ul>	YES	<ul style="list-style-type: none"> <li>(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.</li> <li>(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.</li> </ul>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Recommendation 1.3</b> A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	YES	<p>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.</p> <p>The Company has had written agreements with each of its Directors and senior executives for the past financial year.</p>
<b>Recommendation 1.4</b> 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	<p>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.</p>
<b>Recommendation 1.5</b> A listed entity should: <ul style="list-style-type: none"> <li>(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;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period: <ul style="list-style-type: none"> <li>(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</li> <li>(ii) either: <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul> </li> </ul> </li> </ul>	PARTIALLY	<ul style="list-style-type: none"> <li>(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.</li> <li>(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.</li> <li>(c) <ul style="list-style-type: none"> <li>(i) The Board did not set measurable gender diversity objectives for the past financial year, because: <ul style="list-style-type: none"> <li>- 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</li> <li>- 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</li> </ul> </li> <li>(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.</li> </ul> </li> </ul>
<b>Recommendation 1.6</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of</li> </ul>	YES	<ul style="list-style-type: none"> <li>(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</li> </ul>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>the Board, its committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>		<p>process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(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.</p>
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(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.</p> <p>The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(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.</p>
<b>Principle 2: Structure the Board to add value</b>		
<p><b>Recommendation 2.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	YES	<p>(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</p> <p>(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:</p> <p>(i) Devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and</p> <p>(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</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Recommendation 2.2</b> 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	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Recommendation 2.3</b> A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the names of the Directors considered by the Board to be independent Directors;</li> <li>(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</li> <li>(c) the length of service of each Director</li> </ul>	YES	<ul style="list-style-type: none"> <li>(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 and Joseph Radici.</li> <li>(b) The 2 Directors considered by the Board to be independent Directors do not have an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition); and</li> <li>(c) The Company's Annual Report discloses the length of service of each Director, as at the end of each financial year.</li> </ul>
<b>Recommendation 2.4</b> A majority of the Board of a listed entity should be independent Directors.	YES	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>There was an independent majority of the Board during all of the past financial year.</p>
<b>Recommendation 2.5</b> 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	<p>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.</p> <p>The Chair of the Company during the past financial year, John Terpu, was not an independent Director and was the CEO.</p> <p>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 deputy chair in any situation where the chair is conflicted.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Recommendation 2.6</b> 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.
<b>Principle 3: Act ethically and responsibly</b>		
<b>Recommendation 3.1</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) have a code of conduct for its Directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	YES	<ul style="list-style-type: none"> <li>(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.</li> <li>(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.</li> </ul>
<b>Principle 4: Safeguard integrity in financial reporting</b>		
<b>Recommendation 4.1</b> The Board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have an audit committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, who is not the Chair of the Board, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the relevant qualifications and experience of the members of the committee; and</li> <li>(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</li> </ul> </li> <li>(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.</li> </ul>	YES	<p>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</p> <p>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:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul>
<b>Recommendation 4.2</b> 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 has been formed on the basis of a sound system of risk management and internal control	YES	<p>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.</p> <p>The Company has obtained a sign off on these terms for each of its financial statements in the past financial year.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
which is operating effectively.		
<b>Recommendation 4.3</b> 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.
<b>Principle 5: Make timely and balanced disclosure</b>		
<b>Recommendation 5.1</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	YES	<ul style="list-style-type: none"> <li>(a) The Corporate Governance Plan details the Company's Continuous Disclosure Policy.</li> <li>(b) The Corporate Governance Plan, which incorporates the Continuous Disclosure Policy, is available on the Company's website.</li> </ul>
<b>Principle 6: Respect the rights of security holders</b>		
<b>Recommendation 6.1</b> 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.
<b>Recommendation 6.2</b> 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.
<b>Recommendation 6.3</b> 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.
<b>Recommendation 6.4</b> 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.
<b>Principle 7: Recognise and manage risk</b>		
<b>Recommendation 7.1</b> The Board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> </ul> </li> </ul>	YES	<ul style="list-style-type: none"> <li>(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 must be chaired by an independent Director.  A copy of the Corporate Governance Plan is</li> </ul>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</p> <p>(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.</p>		<p>available on the Company's website.</p> <p>(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:</p> <p>(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</p> <p>(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.</p>
<p><b>Recommendation 7.2</b></p> <p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>(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.</p> <p>(b) The Company's Board has completed a review of the Company's risk management framework in the past financial year.</p>
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	YES	<p>(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function.</p> <p>(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.</p>
<p><b>Recommendation 7.4</b></p> <p>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.</p>	YES	<p>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.</p> <p>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.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Principle 8: Remunerate fairly and responsibly</b>		
<b>Recommendation 8.1</b> The Board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a remuneration committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(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</li> </ul> </li> <li>(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.</li> </ul>	YES	<ul style="list-style-type: none"> <li>(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.</li> <li>(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: <ul style="list-style-type: none"> <li>(i) the Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives; and</li> <li>(ii) keeps abreast 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.</li> </ul> </li> </ul>
<b>Recommendation 8.2</b> 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.
<b>Recommendation 8.3</b> A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li>(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</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	YES	<ul style="list-style-type: none"> <li>(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.</li> <li>(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.</li> </ul>

**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.

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2017**

**Forte Consolidated Limited**

	Notes	2017	2016
		\$	\$
<b>Revenue and other income</b>	2	340,623	166,102
<b>Expenses</b>			
Administration expenses	2	540,439	474,671
Administration expenses capitalised to exploration		(35,022)	(25,347)
Depreciation expense		5,036	8,404
Depreciation capitalised to exploration		(4,219)	(7,069)
Loss on sale of fixed assets		-	3,204
Loss on write off of fixed assets		919	-
Total expenses		507,153	453,863
<b>Loss before income tax expense</b>		(166,530)	(287,761)
Income tax expense	4	-	-
<b>Net loss for the year</b>		(166,530)	(287,761)
<b>Other comprehensive income, net of income tax</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Available-for-sale assets disposed of during the year		(300,395)	-
<i>Items that may be reclassified to profit or loss</i>			
Change in the fair value of available-for-sale investments		38,815	313,050
Income tax expense		-	-
<b>Total comprehensive (loss)/income for the year</b>		(428,110)	25,289
<b>Basic and diluted loss per share (cents per share)</b>	5	(0.09)	(0.16)

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2017**

**Forte Consolidated Limited**

	Notes	2017	2016
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	870,380	1,024,058
Other receivables	7	7,116	87,408
Other assets	8	20,836	20,581
Total Current Assets		898,332	1,132,047
<b>NON-CURRENT ASSETS</b>			
Other receivables	9	7,500	7,500
Available-for-sale listed securities	10	138,000	470,522
Plant and equipment	11	11,546	17,501
Exploration and evaluation expenditure	12	1,668,573	1,545,416
Total Non-Current Assets		1,825,619	2,040,939
<b>TOTAL ASSETS</b>		<b>2,723,951</b>	<b>3,172,986</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	65,470	86,746
Employee benefits	14	3,891	3,540
Total Current Liabilities		69,361	90,286
<b>TOTAL LIABILITIES</b>		<b>69,361</b>	<b>90,286</b>
<b>NET ASSETS</b>		<b>2,654,590</b>	<b>3,082,700</b>
<b>EQUITY</b>			
Issued capital	15	20,169,503	20,169,503
Reserves	16	51,470	313,050
Accumulated losses		(17,566,383)	(17,399,853)
<b>TOTAL EQUITY</b>		<b>2,654,590</b>	<b>3,082,700</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2017**

**Forte Consolidated Limited**

	Notes	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(501,281)	(470,696)
Interest received		29,480	41,456
Net cash used in operating activities	17	(471,801)	(429,240)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		-	(253)
Proceeds from the sale of plant and equipment		-	13,182
Payments for exploration and evaluation expenditure		(140,502)	(342,408)
Payments for purchase of available-for-sale investments		(36,185)	(203,520)
Proceeds from sale of available-for-sale investments		494,810	103,709
Net cash provided by/(used in) investing activities		318,123	(429,290)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share issue costs		-	(5,279)
Net cash (used in) financing activities		-	(5,279)
Net decrease in cash held		(153,678)	(863,809)
Cash at beginning of year		1,024,058	1,887,867
Cash at end of year	6	870,380	1,024,058

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2017**

**Forte Consolidated Limited**

	<b>Notes</b>	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Reserves \$</b>	<b>Total \$</b>
<b>Consolidated</b>					
Balance at 1 July 2015		20,174,782	(17,112,092)	-	3,062,690
Total comprehensive income :					
- Loss for the year		-	(287,761)	-	(287,761)
- Change in the fair value of available for sale investments		-	-	313,050	313,050
		-	(287,761)	(313,050)	25,289
Transactions recorded directly in equity					
- Issue costs		(5,279)	-	-	(5,279)
Balance at 30 June 2016		20,169,503	(17,399,853)	313,050	3,082,700
<b>The Company</b>					
Balance at 1 July 2016		20,169,503	(17,399,853)	313,050	3,082,700
Total comprehensive income :					
- Loss for the year		-	(166,530)	-	(166,530)
- Available-for-sale assets disposed of during the year		-	-	(300,395)	(300,395)
- Change in the fair value of available for sale investments		-	-	38,815	38,815
		-	(166,530)	(261,580)	(428,110)
Balance at 30 June 2017		20,169,503	(17,566,383)	51,470	2,654,590

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 for the financial year ended 30 June 2017. 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 Company 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 2017, 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 Company 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 2017. 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 Company 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).

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) 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 expenditure carried forward*

In accordance with accounting policy Note 1 (u), 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, nil exploration expenditure was written off. See Note 12 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.

**(f) 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.

**(g) 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 Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest income*

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

**(h) 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 operates and generates 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 reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Income tax (continued)**

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 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 reporting 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 reporting 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 reporting date.

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.

**(i) 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 statement of financial position.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Other taxes (continued)**

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.

**(j) Impairment of assets**

The Company assesses at each reporting 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 Company 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 reporting 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.

**(k) 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)**

**(l) 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 Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company 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 Company. 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.

**(m) 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 Company 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 Company 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 Company 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 Company was 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)**

**(m) 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 reporting 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.

**(n) 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 Company 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 Company 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 Company 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 Company'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 Company 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 Company's continuing involvement is the amount of the transferred asset that the Company 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 Company'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)**

**(o) Impairment of financial assets**

The Company assesses at each reporting 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 Company 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.

**(p) 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)**

**(p) 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 reporting 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.

**(q) Trade and other payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company 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.

**(r) 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 reporting date are recognised in other payables or in employee benefits, in respect of employees' services up to the reporting 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.

**(s) 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)**

**(t) Earnings per share**

Basic earnings per share is calculated as net profit/loss 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/loss 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.

**(u) Exploration and evaluation expenditure**

Exploration and evaluation expenditure 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 reporting 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.

**NOTE 2: LOSS BEFORE INCOME TAX EXPENSE**

	2017 \$	2016 \$
The following revenue and expense items are relevant in explaining the financial performance for the year.		
Revenue		
- Interest income – other parties	26,893	34,489
Other Income		
- Profit on sale of available-for-sale listed securities	313,730	131,613
Expense		
- Administration services fees	350,222	253,469

**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
Other services	-	-

**NOTE 4: INCOME TAX EXPENSE**

**(a) Recognised in the statement of comprehensive income**

Current income tax expense on net loss for the year	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	-
Total income tax benefit	-	-

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

Loss before tax	(166,530)	(287,761)
Income tax using the domestic small business corporation tax rate of 27.5% (2016: 28.5%)	(45,796)	(82,012)
Tax effect of:		
Non-deductible expenses	968	623
Unused tax losses and temporary differences not recognised as deferred tax assets	44,828	81,389
Income tax expense on pre-tax loss	-	-

**(c) Tax expense/(benefit) relating to items of other comprehensive income**

Disposal of available-for-sale assets	(300,395)	-
Revaluation of available-for-sale investments	38,815	313,050
Income tax applicable thereto	-	-

**NOTE 4: INCOME TAX EXPENSE (continued)**

**(d) Unrecognised deferred tax balances**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Deferred tax assets and (liabilities) calculated at 27.5% (2016: 28.5%) have not been recognised in respect of the following:		
Income tax losses	1,479,970	1,445,680
Temporary differences	(470,411)	(514,553)
	<u>1,009,559</u>	<u>931,127</u>

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

The previously calculated values of unrecognised deferred tax balances brought forward have reduced by the lower small business Corporation tax rate of 27.5% applying from the 2017 financial year (previously 28.5%).

**NOTE 5: (LOSS) PER SHARE**

	<b>2017</b>	<b>2016</b>
	<b>Cents per share</b>	<b>Cents per share</b>
Basic and diluted loss per share	(0.09)	(0.16)
Weighted average number of ordinary shares used in calculation of loss per share	179,078,187	179,078,187
Loss used in calculation of basic and diluted (loss) per share	(166,530)	(287,761)

**NOTE 6: CASH AND CASH EQUIVALENTS**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Cash on hand and at bank	295,380	234,315
Short-term deposits	575,000	789,743
	<u>870,380</u>	<u>1,024,058</u>

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 six months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

**NOTE 7: OTHER RECEIVABLES – CURRENT**

	2017 \$	2016 \$
Other receivables	7,116	87,408

No receivables are past due.

**NOTE 8: OTHER ASSETS**

Prepaid expenses	20,836	20,581
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**NOTE 9: OTHER RECEIVABLES – NON CURRENT**

Exploration tenement guarantees	7,500	7,500
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**NOTE 10: AVAILABLE-FOR-SALE LISTED SECURITIES**

Available-for-sale financial assets		
Listed securities (i)	138,000	470,522
Total available-for-sale listed securities	138,000	470,522

(i) During the year the Company disposed of a portion of its listed shares for a gain of \$313,730. The market value of the disposed shares as recorded at 30 June 2016 was \$407,522. During the year, the Company also purchased listed securities for \$36,185. Fair value of the listed securities held at 30 June 2017 was \$138,000. The cost base for securities held at the reporting date was \$86,530.

Fair values for the listed securities (Level 1) are determined by reference to quoted ASX market prices and therefore there are no unobservable inputs in fair value.

**NOTE 11: PLANT AND EQUIPMENT**

Plant and equipment at cost	79,967	82,229
Less: Accumulated depreciation	(68,421)	(64,728)
	11,546	17,501
Movement schedule for plant and equipment		
Opening written down value	17,501	42,038
Additions	-	254
Sale	-	(13,183)
Depreciation	(5,036)	(8,404)
Loss on sale	-	(3,204)
Loss on write-off	(919)	-
Closing written down value	11,546	17,501

**NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE**

	2017 \$	2016 \$
Cost brought forward in respect of areas of interest in the exploration and evaluation stage	1,545,416	1,405,824
Expenditure incurred during the year	123,157	139,592
Cost carried forward	1,668,573	1,545,416

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 13: TRADE AND OTHER PAYABLES**

Trade and other payables	36,498	59,032
Related party payables (Note 18)	28,972	27,714
	65,470	86,746

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

**NOTE 14: EMPLOYEE BENEFITS**

Current employee entitlements	3,891	3,540
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**NOTE 15: ISSUED CAPITAL**

Issued capital comprises

179,078,187 fully paid ordinary shares (2016: 179,078,187)	20,169,503	20,169,503
--	------------	------------

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

	2017		2016	
	No.	\$	No.	\$
Movement in issued shares for the year				
Balance at beginning of the financial year	179,078,187	20,169,503	179,078,187	20,174,782
Issued for cash	-	-	-	-
Costs associated with the issue of shares				
- ASX listing fees- prior period issue	-	-	-	(5,279)
Balance at end of the financial year	179,078,187	20,169,503	179,078,187	20,169,503

**NOTE 16: RESERVES**

	2017 \$	2016 \$
Balance at beginning of the financial year	313,050	-
Change in the fair value of available-for-sale investments	38,815	313,050
Disposal of available-for-sale investments	(300,395)	-
Balance at end of the financial year	51,470	313,050

The reserve records the revaluation of available-for-sale investments.

## NOTE 17: STATEMENT OF CASH FLOWS

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

	2017 \$	2016 \$
Loss after income tax	(166,530)	(287,761)
Add: Non-operating income		
Profit on sale of available-for-sale listed securities	(313,730)	(131,613)
Operating loss after income tax	(480,260)	(419,374)
Add: Non-cash items		
Depreciation	5,036	8,404
Depreciation – capitalised	(4,219)	(7,069)
Loss on sale of fixed assets	-	3,204
Loss on assets written off	919	-
Change in assets and liabilities		
(Increase)/decrease in other current assets	2,332	901
(Increase)/decrease in other current operating receivables	3,753	25,453
Increase/(decrease) in operating payables	287	(34,146)
Increase/(decrease) in employee entitlements	351	(6,613)
Net cash used in operating activities	(471,801)	(429,240)

## NOTE 18: RELATED PARTY DISCLOSURES

### 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.

Directors	2017 \$	2016 \$
Paid/payable to:		
J Terpu and B Firriolo (as Trustees of the CAS Trust & BCF Trust trading as Chellserv) for administration services	-	153,216
J Terpu (as Director of Chellingtons Pty Ltd aff Red Star Trust) for administration services)	350,222	100,253

Amounts owed to related parties at 30 June 2017 were Chellingtons Pty Ltd \$28,972 (2016: \$27,714).

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's KMP for the year ended 30 June 2017.

**NOTE 18: RELATED PARTY DISCLOSURES (continued)**

The totals of remuneration paid to KMP of the Company during the year are as follows:

	2017 \$	2016 \$
Short-term employee benefits	53,177	78,917
Post-employment benefits	39,555	43,358
Total KMP compensation	92,732	122,275

**NOTE 19: COMMITMENTS FOR EXPENDITURE AND CONTINGENCIES**

**(a) Exploration Expenditure Commitments**

The Company 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 Company.

Total expenditure commitments at the reporting 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 Company's obligations, are approximately:

	2017 \$	2016 \$
Not later than one year	220,000	210,000
Later than one year but not later than five years	334,000	355,000
	554,000	565,000

**(b) Native Title**

Native title claims have been made with respect to areas which include tenements in which Forte Consolidated Limited has interests. The Company 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 Company or its projects.

**NOTE 19: COMMITMENTS FOR EXPENDITURE AND CONTINGENCIES (continued)**

**(c) Administrative Services Agreement**

On 1 March 2016 Mr Terpu as Sole Director of Chellingtons Pty Ltd atf Red Star Trust signed and commenced a two-year term in relation to a new Administration Service Agreement. The Company's estimated obligations at the reporting dates to make payments of amounts in relation to the Agreement are:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	192,000	288,000
Later than one year but not later than five years	-	192,000
	<u>192,000</u>	<u>480,000</u>

**(d) Contingencies**

The Company has no contingent liabilities or assets at 30 June 2017.

**NOTE 20: SEGMENT INFORMATION**

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

**NOTE 21: FINANCIAL RISK MANAGEMENT**

**Overview**

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

The Company 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 Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 Company through regular reviews of the risks.

**Credit risk**

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

**Cash and cash equivalents**

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

## NOTE 21: FINANCIAL RISK MANAGEMENT (continued)

### **Trade and other receivables**

As the Company 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 Company 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 Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2017 \$	2016 \$
Cash and cash equivalents	870,380	1,024,058
Other receivables	14,616	94,908

### **Impairment Losses**

None of the Company's other receivables are past due (2016: nil).

### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation.

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

### **Liquidity Risk**

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

30 June 2017	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years
Non-interest bearing	\$69,361	69,361	65,470	3,891		
30 June 2016	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years
Non-interest bearing	\$90,286	90,286	86,746	3,540		

## NOTE 21: FINANCIAL RISK MANAGEMENT (continued)

### 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 Company'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 Company is not exposed to currency risk and at the reporting date the Company holds no financial assets or liabilities which are exposed to foreign currency risk.

### Interest Rate Risk

The Company 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 Company does not use derivatives to mitigate these exposures.

The Company 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 Company's interest-bearing financial instruments was:

	Carrying amount	
	2017 \$	2016 \$
<b>Fixed rate instruments</b>		
Financial assets – term deposits	575,000	789,743
<b>Variable rate instruments</b>		
Financial assets – cash on hand and at bank	295,380	234,315

### Fair value sensitivity analysis for fixed rate instruments

The Company 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.

### 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 2016.

### Company

	Profit or loss		Equity	
	100bp increase \$	100bp decrease \$	100bp increase \$	100bp decrease \$
<b>30 June 2017</b>				
Variable rate instruments	2,854	(2,801)	2,854	(2,801)
<b>30 June 2016</b>				
Variable rate instruments	2,243	(1,138)	2,243	(1,138)

## NOTE 21: FINANCIAL RISK MANAGEMENT (continued)

### 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:

#### Company

	30 June 2017		30 June 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Cash and cash equivalents	870,380	870,380	1,024,058	1,024,058
Other receivables	14,616	14,616	94,908	94,908
Available-for-sale listed securities	138,000	138,000	470,522	470,522
Trade and other payables	(65,470)	(65,470)	(86,746)	(86,746)
Employee benefits	(3,891)	(3,891)	(3,540)	(3,540)
	953,635	953,635	1,499,202	1,499,202

### Commodity Price Risk

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

### Capital Management

Capital is defined as the equity of the Company.

The Company's objectives when managing capital are to safeguard the Company'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 Company may return capital to shareholders, issue new shares or sell assets to reduce debt. The Company's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities. The Company monitors capital on the basis of the gearing ratio, however there are no external borrowings as at reporting date.

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

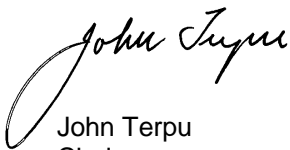
The Company is not subject to externally imposed capital requirements.

## NOTE 22: EVENTS AFTER THE REPORTING DATE

There has not been any matter or circumstance that has arisen after the reporting date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company 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 Company's financial position at 30 June 2017 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 2017.

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



John Terpu  
Chairman  
Perth WA

14 September 2017



Accountants | Business and Financial Advisers

## INDEPENDENT AUDITOR'S REPORT

To the members of Forte Consolidated Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Forte Consolidated Limited ("the Company") which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### **HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

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Key Audit Matter	How our audit addressed the key audit matter
<p><b>Carrying value of exploration and evaluation expenditure</b> (Note 12)</p> <p>The Company has capitalised exploration and evaluation expenditure of \$1,668,573 as at 30 June 2017 in relation to its Queensland projects.</p> <p>Our audit procedures determined that the carrying value of exploration and evaluation expenditure was a key audit matter as it was an area which required the most audit effort, required the most communication with those charged with governance and was determined to be of key importance to the users of the financial statements.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the key processes associated with management's review of the carrying value of exploration and evaluation expenditure;</li> <li>• We considered the Directors' assessment of potential indicators of impairment;</li> <li>• We obtained evidence that the Company has current rights to tenure of its area of interest;</li> <li>• We examined the exploration budget for 2017/18 and discussed with management the nature of planned ongoing activities;</li> <li>• We substantiated a sample of additions to exploration expenditure during the year;</li> <li>• We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the Company had not decided to discontinue exploration and evaluation at its area of interest; and</li> <li>• We examined the disclosures made in the financial report.</li> </ul>

*Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### *Opinion on the remuneration report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Forte Consolidated Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

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.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

**HLB Mann Judd**  
**Chartered Accountants**

A handwritten signature in blue ink that reads 'D I Buckley'.

**D I Buckley**  
**Partner**

**Perth, Western Australia**  
**14 September 2017**

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 13 September 2017 the Company had 175 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 13 September 2017)

No.	Fully Paid Shares
1-1,000	168
1,001-5,000	16,854
5,001-10,000	536,700
10,001-100,000	2,570,762
100,001-over	175,953,703
<b>Total</b>	<b>179,078,187</b>

The number of shareholders holding less than a marketable parcel is 89 based on the closing market price at 13 September 2017.

## 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	72,394,181
DANNY TAK TIM CHAN	46,538,392
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,954,188
ANYSHA PTY LTD GEMELLI	10,000,084
<b>Total</b>	<b>141,886,845</b>

#### 1.4 Twenty Largest Holders of Listed Shares (as at 13 September 2017)

Ordinary Shareholders	Fully Paid Ordinary	
	Number	Percentage
DANNY TAK TIM CHAN	46,538,392	25.99%
VALLEYBROOK INVESTMENTS PTY LTD <TERPU A/C>	43,166,252	24.10%
VALLEYROSE PTY LTD <TERPU SUPER FUND A/C>	29,227,929	16.32%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,954,188	7.23%
ANYSHA PTY LTD <GEMELLI A/C>	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%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,337,129	1.31%
ORBIT DRILLING PTY LTD	1,817,226	1.01%
MRS CARMELA FIRRIOLO	1,770,000	0.99%
MR JAMES DOUGLAS RYSTON PRATT & MRS MYFANWY JEAN RYSTON DURHAM J & C PRATT SUPER FUND	1,000,000	0.56%
GOLDEN MILE INVESTMENTS PTY LTD	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>	853,080	0.48%
ADMARK INVESTMENTS PTY LTD <JS PINTO SUPER FUND A/C>	840,000	0.47%
COOLTRAS PTY LTD <KOULOOUKAKIS INVESTMENT A/C>	808,054	0.45%
MR BRIAN BARRY CLEAVER & MRS JEAN ISABEL CLEAVER <CLEAVER SUPER FUND A/C>	764,000	0.43%
MR PHILIP RUSSELL HARRIS <HARRIS FAMILY A/C>	700,000	0.39%
RHODA HARRIS PTY LTD <HARRIS SUPER FUND A/C>	650,000	0.36%
	<b>171,336,423</b>	<b>95.68%</b>

#### 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	Application/Grant Date	Expiry Date
<b>Queensland</b>					
EPM 18986	Forte Consolidated Limited	100%	100 blocks	13 Dec 2012	12 Dec 2017
EPM 25196	Forte Consolidated Limited	100%	4 blocks	3 Mar 2014	2 Mar 2017
EPM 25755	Forte Consolidated Limited	100%	40 blocks	8 Apr 2015	7 Apr 2020
EPM 26527	Forte Consolidated Limited	100%	28 blocks	23 Aug 2017	23 Aug 2022



FORTE CONSOLIDATED LIMITED  
ABN 37 148 168 825

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

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