



11 July 2013

Proposed Acquisition by Forte Energy of Leo Mining and Exploration Ltd

Forte Energy NL ("Forte Energy" or "the Company") (ASX/AIM: FTE) announces it has entered into a non-binding term sheet for the proposed acquisition ("the Proposed Acquisition"), of Leo Mining and Exploration Limited ("Leominex"), (together "the Parties"). Leominex is an unlisted British Virgin Islands ("BVI") registered company which has interests in a portfolio of uranium and rare earth elements ("REE") assets in Africa which complement Forte Energy's existing projects. The Proposed Acquisition is expected to create a diversified, larger scale Africa-focussed exploration and development company with a well-balanced portfolio of uranium and REE assets, both of which feature in Forte Energy's existing portfolio.

It is anticipated that the Proposed Acquisition will be effected through a statutory merger under BVI law pursuant to which Forte Energy shall issue and allot to Leominex shareholders a total of 95 per cent of the Company's issued share capital (equivalent to approximately 860 million ordinary shares in the capital of Forte Energy at the date of this announcement), as consideration for 100 per cent of the issued share capital of Leominex.

It is also anticipated that two additional non-executive directors nominated by Leominex will be appointed to the board of directors of Forte Energy following completion of the Proposed Acquisition, expanding the Forte board from 4 directors to 6 directors. It is envisaged that any new non-executive directors would be appointed on similar terms as Forte Energy's existing non-executive directors.

The Proposed Acquisition is subject to a number of conditions, including:

- the completion of final binding documentation (the "Final Agreements"), including a merger implementation agreement, voting undertakings from major shareholders of Leominex and a relationship agreement among Forte Energy, Leominex and Mkango Resources Ltd. ("Mkango"), a Canadian company listed on the TSX-Venture exchange in which Leominex holds an equity interest of approximately 48 per cent;
- obtaining applicable regulatory or securities exchange approvals; and
- approval by the shareholders of each of Forte Energy, Leominex and Mkango.

The Parties are in the process of negotiating the terms of the Final Agreements and notices convening the relevant shareholder meetings will be announced in due course by Forte Energy, Leominex and Mkango.

The Proposed Acquisition has the support of significant shareholders of both Parties and the enlarged Forte Energy's market capitalisation and enhanced asset base would position it well to execute on strategic growth plans, including potential acquisition opportunities. In addition there are expected to be significant synergies in technical expertise through the Proposed Acquisition.

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About Forte Energy

Forte Energy is an ASX and AIM listed emerging international exploration and development company with a portfolio of uranium assets in the Republics of Mauritania and Guinea, West Africa. While recent work by Forte Energy has focussed on increasing its uranium resources, previous exploration work also indicated potential for REEs. Areva has a 7.1 per cent shareholding in Forte Energy.

About Leo Mining and Exploration

Leominex is a private, BVI-registered company which has interests in a portfolio of REE and uranium assets in Africa. Leominex has a 48 per cent shareholding in Mkango, which owns 100 per cent of two prospecting licenses covering a combined area of 1,751 sq km in southern Malawi. Mkango's most advanced stage project is the Songwe Hill rare earth project where it has defined a significant Indicated and Inferred REE Mineral Resource Estimate. In parallel with completion of environmental studies and metallurgical test work for the Songwe project, Mkango is also undertaking regional exploration for REEs and uranium in Malawi. On April 11, 2013, Mkango closed an oversubscribed C\$2.3 million private placement. Under the Proposed Acquisition, Forte Energy will become an indirect 48 per cent shareholder of Mkango, which will continue to trade as an independent company.

Leominex also holds approximately 8 per cent of the shares in Signet Mining Services Ltd., a Niger and Chad focussed uranium exploration and development company, with seven 100 per cent owned uranium exploration licences in Niger covering approximately 1,664 sq km and four 100 per cent owned uranium exploration licences in Chad covering approximately 413.2 sq km. The Licenses in Niger are located within and close to the Tim Merso basin which is home to world class uranium mines and deposits.

Following the Proposed Acquisition, Mkango and Signet Mining Services Ltd will continue to be managed by their respective Boards and management teams. Apart from the above mentioned additions to the Board, the executive management team of Forte Energy will remain as it is currently.

Leominex has 55 shareholders with its largest two shareholders being William Dawes and Alexander Lemon, each with a shareholding of approximately 17 per cent in Leominex, and who would each indicatively hold around 8 per cent of the expanded Forte Energy share capital after completion of the Proposed Acquisition.

Commenting on the proposed transaction, Mark Reilly, Managing Director of Forte Energy, said:

"The proposed transaction to acquire Leominex would create an African focussed uranium and rare earth explorer and developer with an enhanced portfolio of project interests and the technical expertise and financial strength to advance its assets towards production. In addition, the combined business will benefit from deeper technical expertise and a Board with experience in developing and building numerous projects."

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About Forte Energy

Forte Energy is an Australian-based minerals company focussed on the exploration and development of uranium and associated bi-products in Mauritania and Guinea in West Africa. The Company has an extensive pipeline of assets and total JORC resources of 76.8Mt @ 266ppm U₃O₈ for 44.9Mlbs contained U₃O₈ (100ppm cut-off).

Its flagship assets are the A238 prospect (23.4Mlbs U₃O₈) and the Bir En Nar project (2.06Mlbs U₃O₈) in Mauritania, and the Firawa Project in Guinea (19.5Mlb U₃O₈).

Forte Energy U₃O₈ JORC resources (all at a 100ppm cut-off):

Project	Resource Category	M tonnes	ppm U ₃ O ₈	Contained U ₃ O ₈ Mlbs
A238*	Inferred	45.2	235	23.4
Bir En Nar	Indicated	0.5	886	1.0
	Inferred	0.8	575	1.0
Firawa	Inferred	30.3	295	19.5
Total	Indicated	0.5	886	1.0
	Inferred	76.3	262	43.9
	Total	76.8	266	44.9

* A238NW Anomaly included in the A238 Inferred Resources

The Company is quoted on the Australian Stock Exchange (ASX: FTE) and AIM market of the London Stock Exchange (AIM: FTE). For more information, visit www.forteenergy.com.au

Note:

The information in this report that relates to the reporting of Mineral Resources is based on information compiled or reviewed by Mr. Galen White, who is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM). Mr White is the Principal Geologist of CSA Global (UK) Ltd. CSA Global have an ongoing role as geological consultants to Forte Energy NL. Mr. White has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. White consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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