

URANIUM

COMPANY OVERVIEW

Forte Energy NL | FTE

NOT RATED

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ASX code | FTE

Last price | \$0.11

Fully diluted shares | 472.9M

Market cap | A\$52.0M

52 week hi/low | \$0.135 / \$0.038

12 month price target¹ | na

Valuation | na

Valuation methodology | na

AIM Listing

AIM code | FTE

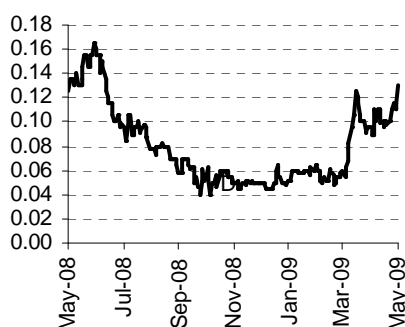
Last price | 6.125p

Substantial Shareholders

Areva NC | 14.4%

Board & Management | 4.2%

Share price performance | FTE



Excellent high grade U₃O₈ potential in Mauritania

KEY POINTS

- FTE is focused on exploring for uranium mineralisation at its two West African projects in Mauritania and Guinea.
- Areva NC, the world's leading nuclear fuel cycle company, backed FTE with a \$2.7M placement @ \$0.135/share. Areva now has a 14.4% stake in FTE.
- The Bir En Nar project in Mauritania is the most prospective, where drilling in late 2007 returned a number of high grade intersections.
- Better results from radiometric logging included 1.55m @ 18,280ppm eU₃O₈ from 85m, 2.35m @ 11,250ppm eU₃O₈ from 71m and 5.4m @ 9,310ppm eU₃O₈ from 114m.
- We note that the intersections are radiometric readings only and chemical assay results, which will be required in order to define a JORC resource, have not yet been released.
- FTE has indicated it plans to undertake additional drilling in 2009 ahead of defining a maiden JORC compliant resource for the project.
- In Guinea, a second drilling program has been completed at the Firawa project.
- Assays are awaited on the second program and better results from the first program included 12m @ 771ppm U₃O₈ and 20m @ 524ppm U₃O₈.
- We note that results from the first round of drilling are assay results, hence can be used to calculate a JORC resource.

COMMENT

- The initial work undertaken by FTE at its Bir En Nar project has returned some extremely encouraging high-grade intersections although we caution that the results are radiometric readings and not chemical assay results.
- The bulk of the intersections are narrow averaging around one metre in width, although the average head grade of over 3,000ppm eU₃O₈ suggests that additional drilling is warranted.
- Assay results from the first drilling program in Guinea, which were received in September 2007, were encouraging, although we note that mineralisation is hosted in clay, hence this may impact the process route and potential recoveries of the deposit.

INVESTMENT VIEW

- FTE is set to commence a second round of drilling at its highly prospective Bin En Nar project in Mauritania in July 2009.
- Initial radiometric readings from the first round of drilling are encouraging and certainly warrant further drilling.
- Assay results from the first drilling program at Mauritania have not yet been released and we await the results of the second program with interest.
- Uranium exploration companies with undeveloped economic grade JORC compliant resources generally trade on EV/Resource multiples of US\$3.00-5.00/lb.
- We believe that FTE's market capitalisation is currently implying a resource of 7.0-11.0Mlbs of U₃O₈ has already been defined at FTE's two core projects.
- The company has indicated it aims to define JORC compliant resources of 15-20Mlbs at Mauritania before the end of 2009 following the completion of a 6,000m diamond drilling program, which is due to commence in July.
- Results of the second drilling program at the Firawa project in Guinea are being assessed and FTE expects to release an initial resource in the next few weeks, which based on current drilling should contain approximately 5-10Mlbs.

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Analyst Certification

As at the time of writing this report, the author did not hold shares Forte Energy NL (FTE).

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