Force Commodities Limited

ABN 12 145 184 667

And its Controlled Entities

Annual Report

For the Year Ended 31 December 2017

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CORPORATE DIRECTORY

Directors
Mr David Sanders, Non-Executive Chairman
Mr Jason Brewer, Managing Director
Mr Gedeon Pelesa, Non-Executive Director

Company Secretary
Mr Michael Fry

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Code: 4CE

Website
Website: www.forcecommodities.com.au

CHAIRMAN'S LETTER

Dear Shareholders,

The resources industry has entered a new era of renewed interest and optimism with commodity prices improving and market sentiment for exploration and mining investments intensifying.

Force Commodities has acted decisively this past year by taking the strategic decision to search for new projects and to introduce a new board and management.

As a consequence, the Company has recently acquired two highly promising projects in a world-class lithium region in the Democratic Republic of Congo, and it has been busy implementing exploration plans which have yielded highly encouraging results which have demonstrated the presence of near surface lithium mineralisation in pegmatite exposures across significant areas of both projects.

During the financial year, Force Commodities also spun off its North American lithium assets into Marquee Resources Limited (ASX: MQR) and retains a significant valuable shareholding in the company. In addition, Force Commodities has progressed its plans to seek new investors to acquire or partners to advance its Australian gold and base metals assets.

The Company has excellent project prospects, a strong financial position with ~$3.5 million in cash at bank at the end of the financial year – more than sufficient to fund its immediate exploration plans at each project, and maintains a relatively tight capital structure with the strong support of its major shareholders.

We are genuinely excited about the next twelve months and what can be achieved.

I would like to take this opportunity to thank my fellow directors and the Company's executive team for their efforts this past twelve months.

I would also like to thank shareholders for their support of the Company, and I look forward to meeting with shareholders when presenting our plans for 2018 at the upcoming Annual General Meeting.

Yours sincerely

DAVID SANDERS
CHAIRMAN

DIRECTORS' REPORT

The directors of Force Commodities Limited ('**Force'** or '**Company'**) hereby submit the financial report of the Company and its controlled entities (the '**Group'**) for the year ended 31 December 2017.

DIRECTORS

The names and particulars of directors who are in office at the date of this report:

Mr David Sanders	Chairperson (appointed 6 June 2017)
Mr Jason Brewer	Managing Director (appointed 19 February 2018)
Mr Gedeon Pelesa	Non-Executive Director (appointed 17 October 2017)

The names and particulars of directors who are not in office at the date of this report but who held office during the financial year:

Mark Darras	Non-Executive Chairperson (appointed 28 February 2017; *resigned 31 May 2017*)
Alistair Stephens	Executive Director (appointed 28 February 2017, *retired 31 May 2017)*
Patrick Glovac	Non-Executive Director (*resigned 17 October 2017)*
Peter Smith	Non-Executive Director (appointed 27 March 2017; *resigned 31 May 2017*)
Charles Thomas	Non-Executive Chairperson (*resigned 28 February 2017*)
Rocco Tassone	Executive Director (*resigned 27 March 2017)*

Directors have held office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Michael Fry has, for the past twenty years, been actively involved in the financial and corporate management of public companies. Prior to that, Mr Fry spent 9 years working in chartered accounting and corporate advisory. He is currently a director of VDM Group Limited, and the CFO & Company Secretary of Globe Metals & Mining Limited.

Joint Company Secretary Mr Henry Kinstlinger resigned 31 August 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was mineral exploration and development. There were no significant changes in the nature of the Group's principal activity during the financial year.

RESULTS

The result for the year ended 31 December 2017 attributable to members of Force was a net loss after tax of $4.651 million (2016 loss: $1.690 million).

DIVIDENDS

No amounts have been paid or declared by way of dividend during or since the end of the financial year.

REVIEW OF OPERATIONS

During the year ended 31 December 2017, the Group's operational focus shifted to the Democratic Republic of Congo (DRC) following agreements to acquire a 70% interest in the Kitotolo Lithium Project and a 51% interest in Kanuka Lithium Production Project.

A brief overview of each of these projects and the work conducted during the course of the year and up to the date of this report is as follows:

Kitotolo Lithium Project (70% owned; JV Manager)

The Kitotolo Lithium Project is located in the Tangnyika Province in the south east of the DRC approximately 500 kilometers, due north of the town of Lubumbashi – see map following.

The project area comprises one granted Mining License (PE 13247) and one Exploration Licence (PR 12453) and covers an area of ~400kms².

The Project overlays a large portion of the 'world class" Manono-Kitotolo Pegmatite which is considered to be one of the world's largest mineralised rare metal pegmatites, with a large potential for lithium as spodumene, cassiterite and columbite–tantalite (coltan).

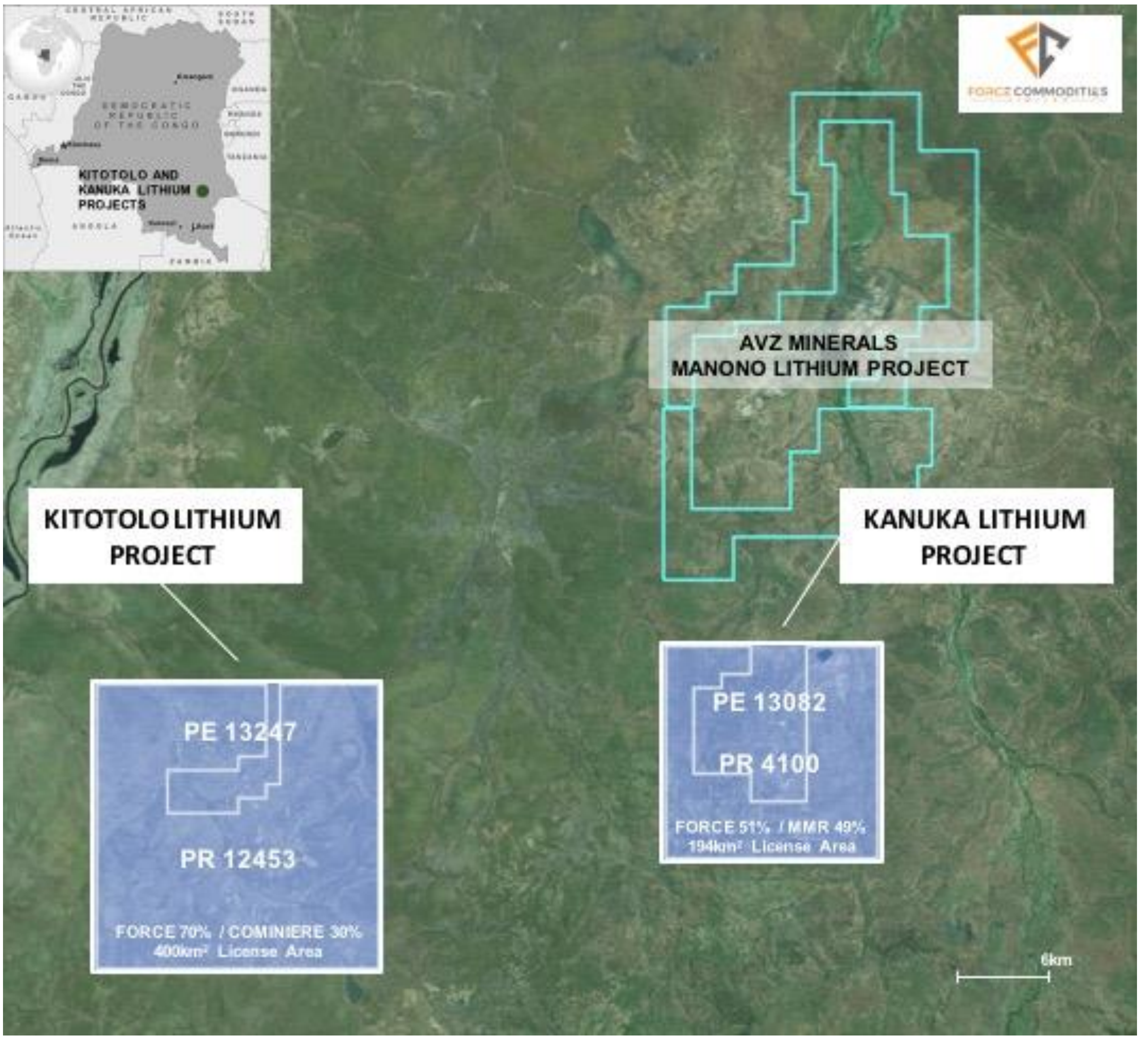


Figure 1: Location Map – Kitotolo Lithium Project and Kanuka Lithium Project

A site visit as part of a due diligence investigation was undertaken in August 2017 and identified significant occurrences of visible spodumene and other lithium bearing minerals in pegmatite exposures have been identified across widespread areas within the Kitotolo Lithium Project.

The pegmatite exposures were observed to be dominated by quartz-albite-muscovite, with columbite and spodumene-zinewaldite at the macro-scale. In places the laterite wasexposed in small windows above the sandy soil cover. Lateritic outcrops were identified as often having pegmatitic material as large clasts within the concretions and conceptually this is considered to suggest further in-situ pegmatitic material below or in close proximity to these laterite exposures.

Large artisanal workings within the Kitotolo Lithium Project license area have been identified and are confirmed as containing abundant pegmatite rock types and mineralisation, including spodumene, lepidolite and other associated micas. These artisanal workings, typically alluvial in nature have been focused on cassiterite and columbite-tantalite mining.

In the north of the Kitotolo Lithium Project area a large artisanal pit (referred to internally and in reporting as the 'Katamba Pit') was observed measuring approximately 120m long by 50m wide, where visible spodumene, lepidolite and other associated micas were identified. Further numerous artisanal workings were identified around the perimeter of the pit.

In addition, numerous pegmatite inclusions have been mapped in the lateritic cover several hundred metres from the large pit's workings suggesting that the pegmatite lies below the lateritic cover or in close proximity and extends over a significant range.

As part of the due diligence investigation, a geochemistry sampling program consisting of 20 in-situ channel and rock chip samples was collected from the Katamba Pit. In addition, a channel sample of 6m was sampled from the surface down through weathered in-situ pegmatite, providing a shallow representative portion of the pegmatite.

The assay results subsequently received confirmed the presence of high grade spodumene pegmatite-hosted lithium mineralisation at shallow depths, hosted in an inferred structural corridor, along strike and within just 40km south-west of AVZ Minerals Limited's 'world-class' Manono Lithium Project.

Following a formal decision to proceed, the Company commenced its maiden exploration program in late November 2017 aimed at testing strike extensions of the exposed pegmatite at the historical Katamba Pit and the associated lithium/spodumene mineralisation identified during the previous due diligence investigation.

In the period up to the end of 2017, an initial 43 test pits and nine trenches totalling 586m line metres was completed.

A total of 4 of the 9 trenches intersected shallow and highly weathered pegmatite and zones of lithium mineralisation beneath approx. 6m of lateritic cover. The total strike extent defined by trenching and test pitting is in excess of 1km. Test pitting in the furthermost NE corner of the initial Phase 1 Lithium Exploration Program area, successfully identified pegmatite lithologies in test pit 040 – located approx. 1km NE of the Katamba Pit and which is interpreted to add a continuous strike along the NE/SW orientation and supporting the regional pegmatite orientation interpretations across the Kitotolo Mining and Exploration licences.

Work to date primarily focused on strike length and not the width of the pegmatite, although it is apparent that the width comfortably exceeds 50m in the areas tested. The pegmatite exposed in trenching has an apparent dip of approximately 12 degrees west and the dip is interpreted to have a- shallower dip towards the NE.

The pegmatite remains open towards NE and SW directions.

Significant assay intercepts returned from the trench sampling included the following intersections:

- Trench 001: 10m @ 0.25% Li_20

  (incl. 1m @ 0.53% Li_2O)
- Trench 002: 20m @ 0.21% Li_2O

  (incl. 1m @ 0.67% Li_2O)

  (incl. 1m @ 0.52% Li_2O)

  (incl. 1m @ 0.50% Li_2O)
- Trench 008: 21m @ 0.26 % Li_2O

  (incl. 4m @ 0.50% Li_2O)
  (incl. 4m @ 0.34% Li_2O)
  (incl. 3m @ 0.27% Li_2O)

Kanuka Lithium Production Project (51% owned; JV Manager)

The Kanuka Lithium Production Project is located approximately 20kms east of the Company's Kitotolo Lithium Project and approximately 4kms south of the southern boundary of AVZ Minerals Limited's 'world-class' Manono Lithium Project – refer map above.

A joint venture agreement in relation to the project has been recently formalised.

The Kanuka Lithium Production Project comprise two contiguous licenses: granted Mining License PE13082 and Exploration License PR4100; which together cover an area of approx. 194km$^{2.}$

The Company's joint venture partner, MMR, is an established tin, tantalum and tungsten mining company that was incorporated in 2008 and which operates a series of exploration, mining and processing operations throughout the DRC.

MMR is part of the VinMetals Group, a diversified mining, metals and trading group that has operated successfully in the DRC since 1997, with existing copper cathode and copper, cobalt, tantalum, tin and tungsten concentrate production from several mines and processing plants.

Conventional open pit mining operations are ongoing on the license areas, with the alluvial sand layers that host the cassiterite and columbite (minerals that are typically coincidental with lithium mineralisation) mined by truck and shovel methods.

Current and historic mining in the license areas has exposed a number of pegmatites, with one identified in the current main mining area being in excess of 3kms long and greater than 200 metres in width. This is open along strike on a NE-SW trend and is typical of other pegmatites identified in the region.

Mined material is fed into the recently expanded processing plant which produces tin and tantalum concentrates that MMR exports to the international market. MMR is one of the industry leaders in the DRC, working closely with iTRi, and has been instrumental in the on-going success of the program in the DRC, supplying ICGLR-certified conflict free “3T” minerals to the international marketplace.

In September 2017, the Company conducted a Technical Due Diligence review of the license areas.

Mapping within the area established the presence of significant occurrences of pegmatite exposures, which had had been exposed by the current and historical mining activity. In addition, a number of pegmatites were identified at surface.

Continuous pegmatite exposures were identified extending in excess of 3km on a NE-SW trend, and in places in excess of over 200m wide. The pegmatites identified appeared open in all directions and are considered to extend for possibly up to several kilometres along the NE-SW trend. Further exploration including detailed mapping, trenching, pitting and drilling is required to confirm whether the pegmatite is the result of a single intrusion or multiple intrusions.

As part of Technical Due Dilligence, 25 random grab samples were taken from pegmatites outcropping in the license areas.

Assay results have been received with a number of samples returning high grade lithium mineralization. In total, five grab samples returned assays better than 0.4% Li2O as detailed below:

Tenement	**Sample No**	**UTM_E**	**UTM_N**	**Locality**	**Sample Type**	**Orientation**	**Lithology**	**ME-MS61 (Li2O %)**
PR4100/PE13082	A2501	541257	9165944	Kanuka	rockchip	Random	Pegmatite	**0.45**
PR4100/PE13082	A2502	541269	9165833	Kanuka	rockchip	Random	Pegmatite	**1.62**
PR4100/PE13082	A2504	540959	9165840	Kanuka	rockchip	Random	Pegmatite	**1.86**
PR4100/PE13082	A2505	541850	9166122	Kanuka	rockchip	Random	Pegmatite	**1.93**
PR4100/PE13082	A2519	543387	9165359	Kanuka	rockchip	Random	Pegmatite	**2.12**

Table 1: Select assay results for rock chip samples at the Kanuka Lithium Project Joint Venture

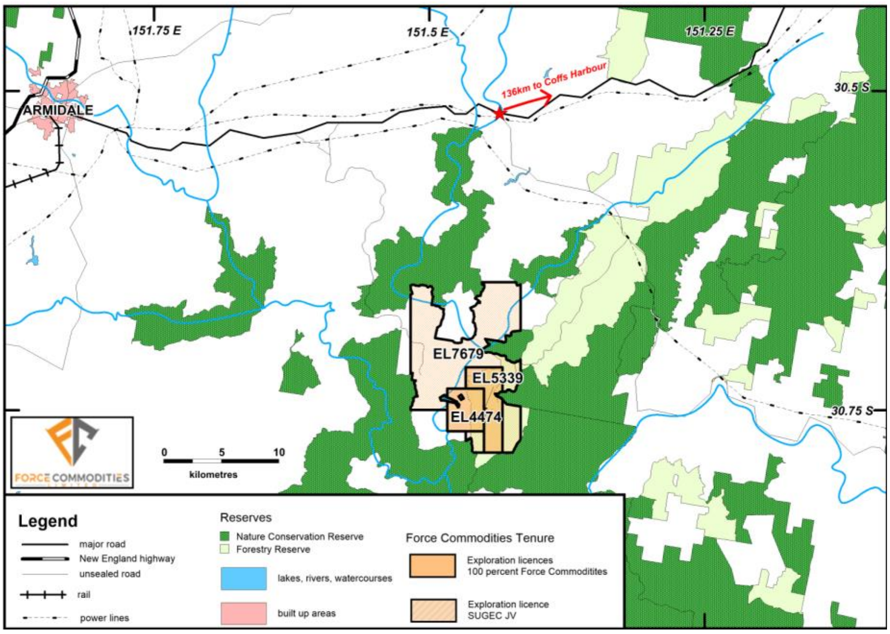
The assay results are considered entirely consistent with weathered pegmatites and are indicative of a well mineralised lithium system. They further confirm the presence of high grade lithium mineralisation.

The results show in a broad sense, that the lithium mineralisation identified on the Kanuka Lithium Production Project is observed to be preferentially hosted within a near surface and very oxidised pegmatite with an LCT affinity (Rare-Element Classed pegmatite with **L**ithium, **C**aesium, and **T**antalum enrichment. The strongest mineralisation is frequently observed within or near the contacts between large quartz rich and quartz-albite zones.

These observations and characteristics are typical of LCT type pegmatite deposits and consistent with recent descriptions of the Manono and Kitotolo deposits located immediately to the north.

Halls Peak, Zinc Project (100% owned)

The Halls Peak project area is located approximately 80 kilometres, by road, south-east of Armidale.



Location Map: Halls Peak Project, NSW, Australia

The project area comprises two Exploration Licences (EL4474 and EL7679) covering all identified areas of polymetallic mineralisation (Zn, Pb, Cu and Ag).

In the latter part of calendar year 2016, a diamond drilling program was undertaken at Halls Peak for the purposes of determining the potential for direct shipping of ore containing high-grade zinc and silver, as well as lead and copper. The drill program consisted of 6 drill holes (SG 01 – SG 06) with the drilling program designed to test the vertical and lateral extent of base metal and silver mineralised lodes, which were previously drilled in 2014.

Best drilling results from the program are summarised in the following table.

Hole ID	Best Results
SG 01 **(83m length)**	**43.3m (from 2.40 – 45.7m) @5.06% Zn+Pb, 0.98% Cu, 23.79 g/t Ag and 0.14 g/t Au** inc. 3.8m (from 27.8 – 37.6m) @ 16.78% Zn, 3.85% Pb, 2.13% Cu, 41.84 g/t Ag and 0.22 g/t Au
SG 02 **(110m length)**	**47.6m (from 21.4 – 69.0m) @ 3.91% Zn+Pb, 0.48% Cu, 10.92 g/t Ag and 0.07 g/t Au** inc. 16.4m (from 52.6 – 69m) @5.93% Zn, 2.27% Pb, 0.77% Cu, 17.01% Ag and 0.13 g/t Au
SG 03 **(107m length)**	**102.3 m (from surface) @4.4% Zn+Pb, 0.39% Cu, 88.94 g/t Ag and 0.26 g/t Au** inc. 11.3m (from 3.7 – 15.0m) @ 15.18 % Zn, 8.02% Pb, 1.61% Cu, 597.8 g/t Ag and 1.56 g/t Au inc. 5.7 m (from 44.1 – 50.4m) @9.44% Zn, 7.09% Pb, 0.53% Cu, 155.21 g/t Ag and 0.45 g/t Au
SG 04 **(58m length)**	**44.9m @ 2.91% Zn+Pb, 0.21% Cu, 39.99 g/t Ag and 0.21 g/t Au (8.8m EOH)** inc. 13.2m @5.53% Zn, 2.71% Pb, 0.43% Cu, 94.33 g/t Ag and 0.52 g/t Au.
SG 05 **(40m length)**	**33m @ 6.66% Zn+Pb, 0.33% Cu, 10.67 g/t Ag and 0.05 g/t Au (7m EOH)** inc. 7.2m @20.19% Zn, 7.17% Pb, 0.66% Cu, 30.93 g/t Ag and 0.1 g/t Au
SG 06 **(106m length)**	**99.1m @ 3.59% Zn+Pb, 0.15% Cu, 17.53 g/t Ag and 0.05 g/t Au (6.1m EOH)** inc. 11.2m @ 19.71% Zn, 10.77% Pb, 0.8% Cu, 134.96 g/t Ag and 0.23 g/t Au,

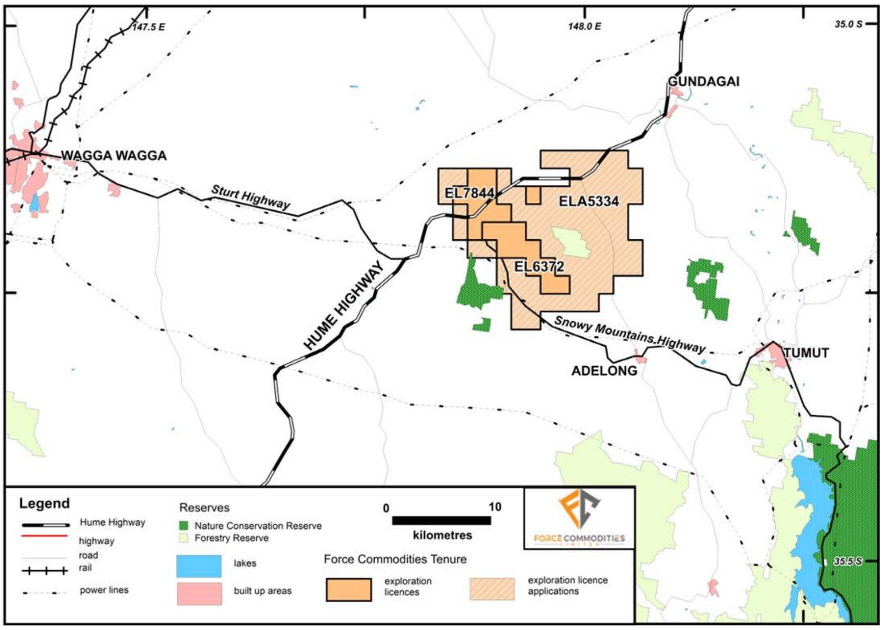
Drilling intersected massive sulphide bands of high grade Zinc (Zn), Lead (Pb), Copper (Cu), Gold (Au) and Silver (Ag). The developing picture at Halls Peak, as shown by these results, is that high grade mineralisation observed at surface and in shallow areas does extend to depth.

Drilling and data interpretation reinforces that Halls Peak has potential for:

- development of multiple shallow, small-scale, high grade deposits, and
- a larger-scale sulphide deposit at depth.

Mount Adrah Gold Project (99.5% owned)

The Mt Adrah Gold Project is located approximately 400 km SW of Sydney, 30 km E of the regional centre of Wagga Wagga and approximately 25 km NW of the township and historic gold mining centre of Adelong.



Location Map: Mt. Adrah Gold Project, NSW, Australia.

The Project has been the subject of historic drilling. A resource estimate was completed in 2013 for the Hobbs Pipe deposit of 20.5 Mt at 1.1 g/t, for 765,900 oz of gold. The mineral resource is summarised in the table below:

Classification	Material	COG Au (g/t)	Tonnage (Mt)	Grade Au (g/t)	Contained AU (oz)
Indicated (surface to 150m depth)	Oxide	0.4	0.6	0.9	17,800
Indicated (surface to 150m depth)	Primary	0.9	3.0	1.0	95,800
Indicated (150m to 700m below surface)	Primary	0.9	8.5	1.2	324,000
Total Indicated			**12.1**	**1.1**	**437,600**
Inferred (surface to 150m depth)	Primary	0.5	0.2	0.6	39,000
Inferred (150m to 700m below surface)	Primary	0.9	8.2	1.1	289,300
Total Inferred			**8.4**	**1.1**	**328,300**
Total			**20.5**	**1.1**	**765,900**

Table: Mt Adrah - Hobbs Pipe Mineral Resource by classification (30 December 2013)

Notes:
1 The Mineral Resource is reported in accordance with the JORC Code, 2012.
2 All Mineral Resource tonnes have been rounded to the nearest 100,000 tonnes.
3 Ounces have been rounded to two significant figures.
4 COG is an abbreviation for cut-off grade.
5 A top cut / top cap of 5 g/t gold has been used to reduce 8 composited samples to 5 g/t gold.
6 The Mineral Resource has been reported with a 0.4 g/t gold cut-off grade for oxide material and 0.5 g/t gold cut-off grade for primary material, from surface to a depth of 150 m below surface. From 150 m below surface to 700 m below surface a higher cut-off grade of 0.9 g/t gold has been used. The different cut-off grades used take into account potential for use of different mining methods and oxidation states of the mineralisation.

During the financial year, a two hole drill program totalling ~580 metres was completed with the aim of targeting high grade mineralisation below the White Deer Reef's historic surface workings, including shafts, adits and pits, and above a high-grade intersection of 1.2 metres at 58.6 g/t Au from 624 metres downhole, being approximately 550 metres vertically beneath the historic surface workings.

The White Deer Reef is located approximately 400 metres NE of the Hobbs Pipe gold deposit and is interpreted to be derived from the same mineralising event as Hobbs Pipe.

The program also aimed to target other potential reefs and veins with no surface expression between Hobbs Pipe and White Deer Reef.

The assays received showed that the drill holes intersected discrete veins lying within a broader zone of alteration (all mineralised) with a best result of 1.0m @ 7.52% Au. The gold mineralisation is interpreted to be the depth extension of White Deer Reef mineralisation.

As recently announced, the Company has entered into an agreement to dispose of the Mount Adrah Gold Project which agreement remains subject to due diligence.

Clayton Valley Lithium Project

In 2016 the Company resolved to spin-off the Clayton Valley Lithium project into the newly formed public company named Marquee Resources Limited.

In March 2017, Marquee Resources Limited listed on the Australian Stock Exchange (ASX Code: MQR).

The Company retains an ownership interest in Marquee Resources Limited of 2,250,000 shares representing an ownership interest of 11.32%.

Annual Review of Mineral Resources

There has been no change during the 2017 financial year to the Mineral Resources previously reported.

Exploration Results, Mineral Resources and Ore Reserve Estimation Governance Statement

Force Commodities Limited ensures that Exploration results and Mineral Resource estimates are subject to appropriate levels of governance, internal controls and external independent review. The Exploration results and Mineral Resource estimation of the Company's projects are subject to appropriate procedural controls and systematic internal and external technical review by competent and qualified professionals on an as needed basis. These reviews have not identified any material issues undertaken as part of a formal risk assessment. The Company periodically reviews the governance framework in line with the business expectations.

The Mineral Resource table in this report is undertaken in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC) 2012 Edition. Competent persons named by the Company are members of the Australian Institute of Mining and Metallurgy and are qualified as competent persons as defined in the JORC Code.

Qualifying Statements

Kitotolo Lithium Project

The information in this report that relates to sampling techniques and data, exploration results, geological interpretation and Exploration Targets, Mineral Resources or Ore Reserves in relation to the Kitotolo Lithium Project has been compiled by Mr James Sullivan is a member of the Australian Institute of Geoscientists. Mr Sullivan is engaged by Force Commodities as a consultant geologist.

Mr Sullivan has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Sullivan consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Kanuka Lithium Project

The information in this report that relates to sampling techniques and data, exploration results, geological interpretation and Exploration Targets, Mineral Resources or Ore Reserves in relation to the Kitotolo Lithium

Project has been compiled by Mr James Sullivan is a member of the Australian Institute of Geoscientists. Mr Sullivan is engaged by Force Commodities as a consultant geologist.

Mr Sullivan has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Sullivan consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Halls Peak Base Metal Project

The information in this report that relates to Exploration Results in relation to the Halls Peak Base Metals Project is extracted from an ASX Announcement dated 29 December 2016, (see ASX Announcement – 29 December 2016 "Final Assay results Confirm Extensive High Grade Zinc and lead Mineralisation – Up to 46% Zinc and 27% Lead", www.forcecommodities.com.au and www.asx.com.au).

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 and that all material assumptions and technical parameters underpinning the Exploration Results in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

Mt Adrah Gold

The information in this report that relates to Mineral Resources in relation to the Mt Adrah Gold Project is extracted from an ASX Announcement dated 27 December 2013, (see ASX Announcement – 27 December 2013 "Hobbs Pipe – Mineral Resource Update Additional Information", www.forcecommodities.com.au and www.asx.com.au).

The information in this report that relates to Exploration Results in relation to the Mt Adrah Gold Project is extracted from an ASX Announcement dated 27 July 2016, (see ASX Announcement – 20 July 2018 "Mt Adrah Gold Project Update", www.forcecommodities.com.au and www.asx.com.au).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the Exploration Results or Minerals Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

Corporate

The following timeline of events summarises the major corporate activities and initiatives during the past financial year:

- ❖ in January 2017, the Company completed a Placement of 37,924,800 shares at $0.025 per share to raise $948,120 before costs for exploration and working capital purposes;
- ❖ in February 2017, the Company appointed Mark Darras as non-executive Chairman and Alistair Stephens as an Executive Director, simultaneously Mr Charles Thomas resigned as non-executive Chairman;
- ❖ in March 2017, the Company appointed Peter Smith as a non-executive Director, simultaneously Mr Rocco Tassone resigned as a Director;
- ❖ in May 2017, Mr Mark Darras and Mr Peter Smith resigned as directors and Mr Stephens retired as a Director as a consequence of shareholders voting against his re-appointment at the Company's Annual General Meeting held on 31 May 2017;
- ❖ in June 2017, the Company appointed David Sanders as non-executive Chairman and Mr Jason Brewer as a non-executive Director;
- ❖ in July 2017, the Company completed a Placement of 53,666,666 shares at $0.015 per share to raise $805,000 before costs for exploration and working capital purposes;
- ❖ in August 2017, the Company executed a binding Heads of Agreement (HOA) over the Kitotolo and Kiambi Lithium Projects in DRC;
- ❖ in October 2017, the Company held a general meeting of shareholders. Resolutions were approved in relation to the issue of shares under the HOA, issue of options to directors, approval of Employee Share Option Plan, and a replacement constitution.
- ❖ in October 2017, the Company formally advised its intention to proceed with the Kitotolo Lithium Project joint venture;
- ❖ in November 2017, the Company commenced exploration activity at its Kitotolo Lithium Project;
- ❖ in December 2017, the Company formally advised its intention not to proceed with the Kiambi Lithium Project joint venture;
- ❖ in December 2017, the Company executed a binding Heads of Agreement (HOA) over the Kanuka Lithium Production Project; and
- ❖ also in December 2017, the Company completed a Placement of 60,000,000 shares at $0.05 per share to raise $3 million so as to fund its exploration plans and for working capital purposes.

INFORMATION ON DIRECTORS

David Sanders	**Non-Executive Chairperson (*appointed 6 June 2017)***
Qualifications	B.Juris, BCom, LLB (Hons)
Experience	Mr Sanders is a principal of the legal firm Bennett + Co and has practised as a lawyer for over 25 years principally in the areas of corporate and commercial law. Mr Sanders has extensive board experience having served as a director numerous public and private companies.
Special Responsibilities	Nil
Interest in Shares and Options	5,000,000 options (directly)
Current Directorships of other ASX Listed Companies	Pura Vida Energy NL
Former Directorships of other ASX Listed Companies in the Last Three Years	Tungsten Mining Ltd (resigned 31 March 2015) Quickflix Limited (resigned 31 March 2016) Marencia Energy Ltd (retired 23 November 2017) World Titanium Resources Limited (delisted 30 January 2017)

Jason Brewer	**Managing Director (*appointed 19 February 2018*)**
Qualifications	M.Eng (Hons) ARSM
Experience	Mr Brewer has over 18 years' international experience in the natural resources sector and in investment banking. He has extensive experience in delivery of African projects and has significant experience as an ASX company director.
Special Responsibilities	Nil
Interest in Shares and Options	Nil
Current Directorships of other ASX Listed Companies	Vector Resources Limited Winmar Resources Limited Tao Commodities Limited
Former Directorships of other ASX Listed Companies in the Last Three Years	Cape Lambert Resources Ltd International Goldfields Ltd (resigned September 2016) Black Mountain Resources Limited (resigned 31 January 2017) Kupang Resources Limited (resigned 14 December 2016)

Gedeon Pelesa	**Non-Executive Director (*appointed 17 October 2017*)**
Qualifications	M.Eng (Mining) Lubumbashi University
Experience	Mr Pelesa is a mining engineer with over 10 years' experience in mineral exploration projects including senior roles with Xstrata and Glencore in the DRC.
Special Responsibilities	Nil
Interest in Shares and Options	Nil
Current Directorships of other ASX Listed Companies	Vector Resources Limited
Former Directorships of other ASX Listed Companies in the Last Three Years	Nil

Patrick Glovac	**Non-Executive Director (*resigned 17 October 2017*)**
Qualifications	B Com, Murdoch University
Experience	Mr Glovac is an Executive Director of GTT Ventures Pty Ltd, a boutique corporate advisory firm based in Western Australia. From 2003 to 2014, Mr Glovac worked as an Investment Adviser for Bell Potter Securities Ltd focussing on high net worth clients & corporate advisory.
Special Responsibilities	Nil
Interest in Shares and Options	Nil
Current Directorships of other ASX Listed Companies	Tao Commodities Limited Cirrus Networks Holdings Ltd Robo 3D Limited
Former Directorships of other ASX Listed Companies in the Last Three Years	GB Energy Ltd The Search Party Ltd (formerly Applabs Technologies) Marquee Resources Limited

Mark Darras	**Non-Executive Chairperson (*resigned 31 May 2017)***
Qualifications	LLM, BA, LLB, BEd
Experience	Mr Darras for the most part of his professional life has worked as a practising lawyer principally in the areas of corporate advisory, commercial and corporate governance law. Mr Darras has extensive board experience having served on boards such as Australia Post, John Holland Engineering, John Holland Queensland, the Forestry Corporation and Amanie Advisors. Mr Darras has worked in various sectors including infrastructure, mining and resources, fast moving consumer goods and government. Mr Darras is a past a member of the Takeovers Panel.
Special Responsibilities	Nil
Interest in Shares and Options	Nil
Former Directorships of other ASX Listed Companies in the Last Three Years	Nil

Alistair Stephens	**Executive Director (*retired 31 May 2017*)**
Qualifications	Masters of Business Administration Bachelor of Science (Honours) Graduate of the Australian Institute of Company Directors (GAICD)
Experience	Mr Stephens is a qualified geologist with more than 30 years' experience in the resources industry, in a broad range of technical and corporate management, including corporate governance, strategic development and delivery, technical program development, marketing, shareholder communications and capital funding.
Special Responsibilities	Nil
Interest in Shares and Options	Nil
Current Directorships of other ASX Listed Companies	Globe Metals and Mining Limited
Former Directorships of other ASX Listed Companies in the Last Three Years	Nil

Peter Smith	**Non-Executive Director (*retired 31 May 2017*)**
Qualifications	FAusIMM, MBA USQ
Experience	Mr Smith is a highly experienced mining industry executive having held a number of senior positions with industry heavyweights Rio Tinto, WMC Resources, Lihir Gold and Newcrest Mining during a career spanning 40 years.
Special Responsibilities	Nil
Interest in Shares and Options	Nil
Current Directorships of other ASX Listed Companies	Nil
Former Directorships of other ASX Listed Companies in the Last Three Years	Nil

Rocco Tassone	**Executive Director (*resigned 27 March 2017*)**
Qualifications	B.Bus, Curtin University
Experience	Mr Tassone is an Executive Director of GTT Ventures Pty Ltd, a boutique corporate advisory firm based in Western Australia. Prior to joining GTT, Mr Tassone worked as an Investment Adviser for Bell Potter Securities Ltd for approximately 8 years focussing on institutional dealing, high net worth clients and corporate advisory.
Special Responsibilities	Chief Executive Officer
Interest in Shares and Options	4,375,000 options (directly)
Current Directorships of other ASX Listed Companies	Nil
Former Directorships of other ASX Listed Companies in the Last Three Years	xTV Networks Limited, Lepidico Ltd (formerly Platypus Minerals Ltd) The Search Party Ltd (formerly Applabs Technologies) Marquee Resources Limited

Charles Thomas	**Non-Executive Director (*resigned 28 February 2017)***
Qualification	BCom – University of Western Australia
Experience	Mr Thomas is an Executive Director of GTT Ventures Pty Ltd, a boutique corporate advisory firm based in Western Australia. Between 2009 and 2014, Mr Thomas worked as an Investment Adviser for Bell Potter Securities Ltd focussing on high net worth clients & corporate advisory. Prior to this, Mr Thomas worked for State One Stockbroking for a period of approximately 3 years.
Special Responsibilities	Nil
Interest in Shares and Options	Nil
Current Directorships of other ASX Listed Companies	Marquee Resources Ltd
Former Directorships of other ASX Listed Companies in the Last Three Years	AVZ Minerals Ltd, Cirrus Networks Holdings Ltd, xTV Networks Limited, The Search Party Ltd (formerly Applabs Technologies)

MEETINGS OF DIRECTORS

The number of Directors' Meetings and the number of meetings attended by each of the Directors of the Company during the financial year were:

	Directors Meetings	
Directors	**Held Whilst in Office**	**Attended**
David Sanders	9	9
Jason Brewer	9	9
Gedeon Pelesa	2	1
Patrick Glovac	12	11
Mark Darras	4	4
Alistair Stephens	4	4
Peter Smith	3	3
Rocco Tassone	1	1
Charles Thomas	1	1

REMUNERATION REPORT - AUDITED

This remuneration report outlines the remuneration arrangements of the Group for the year ended 31 December 2017 in accordance with the requirements of Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by Section 308(3C) of the Act.

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 Group, directly or indirectly, including any director (whether executive or otherwise) of the parent.

For the purposes of this report, the term "executive" includes the Managing Director (MD), executive directors (where applicable) and senior executives of the Group.

A. Remuneration Governance

The Board of Directors is responsible for the remuneration practices of the Group.

The Board of Directors has determined that a separate Remuneration Committee is not necessary at this time due to the size of the Group and the scale and nature of its operations.

B. Remuneration Policy

The remuneration policy of the Group has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific incentives, from time to time, that are based on share price and key performance areas affecting the Group's financial results.

The Board of Directors of Force believes the remuneration policy is appropriate and effective in its ability to attract, retain and motivate suitably qualified and experienced Directors and executives to run and manage the Group, as well as create goal congruence between the Directors, executives and the Company's shareholders.

C. Remuneration Arrangements

All executives receive a base salary or allowance (which is based on factors such as length of service and experience). Executive remuneration may also incorporate a component of performance based remuneration.

The Board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Non-executive directors are remunerated at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000)

The Board of Directors may exercise discretion in relation to approving incentives, bonuses and options.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options are independently valued by corporate advisers using the Black-Scholes method.

D. Performance Based Remuneration

The Company believes that linking the remuneration of Directors and executives with performance will be effective in increasing shareholder wealth.

From time to time, the Board of Directors may establish performance targets and a bonus system for the purposes of providing directors and executives with short-term and long-term performance incentives. Such incentives are offered to increase goal congruence between shareholders and directors and executives.

During the financial year there were no incentive programs in place, apart from options which were issued to Messrs Sanders, Brewer and Glovac in October 2017, pursuant to shareholder approval, and options issued to James Sullivan and Michael Fry under the Company's Employee Share Option Plan in November 2017. The options were not based on a percentage of salary. The Board of Directors issued the options as an incentive.

Options granted to directors and key management personnel do not have performance conditions. As such, the Group does not have a policy for directors and key management personnel removing the "at risk" aspect of options granted to them as part of their remuneration.

E. Performance Summary

The tables below set out summary information about Force's earnings and movements in shareholder wealth for the five years to 31 December 2017:

	31 December 2017 $'000	31 December 2016 $'000	31 December 2015 $'000	31 December 2014 $'000	31 December 2013 $'000
Other Income	304	1,040	100	165	1,433
Comprehensive loss before tax	(4,651)	(1,690)	(6,735)	(17,063)	(1,640)
Comprehensive loss after tax	(4,651)	(1,690)	(6,735)	(17,063)	(1,640)

	31 December 2017 $'000	31 December 2016 $'000	31 December 2015 $'000	31 December 2014 $'000	31 December 2013 $'000
Share price at start of year	$0.030	$0.022	$0.052	$1.26	$1.71
Share price at end of year	$0.080	$0.030	$0.022	$0.052	$1.26
Dividend	-	-	-	-	-
Basic (loss) per share	($0.019)	($0.010)	($0.011)	($0.089)	($0.012)
Diluted /(loss) per share	($0.019)	($0.010)	($0.011)	($0.089)	($0.012)

F. No Hedging Contracts

The Company does not permit executives to enter into contracts to hedge their exposure to options or performance rights to shares granted as part of their remuneration package.

G. Securities Trading Policy

The Board has in place a Securities Trading Policy to ensure that:

- any dealings in securities by the Directors, employees and contractors comply with legal and regulatory obligations (including the prohibition against insider trading); and
- the Company maintains market confidence in the integrity of dealings in its securities.

H. Details of Remuneration

Compensation of key management personnel for the year ended 31 December 2017

2017	SHORT-TERM BENEFITS			POST EMPLOY-MENT	SHARE-BASED PAYMENT	TOTAL	SHARE-BASED PAYMENT
	Salary & Fees	Termination Payment	Other	Super-annuation	Options	$	as a % of TOTAL
Directors							
David Sanders – Chairman (i)	31,962	-	-	3,036	114,550	149,548	77%
Jason Brewer – Managing Director (ii)	27,000	-	-	-	114,550	141,550	81%
Gedeon Pelesa – Non-Executive Director (iii)	10,000	-	-	-	-	10,000	0%
Patrick Glovac – Non-Executive Director (iv)	130,076	-	-	5,423	114,550	250,049	46%
Mark Darras – Chairman (v)	21,723	-	-	-	-	21,723	0%
Alistair Stephens – Executive Director (vi)	49,002	-	-	-	-	49,002	0%
Peter Smith – Non-Executive Director (vii)	5,000	-	-	-	-	5,000	0%
Rocco Tassone - Executive Director (viii)	93,109	91,324[1]	-	17,468	-	201,900	0%
Charles Thomas - Non-Executive Director (ix)	22,831	34,247[2]	-	5,422	-	62,500	0%
Total remuneration directors 2017	**390,702**	**125,571**	**-**	**31,350**	**343,650**	**891,273**	**39%**
Specified Executives							
Michael Fry – CFO & Company Secretary (x)	150,000	- -	-	- -	89,900	239,900	37%
James Sullivan – Head of Exploration (xi)	36,978	- -	-	- -	89,900	126,878	71%
Henry Kinstlinger – Company Secretary (xii)	27,000	-	-	-	-	27,000	0%
Total remuneration specified executives 2017	**213,978**	**-**	**-**	**-**	**179,800**	**393,778**	**46%**
Total key management personnel 2017	**604,680**	**125,571**	**-**	**31,350**	**523,450**	**1,285,051**	**41%**

(i) Appointed 6 June 2017
(ii) Appointed as a Non-Executive Director on 6 June 2017 and was re-appointed as Managing Director effective 19 February 2018
(iii) Appointed 17 October 2017
(iv) Resigned 17 October 2017
(v) Appointed 28 February 2017; resigned 31 May 2017
(vi) Appointed 28 February 2017; retired 31 May 2017
(vii) Appointed 27 March 2017; resigned 31 May 2017
(viii) Resigned 27 March 2017
(ix) Resigned 28 February 2017
(x) Appointed 3 April 2017
(xi) Appointed 17 October 2017
(xii) Resigned 31 August 2017

1 Under the term of the service agreement with Mr Tassone he was entitled to 12 month's termination or an amount of $191,625. Through negotiation the parties agreed to settle for $100,000 inclusive of superannuation.

2 Under the terms of the service agreement with Mr Thomas, Mr Thomas was entitled to 3 months' fees in lieu of notice being an amount of $37,500 inclusive of superannuation.

Compensation of key management personnel for the year ended 31 December 2016

2016	SHORT-TERM BENEFITS			POST EMPLOY-MENT	SHARE-BASED PAYMENT	TOTAL	SHARE-BASED PAYMENT
	Salary & Fees	Termination Payment	Other	Super-annuation	Options	$	as a % of TOTAL
Directors							
Patrick Glovac - Non-Executive Director	108,493	-	-	10,307	129,500	248,300	52%
Rocco Tassone - Executive Director	155,833	-	17,893	14,804	129,500	318,030	41%
Charles Thomas - Non-Executive Director	108,493	-	-	10,307	129,500	248,300	52%
Simon Bird – Managing Director (i)	22,000	-	-	-	-	22,000	0%
Total remuneration directors 2016	**394,820**	**-**	**17,893**	**35,418**	**388,500**	**836,630**	**46%**
Specified Executives							
Henry Kinstlinger – Company Secretary	36,000	- -	-	- -	18,500	54,500	34%
Benjamin Amzalak – Investor Relations	60,000	-	-	-	18,500	78,500	24%
Francis Choy – CFO (ii)	-	-	-	-	-	-	-
Total remuneration specified executives 2016	**96,000**	**-**	**-**	**-**	**37,000**	**133,000**	**28%**
Total key management personnel 2016	**490,820**	**-**	**17,893**	**35,418**	**425,500**	**969,630**	**44%**

(i) Resigned 28 February 2017
(ii) Retired 30 June 2016

Compensation options granted to key management personnel during the year ended 31 December 2017

During the year, the Company issued the following options to key management personnel:

	Number of Options issued	Black & Scholes Value (i)		
Directors				
David Sanders - Non-Executive Chairman	5,000,000	$114,550		
Jason Brewer – Managing Director	5,000,000	$114,550		
Patrick Glovac - Non-Executive Director	5,000,000	$114,550		
Specified Executives				
James Sullivan – Head of Exploration	2,000,000	$89,900	-	-
Michael Fry – CFO / Company Secretary	2,000,000	$89,900		
Total key management personnel	**19,0000,000**	**$523,450**		

Notes:

(i) the options were valued using the Black & Scholes method. Refer to Note 25 for inputs to determine fair value.

Option Holdings of Directors and Key Management Personnel as at 31 December 2017

The numbers of options over ordinary shares in the company granted under the executive short term incentive scheme that were held during the financial year by each director and the key management personnel of the Group, including their personally related parties, are set out below.

2017	Balance at beginning	Granted as Remuneration	Exercised	Disposed	Holding on Resignation	Balance at 31 December 2017	Exercisable	Not Exercisable
Directors								
David Sanders (i)	-	5,000,000	-	-	-	5,000,000	5,000,000	-
Jason Brewer (ii)	-	5,000,000	-	(5,000,000)	-	-	-	
Gedeon Pelesa (iii)	-	-	-	-	-	-	-	-
Patrick Glovac (iv)	4,375,000	5,000,000	-	-	(9,375,000)	-	-	-
Mark Darras (v)	-	-	-	-	-	-	-	-
Alistair Stephens (vi)	-	-	-	-	-	-	-	-
Peter Smith (vii)	-	-	-	-	-	-	-	-
Rocco Tassone (viii)	4,375,000	-	-	-	(4,375,000)	-	-	-
Charles Thomas (ix)	4,375,000	-	-	-	(4,375,000)	-	-	-
Specified Executives								
Michael Fry (x)	-	2,000,000	-	-	-	2,000,000	2,000,000	-
James Sullivan (xi)	-	2,000,000	-	-	-	2,000,000	2,000,000	-
Henry Kinstlinger (xii)	625,000	-	-	-	(625,000)	-	-	-
Total 2017	**13,750,000**	**19,000,000**	**-**	**(5,000,000)**	**(18,750,000)**	**9,000,000**	**9,000,000**	**-**

(i) Appointed 6 June 2017
(ii) Appointed as a Non-Executive Director on 6 June 2017 and was re-appointed as Managing Director effective 19 February 2018
(iii) Appointed 17 October 2017
(iv) Resigned 17 October 2017
(v) Appointed 28 February 2017; resigned 31 May 2017
(vi) Appointed 28 February 2017; retired 31 May 2017
(vii) Appointed 27 March 2017; resigned 31 May 2017
(viii) Resigned 27 March 2017
(ix) Resigned 28 February 2017
(x) Appointed 3 April 2017
(xi) Appointed 17 October 2017
(xii) Resigned 31 August 2017

Shareholdings of Directors and Key Management Personnel as at 31 December 2017

2017	Balance at Beginning	Acquired	Disposed	Holding on Resignation	Balance at end
Directors					
David Sanders – Non-executive Chairman	-	-	-	-	-
Jason Brewer – Managing Director	-	-	-	-	-
Gedeon Pelesa – Non-Executive Director	-	-	-	-	-
Mark Darras – Chairman (i)	-	-	-	-	-
Alistair Stephens – Executive Director (ii)	-	-	-	-	-
Patrick Glovac - Non-Executive Director (iii)	16,287,324	-	-	(16,287,324)	-
Peter Smith – Non-Executive Director (iv)	-	-	-	-	-
Rocco Tassone - Executive Director (v)	6,708,334	-	-	(6,708,334)	-
Charles Thomas - Non-Executive Director (vi)	2,919,158	-	-	(2,919,158)	-
Total directors 2017	**25,914,816**	-	-	**(25,914,816)**	**-**
Specified Executives					
Michael Fry – Chief Financial Officer	-	2,750,000	(1,000,000)	-	1,750,000
James Sullivan – Head of Exploration	-	-	-	-	-
Henry Kinstlinger – Company Secretary (vii)	- 1,250	-	- -	- (1,250)	-
Total specified executives 2017	**1,250**	**2,750,000**	**(1,000,000)**	**(1,250)**	**1,750,000**
Total key management personnel 2017	**25,916,066**	**2,750,000**	**(1,000,000)**	**(25,916,066)**	**1,750,000**

(i) Resigned 31 May 2017
(ii) Retired 31 May 2017
(iii) Resigned 17 October 2017
(iv) Resigned 31 May 2017
(v) Resigned 27 March 2017
(vi) Resigned 28 February 2017
(vii) Resigned 31 August 2017

All equity transactions with key management have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

I. Service Agreements

David Sanders - Chairman (appointed 6 June 2017)
The key terms of Mr Sanders' service contract are:

- Non-Executive Director fee of $60,000 per annum.
- No notice period.
- No termination benefit entitlement.

Jason Brewer – Managing Director (appointed 19 February 2018)
The key terms of Mr. Brewer's service contract are:

- Managing Director fee of $180,000 per annum.
- Short-term incentive: up to 50% of annual fee subject to achievement of agreed KPIs.
- Long-term benefit: 1.8m shares over 3 years (to be approved by shareholders).
- Notice period of 6 months.
- No termination benefit entitlement.

Gedeon Pelesa – Non-Executive Director (appointed 17 October 2017)
The key employment terms of Mr Pelesa's service contract are:

- Non-Executive Director fee of $48,000 per annum.
- No notice period.
- No termination benefit entitlement.

Michael Fry – CFO / Company Secretary (appointed 3 April 2017)
The key terms of Mr Fry's service contract are:

- Annual fee of $120,000 per annum
- Expiry date of 31 October 2018
- 3 month notice period.
- No termination benefit entitlement.

James Sullivan – Head of Exploration (appointed 17 October 2017)
The key terms of Mr Sullivan's service contract are:

- Annual fee of US$165,000 per annum
- 4 week's notice period.
- No termination benefit entitlement.

End of audited remuneration report

DIRECTORS' REPORT *continued*

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group proposes to continue its exploration activities across its various mineral industry interests. Other than the information disclosed in this report, further information in relation to likely developments and the impact on the operations of the Group has not been included.

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Class	Date options granted	Expiry Date	Exercise Price	No. of options
Options	31 May 2016	30 June 2019	$0.032	6,250,000
Options	12 October 2017	30 June 2019	$0.032	20,166,662
Options	12 October 2017	30 June 2019	$0.035	10,000,000
Options	5 August 2016	5 August 2019	$0.048	937,500
Options	14 November 2017	1 July 2020	$0.060	2,000,000
Options	14 November 2017	1 July 2020	$0.080	2,000,000
				41,354,162

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, apart from:

<u>Issue of 67,500,000 fully paid ordinary shares to LAPL pursuant to HOA on Kitotolo Lithium Project</u>

On 14 February 2018, the Company issued 67,500,000 shares to Lithium Age Pty Ltd and its nominees pursuant to the conditions precedent set out in the binding Heads of Agreement for the Kitotolo Lithium Project having been satisfied.

<u>Appointment of Mr Jason Brewer as Managing Director</u>

On 16 February 2018, the Company announced the appointment of Jason Brewer as its Managing Director effective from 19 February 2018. Prior to his appointment as Managing Director, Mr Brewer was a Non-Executive Director of the Company (appointed on 6 June 2017).

<u>Conditional Agreement to sell the Mt Adrah Gold Project Tenements</u>

On 16 March 2018, the Group entered into an agreement to dispose of its Mt Adrah Gold Project tenements, being tenements EL6372 (owned by Tasman Goldfields NSW Pty Ltd), and EL7844 and EL8606 (owned by Mount Adrah Gold Limited), for consideration of up to $500,000 in cash and shares.

The agreement is conditional upon due diligence being completed by the purchaser to its satisfaction and the obtaining of all necessary consents and approvals (Conditions Precedent). These Conditions Precedent are required to be completed by 16 April 2018, or such later date agreed by the parties.

Under the terms of the agreement, the Company will receive $250,000 in cash within 5 Business Days of satisfaction of the Conditions Precedent plus a further $250,000 in shares, or $100,000 in cash plus options equal to 5% of the issued capital in the acquirer's entity, upon that entity completing an initial public offering (IPO).

<u>Execution of Kanuka Lithium Production Project Joint Venture</u>

On 27 March 2018, the Group executed the Kanuka Lithium Production Project Joint Venture documentation entitling it to a 51% interest in the joint venture.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in respect of its exploration activities as follows:

- The Company's operations in the State of New South Wales involve exploration activities. These operations are governed by the *Environment Planning and Assessment Act 1979*.
- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.
- The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.
- To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

Environmental code of practice for mineral exploration

The Company is committed to conducting its exploration programs by following industry best practice in accordance with published government guidelines and codes.

The following policy is specific to gold exploration on the Company's exploration projects.

Access to land

Prior to the commencement of any work, the Company makes contact with landholders/leaseholders and discusses the general aims and types of work likely to be conducted.

Discussion with landowners, leaseholders and Native Title Claimants is ongoing. It commences prior to any work being conducted and continues throughout the program and beyond the cessation of exploration work.

The Company establishes conditions of access with landholders and where practicable, signs a written access agreement that sets out conditions and includes a schedule of agreed compensation payments.

The Company endeavours to provide landholders with ample warning prior to commencing any work and landholders are kept informed upon commencement, during and upon completion of an exploration program.

Type of land

The type of land is determined and its inhabitants are assessed to identify areas of particular environmental concern including identification of sensitive areas or areas prone to erosion, water catchment, heritage sites, and areas home to vulnerable and endangered species.

Land use is taken into consideration and land under cultivation is not disturbed without the express consent of the landholder.

Mineral exploration programs

Access

The Company utilises existing tracks for access where possible.

Climatic conditions are considered when assessing areas to avoid access during extreme conditions such as during bush fire risk during hot, windy conditions and damage to tracks after heavy rain.

Surface disturbances are kept to a minimum.

Drilling

Drilling programs include rehabilitation and where possible holes are positioned in areas requiring little or no clearing. Small, manoeuvrable drill rigs are used to minimise the need for track clearing and to reduce ground compaction. Where required, topsoil is removed and stored separately so that it can be replaced during rehabilitation of the site. Ground sheets are used where required to avoid oil/fuel spills contaminating the soil.

Rehabilitation

Drill sites are rehabilitated as soon as practicable and drill holes are filled and capped where necessary. Landholders are asked to confirm at the end of each program that exploration has been conducted to their satisfaction and that sites have been rehabilitated.

INDEMNIFYING OFFICERS OR AUDITOR

The Group has agreed to indemnify all the directors and executive officers for any costs or expenses that may be incurred in defending civil and criminal proceedings that may be brought against them in their capacity as directors and officers for which they may be held personally liable.

A confidentiality clause in the insurance contract prohibits disclosure of the amount of the premium and the nature of insured liabilities.

The Company has not entered into any agreement to indemnify BDO Audit (WA) Pty Ltd against any claims by third parties arising from their report on the annual financial report.

AUDITOR

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Details of the amounts paid or payable to the auditor BDO Audit (WA) Pty Ltd and related entities for audit and non-audit services provided during the year are set out in Note 6 to the financial Statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 24.

Signed in accordance with a resolution of the Board of Directors.

DAVID SANDERS
CHAIRMAN

Dated this 30th day of March 2018

CORPORATE GOVERNANCE STATEMENT

Force Commodities Limited and its controlled entities (the Group) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

ASX Listing Rule 4.10.3 requires listed companies to disclose the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. The Company has disclosed this information on its website at https://forcecommodities.com.au/corporategovernance. The Corporate Governance Statement is current as at 31 December 2017, and has been approved by Directors.

The Company website at www.forcecommodities.com.au contains a corporate governance section that includes copes of the Company's corporate governance charters and policies.

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF FORCE COMMODITIES LIMITED

As lead auditor of Force Commodities Limited for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Force Commodities Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Continuing Operations			
Other Income	4	**303,940**	1,040,313
Administration and exploration expenses	5	**(2,071,157)**	(2,758,644)
Finance costs	5	**(5,746)**	39,565
Impairment of exploration asset	12	**(2,878,351)**	(11,651)
(Loss) before tax		**(4,651,314)**	(1,690,417)
Income tax expense	7(a)	**-**	-
Net (Loss) for the year		**(4,651,314)**	(1,690,417)
Profit attributable to owners		**(4,630,597)**	(1,689,250)
Non-controlling interests		**(20,717)**	(1,167)
Total comprehensive loss		**(4,651,314)**	(1,690,417)

(Loss) per share attributable to ordinary holders of the Company:			
		Cents	Cents
Basic and diluted (loss) per share (cents)	20	**(1.94)**	(1.04)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	Consolidated 2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**3,524,376**	676,478
Trade and other receivables	9	**308,302**	417,424
Financial assets	10	**637,500**	65,639
Available for sale	12	**-**	332,991
Total current assets		**4,470,178**	1,492,532
Non-current assets			
Prepayment	11	**6,068,758**	-
Exploration & Evaluation	12	**-**	2,669,434
Plant and equipment	14	**7,893**	8,622
Total non-current assets		**6,076,651**	2,678,056
Total Assets		**10,546,829**	4,170,588
LIABILITIES			
Current liabilities			
Trade and other payables	15	**119,756**	297,823
Employee benefits provision	16	**35,729**	17,893
Total current liabilities		**155,485**	315,716
Non-current liabilities			
Other payable	15	**-**	20,000
Total non-current liabilities		**-**	20,000
Total Liabilities		**155,485**	335,716
Net Assets		**10,391,344**	3,834,872
EQUITY			
Issued capital	17	**34,796,331**	29,706,305
Reserves	18	**8,052,711**	3,681,761
Accumulated losses		**(34,183,021)**	(29,552,424)
		8,666,021	3,835,642
Non-Controlling interest		**1,725,323**	(770)
Total Equity		**10,391,344**	3,834,872

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2017

Consolidated	Notes	**Issued Capital**	**Reserves**	**Accumulated Losses**	**Non-Controlling Interest**	**Total Equity**
		$	**$**	**$**	**$**	**$**
Balance at 1 January 2017		**29,706,305**	**3,681,761**	**(29,552,424)**	**(770)**	**3,834,872**
Loss for the year		**-**	**-**	**(4,630,597)**	**(20,717)**	**(4,651,314)**
Total comprehensive loss for the period		**-**	**-**	**(4,630,597)**	**(20,717)**	**(4,651,314)**
Transactions with owners in their capacity as owner						
Transactions with non-controlling interests	24	**-**	**-**	**-**	**1,746,810**	**1,746,810**
Issue of securities	17	**5,170,453**	**-**	**-**	**-**	**5,170,453**
Security Issue costs	17	**(80,427)**	**-**	**-**	**-**	**(80,427)**
Issue of Shares as consideration for Asset Acquisition	13	**-**	**3,847,500**	**-**	**-**	**3,847,500**
Share Based Payments	26	**-**	**523,450**	**-**	**-**	**523,450**
		5,090,026	**4,370,950**	**-**	**1,746,810**	**11,207,786**
Balance at 31 December 2017		**34,796,331**	**8,052,711**	**(34,183,021)**	**1,725,323**	**10,391,344**
Balance at 1 January 2016		28,266,147	2,658,887	(27,863,174)	526,771	3,588,631
Loss for the year		-	-	(1,689,250)	(1,167)	(1,690,417)
Total comprehensive loss for the period		-	-	(1,689,250)	(1,167)	(1,690,417)
Transactions with owners in their capacity as owner						
Transactions with non-controlling interests	19	-	526,374	-	(526,374)	-
Issue of securities	17	1,273,879	-	-	-	1,273,879
Security Issue costs	17	(22,621)	-	-	-	(22,621)
Share Based Payments	26	188,900	496,500	-	-	685,400
		1,440,158	1,022,874	-	(526,374)	1,936,658
Balance at 31 December 2016		29,706,305	3,681,761	(29,552,424)	(770)	3,834,872

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2017

	Notes	Consolidated 2017 $	2016 $
Cash flows from operating activities			
Interest Received	4	**16,602**	90,191
Other Income		**18,351**	80,400
Payments to suppliers and employees		**(1,912,388)**	(1,379,156)
Interest paid		**(5,746)**	-
R&D grant (net of costs)	4	**88,987**	744,722
Net cash (used in) operating activities	21	**(1,794,194)**	(463,843)
Cash flows from investing activities			
Proceed from sale of investment		**125,000**	21,768
Payment for exploration and evaluation expenditure		**(868,709)**	(1,248,686)
R&D Grant offset against exploration and evaluation		**125,887**	1,172,922
Proceeds from sale of plant and equipment		**13,636**	-
Payment for plant and equipment		**(3,248)**	(7,724)
Redemption of performance bonds		**77,000**	-
Redemption/(payment) for term deposit		**90,000**	(90,000)
Payment for equity investments		**(7,500)**	(19,555)
Net cash (used in) investing activities		**(447,934)**	(171,275)
Cash flows from financing activities			
Proceeds from issue of shares	17	**5,170,453**	1,273,879
Share issuing cost	17	**(80,427)**	(22,622)
Net cash provided by financing activities		**5,090,026**	1,251,257
Net increase in cash held		**2,847,898**	616,139
Cash and cash equivalents at beginning of the financial year		**676,478**	60,339
Cash and cash equivalents at Cash end of the financial year	8	**3,524,376**	676,478

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporation Act 2001*.

(i) Statement of Compliance

This financial report complies with Australian Accounting Standards which include International Financial Reporting Standards as adopted in Australia. Compliance with these standards ensures that the consolidated financial statements and notes as presented comply with the International Financial Reporting Standards (**IFRS**).

(ii) Historical cost convention

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except where noted in these accounting policies.

(iii) Going concern

This financial report has been prepared on a going concern basis, which assumes that the Group will be able to meet its commitments, realise its assets and discharge its liabilities in the ordinary course of business.

The Group has cash reserves of ~$3.5 million at 31 December 2017 and has prepared a budget that demonstrates that it has sufficient cash reserves to funds its planned exploration programs over the course of the next fifteen months. If required, the Group has the ability to raise further capital and/or to defer additional exploration expenditure or divest assets in the event that the terms of an equity raising are not considered suitable to the Group.

b. Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Force Commodities Limited (the **parent entity**) as at reporting date and the results of all subsidiaries for the year then ended. Force Commodities Limited and its subsidiaries together are referred to in this financial report as the **Group**.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The financial performance of those activities is included only for the period of the year that they were controlled.

The acquisition method of accounting is used to account for business combinations by the Group (refer (ii) below).

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(iii) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

a) the consideration transferred;
b) any non-controlling interest; and
c) the acquisition date fair value of any previously held equity interests over the acquisition date fair value of net assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The purchase method of accounting is used to account for the acquisitions of subsidiaries by the Group.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group’s cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

c. Share-based Payment Transactions for the acquisition of goods and services

Share-based payment arrangements in which the Group receives goods or services as in exchange for its own equity instruments are accounted for as equity-settled share-based payment transactions. The Group measures the value of equity instruments granted at the fair value of the goods and services received, unless that fair value cannot be measured reliably.

If the fair value of the goods or services cannot be measured reliably, the transaction is measured by reference to the fair value of the instruments granted.

The calculation of fair value of equity instruments at the date at which they are granted is determined using a Black-Scholes option pricing model, calculation of the fair value involves estimations of the relevant inputs to the pricing model.

d. Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost. Financial liabilities in the former category include contingent consideration payable on business combinations, financial liabilities in the latter category include trade payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Fair value is determined based on the value of the entity's equity instruments when the related business combination takes place.

Subsequent measurement

The measurement of financial liabilities depends on the classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are subsequently measured, at each reporting date, at the fair value of the amount estimated to settle the liability. The increase or decrease in the value of the liability, other than the movements in the value of the liability which arise through part settlement of the liability is recognised in the profit or loss.

Financial liabilities at amortised cost

Trade and other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity. Trade accounts payable are normally settled within 60 days.

e. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

f. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Interest Revenue

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

Other Income

Income from other sources is recognised when proceeds or the fee in respect of other products or service provided is receivable. All revenue is stated net of the amount of goods and services tax (**GST**).

Research & Development (R&D) incentives refundable

Companies within the Group may be entitled to claim R&D refundable tax offsets for the investment in qualifying assets. R&D tax incentives are only recognised by the Group when all conditions attached to the R&D incentive have been complied with and the grant will be received. The Group accounts for R&D refundable tax incentives by offsetting the refund against the original expenditure or capitalised evaluation and exploration asset.

g. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly owned entities are part of a tax-consolidated group under Australian taxation law. Force Commodities C Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiary. These amounts are recognised as current intercompany receivables or payables.

h. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where 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 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.

Cash flows are included in the Statement of Cash Flows on a gross basis except for 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.

i. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

k. Trade and other receivables

Trade receivables are recognised initially at original invoice amounts and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

l. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged**,** cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

m. Property, plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight line, over their estimated useful lives, as follows:

- Plant and equipment 5 – 15 years (depreciation rate 6.7% to 20%)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

n. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

o. Tenement exploration, valuation and development costs

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Expenses failing to meet at least one of the aforementioned conditions expensed as incurred.

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are amortised from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

p. Contributed equity

Ordinary shares are classified as equity.

q. Share based payments

Ownership-based remuneration is provided to employees via an employee share option plan.

Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

r. Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than 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.

s. New accounting standards and interpretations

The following new accounting standards and interpretations have been issued but are not mandatory for financial year ended 31 December 2017. They have not been adopted in preparing the financial statements for the year ended 31 December 2017 and are not expected to impact the entity in the period of initial application. The Group's assessment of these new standards and interpretations is set out below.

- AASB 9 Financial Instruments. This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 30 (AASB 139) Financial Instruments: Recognition and Measurement. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The consolidated entity will adopt this standard and the amendments from 1 January 2018. However, as the entity does not have any financial liabilities measured at fair value through profit or loss, the amendments are not expected to have any impact for the Company.
- AASB 15 Revenue from Contracts with Customers. This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The nature of the change is that an entity will recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AAS 15 and due to the replacement of AASB 111. As the consolidated entity does not have any revenue from contracts with customers at this time or expected in the foreseeable future, it is anticipated that the amendments will not have any impact for the Company.
- AASB 16 Leases. This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2019. This Standard sets out the principles for the recognition, measurement presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. The consolidated entity will adopt this standard and the amendments from 1 January 2019.

t. Parent Entity Financial Information

The financial information for the parent entity, Force Commodities Limited, has been prepared on the same basis.

u. Accounting policy choice for non-controlling entities

The Group recognises non-controlling interest in an acquired entity either at a fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The decision is made on an acquisition-by-acquisition basis.

2. CRITICAL ACCOUNTING ESTMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amount of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of interest is current. These costs are carried forward in respect of an area which has not at reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The Board and Management have assessed the carrying value of the Exploration and Evaluation Expenditure in relation to the Kitotolo Project and determined that it is not impaired. The Board and Management have assessed the carrying value of the Exploration and Evaluation Expenditure in relation to the Mt Adrah, Halls Peak and Uralla Projects and determined that they are impaired. Refer Note 12 for movements in the exploration and expenditure balance.

(b) Share based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by an internal valuation using a Black-Scholes pricing model. operates in overseas jurisdictions and accordingly is required to comply with the taxation requirements of those relevant countries. This results in the consolidated entity making estimates in relation to taxes including but not limited to income tax, goods and services tax, withholding tax and employee income tax. The consolidated entity estimates its tax liabilities based on the consolidated entity's understanding of the tax law. Where the final outcome of these matters is different from the amounts initially recorded, such differences will impact profit or loss in the period in which they are settled.

(c) Tax in foreign jurisdictions

The Consolidated Entity operates in overseas jurisdictions and accordingly is required to comply with the taxation requirements of those relevant countries. This results in the consolidated entity making estimates in relation to taxes including but not limited to income tax, goods and services tax, withholding tax and employee income tax. The consolidated entity estimates its tax liabilities based on the consolidated entity's understanding of the tax law. Where the final outcome of these matters is different from the amounts initially recorded, such differences will impact profit or loss in the period in which they are settled.

(d) Asset Acquisition

The Consolidated Entity has determined that the acquisition of a controlling interest in the Kitotolo Lithium Project is not deemed a business acquisition. The transaction has been accounted for as an asset acquisition. In assessing the requirements of AASB 3 Business Combinations, the Consolidated Entity has determined that the assets acquired do not constitute a business.

The principal assets acquired consist of the right to explore granted Mining License PE 13247and Exploration Licence PR 12453 in the DRC.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transactions costs of the acquisition are included in the capitalised cost of the asset.

3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise cash and cash equivalents. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the consolidated entity. The consolidated entity also has other financial instruments such as other receivables and creditors which arise directly from its operations. For the year under review, it has been the consolidated entity's policy not to trade financial instruments. The main risks arising from the consolidated entity's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

Consolidated	**Weighted Average Interest Rate**	**Floating Interest Rate**	**Fixed Interest**	**Non-Interest Bearing**	**Total**
	%	**$**	**$**	**$**	**$**
2017					
Financial assets					
Cash and cash equivalents	0.48%	**3,524,376**	-	-	**3,524,376**
		3,524,376	-	-	**3,524,376**

Consolidated	**Weighted Average Interest Rate**	**Floating Interest Rate**	**Fixed Interest**	**Non-Interest Bearing**	**Total**
	%	**$**	**$**	**$**	**$**
2016					
Financial assets					
Cash and cash equivalents	0.58%	**676,478**	-	-	**676,478**
		676,478	-	-	**676,478**

The maturity date for cash included in the above tables is less than one year from the reporting date.

(i) Sensitivity Analysis

The Group's main interest rate risk arises from cash and cash equivalents with various variable interest rates. At 31 December 2017 and 31 December 2016, the Group's exposure to interest rates risk is not deemed material.

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. All cash is held with financial institutions with a credit rating of -AA or above.

The maximum exposure to credit risk at reporting date is as follows:

	Note	**Consolidated 2017**	2016
		$	$
Current			
Cash and cash equivalents	**8**	**3,524,376**	676,478
Trade and other receivables	**9**	**308,302**	417,424
		3,832,678	1,093,902

(c) Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from exploration commitments in currencies other than the Group's presentational currency (Australian dollars).

The Group operates internationally and is exposed to foreign currency exchange risk from currency exposure to the US Dollar (USD). The Group has not yet formalised a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements and retains the right to withdraw from foreign currency commitments.

(i) Sensitivity Analysis

The Group had not by 31 December 2017 established a bank account in the DRC and as such it had nil exposure to foreign currency risk at the end of the reporting period (2016: nil).

(d) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments that is, borrowing repayments. There is no bank borrowing at the reporting date. The Group manages liquidity risk continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the Group aims at ensuring flexibility in its liquidity profile by maintaining the ability to undertake capital raisings. The current trade and other payables are due and payable within 60 days.

Maturity Analysis of Financial Liabilities	**Carrying Amount**	**< 6 mths**	**6 - 12 mths**	**1 - 3 years**	**< 6 mths**	**Contractual Cash Flows**
	$	$	$	$	$	$
Consolidated						
2017						
Financial Liabilities						
Current						
Trade and other payables	**88,756**	**88,756**	**-**	**-**	**-**	**88,756**
Employee Provisions	**35,729**	**35,729**	**-**	**-**	**-**	**35,729**
Accrued payable	**31,000**	**31,000**	**-**	**-**	**-**	**31,000**
Total financial liabilities at amortised cost	**155,485**	**155,485**	**-**	**-**	**-**	**155,485**
2016						
Financial Liabilities						
Current						
Trade and other payables	**78,236**	**78,236**	**-**	**-**	**-**	**78,236**
Employee Provisions	**17,893**	**17,893**	**-**	**-**	**-**	**17,893**
Accrued payable	**219,587**	**219,587**	**-**	**-**	**-**	**219,587**
Non-Current						
Other Liabilities	**20,000**		**-**	**-**	**20,000**	**20,000**
Total financial liabilities at amortised cost	**335,716**	**315,716**	**-**	**-**	**20,000**	**335,716**

(e) Capital risk management

The Group considers its capital to comprise its ordinary share capital and reserves. In managing its capital, the group's primary objectives are to pay dividends and maintain liquidity. These objectives dictate any adjustments to capital structure. Rather than set policies, advice is taken from professional advisors as to how to achieve these objectives. There has been no change in either these objectives, or what is considered capital in the year.

4. OTHER INCOME

	Consolidated	
	2017	2016
	$	$
Other income		
Interest income	**16,602**	90,191
Change in Fair value of assets	**114,364**	-
R&D (previous held subsidiary and tenements)	**88,987**	744,722
Other Expenses Reimbursement	**-**	125,000
Other Refunds	**32,000**	80,400
Sundry income	**38,351**	-
Proceeds on disposal of plant	**13,636**	-
	303,940	1,040,313

5. EXPENSES

(Loss)/profit before income tax includes
the following specific expenses:

Administration and exploration expenses		
Directors fees and related on-costs	**547,623**	446,130
Consulting and professional fees	**663,509**	577,445
Exploration expenses not capitalised	**59,458**	697,476
Depreciation and amortisation	**3,976**	5,048
Share Based Payment	**523,450**	557,900
Other administrative expenses	**273,141**	474,645
	2,071,157	2,758,644
Finance expenses		
Bad debt reversal	**-**	(175,000)
Change in fair value of investments	**-**	123,414
Other expenses	**5,746**	12,021
	5,746	(39,565)

6. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2017	2016
	$	$
Auditing or reviewing the financial statements:		
- BDO Audit (WA) Pty Ltd	**63,493**	49,285
Non assurance services	**23,235**	20,895
	86,748	70,180

7. INCOME TAX

	Consolidated 2017 $	2016 $
a. Income tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
Total income tax expense	-	-
Deferred tax expense		
Increase/(decrease) in deferred tax expense	-	-

b. Numerical reconciliation of income tax expense to prima facie tax payable

	2017	2016
(Loss) from continuing operations before income tax expense	**(4,651,314)**	(1,690,417)
Prima facie tax payable on profit/(loss) Income tax expense/(benefit) calculated at 27.5% (2016:28.5%)	**(1,279,111)**	(481,769)
Permanent differences	**126,640**	366,925
Timing differences not brought to account	**7,981,631**	7,045,161
Tax losses not brought to account	**(6,829,160)**	(6,930,317)
	-	-

c. Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities that have not been recognised in respect of the following items:

	2017	2016
Provisions and accruals	**18,350**	112,296
Capital raising costs recognised directly in equity	**22,117**	38,284
Deferred tax liability in respect of exploration activities not recognised to the extent of unrecognised deferred tax asset	**569,003**	(95,210)
Revenue loss	**3,481,550**	2,953,103
Capital loss	**3,890,610**	4,036,688
	7,981,631	7,045,161

The deferred tax asset on the unused cumulative 2017 tax loss of $12,660,183 (2016: $10,361,764) has not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Group satisfying the requirements imposed by the regulatory authorities. The benefit of deferred tax assets not brought to account will only be brought to account if the conditions for deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely affect the Group in realising the benefit. The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise these benefits.

8. CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	2016
	$	$
Cash at bank and in hand	**3,524,376**	676,478

(a) Cash at bank and in hand

Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.00% and 0.5% (2016: 0.00% and 0.6%). Refer to Note 3 for the Group's exposure to interest rate and credit risk.

9. TRADE AND OTHER RECEIVABLES

		Consolidated	
		2017	**2016**
	Note	**$**	**$**
Current			
Receivables – other parties		**1,180**	125,000
Receivables – tenement deposits (b)		**83,000**	160,000
Receivables - GST		**50,315**	34,287
Term deposit – credit card facility		**-**	90,000
Prepayments		**40,000**	8,137
Other – monies held in trust		**133,807**	-
		308,302	417,424

(a) Impaired receivables and receivables past due.

None of the current receivables are impaired or past due but not impaired.

(b) Receivable – tenement deposit

Largely relates to tenement deposits held with Department of industry NSW.

(c) Interest rate risk

Refer to Note 3 for information about the Group's exposure to interest rate risk in relation to trade and other receivables.

(d) Fair value and credit risk

<u>Current trade and other receivables</u>

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

<u>Non-current trade and other receivables</u>

There were no non-current trade and other receivables.

10. FINANCIAL AND OTHER ASSETS AND FAIR VALUE MEASUREMENT

	Consolidated	
Current	**2017**	2016
	$	$
Investments Listed Securities (at cost)	**784,964**	147,464
Provision for diminution	**(147,464)**	(81,825)
	637,500	65,639

Fair Value Measurement

Fair value hierarchy

The following table details the consolidated entity's assets measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Unobservable inputs for the asset or liability.

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Consolidated 31 December 2017				
Assets				
Financial Assets at fair value through profit or loss	**637,500**	**-**	**-**	**637,500**
	637,500	**-**	**-**	**637,500**
Consolidated 31 December 2016				
Financial Assets at fair value through profit or loss	65,639	-	-	65,639
	65,639	-	-	65,639

11. PREPAYMENT

		Consolidated	
		2017	**2016**
	Note	**$**	**$**
Non-Current			
Prepayment –Project exploration costs		**246,058**	-
Prepayment – Project Acquisition costs	13	**5,822,700**	-
		6,068,758	-

(a) Prepayment – Kitotolo Lithium Project Acquisition Costs

The transfer of licences underlying the Kitotolo Lithium Project from Cominiere SA to the COMFORCE SA joint venture were not recorded in the DRC Mines Department by 31 December 2017.

As a consequence, the acquisition costs and other costs incurred by the company are recognised as a prepayment. Upon the licences being formally recognised under the ownership of COMFORCE SA joint venture the costs will be transferred to exploration and evaluation expenditure. Refer Note 12 for further details.

12. EXPLORATION & EVALUATION

	Consolidated 2017 $	2016 $
Balance at beginning of year	**2,669,434**	3,508,287
Capitalised exploration expenditure	**334,804**	345,722
Clayton Valley exploration asset [(2)]	**-**	332,991
R&D Grant credit	**(125,887)**	(1,172,922)
Impairment expense [(1)]	**(2,878,351)**	(11,651)
Transfer to asset held for sale (Clayton Valley) [(2)]	**-**	(332,991)
Balance at end of year	**-**	2,669,434
Current Asset held for Sale (Clayton Valley) [(2)]	**-**	332,991

[(1)] Impairment indicators in AASB 6 are considered on a project by project basis as at the reporting date i.e. 30 June 2017. Due to compelling expenditure priorities, the Company has no plans at this stage to undertake active and significant operations at its New South Wales projects (Halls Peak, Mt Adrah and Uralla) and on this basis an impairment test was required.

Due to the stage at which the Company's exploration projects are at, and in the absence of an offer to purchase from a third party and because the assets are not traded in an active market there is no basis for making a reliable estimate of the amount obtainable from the sale of any of the projects in an arm's length transaction between knowledgeable and willing parties, the fair value of the exploration projects under Australian Accounting Standards is deemed to be nil. As a consequence, an impairment expense of $2,878,351 has been recognised.

[(2)] On 15 March 2017, the Company concluded the spin-out of the Clayton Valley Lithium Project through Marquee Resources Limited (ASX: MQR) via an initial-public-offering.

The legal transfer of the Project has resulted in the Company being issued with 2,250,000 shares in MQR; reflecting consideration of $450,000 at the $0.20 issue price of the MQR shares.

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the consolidated entity's rights to tenure of the areas of interest;
- the results of future exploration;
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale; and
- no significant changes in laws and regulations that greatly impact the company's ability to maintain tenure.

The Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to indigenous people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

Details of costs capitalised by tenement is as follows as follow:

Tenement No.	**Location**	**% Interest**	**2017 $**	**2016 $**
EL 6483	Rocky River-Uralla	100	-	12,102
EL 4474	Halls Peak	100	-	216,983
EL 7491	Uralla	55	-	21,230
EL 7679	Halls Peak	55	-	5,925
EL 6372	Mt Adrah	99.5	-	3,770
EL 7844	Mt Adrah	99.5	-	2,386,164
EL 8127	Mt Adrah (relinquished)	99.5	-	23,260
			-	2,669,434

13. ASSET ACQUISITION

Acquisition of a 70% interest in the Kitotolo Lithium Project, DRC

On 13 November 2017, the Consolidated Entity executed a joint venture agreement pursuant to which it has acquired a 70% interest in the Kitotolo Lithium Project comprising granted Mining License (PE 13247) and Exploration Licence (PR 12453). The acquisition was completed through the following:

	2017
Purchase consideration	**$**
Cash payments	**228,390**
Equity consideration (67.5m shares at $0.057)	**3,847,500**
	4,075,890
Net assets acquired	
Prepayment	**5,822,700**
Less: Non-controlling interest	**(1,746,810)**
	4,075,890

Kitotolo Lithium Project – Acquisition Terms

Pursuant to its binding Heads of Agreement (HOA) executed with Lithium Age Pty Ltd (LAPL) dated 2 August 2017, Force agreed to pay the following consideration in relation to the acquisition of a 70% interest in the Kitotolo Lithium Project:

Event	**Consideration**	**Relevant Conditions (if any)**
Upon execution of HOA	US $50,000	
by 16 October 2017	US $50,000	
Upon JV execution	US $62,000	upon formal joint venture documents being entered into
Acquisition Shares	67,500,000 Shares	Upon the completion of due diligence, election to proceed, sign off on agreed work program and budget, and transfer of licences
Performance Milestone 1	30,000,000 Shares	Upon issuance of an additional exploration licence prospective for Lithium mineralisation being transferred into the joint venture
Performance Milestone 2	30,000,000 Shares	upon delineation of a Mineral Resource of 15 Million tonnes at a grade of greater than or equal to 1% Li_2O, determined in accordance with JORC Guidelines or NI 43
Production Royalty	1%	on commercial production

During the year, the Company paid cash amounts totalling US $162,000 (being the US $50,000 due upon execution of HOA, the US $50,000 due by 16 October 2017 and the US $50,000 due upon JV execution.)

On 11 November 2017, the consolidated entity and Cominiere SA executed a joint venture agreement in relation to the Kitotolo Lithium Project together with a statutory form instructing the transfer of the licences into the newly incorporated joint venture company – COMFORCE SA (70% Force / 30% Cominiere SA).

Pursuant to the HOA, on 11 November 2017, the Company became obligated to issue the Acquisition Shares (67,500,000 shares in the Company) to LAPL (or its nominees), subject to minor administrative processes.

Those administrative processes were completed to the satisfaction of the Company, and on 14 February 2018, the Company issued 67,500,000 shares to LAPL (and nominees).

For the purposes of assessing fair value of the asset acquisition, fair value of the Acquisition Shares is based on the date the joint venture agreement was executed (on 11 November 2017). On 11 November 2017, the Company's shares were trading at $0.057 (5.7 cents).

The consideration due under Performance Milestone 1, Performance Milestone 2 and the Production Royalty is not due nor is it probable as at 31 December 2017. For this reason it is recognised as a Contingent Liability – refer Note 23.

14. PLANT AND EQUIPMENT

	Consolidated	
	2017	**2016**
	$	**$**
Plant and equipment - at cost	**10,972**	54,423
Less: Accumulated depreciation	**(3,079)**	(45,801)
Total plant and equipment	**7,893**	8,622
Reconciliation		
Carrying amount at beginning at year	**8,622**	10,218
Additions	**3,248**	7,724
Transfer out	**-**	(4,272)
Depreciation	**(3,977)**	(5,048)
Carrying amount at end of year	**7,893**	8,622

15. TRADE AND OTHER PAYABLES

	Consolidated	
	2017	**2016**
	$	**$**
Current		
Trade payables	**88,756**	**78,236**
Accrued payables	**31,000**	**219,587**
	119,756	**297,823**
Non-Current		
Other payable	**-**	**20,000**
	-	**20,000**

The Group's exposure to liquidity risk is set out in Note 3.

16. EMPLOYEE BENEFITS PROVISIONS

	Consolidated	
	2017	2016
	$	$
Current		
Provision for employee benefits	**35,729**	17,893

17. ISSUED CAPITAL

(a) Share Capital

	Consolidated		Consolidated	
	2017	2016	**2017**	2016
	Number of Ordinary Shares	Number of Ordinary Shares	**$**	$
Ordinary shares – fully paid	**340,353,369**	177,032,738	**34,796,331**	29,706,305
	340,353,369	177,032,738	**34,796,331**	29,706,305

(b) Ordinary Shares

Each ordinary share participates participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. At shareholder meetings, each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Options

Information relating to options including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 18.

(d) Movements in share capital

	Date	**Number of Shares $**	**Fair Value cents**	**Total $**
Opening Balance	1 Jan 2016	953,348,034		28,266,147
Share placement	1 Feb 2016	38,765,711	0.24c	93,038
Entitlement Issue	25 May 2016	393,613,914	0.30c	1,180,842
Adviser shares - in lieu of payment	22 Jun 2016	12,333,333	0.60c	74,000
Adviser shares - Nevada Project	8 Aug 2018	12,500,000	0.60c	75,000
Adviser shares - in lieu of payment	4 Nov 2016	5,700,000	0.70c	39,900
Consolidation Adj (1 for 8)	15 Dec 2016	(1,239,228,254)		
Less: Transactional costs				(22,622)
Closing Balance	**31 Dec 2016**	**177,032,738**		**29,706,305**
Share placement	16 Jan 2017	37,924,800	2.50c	948,120
Share placement	24 Jul 2017	53,666,666	1.50c	805,000
Shares - in lieu of payment	15 Nov 2017	2,750,000	4.00c	110,000
Exercise of Options	20 Nov 2017	1,833,333	3.20c	58,666
Exercise of Options	27 Nov 2017	250,000	3.20c	8,000
Exercise of Options	11 Dec 2017	250,000	3.20c	8,000
Exercise of Options	11 Dec 2017	5,000,000	3.50c	175,000
Exercise of Options	11 Dec 2017	312,500	4.80c	15,000
Share placement	18 Dec 2017	60,000,000	5.00c	3,000,000
Exercise of Options	19 Dec 2017	1,333,332	3.20c	42,667
Less: Transactional costs				(80,427)
Closing Balance	**31 Dec 2017**	**340,353,369**		**34,796,331**

18. OPTIONS

2017 share option details as follows

Issue Date	Expiry Date	Exercise Price	Balance at start of year	Granted during year	Exercised during year	Lapsed during year	Consol Adj	Balance at end of year
12 Oct 2017	30 Jun 2019	3.2 cents	-	26,833,326	(3,666,665)	-	-	23,166,661
30 Jun 2016	30 Jun 2019	3.2 cents	15,000,000	-	-	-	-	15,000,000
12 Oct 2017	30 Jun 2019	3.5 cents	-	15,000,000	(5,000,000)	-	-	10,000,000
5 Aug 2016	5 Aug 2019	4.8 cents	1,562,500	-	(312,500)	-	-	1,250,000
14 Nov 2017	1 Jul 2020	6.0 cents	-	2,000,000	-	-	-	2,000,000
14 Nov 2017	1 Jul 2020	8.0 cents	-	2,000,000	-	-	-	2,000,000
			16,562,500	**45,833,326**	**(8,979,165)**	**-**	**-**	**53,416,661**

2016 share option details as follows

Issue Date	Expiry Date	Exercise Price	Balance at start of year	Granted during year	Exercised during year	Lapsed during year	Consol Adj	Balance at end of year
30 Jun 2016	30 Jun 2019	0.4 cents	-	120,000,000	-	-	(105,000,000)	10,625,000
5 Aug 2016	5 Aug 2019	0.6 cents	-	12,500,000	-	-	(10,937,500)	1,562,500
16 Dec 2013	16 Dec 2016	24.9 cents	1,800,000	-	-	(1,800,000)	-	-
			1,800,000	**132,500,000**	**-**	**(1,800,000)**	**(115,937,500)**	**16,562,500**

19. RESERVES

	Consolidated	
	2017	**2016**
	$	**$**
Equity Payment Reserve	5,510,812	1,139,832
Acquisition Reserve	2,541,929	2,541,929
	8,052,711	**3,681,761**

Movements in reserves were as follows:

2017	**Equity Payment Reserve $**	**Acquisition Reserve $**	**Total $**
Balance at beginning of year	1,139,832	2,541,929	**3,681,761**
Acquisition Shares – Kitotolo Project	3,847,500	-	**3,847,500**
Equity based payment	523,450	-	**523,450**
Balance at end of year	**5,510,782**	**2,541,929**	**8,052,711**

2016	**Equity Payment Reserve $**	**Acquisition Reserve $**	**Total $**
Balance at beginning of year	116,958	2,541,929	**2,658,887**
Transaction with NCI (1)	526,374	-	**526,374**
Equity based payment	496,500	-	**496,500**
Balance at end of year	**1,139,832**	**2,541,929**	**3,681,761**

(1) During the 2016 year, a third party (Sugec Mining Company Pty Ltd) earned an additional 20.9% of the issued shares of SUGEC Resources Limited. The Group recognised an increase in non-controlling interest of $526,374 and a decrease in equity attributable to the owners of the parent of $526,374. There were no other movements with non-controlling interests in 2016.

20. EARNINGS PER SHARE

	Consolidated	
	2017	**2016**
	Cents	**Cents**
Basic and diluted (loss) per share	(1.94)	(1.04)

	2017	**2016**
	$	**$**
(Loss) from continuing operations used in calculating basic and fully diluted earnings per share	**(4,630,597)**	(1,689,250)

	2017	2016
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share:	**239,992,306**	162,179,074
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**263,883,971**	162,179,074

21. CASH FLOW INFORMATION

Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax:

	Consolidated	
	2017	2016
	$	$
Loss for the year	**(4,651,314)**	(1,690,417)
Operating Exploration Expenditure	**59,459**	697,476
Change in Investment fair value	**(114,364)**	123,414
Doubtful debt provision	**-**	(175,000)
Reimbursement income	**-**	125,000
Non-cash item	**-**	(1,773)
Gain on disposal of shares and PP&E	**(13,636)**	20,417
Equity based Payment	**-**	557,900
Exploration impairment	**2,878,351**	11,651
Depreciation and amortisation	**3,976**	5,048
Provisions	**17,836**	-
Changes in assets and liabilities:		
(Increase) in trade and other receivables	**(134,987)**	(149,581)
(Increase) in other investments	**(450,000)**	-
(Increase) in other current assets	**(47,889)**	(138,785)
Decrease in available for sale assets	**332,991**	-
Increase/(Decrease) in trade and other creditors and provisions	**(198,067)**	150,807
Increase in Share based payments reserve	**523,450**	-
Net cash used in operating activities	**(1,794,194)**	(463,843)

22. SEGMENT REPORTING

During 2017 the consolidated entity commenced business in DRC whilst it ceased the USA business it had commenced during 2016, when it was spun-out into Marquee Resources Limited in March 2017. In the case of the Canada business, it was commenced and ceased in 2016.

The Board of Force Commodities Ltd review all operations by geographical location. As a result, segment reporting will be done by geographical location, Exploration Australia, Exploration DRC, Exploration Canada, Exploration US and Corporate.

31 December 2017	**Exploration Australia**	**Exploration DRC (1)**	**Exploration Canada (2)**	**Exploration US (3)**	**Corporate**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Segment performance						
Loss before Income Tax	**(2,877,862)**	-	-	**(37,934)**	**(1,735,518)**	**(4,651,314)**
Segment Assets						
Cash	**4,348**	**-**	**-**	**-**	**3,520,028**	**3,524,376**
Exploration and evaluation	**-**	**6,068,758**	**-**	**-**	**-**	**6,068,758**
Other	**84,761**	**133,807**	**-**	**-**	**735,127**	**953,695**
Total segment Assets	**89,109**	**6,202,565**	**-**	**-**	**4,255,155**	**10,546,829**
Segment Liabilities						
Creditors	**706**	**-**	**-**	**-**	**88,056**	**88,756**
Employee benefits provision	**10,553**	**-**	**-**	**-**	**25,176**	**35,729**
Other	**6,000**	**-**	**-**	**-**	**25,000**	**31,000**
Total segment liabilities	**17,259**	**-**	**-**	**-**	**138,226**	**155,485**
31 December 2016						
Segment performance						
Loss before Income Tax	(20,819)	-	(697,476)	-	(972,122)	(1,690,417)
Segment Assets						
Cash	4,524	-	-	-	671,954	676,478
Exploration and evaluation	2,669,434	-	-	332,991	-	3,002,425
Other	161,762	-	-	-	329,923	491,685
Total segment Assets	2,835,720	-	-	332,991	1,001,877	4,170,588
Segment Liabilities						
Creditors	11,260	-	-	-	286,563	297,823
Employee benefits provision	-	-	-	-	17,893	17,893
Other	20,000	-	-	-	-	20,000
Total segment liabilities	31,260	-	-	-	304,456	335,716

(1) The Company commenced business in DRC with the acquisition of a 70% interest in the Kitotolo Lithium Project joint venture

(2) The Company ceased activity in Canada during November 2016 when the decision was made not to proceed with an option to acquire the Crescent Lake Lithium Project in Ontario, Canada

(3) On 15 March 2017, the Company concluded a spin-out of the Clayton Valley Lithium Project (USA) to Marquee Resources Limited (ASX: MQR) (**Marquee**) and received 2,250,000 shares in Marquee. In addition, the Company received the sum of $125,000 (excluding GST) from Marquee in reimbursement of expenses paid by the Company in relation to the initial public offer by Marquee.

23. COMMITMENTS AND CONTINGENT LIABILITIES

Exploration expenditure commitments

	Consolidated	
	2017	2016
	$	$
Minimum tenement exploration expenditure	**140,000**	460,000
Tenement lease payment	**15,280**	15,280
	155,280	475,280

The minimum exploration expenditure commitments and lease payments on the Company's exploration tenements total $155,280 (2016: 475,280) over the remaining term of the tenements.

Lease expenditure commitments

	Consolidated	
	2017	2016
	$	$
No later than one year	**155,280**	33,345
Later than one year but no later than five years	**-**	63,911
Later than five years	**-**	-
Total	**155,280**	97,256

Executive Service Agreements

Refer to the Directors' Report for details on Company Executive Service Agreements. There are no other material commitments as at the date of this report.

Contingent Liabilities

From time to time the Company may be party to claims from suppliers and service providers arising from operations in the ordinary course of business.

As at the date of this report there are no claims or contingent liabilities that are expected to materially impact, either individually or in aggregate the company's financial position or results from operations, other than as set out below.

<u>Kitotolo Lithium Project Joint Venture – Deferred Consideration</u>

Pursuant to the HOA with LAPL (refer Note 13), the Group has the following Deferred Consideration obligations with respect to the Kitotolo Lithium Project Joint Venture:

Event	**Consideration**	**Relevant Conditions (if any)**
Performance Milestone 1	30,000,000 Shares	Upon issuance of an additional exploration licence prospective for Lithium mineralisation being transferred into the joint venture
Performance Milestone 2	30,000,000 Shares	upon delineation of a Mineral Resource of 15 Million tonnes at a grade of greater than or equal to 1% Li_2O, determined in accordance with JORC Guidelines or NI 43
Production Royalty	1%	on commercial production

The Consideration will become and due and payable in the event that the relevant conditions are met. As at the reporting date, the conditions in respect of each of the items have not been met and therefore the amounts are recognised as contingent liabilities.

24. SUBSIDIARIES AND NON-CONTROLLING ENTITIES

(a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in 1(b):

Name of Entity	Class of Shares	Equity Holding 2017 (%)	Equity Holding 2016 (%)	Country of Incorporation
SOC1 Pty Ltd	Ordinary	**100**	**100**	Australia
Biacil Holdings Pty Ltd	Ordinary	**100**	**100**	Australia
Hudson SPC Pty Ltd	Ordinary	**100**	**100**	Australia
SUGEC Resources Limited	Ordinary	**59.5**	**59.5**	Australia
Mount Adrah Gold Limited	Ordinary	**99.5**	**99.5**	Australia
Tasman Goldfields NSW Pty Ltd	Ordinary	**99.5**	**99.5**	Australia
Mount Adrah Gold Mining Limited	Ordinary	**99.5**	**99.5**	Australia
Nevlith Pty Ltd	Ordinary	**100**	**100**	Australia
Force Commodities DRC SAU	Ordinary	**100**	**-**	DRC
COMFORCE SA	Ordinary	**70**	**-**	DRC

(b) Non-controlled entities

The following table sets out the summarised financial information for each subsidiary that has non-controlling interests. Amounts disclosed are before intercompany eliminations (AASB 12.B11)

Summarised Statement of Financial Position	COMFORCE SA 2017	COMFORCE SA 2016	SUGEC Resources Ltd 2017	SUGEC Resources Ltd 2016
Current Assets	5,822,700	-	23,462	43,462
Non-Current Assets	-	-	-	9,694
Total Assets	-	-	23,462	53,216
Current Liabilities	-	-	771	706
Non-Current Liabilities	-	-	47,070	59,421
Total Liabilities	-	-	47,841	60,127
Net Assets	5,822,700	-	(24,379)	(6,911)
Accumulated NCI	1,746,810	-	(9,873)	(2,798)

Summarised Statement of Financial Position	Mount Adrah 2017	Mount Adrah 2016
Current Assets	2,647	3,724
Non-Current Assets	32,000	2,409,426
Total Assets	34,647	2,413,150
Current Liabilities	16,553	10,553
Non-Current Liabilities	2,340,894	2,000,991
Total Liabilities	2,357,447	2,007,544
Net Assets	(2,322,800)	405,606
Accumulated NCI	(11,614)	2,028

25. RELATED PARTY INFORMATION

(a) Parent entity

The ultimate parent entity within the Group is Force Commodities Limited.

Force Commodities Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The Company was incorporated as an unlisted public company on 10 August 2010 and successfully listed on the ASX on 3 December 2010.

(b) Subsidiaries

Interests in subsidiaries are disclosed in Note 24.

(c) Key Management Personnel Compensation

Key management personnel compensation information is as follows:

	Consolidated	
	2017	2016
Summary remuneration	**$**	$
Short term employee benefits	**604,680**	544,130
Post employment benefits	**31,350**	-
Termination benefits	**125,571**	-
Share based payments (See Note 26)	**523,450**	425,500
	1,285,051	969,630

Details of remuneration disclosures are provided within the audited remuneration report which can be found on pages 15 to 19.

(d) Other transactions with key management personnel

The following transactions occurred with Director related parties:

	2017	2016
	$	$
Legal Fees – Bennett & Co	**187,594**	**-**
Sub Lease – GTT Ventures Pty Ltd	**19,122**	**10,709**
Capital Raising Fees – GTT Ventures Pty Ltd	**22,740**	**-**

Terms and conditions of related party transactions:

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

(e) Employee Share Option Plan

The company has adopted an Employee Share Option Plan (**ESOP**) for its employees. A person is an employee of the company if that person is an Executive Director, Non-Executive Director or considered by the Board to be employed by the company or a related party of the company.

The purpose of the ESOP is to provide an opportunity for all eligible employees of the company to participate in the growth and development of the company through participation in the equity of Force Commodities Ltd.

Force Commodities Ltd believes it is important to provide incentives to employees in the form of options which provide the opportunity to participate in the share capital of Force Commodities Ltd. The company expects to apply the proceeds of exercise of the Options to working capital needs, asset or business acquisitions and general corporate purposes. All options to be issued must be consistent with any applicable Listing Rules and having regard to regulatory constraints under the *Corporations Act 2001*, ASIC policy or any other law applicable to Force Commodities Ltd.

26. SHARE BASED PAYMENTS

(a) Director Incentive Options

A total of 15 million options were issued to directors (5 million each to David Sanders, Jason Brewer and Patrick Glovac) as part of their remuneration during the year. The issue of the options was approved at the Company's General Meeting held on 10 October 2017. The options have an exercise price of 3.5 cents each and expire on 30 June 2019.

The assessed fair value of the options was determined using a Black-Scholes option pricing model, taking into account the exercise price, term of option, the share price at grant date, and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate of the term of the option.

The inputs to the model were:

Dividend Yield	-
Expected volatility (%)	145
Risk-Free interest rate (%)	1.91
Expected life of option (years)	1.72
Option exercise price ($)	0.035
Grant Date	12 October 2017
Share price at grant date ($)	0.03
Value of option ($)	0.02291
Number issued	15,000,000
Total value of options issued ($)	343,650

Information relating to the details of options issued, exercised, and lapsed during the financial year and the options outstanding at the end of the financial year, is set out in Note 18.

(b) Employee Options

A total of 4 million options were issued to executives (2 million each to James Sullivan and Michael Fry) as part of their remuneration during the year and pursuant to the Company's Employee Share Option Plan. Tranche 1 consisting of 2 million have an exercise price of 6 cents each and expire on 1 July 2020 and Tranche 2 consisting of 2 million have an exercise price of 8 cents each and expire on 1 July 2020.

The assessed fair value of the options was determined using a Black-Scholes option pricing model, taking into account the exercise price, term of option, the share price at grant date, and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate of the term of the option. The inputs to the model were:

	Tranche 1	**Tranche 2**
Dividend Yield	-	-
Expected volatility (%)	145	145
Risk-Free interest rate (%)	2.18	2.18
Expected life of option (years)	2.63	2.63
Option exercise price ($)	0.06	0.06
Grant Date	14 November 2017	14 November 2017
Share price at grant date ($)	0.06	0.08
Value of option ($)	0.0460	0.0439
Number issued	2,000,000	2,000,000
Total value of options issued ($)	92,000	87,800

Information relating to the details of options issued, exercised, and lapsed during the financial year and the options outstanding at the end of the financial year, is set out in Note 18.

(c) Shares issued as Share-Based Payments in Payment for Goods and Services

A total of 2,750,000 fully paid ordinary shares were issued to Michael Fry in lieu of payment for professional services totalling $110,000 (inclusive of GST) at a deemed share price of $0.04 (4 cents) pursuant to an agreement dated 13 October 2017. On 13 October 2017, the Company's share price was trading on the Australian Stock Exchange at $0.031 (3.1 cents).

27. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, apart from:

Issue of 67,500,000 fully paid ordinary shares to LAPL pursuant to HOA on Kitotolo Lithium Project

On 14 February 2018, the Company issued 67,500,000 shares to Lithium Age Pty Ltd (LAPL) and its nominees pursuant to the conditions precedent set out in the binding Heads of Agreement (HOA) for the Kitotolo Lithium Project having been satisfied.

Appointment of Mr Jason Brewer as Managing Director

On 16 February 2018, the Company announced the appointment of Jason Brewer as its Managing Director effective from 19 February 2018.

Conditional Agreement to sell the Mt Adrah Gold Project Tenements

On 16 March 2018, the Group entered into an agreement to dispose of its Mt Adrah Gold Project tenements, being tenements EL6372 (owned by Tasman Goldfields NSW Pty Ltd), and EL7844 and EL8606 (owned by Mount Adrah Gold Limited), for consideration of up to $500,000 in cash and shares.

The agreement is conditional upon due diligence being completed by the purchaser to its satisfaction and the obtaining of all necessary consents and approvals (Conditions Precedent). These Conditions Precedent are required to be completed by 16 April 2018, or such later date agreed by the parties.

Under the terms of the agreement, the Company will receive $250,000 in cash within 5 Business Days of satisfaction of the Conditions Precedent plus a further $250,000 in shares, or $100,000 in cash plus options equal to 5% of the issued capital in the acquirer's entity, upon that entity completing an initial public offering (IPO).

Execution of Kanuka Lithium Production Project Joint Venture

On 27 March 2018, the Group executed the Kanuka Lithium Production Project Joint Venture documentation entitling it to a 51% interest in the joint venture.

At the date of this report, apart from above, there are no other matters or circumstances which have arisen since 31 December 2017 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2017 of the Group;
- the result of those operations; or
- the state of affairs, in financial years subsequent to 31 December 2017, of the Group.

28. PARENT ENTITY DISCLOSURES

Financial position

	2017	2016
	$	$
Assets		
Current assets	**4,381,070**	1,326,246
Non-current assets	**3,927,712**	2,031,718
Total assets	**8,308,782**	3,357,964
Liabilities		
Current liabilities	**138,226**	304,456
Non-current liabilities	**-**	-
Total liabilities	**138,226**	304,456
Net Assets	**8,170,556**	3,053,508
Equity		
Issued capital	**34,796,331**	29,706,305
Reserves	**1,379,715**	856,265
Accumulated losses	**(28,005,470)**	(27,509,061)
Total equity	**8,170,556**	3,053,508

Financial performance

	2017	2016
	$	$
Loss for the year	**(1,752,735)**	(7,882,051)
Other comprehensive loss	**-**	-
Total comprehensive loss	**(1,752,735)**	(7,882,051)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Force Commodities Limited has not entered into any deed of cross guarantee with its wholly-owned subsidiaries during the year ended 31 December 2017 (2016: Nil).

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements:

   (a) comply with Accounting Standards which as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and;

   (b) give a true and fair view of the consolidated statement of financial position as at 31 December 2017 and of the performance for the year ended on that date of the consolidated entity.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 31 December 2017, comply with section 300A of the *Corporations Act 2001.*

4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporation Act 2001.*

5. This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

This declaration is made in accordance with a resolution of directors.

DAVID SANDERS
CHAIRMAN

Dated this 30th day of March 2018

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INDEPENDENT AUDITOR'S REPORT

To the members of Force Commodities Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Force Commodities Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year ended on that date; and

(ii) 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 Group in accordance with 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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.

Accounting for Acquisition of COMFORCE SA

Key audit matter	*How the matter was addressed in our audit*
On 11 November 2017 the Group obtained a controlling interest in the Kitotolo project by acquiring a 70% interest in COMFORCE SA for consideration of $4,075,890. The Group treated the transaction as an asset acquisition, rather than a business acquisition. Accounting for this transaction is complex and requires management to exercise judgement to determine the appropriate accounting treatment including whether the acquisition should be classed as an asset or business acquisition, estimating the fair value of net assets acquired and estimating the fair value of the purchase consideration.	Our procedures included, but were not limited to the following: • Obtaining an understanding of the transaction, including an assessment of whether the transaction constituted an asset or business acquisition; • Reviewing the sale and purchase agreement to understand key terms and conditions; • Assessing management's determination of the fair value of consideration paid and agreeing the consideration to supporting documentation; • Evaluating management's assessment of the fair value of net assets acquired; • Agreeing that no goodwill was recognised and that costs associated with the acquisition were capitalised in order to be in line with the correct accounting policy for asset acquisitions; and • We have also assessed the adequacy of the related disclosures in Note 13 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 group 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 Group or to cease operations, or has 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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 18 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Force Commodities Limited, for the year ended 31 December 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.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 30 March 2018

SHAREHOLDER INFORMATION

Additional information required by the ASX and not shown elsewhere in this report is as follows:

A. Shareholding as at 28 February 2018

Total fully paid ordinary shares on issue **419,915,868**

B. Substantial Holders as at 28 February 2018

There are no shareholders who have lodged notice advising substantial shareholding under the Corporations Act 2001.

C. Distribution of Equity Securities as at 28 February 2018

Range	Total Holders	Units	% of Issued Capital
1 - 1,000	74	9,489	0.00
1,001 - 5,000	265	719,408	0.17
5,001 - 10,000	386	3142,085	0.75
10,001 - 100,000	1,369	54,853,609	13.06
100,001 – and above	486	361,191,277	86.02
Rounding			**0.00**
Total	**2,580**	**419,915,868**	**100.00**

D. Unmarketable Parcels as at 28 February 2018

E.

	Minimum Parcel size	Holders	Units
Minimum $ 500.00 parcel at $ 0.099 per unit	**5,051**	**340**	**733,929**

F. Twenty Largest Shareholders as at 23 March 2017

The names of the twenty largest holders of quotes equity securities aggregated are listed below:

Rank	Name	Units	% of Issued Capital
1	Mr Jihad Malaeb	16,374,928	3.90
2	1620 Capital Pty Ltd	15,593,334	3.71
3	Mr Sufian Ahmad	14,650,000	3.49
4	Mr Bilal Ahmad	13,600,000	3.24
5	Threebee Investment Group Pty Ltd	11,000,000	2.62
6	Ms Claudine Louise Maynard	10,010,000	2.38
7	JP Morgan Nominees Australia Limited	8,211,082	1.96
8	Citicorp Nominees Pty Limited	7,820,725	1.86
9	Mr Bin Liu	6,500,000	1.55
10	HSBC Custody Nominees (Australia) Limited	5,012,366	1.19
11	Hoatzin Holdings Pty Ltd	4,875,000	1.16
12	Questzal Nominees Pty Ltd	4,875,000	1.16
13	Mr Viktor Poznik + Mrs Vesna Anna Poznik <Poznik Family A/c>	4,592,560	1.09
14	Atollo Investments Pty Ltd < Atollo Investment A/c>	4,499,935	1.07
15	BAB Super Fund Pty Ltd <BAB Super Fund A/c>	4,400,000	1.05
16	Davy Corp Pty Ltd <Davy Investment A/c>	4,400,000	1.05
17	BNP Paribas Nominees Pty Ltd	4,346,821	1.04
18	Mr Lufunga Mbayo Pelesa	4,250,000	1.01
19	Mr Ilunga Nkulu Sylvie	4,250,000	1.01
20	Mr John Dixon	3,800,000	0.90
Total:	Top 20 holders of ordinary shares (Total)	**153,061,751**	**36.45**
	Total remaining holders balance	**266,854,117**	**63.55**

SHAREHOLDER INFORMATION continued

G. Unquoted Securities as at 23 March 2018

Class	Exercise Price	Expiry Date	No. of Securities	No. of Holders	Name (where holder holds more than 20%)	% held
Unlisted Options	$0.032	30/6/19	26,416,662	17	N/A	N/A
Unlisted Options	$0.035	30/6/19	10,000,000	2	David Sanders JBCM Consulting Pty Ltd	50% 50%
Unlisted Options	$0.048	5/08/19	937,500	3	Crystamount Ltd Gabriel Hewitt Naley Pty Ltd	33% 33% 33%
Unlisted Options	$0.060	1/07/20	2,000,000	2	Ann Fry James Sullivan	50% 50%
Unlisted Options	$0.080	1/07/20	2,000,000	2	Ann Fry James Sullivan	50% 50%

H. Voting Rights

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

G. Tenement Schedule

Through its subsidiaries, Force Commodities Company Limited holds the tenement interests as described:

Licence No.	Location	Status	Expiry Date	Area Sq Kms
Biacil Holdings Pty Ltd (100%)				
EL 6483	Rocky River-Uralla	Granted	20-Nov-19	163
SOC1 Pty Ltd (100%)				
EL 4474	Halls Peak	Provisional approval	13-Jan-19	11
Mount Adrah Gold Limited (99.5%)				
EL 6372	Adelong	Granted	2-Feb-20	28
EL 7844	Adelong	Granted	20-Sep-18	28
EL 8606	Adelong	Granted	27-Jun-20	140
SUGEC Resources Limited (59.5%)				
EL 7679	Halls Peak	Granted	11-Jan-19	73
EL 7491	Uralla	Granted	29-Mar-20	44
COMFORCE JV (70%)				
PE 13247*	Kitotolo	Granted	18-Feb-2048	28
PR12453*	Kitotolo	Granted	18-Feb-2048	372
			TOTAL	**887**

* legal transfer of the tenements has been effected; official recording of tenements in DRC Mines Department system has not yet occurred

The Company has not reported any mineral resources or ore reserves during the reporting period.