

15 January 2017

ASX Announcements Office
152–158 St Georges Terrace
Perth WA 6000
Australia

Kanuka Lithium Project Due Diligence Complete – Formal Decision to Proceed

- ***Force has successfully completed its technical and legal due diligence***
- ***Force has formally advised JV partner Mining Mineral Resources SPRL (MMR) of its decision to now proceed with the Kanuka Lithium Project Joint Venture.***
- ***Force together with MMR will now expedite finalisation of a formal JV agreement, incorporation of a JV company, and obtain any necessary regulatory approvals to enable lithium exploration activities to commence.***
- ***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, cobalt, tantalum, tin and tungsten mines and processing plants.***
- ***The Kanuka Lithium Project Joint Venture (Force 51%, MMR 49%) will include granted Mining License PE13082 and Exploration License PR4100, covering an area of 194km² and containing extensive lithium bearing pegmatites.***
- ***MMR currently operates tin and tantalum mining and processing operations on part of the license areas and in conjunction with the iTRi exports ICGLR-certified tin and tantalum to international markets.***
- ***The Kanuka Lithium Project Joint Venture is located 5km immediately south of AVZ Mineral's and 20km east of the Company's Kitotolo Lithium Project.***
- ***Pegmatites on the license areas are on a NE-SW trend and exposed at surface and observed to extend for over 3km in length and 200m in width. Furthermore pegmatites have in places been exposed by historic and current mining operations and has been mined down to depths of up to 15 metres.***
- ***The Kanuka Lithium Project Joint Venture will benefit from the excellent infrastructure of an established mining operation, with power, mine camp and offices as well as its own airstrip which will accelerate exploration activities.***

- ***The Kanuka Lithium Project Joint Venture will also utilise MMR’s existing logistics capabilities in the region and on-site drilling equipment and mining fleet and services which are anticipated to substantially increase operating efficiencies, reduce costs and accelerate exploration and study work timeframes.***
- ***Exploration activities of the Kanuka Lithium Project Joint Venture will focus on new areas on the licenses areas currently not impacted by mining and which are considered highly prospective for pegmatite hosted lithium mineralisation.***
- ***The Kanuka Lithium Project Joint Venture further consolidates Force’s position in a ‘world-class’ lithium region, with the Company’s joint venture interests now comprising granted Mining and Exploration Licenses extending over approx. 600km² of proven lithium bearing pegmatites.***

Force Commodities Ltd (**Force** or the **Company**) (ASX Code: 4CE) is pleased to announce that it has successfully completed its legal and technical due diligence and formally notified Mining Mineral Resources SPRL (**MMR**) of its decision to proceed with the establishment of a new lithium production focused joint venture, the Kanuka Lithium Project Joint Venture.

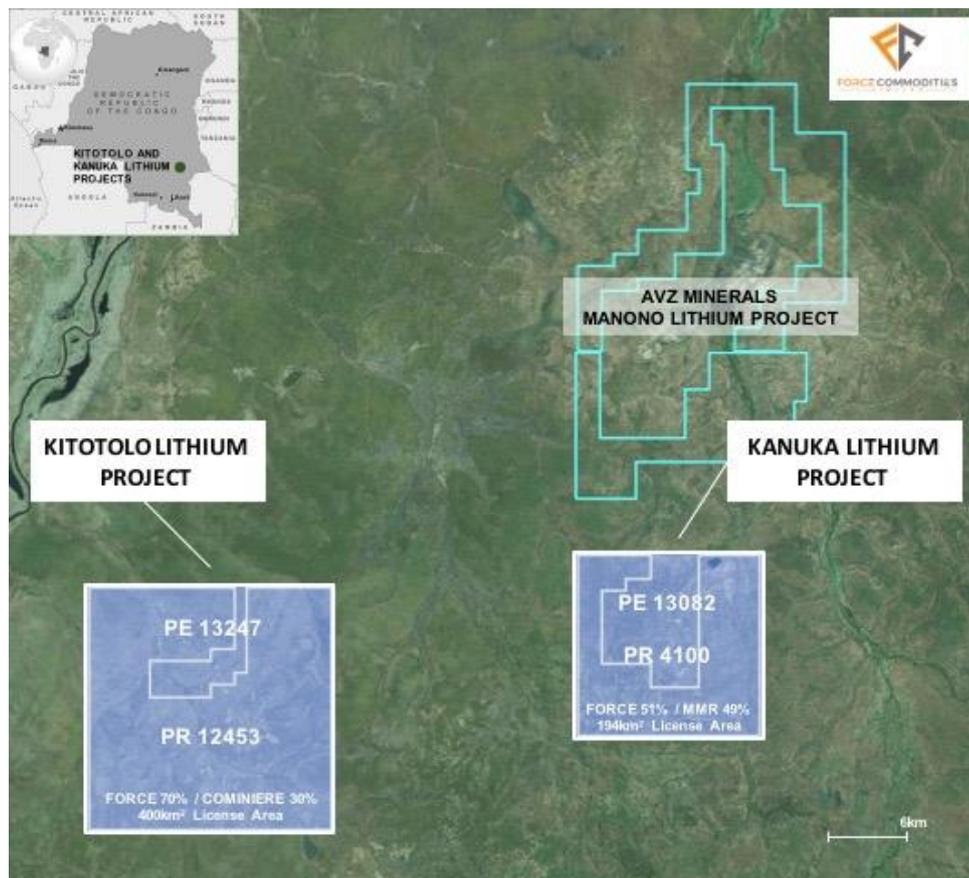


Figure 1: Location of Kanuka Lithium Project Joint Venture location in (Light blue shade is PE13082 and pink shade is PR4100)

The Kanuka Lithium Project Joint Venture, to be held 51% by Force and 49% by MMR will focus on two contiguous licenses: granted Mining License PE13082 and Exploration License PR4100.

These licenses cover an area of approx. 194km² and are located 20km east of the Company’s existing Kitotolo Lithium Project which is a joint venture with La Congolaise d’Exploitation Miniere (**Cominiere SA**). The licenses are also located on the licenses immediately south (approx. 4km from the license boundaries) of AVZ Mineral’s (ASX: AVZ) ‘world-class’ Manono Lithium Project.

Kanuka Lithium Project Joint Venture

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.

MMR acquired the mining and exploration licenses that make up the Kanuka Lithium Project in 2012.

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.



Figure 2 and 3: Current open pit mining activities on PE13082

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.



Figure 4 and 5: The site offices and processing plant on PE13082

MMR produces tin and tantalum concentrates from its operations at Kanuka that is exported to the international market. MMR supplies ICGLR-certified conflict free “3T” minerals to the international marketplace.



Figure 6 and 7: Mining activity has exposed significant pegmatite exposures on the license areas

Legal and Technical Due Diligence

The Company has now successfully completed its legal and technical due diligence review.

Mr James Sullivan, Force’s Head of Exploration, and the Company’s two local geologists completed the Technical Due Diligence review of the license areas. This work identified the presence of significant occurrences of pegmatite exposures on the licenses, which had had been exposed by the current and historical mining activity. In addition, a number of pegmatites were identified at surface.

Pegmatite exposures were identified extending in excess of 3km on a NE-SW trend, and is in places in excess of over 200m wide.

Subsequent assay results for rock chip samples taken as part of the technical due diligence review, confirmed the presence of high grade lithium mineralization and which in a broad sense was typical of LCT type pegmatite deposits and consistent with the Manono and Kitotolo deposits located immediately to the north.

Commenting on the technical due diligence work successfully completed, Mr Sullivan noted:

“The Kanuka Lithium Project area has extensive pegmatites, both exposed at surface and exposed by recent and historical mining activities”

“The licenses, both a Mining and Exploration license, are in an excellent location. They are located very close to and just south of AVZ’s Manono Lithium Project and also to the east of our Kitotolo Lithium Project. This in particular allows us to focus our exploration activities and resources”

“The major lithium occurrences just to the north at Manono, were originally exposed by historic tin mining. We have that same situation here at Kanuka, where MMR have been mining the alluvial material, and we are able to see some substantial and quite significant pegmatite exposures”

Legal due diligence, completed by the Company’s DRC based lawyers, confirmed amongst other things, the good standing of the licenses and the ownership and validity of the licenses.

Proposed Joint Venture Terms and Structure

A new joint venture is to now be established with MMR's wholly owned subsidiary Kanuka Mining Company. Force will hold a 51% interest in the production focussed joint venture.

Force will be the operator and manager and will undertake exploration activities aimed at the discovery, location and delineation of economic lithium mineralisation with a view to establishing a commercial lithium mining operation within two years of the establishment of the joint venture.

Force will fund a minimum A\$2.0m of exploration expenditure, and will be responsible for funding any additional exploration activities and meet the costs to complete the Preliminary and Definitive Feasibility Studies as well as all government and regulatory costs.

The Kanuka Lithium Project Joint Venture will further utilise MMR's and the VinMetals Group's existing logistics capabilities in the region and on-site drilling equipment and mining fleet and services during the exploration phase. This has the potential to increase operating efficiencies, reduce costs and accelerate exploration and timeframes to complete the feasibility studies for the proposed mine development.

Upon completion of a Definitive Feasibility Study and a decision to proceed towards production, the first A\$5.0m of development funding will be provided on a pro rata basis by both Force and MMR and thereafter, Force will be responsible for arranging 100% of the debt funding required to complete the mine development.

Completion of the Kanuka Lithium Project Joint Venture now remains subject to execution of the formal joint venture documentation and receipt of any regulatory approvals.

Commenting on the proposed new lithium production joint venture, Company Director Mr Jason Brewer stated:

"We have moved very quickly in finalising our legal and technical due diligence and are extremely pleased to have provided MMR with the formal notice to proceed with MMR to now establish the Kanuka Lithium Project Joint Venture"

"MMR and the VinMetals Group are a well-established and proven operator in the DRC, and one that is focussed on accelerating exploration activities towards mine production under the Kanuka Lithium Project Joint Venture"

"Force is quickly consolidating a significant land position in a fast emerging and world-class lithium region and has now partnering with a proven mine operator that is intent on building a lithium business alongside its successful tin and tantalum operations at Kanuaka"

"We are very pleased to be working with MMR and the VinMetals Group and in advancing the Kanuka Lithium Project Joint Venture towards production"

END

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Competent Person Statement

The information in this release that relates to sampling techniques and data, exploration results, geological interpretation and Exploration Targets, Mineral Resources or Ore Reserves 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.

Forward looking statements

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.