Halls Peak Base Metals Project Update

- Initial site visit undertaken by new management team
- Objective of defining JORC compliant resource at Gibson’s Prospect this calendar year
- Planning underway for upcoming drill program
- Program to target extensions of previous spectacular base metal (Zn, Pb, Cu, Ag) intercepts
- Drill program anticipated to commence mid-2017
- Sufficiently funded with $1.1 million in cash to fund exploration

Force Commodities Ltd (Force or the Company) (ASX Code: 4CE) is pleased to provide the following update with respect to the Halls Peak Base Metals Project (Halls Peak).

Recent Site Visit

“I visited Halls Peak as I wanted to see the spectacular high-grade mineralisation first hand and I was not disappointed. The magnificent sample of zinc rich massive sulphide sitting on my desk (see picture below) was picked by me from material lying on surface and clearly demonstrates the project’s potential. Defining a resource at Halls Peak in the near term is an important and achievable objective. It will demonstrate the value of the project and it is a necessary first step in the Company’s overall objective of having a mining operation at this site. Based on the work performed to date and my visual observations, I expect that the resource will be high grade and high cash-flow generating.”

Alistair Stephens, Executive Director.

Image 1: Zinc rich massive sulphide rock obtained from Gibson’s pit of dimension 14cms (l) x 8cms (d) x 9 cms (h)
“Whilst at site I took the following pictures which demonstrate the exciting potential of the Halls Peak Project”, Alistair Stephens, Executive Director.

Image 2: High grade Zinc exposed on wall of Gibson’s pit.

Image 3: Close-up of near pure Zinc mineralisation exposed in wall of Gibson’ pit.

Image 3: High-grade Zinc mineralisation in rocks on the floor of Gibson’s pit.

Image 4: Copper mineralisation exposed on wall of Gibson’s Pit.
Halls Peak - Project Overview

Introduction

The Halls Peak project contains several occurrences of base metals rich in zinc and lead with varying associated levels of copper, silver and gold. Mining was undertaken intermittently between 1896 and 1967, producing high grade ore from mostly small scale underground workings.

The area has potential for:
1. the development of shallow, small scale, high grade deposits; and
2. the possibility of large-scale sulphide deposit at depth.

Project Setting and Location

The Halls Peak project area is located in the New England area of northern NSW approximately 80 kilometres, by road, south-east of Armidale (see location map below). Access is via the sealed Armidale-Dorrigo Road to Wollomombi, then via unsealed roads. All known mineralized zones are accessible by dirt roads and tracks established by previous miners. The topography is typically very steep.

Geology

The early Permian Halls Peak Volcanics occur near the western margin of the Nambucca Block. Around Halls Peak the sequence contains numerous stratiform, volcanogenic exhalative sulphide lenses that are typically small tonnage, high grade Zn, Pb, Cu and Ag bodies. The sequence has been subjected to widespread hydrothermal alteration (associated with anomalous Au, Ag, Pb, and Zn) during and after deposition.
Historical Activities

Mining commenced in 1896 with the discovery of rich copper ore with minor silver, lead and zinc, in the Sunnyside Mine adjacent to the Chandler River. In 1913, the ore bodies of the Gibson Mine Area were discovered, followed by the Faints-Firefly fields in 1914. Ore production was first recorded from the Gibson’s Mine Area in 1916, and it continued intermittently until 1967.

Historical reports state that production of both primary and oxidised ore from one ore zone, the Gibson Mine Area, totalled approximately 6,315 tons to December 1965. In 1965, 1,600 tons of ore were mined to give 450 tons of zinc (at 28%), 263 tons of lead (at 16.4%), 46.3 tons of copper (at 2.9%) and 12,523 ounces of silver (at 7.8 ounces per ton).

The Halls Peak massive sulphide deposits have been explored by several major mining companies including BHP, MIM, CRA, Zinc Corp and Amoco Minerals.

Recent Drilling reflects Halls Peak’s Exciting Potential

Recent drilling of the Gibson’s Prospect has achieved spectacular grades of multi-element base metal mineralisation. By example some important intercepts include:

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<th>DRILL HOLE REF</th>
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<th>TO (M)</th>
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<th>LEAD (%)</th>
<th>COPPER (%)</th>
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* reported 3 January 2014 by Frontier Capital Group Limited (formerly Precious Metals Resources Limited)
** reported 19 February 2016 by Force Commodities Limited (formerly Sovereign Gold Company Limited)
*** reported 29 December 2016 by Force Commodities Limited
**Drill Program**

The upcoming drill program will target the Gibson’s Prospect and leads on from work performed in November and December of 2016.

The team is currently compiling and interpreting data to be able to identify areas requiring in-fill definition and determining the best approach to defining potential extensions to previously encountered mineralisation. The location, depth and angle of planned drill holes will be determined based upon this work.

Drilling is anticipated to occur in mid-2017.

**Project Database**

Despite significant mining and exploration activity over the years by various companies, no database for the Project currently exists.

Establishing a consolidated, validated database of all geological, geochemical, geophysical data will allow technical staff to target and plan future programs effectively and in a fully informed and co-ordinated way. It will ensure that activities are not repeated and that the value of work is maximised.

We have commenced the process of building the Halls Creek database. Information will include not only digital data compilation but site based surveying of historic drilling, topography and historical mine workings. In instances where we cannot achieve the level of accuracy required, such as for drill data, the information may not be useable for resource estimation purposes under JORC but will likely still be useful for our intrinsic understanding of the geology and geometry of mineralisation.

We expect that the building of the database will be of significant benefit to the Company and will likely unearth information that is critical to our understanding of the project geology. We will update you on our progress and findings as we proceed.

We welcome enquiries for further information. Please contact Alistair Stephens (Executive Director) or alternatively Michael Fry (CFO & Company Secretary) on +61 8 9328 9368.

END
Qualifying statements

The information in this report that relates to Exploration Results obtained by Frontier Capital Group Limited in relation to the Halls Peak Base Metals Project is extracted from an ASX Announcement dated 3 January 2014, (see ASX Announcement – 3 January 2014 “Promising Results – Initial Halls Peak Drilling”), which is available for viewing at www.fcgl.com.au and www.asx.com.au.

The information in this report that relates to Exploration Results obtained by Sovereign Gold Company Limited in relation to the Halls Peak Base Metals Project is extracted from an ASX Announcement dated 19 February 2016, (see ASX Announcement – 19 February 2016 “Halls Peak Exploration Update”), and an ASX Announcement 29 December 2016 (see ASX Announcement – 29 December 2016 “99.1m Intersection – Up to 46% Zinc Mineralisation Extended”), both of which are available for viewing at 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.