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Force Commodities Limited

ABN 12 145 184 667

And its Controlled Entities

Half Year Financial Report
30 June 2017

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

CONTENTS

DIRECTORS' REPORT	1
AUDITOR'S INDEPENDENCE DECLARATION.....	5
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
CONSOLIDATED STATEMENT OF CASH FLOWS	9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	10
DIRECTORS' DECLARATION.....	18
INDEPENDENT AUDITORS REVIEW REPORT	19

For personal use only

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors of Force Commodities Limited ('**Force**' or the '**Company**') submit the financial report of the Company and its controlled entities (the '**Group**') for the half year ended 30 June 2017.

DIRECTORS

The names of Directors who are in office at the date of this report:

Mr David Sanders	Chairperson (appointed 6 June 2017)
Mr Jason Brewer	Non-Executive Director (appointed 6 June 2017)
Mr Patrick Glovac	Non-Executive Director

The names of Directors who are not in office at the date of this report but who held office during the half year:

Mark Darras	Chairperson (appointed 28 February 2017; <i>resigned 31 May 2017</i>)
Alistair Stephens	Executive Director (appointed 28 February 2017; <i>retired 31 May 2017</i>)
Peter Smith	Non-Executive Director (appointed 28 March 2017; <i>resigned 31 May 2017</i>)
Rocco Tassone	Managing Director (<i>resigned 28 March 2017</i>)
Charles Thomas	Chairperson (<i>resigned 28 February 2017</i>)

Directors have held office for the entire period and to date of this report unless otherwise stated.

COMPANY SECRETARY

Michael Fry

RESULTS

The result for the half year ended 30 June 2017 attributable to members of the Company was a net loss after tax of \$3,919,816 (2016 loss: \$546,839).

The result to the half year ended 30 June 2017 includes an impairment expense of \$2,878,349 relating to the raising of a provision for impairment against the Company's New South Wales projects.

REVIEW OF OPERATIONS

During the half year ending 30 June 2017, the Group's main operational focus was on the advancement of its Mt Adrah Gold Project and its Halls Peak Base Metals Project, both located in New South Wales.

Mt Adrah Gold Project

During the half year, the Company conducted a small drilling program consisting of two holes for 580 metres which was designed to target high grade gold mineralisation below 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.

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Assays were received in mid-July and reflect that the drill holes intersected discrete veins lying within a broader zone of alteration (all mineralised). The gold mineralisation is interpreted to be the depth extension of White Deer Reef surface mineralisation.

The table below reflects the most significant assay results from the drill core sent for assay. Drill intersected widths only. True widths for these intersections have not yet been determined.

Hole ID	From (m)	To (m)	Downhole Width (m)	Au (g/t)	Ag (g/t)	As (g/t)
GHD012	271.3	271.62	0.32	6.00	3.04	4370
GHD012	271.8	272.1	0.3	0.57	0.28	2240
GHD012	273.0	273.3	0.3	0.5	0.33	2450
GHD012	273.5	273.7	0.2	0.82	0.32	1375
GHD012	274	274.2	0.2	0.63	0.21	1865
GHD012	277.58	277.78	0.2	0.51	0.44	3870
GHD012	278.36	278.56	0.2	1.01	0.14	970
GHD013	229.5	230	0.5	1.54	0.26	3960
GHD013	270	271	1.0	2.8	1.95	3310
GHD013	281	282	1.0	7.52	2.18	5160

Table 1: Significant assay results for diamond drill holes completed as part of current Drill Program

The table below shows the coordinates, angles and depth of each drill hole (collar coordinates provided are GDA94 datum and UTM grid zone 55H coordinates).

Hole ID	East	North	Relative Level (m)	EOH Depth (m)	Dip (°)	Azimuth (°)
GHD012	583698	6104726	410	290	-58	080
GHD013	583700	6104733	410	290	-55	020

Table 2: Drill hole details for diamond drill holes completed as part of current Drill Program

Halls Peak Base Metals Project

During the half year, work on the Halls Peak Base Metals Project was focussed on planning for a drilling program that was earmarked to take place in July 2017. Prior to the program commencing, a decision was reached to defer the works due to funding restrictions.

In addition, to the Mt Adrah Gold Project and the Halls Peak Base Metals Project, the Group also holds an interest in the Rocky River – Uralla Gold Project.

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Rocky River – Uralla Gold Project

During the half year, work on the Rocky River – Uralla Gold Project was limited to administrative filings and a review of historical data.

Mineral Tenement Schedule

Project	Status	Tenement	Interest by Force	held
Mt Adrah	Granted	EL8606	99.5%	
Mt Adrah	Granted	EL6372	99.5%	
Mt Adrah	Granted	EL7844	99.5%	
Halls Peak	Granted	EL4474	100%	
Halls Peak	Granted	EL5339	100%	
Halls Peak	Granted	EL7679	59.5%	
Rocky River / Uralla	Granted	EL6483	59.5%	
Rocky River / Uralla	Granted	EL7491	59.5%	

EL – Exploration Licence

Qualifying Statements

The information in this report that relates to Exploration Information is based on information compiled by Richard Robertson who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Robertson is a qualified geologist and is a contractor to Force Commodities Limited.

Mr Robertson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results., Mineral Resources and Ore Resources. Mr Robertson consents to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

SUBSEQUENT EVENTS

There have been no events subsequent to reporting date, with the exception of those below.

On 17 July 2017, the Company announced that it was seeking earn-in, joint venture or sale opportunities to further advance its Mt Adrah Gold Project and its Halls Peak Base Metals Project. At the same time, the Company announced that it had initiated a global search to identify advanced, near-term production project opportunities; with the initial focus being in the areas of cobalt, lithium, copper and gold and to span Africa, Canada and USA.

On 24 July 2017, the Company completed a placement to professional and sophisticated investors issuing 53,666,666 new shares at an average price of \$0.015 (1.5 cents) raising \$805,000 before costs.

On 3 August 2017, the Company executed a Heads of Agreement (HOA) to acquire, subject to shareholder and regulatory approval and certain other conditions, a 70% interest in the Kitotolo Lithium Project and a 70% interest in the Kiambi Lithium Project, both in DRC and both of which are prospective for Lithium, Tin and Tantalum. The commercial terms are detailed in the Company's ASX announcement of 7 August 2017 and require the Company to pay cash of US\$192,000 plus A\$260,000, and to issue up to 130,476,190 Shares to acquire the interests.

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

On 29 August 2017, the Company lodged a Notice of Meeting with Australian Stock Exchange in relation to a General Meeting to be held on 10 October 2017. At the General Meeting, the Company will seek shareholder approval for the issue of up to 130,476,190 shares to Lithium Age Pty Limited and Liberty Mining and Investments SPRL in relation to the proposed acquisition of interests in the Kitotolo Lithium Project and the Kiambi Lithium Project, referred to above, and also seek approval of resolutions relating to the issue of share options to current Directors - Messrs Sanders, Brewer and Glovac, the payment of a termination benefit, and the issue of share options and performance rights to former director Alistair Stephens, the approval of a share option plan and the replacement of the Company's Constitution.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half year ended 30 June 2017.

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



Mr David Sanders
Chairperson

Dated this 13th day of September 2017

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

As lead auditor for the review of Force Commodities Limited for the half-year ended 30 June 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 13 September 2017

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half Year Ended 30 June 2017

	Note	30 June 2017 \$	30 June 2016 \$
		\$	\$
Interest income		11,591	81,002
Other Income		188,469	465,447
Administrative expenses		(577,098)	(177,742)
Consulting and staff costs		(501,846)	(409,296)
Depreciation expenses		(2,249)	(5,072)
Doubtful debts expense		-	175,000
Share based payments expenses		-	(518,000)
Change in fair value of investments		(133,136)	(47,277)
Impairment	6	(2,878,349)	(105,241)
Other expenses		(6,482)	(5,442)
Loss before income tax		(3,899,100)	(546,621)
Income tax expense		-	-
Loss after tax for the half year		(3,899,100)	(546,621)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Changes in the fair value of available-for-sale financial asset		-	-
Other comprehensive income		-	-
Total comprehensive loss for the half year attributable to members of the parent entity		(3, 899,100)	(546,621)
Total comprehensive loss after tax for half year			
Comprehensive loss attributable to non-controlling interests		(20,716)	(218)
Total comprehensive loss after tax for half year		(3,919,816)	(546,839)
Loss Per Share attributable to ordinary equity holders of the Company		Cents	Cents
Basic and diluted loss per share		(1.85)	(0.34)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	30 June 2017 \$	31 December 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		478,331	676,478
Term deposit		-	90,000
Trade and other receivables	3	209,758	327,424
Financial assets	4	382,502	65,639
Available-for-sale financial assets	5	-	332,991
Other current assets		-	-
TOTAL CURRENT ASSETS		1,070,591	1,492,532
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	6	-	2,669,434
Plant and equipment		9,620	8,622
TOTAL NON-CURRENT ASSETS		9,620	2,678,056
TOTAL ASSETS		1,080,211	4,170,588
CURRENT LIABILITIES			
Trade and other payables	7	197,612	297,823
Provisions	8	31,800	17,893
TOTAL CURRENT LIABILITIES		229,412	315,716
NON-CURRENT LIABILITIES			
Other payable		20,000	20,000
TOTAL NON-CURRENT LIABILITIES		20,000	20,000
TOTAL LIABILITIES		249,412	335,716
NET ASSETS		830,799	3,834,872
EQUITY			
Issued capital	9	30,622,048	29,706,305
Reserves		3,681,761	3,681,761
Accumulated losses		(33,451,524)	(29,552,424)
		852,285	3,835,642
Outside Equity Interests		(21,486)	(770)
TOTAL EQUITY		830,799	3,834,872

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half Year Ended 30 June 2017

	Contributed Equity	Reserves	Accumulated Losses	Non- controlling interests	Total
	\$	\$	\$	\$	\$
Balance at 31 December 2015	28,266,147	2,658,887	(27,863,173)	526,771	3,588,632
Loss attributable to owners of Force Commodities Limited	-	-	(546,621)	-	(546,621)
Loss attributable to non-controlling interests	-	-	-	(218)	(218)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	(546,621)	(218)	(546,839)
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the period	1,347,890	-	-	-	1,347,890
Share issue cost	(3,639)	-	-	-	(3,639)
Options issued during the period	-	444,000	-	-	444,000
Balance at 30 June 2016	<u>29,610,388</u>	<u>3,102,887</u>	<u>(28,409,794)</u>	<u>526,553</u>	<u>4,830,034</u>
Balance at 31 December 2016	<u>29,706,305</u>	<u>3,681,761</u>	<u>(29,552,424)</u>	<u>(770)</u>	<u>3,834,872</u>
Loss for the period	-	-	(3,899,100)	-	(3,899,100)
Other comprehensive loss	-	-	-	(20,716)	(20,716)
Total comprehensive loss for the period	-	-	(3,899,100)	(20,716)	(3,919,816)
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the period	947,870	-	-	-	947,870
Capital raising expenses	(32,127)	-	-	-	(32,127)
Balance at 30 June 2017	<u>30,622,048</u>	<u>3,681,761</u>	<u>(33,451,524)</u>	<u>(21,486)</u>	<u>830,799</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half Year Ended 30 June 2017

	Note	30 June 2017 \$'000	30 June 2016 \$'000
Cash flows from operating activities			
Interest received		11,591	81,002
R&D grant received (net of costs)		71,460	228,435
Other income received		-	83,786
Payments to suppliers and employees (inclusive of value added taxes)		(1,074,780)	(725,157)
Net cash outflow from operating activities		(991,729)	(331,934)
Cash flows from investing activities			
Purchase of plant and equipment		(3,248)	-
Proceeds from term deposit		90,000	-
Proceeds from disposal of investments		-	5,890
Payments for exploration and evaluation assets		(334,799)	(167,303)
R&D grant offset against exploration and evaluation assets (net of costs)		125,886	1,530,848
Payments for equity investments			(44,392)
Net cash inflow from investing activities		(122,161)	1,325,043
Cash flows from financing activities			
Proceeds from share issues/placements		947,870	1,273,879
Share issue costs		(32,127)	(3,638)
Net cash inflow from financing activities		915,743	1,270,241
Net (decrease)/increase in cash and cash equivalents		(198,147)	2,263,350
Cash and cash equivalents at the beginning of half year		676,478	60,339
Cash and cash equivalents at the end of half year		478,331	2,323,689

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year Ended 30 June 2017

NOTE 1: BASIS OF PREPARATION OF HALF-YEAR REPORT

This consolidated interim financial report for the half-year reporting period ended 30 June 2017 has been prepared in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Force Commodities Limited (the "**Company**") during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

New or revised standards and interpretations that are first effective in the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. There are no new and revised standards that have any material impact of the Group's Financial Statements.

NOTE 2: SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on geographical location, with the consolidated entity having operated in three locations: Australia, USA and Canada in the previous 12 months.

Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

Activity by segment

Exploration Australia

The Exploration Australia segment includes the following exploration projects:

- Mt Adrah Gold Project in New South Wales
- Halls Peak Base Metals Project in New South Wales
- Rocky River – Uralla Gold Project in New South Wales

Exploration USA

The Exploration USA segment includes the following exploration projects:

- Clayton Valley Lithium Project in Nevada, USA.

Note: On 15 March 2017, the Company completed a sale of the Clayton Valley Lithium Project to Marquee Resources Limited. Accordingly, the Group is no longer active in USA.

Exploration Canada

The Exploration Canada segment includes the following exploration projects:

- Crescent Lake Lithium Project in Ontario, Canada.

Note: In November 2016, the Company resolved not to exercise its option to acquire the Crescent Lake Lithium Project. Accordingly, the Group is no longer active in Canada.

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year Ended 30 June 2017

NOTE 2: SEGMENT INFORMATION (CONT)

	Exploration Australia \$	Exploration Canada \$	Exploration USA \$	Corporate \$	Total \$'000
(i) Segment performance					
Six months ended 30 June 2017					
Segment revenue	200,060	-	-	-	200,060
Segment result	(2,887,386)	-	-	(1,032,430)	(3,919,816)
(ii) Segment assets					
As at 30 June 2017					
• Cash and cash equivalents	4,348	-	-	473,983	478,331
• Exploration and evaluation expenditure	-	-	-	-	-
• Other assets	134,762	-	-	467,118	601,880
Total Segment assets	139,110	-	-	941,101	1,080,211
(iii) Segment Liabilities					
As at 30 June 2017					
• Trade payables	11,257	-	-	186,355	197,612
• Provisions	-	-	-	31,800	31,800
• Other	20,000	-	-	-	20,000
Total Segment liabilities	31,257	-	-	218,155	249,412
	Exploration Australia \$	Exploration Canada \$	Exploration USA \$	Corporate \$	Total \$'000
(i) Segment performance					
Six months ended 30 June 2016					
Segment revenue	-	-	-	546,449	546,449
Segment result	(4,039)	(105,241)	-	(437,341)	(546,621)
(ii) Segment assets					
As at 30 June 2016					
• Cash and cash equivalents	3,904	-	-	2,319,785	2,323,689
• Exploration and evaluation expenditure	2,043,530	-	101,212	-	2,144,742
• Other assets	156,099	-	-	303,679	459,778
Total Segment assets	2,203,534	-	101,212	2,623,680	4,928,209
(iii) Segment Liabilities					
As at 30 June 2016					
• Trade payables	11,323	-	-	66,852	78,175
• Other	20,000	-	-	-	20,000
Total Segment liabilities	31,323	-	-	66,852	98,175

NOTE 3: TRADE AND OTHER RECEIVABLES

	30 June 2017 \$	31 December 2016 \$
Current		
Receivables – third parties	-	125,000
Security deposit - tenements	133,000	160,000
Prepayment	8,137	8,137
GST	67,465	34,287
Other	976	-
At reporting date	209,758	327,424

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year Ended 30 June 2017

NOTE 4: OTHER FINANCIAL ASSETS

	30 June 2017	31 December 2016
	\$	\$
Current		
Investments in listed securities (at cost)	597,464	125,000
Change in fair value	(214,962)	(81,825)
At reporting date	382,502	65,639

NOTE 5: AVAILABLE FOR SALE FINANCIAL ASSETS

	30 June 2017	31 December 2016
	\$	\$
Current		
Costs capitalised (at cost)	332,991	332,991
Proceeds of Sale	(332,991)	
At reporting date	-	332,991

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 30 June 2017				
Assets				
Financial Assets at fair value through profit and loss	382,502	-	-	382,502
Consolidated 31 December 2016				
Assets				
Financial Assets at fair value through profit and loss	65,639	-	-	65,639

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year Ended 30 June 2017

NOTE 6: EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2017	31 December 2016
	\$	\$
Non-Current		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	-	2,669,434
Opening balance	2,669,434	2,144,742
Exploration expenditure capitalised during half year	334,802	279,630
Exploration expenditure written off during half year	(7,986)	-
Acquisition costs capitalised (Clayton Valley)	-	231,779
Transfer to available-for-sale asset (Clayton Valley)	-	(332,991)
R&D grant	(125,886)	357,926
Impairment ^(a)	(2,870,364)	(11,652)
At reporting date	-	2,669,434

(a) Impairment indicators in AASB 6 are considered on a project by project basis as at the balance 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 \$2,870,364 has been recognised.

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.

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year Ended 30 June 2017

NOTE 7: TRADE AND OTHER PAYABLES

	30 June 2017	31 December 2016
	\$	\$
Current		
Trade creditors	63,023	78,236
Accrued expenses	134,589	219,587
At reporting date	197,612	297,823
Non-Current		
Other payable	20,000	20,000
At reporting date	20,000	20,000

NOTE 8: PROVISIONS

	30 June 2017	31 December 2016
	\$	\$
Current		
Employee benefit provisions	31,800	17,893
	31,800	17,893

NOTE 9: ISSUED CAPITAL

	30 June 2017		31 December 2016	
	\$	Number	\$	Number
Fully paid ordinary shares	30,622,048	214,957,538	29,706,305	177,032,624

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 30 June 2017

NOTE 10: RELATED PARTY TRANSACTIONS

(a) Parent entity

The parent entity of the Group is Force Commodities Limited.

(b) Subsidiaries

The entities in the Group are:

Name of Entity	Class of Shares	Equity Holding (%)		Country of Incorporation
		30 June 2017	31 December 2016	
Biacil Holdings Pty Ltd	Ordinary	100	100	Australia
Micksture Pty Ltd*	Ordinary	-	100	Australia
Uralla Gold Pty Ltd*	Ordinary	-	100	Australia
IRGS Northern Gold Pty Ltd*	Ordinary	-	100	Australia
IRGS Southern Gold Pty Ltd*	Ordinary	-	100	Australia
MAS Gold Pty Ltd*	Ordinary	-	100	Australia
Pahang Minerals Pty Ltd*	Ordinary	-	100	Australia
SOC1 Pty Ltd	Ordinary	100	100	Australia
SOC2 Pty Ltd*	Ordinary	-	100	Australia
Hudson SPC Pty Ltd	Ordinary	79	79	Australia
SUGEC Resources Limited	Ordinary	55	59.5	Australia
Mount Adrah Gold Limited	Ordinary	99.5	99.5	Australia
Tasman Goldfields NSW Pty Ltd	Ordinary	99.5	99.5	Australia
Nevlith Pty Ltd	Ordinary	100	100	Australia
Sovereign Gold Nevada USA	Ordinary	-	100	USA

* de-registered on 2 February 2017

(c) Key Management Personnel

The following persons were Directors of the Company during the half year:

Patrick Glovac	Non-Executive Director	appointed 14 December 2015
David Sanders	Non-Executive Chairperson	appointed 6 June 2017
Jason Brewer	Non-Executive Director	appointed 6 June 2017
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
Peter Smith	Non-Executive Director	appointed 27 March 2017; resigned 31 May 2017
Rocco Tassone	Executive Director	appointed 14 July 2015; resigned 27 March 2017
Charles Thomas	Non-Executive Chairperson	appointed 14 March 2015; resigned 28 February 2017

The following persons were other key management personnel of the Company during the half year:

- Michael Fry, CFO and joint Company Secretary (appointed 1 April 2017)
- Henry Kinstlinger, joint Company Secretary
- Benjamin Amzalak, Investor Relations (resigned 31 January 2017)

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 30 June 2017

(d) Transactions with Related Parties

GTT Ventures Pty Ltd Pty Ltd is an investment advisory business owned by current director Patrick Glovac and former directors Rocco Tassone and Charles Thomas.

An agreement was put in place to sub lease premises at Suite 7, 234 Churchill Avenue, Subiaco from GTT Ventures Pty Ltd. The annual rent and car bay licence fee payable was \$33,345 (plus GST). The sub lease was terminated at end of May 2017. During the half year, GTT Ventures Pty Ltd was paid \$13,894 (plus GST) under this arrangement.

During the half year, GTT Ventures Pty Ltd was paid a placement fee of \$5,740 (plus GST), being a fee of 4%, in relation to moneys invested by clients of GTT Ventures Pty Ltd that took part in the January 2017 placement.

Subsequent to the end of the half year, GTT Ventures Pty Ltd was paid a placement fee of \$15,000 (plus GST), being a fee of 6%, in relation to moneys invested by clients of GTT Ventures Pty Ltd that took part in the July 2017 placement.

(e) Terms and Conditions

All transaction were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms or repayment of loans between the controlled entities and that no interest is charged on outstanding balances.

NOTE 11: COMMITMENTS

(a) Operating lease expenditure commitments

Operating lease expenses relate to a lease for an exploration facility in Uralla:

	30 June 2017	31 December 2016
	\$	\$
Not longer than one year	12,960	33,345
Longer than one year, but not longer than 5 years	-	63,911
Later than 5 years	-	-
	12,960	97,256

During the half year, the sub lease of office premises at Suite 7, 234 Churchill Avenue, Subiaco from GTT Ventures Pty Ltd was terminated. The Company's corporate head office was relocated to 137 Lake Street, Perth WA 6000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 30 June 2017

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to reporting date, with the exception of those below.

On 17 July 2017, the Company announced that it was seeking earn-in, joint venture or sale opportunities to further advance its Mt Adrah Gold Project and its Halls Peak Base Metals Project. At the same time, the Company announced that it had initiated a global search to identify advanced, near-term production project opportunities; with the initial focus being in the areas of cobalt, lithium, copper and gold and to span Africa, Canada and USA.

On 24 July 2017, the Company completed a placement to professional and sophisticated investors issuing 53,666,666 new shares at an average price of \$0.015 (1.5 cents) raising \$805,000 before costs.

On 3 August 2017, the Company executed a Heads of Agreement (HOA) to acquire, subject to shareholder and regulatory approval and certain other conditions, a 70% interest in the Kitotolo Lithium Project and a 70% interest in the Kiambi Lithium Project, both in DRC and both of which are prospective for Lithium, Tin and Tantalum. The commercial terms are detailed in the Company's ASX announcement of 7 August 2017 and require the Company to pay cash of US\$192,000 plus A\$260,000, and to issue up to 130,476,190 Shares to acquire the interests.

On 29 August 2017, the Company lodged a Notice of Meeting with Australian Stock Exchange in relation to a General Meeting to be held on 10 October 2017. At the General Meeting, the Company will seek shareholder approval for the issue of up to 130,476,190 shares to Lithium Age Pty Limited and Liberty Mining and Investments SPRL in relation to the proposed acquisition of interests in the Kitotolo Lithium Project and the Kiambi Lithium Project, referred to above, and also seek approval of resolutions relating to the issue of share options to current Directors - Messrs Sanders, Brewer and Glovac, the payment of a termination benefit, and the issue of share options and performance rights to former director Alistair Stephens, the approval of a share option plan and the replacement of the Company's Constitution.

NOTE 13: CONTINGENT ASSETS AND LIABILITIES

There are no material contingent assets and liabilities that exist as at reporting date, except for the following.

Contingent Liability – Termination Benefit payable to Mr Alistair Stephens

Mr Stephens is a former executive director of the Company was terminated effective 8 June 2017. The Company's view is that the arrangement was frustrated and Mr Stephens is not entitled to any termination benefits. In the event that it is determined that the arrangement was not frustrated, Mr Stephens is entitled to a termination benefit of \$202,667, being 12 months pay in lieu of notice, subject to shareholder approval per the requirements of the Corporations Law. The Company has issued a Notice of Meeting for a General Meeting to be held on 10 October 2017 at which a resolution will be put to shareholders of the Company to approve a termination benefit to Mr Stephens of this amount.

NOTE 14: DIVIDENDS

No dividends have been paid or provided for the period.

FORCE COMMODITIES LIMITED
ABN 12 145 184 667
AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements set out on pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that Force Commodities Limited will be able to pay its debts as and when they become due and payable.

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



Mr David Sanders
Chairman

Dated this 13th day of September 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Force Commodities Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Force Commodities Limited, which comprises the consolidated statement of financial position as at 30 June 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Force Commodities Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Force Commodities Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Force Commodities Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'BDO' followed by a stylized signature.

Dean Just

Director

Perth, 13 September 2017

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