

Quarterly Activities Report ending 31 March 2017

Highlights:

- **Mt Adrah drill program on schedule to commence in May**
- **Halls Peak drill program submitted for approval; scheduled for July**
- **Base metals prices continuing to strengthen; outlook favourable**
- **Board has decided to prioritise Halls Peak development**
- **Research and Development refund of \$218,066 received**
- **Sufficiently funded with \$1.2 million in cash to fund works programs**
- **Looking ahead**
 - **AGM 31 May 2017 plus east coast shareholder and community engagement in June**
 - **Environmental baseline studies for Halls Peak to commence**

Force Commodities Ltd (**Force** or the **Company**) (ASX Code: 4CE) presents the quarterly report for the 3 month period ending 31 March 2017.

Safety

There were no safety incidents in relation to Force employees and contractors. The Company reminds staff, community and stakeholders to respect the rights of landowners and property owners in relation to access. This is pertinent to your own safety, and a courtesy to owners. Trespassing is an offence.

Safety management plans are in place for forthcoming drill programs in conjunction with contractor's safety procedures.

Environment

There were no environmental incidents during the quarter. Force has received environmental approvals for the Mt Adrah drilling program and is striving to minimise environmental disturbance; using previously cleared areas where possible. The landholder has been fully engaged in program requirements and approvals.

Community and Landholder Liaison Program

The Company has established a new website (www.forcecommodities.com.au) and aims to continually improve and update the website with the principal objective of better informing its stakeholders and the community. Additional improvements can be expected in the next quarter. The community and landholder liaison program section (www.forcecommodities.com.au/cllp) can be found under Investor Information, Corporate Governance and clicking onto the community and landholder liaison program link. The Company will post notices on this page for site programs and activities.

Base Metal Commodity Market Outlook Remains Strong

Strong demand from China this year is predicted to increase the price of base metals (copper lead and zinc) by 16% according to Industrial Metals. An April 2017 Commodities Markets Outlook publication by the World Bank states that mining disruptions in Chile, Indonesia and Peru are likely to continue to cause an imbalance to supply. Other observations and projections by the World bank include:

- a 32% price increase in zinc in 2017 following its 60% increase in 2016.
- Lead to build on last year's gains and is expected to add 18% in value due to mine supply constraints brought on by permanent closures due to resource exhaustion, as well as discretionary closures and downscaling in Canada, Peru by Glencore.
- Lead demand remains strong for the battery and industrial sectors, including increasing demand for “stop/start” vehicles, which use batteries containing 25% more lead than conventional units. However, lead demand faces threats from a maturing electric bike sector in China and alternate battery technologies like lithium.
- Copper prices have increased 18% so far in 2017 and continuing disruptions to mine output from Chile and Peru, and contractual disputes in Indonesia have recently taken about 10% of global output offline.

Commodity Prices

The following table summarises key commodity prices at 27 April 2017;

	USD/T	AUD/T	SOURCE
ZINC	2,626	3,516	London Metals Exchange
LEAD	2,185	2,926	London Metals Exchange
COPPER	5,715	7,654	London Metals Exchange
SILVER	17.29	36.55	London Metals Exchange
GOLD	1,265	1,694	London Metals Exchange
AUD:USD		0.7467	

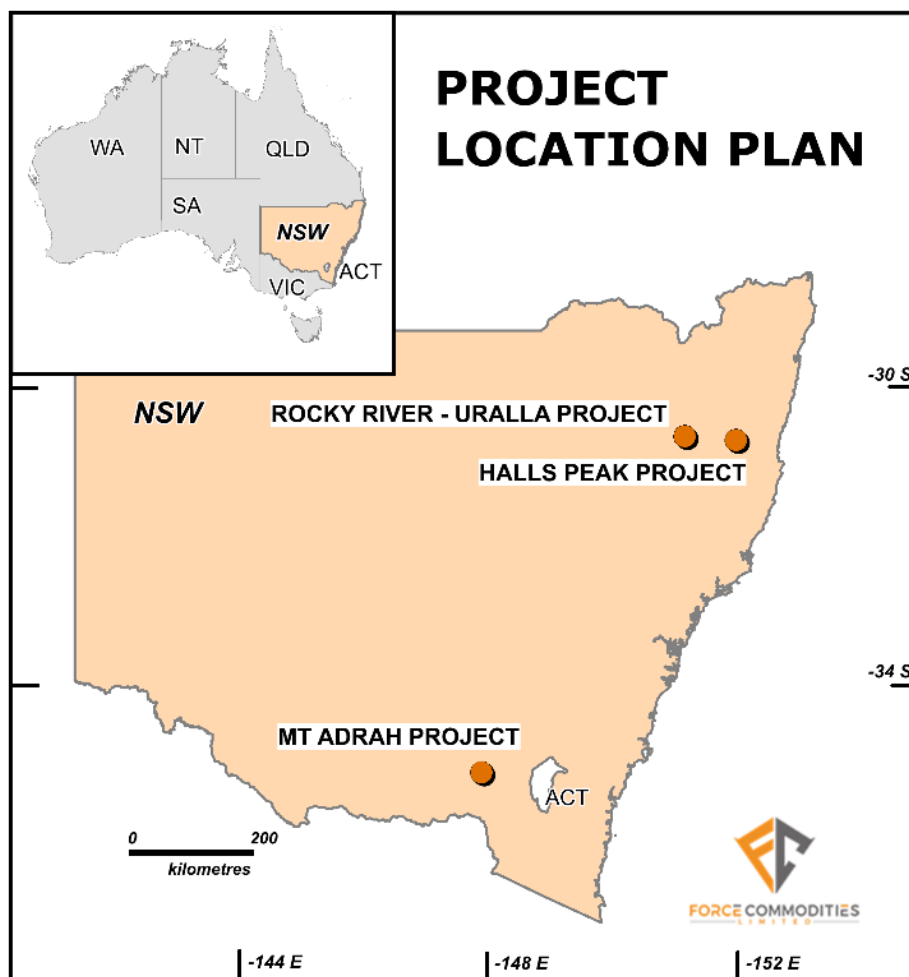
Planning for upcoming development plans

A site visit and site planning exercise to Mt Adrah has been completed and drill sites planned. Excavators are being mobilized and drill companies engaged. A site visit to Halls Peak has been completed and application for a drill program submitted.

A detailed project review follows.

Projects and Investment Overview

Force Commodities (ASX: 4CE), formerly Sovereign Gold Company (ASX: SOC), has two key projects; Halls Peak Base Metals Project and Mt Adrah Gold Project, both located in NSW, Australia. It also has a majority stake in the Rocky River – Uralla gold project, also located in NSW. The company also has an investment in ASX-listed Marquee Resources Limited (lithium) valued at about \$0.5m.



Halls Peak: Zinc, Lead, Silver, Copper, Gold (EL4474, EL 5339 100%: EL7679 55%)

Halls Peak is a small but high grade deposit of zinc, lead, copper and silver with minor credits of gold. Previous drilling has identified true width intersections of mineralisation from 30 centimeters to 20 metres in width, with total combined base metal content in selected intervals of up to 60% consisting of;

- **>5% to 49% zinc**
- **>5% to 27% lead**
- **0.5% to 7% copper**
- **Ranges from 20 to 500 grams per tonne silver (with a historic interval of 1900 g/t), and**
- **Gold grades of about 0.1 to 1.3 grams per tonne (but rarely above 0.5 g/t)**

For shareholder reference, a 1% assay of contained metal is equivalent to 10 kilograms (and one tonne is equivalent to 1,000 kilograms).

Mineralisation is exposed at surface and much of the mineralisation identified in drilling exists within 100 metres of surface and present in up to four different sub-vertical horizons.

The Gibson Mine has seen historic activity with very small scale open pit mining, and some small underground mining, recovering a small (less than 10,000 tonne) of material.

- **Halls Peak Project Development Prioritisation**

After an internal assessment of project data, on a technical basis, Halls Peak represents a short time frame, low capital, high grade and potentially high margin small scale mining operation using direct shippable crushed and sorted material for market. The immediate mine area is significantly disturbed, and a mining operation is therefore technically viable. The Company's internal desk top preliminary economic assessment suggests that Halls Peak represents the best value for shareholders, and will therefore prioritise Halls Peak development ahead of the Mt Adrah Gold and Uralla projects.

Given both the beautiful and sensitive nature of the surrounding environment, significant effort will need to be applied to understanding current environmental issues, environmental management practices, advanced community consultation, government consultation, and developing a best practice end-of-life site rehabilitation plan.

- **Halls Peak Site Visit**

A site visit by senior management and selected industry practitioners was undertaken to familiarise with the broader environment and gauge the activities needed for environmental management, rehabilitation, exploration, metallurgy and processing, mine designs and approvals. This has enabled the Company to better plan and explain work programs to community and stakeholders, and to schedule events.

The area at Halls Peak has significant land disturbance and medium term controls on mine discharge which appear unsustainable. The organisation is focused on what a rehabilitation plan would constitute after mining operations.

Photograph left: from left to right. Geoff Chapman (Resource Development), Dr Marc Steffens (Project Development), Peter Smith (Director, Mining Specialist), Richard Robertson (geologist), Alistair Stephens (Executive Director), Renee Grogan, (Environmental specialist).



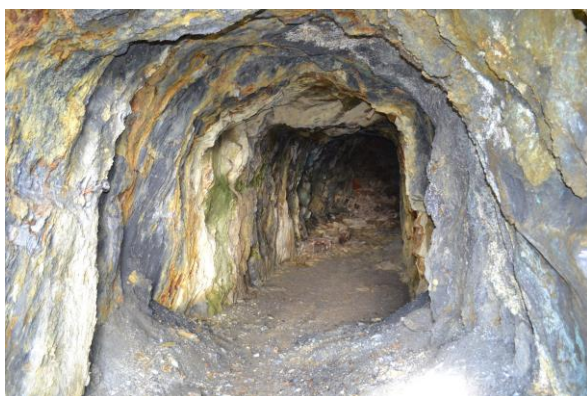
The photographs below, taken in April 2017 site visit, demonstrate the nature and extent of past mining activities, and base metal mineralisation observed in exposures.



Above: Geoff Chapman at the top exposure of zinc, lead and copper mineralisation at the Gibson mine. Mineralisation is displaced by local faulting



Above: At the centre of the Gibson mine a wide exposure (~15m width) of zinc, lead, copper mineralisation is observed. The bucket to the left of the picture is at the opening of the adit



Above: The adit is about 20m long and 2m x 2m in diameter. Base metal mineralisation in this photo can be seen as grey and white zones



Above: Gibson mine area. The first photo with Mr Chapman was taken at the top arrow, the middle arrow is the level of the adit and the bottom arrow is where mineralisation is located below the adit

- **Community engagement plan in development**

The Company is developing a community and stakeholder engagement plan. Initial engagement is forecast to commence after the Company AGM on 31 May 2017.

- **Environmental management plan**

The Company has engaged the services of an experienced environmental and mine rehabilitation specialist to advise on the activities needed to quantify current environmental issues at the Gibson Mine, the nature and timing of future measurement activities, and a comprehensive best practice rehabilitation concept plan.

- **Data Collation and Planning**

The geological database for Gibson has been problematic, with inconsistent sub-standard storage and management of data including geology, surveys, drill holes, and assay data. Significant effort has been placed in validating data and collating into a standard consistent with industry established best practice. This is imperative to ensure proper controls on data integrity and the reliability of future works. The current Force team are all highly experienced in mining operations and are fully capable of operating commercial operations.

- **Safety Management Plan**

The Company currently has an adequate standard of safety management for exploration, but does not have an adequate Safety Management Plan suitable for taking the company into an operations company. This will be a focus of development this year.

- **Resource Development Plan**

The Company has submitted to the authorities a plan for drilling at Halls Peak. It is anticipated that the regulator will take at least 30 days to review this submission, after which the company will commence assessment for implementation in the July quarter. This drill program will target areas to define a resource that will enable the commencement of commercial activities. It is not intended to define all the resource potential of the Gibson mine in this current program.

- **Project Development Strategy**

It is most likely that a future Gibson operation will largely be a small underground operation. A small amount of product may be recoverable by open pit mining, albeit a limited volume. The company aims to extract as much material as a direct ship ore (defined as standard industry terminology for unprocessed mineralisation), although it is likely that some physical beneficiation, without the use of chemicals, will be required. This will most likely involve crushing, screening and gravity or sorting processes.

- **Pilot Plant**

In due course, Force intends to obtain a representative sample of material from the Gibson's mine and use this for pilot plant testwork to develop an optimised processing flowsheet. Additionally, this trial will establish waste product characterization for environmental management and rehabilitation, representation of life of mine product for customers, and de-risking of environmental, mining and

processing issues. It is the intention that the pilot plant will produce enough material to satisfy customers of a product trial. This may occur in the second half of 2017 subject to relevant approvals.

- **Mine Plan**

The company expects to have a mine design and plan completed by the end of the calendar year. This will include a safety management plan, environmental management plan, a comprehensive rehabilitation plan, community engagement, logistics plan, and lead to marketing contracts.

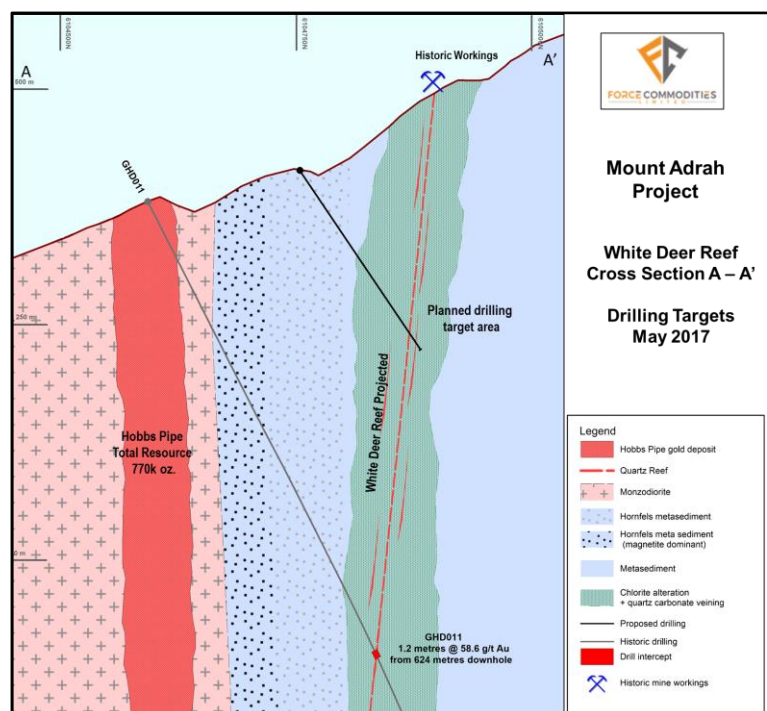
Mt Adrah: Gold (EL 7484, EL6372 : 99.5%)

A site visit has been completed at Mt Adrah with relevant contractors for site works and drilling. Earthworks for site access are expected to commence in the first week of May and the drilling program is on schedule for middle to late May 2017.

The target of the White Deer Reef drill program is located approximately 400 metres NE from the Hobbs Pipe gold deposit. The Reef is interpreted to be derived from the same mineralising event as Hobbs Pipe, which has a JORC 2012 total inferred and indicated resource of 770,000 ounces of gold (20.5 million tonnes at 1.1 g/t) – refer ASX announcement dated 27 December 2013 “Hobbs Pipe – Mineral Resource Update Additional Information”.

The drill program will target high grade 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 intercepted in the 2013 program (drill hole GHD011). This intersection is located approximately 550 metres vertically beneath the surface workings.

The White Deer Reef is interpreted to be derived from the same mineralising event as Hobbs Pipe. The following simplified diagram demonstrates the geological interpretation of potential geometry of mineralisation.



White Deer Reef – Drill Target

Uralla and Rocky River (EL 6483 and EL 7491 : 55%)

The joint venture partner, Sugec Mining Limited, has finished field work. No reports have been provided to the company. The Sugec Mining team has relocated back to China.

Plan Ahead

Corporate Activity

- Company AGM 31 May 2017
- Shareholder engagement other major cities early June 2017
- Armidale community engagement presentations in middle June 2017

Environmental Programs

- Establishment of a baseline and routine monitoring protocol to commence July 2017

Technical Programs

- middle to late May Mt Adrah drilling will commence
- Approval for Halls Peak drill program expected early June. Shareholder and community will be informed of the status on plans.

FORCE COMMODITIES LIMITED
COMMUNITY LANDOWNER LIASON PROGRAM
AS AT 28TH APRIL 2017

LICENCE NO/ PROJECT	Exploration Activities Completed: 3 months to 31 March 2017	Exploration Activities Planned 3 months to 30 June 2017	Latest ASX Announcement
EL 4474 HALLS PEAK	Ongoing Interpretation of Airborne VTEM Survey, drilling, rock and soil sampling, foot and vehicular traverses, geological mapping.	Assessment of potential exploration activity. Site visits for visual inspection. Planning of environmental studies.	Halls Peak Project Update
EL 5339 HALLS PEAK	Ongoing Interpretation of Airborne VTEM Survey, rock and soil sampling, foot and vehicular traverses, geological mapping	Planning environmental studies	
EL 7679 HALLS PEAK	Ongoing Interpretation of Airborne VTEM Survey, rock and soil sampling, foot and traverses, geological mapping		
EL 6372 MT ADRAH	The company is currently undertaking field drill-site validation to finalise its plans to test the high grade White Deer Reef at the Mt Adrah Gold Project. Application for a common exploration activity approved by Environmental Sustainability Unit of the Department of Mineral Resources.	The drilling program will comprise up to 1,300 metres of diamond drilling and is anticipated to commence in May 2017.	Mt. Adrah Gold Project Update

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of Force Commodities Limited, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

Qualifying statements

Mt Adrah Gold Project

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 November 2013, (see ASX Announcement – 27 November 2013 “Bonanza hit of 1.2m @ 58.6 g/t Au confirms multiple high-grade structures at Mount Adrah”) and from an ASX Announcement dated 27 July 2016, (see ASX Announcement – 27 July 2016 “Mt Adrah Gold Project Targets High Grade Gold Potential”), 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.

Halls Peak Base Metals Project

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.

Annexure 1: Halls Peak - Project Overview

Introduction

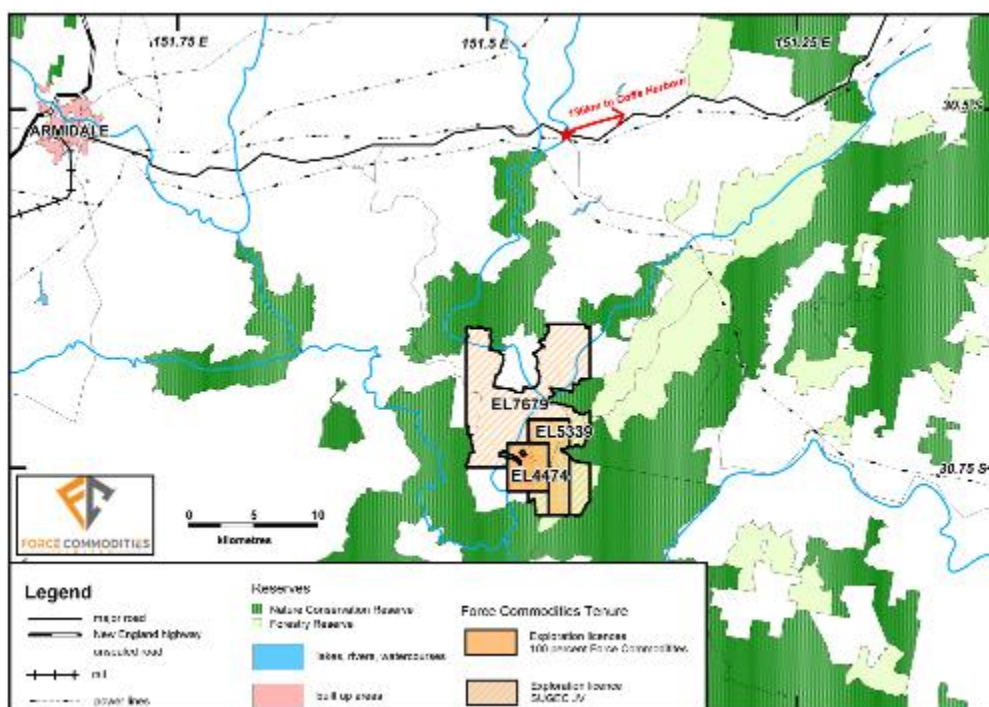
The Halls Peak project contains several occurrences of base metals rich in zinc and lead with varying associated levels of copper, silver and gold. Mining was undertaken intermittently between 1896 and 1967, producing high grade ore from mostly small scale underground workings.

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 constructed by previous miners. The topography is typically very steep.



Location Map of Halls Peak Project, NSW, Australia

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.

Loudon (1967) reports 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:

DRILL HOLE REF	FROM (M)	TO (M)	LENGTH (M)	ZINC (%)	LEAD (%)	COPPER (%)	SILVER (G/T)
PMR026*	0	17.6	17.6	11.73	4.34	2.06	111.11
	21.5	29.9	8.4	6.08	1.55	1.1	21.07
PMR027**	8.2	24.6	16.4	4.4	1.0	0.67	22.5
	39.0	42.45	3.45	13.87	4.6	3.58	72.97
	48.9	51.0	2.1	3.79	1.43	0.42	9.29
	52.95	57.65	4.7	12.9	4.34	0.74	30.44
	61.5	66.4	4.9	-	-	-	690.9
PMR028**	0	37.2	37.2	5.53	1.5	1.09	28.1
	42	45.6	3.6	17.67	6.05	<0.1	37.16
PMR029**	8.6	10.4	1.8	19.99	10.69	0.89	41.43
SG004***	8.8	22	13.2	5.53	2.71	0.43	0.52
SG005***	8.8	16	7.2	20.19	7.17	0.66	0.1
SG006***	8.4	19.6	11.2	19.71	10.77	0.80	0.23

* 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

Annexure 2: Mt Adrah Gold - Project Overview

Introduction

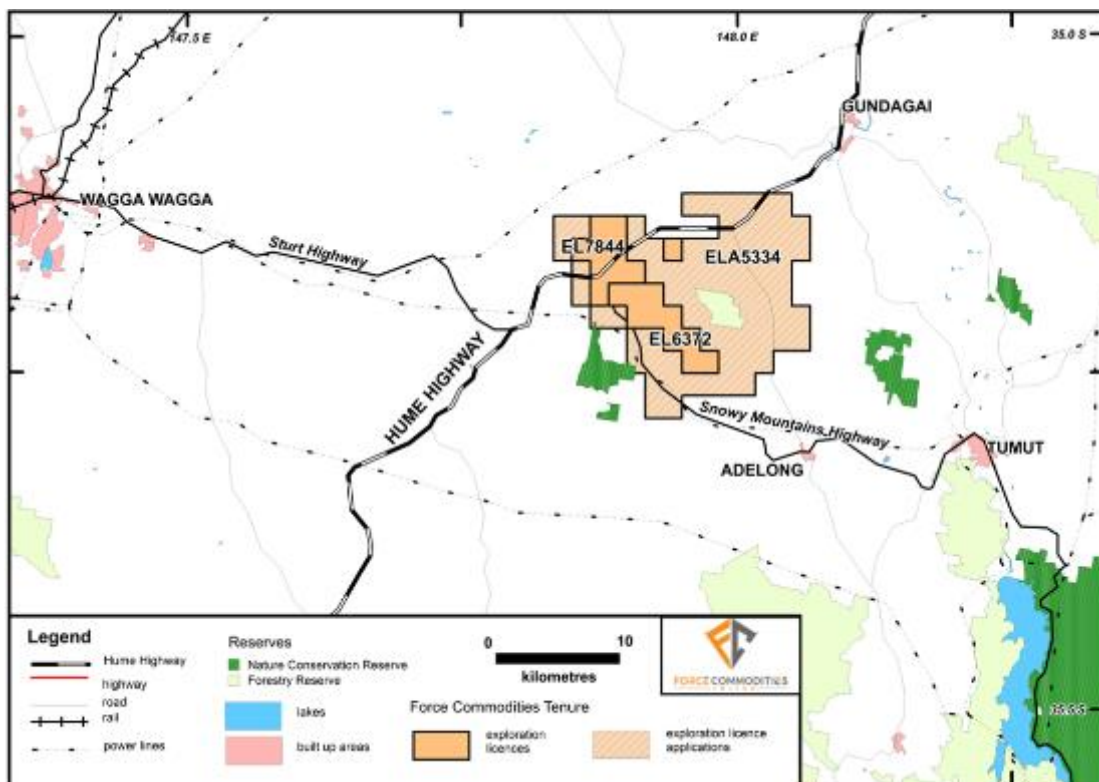
The Mt Adrah project contains the Hobbs Pipe deposit containing 769,5000 oz. gold which has been the subject of historic drilling and a resource estimate completed in 2013 (JORC 2012).

The Hobbs Pipe deposit is relatively low grade, but has substantial upside in potentially favourable mining and metallurgical characteristics. Only rudimentary mining and processing studies have been undertaken on the Hobbs Pipe deposit.

There is significant potential to bolster the project with additional gold resources. Several occurrences of reef style gold mineralization – which are high grade and near surface – are located on Force tenements.

Project Setting and Location

The Mt Adrah 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 of Mt. Adrah Project, NSW, Australia.

Geology

The Mt. Adrah area is located on the eastern margin of the Girilambone-Wagga Anticlinorial Zone which is bounded on the east by the Gilmore Suture. This lineament is interpreted to be a deep crustal faulted rift zone abutting Ordovician and Silurian sequences.

Several significant gold deposits are located along the Gilmore Suture, as illustrated on the image of Total Magnetic Intensity (TMI) with known gold occurrences shown below.

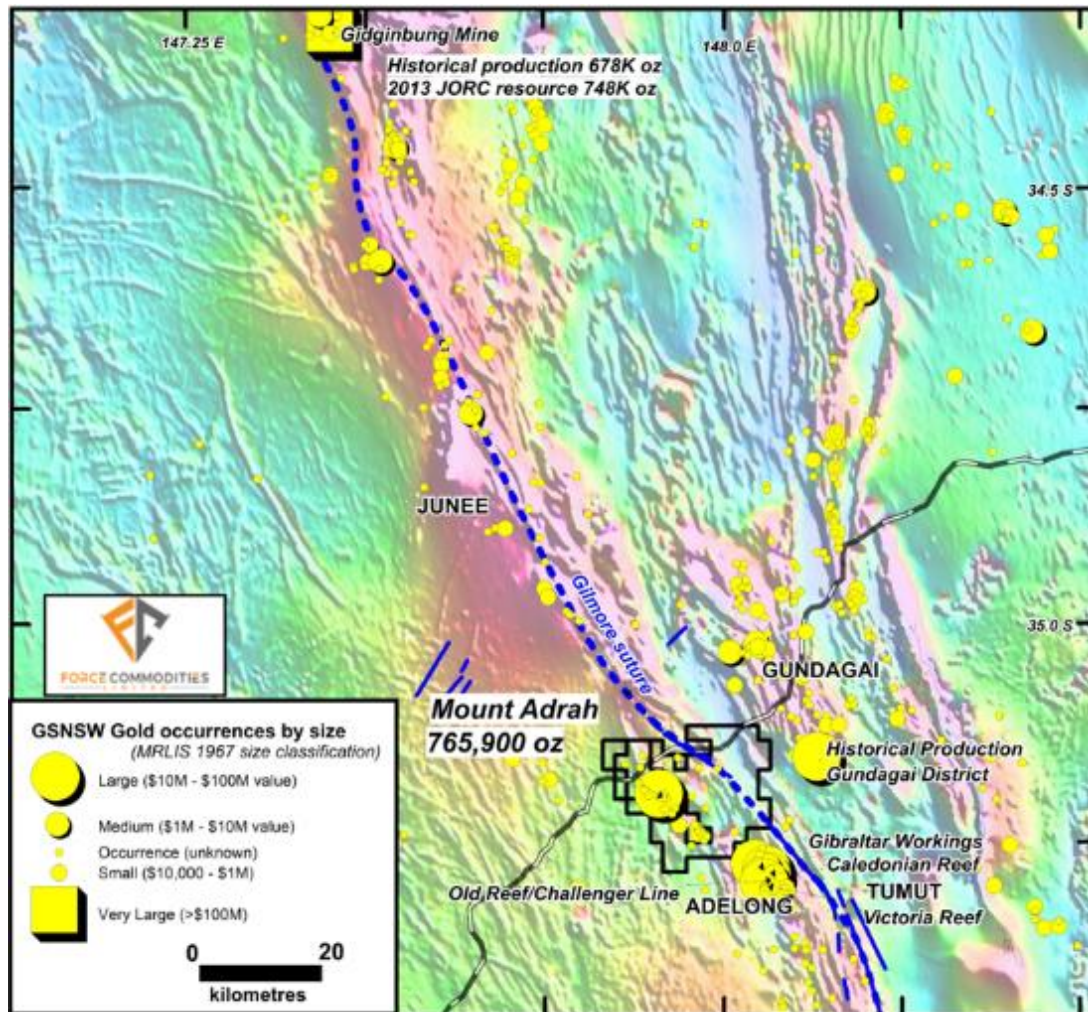


Image: Gold Occurrences on the Gilmore Suture Over TMI

In the project area, rocks west of the Gilmore Suture are Ordovician intermediate metavolcanics and calcareous metasediments. Silurian metasediments and acid to intermediate metavolcanics lie to the east of the Gilmore Suture. Silurian to Devonian gabbroic to granitic intrusions form sub-circular stocks, one of which hosts the Hobbs deposit. Intrusions and minerals deposits occur along a northwest trend, parallel to the Gilmore Suture, and appear to be localized on west and southwest trending cross faults or fracture systems.

Annexure 3: Rocy River - Uralla

The Rocky River – Uralla Project tenements are centred on the town of Uralla, and are located 21 kilometres southwest of Armidale in the New England district of New South Wales. The area is well supported by existing infrastructure, road, rail, power and engineering.

In April 2012, Force Commodities Limited (as Sovereign Gold) entered into a cooperation and investment agreement with Jiangsu Geology and Engineering Co. Ltd. (SUGEC) of Nanjing, China to contribute \$2 million towards exploration of the Rocky River – Uralla Project. Intrusive rocks related to gold mineralisation are the prime target of this exploration program. Exploration work to date including surface geochemistry and drilling at the project has confirmed the existence of an intrusion related gold system (IRGS). Further works are needed to assess the viability of commercially extractable mineralisation.