

1 June 2018

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

Sale of Non-Core Project - Halls Peak Project

- ***Option Agreements entered into to sell the Company's two Halls Peak Project tenements located in New South Wales.***
- ***In the event that the Acquirer proceeds with the acquisition of both Halls Peak Project tenements, Force will receive total consideration of up to \$665,800, comprising \$165,800 in cash, \$250,000 in shares (upon a successful IPO of the Acquirer) and a further \$250,000 in shares in the Acquirer (at its IPO price) subject to the Acquirer achieving aggregate sales of an amount equal to \$2 million or greater from the Halls Peak Project.***
- ***Force Chief Financial Officer and Company Secretary Michael Fry has been appointed a Director of acquirer XS Resources Limited and will play a pivotal role in the planned ASX Listing of XS Resources Limited and realisation of value for Force.***

Force Commodities Ltd (**Force** or the **Company**) (ASX Code: 4CE) is pleased to advise that it has entered into individual option agreements to sell its two Halls Peak Project tenements in New South Wales for consideration of up to \$665,800 (refer below) to XS Resources Limited (**XS Resources** or the **Acquirer**) (ACN 624 766 114).

Both option agreements are exercisable within 30 days and if exercised completion is conditional upon the successful completion of an initial public offering (**IPO**) by XS Resources (**Condition Precedent**). The Condition Precedent is required to be completed by 31 December 2018, or such later date agreed by the parties.

Under the terms of the option agreement in relation to tenement EL4474, the Company will receive an option fee of \$25,000. Should XS Resources elect to proceed, the Company will receive a further \$75,000 in cash and \$250,000 in shares in XS Resources upon XS Resources completing an IPO. In addition, the Company will receive a further \$250,000 in shares in XS Resources upon XS Resources (or any acquirer of the project from XS Resources) achieving sales of product from the Halls Peak Project of an amount exceeding \$2 million (**Deferred Consideration**).

Under the terms of the option agreement for tenement EL7679, the Company will receive an option fee of \$1. Should XS Resources elect to proceed, the Company will receive a further \$65,800 in cash upon XS Resources completing an IPO.

Commenting on the sale, Force's Managing Director Jason Brewer stated:

"With our focus firmly fixed on exploration and development of our highly promising lithium projects in the Congo, the decision has been made to dispose of the Halls Peak Project, a non-core asset. Whilst I believe the Halls Peak Project has significant merit, with the opportunity we now have in Africa, we cannot afford any distraction from our plans to accelerate exploration and development activities at the Kitotolo and Kanuka Lithium Projects.

We have been actively seeking interest in the Halls Peak Project for in excess of nine months, and the proposal tabled by XS Resources represented the most attractive offer by some distance. We are keen to retain some interest in the Halls Peak Project given its potential and it is for this reason that we agreed for part of the proceeds to be in the form of equity in the acquiring entity - just as we have successfully done with our equity investment in Marquee Resources (ASX:MQR) and as we recently did with the Mt Adrah Gold Project.

We have a vested interest in the planned IPO of XS Resources performing well and to this extent we strongly support the role our Chief Financial Officer/Company Secretary Michael Fry will play as a director of XS Resources in assisting it to successfully complete its IPO and in the advancement of the Halls Peak Project in his capacity as a Director of XS Resources. It is to be noted that Michael Fry has played no role in the negotiation of terms for the acquisition of the Halls Peak Project either from a Force perspective or from an XS Resources perspective."

Should XS Resources complete an acquisition of Halls Peak Project tenements, this will enable Force to solely focus on the DRC and its lithium projects there. The Board and management of Force consider that should this eventuate, that this is a significant step forward and the best use of the Company's financial and human resources.

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For further information contact:

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