

5 July 2019

ASX Announcements Office  
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Australia

## **STRATEGIC ACQUISITION OF MAJORITY INTEREST IN THE HIGH-GRADE TSHIMPALA LEAD AND SILVER PROJECT COMPLETED**

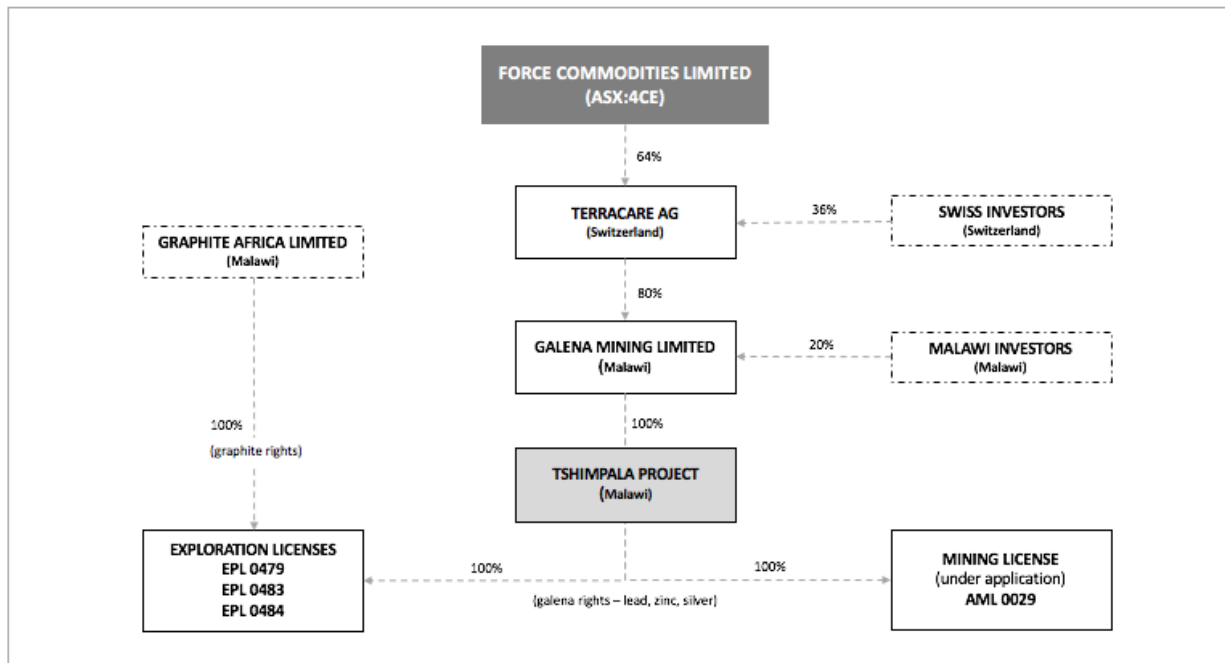
- *All acquisition documentation executed with Switzerland-based Terra Care AG, allowing completion of the purchase of an initial 51% interest in the high-grade lead and silver Tshimpala Project*
- *Force is now the manager and operator of the Tshimpala Project, which comprises three granted exploration licenses and one mining license (under application) located 45km from the capital city of Lilongwe in the Central Region of the Republic of Malawi*
- *Licenses extend over 1,414km<sup>2</sup> and cover areas of known historic and current small-scale lead and silver mining activities and where exploration work in late 2018 has identified multiple interpreted zones of parallel, shallow mineralisation and with individual strike lengths of up to 500m and in excess of 5km in aggregate*
- *Trial mining has already been completed at the Grand Canyon, Riverside and Small Canyon Prospects in November 2018, with a +100t bulk sample trucked to ALS Laboratories in South Africa and which was assayed by ALS and confirmed as an exceptionally high grade product that reported an average 60.48% lead and 735g/t silver*
- *The acquisition offers Force shareholders immediate exposure to high-grade lead and silver mineralisation with a potential near-term path to development*
- *Phase 1 exploration and development activities underway following the recent appointment of key executive management, with work to comprise test pitting, trenching, sampling and detailed geological mapping and modelling as well as further ground electro-magnetic surveys focused initially on the areas of exposed high-grade lead and silver mineralisation in the Grand Canyon, Riverside and Small Canyon Prospects*
- *In addition, a further 2,500m of planned RC drilling is to be completed as part of the Phase 1 program to assist the Company to delineate an initial maiden JORC compliant resource*

Force Commodities Ltd (**Force** or the **Company**) (**ASX Code: 4CE**) is pleased to announce it has completed its acquisition of an initial 51% majority interest in the high-grade lead and silver Tshimpala Project located in the Republic of Malawi (the **Project**).

## TSHIMPALA PROJECT ACQUISITION COMPLETED

All acquisition documentation, including the Share Sale and Purchase Agreement, has been executed by the Company and by the shareholder of Switzerland-based TerraCare AG (**TCA**). This follows completion by Force of its legal and technical due diligence last month and negotiation on final legal documentation. (refer see ASX announcement dated 18 June 2019).

Following execution of the acquisition documentation, the Company has become the majority 64% shareholder of TCA. TCA's principal investment is an 80% shareholding in Galena Mining Limited (**GML**), a Malawian incorporated company, which has the rights to exclusively explore for lead, silver and zinc on Exploration Licenses EPL479, EPL483 and EPL484 and has also secured the rights to develop and mine on Mining License AML 0029, which is currently under application.



**Figure 1:** Force's corporate structure and holdings in the Tshimpala Project

With the acquisition completed, Force has been installed as the manager and operator of GML and is responsible for the funding of its exploration activities and the marketing and sale of all mineral production of lead, silver and zinc ore from the Exploration Licenses and Mining License.

In accordance with the terms of the acquisition, the Company will now reimburse an agreed amount of historical costs incurred by TCA on the Tshimpala Project and will fund further exploration and development expenditure over the next 18 months in accordance with an agreed budget, including payment of fees associated with issuance of the Mining Licence AML0029.

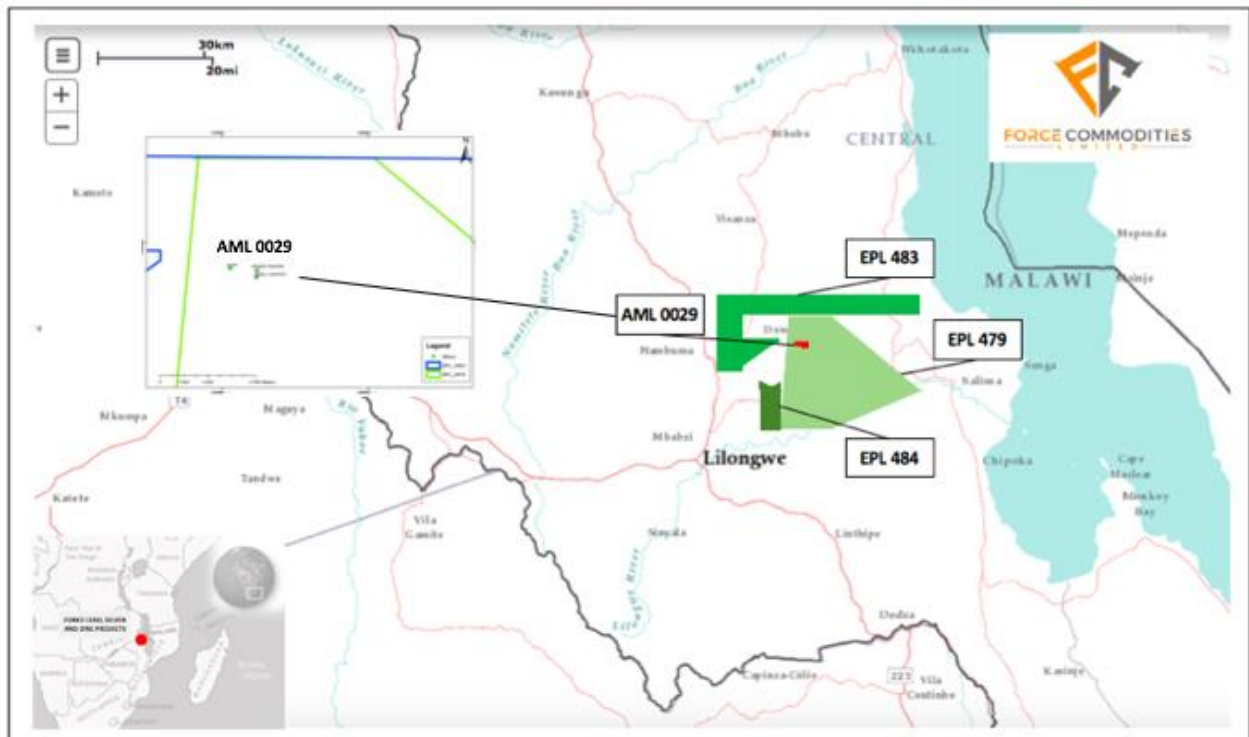
In accordance with the Share Sale and Purchase Agreement, Force is required to issue 40 million fully paid ordinary shares in the Company upon execution of formal agreements to TCA and its nominees. The Company has today instructed its share registry to issue 26.5 million of the 40 million shares under the Company's 15% existing placement capacity under ASX Listing Rule 7.1. The balance will be issued following a General Meeting of Shareholders to be held in August 2019.

A further 40 million fully paid ordinary shares in Force are also to be issued once GML has completed the sale of 500 tonnes of contained lead from the Tshimpala Project.

## TSHIMPALA PROJECT PHASE ONE EXPLORATION PROGRAM

With the formal acquisition documents now executed, the Company is now focused on accelerating its planned Phase 1 exploration and development programs at the Tshipala Project, with work to be initially centred on the Grand Canyon, Riverside and Small Canyon Prospects.

The activities are to be managed by the Company's recently appointed Exploration Manager, Mr Trevor Mashiloane (refer ASX Announcement dated 25 June 2019), who along with other members of the Force Board and senior management will be on site next week to advance this work.



**Figure 2:** Location map of the 3 granted exploration licenses and one mining license (under application)

Phase 1 exploration and development program at the Tshipala Project will comprise test pitting, trenching, sampling and further detailed geological mapping and modelling with additional ground electro-magnetic surveys to be completed on a further 50ha at the Grand Canyon and Small Canyon Prospects.

The Company will be meeting with drilling contractors next week in Malawi in order to progress the arrangements for a planned 2,500m program of RC drilling.

As part of the Company's Phase 1 exploration and development program, bulk sampling of the exposed mineralisation, from the trenching work at the Riverside and Grand Canyon Prospects and from preliminary mining studies and activities, is also proposed with further metallurgical analyses and assaying of the material to be completed.

As previously announced, discussions are continuing between the Company's recently appointed metals trading and marketing consultant, Mr Simon Grant-Rennick, and Swiss based global commodity trading groups to potentially deliver 1,000t of the bulk high-grade lead and silver

sample for processing through its Asian based smelter customers and which is expected to form part of the Company's longer-term offtake arrangements.

In addition to progressing the Company's planned exploration and development work, members of the Force Board and senior management will observe the on-site activities next week, with initial site establishment works to commence. Further meetings are also scheduled with the relevant government departments and with established logistics providers for the transportation of mined material to key export ports.

**Commenting on completion of the Tshipala Project acquisition, Force Commodities Managing Director, Jason Brewer said:**

*"With the acquisition of our majority interest in the Tshipala Project now complete, we are now primed to begin our phase-one exploration and development programs.*

*"I am looking forward to getting on site next week with our new senior management team and to commence our activities on this exciting high grade lead and silver project."*

*"I look forward to updating shareholders as we progress with our exploration and development programs and in our ongoing discussions regarding the sale of product into the international markets from the Tshipala Project."*

**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 Jess Oram who is a member of the Australasian Institute of Geoscientists and a Member of the Geological Society of Australia. Mr Oram is engaged by Force Commodities as a non-executive Chairman.

Mr Oram 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 Oram 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.