



and its Controlled Entities

ABN 12 145 184 667

Annual Report

For the Year Ended 31 December 2019

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

CORPORATE INFORMATION

DIRECTORS

Mr Jess Oram	Non-executive Chairman
Mr Jihad Malaeb	Non-executive Director
Mr David Sproule	Non-executive Director

COMPANY SECRETARY

Mr Henry Kinstlinger

REGISTERED AND PRINCIPAL OFFICE

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West Perth WA 6005
Telephone (08) 6117 3860
Website www.forcecommodities.com.au

POSTAL ADDRESS

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West Leederville WA 6007

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

SHARE REGISTER

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne, VIC 3001
Telephone 1300 850 505
(outside Australia) +61 3 9415 4000

Force Commodities Limited shares are listed on the Australian Securities Exchange (ASX)

ASX Code 4CE

ACN 145 184 667

ABN 12 145 184 667

In this report, the following definitions apply:

"Board" means the Board of Directors of Force Commodities Limited

"Force" or the **"Company"** means Force Commodities Limited ABN 12 145 184 667

"Group" means Force Commodities and its controlled entities

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
TABLE OF CONTENTS

DIRECTORS' REPORT 2
AUDITOR'S INDEPENDENCE DECLARATION.....24
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ..25
CONSOLIDATED STATEMENT OF FINANCIAL POSITION26
CONSOLIDATED STATEMENT OF CASH FLOWS27
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY28
DIRECTORS' DECLARATION65
INDEPENDENT AUDITOR'S REPORT.....66
ASX ADDITIONAL INFORMATION70

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 year ended 31 December 2019.

DIRECTORS

The names and particulars of directors who are in office at the date of this report:

Mr Jess Oram	Non-Executive Chairman (appointed 5 February 2019)
Mr Jihad Malaeb	Non-Executive Director (appointed 27 January 2020)
Mr David Sproule	Non-Executive Director (appointed 24 August 2020)

The names and particulars of directors who are not in office at the date of this report but who held office during the financial year:

Mr David Sanders	Chairman (resigned 5 February 2019)
Mr Jason Brewer	Managing Director (resigned 14 January 2020)
Mr Simon Grant-Rennick	Non-Executive Director (appointed 1 August 2019, resigned 27 May 2020)
Mr Gedeon Pelesa	Non-Executive Director (resigned 24 August 2020)

Directors have held office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Mr Henry Kinstlinger (appointed 9 April 2020)
Mr Michael Pitcher (appointed 5 February 2019 and resigned 9 April 2020)
Mr Michael Fry (resigned as Company Secretary 5 February 2019)

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was mineral exploration and development. There were no significant changes in the nature of the Group's principal activity during the financial year.

RESULTS

The result for the year ended 31 December 2019 attributable to members of the Company was a net loss after tax of \$4,484,485 (year ended 31 December 2018 loss: \$8,897,779).

DIVIDENDS

No amounts have been paid or declared by way of dividend during or since the end of the financial year.

REVIEW OF OPERATIONS

During the year ending 31 December 2019, Force Commodities Ltd concentrated its operational activity on acquiring and operating the Tshimpala Lead-Silver Project in Malawi. Tshimpala is characterised by high grade lead-zinc veins having potential for near-term small-scale mining production by direct shipping ore (DSO) methods.

A brief overview of each of these projects and the work conducted during the course of the year and up to the date of this report is as follows:

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Tshimpala Lead-Silver Project, Malawi

Summary of Operational Activity at Tshimpala

Force completed the following activities at Tshimpala during the year:

- acquired the project
- applied for a mining lease covering the Grand Canyon, Small Canyon and Riverside Prospects
- set-up a logistical support base in Lilongwe
- completed an environmental and social impact assessment (ESIA) study
- negotiated an offtake agreement with Transamine
- compensated local landholders for proposed impacts caused by exploration and mining activity
- upgraded access roads into the project area
- exploration drilling at Small Canyon; comprising 26 reverse circulation holes 742 m

The Tshimpala Exploration Project comprises a series of high-grade lead-silver veins cross-cutting folded, graphite-rich metamorphic rocks. The emplacement of three small artisanal pits has exposed the mineralisation at Small Canyon, Grand Canyon and Riverside. Figure 1 shows the mining lease area of the Tshimpala Project, comprising the prospects Small Canyon, Grand Canyon and Riverside.

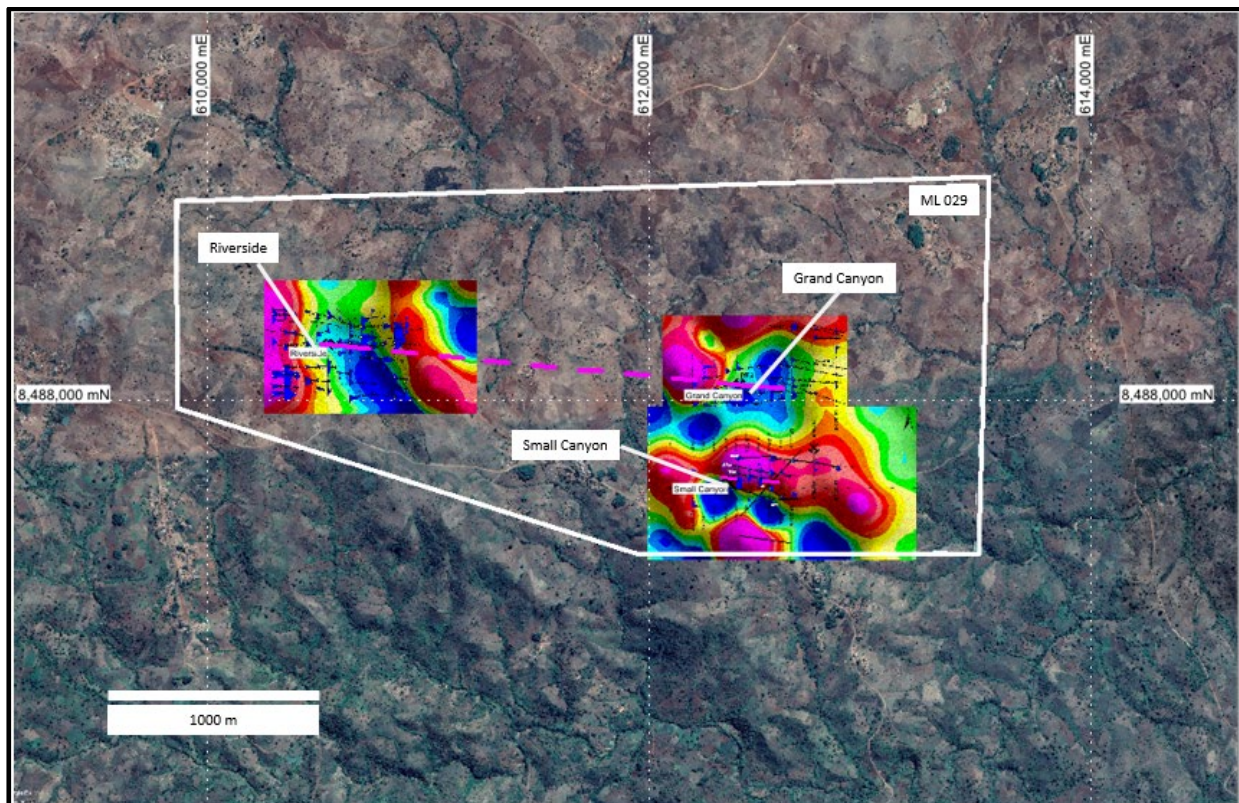


Figure 1: Google Earth image as underlay, local scale magnetics image at Riverside, Grand Canyon and Small Canyon, mining lease ML0029 outline in white, interpreted orientation of lead-rich lode shown in magenta.

Grand Canyon Prospect

Grand Canyon lies within EPL 479 and on AML 0029. It is on the contact of a magnetic high to the north and a low magnetic zone to the south, a pattern that which is synonymous to other identified prospects in the region including Small Canyon.

The contact at Grand Canyon is also curvilinear and is in general, east west, changing direction as the magnetic anomaly pinches and swells. The contact is some 1.65 km in strike length and cut by north south to northeast - southwest structures interpreted as faults.

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Main Target interpreted from ground EM and opened up by one artisanal pit is 500 m in strike length cutting across a magnetic high to its west.

Force has not completed any drilling at Grand Canyon.

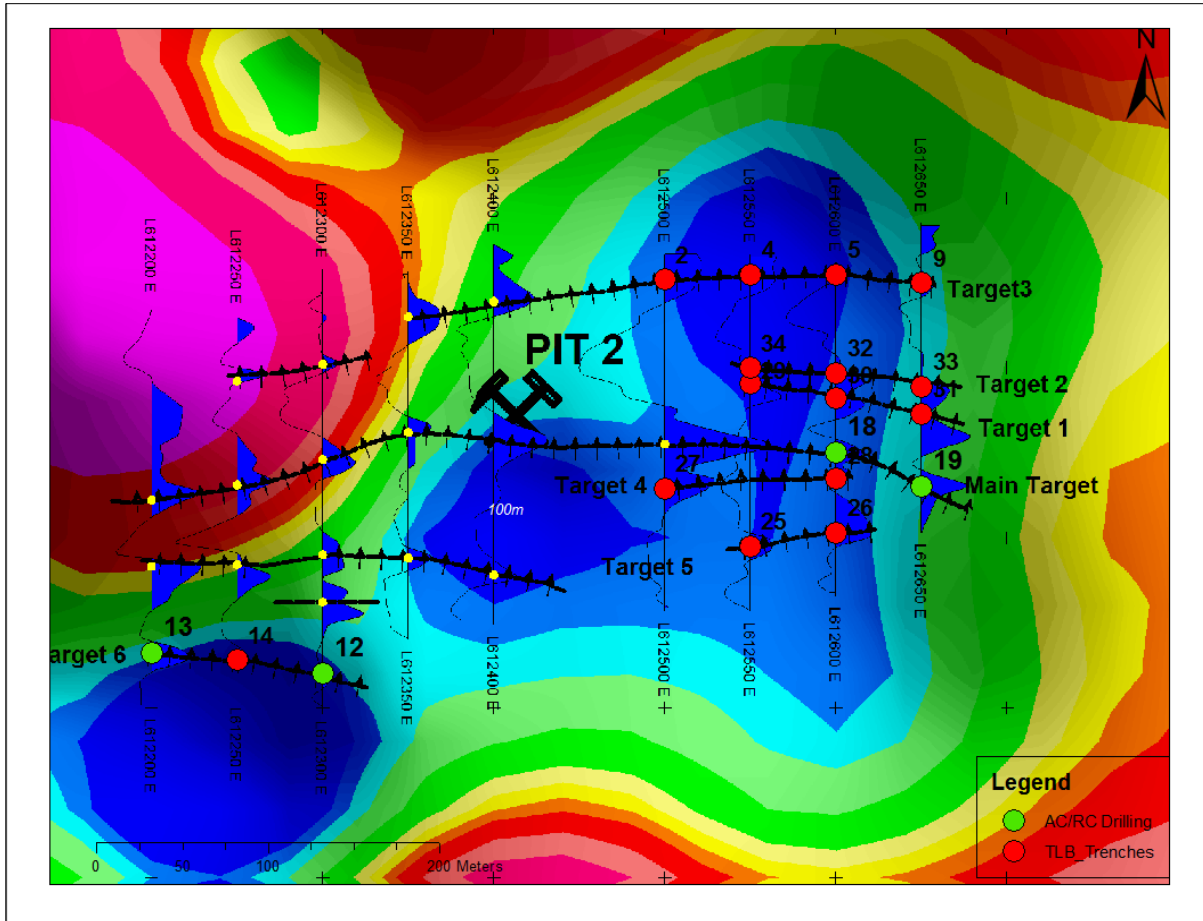


Figure 2: EM image indicates the Grand Canyon VLF intensity profiles

Small Canyon Prospect

At Small Canyon, the magnetic anomaly lies north of previous small-scale artisanal mining activities, being amphibolitic gneiss.

Small Canyon lies on the contact, the mineralised vein structure being east-west in strike and dipping north at the margins of an electro-magnetic high. The lode structure in the pit dips 60° to the north. The lode structure is mapped in the west of the pit, being associated with a less magnetic feature to the north and a low magnetic feature to the south.

Force completed 26 holes for 742 m of reverse circulation drilling (RC) at Small Canyon. This drilling targeted lead-silver veins along strike from artisanal exposures at Small Canyon, refer Figure 3. As the drilling progressed through the program a second mineralisation orientation began to be tested; namely a stratabound folded style of accumulation that broadly parallels bedding.

Only selected intervals from seven holes were assayed, no other holes were assayed. Assays of the drilling returned disappointing results, with the best intercept returned from SCA001 for 4.0 m at 328 ppm lead from 40 m depth.

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

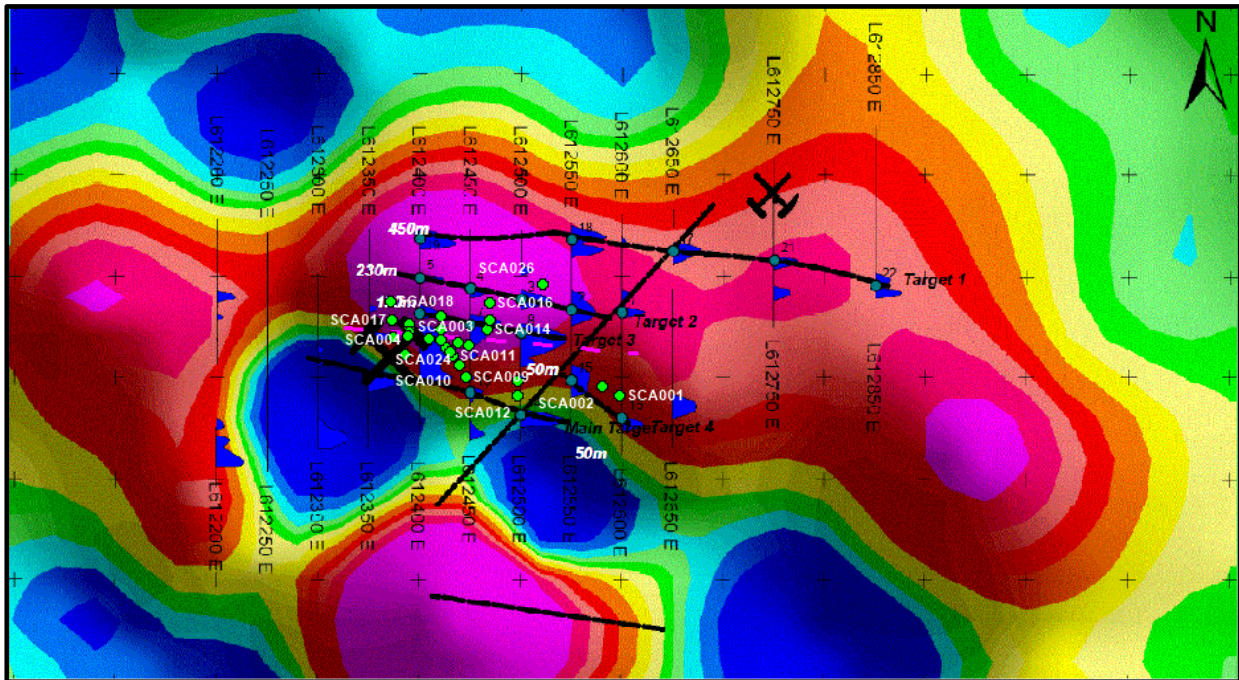


Figure 3: Small Canyon local scale magnetics image (TMI) VLF (Very Low Frequency) EM Intensities Profiles, shown by north-south trending sample lines shown in black and marked by easting with blue coloured intensity profile; Small Canyon located by the western crossed hammer and chisel mining symbol; this figure is the enlarged southeastern-most magnetics grid of Figure 1.

Riverside Prospect

The Riverside Prospect is the westerly pit on AML0029 and lies at the contact of a magnetic low with an intermediate magnetic high.

There are numerous interpreted structures from an EM survey providing targets at the Riverside Prospect, all of which are east-west trending.

Six primary targets have been mapped at Riverside. The Main Target and Target 2 are the more continuous ones with a strike length in excess of 400 m. Targets 4 and 6 are some 200 m in strike while Target 5 is discontinuous along its strike. The Main Target anomaly dips some 60° to the north.

The Company will complete pitting at four locations targeting interpreted shallow mineralisation, which is projected to be covered by only 1 m to 2 m of overburden and is located to the south of the pit exposing the lode structure.

The Company has identified a further five locations for trenching work at Riverside, to the southwest and northeast of the prospect area. RC follow-up drilling may follow depending on the results of the pitting

Force has not completed any drilling at Riverside.

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

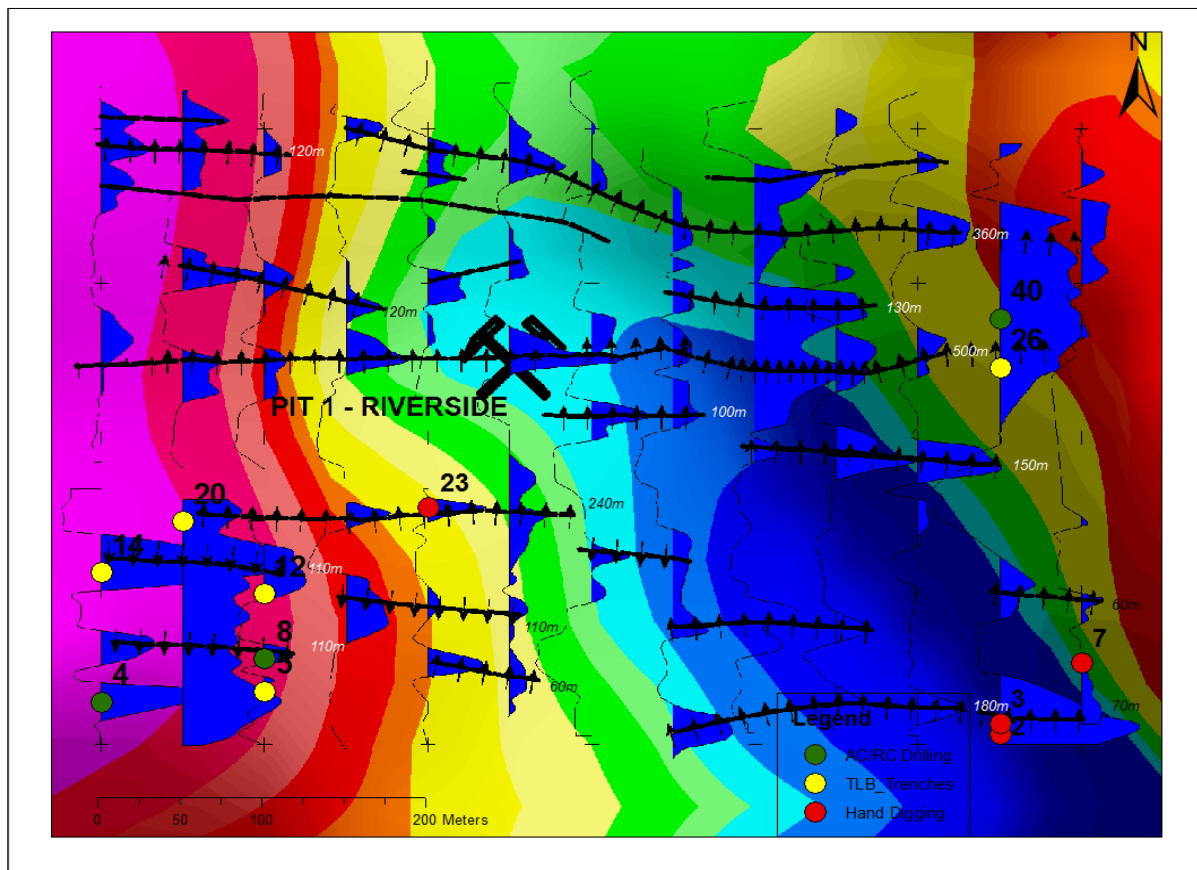


Figure 4: Riverside Prospect - EM image indicating Very Low Frequency (VLF) Intensities Profiles.

Contractual Obligations of Project Acquisition

The following summarises the contractual obligations of the project acquisition:

- acquisition: 65% interest in Swiss based Terra Care AG; which held an 80% interest in the project
- consideration: issue vendor or nominees 40 million 4CE shares on completion of the share sale and purchase agreement
- deferred consideration: issue vendor or nominees 40 million 4CE shares on mining production of 500 tons of lead on ore, or lead in concentrate
- cash payments: US\$41,350 and €160,605 (together equivalent to approximately A\$320,880) by no later than 31 December 2019
- project expenditure: Force to fund all the exploration and mining activity of the project

As at 31 December 2019 the cash payments to Terra Care AG had not been made. Under the terms of the share sale and purchase agreement, failure to meet these cash payments allowed the vendor the possibility to buy-back the project in its entirety for US\$100.

On 6 May 2020, the vendor and 35% minority shareholder of Terra Care AG, put Terra Care AG into liquidation, without Force's knowledge. Force is currently seeking legal advice on this.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Kitotolo and Kanuka Lithium Projects, DRC

The Group holds interest in two lithium projects, the Kitotolo Lithium Project and the Kanuka Lithium Production Project, located in Tanganyika Province in the south east of the Democratic Republic of Congo (DRC).

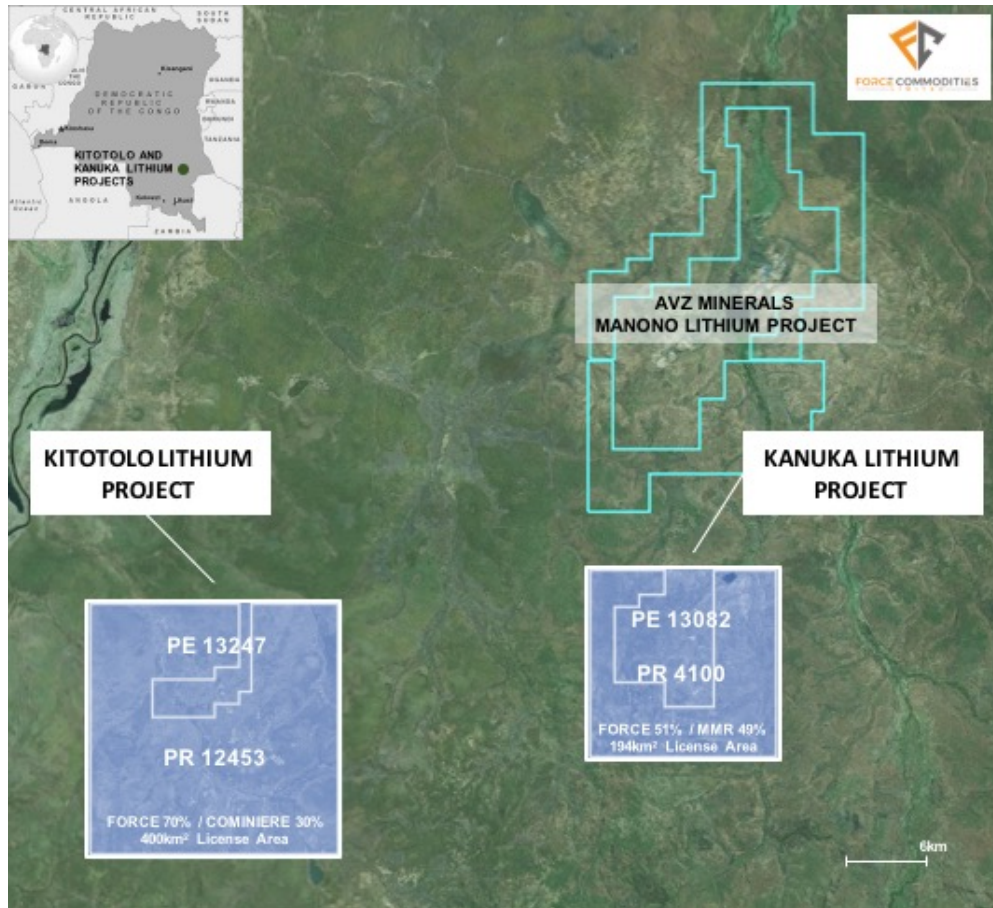


Figure 1: Location Map – DRC lithium projects

Limited exploration activities have been conducted at either project during the current year however, due to the significant deterioration in the demand for spodumene concentrate and a fall in lithium prices, as a result the Company's focus shifted to advancing its exploration and development activities at the high-grade lead and silver Tshipala Project in Malawi.

NSW Projects, Australia

At the beginning of the year, Force owned three projects in New South Wales that are prospective for base metals and gold mineralisation.

In 2017 Force sought out partners to joint venture, earn-in or acquire the NSW projects. This culminated in the Company entering into sale agreements for each of its Mt Adrah Gold Project and its Halls Peak Base Metals project. During the current year, the Company finalized the sale of the Mt Adrah Gold Project generating sale proceeds of \$250,000 and reimbursement of a further \$30,000 in environmental performance bonds.

However, the sale of the Halls Peak Base Metals Project did not proceed due to the failure on the part of the acquirer to satisfy the conditions precedent and ultimately the agreement was terminated.

In light of this, the Group has decided to retain the Halls Peak Base Metals project, which was renewed for six years during the current year, and has commenced planning for the next exploration program.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Qualifying Statements

The information in this report that relates to Exploration Information is based on information compiled by Mr Jess Oram who is a member of The Australasian Institute of Geoscientists and reported in various market announcements. Mr Oram is a qualified geologist and a director of Force Commodities Limited at the time of performing the activity.

Mr Oram has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, 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.

The Company is not aware of any new information or data that materially effects the information reported in the original market announcements from which the information in this report has been taken. The Company confirms that that the form and context in which the Competent Person's findings are presented have not been materially modified from the original reports.

Corporate

The following timeline of events summarise the major corporate activities and initiatives during the 2019 financial year:

- on 5 February 2019, Mr Jess Oram was appointed Non-Executive Director, and Mr David Sanders resigned as Non-Executive Director. On the same day, Mr Mike Pitcher was appointed as Company Secretary, and Mr Michael Fry resigned as Company Secretary.
- on 22 May 2019, the Company completed a placement of 38,888,889 fully paid ordinary shares at an average price of \$0.009 (0.9 cents) raising \$350,000.
- On 1 August 2019, Mr Simon Grant-Rennick was appointed as a Non-Executive Director.
- On 5 August 2019, 937,500 unlisted options with an exercise price of 4.8 cents expired.
- On 1 November 2019, the Company announced that it had secured a \$2.75m debit facility, the company did not proceed with the facility.
- On 8 October 2019, the Company took a convertible note with Global Opportunities Pty Ltd (GTT) for \$250,000. On 12 February 2020, the \$250,000 loan was repaid in full, plus interest and \$10,000 of fees. Additional fees paid in relation to this loan included 3,000,000 options with an exercise price of \$0.02 and an expiry date of 31 October 2021. The balance of the fees remains payable through the issue of 2,500,000 FPO listed shares.
- On 13 November 2019, the Company completed the issue of 50,000,000 new fully paid ordinary shares at an average price of \$0.015 (1.5 cents) raising \$750,000. Participants in the placement were issued one free attaching option for every two shares subscribed for, exercisable on or before 31 October 2021, and an exercise price of \$0.02 (2 cents) for a total of 25,000,000 options. In addition, Sixty Two Capital Pty Ltd, who managed the Placement have been issued with 15,000,000 options on the same terms.

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

INFORMATION ON DIRECTORS

Jess Oram

Non-Executive Chair (*appointed 5 February 2019*)

Qualifications

BSc, AIG member

Experience

Mr Oram has over 30 years' experience in mineral exploration in a wide variety of geological terrains and resource commodities with an accomplished track record in establishing and leading the exploration function of several companies. Mr Oram has considerable experience in executive management roles with a distinguished career in exploration discovery, project feasibility and project development. Mr Oram has a Bachelor of Science (Bsc), Geology major from the University of Queensland and is a member of the Australian Institute of Geoscientists (AIG).

Special Responsibilities

Nil

Interest in Shares and Options

Nil

Current Directorships of other ASX Listed Companies

Cauldron Energy Limited

Former Directorships of other ASX Listed Companies in the Last Three Years

Nil

David Sanders

Non-Executive Chairperson (*resigned 5 February 2019*)

Qualifications

B.Juris, BCom, LLB (Hons)

Experience

Mr Sanders is a principal of the legal firm Bennett + Co and has practised as a lawyer for over 25 years principally in the areas of corporate and commercial law. Mr Sanders has extensive board experience having served as a director numerous public and private companies.

Special Responsibilities

Nil

Interest in Shares and Options

Nil

Current Directorships of other ASX Listed Companies

Pura Vida Energy NL, Victory Mines Ltd

Former Directorships of other ASX Listed Companies in the the last three years

Quickflix Limited (resigned 31 March 2016)
Marencia Energy Ltd (retired 23 November 2017)
World Titanium Resources Limited (delisted 30 January 2017)

Jason Brewer

Managing Director (*resigned 14 January 2020*)

Qualifications

M.Eng (Hons) ARSM

Experience

Mr Brewer has over 20 years' international experience in the natural resources sector and in investment banking. He has extensive experience in delivery of African projects and has significant experience as an ASX company director.

Special Responsibilities

Nil

Interest in Shares and Options

Nil

Current Directorships of other ASX Listed Companies

None

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Former Directorships of other ASX Listed Companies in the Last Three Years

Cape Lambert Resources Ltd
International Goldfields Ltd (resigned September 2016)
Black Mountain Resources Limited (resigned 31 January 2017)
Kupang Resources Limited (resigned 14 December 2016)
Vector Resources Limited (resigned 8 February 2019)
Winmar Resources Limited (resigned 30 March 2020)
Tao Commodities Limited (resigned 23 January 2020)
MetalSearch Limited (resigned 16 October 2019)
Global Vanadium Limited (resigned 11 February 2020)

Gedeon Pelesa

Non-Executive Director (*appointed 17 October 2017, resigned 24 August 2020*)

Qualifications

M.Eng (Mining) Lubumbashi University

Experience

Mr Pelesa is a mining engineer with over 10 years' experience in mineral exploration projects including senior roles with Xstrata and Glencore in the DRC.

Special Responsibilities

Nil

Interest in Shares and Options

2,500,000 options (directly)

Current Directorships of other ASX Listed Companies

Winmar Resources Limited

Former Directorships of other ASX Listed Companies in the Last Three Years

Nil

Simon Grant-Rennick

Non-Executive Director (*appointed 1 August 2019, resigned 27 May 2020*)

Qualifications

B.Sc. Hons (Mining)

Experience

Mr Grant-Rennick is a mining engineer with over 40 years' experience in exploration, mining and mining geology and finance specialising in base metals and industrial metals. Mr Grant-Rennick has for over four decades worked in the international commodities markets with groups such as Leopold Lazarus as a metal trader, with SGS as a UK Manager of their minerals division, and with Falconbridge International as raw materials marketing manager based in Bermuda.

Special Responsibilities

Metals trading and marketing specialist

Interest in Shares and Options

Nil

Current Directorships of other ASX Listed Companies

Nil

Former Directorships of other ASX Listed Companies in the Last Three Years

Black Mountain Resources Limited (resigned 13 June 2018)

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Jihad Malaeb	Non-Executive Director (<i>appointed 27 January 2020</i>)
Qualifications	Not applicable
Experience	Mr Jihad Malaeb is a significant long-term investor of Force. Jihad is a successful businessman who brings a pragmatic approach to governance and brings critical oversight to corporate management. He has 25 years' experience running businesses in the construction industry, hotel industry and managing commercial properties.
Special Responsibilities	Nil
Interest in Shares and Options	36,636,340 fully paid ordinary shares and 3,333,334 options exercisable at \$0.02, expiry date 31 October 2021.
Current Directorships of other ASX Listed Companies	Nil
Former Directorships of other ASX Listed Companies in the Last Three Years	Nil
David Sproule	Non-Executive Director (<i>appointed 24 August 2020</i>)
Qualifications	B. Eng (Ext. Met) Hons
Experience	Mr David Sproule has + 35 years of operational experience in gold, silver and base metals production. He spent 25 years as Founder and Managing Director of the private Polymetals Group which developed and operated numerous small to medium scale mining and processing operations in WA, NSW, SA and Tasmania.
Special Responsibilities	Nil
Interest in Shares and Options	Nil
Current Directorships of other ASX Listed Companies	Nil
Former Directorships of other ASX Listed Companies in the Last Three Years	Kin Mining NL (resigned Feb 2018)

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

MEETINGS OF DIRECTORS

The number of Directors' Meetings and the number of meetings attended by each of the Directors of the Company during the financial year were:

Directors Meetings		
Directors	Held Whilst in Office	Attended
Jess Oram	3	3
David Sanders	-	-
Jason Brewer	3	3
Gedeon Pelesa	3	2
Simon Grant-Rennick	2	2
Jihad Malaeb	-	-
David Sproule	-	-

REMUNERATION REPORT - AUDITED

This remuneration report outlines the remuneration arrangements of the Group for the year ended 31 December 2019 in accordance with the requirements of Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by Section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent.

For the purposes of this report, the term "executive" includes the Managing Director (MD), executive directors (where applicable) and senior executives of the Group.

A. Remuneration Governance

The Board of Directors is responsible for the remuneration practices of the Group.

The Board of Directors has determined that a separate Remuneration Committee is not necessary at this time due to the size of the Group and the scale and nature of its operations.

B. Remuneration Policy

The remuneration policy of the Group has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific incentives, from time to time, that are based on share price and key performance areas affecting the Group's financial results.

The Board of Directors of Force believes the remuneration policy is appropriate and effective in its ability to attract, retain and motivate suitably qualified and experienced Directors and executives to run and manage the Group, as well as create goal congruence between the Directors, executives and the Company's shareholders.

C. Remuneration Arrangements

All executives receive a base salary or allowance (which is based on factors such as length of service and experience). Executive remuneration may also incorporate a component of performance based remuneration.

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Non-executive directors are remunerated at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$300,000)

The Board of Directors may exercise discretion in relation to approving incentives, bonuses and options.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options are independently valued by corporate advisers using the Black-Scholes method.

D. Performance Based Remuneration

The Company believes that linking the remuneration of Directors and executives with performance will be effective in increasing shareholder wealth.

From time to time, the Board of Directors may establish performance targets and a bonus system for the purposes of providing directors and executives with short-term and long-term performance incentives. Such incentives are offered to increase goal congruence between shareholders and directors and executives.

During the financial year the Group issued 750,000 performance rights to Mr Michael Fry and 500,000 performance rights to Mr Michael Pitcher for services provided. There are no performance conditions associated with these performance rights.

E. Performance Summary

The tables below set out summary information about Force's earnings and movements in shareholder wealth for the five years to 31 December 2019:

	2019	2018	2017	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Other Income	285	50	304	1,040	100
Comprehensive loss before tax	(4,537)	(10,917)	(4,651)	(1,690)	(6,735)
Comprehensive loss after tax	(4,537)	(10,917)	(4,651)	(1,690)	(6,735)
	2019	2018	2017	2016	2015
Share price at start of year	\$0.015	\$0.080	\$0.030	\$0.022	\$0.052
Share price at end of year	\$0.014	\$0.015	\$0.080	\$0.030	\$0.022
Dividend		-	-	-	-
Basic (loss) per share	(\$0.094)	(\$0.022)	(\$0.019)	(\$0.010)	(\$0.011)
Diluted /(loss) per share	(\$0.094)	(\$0.022)	(\$0.019)	(\$0.010)	(\$0.011)

F. No Hedging Contracts

The Company does not permit executives to enter into contracts to hedge their exposure to options or performance rights to shares granted as part of their remuneration package.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

G. Securities Trading Policy

The Board has in place a Securities Trading Policy to ensure that:

- any dealings in securities by the Directors, employees and contractors comply with legal and regulatory obligations (including the prohibition against insider trading); and
- the Company maintains market confidence in the integrity of dealings in its securities.

H. Details of Remuneration

Compensation of key management personnel for the year ended 31 December 2019

2019	SHORT-TERM BENEFITS			POST EMPLOYMENT Super-annuation	SHARE-BASED PAYMENT Options	TOTAL \$	SHARE-BASED PAYMENT as a % of TOTAL
	Salary & Fees	Termination Payment	Other				
Directors							
Jess Oram - Chairman (i)	43,286	-	-	-	-	43,286	-
David Sanders – Chairman (ii)	13,698	-	-	1,301	-	14,999	-
Jason Brewer – Managing Director (iii)	70,000	-	-	-	-	70,000	-
Gedeon Pelesa – Non-Executive Director	59,314	-	-	-	-	59,314	-
Simon Grant-Rennick – Non-Executive Director (iv)	15,000	-	-	-	-	15,000	-
Total remuneration directors 2019	201,298	-	-	1,301	-	202,599	-
Specified Executives							
Michael Fry – CFO & Company Secretary (v)	38,182	-	-	-	15,750	53,932	29%
Michael Pitcher – CFO & Company Secretary (vi)	62,500	-	-	-	10,500	73,000	14%
Total remuneration specified executives 2019	100,682	-	-	-	26,250	126,932	21%
Total key management personnel 2019	301,980	-	-	1,301	26,250	329,531	8%

- (i) Appointed 5 February 2019. \$11,390 has been paid to Mr Oram during the year for services provided. The balance remains unpaid as at 31 December 2019.
- (ii) Resigned 5 February 2019
- (iii) Appointed as a Non-Executive Director on 6 June 2017 and was re-appointed as Managing Director effective 19 February 2018 and resigned 14 January 2020.
- (iv) Appointed 1 August 2019, resigned 27 May 2020. No payment has been made to Mr Grant-Rennick during the year for services provided
- (v) Resigned on 5 February 2019
- (vi) Appointed 5 February 2019, resigned 9 April 2020

Compensation of key management personnel for the year ended 31 December 2018

2018	SHORT-TERM BENEFITS			POST EMPLOYMENT Super-annuation	SHARE-BASED PAYMENT Options	TOTAL \$	SHARE-BASED PAYMENT as a % of TOTAL
	Salary & Fees	Termination Payment	Other				
Directors							
David Sanders – Chairman (i)	45,660	-	-	3,904	-	49,564	-
Jason Brewer – Managing Director (ii)	163,571	-	-	-	76,950	240,521	32.0%
Gedeon Pelesa – Non-Executive Director	40,000	-	-	-	83,000	123,000	67.5%
Total remuneration directors 2018	249,231	-	-	3,904	159,950	413,085	38.7%
Specified Executives							
Michael Fry – CFO & Company Secretary	85,000	-	-	-	-	85,000	-
James Sullivan – Head of Exploration (iii)	184,594	-	-	-	-	184,594	-
Total remuneration specified executives 2018	269,594	-	-	-	-	269,594	-
Total key management personnel 2018	518,825	-	-	3,904	159,950	682,679	23.4%

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

- (i) Resigned 5 February 2019
- (ii) Appointed as a Non-Executive Director on 6 June 2017 and was re-appointed as Managing Director effective 19 February 2018 and resigned 14 January 2020.
- (iii) Resigned 31 December 2018

Compensation options granted to key management personnel during the year ended 31 December 2019

During the year, the Company issued no options to key management personnel.

Compensation performance shares granted to key management personnel during the year ended 31 December 2019

During the year, the Company issued the following performance shares to key management personnel:

	Vesting Date	Number of Performance Shares issued	Fair Value
Specified Executives			
<i>Michael Fry – CFO & Company Secretary</i>	23 July 2019	750,000	\$15,750
<i>Michael Pitcher – CFO & Company Secretary</i>	23 July 2019	500,000	\$10,500
Total key management personnel		1,250,000	\$26,250

On 23 July 2019, 4,250,000 performance shares were issued to certain staff and consultants of the Company. Mr Michael Fry received 750,000 of these Performance Shares, and Mr Michael Pitcher received 500,000. The share price on issue date was \$0.021 resulting in \$15,750 and \$10,500 respectively, being recognised within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Performance Rights held by Directors and key management personnel during the year ended 31 December 2019

2019	Year Granted	Balance at the beginning of the year	Granted during the year	Vested	Forfeited on resignation	Balance at end
Directors						
Jess Oram (i)		-	-	-	-	-
David Sanders (ii)		-	-	-	-	-
Jason Brewer (iii)	2018	1,800,00	-	600,000	-	1,200,000
Gedeon Pelesa		-	-	-	-	-
Simon Grant-Rennick (iv)		-	-	-	-	-
Specified Executives						
Michael Fry (v)		-	-	-	-	-
Michael Pitcher (vi)		-	-	-	-	-
Total		1,800,000	-	600,000	-	1,200,000

- (i) Appointed 5 February 2019
- (ii) Resigned 5 February 2019
- (iii) Appointed as a Non-Executive Director on 6 June 2017 and was re-appointed as Managing Director effective 19 February 2018 and resigned 14 January 2020
- (iv) Appointed 1 August 2019, resigned 27 May 2020
- (v) Resigned on 5 February 2019
- (vi) Appointed 5 February 2019 and resigned 9 April 2020

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Option Holdings of Directors and Key Management Personnel as at 31 December 2019

The numbers of options over ordinary shares in the company granted under the executive short term incentive scheme that were held during the financial year by each director and the key management personnel of the Group, including their personally related parties, are set out below.

2019	Balance at beginning	Granted as Remuneration	Exercised	Disposed	Holding on Resignation	Balance at 31 December 2019	Exercisable	Not Exercisable
Directors								
Jess Oram (i)	-	-	-	-	-	-	-	-
David Sanders (ii)	5,000,000	-	-	-	5,000,000	-	-	-
Jason Brewer (iii)	-	-	-	-	-	-	-	-
Gedeon Pelesa	2,500,000	-	-	-	-	2,500,000	2,500,000	-
Simon Grant-Rennick (iv)	-	-	-	-	-	-	-	-
Specified Executives								
Michael Fry (v)	2,000,000	-	-	-	2,000,000	-	-	-
Michael Pitcher (vi)	-	-	-	-	-	-	-	-
Total	9,500,000	-	-	-	7,000,000	2,500,000	2,500,000	-

- (i) Appointed 5 February 2019
- (ii) Resigned 5 February 2019
- (iii) Appointed as a Non-Executive Director on 6 June 2017 and was re-appointed as Managing Director effective 19 February 2018 and resigned 14 January 2020.
- (iv) Appointed 1 August 2019, resigned 27 May 2020
- (v) Resigned on 5 February 2019
- (vi) Appointed 5 February 2019 and resigned 9 April 2020

Shareholdings of Directors and Key Management Personnel as at 31 December 2019

2019	Balance at Beginning	Acquired	Disposed	Holding on Resignation	Balance at end
Directors					
Jess Oram – Non-Executive Chairman (i)	-	-	-	-	-
David Sanders – Non-executive Chairman (ii)	-	-	-	-	-
Jason Brewer – Managing Director (iii)	-	-	-	-	-
Gedeon Pelesa – Non-Executive Director	-	-	-	-	-
Simon Grant-Rennick – Non-Executive Director (iv)	-	-	-	-	-
Total directors	-	-	-	-	-
Specified Executives					
Michael Fry – Chief Financial Officer & Company Secretary ^(v)	1,750,000	750,000	-	2,500,000	-
Michael Pitcher – Chief Financial Officer & Company Secretary ^(vi)	-	500,000	-	-	500,000
Total specified executives	1,750,000	1,250,000	-	2,500,000	500,000
Total key management personnel	1,750,000	1,250,000	-	2,500,000	500,000

- (vii) Appointed 5 February 2019
- (viii) Resigned 5 February 2019
- (ix) Appointed as a Non-Executive Director on 6 June 2017 and was re-appointed as Managing Director effective 19 February 2018 and resigned 14 January 2020
- (x) Appointed 1 August 2019, resigned 27 May 2020
- (xi) Resigned on 5 February 2019
- (xii) Appointed 5 February 2019 and resigned 9 April 2020

All equity transactions with key management have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

I. Service Agreements

David Sanders - Chair (appointed 6 June 2017; resigned 5 February 2019)

The key terms of Mr Sanders' service contract were:

- Non-Executive Director fee of \$60,000 per annum.
- No notice period.
- No termination benefit entitlement.

Jess Oram - Chair (appointed 5 February 2019)

The key terms of Mr Oram's service contract are:

- Non-Executive Director fee of \$48,000 per annum.
- No notice period.
- No termination benefit entitlement.

Jason Brewer – Managing Director (appointed 19 February 2018; resigned 14 January 2020)

The key terms of Mr. Brewer's service contract are:

- Managing Director fee of \$180,000 per annum. It was agreed with Mr. Brewer that his annual remuneration be reduced, and there is no amounts due to Mr. Brewer on his resignation.
- Short-term incentive: up to 50% of annual fee subject to achievement of agreed KPIs.
- Long-term benefit: 1.8m shares over 3 years (approved by shareholders).
- Notice period of 6 months. It was agreed with Mr. Brewer that no termination payment would be made on his resignation.
- No termination benefit entitlement.

Gedeon Pelesa – Non-Executive Director (appointed 17 October 2017)

The key employment terms of Mr Pelesa's service contract are:

- Non-Executive Director fee of \$48,000 per annum.
- No notice period.
- No termination benefit entitlement.

Michael Fry – CFO / Company Secretary (appointed 3 April 2017; resigned 5 February 2019)

The key terms of Mr Fry's service contract were:

- Annual fee of \$120,000 per annum
- Expiry date of 31 October 2019
- 3 months notice period.
- No termination benefit entitlement.

Michael Pitcher – CFO / Company Secretary (appointed 5 February 2019; resigned 9 April 2020)

The key terms of Mr Pitcher's service contract are:

- Annual fee of \$62,500 per annum
- 3 months notice period.
- No termination benefit entitlement.

Jihad Malaeb – Non-Executive Director (appointed 27 January 2020)

The key terms of Mr Malaeb's service contract are:

- Non-Executive Director fee of \$36,000 per annum.
- No notice period.
- No termination benefit entitlement.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

David Sproule – Non-Executive Director (appointed 24 August 2020)

The key terms of Mr Sproule's service contract are:

- Non-Executive Director fee of \$36,000 per annum.
- No notice period.
- No termination benefit entitlement.

J. Other transactions with key management personnel

A director, Mr David Sanders, is a partner in the firm Bennett & Co, Solicitors, Bennett & Co has provided legal services to Force Commodities Limited and certain of its subsidiaries on normal commercial terms and conditions. The total amount charged for the year was \$11,835 (2018: \$101,416). There is no amount outstanding to be paid to Bennett & Co as at 31 December 2019 (2018: \$46,835). Mr David Sanders resigned as a Non-Executive Chairman on 5 February 2019.

Timdee Resources Pty Ltd, a company controlled by Mr Jess Oram, was paid, or is owed, a total of \$43,286 in relation to Mr Oram's services as a Director during the current year. \$11,390 has been paid to Mr Oram during the year for services provided. The balance remains unpaid as at 31 December 2019.

The Company made payments on behalf of entities that are controlled by Mr Jason Brewer. An Amount of \$64,082 (2018: \$64,082) from Vector Resources Limited and \$13,919 (2018: \$13,919) from Winmar Resources Limited are owed to the Company. These transactions are made on normal commercial terms. The Company has provided for the amounts receivable from Winmar Resources Limited as at 31 December 2019.

Voting and comments made at the Company's 2018 Annual General Meeting (AGM)

At the 2019 AGM, 84% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

End of audited remuneration report

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group proposes to continue its exploration activities across its various mineral industry interests. Other than the information disclosed in this report, further information in relation to likely developments and the impact on the operations of the Group has not been included.

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Class	Date options granted	Expiry Date	Exercise Price	No. of options
Options	20 May 2019	30 June 2020	\$0.020	34,444,446
Options	16 October 2019	31 October 2021	\$0.020	43,000,000
				77,444,446

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, apart from:

- On 14 January 2020, Mr Jason Brewer resigned as Managing Director. On resignation, 600,000 unvested performance rights with an expiry date of 19 February 2020, and a further 600,000 unvested performance rights with an expiry date of 19 February 2021, were forfeited.
- On 27 January 2020, Mr Jihad Malaeb was appointed Non-Executive Director.
- On 8 October 2019, the Company took a convertible note with Global Opportunities Pty Ltd (GTT) for \$250,000. On 12 February 2020, the \$250,000 loan was repaid in full, plus interest and \$10,000 of fees. Additional fees paid in relation to this loan included 3,000,000 options with an exercise price of \$0.02 and an expiry date of 31 October 2021. The balance of the fees remains payable through the issue of 2,500,000 FPO listed shares.
- During February 2020, major shareholder and Non-Executive Director, Mr Jihad Malaeb, provided a loan for \$300,000. Interest payable on the loan is 10% per annum. As at 30 June 2020, \$283,000 of the loan was drawn down, and \$10,823 of interest was accrued.

Also during February 2020, major shareholder Sufian Ahmad provided a loan for \$100,000 on the same terms but with further security over the Company assets to the value of his loan. As at 30 June 2020, the loan had been drawn down in full, with \$3,611 of interest accrued for.

The above loans are to be converted to a convertible note subject to Shareholder approval at the next AGM. The Convertible Notes will have a face value of \$1.00 per note and mature on 31 December 2020 or 11 February 2021. The notes can be converted at the election of the noteholder on or before the maturity date into Fully Paid Ordinary Shares in the Company at \$0.01 per share, or will otherwise become repayable in cash by the Company at the maturity date. Upon issue of the convertible notes, the Company will pay a 16.67% fee on the amount invested by the Noteholder in equivalent shares and unlisted options.

- On 9 April 2020, Mr Henry Kinstlinger was appointed as Company Secretary and Mr Michael Pitcher resigned as Company Secretary.
- On 27 May 2020, Simon Grant-Rennick resigned as Non-Executive Director.
- On 25 June 2020, the Company entered into a non-binding heads of agreement with Savannah Resources Plc to purchase a 100% interest in two Omani-based advanced copper projects of

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

high value. The Company has completed due-diligence and announced on 1 September 2020 that that Company has entered into a Share Purchase Agreement. Please refer to the ASX announcement for details on the consideration and conditions precedent in relation to the Share Purchase Agreement.

- On 30 June 2020, 2,500,000 unlisted options, with an exercise price of \$0.10, expired.
- On 1 July 2020, 2,000,000 unlisted options, with an exercise price of \$0.06, expired.
- On 1 July 2020, 2,000,000 unlisted options, with an exercise price of \$0.08, expired.
- On 6 July 2020, the Company secured a further \$50,000 from three shareholders of the Company. The funds will be used for general working capital. The loans are to be secured through convertible notes. Interest payable on the loan is 10% per annum.
- On 27 July 2020, Mr Simon Pooley was appointed Chief Executive Officer of the Company.
- As at 31 December 2019 the cash payments to Terra Care had not been made. Under the terms of the share sale and purchase agreement, failure to meet these cash payments allowed the vendor the possibility to buy-back the project in its entirety for US\$100.
- On 6 May 2020, the vendor and 35% minority shareholder of Terra Care AG, put Terra Care AG into liquidation, without Force's knowledge. Force is currently seeking legal advice on this. The Company is currently negotiating standstill deeds with creditors to reduce the amounts and timing of certain payments.
- On the 22 May 2019 the Company announced to the ASX that it had lodged interlocutory applications in the District Court of Western Australia in respect of a claim against the Company by Fletcher Tailleur Associates limited (FTA), a Seychelles incorporated company associated with former director, Mr Alistair Stephens.

Mr Stephens was appointed by the previous Board of Directors on 28 February 2017, as an Executive Director of the Company. At the Company's annual general meeting of shareholders held on 31 May 2017, shareholders overwhelmingly voted against Mr Stephens re-election as a director with 51,249,541 votes against his re-election and 6,461,255 votes in favour of his re-election.

The Company is defending the claim by FTA for an amount of \$489,867.

Since the ASX announcement, on defending proceedings in the District Court, the Company has consented to Mr Stephens being named as a party and amending the statement of claim, and the Company has been successful in the proceedings in obtaining:

1. an order for security for costs requiring Mr Stephens to pay monies into court;
2. orders striking out of paragraphs of the FTA statement of claim and requiring further and better particulars be given;
3. orders the defendant pay the Company's costs thrown away arising from FTA's amended statement of claim.

The matter is proceeding to mediation on 26 October 2020. The Company remains confident of its defence in the proceedings.

- On 14 September 2020, the Company raised \$1.9m with the assistance from Corporate Advisor, Sixty Two Capital Pty Ltd. Shares will be issued at a price of \$0.01 per share following shareholder approval at the Company's upcoming Annual General Meeting.
- On 14 September 2020 the Company proposed to issue a Convertible Note to raise \$200,000 against the issue of 20 million shares at \$0.01. The maturity date is 20 November 2020. The interest rate is 10% per annum, and the note is unsecured.
- The Company is currently negotiating standstill deeds with creditors to reduce the amounts and timing of certain payments.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

- Subsequent to the reporting date, the existence of the infectious disease COVID-19 ('Coronavirus') has become widely known, and begun to rapidly spread throughout the world, including Australia. The Group considers this to be a non-adjusting event after the reporting date. Since the reporting date this has caused increasing disruption to populations, and to business and economic activity. As this Subsequent situation is rapidly developing, it is not yet practicable to estimate the potential impact this may have on the Group.

To date, COVID-19 has not had a material impact on the business, however in this environment the Group acknowledge it does have the potential to impact the business, particularly if it impacts the ability to raise capital.

PROCEEDINGS ON BEHALF OF COMPANY

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2. orders striking out of paragraphs of the FTA statement of claim and requiring further and better particulars be given;
3. orders the defendant pay the Company's costs thrown away arising from FTA's amended statement of claim.

The matter is proceeding to mediation on 26 October 2020. The Company remains confident of its defence in the proceedings.

Other than disclosed in this report, no other person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

Other than disclosed in this report, no other proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in respect of its exploration activities as follows:

- The Company's operations in the State of New South Wales involve exploration activities. These operations are governed by the *Environment Planning and Assessment Act 1979*.
- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.
- The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.
- To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Environmental code of practice for mineral exploration

The Company is committed to conducting its exploration programs by following industry best practice in accordance with published government guidelines and codes.

The following policy is specific to gold exploration on the Company's exploration projects.

Access to land

Prior to the commencement of any work, the Company makes contact with landholders/leaseholders and discusses the general aims and types of work likely to be conducted.

Discussion with landowners, leaseholders and Native Title Claimants is ongoing. It commences prior to any work being conducted and continues throughout the program and beyond the cessation of exploration work.

The Company establishes conditions of access with landholders and where practicable, signs a written access agreement that sets out conditions and includes a schedule of agreed compensation payments.

The Company endeavours to provide landholders with ample warning prior to commencing any work and landholders are kept informed upon commencement, during and upon completion of an exploration program.

Type of land

The type of land is determined and its inhabitants are assessed to identify areas of particular environmental concern including identification of sensitive areas or areas prone to erosion, water catchment, heritage sites, and areas home to vulnerable and endangered species.

Land use is taken into consideration and land under cultivation is not disturbed without the express consent of the landholder.

Mineral exploration programs

Access

The Company utilises existing tracks for access where possible.

Climatic conditions are considered when assessing areas to avoid access during extreme conditions such as during bush fire risk during hot, windy conditions and damage to tracks after heavy rain.

Surface disturbances are kept to a minimum.

Drilling

Drilling programs include rehabilitation and where possible holes are positioned in areas requiring little or no clearing. Small, manoeuvrable drill rigs are used to minimise the need for track clearing and to reduce ground compaction. Where required, topsoil is removed and stored separately so that it can be replaced during rehabilitation of the site. Ground sheets are used where required to avoid oil/fuel spills contaminating the soil.

Rehabilitation

Drill sites are rehabilitated as soon as practicable and drill holes are filled and capped where necessary. Landholders are asked to confirm at the end of each program that exploration has been conducted to their satisfaction and that sites have been rehabilitated.

INDEMNIFYING OFFICERS OR AUDITOR

The Group has agreed to indemnify all the directors and executive officers for any costs or expenses that may be incurred in defending civil and criminal proceedings that may be brought against them in their capacity as directors and officers for which they may be held personally liable.

A confidentiality clause in the insurance contract prohibits disclosure of the amount of the premium and the nature of insured liabilities.

The Company has not entered into any agreement to indemnify BDO Audit (WA) Pty Ltd against any claims by third parties arising from their report on the annual financial report.

AUDITOR

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Details of the amounts paid or payable to the auditor BDO Audit (WA) Pty Ltd and related entities for audit services provided during the year are set out in Note 7 to the financial Statements. There were no non-assurance services provided during the year.

CORPORATE GOVERNANCE STATEMENT

Force Commodities Limited and its controlled entities (the Group) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

ASX Listing Rule 4.10.3 requires listed companies to disclose the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. The Company has disclosed this information on its website at <https://forcecommodities.com.au/corporategovernance>. The Corporate Governance Statement is current as at 31 December 2019, and has been approved by Directors.

The Company website at www.forcecommodities.com.au contains a corporate governance section that includes copies of the Company's corporate governance charters and policies.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 24 for the year ended 31 December 2019.

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



Mr Jess Oram
Non-Executive Chairman
Perth, Western Australia
14 September 2020

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

As lead auditor of Force Commodities Limited for the year ended 31 December 2019, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 14 September 2020

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 \$	2018 \$
Continuing Operations			
Interest income	5	1,582	21,331
Other income	5	285,142	28,526
Administrative expenses	6a	(745,257)	(557,591)
Consulting and staff costs	6a	(334,994)	(624,871)
Depreciation	6a	(113,475)	(44,940)
Share based payments	6a	(89,250)	(159,950)
Exploration expenditure	12	(3,455,465)	-
Change in fair value of investments		100,050	(517,500)
Impairment		(91,151)	(9,059,547)
Finance costs	6b	(94,668)	(2,464)
Loss before income tax expense		(4,537,486)	(10,917,006)
Income tax expense		-	-
Loss for the year		(4,537,486)	(10,917,006)
Other comprehensive income			
Exchange difference on translating foreign operations		27,937	-
Total other comprehensive income/(loss) for the year, net of tax		(4,509,549)	(10,917,006)
Net loss for the year is attributed to:			
Loss attributable to owners		(4,484,485)	(8,897,779)
Non-controlling interests		(53,001)	(2,019,227)
Net loss for the year		(4,537,486)	(10,917,006)
Total comprehensive loss for the year is attributed to:			
Loss attributable to owners		(4,470,181)	(8,897,779)
Non-controlling interests		(39,368)	(2,019,227)
Total comprehensive loss for the year		(4,509,549)	(10,917,006)
Loss per share			
Basic and diluted loss per share (cents per share)	21	(0.94)	(2.16)

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

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	8,772	399,151
Trade and other receivables	10	77,349	213,684
Financial assets		-	120,000
Total current assets		86,121	732,835
Non-current assets			
Plant and equipment	14	69,660	253,186
Right of use asset	11	127,643	-
Security Deposits		56,538	56,538
Total non-current assets		253,841	309,724
Total assets		339,962	1,042,559
LIABILITIES			
Current liabilities			
Trade and other payables	15	1,999,478	516,520
Financial liabilities	16	250,000	-
Lease liability	11	134,978	-
Total current liabilities		2,384,456	516,520
Total liabilities		2,384,456	516,520
Net (liabilities)/assets		(2,044,494)	526,039
Equity			
Issued capital	17	41,020,252	39,262,831
Reserves	19	4,561,060	4,365,161
Accumulated losses		(47,565,285)	(43,080,800)
		(1,983,973)	547,192
Non-Controlling interest	20	(60,521)	(21,153)
Total equity		(2,044,494)	526,039

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

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Interest received		1,582	21,331
Other income		30,000	25,001
Payments to suppliers and employees		(1,031,403)	(808,757)
Interest paid		-	(2,404)
GST refunds		38,536	85,413
Net cash flows used in operating activities		(961,285)	(679,416)
Cash flows from investing activities			
Proceeds from sale of equity investments		220,000	-
Payments for exploration and evaluation		(1,243,594)	(2,490,038)
Proceeds from sale of tenements		285,000	-
Purchase of plant and equipment		-	(290,233)
Reimbursement of performance bonds		30,000	-
Redemption/(payment) for term deposit		-	(56,538)
Net cash flows used in investing activities		(708,594)	(2,836,809)
Cash flows from financing activities			
Proceeds from issue of shares		1,100,000	391,000
Share issuing costs		(70,500)	-
Proceeds from borrowings		250,000	-
Net cash flows from financing activities		1,279,500	391,000
Net (decrease)/increase in cash and cash equivalents		(390,379)	(3,125,225)
Cash and cash equivalents at beginning of year		399,151	3,524,376
Cash and cash equivalents at year end	9	8,772	399,151

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

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Issued Capital	Reserves	Accumulated Losses	Non- Controlling Interest	Total Equity
	\$	\$	\$		\$
Balance at 1 January 2018	34,796,331	8,052,711	(34,183,021)	1,725,323	10,391,344
Comprehensive loss for the year	-	-	(8,897,779)	(2,019,227)	(10,917,006)
Total comprehensive loss for the year	-	-	(8,897,779)	(2,019,227)	(10,917,006)
Transactions with owners in their capacity as owners					
Non-controlling interests on acquisition of subsidiary	-	-	-	272,751	272,751
Share options exercised	391,000	-	-	-	391,000
Issue of shares as consideration for asset acquisition	4,075,500	(3,847,500)	-	-	228,000
Share based payments	-	159,950	-	-	159,950
Balance at 31 December 2018	39,262,831	4,365,161	(43,080,800)	(21,153)	526,039
Balance at 1 January 2019	39,262,831	4,365,161	(43,080,800)	(21,153)	526,039
Loss for the year	-	-	(4,484,485)	(53,001)	(4,537,486)
Other comprehensive loss for the year	-	14,304	-	13,633	27,937
Total comprehensive loss for the year	-	14,304	(4,484,485)	(39,368)	(4,509,549)
Transactions with owners in their capacity as owners					
Issue of shares from capital raising	1,100,000	-	-	-	1,100,000
Share issue costs	(130,500)	60,000	-	-	(70,500)
Shares issued to acquire subsidiaries	800,000	-	-	-	800,000
Shares issued to staff and consultants in lieu of cash	89,250	-	-	-	89,250
Share based payments	(101,329)	121,595	-	-	20,266
Balance at 31 December 2019	41,020,252	4,561,060	(47,565,285)	(60,521)	(2,044,494)

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

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

(i) Statement of Compliance

This financial report complies with Australian Accounting Standards which include International Financial Reporting Standards as adopted in Australia. Compliance with these standards ensures that the consolidated financial statements and notes as presented comply with the International Financial Reporting Standards (**IFRS**).

(ii) Historical cost convention

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except where noted in these accounting policies.

(iii) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year the Group incurred a net loss of \$4,537,486 (2018: \$10,917,006) and incurred net cash outflows from operating activities of \$961,285 (2018: \$679,416). The Group had a net working capital deficit of \$2,298,335 (2018: surplus of \$96,315), trade and other payables of \$1,999,478 (2018: \$516,520) at reporting date.

Subsequent to reporting date, on 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID 19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID - 19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities. The timing and extent of the impact and recovery from COVID - 19 is unknown but it may have an impact on Group's activities and potentially impact on being able to raise capital in an uncertain market.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe that as at the date of this report there are reasonable grounds to believe that the Group will continue as a going concern for the following reasons:

- The Company has significantly reduced both corporate overhead and exploration expenditure.
- During the period January to July 2020, the Company secured a combined total of \$450,000 of loans from shareholders of the Company. The funds will be used for working capital requirements.
- The Company has entered into a Share Purchase Agreement with Savannah Resources Plc to purchase a 100% interest in two Omani-based advanced copper projects of high value, the significance of which is described in the fifth point.
- The Company has received, under mandate, a pre-payment of \$1.9m of funds, raised by an investment group, in return of a subsequent issue of shares at \$0.01 per share, should it be ratified by shareholder vote (first tranche).
- The qualities of this Omani Project will draw significant investor interest to allow the Company to raise new funding through two proposed capital raising events; a first tranche placement has raised \$1.9m from sophisticated investors, which was

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

oversubscribed, and a second tranche placement is planned to raise \$0.5m to \$1.5m from interested shareholders.

- The Company is negotiating standstill deeds with creditors of the Company to reduce the cash liability of the Company and provide time to make the payments following the first tranche capital raising.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and liabilities that might be necessary should the entity not continue as a going concern.

The Group has cash reserves of \$8,772 at 31 December 2019 and has prepared a budget taking into consideration the plans for the Company as detailed above. Management are confident that the Group has the ability to raise further capital based on the acquisition of new projects and the continued exploration of existing projects.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Force Commodities Limited (the **parent entity**) as at reporting date and the results of all subsidiaries for the year then ended. Force Commodities Limited and its subsidiaries together are referred to in this financial report as the **Group**.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The financial performance of those activities is included only for the period of the year that they were controlled.

The acquisition method of accounting is used to account for business combinations by the Group (refer (ii) below).

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date. All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(iii) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (a) the consideration transferred;
- (b) any non-controlling interest; and
- (c) the acquisition date fair value of any previously held equity interests over the acquisition date fair value of net assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The purchase method of accounting is used to account for the acquisitions of subsidiaries by the Group.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(c) Share-based Payment Transactions for the acquisition of goods and services

Share-based payment arrangements in which the Group receives goods or services as in exchange for its own equity instruments are accounted for as equity-settled share-based payment transactions. The Group measures the value of equity instruments granted at the fair value of the goods and services received, unless that fair value cannot be measured reliably.

If the fair value of the goods or services cannot be measured reliably, the transaction is measured by reference to the fair value of the instruments granted.

The calculation of fair value of equity instruments at the date at which they are granted is determined using a Black-Scholes option pricing model, calculation of the fair value involves estimations of the relevant inputs to the pricing model.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(d) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost. Financial liabilities in the former category include contingent consideration payable on business combinations, financial liabilities in the latter category include trade payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Fair value is determined based on the value of the entity's equity instruments when the related business combination takes place.

Subsequent measurement

The measurement of financial liabilities depends on the classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are subsequently measured, at each reporting date, at the fair value of the amount estimated to settle the liability. The increase or decrease in the value of the liability, other than the movements in the value of the liability which arise through part settlement of the liability is recognised in the profit or loss.

Financial liabilities at amortised cost

Trade and other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity. Trade accounts payable are normally settled within 60 days.

(e) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

(f) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer. Revenue is recognised for the major business activities as follows:

Interest Revenue

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

Other Income

Income from other sources is recognised when proceeds or the fee in respect of other products or service provided is receivable. All revenue is stated net of the amount of goods and services tax (GST).

Research & Development (R&D) incentives refundable

Companies within the Group may be entitled to claim R&D refundable tax offsets for the investment in qualifying assets. R&D tax incentives are only recognised by the Group when all conditions attached to the R&D incentive have been complied with and the grant will be received.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

The Group accounts for R&D refundable tax incentives by offsetting the refund against the original expenditure or capitalised evaluation and exploration asset.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly owned entities are part of a tax-consolidated group under Australian taxation law. Force Commodities C Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiary. These amounts are recognised as current intercompany receivables or payables.

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.
- the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis except for the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) **Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) **Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

(k) **Financial assets**

Classification

From January 1, 2019, the Group classifies its financial assets in the following measurement categories:

- those measured subsequently at fair value (either through OCI, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments: Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

These include trade and other receivables and financial assets at amortised cost

- **Amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains or losses. Impairment losses are presented as separate line items in the statement of profit or loss.

- **FVPL:**

Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments: The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value

Impairment

From 1 January 2019, the Group assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(l) Property, plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight line, over their estimated useful lives, as follows:

- Plant and equipment 5 – 15 years (depreciation rate 6.7% to 20%)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(n) Tenement exploration, valuation and development costs

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Expenses failing to meet at least one of the aforementioned conditions expensed as incurred.

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are amortised from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(o) Contributed equity

Ordinary shares are classified as equity.

(p) Share based payments

Ownership-based remuneration is provided to employees via an employee share option plan. Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(q) Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(r) Parent Entity Financial Information

The financial information for the parent entity, Force Commodities Limited, has been prepared on the same basis.

(s) Accounting policy choice for non-controlling entities

The Group recognises non-controlling interest in an acquired entity either at a fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The decision is made on an acquisition-by-acquisition basis.

(t) Foreign currency translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using average exchange rates for the period, or where possible, the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate.

Group companies

The functional currency of the overseas subsidiaries is US dollars. The Board of Directors assesses the appropriate functional currency of these entities on an ongoing basis.

(u) Right of use assets and lease liabilities

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(v) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 January 2019, under the modified retrospective method which resulted in changes to the accounting policies. Adjustments to the amounts have been recognised in the financial statements.

The Group has reviewed contracts to assess whether the contract is or contains a lease. The Group lease and office space in West Perth. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Initial recognition

Operating lease commitment at 31 December 2018	\$293,647
Effect of discounting the lease commitment at an annual rate of 10%	<u>\$(56,597)</u>
Right of Use Asset and Leave Liability recognised as at 1 January 2019	\$237,050

The lease liability is measured at amortised cost using the effective interest method. It is measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise an extension option. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of offices that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amount of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of deferred exploration and evaluation expenditure

The Group will elect by Area of Interest to adopt one of the following policies:

- i) Exploration and evaluation expenditure is stated at cost and is accumulated and carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves; or
- ii) Exploration and evaluation costs are expenses as incurred as an operating cost of the Group. Costs related to the acquisition of properties that contain mining resources are capitalised and allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

The Board has determined to apply this policy to an area of interest on a case by case basis.

Area of Interest	Accounting Policy Election
Kitotolo Lithium Project and the Kanuka Lithium Production Project ¹	2(a)(i)
Tshimpala Project	2(a)(ii)

¹ The Board and Management have assessed the carrying value of the Exploration and Evaluation Expenditure in relation to the Kitotolo Lithium Project and the Kanuka Lithium Production Project and has determined that they are impaired. Refer Note 12 for movements in the exploration and expenditure balance.

(b) Tax in foreign jurisdictions

The Consolidated Entity operates in overseas jurisdictions and accordingly is required to comply with the taxation requirements of those relevant countries. This results in the consolidated entity making estimates in relation to taxes including but not limited to income tax, goods and services tax, withholding tax and employee income tax. The consolidated entity estimates its tax liabilities based on the consolidated entity's understanding of the tax law. Where the final outcome of these matters is different from the amounts initially recorded, such differences will impact profit or loss in the period in which they are settled.

(c) Asset Acquisition

The Consolidated Entity has determined that the acquisition of a controlling interest in the Malawian Tshimpala Project is not deemed a business acquisition. The transaction has been accounted for as an asset acquisition. In assessing the requirements of AASB 3 *Business Combinations*, the Consolidated Entity has determined that the assets acquired do not constitute a business.

Following execution of the acquisition documentation, the Company became the majority 64% shareholder of TCA. TCA's principal investment is an 80% shareholding in Galena Mining Limited (**GML**), a Malawian incorporated company. The principal assets acquired consist of GML's rights to exclusively explore for lead, silver and zinc on Exploration Licenses EPL479, EPL483 and EPL484 and

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

has also secured the rights to develop and mine on Mining License AML 0029. These licences are located in the Central Region of the Republic of Malawi.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transactions costs of the acquisition are included in the capitalised cost of the asset.

(d) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(e) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(f) Share-based payment transactions

The Group measures the cost of equity-settled transactions with directors and others by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Binomial model.

(g) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise cash and cash equivalents. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the consolidated entity. The consolidated entity also has other financial instruments such as other receivables and creditors which arise directly from its operations. For the year under review, it has been the consolidated entity's policy not to trade financial instruments. The main risks arising from the consolidated entity's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) *Interest Rate Risk*

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

Consolidated	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest	Non- Interest Bearing	Total
2019	%	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	0.50%	8,772	-	-	8,772
		8,772	-	-	8,772
Financial liabilities					
Loan payable	10%	-	250,000	-	250,000
		-	250,000	-	250,000
2018	%	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	0.42%	399,151	-	-	399,151
		399,151	-	-	399,151

The maturity date for cash included in the above tables is less than one year from the reporting date.

(i) *Sensitivity Analysis*

The Group's main interest rate risk arises from cash and cash equivalents with various variable interest rates. At 31 December 2019 and 31 December 2018, the Group's exposure to interest rates risk is not deemed material.

(b) *Credit risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. All cash is held with financial institutions with a credit rating of -AA or above.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

The maximum exposure to credit risk at reporting date is as follows:

	2019	2018
	\$	\$
Cash and cash equivalents (note 9)	8,772	399,151
Trade and other receivables (note 10)	77,349	213,684
Financial and other assets	-	120,000
Balance at the end of the year	86,121	732,835

(c) *Foreign currency risk*

The group is exposed to fluctuations in foreign currencies arising from exploration commitments in currencies other than the Group's presentational currency (Australian dollars).

The group operates internationally and is exposed to foreign currency exchange risk from currency exposure to the US Dollar (USD). The Group has not yet formalized a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements and retains the right to withdraw from foreign currency commitments.

(d) *Liquidity risk*

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments that is, borrowing repayments. There is no bank borrowing at the reporting date. The Group manages liquidity risk continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of underlying businesses, the Group aims at ensuring flexibility in its liquidity profile by maintaining the ability to undertake capital raisings. The current trade and other payables are due and payable within 60 days.

Maturity Analysis of Financial Liabilities	Carrying Amount	< 6 Months	6-12 Months	1-3 Years	Contractual Cash Flows
	\$	\$	\$	\$	\$
Balance at 31 December 2019					
<i>Financial Liabilities</i>					
Current					
Trade and other payables (note 15)	1,622,487	1,622,487	-	-	1,622,487
Accrued payable (note 15)	376,991	376,991	-	-	376,991
Loans payable (note 16)	250,000	250,000	-	-	250,000
Total financial liabilities	2,249,478	2,249,478	-	-	2,249,478
Balance at 31 December 2018					
<i>Financial Liabilities</i>					
Current					
Trade and other payables (note 15)	485,520	485,520	-	-	485,520
Accrued payable (note 15)	31,000	31,000	-	-	31,000
Total financial liabilities	516,520	516,520	-	-	516,520

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(e) *Capital risk management*

The Group considers its capital to comprise its ordinary share capital and reserves. In managing its capital, the Group's primary objectives are to pay dividends and maintain liquidity. These objectives dictate any adjustments to capital structure. Rather than set policies, advice is taken from professional advisors as to how to achieve these objectives. There has been no change in either these objectives, or what is considered capital in the year.

(f) *Market risk*

Sensitivity

The table below summarises the impact of increases/decreases of these two indexes on the Group's equity and post-tax profit for the period. The analysis is based on the assumption that the equity indexes held at the end of 31 December 2018, had increased by 9% or decreased by 6% with all other variables held constant, and that all the group's equity instruments moved in line with the indexes.

There are no equity instruments as held as at 31 December 2019.

	Impact on profit	
	2019	2018
	\$	\$
Australian Stock Exchange 200 –2018 – 9% increase	-	10,800
Australian Stock Exchange 200 – 2018 - 6% decrease	-	(7,200)

Post-tax profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at FVPL. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as at FVOCI.

4. SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on geographical location, with the consolidated entity having operated in three locations: Australia, the Democratic Republic of Congo (DRC) and Malawi.

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 (disposed of during the year)
- Halls Peak Base Metals Project in New South Wales
- Rocky River – Uralla Gold Project in New South Wales

Exploration DRC

The Exploration DRC segment includes the following exploration projects:

- Kitotolo Lithium Project in DRC; and
- Kanuka Lithium Production Project in DRC

Exploration Malawi

The Exploration Malawi segment includes the following exploration projects:

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.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

The following table presents the revenue, profit and selected Statement of Financial Position information for the Group's reportable segments for the year ended 31 December 2019.

2019	Exploration Australia \$	Exploration DRC \$	Malawi \$	Corporate \$	Total \$
Segment performance					
Segment revenue	250,000	-	-	36,724	286,724
Segment result	250,000	(445,414)	(3,050,997)	(1,291,075)	(4,537,486)
Segment assets					
Cash	-	-	-	8,772	8,772
Other assets	-	109,448	-	221,742	331,190
Total segment assets	-	109,448	-	230,514	339,962
Segment liabilities					
Trade payables	-	30,072	743,735	1,225,671	1,999,478
Other liabilities	-	-	-	384,978	384,978
Total segment liabilities	-	30,072	743,735	1,610,649	2,384,456

The following table presents the revenue, profit and selected Statement of Financial Position information for the Group's reportable segments for the year ended 31 December 2018.

2018	Exploration Australia \$	Exploration DRC \$	Corporate \$	Total \$
Segment performance				
Segment revenue	-	-	49,857	49,857
Segment result	(39,558)	(9,098,094)	(1,779,687)	(10,917,339)
Segment assets				
Cash	5,607	268	393,276	399,151
Other assets	85,759	319,167	238,482	643,408
Total segment assets	91,366	319,435	631,758	1,042,559
Segment liabilities				
Trade payables	706	-	441,519	442,225
Other liabilities	16,553	30,482	27,260	74,295
Total segment liabilities	17,259	30,482	468,779	516,520

	2019 \$	2018 \$
5. OTHER INCOME		
Other income		
Interest income	1,582	21,331
Proceeds from sale of tenements	250,000	-
Rental income	30,000	-
Sundry income	5,142	28,526
Total other income	286,724	49,857

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
6. EXPENSES		
Loss/(profit) before income tax includes the following specific expenses:		
a) Administration expenses		
Directors fees and related on-costs	201,402	249,231
Consulting and professional fees	133,592	478,979
Exploration expenses not capitalised	-	-
Depreciation and amortisation	113,475	44,940
Share based payment	89,250	159,950
Other administrative expenses	745,257	454,252
Total Administration and exploration expenses	1,282,976	1,387,352
b) Finance expenses		
Interest	4,167	1,146
Other expenses ¹	90,501	1,318
Total finance expenses	94,668	2,464

¹ Other finance expenses includes;

- an amount of \$17,347, being the interest expense on the lease liability at 20 Kings Park Road, West Perth.
- 2,500,000 shares in the Company, valued at \$50,000, payable to Global Opportunities Pty Ltd, in relation to the loan provided to the Company during the year (refer to Note 17).

7. REMUNERATION OF AUDITORS

<i>Auditing or reviewing the financial statements:</i>		
BDO Audit (WA) Pty Ltd	63,130	47,460
Non assurance services	-	-
Total auditor's remuneration	63,130	47,460

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
8. INCOME TAX		
a) The components of tax expense comprise:		
<i>Current income tax:</i>		
Income tax expense on adjustments in respect of current income tax of previous years	-	-
<i>Deferred income tax:</i>		
Relating to origination & reversal of temporary differences	-	-
Prior year tax losses no longer recognised	-	-
Adjustments in respect of deferred income tax of previous years	-	-
Income tax expense reported in the statement of comprehensive income	-	-
b) Numerical reconciliation between aggregate tax expense recognised in the income statement and the tax expense calculated in the statutory income tax return		
Accounting loss before tax	(4,537,486)	(10,917,006)
Total accounting loss before tax	(4,537,486)	(10,917,006)
Prima facie income tax expense @ 27.5%	(1,247,808)	(3,002,177)
Tax effect of:		
Permanent differences	(5,803)	186,299
Timing differences not brought to account	8,428,660	9,949,225
Other non-allowable items	-	-
Tax losses not brought to account	(7,175,049)	(7,133,347)
Aggregate income tax expense	-	-
c) Unrecognised deferred tax assets and liabilities		
<i>Deferred tax assets and liabilities that have not been recognised in respect of the following items:</i>		
Provisions and accruals	-	8,525
Capital raising costs recognised directly in equity	-	-
Deferred tax liability in respect of exploration activities not recognised to the extent of unrecognised deferred tax asset	-	2,491,375
Revenue loss	4,466,386	3,558,715
Capital loss	3,962,274	3,890,610
	8,428,660	9,949,225

The deferred tax asset on the unused cumulative 2019 tax loss of \$16,074,887 (2018: \$12,940,783) has not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Group satisfying the requirements imposed by the regulatory authorities. The benefit of deferred tax assets not brought to account will only be brought to account if the conditions for deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely affect the Group in realising the benefit. The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise these benefits.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
9. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	8,772	399,151
Cash and cash equivalents	8,772	399,151

(a) *Cash at bank and in hand*

Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.0% and 0.5% (2018 0.0% and 0.5%). Refer to Note 3 for the Group's exposure to interest rate and credit risk.

10. TRADE AND OTHER RECEIVABLES

CURRENT		
Receivables - other parties (a)	64,082	89,329
Receivables - tenement deposits (b)	-	83,000
Receivables - GST	13,267	3,701
Prepayments	-	10,949
Other - monies held in trust	-	26,705
Total current trade and other receivables	77,349	213,684

(a) *Impaired receivables and receivables past due*

Receivables from other parties as at 31 December 2019 are past due but not impaired. None of the current receivables are impaired or past due but not impaired as at 31 December 2018.

(b) *Receivable – tenement deposit*

Largely relates to tenement deposits held with Department of Industry NSW.

(c) *Interest rate risk*

Refer to Note 3 for information about the Group's exposure to interest rate risk in relation to trade and other receivables.

(d) *Fair value and credit risk*

Current trade and other receivables

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Non-current trade and other receivables

There were no non-current trade and other receivables.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
11. NON-FINANCIAL ASSETS AND LIABILITIES		
Leases		
(a) Amounts recognised in the Statement of Financial Position		
<i>The Statement of Financial Position shows the following amounts relating to leases:</i>		
Right-of-use asset		
<i>Property</i>		
Balance as at 1 January	237,051	-
Amortisation	(109,408)	-
Balance at 31 December	127,643	-
Lease liability		
Balance as at 1 January	237,051	-
Amortisation	(102,073)	-
Balance at 31 December	134,978	-
(b) Amounts recognised in the consolidated statement of profit or loss		
<i>The consolidated statement of profit or loss shows the following amount relating to leases:</i>		
Amortisation of right-of-use asset		
<i>Property</i>	109,588	-

(c) Force Commodities leasing activities and how these are accounted for

During the current year, Force Commodities Ltd leased the office property at Suite 1, Ground Floor, 20 Kings Park Road, West Perth. The original lease of the property started on 12 March 2018 for a three year lease period to 11 March 2021. A further three-year lease extension option could have been exercised by Force Commodities Ltd. Force Commodities Ltd ceased the lease and vacated the property on 24 April 2020.

Leases are recognised as a right-of-use and a corresponding liability at the date at which the leased asset is available for use by Force Commodities Limited. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities from a lease are initially measured on a present value basis. The lease liability includes the present value of the fixed payments (with a 3.25% set increase each year), and variable payments for outgoings (reconciled and adjusted for actual cost each year). The lease payments are discounted using the Group's incremental borrowing rate of 10.0%.

The right-of-use asset is measured at cost comprising of the initial measurement of the lease liability.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
12. EXPLORATION & EVALUATION		
(A) Exploration activities capitalised		
Balance as at 1 January	-	-
Capitalised exploration acquisition – Kanuka (Refer Note 13)	-	556,635
Capitalised exploration acquisition - Kitotolo	-	5,822,700
Capitalised exploration expenditure - Kitotolo	276,004	1,660,814
Capitalised exploration expenditure - Kanuka	169,410	1,019,398
Impairment expense ⁽¹⁾	(445,414)	(9,059,547)
Balance as at end of year	-	-

- 1) Impairment indicators in AASB 6 are considered on a project by project basis as at balance date. Due to the stage at which the Company's exploration projects are at and in the absence of any exploration plans and budget for its DRC projects (Kitotolo Lithium Project and Kanuka Lithium Production Project) it was necessary for the Company to undertake an impairment test.

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 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 nil. As a consequence, an impairment expense of \$445,414 has been recognised for 2019 in relation to the Company's projects in the DRC (2018: \$9,059,547).

A further \$445,414 of exploration expenditure was incurred on the DRC projects during the current year. The status of the project remains unchanged, therefore the Company has recognised an impairment expense for \$445,414 for 2019.

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 AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
(B) Exploration activities expensed		
Balance as at 1 January	-	-
Exploration acquisition – Tshipala Project (Refer Note 13)	1,116,244	-
Exploration expenditure – Tshipala Project	1,893,807	-
Total exploration expenditure expensed	3,010,051	-

13. ASSET ACQUISITION

2019

Acquisition of a 51% interest in the Malawian Tshipala project

On the 5 July 2019 the Company announced it had completed its acquisition of an initial 51% majority share in the high-grade lead and silver Tshipala Project located in the Republic of Malawi.

All acquisition documentation, including the Share Sale and Purchase Agreement, was executed by the Company and by the shareholder of Switzerland-based TerraCare AG (**TCA**). This followed completion by Force of its legal and technical due diligence in June 2019 and negotiation on final legal documentation.

Following execution of the acquisition documentation, the Company became 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 has been granted.

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

In accordance with the Share Sale and Purchase Agreement, issued 40 million fully paid ordinary shares in the Company upon execution of formal agreements to TCA and its nominees. On the 23 July 2019 the Company issued 28.5 million of the 40 million shares under the Company's 15% existing placement capacity under ASX Listing Rule 7.1. On the 3 September 2019 the balance of 11.5 million shares were issued following a General Meeting of Shareholders held on 16 August 2019. A further 40 million fully paid ordinary shares in Force are also to be issued once GML has completed the sale of 5000 tonnes of contained lead from the Tshipala Project.

On 17 July 2019 the Company entered into a binding offtake agreement with independent and privately held global commodities trading group Transamine Tradiong SA for all high-grade lead and silver ore produced from its Tshipala Project located in the Republic of Malawi.

Under the terms of the Offtake Agreement, Transamine has the right to purchase all high-grade lead and silver produced from the Tshipala Project on an 'evergreen' basis.

Pricing under the Offtake Agreement is to be based on the prevailing LME benchmark price for lead and the LBMA price for silver for material transported in sealed containers from the mine site to a designated warehouse at the Port of Beira in Mozambique and through to agreed major ports in Asia.

The execution of the Offtake Agreement represents the first major agreement to be entered into by the Company since it completed the purchase of an initial 51% interest in the high-grade lead and silver Tshipala Project.

The Company, in accordance with agreement, sole funded exploration and development activities with the aim of producing lead ore in concentrate for sale to offtake partner, Transamine. The Company

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

was, however, in default of two cash payments specified as part of the share sale and purchase agreement, being US\$41,350 and €160,605, both due on 31 December 2019. TCA had the right to buy-back the 64% Force ownership for US\$100 in any default of these cash payments.

As at 31 December 2019 the cash payments to Terra Care had not been made. Under the terms of the share sale and purchase agreement, failure to meet these cash payments allowed the vendor the possibility to buy-back the project in its entirety for US\$100.

On 6 May 2020, the vendor and 35% minority shareholder of Terra Care AG, put Terra Care AG into liquidation, without Force's knowledge. Force is currently seeking legal advice on this.

The share sale and purchase agreement contemplated a deferred consideration of 40 million shares on completion of a small amount of production, being 500 tons of lead in ore. Payment of the deferred consideration was never triggered because no mining production was achieved from the project.

	2019
	\$
Purchase consideration	
Equity consideration issued - First Tranche (28,500,000 shares at \$0.02) – refer note 17	570,000
Equity consideration issued - Second Tranche (11,500,000 shares at \$0.02) – refer note 17	230,000
Reimbursement of historical costs incurred by Terra Care AG	316,244
	1,116,244
Net assets acquired	
Exploration costs capitalised	-
Less: Non-controlling interest	-
	-

	2019	2018
	\$	\$
14. PLANT & EQUIPMENT		
Plant & equipment at cost	119,763	301,204
Accumulated depreciation	(50,103)	(48,018)
Total plant & equipment	69,660	253,186
Reconciliation of carrying amounts		
<i>Plant and equipment</i>		
Balance at beginning of period	253,186	7,893
Additions	-	290,233
Disposals	(70,051)	-
Impairment	-	-
Depreciation	(113,475)	(44,940)
Balance at end of year	69,660	253,186

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
15. TRADE AND OTHER PAYABLES		
Trade payables ⁱ⁾	1,266,281	472,704
Employee related payables	10,553	12,816
Other payables and accruals ⁱⁱ⁾	722,644	31,000
Total trade and other payables	1,999,478	516,520

ⁱ⁾ Included in trade payables is \$743,735 of exploration trade payables related to the Tshimpala Project. The Company is currently negotiating standstill deeds with creditors to reduce the amounts and timing of certain payments.

ⁱⁱ⁾ Included within other payables and accruals is US\$41,350 and EUR160,605, together translated to \$316,244, related to the acquisition of the Tshimpala Project. Please refer to Note 14 for further details. Also included within other payables and accruals is \$50,000 in recognition of 2,500,000 shares in the Company payable to Global Opportunities Pty Ltd in relation to a loan provided to the Company during the year (refer to Note 16).

16. FINANCIAL LIABILITIES

Current		
Loan payable	250,000	-
Total financial liabilities	250,000	-

On 8 October 2019, the Company took a convertible note with Global Opportunities Pty Ltd (GTT) for \$250,000. On 12 February 2020, the \$250,000 loan was repaid in full, plus interest and \$10,000 of fees. Additional fees paid in relation to this loan included 3,000,000 options with an exercise price of \$0.02 and an expiry date of 31 October 2021. The balance of the fees remains payable through the issue of 2,500,000 FPO listed shares.

The 2,500,000 FPO listed shares are valued using the share price on the date the loan was drawn down, with the total fair value of the shares to be issued \$50,000.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		\$	\$
17. ISSUED CAPITAL			
a) Issued and paid up capital			
Ordinary shares fully paid		41,020,252	34,796,331
		Number of Shares	Number of Shares
Ordinary shares fully paid		557,654,757	423,915,868
b) Movement in shares on issue			
	Issue Date	Number of Shares	\$
Balance at 1 January 2018		340,353,369	34,796,331
Exercise of options	16/01/2018	7,541,666	241,333
Exercise of options	22/01/2018	312,500	15,000
Exercise of options	22/01/2018	2,208,333	70,667
Exercise of options	15/02/2018	1,000,000	32,000
Share issue – acquisition consideration 70% interest in Kitotolo Lithium Project	15/02/2018	67,500,000	3,847,500
Exercise of options	26/02/2018	1,000,000	32,000
Share issue – acquisition consideration 51% interest in Kanuka Lithium Production Project – First Tranche	14/06/2018	2,000,000	114,000
Share issue – acquisition consideration 51% interest in Kanuka Lithium Production Project – Second Tranche	14/09/2018	2,000,000	114,000
Capital raising costs		-	-
Balance at 31 December 2018		423,915,868	39,262,831
Balance at 1 January 2019		423,915,868	39,262,831
Performance shares issued	7/03/2019	600,000	-
Share issue - capital rising	20/05/2019	38,888,889	350,000
Capital raising costs		-	(81,000)
Share issue – acquisition consideration 51% interest in Tshimpala Project acquisition – First Tranche	23/7/2019	28,500,000	570,000
Share issue – staff and consultants – in lieu of cash for services provided ¹	23/7/2019	4,250,000	89,250
Share issue – acquisition consideration 51% interest in Tshimpala Project acquisition – Second Tranche	3/09/2019	11,500,000	230,000
Share issue - capital raising	13/11/2019	50,000,000	750,000
Capital raising costs		-	(49,500)
Capital raising costs – options issued ²		-	(101,329)
Balance at 31 December 2019		557,654,757	41,020,252

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

¹ On the 23 July 2019 the Company issued 4,250,000 shares to staff and consultants under the Company's Employee Share Scheme in recognition of their past and future service, and in particular the role they will play in the advancement of the Tshimpala Project. The shares have been recorded at the share price on the date of issue. A total of \$89,250 has been included within Sharebased payments expense in the Consolidation Statement of Profit or Loss and Other Comprehensive Income for the current year with respect to these share awards.

² During the current year, 40,000,000 options were issued in relation to the capital raising completed during November 2019. Participants in the placement were issued one free attaching option for every two shares subscribed. The options have an exercise price of \$0.02 and an expiry date of 31 October 2021. These options have a fair value of \$101,329 and have been recognised as a cost of raising capital for the current year.

18. OPTIONS

2019 share option details as follows:

Issue Date	Expiry Date	Exercise Price	Balance at start of year	Granted during year	Exercised during year	Lapsed during year	Consolidation Adjustment	Balance at end of year
12/10/2017	30/06/2019	3.2 cents	20,166,662	-	-	(20,166,662)	-	-
30/06/2016	30/06/2019	3.2 cents	6,250,000	-	-	(6,250,000)	-	-
12/10/2017	30/06/2019	3.5 cents	10,000,000	-	-	(10,000,000)	-	-
5/08/2016	5/08/2019	4.8 cents	937,500	-	-	(937,500)	-	-
14/11/2017	1/07/2020	6.0 cents	2,000,000	-	-	-	-	2,000,000
14/11/2017	1/07/2020	8.0 cents	2,000,000	-	-	-	-	2,000,000
25/05/2018	30/06/2020	10.0 cents	2,500,000	-	-	-	-	2,500,000
20/05/2019	30/06/2021	2.0 cents	-	34,444,446	-	-	-	34,444,446
16/08/2019	31/10/2021	2.0 cents	-	43,000,000	-	-	-	43,000,000
			43,854,162	77,444,446	-	(37,354,162)	-	83,944,446

During the current year, the Company issued 34,444,446 options in relation to the capital raising completed during May 2019. Participants in the placement were issued on free attaching option for every two shares subscribed. The options have an exercise price of \$0.02 cents and an expiry date of 30 June 2021.

During the current year, 40,000,000 options were issued in relation to the capital raising completed during November 2019. Participants in the placement were issued one free attaching option for every two shares subscribed. The options have an exercise price of \$0.02 and an expiry date of 31 October 2021.

A further, 3,000,000 options, on the same terms, were issued to Global Opportunities Pty Ltd as part of the fee for a loan provided to the Company (refer to Note 16).

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2018 share option details as follows:

Issue Date	Expiry Date	Exercise Price	Balance at start of year	Granted during year	Exercised during year	Lapsed during year	Consolidation Adjustment	Balance at end of year
12/10/2017	30/06/2019	3.2 cents	23,166,661	-	(2,999,999)	-	-	20,166,662
30/06/2016	30/06/2019	3.2 cents	15,000,000	-	(8,750,000)	-	-	6,250,000
12/10/2017	30/06/2019	3.5 cents	10,000,000	-	-	-	-	10,000,000
5/08/2016	5/08/2019	4.8 cents	1,250,000	-	(312,500)	-	-	937,500
14/11/2017	1/07/2020	6.0 cents	2,000,000	-	-	-	-	2,000,000
14/11/2017	1/07/2020	8.0 cents	2,000,000	-	-	-	-	2,000,000
25/05/2018	30/06/2020	10.0 cents	-	2,500,000	-	-	-	2,500,000
			53,416,661	2,500,000	(12,062,499)	-	-	43,854,162

	2019 \$	2018 \$
19. RESERVES		
a) Equity payment reserve		
Balance at 1 January	1,823,232	5,510,782
Acquisition shares - Kitotolo Project	-	(3,847,500)
Share based payment ¹	181,595	159,950
Balance at 31 December	2,004,827	1,823,232
b) Acquisition reserve		
Balance at 1 January	2,541,929	2,541,929
Balance at 31 December	2,541,929	2,541,929
c) Foreign currency translation reserve		
Balance at 1 January	-	-
Translation of foreign denominated subsidiaries	14,304	-
Balance at 31 December	14,304	-

¹ During the current year, 40,000,000 options were issued in relation to the capital raising completed during November 2019. Participants in the placement were issued one free attaching option for every two shares subscribed. The options have an exercise price of \$0.02 and an expiry date of 31 October 2021. This resulted in a total of 25,000,000 free attaching options being issued for a fair value of nil. The remaining 15,000,000 options, issued to Sixty Two Capital Pty Ltd, for the services they provided in relation to the capital raising, have a fair value of \$101,329 and have been recognised as a cost of raising capital for the current year.

A further, 3,000,000 options, on the same terms, were issued to Global Opportunities Pty Ltd as part of the fee for a loan provided to the Company (refer to Note 16). These options have a fair value of \$20,266 and have been included within finance costs within the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the current year.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

During the current year, the Company issued 34,444,446 options in relation to the capital raising completed during May 2019. Participants in the placement were issued on free attaching option for every two shares subscribed. The options have an exercise price of \$0.02 cents and an expiry date of 30 June 2021. This resulted in a total of 19,444,446 free attaching options being issued for a fair value of nil. The remaining 15,000,000 options, issued to Sixty Two Capital Pty Ltd, for the services they provided in relation to the capital raising, have a fair value of \$60,000 and have been recognised as a cost of raising capital for the current year.

20. NON-CONTROLLING INTEREST

Balance as at 1 January	(21,153)	1,725,323
Asset Acquisition – Kanuka Lithium Production Project – refer note 13	-	272,751
Total comprehensive loss attributed to Non-Controlling Interests	(39,368)	(2,019,227)
Balance as at end of year	(60,521)	(21,153)

21. EARNINGS PER SHARE

Basic and diluted loss per share (cents per share)	(0.94)	(2.16)
a) Loss used in calculating loss per share		
Net loss attributable to ordinary equity holders of the parent for basic earnings	(4,470,181)	(8,897,779)
b) Weighted average number of shares	No.	No.
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	474,634,086	412,560,902
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	474,634,086	412,560,902

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
22. CASH FLOW INFORMATION		
Net loss after tax	(4,537,486)	(10,917,006)
<i>Non-cash items:</i>		
Depreciation and amortisation	113,475	44,940
Change in investment fair value	(100,050)	517,500
Property, plant and equipment impairment	70,051	-
Exploration impairment	-	9,059,547
Provision for impairment of receivables	21,100	-
Share based payments	89,250	159,950
Shares issued to acquire the Tshipala Project – classified as exploration expenditure	800,000	-
Finance costs	20,266	-
<i>Change in operating assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	8,693	94,618
Increase/(Decrease) in trade and other creditors	2,598,416	396,764
Decrease in provisions	-	(35,729)
Net cash flows used in operating activities	(916,285)	(679,416)

23. SUBSIDIARIES AND NON-CONTROLLING ENTITIES

(a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in 1(b):

Name of Entity	Class of Shares	Equity Holding		Country of Incorporation
		2019 (%)	2018 (%)	
SOC1 Pty Ltd	Ordinary	100	100	Australia
Biacil Holdings Pty Ltd	Ordinary	100	100	Australia
Hudson SPC Pty Ltd	Ordinary	100	100	Australia
SUGEC Resources Limited	Ordinary	59.5	59.5	Australia
Mount Adrah Gold Limited	Ordinary	99.5	99.5	Australia
Tasman Goldfields NSW Pty Ltd	Ordinary	99.5	99.5	Australia
Mount Adrah Gold Mining Limited	Ordinary	99.5	99.5	Australia
Nevlith Pty Ltd	Ordinary	100	100	Australia
Force Commodities DRC SAU	Ordinary	100	100	DRC
COMFORCE SA	Ordinary	70	70	DRC
MINFORCE SA	Ordinary	51	51	DRC
TerraCare AG	Ordinary	64	-	Switzerland
Galena Mining Limited	Ordinary	80	-	Malawi

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

24. RELATED PARTY INFORMATION

(a) Parent entity

The ultimate parent entity within the Group is Force Commodities Limited.

Force Commodities Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The Company was incorporated as an unlisted public company on 10 August 2010 and successfully listed on the ASX on 3 December 2010.

(b) Subsidiaries

Interests in subsidiaries are disclosed in Note 23 (a).

(c) Key Management Personnel

Key management personnel compensation information is as follows:

	2019	2018
	\$	\$
Summary remuneration		
Short term employee benefits	301,980	518,825
Post-employment benefits	1,301	3,904
Termination benefits	-	-
Share based payments (See Note 26)	26,250	159,950
Total remuneration	329,531	682,679

Details of remuneration disclosures are provided within the audited remuneration report which can be found on pages 12 to 17.

(d) Other transactions with key management personnel

The following transactions occurred with Director related parties:

	2019	2018
	\$	\$
Legal Fees – Bennett & Co ¹	11,835	101,416
Timdee Resources Pty Ltd ²	43,286	-
Vector Resources Limited ³	-	64,082
Winmar Resources Limited ³	-	13,919
Total	55,121	179,417

- (1) A director, Mr David Sanders, is a partner in the firm Bennett & Co, Solicitors, Bennett & Co has provided legal services to Force Commodities Limited and certain of its subsidiaries on normal commercial terms and conditions. The total amount charged for the year was \$11,835 (2018: \$101,416). There is no amount outstanding to be paid to Bennett & Co as at 31 December 2019 (2018: \$46,835). Mr David Sanders resigned as a Non-Executive Chairman on 5 February 2019.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

- (2) Timdee Resources Pty Ltd, a company controlled by Mr Jess Oram, was paid, or is owed, a total of \$43,286 in relation to Mr Oram’s services as a Director during the current year. \$11,390 has been paid to Mr Oram during the year for services provided. The balance remains unpaid as at 31 December 2019.

The Company made payments on behalf of entities that are controlled by Mr Jason Brewer. An Amount of \$64,082 (2018: \$64,082) from Vector Resources Limited and \$13,919 (2018: \$13,919) from Winmar Resources Limited are owed to the Company. These transactions are made on normal commercial terms. The Company has provided for the amounts receivable from Winmar Resources Limited as at 31 December 2019.

(e) Employee Share Option Plan

The company has adopted an Employee Share Option Plan (**ESOP**) for its employees. A person is an employee of the company if that person is an Executive Director, Non-Executive Director or considered by the Board to be employed by the company or a related party of the company.

The purpose of the ESOP is to provide an opportunity for all eligible employees of the company to participate in the growth and development of the company through participation in the equity of Force Commodities Ltd.

Force Commodities Ltd believes it is important to provide incentives to employees in the form of options which provide the opportunity to participate in the share capital of Force Commodities Ltd. The company expects to apply the proceeds of exercise of the Options to working capital needs, asset or business acquisitions and general corporate purposes. All options to be issued must be consistent with any applicable Listing Rules and having regard to regulatory constraints under the *Corporations Act 2001*, ASIC policy or any other law applicable to Force Commodities Ltd.

(f) Options and performance rights

There were no performance rights, and no options issued to Directors during the current year. 750,000 performance rights issued to Mr Michael Fry, the Company’s CFO and Company Secretary from 5 February 2019 until his resignation on 9 April 2020. The Company issued 1,800,000 performance rights to Mr Jason Brewer and 2,500,000 director incentive options to Mr Gedeon Pelesa during the prior year (refer note 26).

	2019	2018
	\$	\$
25. COMMITMENTS		
a) Exploration expenditure commitments		
Minimum tenement exploration expenditure	180,000	2,183,703
Total exploration expenditure commitments	180,000	2,183,703

The minimum exploration expenditure commitments and lease payments on the Company’s exploration tenements total \$180,000 (December 2018: \$2,183,703) over the remaining term of the tenements.

The expenditure commitments as at 31 December 2019 includes commitments for the Kanuka Lithium Production Project of nil payable over the next 12 months (2019: \$1,797,503), and Halls Peek Project of \$180,000 payable over the next 12 months (2019: \$180,000).

On 6 May 2020, the vendor and 35% minority shareholder of Terra Care AG, put Terra Care AG into liquidation, without Force’s knowledge. Force is currently seeking legal advice on this. As a result the Company has put all field work on the Tshimpala Project. There is no statutory exploration commitments required on this project as at 31 December 2019.

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

26. SHARE BASED PAYMENTS

a) Performance Rights and Shares

On the 23 July 2019 the Company issued 4,250,000 shares to staff and consultants under the Company's Employee Share Scheme in recognition of their past and future service, and in particular the role they will play in the advancement of the Tshimpala Project. \$89,250 has been recorded as Share Based Payments in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	Number of Shares	Share Price (\$)	Vesting Date	Fair Value
Staff and Consultants of the Company	4,250,000	0.021	23/07/2019	89,250

Of these performance shares issued during the year, 750,000 were issued to Mr Michael Fry, and 500,000 to Mr Michael Pitcher, both key management personnel of the Company at the time of issue.

Subsequent to the current year end, on 14 January 2020, Mr Jason Brewer resigned as Managing Director. On resignation, 600,000 unvested performance rights with an expiry date of 19 February 2020, and a further 600,000 unvested performance rights with an expiry date of 19 February 2021, were forfeited.

27. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, apart from:

- On 14 January 2020, Mr Jason Brewer resigned as Managing Director. On resignation, 600,000 unvested performance rights with an expiry date of 19 February 2020, and a further 600,000 unvested performance rights with an expiry date of 19 February 2021, were forfeited.
- On 27 January 2020, Mr Jihad Malaeb was appointed Non-Executive Director.
- On 8 October 2019, the Company took a convertible note with Global Opportunities Pty Ltd (GTT) for \$250,000. On 12 February 2020, the \$250,000 loan was repaid in full, plus interest and \$10,000 of fees. Additional fees paid in relation to this loan included 3,000,000 options with an exercise price of \$0.02 and an expiry date of 31 October 2021. The balance of the fees remains payable through the issue of 2,500,000 FPO listed shares.
- During February 2020, major shareholder and Non-Executive Director, Mr Jihad Malaeb, provided a loan for \$300,000. Interest payable on the loan is 10% per annum. As at 30 June 2020, \$283,000 of the loan was drawn down, and \$10,823 of interest was accrued.

Also during February 2020, major shareholder Sufian Ahmad provided a loan for \$100,000 on the same terms but with further security over the Company assets to the value of his loan. As at 30 June 2020, the loan had been drawn down in full, with \$3,611 of interest accrued for.

The above loans are to be converted to a convertible note subject to Shareholder approval at the next AGM. The Convertible Notes will have a face value of \$1.00 per note and mature on 31 December 2020 or 11 February 2021. The notes can be converted at the election of the noteholder on or before the maturity date into Fully Paid Ordinary Shares in the Company at

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

\$0.01 per share, or will otherwise become repayable in cash by the Company at the maturity date. Upon issue of the convertible notes, the Company will pay a 16.67% fee on the amount invested by the Noteholder in equivalent shares and unlisted options.

- On 9 April 2020, Mr Henry Kinstlinger was appointed as Company Secretary and Mr Michael Pitcher resigned as Company Secretary.
- On 27 May 2020, Simon Grant-Rennick resigned as Non-Executive Director.
- On 25 June 2020, the Company entered into a non-binding heads of agreement with Savannah Resources Plc to purchase a 100% interest in two Omani-based advanced copper projects of high value. The Company has completed due-diligence and announced on 1 September 2020 that that Company has entered into a Share Purchase Agreement. Please refer to the ASX announcement for details on the consideration and conditions precedent in relation to the Share Purchase Agreement.
- On 30 June 2020, 2,500,000 unlisted options, with an exercise price of \$0.10, expired.
- On 1 July 2020, 2,000,000 unlisted options, with an exercise price of \$0.06, expired.
- On 1 July 2020, 2,000,000 unlisted options, with an exercise price of \$0.08, expired.
- On 6 July 2020, the Company secured a further \$50,000 from three shareholders of the Company. The funds will be used for general working capital. The loans are to be secured through convertible notes. Interest payable on the loan is 10% per annum.
- On 27 July 2020, Mr Simon Pooley was appointed Chief Executive Officer of the Company.
- As at 31 December 2019 the cash payments to Terra Care had not been made. Under the terms of the share sale and purchase agreement, failure to meet these cash payments allowed the vendor the possibility to buy-back the project in its entirety for US\$100.
- On 6 May 2020, the vendor and 35% minority shareholder of Terra Care AG, put Terra Care AG into liquidation, without Force's knowledge. Force is currently seeking legal advice on this. The Company is currently negotiating standstill deeds with creditors to reduce the amounts and timing of certain payments.
- On the 22 May 2019 the Company announced to the ASX that it had lodged interlocutory applications in the District Court of Western Australia in respect of a claim against the Company by Fletcher Tailleur Associates limited (FTA), a Seychelles incorporated company associated with former director, Mr Alistair Stephens.

Mr Stephens was appointed by the previous Board of Directors on 28 February 2017, as an Executive Director of the Company. At the Company's annual general meeting of shareholders held on 31 May 2017, shareholders overwhelmingly voted against Mr Stephens re-election as a director with 51,249,541 votes against his re-election and 6,461,255 votes in favour of his re-election.

The Company is defending the claim by FTA for an amount of \$489,867.

Since the ASX announcement, on defending proceedings in the District Court, the Company has consented to Mr Stephens being named as a party and amending the statement of claim, and the Company has been successful in the proceedings in obtaining:

1. an order for security for costs requiring Mr Stephens to pay monies into court;
2. orders striking out of paragraphs of the FTA statement of claim and requiring further and better particulars be given;
3. orders the defendant pay the Company's costs thrown away arising from FTA's amended statement of claim.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

The matter is proceeding to mediation on 26 October 2020. The Company remains confident of its defence in the proceedings.

- On 14 September 2020, the Company raised \$1.9m with the assistance from Corporate Advisor, Sixty Two Capital Pty Ltd. Shares will be issued at a price of \$0.01 per share following shareholder approval at the Company's upcoming Annual General Meeting.
- On 14 September 2020 the Company proposed to issue a Convertible Note to raise \$200,000 against the issue of 20 million shares at \$0.01. The maturity date is 20 November 2020. The interest rate is 10% per annum, and the note is unsecured.
- The Company is currently negotiating standstill deeds with creditors to reduce the amounts and timing of certain payments.
- Subsequent to the reporting date, the existence of the infectious disease COVID-19 ('Coronavirus') has become widely known, and begun to rapidly spread throughout the world, including Australia. The Group considers this to be a non-adjusting event after the reporting date. Since the reporting date this has caused increasing disruption to populations, and to business and economic activity. As this Subsequent situation is rapidly developing, it is not yet practicable to estimate the potential impact this may have on the Group.

To date, COVID-19 has not had a material impact on the business, however in this environment the Group acknowledge it does have the potential to impact the business, particularly if it impacts the ability to raise capital.

28. CONTINGENT ASSETS AND LIABILITIES

From time to time the Company may be party to claims from suppliers and service providers arising from operations in the ordinary course of business.

As at the date of this report there are no claims or contingent liabilities that are expected to materially impact, either individually or in aggregate the company's financial position or results from operations, other than as set out below.

Kanuka Lithium Production Project Joint Venture – Deferred Consideration

Pursuant to the Joint Venture Agreement (JV Agreement) executed with Kanuka Mining Company SPRL (Kanuka) and Mining Mineral Resources SPRL (MMR) whereunder Kanuka is a subsidiary of MMR and holds a 100% interest in the Kanuka Lithium Production Project dated 27 March 2018, Force has the following deferred consideration obligations with respect to the acquisition of a 51% interest in the Kanuka Lithium Production Project:

Event	Consideration	Relevant Conditions (if any)
Performance Milestone 1	8,000,000 Shares	Upon completion of a JORC compliant resource of up to 250,000 tonnes of contained lithium
Performance Milestone 2	12,000,000 Shares	Upon completion of a JORC compliant resource of over 250,000 tonnes and less than or equal to 500,000 tonnes of contained lithium
Performance Milestone 3	16,000,000 Shares	Upon completion of a JORC compliant resource of over 500,000 tonnes and less than or equal to 1,000,000 tonnes of contained lithium
Performance Milestone 4	20,000,000 Shares	Upon completion of a JORC compliant resource of in excess of 1,000,000 tonnes of contained lithium
Production Royalty	2.5%	On commercial production

Kitotolo Lithium Project Joint Venture – Deferred Consideration

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Pursuant to its binding Heads of Agreement (HOA) executed with Lithium Age Pty Ltd (LAPL) dated 2 August 2017, Force has the following deferred consideration obligations with respect to the Kitotolo Lithium Project Joint Venture:

Event	Consideration	Relevant Conditions (if any)
Performance Milestone 1	30,000,000 Shares	Upon issuance of an additional exploration licence prospective for Lithium mineralisation being transferred into the joint venture.
Performance Milestone 2	30,000,000 Shares	Upon delineation of a Mineral Resource of 15 Million tonnes at a grade of greater than or equal to 1% Li ₂ O, determined in accordance with JORC Guidelines or NI 43-101
Production Royalty	1%	On commercial production

The consideration will become due and payable in the event that the relevant conditions are met. As at the reporting date, the conditions in respect of each of the items have not been met and therefore the amounts are recognised as contingent liabilities.

Tshimpala Project – Deferred Consideration

Issue to Terra Care AG or nominees 40 million fully paid ordinary shares upon sale of 500 tonnes of contained lead in run-of-mine ore or concentrate produced from mining operations of the Tshimpala Project. Payment of the deferred consideration was never triggered because no mining production was achieved from the project.

Mr Alistair Stephens Matter

On the 22 May 2019 the Company announced to the ASX that it had lodged interlocutory applications in the District Court of Western Australia in respect of a claim against the Company by Fletcher Tailleur Associates limited (FTA), a Seychelles incorporated company associated with former director, Mr Alistair Stephens.

Mr Stephens was appointed by the previous Board of Directors on 28 February 2017, as an Executive Director of the Company. At the Company’s annual general meeting of shareholders held on 31 May 2017, shareholders overwhelmingly voted against Mr Stephens re-election as a director with 51,249,541 votes against his re-election and 6,461,255 votes in favour of his re-election.

The Company is defending the claim by FTA for an amount of \$489,867.

Since the ASX announcement, on defending proceedings in the District Court, the Company has consented to Mr Stephens being named as a party and amending the statement of claim, and the Company has been successful in the proceedings in obtaining:

1. an order for security for costs requiring Mr Stephens to pay monies into court;
2. orders striking out of paragraphs of the FTA statement of claim and requiring further and better particulars be given;
3. orders the defendant pay the Company’s costs thrown away arising from FTA’s amended statement of claim.

The matter is proceeding to mediation on 26 October 2020. The Company remains confident of its defence in the proceedings.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
29. PARENT ENTITY DISCLOSURES		
Assets		
Current assets	33,066	532,791
Non-current assets	184,181	71,671
Total assets	217,247	604,462
Liabilities		
Current liabilities	1,581,286	465,077
Non-current liabilities	-	-
Total liabilities	1,581,286	465,077
Net assets	(1,364,039)	139,385
Equity		
Issued capital	36,944,752	35,187,331
Option reserve	1,721,260	1,539,665
Accumulated loss	(40,030,051)	(36,587,611)
Total equity	(1,364,039)	139,385
Loss of parent entity	(3,442,440)	(1,779,353)
Total comprehensive loss of the parent entity	(3,442,440)	(1,779,353)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Force Commodities Limited has not entered into any deed of cross guarantee with its wholly-owned subsidiaries during the year ended 31 December 2019 (2018: Nil).

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements:
 - (a) comply with Accounting Standards which as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and;
 - (b) give a true and fair view of the consolidated statement of financial position as at 31 December 2019 and of the performance for the year ended on that date of the consolidated entity.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 31 December 2019, comply with section 300A of the *Corporations Act 2001*.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporation Act 2001*.
5. This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

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



Mr Jess Oram
Non-Executive Chair
Perth, Western Australia
14 September 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Force Commodities Limited

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of Force Commodities Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for qualified opinion

For the year ended 31 December 2019, the Group incurred exploration and evaluation expenditure in relation to its projects located in Africa as disclosed in the statement of Profit or loss and other comprehensive income in the financial report. The Directors were unable to provide us with the financial records to support \$166,099 of this expenditure. As a result, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves of the existence, accuracy and validity of these expenses. Consequently, we are unable to determine whether any adjustments to these amounts were necessary.

Our audit opinion for the year ended 31 December 2018 was also qualified in respect of this matter.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified further in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for qualified opinion and Material uncertainty related to going concern sections, we have determined the matters described below to be the key audit matters to be communicated in our report.

Acquisition Accounting

Key audit matter	How the matter was addressed in our audit
<p>The Group acquired the Tshimpala project during 2019 through the purchase of 64% of Terra Care AG which held an 80% interest in Galena Mining Limited who holds the Tshimpala Project tenements as disclosed in Note 13.</p> <p>The group treated the transaction as an asset acquisition, rather than business combination.</p> <p>Accounting for these transactions is complex and requires management to exercise judgement to determine the appropriate accounting treatment, including whether the acquisition should be classed as an asset or business acquisition, estimating the fair value of net assets acquired and estimating the fair value of the purchase consideration. As a result, this is considered a key audit matter.</p>	<p>Our procedures in respect of this area included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the transaction, including an assessment of whether the transaction constituted an asset or business acquisition; • Reviewing the sale and purchase agreement to understand key terms and conditions; • Assessing management's determination of the fair value of consideration paid and agreeing the consideration to supporting documentation; • Reviewing management's determination of the fair value of the share-based payments made, considering the appropriateness of the valuation use; • Agreeing the net assets acquired, that no goodwill was recognised and that costs associated with the acquisition were accounted for in line with the correct accounting policy for the Tshimpala area of interest; and • Assessing the adequacy of the related disclosures in Note 13 to the financial statements



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 18 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Force Commodities Limited, for the year ended 31 December 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', written over a faint, light-colored BDO logo.

Dean Just

Director

Perth, 14 September 2020

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

Additional information required by the ASX and not shown elsewhere in this report is as follows:

A. Shareholding as at 14 August 2020

Total fully paid ordinary shares on issue **557,654,757**

B. Substantial Holders as at 14 August 2020

There are no shareholders who have lodged notice advising substantial shareholding under the Corporations Act 2001.

C. Distribution of Equity Securities as at 14 August 2020

Range	Total Holders	Units	% of Issued Capital
1 - 1,000	85	11,726	0.00
1,001 - 5,000	245	640,688	0.11
5,001 - 10,000	296	2,367,842	0.42
10,001 - 100,000	1,164	47,964,802	8.60
100,001 – and above	576	506,669,699	90.86
Total	2,366	557,654,757	100.00

D. Unmarketable Parcels as at 14 August 2020

	Minimum Parcel size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.012 per unit	41,667	1,345	19,669,200

E. Twenty Largest Shareholders as at 14 August 2020

The names of the twenty largest holders of quotes equity securities aggregated are listed below:

Rank	Name	Units	% of Issued Capital
1	JGM Property Investments Pty Ltd	33,696,667	6.04
2	Mr Jihad Malaeb	22,969,673	4.12
3	Mr Bilal Ahmad	19,000,000	3.41
4	Mr Sufian Ahmad	18,150,000	3.25
5	Mrs Zita Marie-Louise Merlini	14,500,000	2.60
6	Mr Jihad Malaeb	13,666,667	2.45
7	DDPevcic (WA) Pty Ltd <Dominic Family A/C>	11,018,595	1.98
8	Clayton Capital Pty Ltd	9,366,666	1.68
9	Mr Dean Brett Blankfield	8,800,000	1.58
10	Medek Investments Pty Ltd <Medek Super Fund A/C>	8,543,951	1.53
11	Threebee Investment Group Pty Ltd	8,400,000	1.51
12	J P Morgan Nominees Australia Pty Limited	7,622,421	1.37
13	Ms Claudine Louise Maynard	7,007,500	1.26
14	Mr Poh Seng Tan	7,000,000	1.26
15	Mr Steven John Rushbrook	6,297,425	1.13

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

Rank	Name	Units	% of Issued Capital
16	BAB Super Fund Pty Ltd <BAB Super Fund A/C>	5,900,000	1.06
17	Attollo Investments Pty Ltd <Attollo Investment A/C>	5,746,595	1.03
18	Mr Jarryd Ramsamoojh	5,060,000	0.91
19	JLM Corporation Pty Ltd	5,000,000	0.90
20	Miss Natalie Lynne McCrae	5,000,000	0.90
Total:	Top 20 holders of ordinary shares (Total)	222,746,160	39.94
	Total remaining holders balance	334,908,597	60.06

F. Unquoted Securities as at 14 August 2020

Class	Exercise Price	Expiry Date	No. of Securities	No. of Holders	Name (where holder holds more than 20%)	% held
Unlisted Options	\$0.02	30/06/2021	34,444,446	7	Sixty Two Capital Pty Ltd JGM Property Investments Pty Ltd	44% 33%
Unlisted Options	\$0.02	31/10/2021	43,000,000	24	Sixty Two Capital Pty Ltd	35%
Con Notes	\$0.01	20/09/2020	50,000	3	Bilal Ahmad John Markovic	30% 50%

G. Voting Rights

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

H. Tenement Schedule

Through its subsidiaries, Force Commodities disposed of, acquired and holds the tenement interests as described:

Licence No.	Project / Location	Acquired Interest during Year	Disposed interest during year	Interest at end of Year
EL 4474	Halls Peak, NSW	-	-	100%
EL 7679	Halls Peak, NSW	-	-	100%
EL 6372	Mount Adra, NSW	-	99.5%	-
EL 7844	Mount Adra, NSW	-	99.5%	-
EL 8606	Mount Adra, NSW	-	99.5%	-
PE 13247 ⁽¹⁾	Kitotolo, DRC	-	-	70%
PR 12453 ⁽¹⁾	Kitotolo, DRC	-	-	70%
PE 13082 ⁽²⁾	Kanuka, DRC	-	-	51%
PR 4100 ⁽²⁾	Kanuka, DRC	-	-	51%
EPL 479	Tshimpala, Malawi	51%	-	51% ⁽³⁾
EPL 483	Tshimpala, Malawi	51%	-	51% ⁽³⁾
EPL 484	Tshimpala, Malawi	51%	-	51% ⁽³⁾
AML 0029	Tshimpala, Malawi	51%	-	51% ⁽³⁾

- (1) legal transfer of the tenements has been affected; official recording of tenements in DRC Mines Department system has not yet occurred.
- (2) tenements are held by joint venture partner, with Force having a 51% joint venture interest in the Lithium rights only.
- (3) Under the terms of the share sale and purchase agreement, there is the possibility of the vendor to buy-back the project. Force is currently seeking legal advice on the current status.