



and its Controlled Entities

ABN 12 145 184 667

Half Year Financial Report

30 JUNE 2020

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) 6270 4694
Website www.forcecommodities.com.au

POSTAL ADDRESS

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AUDITORS

BDO Audit (WA) Pty Ltd
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Subiaco WA 6008

SHARE REGISTER

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GPO Box 2975
Melbourne, VIC 3001
Telephone 1300 850 505
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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
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FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2020

The directors of Force Commodities Limited ('Force' or the 'Company') submit the financial report of the Company and its controlled entities (the 'Group') for the half year ended 30 June 2020.

1. BOARD COMPOSITION

The names and details of the directors of Force Commodities Limited in office during the half year and until the date of this report are set out below. Each director was in office for this entire period unless stated otherwise.

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

Mr Jess Oram	Non-Executive Chairman
Mr Jihad Malaeb	Non-Executive Director (appointed 27 January 2020)
Mr David Sproule	Non-Executive Director (appointed 24 August 2020)
Mr Jason Brewer	Non-Executive Director (resigned 14 January 2020)

Company Secretary:

Mr Henry Kinstlinger (appointed 9 April 2020)
Mr Michael Pitcher (resigned 9 April 2020)

2. RESULTS

The result for the half year ended 30 June 2020 attributable to members of the Company was a net loss after tax of \$260,698 (half year ended 30 June 2019 loss: \$348,680).

3. REVIEW OF OPERATIONS

During the half year ending 30 June 2020, Force Commodities Ltd concentrated its operational activity on a management restructure, reducing corporate overheads, assessing the current assets of the Company and assessing new opportunities for the Company.

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 is currently undergoing due-diligence and drafting a binding share sale and purchase agreement.

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

Tshimpala Lead-Silver Project, Malawi

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.

Summary of Operational Activity at Tshimpala

Force did not complete any field work at Tshimpala during the current period.

Contractual Obligations of Project Acquisition

The following summarises the contractual obligations of the project acquisition completed in 2019:

- 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

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2020

- 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 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 Ivan Merlini put Terra Care AG into liquidation, without Force's knowledge. Force is currently seeking legal advice on this.

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).

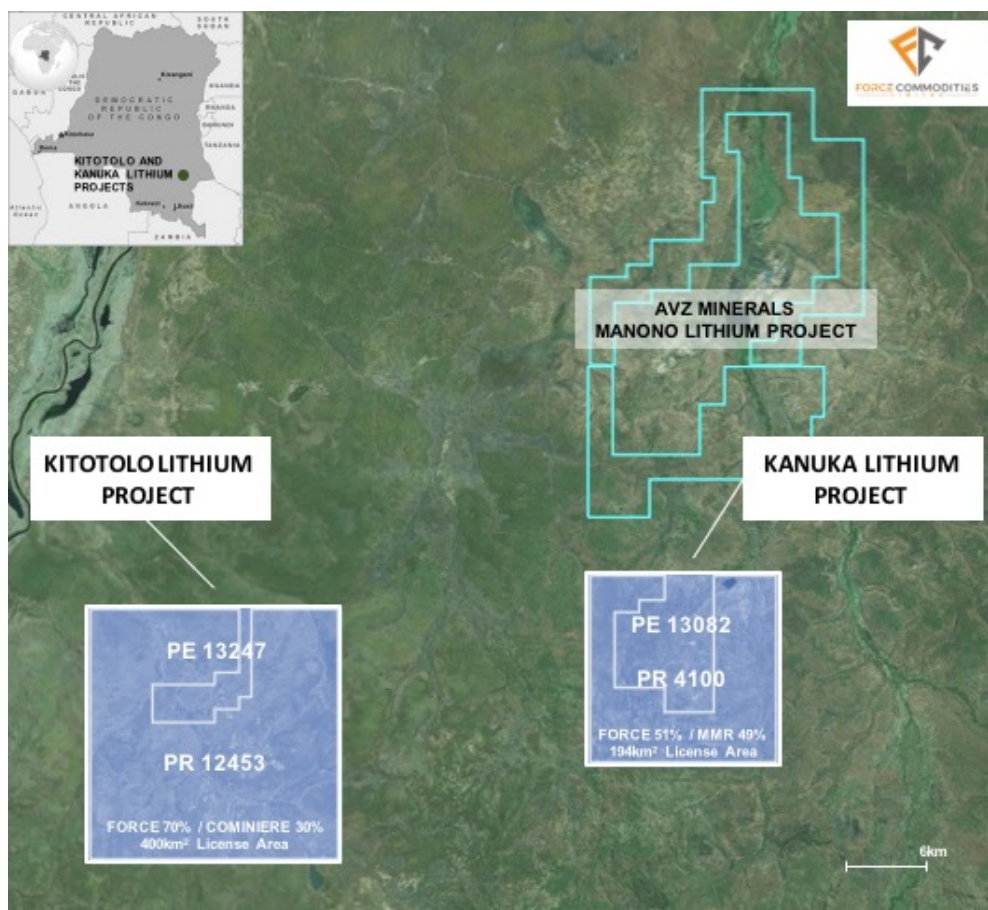


Figure 1: Location Map – DRC lithium projects

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.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2020

NSW Projects, Australia

The Halls Peak Base Metals project is based in NSW, Australia. During 2019, the Company renewed the license for six years, and during the current period, commenced planning for the next exploration program.

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.

4. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The following significant events have arisen since the end of the half-year which 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:

- 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.
- On 24 August 2020, Mr Makonga Ngoy "Gedeon" Pelesa resigned as director of the Company
- On 24 August 2020, Mr David William Sproule was appointed non-executive director of the Company.
- 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 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 HALF YEAR ENDED 30 JUNE 2020

- The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a material impact on the business up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

5. PROCEEDINGS ON BEHALF OF COMPANY

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.

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*.

6. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 6 for the half year ended 30 June 2020.

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 for the review of Force Commodities Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Force Commodities Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 14 September 2020

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2020**

	Notes	30 Jun 2020 \$	30 Jun 2019 \$
Continuing Operations			
Interest income	3	258	1,087
Other income	3	-	380,091
Administrative expenses		(151,334)	(249,109)
Consulting and staff costs		(33,000)	(119,494)
Depreciation		(43,436)	(93,775)
Share based payments		-	-
Kitotola and Kanuka project expenditure		-	(258,078)
Finance costs		(33,186)	(10,566)
Loss before income tax expense		(260,698)	(349,844)
Income tax expense		-	-
Loss for the period		(260,698)	(349,844)
Other comprehensive income			
Exchange difference on translating foreign operations		88	-
Total other comprehensive, income/(loss) for the period, net of tax		(260,610)	(349,844)
Net loss for the period is attributable to:			
Loss attributable to owners		(260,698)	(348,680)
Non-controlling interests		-	(1,164)
Net loss for the period		(260,698)	(349,844)
Total comprehensive loss for the period is attributed to:			
Loss attributable to owners		(260,653)	(348,680)
Non-controlling interests		43	(1,164)
Total comprehensive loss for the period		(260,610)	(349,844)
Loss per share			
Basic and diluted loss per share (cents per share)		(0.05)	(0.08)

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 30 JUNE 2020

		30 Jun 2020	31 Dec 2019
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		57,188	8,772
Trade and other receivables		67,354	77,349
Total current assets		124,542	86,121
Non-current assets			
Plant and equipment		62,694	69,660
Right of use asset	4	-	127,643
Security Deposits	4	-	56,538
Total non-current assets		62,694	253,841
Total assets		187,236	339,962
LIABILITIES			
Current liabilities			
Trade and other payables	5	2,094,906	1,999,478
Financial liabilities	6	397,434	250,000
Lease liability	4	-	134,978
Total current liabilities		2,492,340	2,384,456
Total liabilities		2,492,340	2,384,456
Net (liabilities)/assets		(2,305,104)	(2,044,494)
Equity			
Issued capital	7	41,020,252	41,020,252
Reserves		4,565,442	4,561,060
Accumulated losses		(47,825,983)	(47,565,285)
		(2,240,289)	(1,983,973)
Non-Controlling interest		(64,815)	(60,521)
Total equity		(2,305,104)	(2,044,494)

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 HALF YEAR ENDED 30 JUNE 2020**

	30 Jun 2020	30 Jun 2019
	\$	\$
Cash flows from operating activities		
Interest received	258	1,087
Other income	-	41
Payments to suppliers and employees	(84,842)	(639,611)
Interest paid	-	(674)
GST refunds	-	30,018
Net cash flows used in operating activities	(84,584)	(609,139)
Cash flows from investing activities		
Proceeds from sale of investments	-	220,050
Net proceeds from sale of tenements	-	280,000
Net cash flows from/(used in) investing activities	-	500,050
Cash flows from financing activities		
Proceeds from issue of shares	7	-
Proceeds from loans	6	383,000
Repayment of loans	6	(250,000)
Repayment of lease liability	4	-
Share issuing costs	-	(21,000)
Net cash flows from financing activities	133,000	269,477
Net increase/(decrease) in cash and cash equivalents	48,416	160,388
Cash and cash equivalents at beginning of period	8,772	399,151
Cash and cash equivalents at end of period	57,188	559,539

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 HALF YEAR ENDED 30 JUNE 2020**

	Issued Capital	Reserves	Accumulated Losses	Non-Controlling Interest	Total Equity
	\$	\$	\$		\$
Balance at 1 January 2019	39,262,831	4,365,161	(43,080,800)	(21,153)	526,039
Comprehensive loss for the period	-	-	(348,680)	(1,164)	(349,844)
Total comprehensive loss for the period	-	-	(348,680)	(1,164)	(349,844)
Transactions with owners in their capacity as owners					
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-
Share options exercised	-	-	-	-	-
Issue of shares from capital raising	350,000	-	-	-	350,000
Share issue costs	(81,000)	60,000	-	-	(21,000)
Balance at 30 June 2019	39,531,831	4,425,161	(43,429,480)	(22,317)	505,195
Balance at 1 January 2020	41,020,252	4,561,060	(47,565,285)	(60,521)	(2,044,494)
Comprehensive loss for the period	-	-	(260,698)	-	(260,698)
Other comprehensive loss for the period	-	4,382	-	(4,294)	88
Total comprehensive loss for the period	-	4,382	(260,698)	(4,294)	(260,610)
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 30 June 2020	41,020,252	4,565,442	(47,825,983)	(64,815)	(2,305,104)

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 HALF YEAR ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This consolidated interim financial report for the half-year reporting period ended 30 June 2020 has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporation Act 2001*.

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 with the International Reporting Standards (**IFRS**).

(b) New accounting standard and interpretations

Adoption of new and amended accounting standards

The principal accounting policies adopted are consistent with those of the previous financial year ended 31 December 2019 and corresponding interim reporting period, unless otherwise stated.

(c) 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 half year the Group incurred a net loss of \$260,698 (2019: \$349,844) and incurred net cash outflows from operating activities of \$84,584 (2019: \$609,139). The Group had a net working capital deficit of \$2,367,798 (31 December 2019: deficit of \$2,170,692), trade and other payables of \$2,094,906 (31 December 2019: \$1,999,478) at reporting date.

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

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

- 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 \$57,188 at 30 June 2020 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.

(d) Critical accounting estimates and judgements

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparation of the interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual consolidated financial statements as at the year ended 31 December 2019.

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. In conducting the review, after impairment indicators are identified, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and, if applicable, "value in use".

2. SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on geographical location, with the consolidated entity having operated in three locations: Australia, 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 HALF YEAR ENDED 30 JUNE 2020

The following table presents the revenue and results information for the half year ended 30 June 2020 and selected balance sheet information as at 30 June 2020 for the Group's reportable segments.

	Exploration Australia \$	Exploration DRC \$	Malawi \$	Corporate \$	Total \$
Segment performance					
Segment revenue	-	-	-	258	258
Segment result	-	-	-	(260,698)	(260,698)
Segment assets					
Cash	-	-	-	57,188	57,188
Other assets	-	109,448	-	20,599	130,048
Total segment assets	-	109,448	-	77,788	187,236
Segment liabilities					
Trade payables	-	30,072	743,735	1,321,099	2,094,906
Other liabilities	-	-	-	397,434	397,434
Total segment liabilities	-	30,072	743,735	1,718,533	2,492,340

The following table presents the revenue and results information for the half year ended 30 June 2019 and selected balance sheet information as at 31 December 2019 for the Group's reportable segments.

	Exploration Australia \$	Exploration DRC \$	Exploration Malawi \$	Corporate \$	Total \$
Segment performance					
Segment revenue	250,000	-	-	131,178	381,178
Segment result	243,822	(293,082)	-	(300,584)	(349,844)
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

30 Jun 2020 **30 Jun 2019**
\$ **\$**

3. INTEREST AND OTHER INCOME

Other income		
Interest income	258	1,087
Change in fair value of assets	-	100,050
Rental income	-	30,000
Sundry income	-	41
Proceeds on disposal of tenements	-	250,000
Total other revenue	258	381,178

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020**

4. NON-FINANCIAL ASSETS AND LIABILITIES

During the current period, 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. Upon vacating the lease the right-of-use asset and the lease liability were disposed against each other, with the net impact of \$9,183 recognised in the consolidated statement of profit and loss. During the current period, the security deposit, valued at \$56,538, was utilised for rent payments due under the terms of the lease agreement. As at 30 June 2020, there is no further rent amounts due and payable.

	30 Jun 2020	31 Dec 2019
	\$	\$
5. TRADE AND OTHER PAYABLES		
Trade payables	858,719	1,266,281
Employee related payables	10,553	10,553
Other payables	1,225,634	722,644
Total trade and other payables	2,094,906	1,949,478

6. FINANCIAL LIABILITIES

Current		
Loans payable	397,434	250,000
Total financial liabilities	397,434	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. This amount has been recognised in the prior year.

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.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

		30 Jun 2020	31 Dec 2019
		\$	\$
7. ISSUED CAPITAL			
a) Issued and paid up capital			
Ordinary shares fully paid		41,020,252	41,020,252
		Number of Shares	Number of Shares
Ordinary shares fully paid		557,654,757	557,654,757
b) Movement in shares on issue			
		Number of Shares	\$
Balance as 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		-	(101,329)
Balance as at 31 December 2019		557,654,757	41,020,252
Balance as at 30 June 2020		557,654,757	41,020,252

8. RELATED PARTY TRANSACTIONS

During the current period, Major shareholder and Non-Executive Director, Mr Jihad Malaeb, provided a loan to the Company for \$300,000. Please refer to Note 6 for details on this loan.

All other related party transactions are in line with the Company's 2019 Annual Report.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

9. EVENTS SUBSEQUENT TO REPORTING DATE

The following significant events have arisen since the end of the half-year which 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:

- 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.
- On 24 August 2020, Mr Makonga Ngoy "Gedeon" Pelesa resigned as director of the Company
- On 24 August 2020, Mr David William Sproule was appointed non-executive director of the Company.
- 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 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 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. 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.
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a material impact on the business up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

10. 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 in the Company's 2019 Annual Report.

11. DECONSOLIDATION OF TERRA CARE AG

As at 31 December 2019 the cash payments to Terra Care AG, per the terms of the project acquisition, 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.

As of 6 May 2020, the loss of effective control of Terra Care AG was recognised by the Group due to the Company having no power to govern the financial and operating policies of Terra Care AG. Accordingly, the Company's has deconsolidated the Terra Care AG group effective as of 6 May 2020 and de-recognised all assets and liabilities held.

Force is currently seeking legal advice on the status of this, and is hopeful that the Company will be able to reinstate it's control over Terra Care AG in the future.

The financial position, results and cash flows of Terra Care AG and its consolidated subsidiaries is not material to the group.

12. DIVIDENDS

No dividends have been paid or provided for the period.

**FORCE COMMODITIES LIMITED AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 30 JUNE 2020**

In the directors' opinion:

- (a) The attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- (b) The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date; and
- (c) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001



Mr Jess Oram
Managing Director
Perth, Western Australia
14 September 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Force Commodities Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Force Commodities Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1(c) 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 conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', written over the printed name.

Dean Just

Director

Perth, 14 September 2020