

MRC SECURES FUNDING SUPPORT FOR GROWTH STRATEGY

Mineral Commodities Limited (ASX:MRC) (**MRC or the Company**) is pleased to announce plans to raise up to A\$15.7 million in additional funding towards its growth strategy as outlined in the Company's Five Year Strategic Plan 2022-2026 (**Strategic Plan**)¹.

Funding Proposal

1. To raise up to A\$15.7M at an issue price of \$0.075 per share pursuant to a Placement and Entitlement Issue
2. Placement of 23.3M shares raising A\$1.7M
3. Entitlement Issue of 1 new share for every 3 shares on issue, resulting in the issue of up to 186.3M new shares to raise up to A\$14.0M
4. The Entitlement Issue will be partially underwritten by Au Mining Limited (**Au Mining**) and two directors of the Company

Application of Funds

The Company plans to ensure funding is first applied to near term cash flow generative and future growth strategies within the Heavy Minerals Division, prior to medium term future growth strategic projects within the Battery Minerals Division.

Heavy Minerals Division:

1. 3rd Primary Concentration Plant (**PCP**), increasing overall plant capacity targeting an increase in concentrate production
2. Downstream integration transitioning into higher value finished products, targeting enhanced profitability, utilising GMA negotiated funding²
3. Studies for future bulk mining unit targeting significant increase in production profile aimed at ensuring all available minerals are mined
4. Resource and reserve development to support larger production footprint

Battery Minerals Division:

1. Battery anode pilot plant utilising Munglinup and Skaland graphite feed³. De-risks our commercial-scale battery anodes development, delivers larger qualification samples that will support and secure battery anode offtake agreements and accelerates development and FID decision of our Munglinup Graphite Project
2. PFS and DFS of the battery anode commercial plant

Corporate:

1. Improve the working capital position and balance sheet strength of the Company.

¹ Refer ASX Announcement entitled '[MRC Unveils Five Year Strategic Plan 2022-2026](#)' dated 29 April 2022.

² Refer to ASX Announcement entitled '[MRC Transitioning Into Higher Value Finished Products at Tormin](#)' dated 14 September 2022.

³ Refer to ASX Announcement entitled '[Successful Critical Minerals Grant Application for Developing an Australian Integrated Ore-to Battery Anodes Business](#)' dated 19 April 2022.

Strategic Plan Update

Significant progress has been made to stabilise our operations at both Tormin and Skaland mines and to establish a stable platform for building and enhancing value. Several of the key building blocks and objectives as outlined in our Strategic Plan have now been put in place, which lays the foundation for future anticipated growth. We anticipate the next 12-18 months to be transformational for MRC and our stakeholders as we continue to execute our New Vision, Values and Strategic Plan.

Our strategic achievements during the half-year ended 30 June 2022 and targeted developments in the next 12 months for the heavy minerals, battery minerals and corporate (including our Environment, Social and Governance (**ESG**) developments) business segments are outlined in detail in the Company's recent half-year report⁴.

The Strategic Plan aims to return the Company to solid profitability through maximising profitability from existing assets, expanding its resources and reserves and further develop its downstream offering in both Heavy Minerals and Battery divisions. This funding package underpins delivery of key objectives of the Strategic Plan:



The Company has a well-developed execution strategy aimed at maximising value from the existing Tormin operation through: (a) improve the efficiency, flexibility, and scale of the Inland Strands operation; (b) sustainably mine the two placer beach deposits; (c) reduce costs to lowest quartile against comparable operations; (d) increase overall plant capacity targeting an increase in mixed concentrate production with the introduction of the 3rd PCP; and (e) maximise final product value through transitioning from mixed concentrates to finished garnet and ilmenite mineral products.

The Company considers it is well positioned to take advantage of the green transition and to responsibly contribute to global demand for battery minerals. The combination of targeted battery anode production from Munglinup and Skaland provides the potential to be able to supply significant volumes to meet the needs of the European battery minerals market.

⁴ Refer ASX Announcement entitled '[2022 Half Year Results Summary](#)' dated 31 August 2022.

Fundraising

Successful completion of a fundraising of up to A\$15.7 million significantly underpins execution of the Strategic Plan. This funding complements existing cash reserves and is intended to be applied in the manner set out in Annexure A to this announcement.

MRC recently signed a non-binding Offtake and Funding Agreement with Garnet International Resources Pty Ltd⁵, a member of the GMA Group, to provide MRC with US\$10.0 million to fund the design and construction of a 250-300ktpa Garnet and Ilmenite MSP in the Western Cape Region of South Africa. This agreement aligns with MRC's Strategic Plan to transition into higher value finished products, with construction of the MSP aiming to be completed by the December 2023 quarter. The Strategic Plan aims to maximise the value of our mineral sands operations by maximising final product value through transitioning from mixed concentrates to finished garnet and ilmenite mineral products.

MRC also secured circa US\$4.3 million loan funding in 2022 for completion of the construction of plant to provide production from the Inland Strands that enables sustainable mining of our two placer beach deposits and production expansion at Tormin from 2.4mtpa to 2.7Mtpa.

Placement and Entitlement Issue to raise up to A\$15.7 million

Placement

The Company has received a commitment from its largest shareholder, Au Mining to subscribe for 23.3 million fully paid ordinary shares in the Company (**Placement Shares**) at an issue price of \$0.075 per Share to raise A\$1.75 million (**Placement**).

The Placement was completed on 29 September 2022 and the Placement Shares will be issued under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1.

Entitlement issue

The Company proposes to undertake a non-renounceable entitlement issue of one (1) new Share for every three (3) Shares held by Shareholders registered at the Record Date (refer to the indicative timetable set out in Annexure B to the announcement) at an issue price of \$0.075 per Share. Fractional entitlements will be rounded up to the nearest whole number (**Entitlement Issue**).

Based on the current capital structure of the Company and after issue of the Placement Shares, up to 186.3 million Shares will be issued to raise approximately A\$14.0 million.

⁵ Refer ASX Announcement entitled '[MRC Transitioning Into Higher Value Finished Products at Tormin](#)' dated 14 September 2022.

The Entitlement Issue will be partially underwritten on the following basis:

- (a) by Au Mining, for up to A\$6,600,000;
- (b) by Jacob Deysel (the Company's Managing Director), for up to A\$100,000; and
- (c) by Guy Walker (a Non-Executive Director), for up to A\$100,000.

Further details regarding the Entitlement Issue, including the partial underwriting and the potential impact of these arrangements to the voting power of Au Mining, will be set out in an offer document which is anticipated to be lodged on Wednesday, 5 October 2022.

All Shareholders registered on the Record Date will be entitled to participate in the Entitlement Issue and are encouraged to consider the information contained in the offer document (including risk factors) before making their investment decision.

The Shares issued under the Placement and Entitlement Issue will rank equally with existing Shares on issue. The Company will apply for quotation of the Shares issued under the Placement and the Entitlement Issue.

Price

The issue price under the Placement and Rights Issue represents a discount of:

- 18% to the Company's last close of \$0.092 on the ASX; and
- 16% to the Company's 30-day VWAP of \$0.089.

Annexure A – Use of Funds

Use of funds	Quantum A\$M
3 rd PCP at Tormin	4.3
Tormin downstream production development	0.5
Mining method adjustment PFS and DFS at Tormin	1.3
De punt resource and reserve drilling, adjacent to Tormin	0.7
Tormin Inland Strand reserve expansion and extension	0.4
Graphite anode pilot plant	4.3
PFS and DFS graphite anode commercial plant module	0.8
Expenses of the Offer	0.4
Working capital	3.0
TOTAL	15.7

These funds aim to:

- Increase heavy mineral production capacity, reserve and resource size and transition to higher value finished products;
- de-risk our commercial-scale battery anodes development, support securing battery anode offtake agreements and accelerates development and FID decision of our Munglinup Graphite Project; and
- improve the working capital position and balance sheet strength of the Company.

Annexure B – Entitlement Issue Timetable

The following is an indicative timetable in respect of the Entitlement Issue:

Event	Date
Announcement of Offer & Appendix 3B	Prior to the commencement of trading on Wednesday, 5 October 2022
Ex date	Friday, 7 October 2022
Record Date for determining Entitlements	Monday, 10 October 2022
Offer Document despatched to Shareholders & Company announces despatch has been completed	Thursday, 13 October 2022
Last day to extend Closing Date	Wednesday, 19 October 2022
Closing Date**	Monday, 24 October 2022 at 5pm (WST)
Securities quoted on a deferred settlement basis from market open	Tuesday, 25 October 2022
Announcement of results of issue	Thursday, 27 October 2022
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the securities (before noon Sydney time)	Monday, 31 October 2022

*These dates are indicative only and may change, subject to compliance with the Corporations Act and the ASX Listing Rules.

**The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Shares are expected to commence trading on ASX may vary.

Managing Director Jacob Deysel, commented: *“We have a “Licence to be Extraordinary” and I am pleased and excited with the progress the team made since the development of the Strategic Plan in April 2022. We now have all the key chess pieces in place to execute on the strategy. Both our operations have been stabilised and significant progress has been made to further de-risk our downstream battery minerals value chain. The proposed funding strategy is well timed to enhance near term cashflow generation from our Tormin operation, grow our resource and reserve and deliver the next stage of our battery minerals downstream anode production execution plan. We are on our way to become a vertically integrated graphitic anode supplier in Europe and a larger diversified, vertically integrated heavy minerals producer. I want to thank our Board, our shareholders and my team for the support and hard work and I am looking forward to delivering on the Company’s full potential.”*

ENDS

**Issued by Mineral Commodities Ltd ACN 008 478 653 www.mineralcommodities.com
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About Mineral Commodities Ltd:

Mineral Commodities Ltd (ASX: MRC) is a global mining and development company with a primary focus on the development of high-grade mineral deposits within the industrial and critical minerals sectors.

The Company is a leading producer of zircon, rutile, garnet, and ilmenite concentrates through its Tormin Mineral Sands Operation, located on the Western Cape of South Africa.

The Company owns and operates the Skaland Graphite Operation in Norway, the world’s highest-grade operating flake graphite mine and is the only producer in Europe.

The planned development of the Munglinup Graphite Project, located in Western Australia, builds on the Skaland acquisition and is a further step toward an integrated, downstream value-adding strategy which ultimately aims to produce graphitic anode products and capitalise on the fast-growing demand for sustainably manufactured Lithium-Ion Batteries.

In April 2022, the Company released its Five-Year Strategic Plan 2022-2026 to delineate and implement its aspiration to become a leading vertically integrated diversified producer of graphitic anode materials and value added mineral products with a commitment to operate with a focus on the Environment, Sustainability and Governance.

Cautionary Statement

This announcement contains forward-looking statements. Any forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. It should be noted that various factors may cause actual results or expectations to differ materially from the results expressed or implied in the forward-looking statements.

These forward-looking statements are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are beyond MRC's control. This may cause actual results and developments to differ materially from those expressed or implied. These risks include but are not limited to, economic conditions, stock market fluctuations, commodity demand and price movements, access to infrastructure, timing of approvals, regulatory risks, operational risks, reliance on key personnel, Ore Reserve and Mineral Resource estimates, native title, foreign currency fluctuations, exploration risks, mining development, construction, and commissioning risk.

Forward-looking statements in this announcement apply only at the date of issue and are subject to any continuing obligations under applicable law or regulations, MRC does not undertake to publicly update or revise any of the forward-looking statements in this announcement or to advise of any change in events, conditions, or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statements contained in this announcement.

⁶ Refer ASX Announcement entitled '[MRC Unveils Five Year Strategic Plan 2022-2026](#)', dated 29 April 2022.