

MINERAL COMMODITIES LIMITED
ACN 008 478 653

SUPPLEMENTARY OFFER DOCUMENT

Important Information

This supplementary offer document dated 7 December 2022 (**Supplementary Offer Document**) is supplemental to the offer document dated 7 October 2022 (herein referred to as the **Original Offer Document**) for the pro rata non-renounceable rights issue offered by Mineral Commodities Limited (**Company** or **MRC**) and is provided in accordance with section 708AA(10) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by the Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84. It should be read together with the Original Offer Document.

Terms defined in the Original Offer Document have the same meaning in this Supplementary Offer Document, unless the context requires otherwise.

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your legal, financial or other professional adviser without delay.

This Supplementary Offer Document is provided for information purposes only and is not, and does not purport to be, a prospectus or other disclosure document.

The following information could be considered material to an investor. In accordance with section 708AA(10)(c) of the Corporations Act, in order to ensure that this information is properly incorporated into the Original Offer Document, it must be released to the ASX.

CHAIRMAN'S LETTER

Dear Shareholder

On 28 November 2022, the Takeovers Panel (**Panel**) made a declaration of unacceptable circumstances in relation to the recent Placement, Rights Issue and partial underwriting of the Rights Issue following the application made by Simto Resources Pty Ltd (**Declaration**). The Declaration relates to the control, or potential control, of MRC by Au Mining. The Company has accepted the Panel's decision and offered to make several undertakings to the Panel which were accepted by the Panel in lieu of final orders to remedy the unacceptable circumstances.

Among other things, the underwriting agreement between MRC and Au Mining dated 30 September 2022 pursuant to which Au Mining agreed to partially underwrite the Rights Issue for up to \$6,600,000 (comprising up to 88,000,000 New Shares at an issue price of \$0.075 per New Share) has been terminated with no additional obligations or liabilities to either party.

This Supplementary Offer Document is also being provided to disclose additional and revised details in respect of the following:

- (a) the termination of the underwriting arrangements with Au Mining and Jacob Deyssel;
- (b) the potential control and dilutionary effects of the Rights Issue;
- (c) the shortfall allocation process;
- (d) the process undertaken to manage any potential conflicts of interest arising in connection with the Rights Issue;
- (e) the directors and ultimate beneficial owners of Au Mining and a description of the business of Au Mining and intentions of Au Mining in the event it obtains effective control of MRC under the Rights Issue; and
- (f) the funding needs of MRC.

Please refer to the Panel's media release dated 28 November 2022, available at its website (www.takeovers.gov.au), for further information.

A copy of the Supplementary Offer Document will be available on the ASX website (www.asx.com) and the Company's website (www.mineralcommodities.com).

The key terms of the Rights Issue remain unchanged with Eligible Shareholders entitled to apply for (1) New Share for every three (3) existing Shares held at the price of A\$0.075 per New Share. Shareholders that have already applied for New Shares in the Rights Issue do not need to take any further action. Eligible Shareholders are reminded that they are entitled to apply for Shortfall Shares under the Shortfall Offer. Further details are outlined at section 8 of the Supplementary Offer Document. Au Mining confirms that it will take up its full entitlement in the Rights Issue.

Yours sincerely



Russell Tipper
Acting Chairman
Mineral Commodities Limited

ADDITIONAL DISCLOSURE

1. TERMINATION OF UNDERWRITING AGREEMENT WITH AU MINING AND MR JACOB DEYSEL

The Company confirms that it entered into a deed with Au Mining Limited (BVI company number 1605835) (**Au Mining**) on 6 December 2022 to terminate the underwriting agreement between MRC and Au Mining dated 30 September 2022 with no additional obligations or liabilities to either party.

The Company confirms that it also entered into a deed with Mr Jacob Deyssel on 2 December 2022 to terminate the underwriting agreement between MRC and Mr Deyssel dated 30 September 2022 with no additional obligations or liabilities to either party.

2. MANAGEMENT OF CONFLICTS OF INTEREST AND ADDITIONAL INFORMATION

Mr Guy Walker is a non-executive director of MRC (having been nominated by Au Mining to be elected to the board of MRC) and the sole company secretary of Au Mining. He does not have any legal or beneficial interest in any securities in either MRC or Au Mining (other than 1,100,000 unvested MRC performance rights). Any potential conflict of interest of Mr Walker in relation to Mr Walker's role as company secretary of Au Mining, as a director of MRC or as an underwriter of the Rights Issue will be appropriately disclosed and managed.

The Offer is partially underwritten by non-executive director Guy Walker (**Underwriter**), for an amount of up to \$100,000 (**Underwriting**) pursuant to an underwriting agreement between the Company and Mr Walker (refer section 11 for further information).

Mr Walker has declared his interests as company secretary of Au Mining, as a director of MRC and as an underwriter of the Offer.

The Company will not involve Mr Walker in any MRC Board deliberations or voting regarding the allocation of any Shortfall Shares.

3. AU MINING INFORMATION

3.1 Directors and ultimate beneficial owners

Au Mining is a wholly-owned subsidiary of Montoya Investments Ltd, a company incorporated under the laws of the British Virgin Islands. Montoya Investments Ltd is wholly-owned by Mr Graham Edwards.

Mr Graham Edwards is the sole director and ultimate beneficial owner of Au Mining. Mr Edwards is a resident of the United Kingdom and executive chairman of Telereal Trillium, a property investment business. Mr Guy Walker is the sole company secretary of Au Mining.

3.2 Description of business of Au Mining

Au Mining is a private investment company incorporated under the laws of the British Virgin Islands, with investments in the resources sector.

3.3 Intentions of Au Mining in the event they obtain effective control of MRC

Au Mining has confirmed that it will take up its full entitlement under the Offer.

The Company, after consultation with Au Mining, confirms that Au Mining has no present intention to appoint any new director to the Board of the Company, or to:

- (a) change the Company's business;
- (b) inject further capital into the Company;
- (c) transfer assets between the Company and Au Mining;
- (d) change the employment of any present employee of the Company; or
- (e) otherwise redeploy the fixed assets of the Company.

If Au Mining gained effective control of, or increased its influence in the Company, its intentions are to:

- (a) allow management to execute MRC's strategy as previously disclosed to the market;
- (b) give priority to the mineral sands initiatives that Au Mining believes will bring near or medium term cash flow positive benefits to MRC; and
- (c) continue progressing MRC's graphite initiatives as cash flows and funding sources allow.

Au Mining confirms that, if it gained effective control of the Company, it does not intend to make any changes to the use of funds program set out in section 3.2 of the Original Offer Document, nor does it intend to change the composition of the Board of directors of the Company.

4. FUNDING NEEDS OF THE COMPANY

The Company has experienced a declining cash and working capital position over the last 12 months, minimal positive operating cash flows and consolidated net losses. The Company is seeking external funding to strengthen its balance sheet to provide immediate working capital support and capital investment aimed to turnaround the profitability of the Company.

The Company intends to raise up to approximately A\$15.7 million pursuant to the Placement and Offer as set out in the Original Offer Document.

Should the Rights Issue not be fully subscribed, items of expenditure would be prioritised in the order set out in the table below.

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.

As set out in Section 3.2 of the Original Offer Document, the Company intends to apply the funds raised under the Rights Issue and Placement as follows:

Items of Expenditure	\$	%
1. Working capital	3.3	21.02
2. Expenses of the Offer	0.1	0.64
3. 3rd PCP at Tormin	4.3	27.39
4. Tormin downstream production development	0.5	3.18
5. Mining method adjustment PFS and DFS at Tormin	1.3	8.28
6. Tormin Inland Strand reserve expansion and extension	0.4	2.55
7. De punt resource and reserve drilling, adjacent to Tormin	0.7	4.46
8. Graphite anode pilot plant	4.3	27.39
9. PFS and DFS graphite anode commercial plant module	0.8	5.09
Total	15.7	100

On completion of the Offer and taking into account existing cash reserves, the Board believes the Company will have sufficient working capital to achieve its stated objectives. In the event the Offer is not fully subscribed, operational objectives are likely to be modified, which may result in a delay or substantial changes to the Company's future plans.

AMENDMENTS TO THE ORIGINAL OFFER DOCUMENT

5. INDICATIVE TIMETABLE

The Indicative Timetable in section 3.3 of the Original Offer Document is amended as follows:

Event	Date
Closing Date* (5:00pm WST)	Friday, 23 December 2022
New Shares quoted on a deferred settlement basis	Wednesday, 28 December 2022
ASX and Underwriter notified of under subscriptions	Friday, 30 December 2022
Issue date/date New Shares are entered into Shareholders' security holdings and lodgement of Appendix 2A with ASX (before noon Sydney Time)	Wednesday, 4 January 2023
Quotation of New Shares issued under the Offer*	Thursday, 5 January 2023

*The Directors may extend the Closing Date by giving at least 3 business days' notice to ASX prior to the Closing Date. As such, the date the New Shares are expected to commence trading on ASX may vary.

The dates above are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to change any date including further extending the Closing Date of the Offer or withdrawing the Offer without notice. Any extension of the Closing Date will have a consequential effect on the issue date of the New Shares.

6. REMOVAL OF REFERENCE TO AU MINING AND MR JACOB DEYSEL AS UNDERWRITERS

Section 3.9 of the Original Offer Document is replaced as follows:

3.9 Underwriting

The Offer is partially underwritten by Non-Executive Director Guy Walker (**Underwriter**), for an amount of up to \$100,000 (**Underwriting**) pursuant to an underwriting agreement between the Company and Mr Walker.

The Company will pay the Underwriter a fee of 3% of the relevant underwritten amount for underwriting the subscription of the underwritten amount on the issue date.

The terms of the underwriting agreement are summarised in Section 11 below.

The maximum potential increase in voting power of Mr Walker as a result of the Underwriting is set out below.

Underwriter	Current Voting power	Entitlement	Underwriting	Maximum voting power
Guy Walker	Nil	Nil	1,333,333	0.22%

Notes:

1. Assumes shares on issue as at the date of this Offer Document of 558,819,354 Shares.
2. Maximum voting power following the Offer has assumed: (i) no Shareholder other than Au Mining takes up their Entitlement under the Rights Issue; (ii) there are no applications for New Shares under the Shortfall Offer; and (iii) Mr Walker complies with his obligation to subscribe for underwritten Shares pursuant to his underwriting agreement.

7. POTENTIAL CONTROL AND DILUTIONARY EFFECTS OF ENTITLEMENT OFFER

Section 3.10 of the Original Offer Document is replaced as follows:

3.10 Effect of the Offer on control and voting power in the Company

The Offer is partially underwritten by the Underwriter.

The Company's substantial holders and their entitlements as at the date of this Supplementary Offer Document are set out in the table below.

The below table is based on publicly available information and otherwise as disclosed in the most recent substantial holder notices released by these entities. The Company notes the voting power disclosure set out above may not be current and accurate.

Substantial Holder	Shares	Voting Power (%)	Entitlement	\$
Au Mining Limited ¹	174,002,880	31.14%	58,000,960	4,350,072
Tormin Holdings Limited	69,062,674	12.90%	23,020,891	1,726,567
Simto Resources Pty Ltd	49,623,450,	8.87%	16,541,150	1,240,586
M&G Plc	33,389,197	6.24%	11,129,732	834,730

Notes:

1. Au Mining's current shareholding in the Company is made up of (i) shareholding as in the Company's latest annual report (150,674,160); plus (ii) Shares subscribed for and issued to Au Mining in the recently completed placement (23,328,720). Au Mining has agreed to take up its full Entitlement under the Offer. The potential increase to Au Mining's voting power is set out below.

The potential effect that the issue of the New Shares under the Offer may have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their entitlements under the Offer, the issue of New Shares under the Offer will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company;
- (b) in the more likely event that there is a shortfall, Eligible Shareholders who do not subscribe for their full entitlement of Shares under the Offer will be diluted relative to those Shareholders who subscribe for some or all of their entitlement as shown by the table in section 3.7 of the Original Offer Document; and
- (c) in the circumstance described in (b) above, Eligible Shareholders will be entitled to top-up their shareholding by subscribing for

additional Shares under the Shortfall Offer, as detailed in section 8 below.

Au Mining is unable to top-up its shareholding in the Company by subscribing for additional Shares under the Shortfall Offer.

Notwithstanding the potential increase in voting power of Au Mining, the Company understands that, other than as disclosed in this Offer Document and as previously announced by the Company, Au Mining does not have a present intention of making any significant changes to the current business plans or management of the Company.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Directors at the date of this Offer Document.

These present intentions may change as new information becomes available, as circumstances change or in light of all material information at the relevant time.

Voting Power following the Offer

The table below sets out Au Mining's voting power in the Company following completion of the Offer under several scenarios relating to the percentage acceptance of Entitlements under the Rights Issue. This table assumes Au Mining holds 174,002,880 Shares as at the date of this Offer Document, that Au Mining always takes up its Entitlement as a shareholder in the Company, that there are no applications for Shares under the Shortfall Offer, and that Mr Walker complies with his obligation to subscribe for underwritten Shares pursuant to his underwriting agreement.

Event	Number of Shares held by Au Mining	Voting power of Au Mining (%)
100% take up from Eligible Shareholders	232,003,840	31.14%
75% take up from Eligible Shareholders	232,003,840	32.48%
50% take up from Eligible Shareholders	232,003,840	34.00%
25% take up from Eligible Shareholders	232,003,840	35.68%
0% take up from Eligible Shareholders	232,003,840	37.53%

The number of Shares held by Au Mining and its voting power in the table above show the potential effect of an increase in Au Mining's voting power following completion of the Offer under several scenarios. However, it is unlikely that no Shareholders will take up entitlements under the Offer. The voting power of Au Mining will therefore reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by Shareholders.

8. REPLACEMENT OF SHORTFALL ALLOCATION POLICY

Section 3.11 of the Original Offer Document is replaced as follows:

3.11 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Offer Document and will remain open for up to three months following the Closing Date to allow the Company to place Shortfall to unrelated investors who are not Eligible Shareholders. The Company reserves the right to close the Shortfall Offer at any time.

Eligible Shareholders are entitled to apply for Shortfall Shares under the Shortfall Offer subject to such applications being received by the Closing Date. The issue price for each Shortfall Share shall be \$0.075, being the price at which Shares have been offered under the Offer.

The Company will accept all valid Applications for Shortfall Shares made by Eligible Shareholders, except where acceptance of an Application or the issuance of New Shares would be to a related party of the Company, would contravene section 606 of the Corporations Act or where the number of Shares in respect of which valid Applications have been received under the Shortfall Offer would (when taken together with all other valid Applications received under the Rights Issue) exceed the total number of New Shares proposed to be issued under the Rights Issue (in which case, the Company will accept all valid applications up to the maximum number of New Shares proposed to be issued under the Rights Issue in accordance with the allocation described in paragraph (a) below).

If Eligible Shareholders wish to apply for any Shortfall Shares they should complete the relevant section of the Entitlement and Acceptance Form.

The Company intends to allocate the Shortfall Shares as follows:

- (a) to the extent there is a shortfall between Applications received for Shares under the Offer and the total number of New Shares proposed to be issued under the Offer (**First Shortfall**), each Eligible Shareholder who has applied for additional Shares will be allocated their proportionate share of the First Shortfall having regard to their shareholdings as at the Record Date. If an Eligible Shareholder has made an application for Shortfall Shares but has specified a maximum shortfall application amount which is less than the amount of New Shares which that Shareholder would otherwise be allocated under this process, that Shareholder will be allocated the lesser amount;
- (b) if, following allocation of the First Shortfall, there remains a shortfall between the allocated New Shares and total number of New Shares proposed to be issued under the Offer (**Second Shortfall**), the above allocation process will be repeated in respect of the Second Shortfall and any subsequent shortfalls until either all the New Shares proposed to be issued under the Offer have been allocated or all shortfall allocations have been satisfied in full;

- (c) if, following allocation of the Shortfall Shares, there remains a shortfall between the allocated New Shares and total number of New Shares proposed to be issued under the Offer, New Shares will be issued to the Underwriter up to a maximum of 1,333,333 New Shares (with a value of \$100,000); and
- (d) if, following allocation of the New Shares to the Underwriter, there remains a shortfall between the allocated New Shares and total number of New Shares proposed to be issued under the Offer, the Company will seek to place the residual Shortfall Shares to unrelated investors in accordance with the allocation policy set out above.

9. REPLACEMENT OF SECTION 4.1(C) – ACTION REQUIRED BY SHAREHOLDERS

Section 4.1 (c) of the Original Offer Document is replaced as follows:

- (c) **if you wish to apply for your Entitlement in full and apply for additional New Shares under the Shortfall Offer:**
 - (i) complete the attached Entitlement and Acceptance Form, filling in the details in the spaces provided;
 - (ii) fill in the number of New Shares you wish to apply for over and above your Entitlement in the space provided on the Entitlement and Acceptance Form; and
 - (iii) attach your cheque or arrange payment by electronic funds transfer or BPAY® for the appropriate Application monies (at \$0.075 per New Share);

10. REPLACEMENT OF CONTROL RISK FACTOR

Section 5.2(b) of the Original Offer Document is amended as follows:

(b) **Control risk**

Au Mining is currently the largest substantial shareholder of the Company and has a relevant interest in approximately 31.14% of the Shares in the Company. Assuming Au Mining takes up its full Entitlement, there is a limited take up of the Entitlements, and there is no participation in the Shortfall Offer, the voting power of Au Mining in the Company could increase to up to 37.53%.

This significant interest means that Au Mining may be in a position to potentially influence the financial decisions of the Company, and their interests may not align with those of all other Shareholders.

11. SUMMARY OF UNDERWRITING AGREEMENT

Section 6 of the Original Offer Document is replaced as follows:

The Company has entered into an underwriting agreement with the Underwriter. The Underwriter has agreed to subscribe for Shares pursuant to the underwriting agreement as set out below:

Underwriter	Underwriting commitment	Maximum Number of Shares per Underwriting
Guy Walker	\$100,000	1,333,333

The Company will pay the Underwriter a fee of 3% of the underwritten amount for underwriting the subscription of the underwritten amount on the issue date.

The Underwriting Agreement contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the underwriting agreement if:

- (a) **(Offer Document)**: the Company does not dispatch the Offer Document to Shareholders in accordance with the Timetable or the Offer Document or the Offer is withdrawn by the Company; or
- (b) **(Offer Materials)**: a statement contained in the Offer Document or any other announcements, advertisements, media statements, publicity or roadshow materials published by the Company or with its consent relating to the Offer is or becomes misleading or deceptive or likely to mislead or deceive, or omits any information they are required to contain (having regard to the provisions of section 708AA of the Corporations Act and any other applicable requirements); or
- (c) **(proceedings)**: ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer, or publicly foreshadows that it may do so; or
- (d) **(unable to issue Shares)**: the Company is prevented from issuing Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (e) **(future matters)**: any statement or estimate in the Offer Document which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe; or
- (f) **(no quotation approval)**: the Company fails to lodge an Appendix 2A in relation to the underwritten Shares with ASX by the time required by the Corporations Act, the Listing Rules or any other regulation; or
- (g) **(ASIC application)**: an application is made by ASIC for an order under Section 1324B or any other provision of the Corporations Act in relation to the Offer Document, and that application has not been dismissed or withdrawn on or before 27 October 2022; or
- (h) **(offence)**: a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence, or any director of those entities is disqualified from managing a corporation under the Corporations Act; or

- (i) **(certificate)** the Company fails to furnish a certificate by 9.30am on 27 October 2022 which states that the Company has complied in all material respects with the Underwriting Agreement, or any statement in that certificate is untrue, inaccurate, incomplete or misleading or deceptive in any material respect; or
- (j) **(cleansing statement)**: the Company ceases to be capable of issuing, at the date of issue of any Shortfall Securities, a notice under Section 708A(5)(e) of the Corporations Act to allow secondary trading of any Shortfall Shares; or
- (k) **(termination events)**: where any of the following events occurs and, in the reasonable opinion of the Underwriter reached in good faith, it has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act:
 - (i) **(default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (ii) **(incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
 - (iii) **(contravention of constitution or Act)**: a material contravention by the Company or any of its subsidiaries of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of the Company or any of its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
 - (v) **(official quotation qualified)**: the official quotation is qualified or conditional;
 - (vi) **(event of insolvency)**: an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company or any of its subsidiaries;
 - (vii) **(judgment)**: a judgment in an amount exceeding \$1,000,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days;
 - (viii) **(timetable)**: any date in the timetable is not met for more than two (2) Business Days otherwise than as the direct result of actions taken by the Underwriter (unless those actions were requested by the Company) or the actions of the Company (where those actions were taken with the prior consent of the Underwriter); or
 - (ix) **(capital structure)**: the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by the Offer Document excluding the issue of any Shares upon exercise of

options, such options having been disclosed to the ASX as at the date of the Underwriting Agreement.

12. AMENDMENT TO DEFINITIONS

12.1 Application

The definition of the term "Application" in the Glossary is amended as follows:

"**Application** refers to the submission of an Entitlement and Acceptance Form."

12.2 Material Adverse Effect

The definition of the term "Material Adverse Effect" in the Glossary is amended as follows:

"**Material Adverse Effect** means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the underwritten Shares (including, without limitation, a material adverse effect on a decision of an investor to invest in the underwritten Shares); or
- (b) a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries taken as a whole."

12.3 Shortfall Shares

The definition of the term "Shortfall Shares" in the Glossary is amended as follows:

"**Shortfall Shares** means the number of New Shares for which valid Applications have not been received by 5:00pm (WST) on the Closing Date."

12.4 Total Underwritten Shares

The definition of "Total Underwritten Shares" is deleted.

13. DIRECTORS' AUTHORISATION

This Supplementary Offer Document is issued by the Company and its issue has been authorised by a unanimous resolution of the Directors.

Each Director has consented to the lodgement of this Supplementary Offer Document with the ASX.



Jacob Deysel
Managing Director and Chief Executive Officer
For and on behalf of
Mineral Commodities Limited