

## Highlights

### During the quarter:

- The three-month and the twelve-month rolling TRIFR remained at nil at both operating sites
- Inland Strands primary concentration circuit upgrade construction project completed, commissioned and into commercial production<sup>1</sup>
- De Punt exploration drilling produced high grade drilling results<sup>2</sup>
- Tormin increased sales revenue and reduced operating costs during the quarter
- Skaland successful with EU horizon funding<sup>3</sup>
- Skaland quarterly production and sales remain in line with historical performance

### Subsequent to quarter end:

- 177% ore reserve increase for Tormin Inland Strands to 60.3Mt<sup>4</sup>
- 181% ore reserve increase within the current Expanded Mining Right for Tormin Inland Strands to 21.5Mt<sup>4</sup>
- MRC enters into agreements to increase ownership interest in Tormin from 50% to 69%<sup>5</sup>

## Corporate and Cash

**Cash:** US\$4.8 million as at 31 March 2023.

**Debt:** US\$4.9 million as at 31 March 2023.

**Securities:** 691.5 million shares and 19.0 million performance rights as at the date of this report.

<sup>1</sup> Refer ASX Announcement entitled '[Commissioning Complete for Inland Strands Ore](#)', dated 27 March 2023.

<sup>2</sup> Refer ASX Announcement entitled '[High Grade Drilling Results at De Punt Inland Strands](#)', dated 15 March 2023.

<sup>3</sup> Refer ASX Announcement entitled '[Skaland Graphite AS successful with EU Horizon Funding](#)', dated 15 March 2023.

<sup>4</sup> Refer ASX Announcement entitled '[Significant Ore Reserve Increase for Tormin Inland Strands](#)', dated 5 April 2023.

<sup>5</sup> Refer ASX Announcement entitled '[MRC to Increase Ownership Interest in Tormin](#)', dated 12 April 2023.

Focus during the quarter was on returning Tormin to historical profitability and increasing its asset value.

### Returning Tormin to historical profitability

During the previous quarter, Mineral Commodities Ltd (**MRC** or **the Company**) achieved funding support of A\$11.7 million through a Placement and subsequent Rights Issue<sup>6</sup>. This successful result highlights the strong support the Company has from its shareholders and is a clear endorsement of the Company's growth strategy as outlined in its Five Year Strategic Plan 2022-2026 (**Strategic Plan**)<sup>7</sup>.

This funding supports the three key catalysts targeting returning Tormin to historical profitability (during years 2015-2021 Tormin produced an average EBITDA of US\$16M), being:

1. Inland Strands production, which has been completed and commissioning this quarter<sup>1</sup>;
2. Third Primary Concentration Plant (**PCP**), aimed for completion December quarter 2023; and
3. Mineral Separation Plants (**MSP**), aimed for completion March quarter 2024.

#### *Inland Strands Production*

- Inland Strands commercial production and commissioning was completed in March and will substitute some annual beach mining. MSR's complete processing circuit has been commissioned and optimised to produce heavy mineral concentrate stocks and commercial production of garnet, ilmenite and non-magnetic (zircon and rutile) saleable concentrate products at theoretical production and historical recovery rates. PCP-1 will process Inland Strands material and PCP-2 will process beach mined material. The production schedule enables sustainable beach mining with beach mining rotating annually between Tormin Beaches and Northern Beaches production. It is expected that this will result in more sustainable beach mining grades, with each placer beach deposit being given replenishment time of 12 out of every 24 months, complemented by PCP-1 processing Inland Strands ore;
- PCP upgrades, completed during the quarter, mean that each PCP can process 1.5Mtpa of beach material or 1.2Mtpa of Inland Strands, up from 1.2Mtpa of beach material or 0.8Mtpa of Inland Strands historically. In total, management is targeting processing 2.7Mtpa of ore with two PCPs, up from historical rates of circa 2.4Mtpa;

#### *PCP-3*

- PCP-3 is also aimed for Inland Strands material, targeting a further increase in ore processing from 2.7Mtpa to 3.9Mtpa. Funding for PCP-3 has been secured through the recent Rights Issue<sup>1</sup>. Testwork was undertaken during the quarter as possible optimisation for PCP-3, as an alternative to the base construction model to replicate the same design as the two PCPs currently in operation at site. As stated during commissioning, management has now turned its attention to PCP-3 after successfully commissioning the PCP upgrades and achieving Inland Strands commissioning and commercial production. PCP-3 remains aimed to be in production by December quarter 2023;

<sup>6</sup> Refer ASX Announcement entitled '[Rights Issue Strongly Supported by Shareholders](#)', dated 30 December 2022.

<sup>7</sup> Refer ASX Announcement entitled '[MRC Unveils Five Year Strategic Plan 2022-2026](#)', dated 29 April 2022.

*MSP*

- It is anticipated that concentrate product produced from ore processing at 3.9Mtpa will then be transitioned into higher value finished products, with the introduction of MSPs. Final negotiation on contracts with GMA Group, that are in line with the MOU previously announced<sup>8</sup>, are nearing completion and are expected to be finalised by June quarter 2023. The Mineral Separation Plant is aimed to be in production by March quarter 2024.

Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
▲			▲	▲
Inland Strands 2.7Mtpa Concentrate Product			3 <sup>rd</sup> PCP 3.9Mtpa Concentrate Product	MSP's 3.9Mtpa Finished Product

**Increasing the asset value of Tormin**

The Company also sought to materially increase the asset value at Tormin in line with funding support objectives:

- During the quarter, De Punt exploration drilling was completed and produced high grade drilling results<sup>2</sup>, that indicates the existence of a large, high grade, southern extension to the Western Strandline;
- Subsequent to the quarter, the Company announced a significant ore reserve increase for Tormin Inland Strands<sup>4</sup>. This includes a 177% total ore reserve increase for Tormin Inland Strands to 60.3Mt and a 181% ore reserve increase within the current Expanded Mining Right (**EMR**) for Tormin Inland Strands to 21.5Mt; and
- Subsequent to the quarter, the Company increased its ownership interest in Tormin from 50% to 69%<sup>5</sup>, which is expected to materially increase the net present value of Tormin to MRC.

*De Punt<sup>2</sup>*

The Company completed the first phase of resource definition drilling from the De Punt Prospecting Right (WC 30/5/1/1/2/10240PR). 6,018m of air core drilling from 169 holes was completed (100%) during the quarter of the 6,000m exploration program at De Punt. From this, 3,041 assays were received (52%) during the quarter, with the remaining assays completed in April with resource modelling now underway. Significant high grade mineralisation was intersected (refer Tormin Exploration section below for drilling results) with the drilling results significantly higher than current beach and Inland reserve material. These spectacular results clearly indicate the existence of a large, high grade, southern extension to the Western Strandline. MRC is working towards using these results to deliver a Maiden JORC Mineral Resource, anticipated to occur in the June quarter 2023, that is expected to materially extend the life of mine of the Tormin asset beyond the current Geelwal Inland Strands resource and reserves.

<sup>8</sup> Refer ASX Announcement entitled '[MRC Transitioning into Higher Value Finished Products at Tormin](#)', dated 14 September 2022.

#### *Ore Reserve Upgrade<sup>4</sup>*

The Company has significantly upgraded its overall Inland Strands reserves by 177% (41% increase in contained heavy mineral) and its Inland Strands reserves within its current EMR by 181% (57% increase in contained heavy mineral). The updated total ore reserve is 60.3 million tonnes at 3.7% VHM<sup>9</sup> (14.7% THM<sup>10</sup>) containing 2.21 million tonnes of heavy mineral, while the updated EMR ore reserve is 21.5 million tonnes at 5.4% VHM<sup>7</sup> (21.0% THM<sup>8</sup>) containing 1.17 million tonnes of heavy mineral.

The Ore Reserve within the current EMR increases to 21.5 million tonnes at 5.4% VHM (21.0% THM) containing 1.17 million tonnes of heavy mineral in comparison to the Maiden Ore Reserve for the current EMR of 7.9 Mt of ore with an average VHM grade of 9.4% resulting in 0.74 Mt of in-situ Heavy Minerals. This represents an increase of 13.6 million tonnes (181% increase) at 3.1% VHM for an additional 0.42 million tonnes of heavy mineral (57% increase) since the previous Ore Reserve announcement.

Based on the current targeted production rate from the Inland Strands of 2.4Mtpa (with the introduction of PCP-3), the increase to the Inland Strands Ore Reserve contained within the EMR equates to a 9 year mine life for Inland Strands production. This production will provide stable medium term cash flows for the business prior to any consideration of additional mining right requirements additional to the EMR.

Inclusion of Inland Strands Ore Reserve outside of the current EMR will see a mine life of greater than 25 years, prior to any consideration of the high grade De Punt discovery during the quarter.

The updated Inland Strands Ore Reserve, combined with the replenishable heavy mineral placer deposits of the Tormin and Northern beaches clearly demonstrate a long term, sustainable mining operation at Tormin.

Additionally, drilling options are available to target further increases in Geelwal Inland Strands reserves. These will be reviewed in conjunction with the De Punt resource, the completion of which is targeted for Q2 2023.

This extremely significant Ore Reserve upgrade both within and outside the EMR will underpin the long term profitability of Tormin and significantly enhances the asset value of our Heavy Minerals division. The Inland Strands provides flexibility for Tormin to sustainably mine its two producing, replenishable placer beach deposits over the long term and also provides another long term profitability source in its own right. Further, given the size of the Ore Reserve we now have the strategic advantage of being able to consider further increasing the scale of Tormin in the near term beyond 3.9Mtpa<sup>11</sup>. This, in conjunction with the anticipated future De Punt resource announcement, should provide renewed excitement for MRC shareholders that the Heavy Minerals division is moving towards its stated goals of increased scale and restoring historical profitability and cash generation to Tormin.

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<sup>9</sup> VHM includes all currently sold minerals (zircon, rutile, ilmenite, magnetite, and garnet) that report as sink during heavy liquid separation at SG of 2.96 (bromoform) after desliming, within the 45 µm to 1mm size fraction as a percentage of the total material.

<sup>10</sup> THM includes all minerals that report as sink during heavy liquid separation at SG of 2.96 (bromoform) after desliming, within the 45 micron to 1mm size fraction as a percentage of the total material.

<sup>11</sup> Refer ASX announcement entitled '[Inland Strands Ore Processing Commences at Tormin](#)', dated 6 March 2023.

*Ownership Interest to Increase at Tormin from 50% to 69%<sup>5</sup>*

The Company has entered into formal agreements (**Restructure Agreements**) for the restructure of its holding in Mineral Sands Resources (Pty) Ltd (**MSR**) in order to align with the recommendations of the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (as amended) (the "**2018 Mining Charter**"). The Company recognises the importance of its BEE Partners, Employees and Community and has taken a proactive initiative to embrace the South African Mining Charter recommendations. It recognises and is committed to the entrained principles of legislation relating to historically disadvantaged South Africans and the equitable fairness which must be applied to ensure real tangible redistribution of the financial benefits of mining at its Tormin operations.

To date MRC has developed and operated the project via its 50% shareholding in MSR, with the remaining 50% of MSR owned by the Company's existing empowerment partner, Blue Bantry Investments 255 (Pty) Ltd (**Blue Bantry**). Blue Bantry is owned by individuals who are South African Historically Disadvantaged Persons (**HDPs**) as defined by the 2018 Mining Charter and in accordance with the Mineral and Petroleum Resources Development Act No. 28 of 2002 (the "**MPRDA**"). Following completion of the restructure of MSR, MSR's ownership structure will change to being 69% owned by MRCR, 21% owned by Blue Bantry, 5% owned by employees and 5% owned by the community. The employee and community ownership interests will be effective from the date the relevant trusts and oversight mechanisms are approved and in place, and until such time MRC will hold those interests in MSR in its own name resulting in it holding 79% of the issued capital of MSR and Blue Bantry holding 21% until the 5% employee and 5% community interests are finalised.

The Company formed the view that dilution of the interests of its B-BBEE partner in MSR through existing historical Shareholder and Loan Agreements would be inconsistent with the relationship between the parties and the intent of the 2018 Mining Charter without some form of consideration. The Company also recognises the need to accelerate distributions and the flow of regular dividends, or equity equivalent benefits, to the respective B-BBEE participants in line with the 2018 Mining Charter.

In light of this, MSR has agreed to adopt a Recoverable Interest methodology to determine amounts owing, given MRCR has been and is likely to remain the sole external funding source for MSR. Under this method MRCR can recover its contributed capital on behalf of other beneficiaries by withholding 80% of available dividends payable to these participants until this relevant capital contribution is repaid in full. There is also a minimum annual dividend set at US\$10,000 per 1% interest in MSR aimed at ensuring the flow of regular dividends, or equity equivalent benefits, to the respective B-BBEE participants.

In consideration for the reduction of Blue Bantry's interests in MSR from 50% to 21%, MRCR has agreed to forgive long term loans and other amounts owed to it by Blue Bantry, and the parties have agreed that Blue Bantry will be entitled to receive 11.3M fully paid ordinary shares in the capital of MRC (**Consideration Shares**), together being in consideration for amounts that would have been payable to Blue Bantry if the Recoverable Interest methodology had been applied since inception of the Tormin operation. Blue Bantry will have a carried interest of R33M still payable to MRCR as at 1 July 2022, being the effective date of the proposed transition.

Completion of the restructure of MSR by the transactions outlined above, including the issue of the Consideration Shares, is subject to the satisfaction of a number of conditions precedent including the receipt of all required regulatory approvals, and the receipt by MRC of shareholder approval for the issue of the Consideration Shares for the purposes of ASX Listing Rule 10.11 given Company director Mr Madiba Qunya is a 50% owner of Blue Bantry. Shareholder approval for the issue of the Consideration Shares will be sought at the Company's Annual

General Meeting, to be held on 25 May 2023.

## SAFETY, ENVIRONMENT AND COMMUNITY

The Company's 12-month Total Recordable Injury Frequency Rate (**TRIFR**) remained at nil in the March 2023 quarter.

### Tormin

Tormin had no recordable injuries during the March 2023 quarter.

### Skaland

Skaland had no recordable injuries during the March 2023 quarter.

## TORMIN OPERATIONS

Total material moved increased again this quarter, with mining focused on waste mining to open the remaining South Pit for tailings disposition prior to Inland Strands commissioning. Tailings from Inland Strands production must be disposed at its production source, similar to beach material.

Ore mining was slowed during the quarter to allow the waste mining focus, considering the 800Kt of Inland Strands inventory available prior to commissioning the Inland Strands plant upgrades.

The Company's ore processing rate of PCPs reduced during the quarter to 2.0Mtpa (2.2Mtpa previous quarter) due to Inland Strands plant tie-ins, commissioning and seawater intake issues, producing 31,364 tonnes of final concentrates.

Plant production rates are expected to return to historical production rates in the June quarter 2023, optimising towards a rate of 2.7Mtpa.

## Mining

Mining	31-Mar-23 Quarter	31-Dec-23 Quarter	31-Mar-22 Quarter	Year to Date 31-Mar-23	Year to Date 31-Mar-22
Material Mined – Tonnes (dmt)	<b>1,120,295</b>	1,094,002	770,659	<b>1,120,295</b>	770,659
Ore Mined – Tonnes (dmt)	<b>443,405</b>	986,561	765,366	<b>443,405</b>	765,366
Waste Mined – Tonnes (dmt)	<b>676,890</b>	107,441	5,293	<b>676,890</b>	5,293
Grade (VHM)	<b>8.5%</b>	12.3%	8.1%	<b>8.5%</b>	8.1%
- Garnet	<b>5.8%</b>	5.9%	6.6%	<b>5.8%</b>	6.6%
- Ilmenite	<b>2.0%</b>	5.1%	1.0%	<b>2.0%</b>	1.0%
- Zircon	<b>0.5%</b>	0.9%	0.4%	<b>0.5%</b>	0.4%
- Rutile	<b>0.2%</b>	0.4%	0.2%	<b>0.2%</b>	0.2%

Tormin saw a 2.4% increase in material mined this quarter to 1.12 million tonnes, with a Valuable Heavy Mineral ("**VHM**") grade of 8.5% in comparison to the previous quarter of 12.3%. The decreased VHM grade reflects much lower Inland Strands ore mining from the high-grade South Pit in comparison to the previous quarter.

Ore production during the March 2023 quarter from the Northern Beaches, Tormin Beaches and Inland Strands is shown below:

Mining	31-Mar-23 Quarter		
	Northern Beaches	Tormin Beaches	Inland Strands
Ore Mined – Tonnes (dmt)	<b>270,111</b>	<b>116,998</b>	<b>56,296</b>
Grade (VHM)	<b>6.2%</b>	<b>8.1%</b>	<b>17.4%</b>
- Garnet	<b>4.8%</b>	<b>7.1%</b>	<b>5.7%</b>
- Ilmenite	<b>0.8%</b>	<b>0.5%</b>	<b>9.8%</b>
- Zircon	<b>0.4%</b>	<b>0.3%</b>	<b>1.4%</b>
- Rutile	<b>0.2%</b>	<b>0.2%</b>	<b>0.5%</b>

## Processing

ROM feed tonnes to PCP-1 and PCP-2 were lower than the previous quarter at 483Kt, representing an average feed rate of 308tph and 77% plant utilisation. Throughput was above the previous quarter, combined with increased beach mined feed grades (as higher-grade Inland Strands ore was stockpiled for commissioning of Inland Strands processing upgrades) that saw final concentrate production for the period increased to 31,364 tonnes, compared to the September quarter of 28,732 tonnes. Management expects production to return to more historic levels given commissioning that caused material downtimes this quarter for Inland Strands processing was completed by the end of the March 2023 quarter.

Total tonnes processed by the secondary concentrator (GSP/SCP) were 49kt, compared to 66kt from the previous quarter, due to lower HMC produced from lower availability due to Inland Strands plant tie-ins, commissioning and seawater intake issues. Management expects this to return to historic production levels in the June 2023 quarter.

GSP/SCP Production & Processing	31-Mar-23 Quarter	31-Dec-22 Quarter	31-Mar-22 Quarter	Year to Date 31-Mar-23	Year to Date 31-Mar-22
Tonnes processed (gross dmt)	<b>49,257</b>	65,688	114,696	<b>49,257</b>	114,696
Tonnes produced (dmt)					
- Garnet concentrate	<b>20,812</b>	22,871	36,509	<b>20,812</b>	36,509
- Ilmenite concentrate	<b>9,161</b>	4,763	9,418	<b>9,161</b>	9,418
- Zircon/Rutile concentrate	<b>1,254</b>	918	2,124	<b>1,254</b>	2,124
- Zircon in concentrate	<b>69.9%</b>	71.7%	75.4%	<b>69.9%</b>	75.4%
- Rutile in concentrate	<b>15.9%</b>	17.1%	17.2%	<b>15.9%</b>	17.2%

The increase in ilmenite and zircon/ rutile concentrate production in the March 2023 quarter was due to production from Inland Strands ore, which is higher in zircon and ilmenite content than beach ore.



## Sales

Sales (wmt)	31-Mar-23 Quarter	31-Dec-22 Quarter	31-Mar-22 Quarter	Year to Date 31-Mar-23	Year to Date 31-Mar-22
- Garnet concentrate	<b>23,823</b>	6,361	30,908	<b>23,823</b>	30,908
- Ilmenite concentrate	<b>420</b>	1,568	3,261	<b>420</b>	3,261
- Zircon/Rutile concentrate	<b>420</b>	1,260	2,632	<b>420</b>	2,632

Tormin shipments/sales were 23,823 wet metric tonnes of garnet, 420 wet metric tonnes of zircon/rutile concentrate and 420 wet metric tonnes of ilmenite. Garnet sales reflect third party sales. Non-mags sales were below quarterly production due to containerised shipping issues in South Africa during the quarter. These containerised shipping issues appear to have resolved in the June 2023 quarter to date, with shipping appearing to return to normal levels. Ilmenite sales is well below production, with a 35Kt ilmenite bulk shipment contracted for the delivery in the June 2023 quarter.

Product sales revenue was US\$5.1 million, representing a total of 24,663 wet metric tonnes sold, compared to prior period revenue of US\$4.0 million for 10,504 wet metric tonnes sold. The increase reflects increased offtake under the garnet offtake agreement during the March 2023 quarter, partially offset by lower non-mags sales this quarter.

## Unit Costs & Revenues

Summary of Unit Costs & Revenues	31-Mar-23 Quarter	31-Dec-22 Quarter	31-Mar-22 Quarter	Year to Date 31-Mar-23	Year to Date 31-Mar-22
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	<b>184.68</b>	216.05	136.03	<b>184.68</b>	136.03
Unit cost of goods sold per tonne of final concentrate sold (US\$/wmt) <sup>(1)</sup>	<b>148.04</b>	403.48	165.57	<b>148.04</b>	165.57
Unit revenue per tonne of final concentrate sold (US\$/wmt)	<b>187.92</b>	237.67	190.74	<b>187.92</b>	190.74
Revenue to Cost of Goods Sold Ratio	<b>1.27</b>	0.59	1.15	<b>1.27</b>	1.15

Note (1) – Cost of goods sold includes production cash costs, product handling, transport and selling costs, royalties, stock movements and depreciation and amortisation. Excludes corporate and financing costs.

The March 2023 quarter's lower unit production cash costs and unit cost of goods sold reflect higher production this quarter due to production from Inland Strands ore, which is higher in zircon and ilmenite content than beach ore and lower labour, diesel and equipment rental cash costs in that quarter.

Unit revenue per tonne of final concentrate sold for the March 2023 quarter of US\$187.92/t is below US\$237.67/t for the previous quarter due to the lower proportion of non-mags sales during this quarter. Importantly the revenue to cost of goods sold ratio of 1.27 indicates a strong return to profitability generation during the quarter.

Plant production rates are expected to return to historical production rates in the June quarter 2023.



## Tormin Exploration

MSR completed a 6,018 metre air core drilling resource definition program at the De Punt area, targeting the areas along strike of the identified inland strands in airborne geophysical anomalies. The plan is targeting delineating a JORC Code compliant maiden Mineral Resource in the June 2023 quarter.

De Punt aligns with our Strategic Plan targeting larger scale and diversified operations by increasing mineral resources beyond the existing Western and Eastern strandlines, with the aim of significantly increasing production.

Significant results from the first phase of resource definition drilling include<sup>5</sup>:

- DP-L16-1: 12m @ 29.48% VHM3 (61.68% THM) from 27m (Incl. 11m @ 31.08% VHM (65.11% THM) from 28m)
- DP-L20-1: 4m @ 28.24% VHM (66.65% THM) from 34m (Incl. 3m @ 35.97% VHM (84.36% THM) from 35m)
- DP-L23-3: 4m @ 27.59% VHM (53.82% THM) from 37m (Incl. 2m @ 38.12% VHM (70.37% THM) from 38m)
- DP-L20-2: 6m @ 24.13% VHM (56.39% THM) from 34m (Incl. 3m @ 38.3% VHM (76.97% THM) from 36m)
- DP-L14-1: 8m @ 20.92% VHM (52.21% THM) from 24m (Incl. 6m @ 24.1% VHM (60.68% THM) from 26m)
- DP-L19-1: 6m @ 20.85% VHM (52.83% THM) from 32m (Incl. 3m @ 27.64% VHM (72.86% THM) from 35m)
- DP-L06-1: 7m @ 20.59% VHM (48.82% THM) from 15m (Incl. 4m @ 26.29% VHM (65.59% THM) from 17m)
- DP-L18-2: 8m @ 19.5% VHM (59.01% THM) from 32m (Incl. 4m @ 27.3% VHM (76.63% THM) from 35m)
- DP-L07-1: 13m @ 19.24% VHM (56.48% THM) from 15m and 1m @ 9.39% VHM (22.34% THM) from 32m (Incl. 8m @ 24.04% VHM (69.13% THM) from 17m)

To provide context, average VHM (%) grades for the financial year ended 31 December 2022 for the Northern Beaches and Tormin Beaches were 10.5% VHM and 9.1% VHM respectively. The Maiden Ore Reserve estimate for the Western Strandline of 21.8 million tonnes was at 31.0% THM. The drilling results above are significantly higher than current beach and Inland reserve material.

## SKALAND OPERATIONS

The March 2023 quarter reflects the sixth successive quarter that Skaland production has been in line with delivering an annualised production rate of 10ktpa, which is the historical performance baseline for Skaland. Cost and revenue optimisation is ongoing.

The Company maintained robust concentrate sales during the quarter, selling 2,341 tonnes of graphite concentrate during the period compared to 2,877 tonnes in the prior quarter.

### Mining

Mining	31-Mar-23 Quarter	31-Dec-22 Quarter	31-Mar-22 Quarter	Year to Date 31-Mar-23	Year to Date 31-Mar-22
Material Mined	<b>12,322</b>	14,037	9,956	<b>12,322</b>	9,956
Ore Mined	<b>9,394</b>	11,969	9,397	<b>9,394</b>	9,397
Waste Mined	<b>2,928</b>	2,068	559	<b>2,928</b>	559
Ore Grade (%C)	<b>28</b>	27	26	<b>28</b>	26
Development Metres	<b>50</b>	127	113	<b>50</b>	113

Total ore mined for the quarter was 22% below the previous quarter due to a 42% increase in waste mined during the quarter, opening up additional future production stopes. Importantly, this quarter continues to be in line with historical mining performance to meet the feed requirements for 10kt per annum of concentrate production from the high-grade Trælen ore body.

Mining and ore delivery from underground stopes this quarter has continued to stabilise ore quality to the process plant.

### Processing

ROM feed to the processing plant for the March 2023 quarter was 9,411 tonnes compared with 10,577 tonnes in the prior quarter. This reflects a 2% reduction in the number of production days this quarter a lower feedstock mined this quarter.

Quarterly graphite concentrate production decreased to 2,524 tonnes but remains above the historical 10Ktpa.

Results reflect strong Skaland plant availability and performance at the highest average annual concentrate grade (94%) at 90% recovery. This compares with historic concentrate grades of 90%-91% at 90%-91% recoveries. The processing improvements in 2022 have the flexibility to produce higher grades subject to customer demand in 2023. This also provides the foundation for the Company's ore-to-anode strategy.

Processing	31-Mar-23 Quarter	31-Dec-22 Quarter	31-Mar-22 Quarter	Year to Date 31-Mar-23	Year to Date 31-Mar-22
Ore Processed (t)	<b>9,411</b>	10,577	9,008	<b>9,411</b>	9,008
Throughput (tph)	<b>7</b>	8	6	<b>7</b>	6
Ore Grade (%C)	<b>28</b>	27	26	<b>28</b>	26
C Recovery (%)	<b>90</b>	93	93	<b>90</b>	93
Concentrate Grade (%)	<b>94</b>	93	90	<b>94</b>	90
Concentrate Produced (t)	<b>2,524</b>	2,884	2,828	<b>2,524</b>	2,828

## Sales

The Company sold 2,341 tonnes of graphite concentrate during the March 2023 quarter compared to 2,877 tonnes in the December 2022 quarter. This is in line with lower production this quarter but remains on target for meeting the annual production target of 10Ktpa.

Product (wmt)	31-Mar-23 Quarter		31-Dec-22 Quarter		31-Mar-22 Quarter		Year to Date 31-Mar-23		Year to Date 31-Mar-22	
	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %
Coarse/Medium	<b>889</b>	<b>38%</b>	960	33%	1,027	37%	<b>889</b>	<b>38%</b>	1,027	37%
Fine-Medium/Powder	<b>1,452</b>	<b>62%</b>	1,918	67%	1,732	63%	<b>1,452</b>	<b>62%</b>	1,732	63%
Total	<b>2,341</b>		2,877		2,759		<b>2,341</b>		2,759	

Sales revenue for the March 2023 quarter decreased to US\$2.1 million for a total of 2,341 tonnes sold. Decreased product sales tonnes reflects decreased production output.

## Unit Costs & Revenues

Summary of Unit Costs & Revenues	31-Mar-23 Quarter	31-Dec-22 Quarter	30-Sep-22 Quarter	Year To Date 31-Mar-23
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	<b>735.92</b>	549.72	564.10	<b>735.92</b>
Unit cost of goods sold per tonne of final concentrate sold (US\$/wmt) <sup>(1)</sup>	<b>696.85</b>	564.54	752.09	<b>696.85</b>
Unit revenue per tonne of final concentrate sold (US\$/wmt)	<b>727.18</b>	779.39	737.49	<b>727.18</b>
Revenue to Cost of Goods Sold Ratio	<b>1.04</b>	1.38	0.98	<b>1.04</b>

Note (1) – Cost of goods sold includes production cash costs, product handling, transport and selling costs, royalties, stock movements and depreciation and amortisation. Excludes corporate and financing costs.

Key metrics for the March 2023 quarter included:

- Unit production cash costs higher than the previous quarters, reflecting higher labour costs after recent recruitment of a new HSE and Maintenance Manager and significant increases in power costs in Norway;
- The total unit cost of goods sold of US\$696.85/t is above the previous quarter of US\$564.54/t but below the September 2022 quarter of US\$752.09. Cost is above prior quarter due to the increase in production cash costs this quarter;
- Lower unit revenue this quarter reflects increased powder sales in comparison to the previous quarter;

Overall, the March 2023 quarter Skaland performance reflects a continued effort by the Company to return the operation to cash generation and profitability.

### EU Horizon Funding<sup>3</sup>

Skaland is a member of the DINAMINE (“Digital and Innovative Mine of the Future”) Project consortium that has been successful in a European Union €12.3 million grant application. Skaland is one of two European mining operations in the project consortium where developed technologies will be scaled-up and tested. The project represents a step-change in process management at Skaland from the current, essentially manual operations. Beneficial applications for Skaland will include mine to port optimisation of the production process using: sensors, models and process control algorithms developed by the consortium to optimise plant production rates; semi-automated drilling and remote geotechnical monitoring at Trælen mine to reduce mining costs and improve mine safety; and evaluation of alternative tailings options aimed at reducing Skaland’s environmental footprint even further. This will allow Skaland Graphite to maximise graphite concentrate production and support future certification requirements for graphite concentrate supply into the Lithium-ion battery supply chain.

### DEVELOPMENT

The Company remains committed to building the asset value of the Battery Minerals Division. A FID review of the Munглиnup graphite development is expected in the December 2023 quarter, subsequent to final environmental approvals, mining rights and updating of the DFS previously completed in January 2020. The Munглиnup Graphite Project remains a crucial asset in the Company’s overall ambition to supply natural graphite into the key high-demand battery anode markets, with the Definitive Feasibility Study (**DFS**) outlining a graphite asset able to produce approximately 52,000tpa over 14 years at an average grade of 12.8%<sup>12</sup>. The Munглиnup deposit source material formed the majority of the Pre-Feasibility Study valuation for battery anode production from Skaland and Munглиnup<sup>13</sup>. The NPV attributed to the Battery Materials division was US\$1.0 billion.

Management is finalising design on the pilot-scale graphite anode pilot plant within the Critical Minerals Acceleration Initiative (**CMAI**) Project, with procurement of long lead items to occur in the June 2023 quarter. This plant is aimed to finalise the commercial scale anode plant design and continue to establish customer support. In the meantime, the Company continues to advance its collaboration with Mitsubishi Chemical Corporation.

### Munглиnup Graphite Project

Final environmental permits are expected in September quarter 2023. MRC continues to work closely with the Esperance Tjaltjraak Native Title Aboriginal Corporation (**ETNTAC**) to finalise a Heritage and Community Engagement Agreement for the Munглиnup Graphite Project by June 2023. Final negotiations of salient terms have been completed and are subject to final legal review. The execution of the Agreement will provide a range of benefits, opportunities and collaboration for the local community in accordance with the Company’s ESG focus.

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<sup>12</sup> Refer ASX announcement entitled ‘[Robust Munглиnup DFS Results Allow MRC to Move to 90% Ownership of Munглиnup Graphite Project](#)’, dated 8 January 2020.

<sup>13</sup> Refer ASX announcement entitled ‘[MRC Complete PFS For Active Anode Materials Plant in Norway](#)’, dated 21 September 2020.

## CORPORATE

Managing Director & CEO Jacob Deysel<sup>14</sup> resigned for personal reasons in early January. Jacob will remain available in an advisory capacity to continue to support the Company to execute on its vision. MRC's Chief Financial Officer (CFO) Adam Bick has assumed the role of Interim CEO.

The Company's management has focused this quarter on returning our heavy minerals division to historical profitability and increasing its asset value, while also prioritising long lead work on increasing the asset value of the battery minerals division.

Heavy minerals achievements during the quarter and up to the date of this report include:

- Construction completion, commissioning and commercial production from Inland Strands material. This is critical in sustainable beach mining operations at higher grades in the long term;
- Significant upgrade in Inland Strands ore reserves, underpinning proposed production upgrades and the targeted long term profitability of Tormin;
- Increasing the Company's stake in its heavy minerals production assets from 50% to 69%, expected to materially increase the net present value of the Company's stake in these assets;
- Successful De Punt exploration drilling with the expectation of an initial resource in the June 2023 quarter;
- Testwork for optimising the PCP-3 asset, aimed at increasing production from 2.7Mtpa to 3.9Mtpa; and
- Work on finalisation of contracts with GMA Group aimed at funding MSPs up to US\$10 million that is underpinned by a long term offtake agreement with GMA Group. MSPs remain targeted for production from March quarter 2024.

Battery minerals achievements during the quarter and up to the date of this report include:

- Finalisation of salient terms with ENTAC regarding the heritage agreement for Munglinup;
- Stakeholder engagement with environmental authorities seeking to expedite Munglinup environmental approvals (note feedback is that this may be delayed until later in 2023);
- Continued negotiation and engagement with Mitsubishi Chemical Corporation on its technical collaboration, including a visit to Japan in April; and
- Engagement with CSIRO on expediting long lead procurement for the pilot scale battery anode plant, which is the final precursor to commercial anode production.

The dispute at Skaland with our minority shareholder (< 10% interest) is ongoing. The minority shareholder issued a Writ of Summons<sup>15</sup> in connection with the Notice of Default. The Company and its subsidiary MRC Graphite (Norway) Pty Ltd do not acknowledge any Event of Default under the Shareholders Deed and will vigorously defend the proceedings. Subsequent interlocutory proceedings initiated by the minority shareholder to restrict the ability of MRC to appoint new directors to board of Skaland was upheld by the Supreme Court in Western Australia. The grant of the injunction is purely administrative.

## Cash and Debt

As at 31 March 2023, the Company had US\$4.8 million in cash on hand compared to US\$1.0 million as at 31 December 2022. It should be noted that the A\$10.0 million Rights Issue funds were receipted early January 2023. This has strengthened the balance sheet and provided funding for various cash flow generative projects at Tormin, including the De Punt drilling and resource definition, completion of Inland Strands plant upgrades and Inland Strands reserve upgrades.

The net working capital position as at 31 March 2023 remains at US\$4.9 million, inclusive of diesel fuel receivables

<sup>14</sup> Refer ASX announcement entitled '[Resignation of Jacob Deysel as CEO of MRC](#)', dated 6 January 2023.

<sup>15</sup> Refer ASX announcements entitled '[Receipt of BSG Writ of Summons](#)', dated 14 March 2023 and '[Further Information – Notice of Default and Writ of Summons](#)', dated 16 March 2023.

in South Africa, compared to US\$4.9 million as at 31 December 2022. Management is buoyed by the completion, commissioning and commercial production of the PCP upgrades during the March 2023 quarter that are expected to generate positive cash flows from mining operations at Tormin's Inland Strands. Management will continue to actively monitor cash flows and remain adaptable to changing fiscal priorities, considering continued fluid operating conditions.

Trade and other receivables as at 31 March 2023 decreased to US\$8.9 million from US\$13.0 million in the previous quarter.

Borrowings as at 31 March 2023 were materially reduced to US\$4.9 million, compared to US\$7.3 million in the previous quarter after sale of non-core assets during the quarter.

### Securities on Issue

Issued securities at the date of this report comprise:

- 691,455,941 fully paid ordinary shares listed on the ASX.
- 4,466,665 Performance Rights vesting on 23 February 2023 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.
- 4,466,665 Performance Rights vesting on 23 February 2024 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.
- 4,466,665 Performance Rights vesting on 23 February 2025 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.
- 5,600,000 Performance Rights vesting upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

– ENDS –

**Issued by: Mineral Commodities Ltd ACN 008 478 653**

**Authorised by: The Board of Mineral Commodities Ltd**

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## 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.

## COMPETENT PERSONS STATEMENT

**Tormin** - The information in this report which relates to Mineral Resources for Tormin, including Tormin Beaches, Northern Beaches, and Inland Strands, is based on information compiled by Mr Chris De Vitry, who is a member of the Australian Institute of Mining and Metallurgy ("AusIMM") and an independent consultant to the Company. Mr De Vitry is the Director and principal Geologist of Manna Hill GeoConsulting Pty Ltd. He has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as a Competent person in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code (2012)"). The information from Mr De Vitry was prepared under the JORC Code (2012). Mr De Vitry consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this Announcement related to Ore Reserves is based on information compiled and has been approved for release by Mr. Daniel Hastings, who is a member of the Australian Institute of Mining and Metallurgy ("AusIMM"). Mr. Hastings is a Principal Consultant at Quantified Strategies Pty Ltd and has over 25 years of mining experience in a variety of mineral deposits and styles. Mr. Hastings has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person in accordance with the JORC Code (2012). The information from Mr. Hastings was prepared under the JORC Code (2012). Mr. Hastings consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

**Munglinup** - The information, if any, in this report which relates to Mineral Resources for Munglinup is based on information compiled by Mr Chris De Vitry who is a member of AusIMM and an independent consultant to the Company. Mr De Vitry is the Director and Principal Geologist of Manna Hill GeoConsulting Pty Ltd. Mr De Vitry has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined by the JORC Code (2012). Mr De Vitry consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.



The information, if any, in this report which relates to the Ore Reserve for Munghlinup is based on information compiled by Mr Daniel Hastings, who is a Member of AusIMM. Mr Hastings is an employee of Quantified Strategies Pty Ltd and a consultant to the Company. Mr Hastings has sufficient experience relevant to the type of deposit under consideration to qualify as a Competent Person as defined by the JORC Code (2012). Mr Hastings consents to the inclusion in the report of the matters based on the reviewed information in the form and context in which it appears.