

TEMPORARY BUSINESS INTERRUPTION SKALAND GRAPHITE MINE

Mineral Commodities Ltd (“**MRC**” or “**the Company**”) (ASX: MRC) wishes to advise that a mechanical failure of the primary ore production drill rig at the Skaland Graphite AS (**Skaland**) operations has led to a temporary business interruption of approximately 6 weeks.

MRC Graphite (Norway) Pty Ltd (a subsidiary of the Company) (**MRCGN**) owns 100% of Skaland Graphite AS (**Skaland**).

Drill rig failure

The primary ore production drill rig at Skaland (Tamrock Data Solo 1020) has suffered in-service failure and attempts to repair it have been unsuccessful. The initial diagnostic was that a hydraulic pump had failed, and it was immediately repaired. However, upon restart it became evident that the entire hydraulic system has failed. The maintenance and engineering team at Skaland has investigated and advised that the drill rig requires either major rebuild or replacement. The rig was originally built in 2002 and is approaching the end of its useful life.

Solutions

A number of temporary solutions were identified. Unfortunately, the development rig in use at the mine is not suitable and cannot be redeployed for immediate stoping ore production and temporary repair while awaiting a replacement rig is not possible. To minimise interruption to revenues, a decision has been taken to source and temporarily rent a drill rig until a permanent solution can be implemented. Options for the permanent rig being evaluated include; complete rebuild of the existing rig or purchase a new (or second hand) drill rig.

Business impact

Skaland has now depleted its inventory of finished product and feed stock for the plant, so there will be a loss of revenue until the rental rig can be delivered and commissioned. Discussions are underway with a vendor, and it is estimated that the rental drill should be delivered around mid-October 2023. Taking account of the loss of revenue and additional costs for the rental machine (minus some reduction in variable costs) the Company estimates a negative impact to cash flows of approximately US\$0.6 million – US\$0.9 million depending on the timing of delivery of the rental machine.

The Company's Chief Executive Officer, Mr Scott Lowe commented: *"This is an unfortunate but temporary interruption to business at Skaland which remains a critical asset in our battery minerals division strategy. As the new CEO my priorities will be on delivering improvements to underpin strong positive cash flows from the Tormin Mineral Sands operation in South Africa and progressing the "ore-to-battery anode" piloting project to demonstrate the value generating potential from down-stream processes for Skaland and Munglinup."*

ENDS

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About Mineral Commodities Ltd

Mineral Commodities Ltd is a global mining and development company with a primary focus on the production of high-grade Mineral Sands and Natural Flake Graphite from operations in South Africa and Norway.

The Company is a leading producer of zircon, rutile, garnet, magnetite, 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 aims to capitalise on the fast-growing demand for sustainably manufactured lithium-ion batteries.

In April 2022, the Company released its Five-Year Strategic Plan 2022-2026¹ 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.

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