

A\$4M convertible loan funding facility

Key points

- MRC has entered into a binding convertible loan term sheet with substantial shareholder, Au Mining Limited, for a maximum of A\$4M
- Key loan terms include
 - 1% establishment fee, 15% interest
 - 200M options to be granted to Au Mining with an exercise price of A\$0.03 each, expiring after three (3) years from the date of issue *
 - Conversion of the amount owed into ordinary shares in MRC at a conversion price of A\$0.03 per share *
 - 1st ranking security on MRC's assets to secure repayment

* *Subject to shareholder approval*

- Funds will be used to:
 - Purchase a new drill rig for MRC's Skaland graphite mine
 - Advance MRC's graphite and active anode projects (including pilot plant, studies and permits at MRC's Munglinup graphite project)
 - Meet costs associated with MRC's proposed divestment of its Tomin mineral sands mine
 - Pay corporate expenses and provide general working capital

Mineral Commodities Ltd ("**MRC**" or "**the Company**") (ASX:MRC) is pleased to advise that it has entered into a binding term sheet ("**Term Sheet**") with its largest shareholder, Au Mining Limited ("**Lender**"), pursuant to which the Lender will advance a maximum of A\$4M via a convertible loan facility.

Key loan terms

The material loan terms of the Term Sheet were reached following arms' length commercial agreement. The material loan terms are as follows (and are expected to be documented in a more detailed form agreement, which is currently under negotiation):

Establishment fee and interest

A 1% establishment fee will be deducted from the loan amount. Interest will accrue daily based on 15% per annum and will be accrued over the period of the loan.

Tenor

The loan will mature and become repayable along with accrued interest on the earlier of the following (collectively,

“Maturity Date”):

- Two (2) years from first draw down;
- If MRC raises additional funds of not less than A\$12M, the loan will become payable upon completion of the minimum A\$12M raising); and
- If MRC’s shareholders do not approve of any or all of the Shareholder Resolutions (defined below), the loan will be repayable within twenty (20) business days after the relevant Meeting (defined below).

Security

MRC has granted the Lender a 1st ranking security on Company assets to secure repayment of the loan. MRC has obtained a waiver from ASX Listing Rule 10.1, which permits MRC to grant security to the Lender without shareholder approval.

Shareholder Meeting

MRC will call a general meeting or meetings (each a **“Meeting”**) as soon as practicable to put the following resolutions to shareholders (collectively, **“Shareholder Resolutions”**):

- To approve the grant of 200M options to the Lender, each with an exercise price of A\$0.03 and expiring three (3) years from issue (**“Facility Options”**) – for the purposes of ASX Listing Rule 10.11.
- To approve the conversion of the outstanding monies under the loan into ordinary shares in MRC at a conversion price of A\$0.03 per share – for the purposes of item 7 of section 611 of the Corporations Act 2001 (Cth) (**“Corporations Act”**) (with the benefit of an independent expert’s report) or alternatively ASX Listing Rule 10.11;
- To approve the acquisition by the Lender of a relevant interest in MRC pursuant to the conversion and/or exercise of the Facility Options – for the purposes of item 7 of section 611 of the Corporations Act (with the benefit of an independent expert’s report); and
- To approve the grant of the security to the Lender – for the purposes of Listing Rule 10.1 (with the benefit of an independent expert’s report).

Subject to all the Shareholder Resolutions being passed, the Lender can initiate conversion of the loan at a conversion price of A\$0.03 per share at any time during the loan period by giving a conversion notice to the Company. Otherwise, MRC will repay the loan on the Maturity Date.

Limitation on equity raising during the period

MRC will require the written consent of the Lender to undertake an equity capital raising whilst there is an outstanding loan amount, unless it is (1) a pro-rata rights issue or (2) an accelerated entitlement offer with an up-front placement. The Lender’s consent cannot be unreasonably withheld or delayed.

About the Lender

Based on its most recent substantial shareholder notice for MRC, the Lender has voting power of 40.8% in MRC.

Alternative sources of funding

Prior to executing the binding term sheet, the Company explored other potential sources of funding from third parties via its adviser Bacchus Capital Advisers in London and Australia. The MRC board is satisfied that given the need for capital and the absence of a superior alternative, the loan from the Lender is in the best interests of

shareholders.

Use of funds

The purpose of the loan is to allow MRC to use the funds advanced by the Lender for the following purposes:

- (a) to purchase a new drill rig for its Skaland graphite operation;
- (b) to advance the graphite and active anode projects (including pilot plant, studies and obtainment of environmental and other permits at its Munglinup graphite project);
- (c) to pay creditors and other costs associated with its proposed divestment of its Tormin mineral sands project (“Tormin”);
- (d) to pay other legal costs including but not limited to the proposed divestment of Tormin; and
- (e) to provide general working capital

Advisers

MRC is being advised by Gilbert + Tobin.

Next steps

Meeting - The Company expects to call a Meeting to put the Shareholder Resolutions before shareholders on a date to be advised.

The Company’s Chief Executive Officer, Mr Scott Lowe commented:

“This loan will fund important initiatives to advance a corporate transformation to position the Company as a pure graphite play with valuable battery mineral assets in tier one jurisdictions. Progress is being made on plans to divest MRC’s interest in the Tormin minerals sands operation in South Africa and focus on its suite of graphite assets including the Munglinup development project in Australia, the Skaland operating graphite mine in Norway and the Active Anode Material Project.”

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 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 also 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.

The Company's aspiration is 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.

Forward Looking Statements

This announcement may contain forward-looking information and forward-looking statements (collectively, forward-looking statements). These forward-looking statements are made as of the date of this announcement and the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to the Company's strategy and objectives. In certain cases, forward-looking statements can be identified by the use of words such as, "aim", "anticipated", "believe", "considered", "continue", "could", "estimate", "expected", "for", "forecast", "future", "interpreted", "likely", "looking", "may", "open", "optionality", "plan" or "planned", "potential", "provides", "robust", "targets", "will" or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.