



Mineral Commodities Ltd

ABN 39 008 478 653

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Monday, 10 March 2025

Time of Meeting

10:30am (AWST)

Place of Meeting

Boardroom, CWA House, 1176 Hay Street, West Perth, Western Australia

A Proxy Form is enclosed

Please read this Notice and the accompanying Explanatory Memorandum carefully.

If you are unable to attend the Meeting please complete and return the Proxy Form in accordance with the specified directions.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by Moore Australia Corporate Finance (WA) Pty Ltd (AFSL 240773) for the purposes of the Shareholder approvals sought under Listing Rule 10.1 (see Resolution 1) and item 7 of section 611 of the Corporations Act (see Resolution 3).

The Independent Expert's Report is attached as Annexure B. The Independent Expert has concluded that both (1) the grant of the Au Loan Security and (2) the Acquisition are **FAIR AND REASONABLE** to Shareholders (other than the Au Lender and its Associates).

IMPORTANT NOTICES AND DISCLAIMER

BACKGROUND

The Explanatory Memorandum, Independent Expert's Report and Proxy Form, which accompany and form part of this Notice of Meeting, provide more detail in relation to the Resolutions to be considered. The Directors recommend that Shareholders read the Notice of Meeting, the accompanying Explanatory Memorandum, the Independent Expert's Report and the Proxy Form in full before making any decision in relation to how to vote on the Resolutions.

DEFINED TERMS

Capitalised terms not otherwise defined in this Notice of Meeting have the meaning given in the Glossary contained in the Explanatory Memorandum.

DISCLAIMER AS TO FORWARD LOOKING STATEMENTS

This Notice of Meeting (which includes the Explanatory Memorandum, the Independent Expert's Report and the Proxy Form) contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. These forward-looking statements are based on, among other things, the assumptions, expectations, estimates, objectives, plans and intentions of the Company (and, to the extent applicable, the Au Lender).

Forward looking statements are subject to inherent risks and uncertainties. Although the Company believes that the expectations reflected in any forward-looking statement included in this Notice of Meeting are reasonable, no assurance can be given that such expectations will prove to be correct. Actual events, results or outcomes may differ materially from the events, results or outcomes expressed or implied in any forward-looking statement.

Except as required by applicable law or the Listing Rules, the Company does not undertake to update or revise these forward-looking statements, nor any other statement whether written or oral, that may be made from time to time by or on behalf of the Company, whether as a result of new information, future events or otherwise. None of the Company (nor any of its officers, employees or advisers) or any other person (including the Au Lender) named in, or involved in the preparation of, this Notice of Meeting, makes any representation or warranty (express or implied) as to the accuracy or likelihood or fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by applicable law. You are cautioned not to place undue reliance on any forward-looking statement.

The forward-looking statements in this Notice of Meeting reflect views held only as at the date of this Notice of Meeting. Forward looking information is by its very nature subject to uncertainties and can be affected by unexpected events, many of which are outside the control of the Directors of the Company. Any variation to the assumptions on which the

forward-looking statements have been prepared could be materially positive or negative to the actual performance of the Company.

The Company and the Independent Expert do not in any way guarantee or otherwise warrant the achievability of any outcomes contemplated in any forward-looking information. This type of information is inherently uncertain. Forward looking information represents predictions of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the Company and its management. Actual results may be more or less favourable.

NO ACCOUNT OF PERSONAL CIRCUMSTANCES AND NO OFFER OF SECURITIES

This Notice of Meeting does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. You should seek independent legal, financial and taxation advice before making a decision as to whether or not to vote in favour of the Resolutions.

This Notice of Meeting is not an offer, invitation or recommendation to subscribe for or purchase securities in the Company and is not a disclosure document. This Notice does not constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision.

RISK FACTORS

Shareholders should note that whilst there are potential benefits to them if the Au Loan Security and Acquisition proceeds, there are also potential disadvantages or risk factors that will apply if the Resolutions are passed and the Au Loan Security and Acquisition proceeds. Sections 2.5 and 4.4 of the Explanatory Memorandum and section 2.20 of the Independent Expert's Report set out some of these disadvantages and risk factors.

EFFECT OF ROUNDING

Certain figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Notice of Meeting may be subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Notice of Meeting.

NOTICE TO PERSONS OUTSIDE AUSTRALIA

This Notice of Meeting has been prepared in accordance with Australian laws, disclosure requirements and accounting standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

The distribution of this Notice of Meeting may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Notice of Meeting should inform themselves of, and observe, any such restrictions.

AUTHORISATION

No person is authorised to give any information or make any representation in connection with the Acquisition, as it relates to the Resolutions, which is not contained in this Notice of Meeting. Any information or representation not contained in this Notice of Meeting (other than to the extent that information has been provided by the Company), may not be relied on as having been authorised by the Company or the Board in connection with the Resolutions.

RESPONSIBILITY FOR INFORMATION

The information contained in this Notice of Meeting (except for the Independent Expert's Report and information regarding the Au Lender and its intentions) has been prepared by the Company and is the responsibility of the Company. None of the Au Lender, its Associates or its advisers assumes any responsibility for the accuracy or completeness of that information. Information concerning the Au Lender, its Associates and their intentions has been provided by the Au Lender and is the responsibility of the Au Lender. None of the Company, its Associates or its advisers assumes any responsibility for the accuracy or completeness of that information.

Moore Australia Corporate Finance (WA) Pty Ltd (AFSL 240773) (**Independent Expert**) has prepared the Independent Expert's Report. The Independent Expert has consented to the inclusion of the Independent Expert's Report, and references to them, in this Notice of Meeting. The Independent Expert takes responsibility for the Independent Expert's Report, and references to it, but they are not responsible for any other information contained within this Notice of Meeting.

Shareholders are urged to read the Independent Expert's Report attached as Annexure B carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

ASIC AND ASX INVOLVEMENT

A copy of this Notice of Meeting has been lodged with ASX pursuant to the ASX Listing Rules.

Neither ASIC, nor ASX, nor any of their officers, take any responsibility for the contents of this Notice of Meeting.

NOTICE OF GENERAL MEETING

Notice is given that a general meeting of Shareholders of Mineral Commodities Ltd ABN 39 008 478 653 will be held at the Boardroom, CWA House, 1176 Hay Street, West Perth, Western Australia on Monday, 10 March 2025 at 10:30am (AWST) for the purpose of transacting the following business referred to in this Notice of Meeting.

The Company will update Shareholders if changing circumstances will impact the planning or arrangements for the Meeting by way of announcement on ASX and the details will also be made available on the Company's website at mineralcommodities.com.

AGENDA

LOAN RESOLUTIONS – AU LENDER

1 Resolution 1 – Grant of Au Loan Security to Au Lender

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.1 and for all other purposes, Shareholders approve the grant of the Au Loan Security by the Company in favour of the Au Lender, a substantial Shareholder of the Company, on the terms and conditions set out in the Explanatory Memorandum."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by the Independent Expert for the purposes of the Shareholder approval sought under Listing Rule 10.1 for Resolution 1, as set out in Annexure B.

The Independent Expert has concluded that the grant of the Au Loan Security is fair and reasonable to Shareholders (other than the Au Lender and its Associates).

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) the Au Lender and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2 Resolution 2 – Grant of Au Facility Options to Au Lender

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 200,000,000 Au Facility Options for no cash consideration to the Au Lender, a substantial Shareholder of the Company, on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) the Au Lender and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

ACQUISITION OF A RELEVANT INTEREST

3 Resolution 3 – Approval of the issue of Shares and the acquisition of a Relevant Interest in Shares by the Au Lender

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of item 7 of section 611 of the Corporations Act and for all other purposes, Shareholders approve and authorise:

- (i) the Company to issue up to 184,238,965 Au Conversion Shares on conversion of the Au Outstanding Monies to the Au Lender;*
- (ii) the Company to issue up to 200,000,000 Shares on exercise of the Au Facility Options to the Au Lender; and*
- (iii) the acquisition by the Au Lender of a relevant interest in Shares on the issue of any or all of the Au Conversion Shares and any Shares on exercise of the Au Facility Options, resulting in an increase to the Au Lender's voting power in the Company of up to a maximum of 57.43%,*

*(together, the **Acquisition**) on the terms and conditions set out in the Explanatory Memorandum.”*

Independent Expert’s Report: Shareholders should carefully consider the Independent Expert’s Report prepared by the Independent Expert for the purposes of the Shareholder approval sought under item 7 of section 611 of the Corporations Act for Resolution 3, as set out in Annexure B.

The Independent Expert has concluded that the Acquisition is fair and reasonable to Shareholders (other than the Au Lender and its Associates).

Voting exclusion statement: No votes may be cast in favour of the Resolution by:

- (a) the Au Lender and their Associates (as defined in the Corporations Act); or
- (b) the persons (if any) from whom the acquisition is to be made and their Associates.

Accordingly, the Company will disregard any votes cast on the Resolution by the Au Lender and any of their Associates (as defined in the Corporations Act).

LOAN RESOLUTIONS – OTHER LENDERS

4 Resolution 4 – Ratification of issue of Other Converting Loan to Other Lenders

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of the Other Converting Loans which will entitle the Other Lenders to convert the Other Converting Loans up to an aggregate total of 28,292,237 Other Conversion Shares (at a nil issue price) on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) the Other Lenders and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5 Resolution 5 – Grant of Other Facility Options to Other Lenders

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 10,000,000 Other Facility Options for no cash consideration, with each Other Facility Option having an exercise price of A\$0.015 and an expiry date

of 3 years from the date of issue, to each of the Other Lenders on the terms and conditions set out in the Explanatory Memorandum.”

<p>Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:</p>	
(a)	the Other Lenders and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
(b)	an Associate of those persons.
<p>However, this does not apply to a vote cast in favour of the Resolution by:</p>	
(a)	a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
(b)	the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
(c)	a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
(i)	the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
(ii)	the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

DISPOSAL OF THE SKALAND PROJECT

6 Resolution 6 – Disposal of the Skaland Project

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 11.2 and for all other purposes, approval is given for the disposal of the Company’s Skaland Project to Norge Mineraler by way of a sale by the Company of 100% of the shares in the Company’s subsidiary, Skaland Graphite AS, on the terms and conditions set out in the Explanatory Memorandum.”

<p>Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:</p>	
(a)	Norge Mineraler and any other person who will obtain a material benefit as a result of the Proposed Transaction (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
(b)	an Associate of those persons.
<p>However, this does not apply to a vote cast in favour of the Resolution by:</p>	
(a)	a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
(b)	the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
(c)	a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
(i)	the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
(ii)	the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

The definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

By order of the Board

A handwritten signature in black ink, appearing to read 'S Gaffney-Smith', written in a cursive style.

Ms Sarah Gaffney-Smith
Joint Company Secretary

Dated: 4 February 2025

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, electronically via the internet or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are

entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.

- To be effective, proxies must be received by 10:30am (AWST) on Saturday, 8 March 2025. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:
 - by recording the proxy appointment and voting instructions via the internet at (also accessible via the QR Code printed on the Proxy Form): <https://au.investorcentre.mpms.mufg.com>

Note only registered Shareholders may access this facility and will need their Holder Identification Number (**HIN**) or Securityholder Reference Number (**SRN**).
 - by returning a completed Proxy Form in person to:

MUFG Corporate Markets (AU) Limited
Parramatta Square,
Level 22, Tower 6,
10 Darcy Street, Parramatta, NSW 2150
 - by returning a completed Proxy Form by post to:

Mineral Commodities Ltd
C/- MUFG Corporate Markets (AU)
Limited
Locked Bag A14,
Sydney South, NSW 1235
 - by faxing a completed Proxy Form to:

MUFG Corporate Markets (AU) Limited
+61 (02) 9287 0309
- The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10:30am (AWST) on Saturday, 8 March 2025. If facsimile transmission is used, the Power of Attorney must be certified.

Shareholders who are entitled to vote

In accordance with paragraphs 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 4:00pm (AWST) on Saturday, 8 March 2025.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice of Meeting.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to this Explanatory Memorandum.

1 Background

1.1 Overview

On 17 October 2024, the Company announced to the ASX that it had entered into secured loan facilities with five of its existing Shareholders for an aggregate total of up to A\$2,400,000 in funding.

The entry into the secured loan facilities involved the Company entering into:

- (a) a binding secured convertible loan facility term sheet (as varied) (**Au Loan Agreement**) with the Company's largest Shareholder, Au Mining Limited (**Au Lender**), pursuant to which the Au Lender will advance a maximum of A\$2,000,000 via a convertible loan facility (**Au Loan**); and
- (b) a binding secured convertible loan facility term sheet (as varied) (**Other Loan Agreements**) with each of the following other existing Shareholders:
 - (i) Kensington Capital Management Pty Ltd;
 - (ii) Alexander Lowrie;
 - (iii) Louise Lowrie; and
 - (iv) Richard Lockwood,(together, the **Other Lenders**) pursuant to which the Other Lenders will each advance a maximum of A\$100,000 via a convertible loan facility (**Other Converting Loans**).

The Au Loan and the Other Converting Loans are collectively referred to in this Explanatory Memorandum as the **Shareholder Loans**.

The Shareholder Loans will be used for the following purposes:

- (a) the payment of A\$250,000 to Garnet International Resources Pty Ltd (**GMA**) in accordance with the provisions of the GMA Standstill;
- (b) Skaland Project working capital; and
- (c) the payment of corporate costs and provide general working capital.

1.2 About the Au Lender

The Au Lender is the Company's largest Shareholder. As at the date of this Notice, according to the latest substantial shareholder notice filed with the Company, the Au Lender has voting power of 40.8% in the Company. The Au Lender is a private investment company incorporated under the laws of the British Virgin Islands, with investments in the resources sector.

Mr Guy Walker, a Director of the Company, is a nominee of the Au Lender and the Company Secretary of the Au Lender.

1.3 Material terms of the Shareholder Loans

The material terms of the Au Loan Agreement and Other Loan Agreements comprising the Shareholder Loans are as set out below. The terms of the Shareholder Loans were reached following arms' length commercial negotiations and agreement.

(a) Au Loan Agreement

Term	Description
Au Loan amount	<p>The A\$2,000,000 facility limit under the Au Loan (Au Loan Facility Limit) will be available to the Company in three tranches as follows:</p> <ul style="list-style-type: none">(a) (first tranche) A\$800,000 subject to:<ul style="list-style-type: none">(i) the Au Lender being satisfied the GMA Standstill has been amended to allow for at least \$2 million of funding being committed to by the Company by 15 October 2024; and(ii) a term sheet or letter of intent in relation to the sale of the Skaland Project being executed by 15 October 2024 on terms acceptable to the Au Lender;

	<p>(b) (second tranche) A\$700,000 subject to evidence that GMA agrees not to enforce its rights under the GMA Finance Documents until after 13 December 2024 and GMA continues to commit not to allow any further drawdowns under the GMA Loan;</p> <p>(c) (third tranche) A\$500,000 subject to:</p> <ul style="list-style-type: none"> (i) executing a binding sale agreement for the purchase of the Skaland Project, with the only remaining condition precedent to completion being Shareholder approval of the Proposed Transaction; and (ii) evidence that GMA agrees not to enforce its rights under the GMA Finance Documents until after the date of this Meeting and GMA continues to commit not to allow any further drawdowns under the GMA Loan; and (iii) in relation to the drawdown of the final A\$200,000 of this third tranche, the Company obtaining Shareholder approval of the Au Loan Shareholder Approvals. <p>Additional conditions to drawdown of the Au Loan are set out below.</p> <p>As at the date of this Notice, the Company has drawn the full amount under each of tranche 1 and 2 and A\$300,000 of tranche 3 of the Au Loan.</p>
Grant of Au Facility Options	<p>The Company will grant 200,000,000 options in the Company at an exercise price of A\$0.015 each and an expiry date of 3 years from the date of issue (Au Facility Options) to the Au Lender, if Shareholders approve the issue for the purposes of Listing Rule 10.11 (the subject of Resolution 2).</p>
Conversion Right	<p>The Au Lender may convert the outstanding monies (principal and interest) (Au Outstanding Monies) under the Au Loan into Au Conversion Shares in the Company at a conversion price of A\$0.015 (Au Conversion Price) per Share (Au Conversion Share) in accordance with the Au Loan Agreement, if Shareholders approve the conversion for the purposes of item 7 of section 611 of the Corporations Act (the subject of Resolution 3).</p> <p>If so, the conversion of the Au Loan may take place as follows:</p>

	<ul style="list-style-type: none"> (a) at the election of the Au Lender, by giving five business days' notice, electing to convert the Au Outstanding Monies in part or in full; or (b) on the Au Maturity Date (defined below) in the event that the Au Lender has given notice to the Company electing to convert all of the Au Outstanding Monies to the extent permitted by law.
Au Loan Shareholder Approvals	<p>The Company will procure Shareholder approval (the subject of this Meeting) as soon as reasonably practicable:</p> <ul style="list-style-type: none"> (a) to approve the grant of the Au Loan Security to the Au Lender for the purposes of Listing Rule 10.1 (the subject of Resolution 1); (b) to approve the grant of the Au Facility Options to the Au Lender for the purposes of Listing Rule 10.11 (the subject of Resolution 2); and (c) to approve the acquisition by the Au Lender of a Relevant Interest in the Company pursuant to: <ul style="list-style-type: none"> (i) the conversion of the Au Outstanding Monies under the Au Loan into Au Conversion Shares at the Au Conversion Price; and/or (ii) the exercise of the Au Facility Options, <p>for the purposes of item 7 of section 611 of the Corporations Act (the subject of Resolution 3),</p> <p>(collectively, Au Loan Shareholder Approvals).</p> <p>The Au Loan Shareholder Approvals will be sought at the Meeting.</p>
Repayment	<p>The Au Loan Agreement provides that:</p> <ul style="list-style-type: none"> (a) if (b) below does not apply, the Au Loan is repayable on the earlier of: <ul style="list-style-type: none"> (i) two years from the first drawdown; and (ii) if the sale of the Skaland Project is completed (the subject of Resolution 6), 31 March 2025; and (b) if Shareholders do not approve of any or all of the Au Loan Shareholder Approvals the subject of this Notice, the Au Loan is repayable within 20 business days after this Meeting,

	<p>(Au Maturity Date). Therefore, the date for repayment of the Au Loan depends on whether all of the Au Loan Shareholder Approvals are passed at this Meeting.</p> <p>If all Au Loan Shareholder Approvals are obtained:</p> <ul style="list-style-type: none"> (a) the Company may, by giving 10 business days' notice to the Au Lender, elect to repay the Au Outstanding Monies in full or in part, in cash; and (b) the Au Lender can initiate the conversion of the Au Loan into Au Conversion Shares at the Au Conversion Price at any time during the Au Loan period, by giving a conversion notice to the Company.
Drawdown	<p>The Au Loan Agreement provides that the Au Loan may only be drawn down at the request of the Company if certain standard conditions for a transaction of this nature are satisfied, including:</p> <ul style="list-style-type: none"> (a) the Au Lender receiving a drawdown notice and supporting documentation showing the uses of the funds and evidence payment is due for those uses at least five business days before the commencement of the drawdown; (b) the GMA Standstill being valid and effective and the Au Lender being reasonably satisfied that the GMA Standstill will continue to be valid and effective upon drawdown of the Au Loan, or part of the Au Loan; (c) the Au Loan being for a minimum amount of A\$200,000 and the Company having sufficient placement capacity under Listing Rule 7.1 in relation to the applicable drawdown; and (d) the Au Lender being satisfied that no event of default subsists or will result from the Au Loan being provided. <p>These conditions are in addition to those set out above which correspond to the respective tranches of the Au Loan Facility Limit.</p>
Undertakings	The Company gives undertakings in favour of the Au Lender which are customary for a facility of this nature.
Representations and warranties	The Company gives representations and warranties in favour of the Au Lender which are customary for a facility of this nature.
Events of default	The events of default are customary for a facility of this nature.

Other terms	<p>(a) Interest will accrue daily based on an interest rate of 20% per annum over the period of the Au Loan, commencing on the date of drawdown of the Au Loan. An additional default interest rate applies on amounts which are overdue: 10% if overdue for less than one year, and 15% if overdue for more than one year.</p> <p>(b) The Company is not permitted to undertake an equity capital raising without the Au Lender's consent whilst there are Outstanding Monies due, unless the Company is undertaking a pro-rata rights issue upon terms which enable subscription by way of cash and/or conversion of any debt owing by the Company to Shareholders or an accelerated entitlement offer with an up-front placement.</p>
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For completeness, in connection with the Au Loan Agreement, the Company entered into:

- (i) a general security deed with the Au Lender, granting a first ranking security over all or substantially all of the Company's assets to secure repayment of the Au Loan in favour of the Au Lender (**Au Loan Security**); and
 - (ii) a deed of priority with the Au Lender and each of the Other Lenders, which provides that the Au Loan Security (and the Other Loan Securities, defined below) rank first and pari passu with each other.
- (b) Other Loan Agreements

The Other Loan Agreements between the Company and each of the Other Lenders are on substantially the same terms, as set out below.

Term	Description
Loan amount	A\$100,000 per Other Lender. As at the date of this Notice, the Company has drawn the full amount under each of the Other Loans.
Grant of Other Facility Options	The Company will grant 10,000,000 options in the Company at an exercise price of A\$0.015 each and an expiry date of 3 years from the date of issue (Other Facility Options) to each of the Other Lenders, if Shareholders approve the issue for the purposes of Listing Rule 7.1 (the subject of Resolution 5).

Conversion Right	<p>The Other Lenders may convert the outstanding monies (principal and interest) (Other Outstanding Monies) under the Other Converting Loans into Other Conversion Shares in the Company at a conversion price of A\$0.015 (Other Conversion Price) per Share (Other Conversion Share) in accordance with the Other Loan Agreements. If so, the conversion of the Other Converting Loans may take place as follows:</p> <ul style="list-style-type: none"> (a) at the election of the Other Lender, by giving 5 business days' notice, electing to convert the Other Outstanding Monies in part or in full; or (b) on the Other Loan Maturity Date (defined below) in the event that the Other Lender has given notice to the Company electing to convert all of the Other Outstanding Monies to the extent permitted by law.
Other Loan Shareholder Approvals	<p>The Company will procure Shareholder approval (the subject of this Meeting) as soon as reasonably practicable to approve the grant of the Other Facility Options to the Other Lenders for the purposes of Listing Rule 7.1 (the subject of Resolution 5) (Other Loan Shareholder Approval).</p> <p>This Notice seeks the Other Loan Shareholder Approval. This Notice also seeks to ratify the issue the Other Conversion Shares to the Other Lenders (the subject of Resolution 4), although this Resolution is not a requirement under the Other Loan Agreements.</p>
Repayment	<p>The Other Loan Agreements provide that the Other Converting Loans are repayable on the earlier of:</p> <ul style="list-style-type: none"> (a) two years from the first drawdown; and (b) if the sale of the Skaland Project is completed (the subject of Resolution 6), 31 March 2025 <p>(Other Loan Maturity Date).</p>
Drawdown	<p>The Other Converting Loans may only be drawn down at the request of the Company if certain standard conditions for a transaction of this nature are satisfied, including:</p> <ul style="list-style-type: none"> (a) the Other Lender receiving a drawdown notice and supporting documentation showing the uses of the funds and evidence payment is due for those uses at least five business days before the commencement of the drawdown; (b) the Other Loan being for a minimum amount of A\$100,000; and

	(c) the Other Lender being satisfied that no event of default subsists or will result from the Other Loan being provided.
Undertakings	The Company gives undertakings in favour of the Other Lenders which are customary for a facility of this nature.
Representations and warranties	The Company gives representations and warranties in favour of the Other Lenders which are customary for a facility of this nature.
Events of default	The events of default are customary for a facility of this nature.
Other terms	Interest will accrue daily based on an interest rate of 20% per annum over the period of the Other Converting Loans, commencing on the respective date of drawdown of each Other Loan. An additional default interest rate applies on amounts which are overdue: 10% if overdue for less than one year, and 15% if overdue for more than one year.

For completeness, in connection with the Other Loan Agreements, the Company entered into:

- (i) a general security deed with each of the Other Lenders, granting a first ranking security on the Company's assets to secure repayment of the Other Converting Loans in favour of the Other Lenders (Other Loan Security); and
- (ii) a deed of priority with the Au Lender and each of the Other Lenders, which provides that the Au Loan Security (and the Other Loan Securities, defined below) rank first and pari passu with each other.

1.4 Independent Expert's Report

Listing Rule 10.5.10 requires a notice of meeting containing a resolution seeking shareholder approval under Listing Rule 10.1 to include a report on the transaction from an independent expert opining as to whether the transaction is fair and reasonable to shareholders.

ASIC Regulatory Guide 74 outlines ASIC's expectation that a notice of meeting containing a resolution seeking shareholder approval under item 7 of section 611 of the Corporations Act include a report on the transaction from an independent expert.

The Independent Expert's Report prepared by the Independent Expert (a copy of which is attached as Annexure B to this Explanatory Memorandum) opines on whether

the Au Loan Security and the Acquisition respectively are fair and reasonable to the Company's Shareholders not associated with the Au Lender.

The Independent Expert has concluded that both the Au Loan Security and the Acquisition are fair and reasonable to Shareholders (other than the Au Lender and its Associates).

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the assessment and the sources of information and assumptions made. The Independent Expert's Report is accessible on the Company's website at www.mineralcommodities.com. If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

1.5 Effect of not passing all of Resolutions 1, 2 and 3

Shareholders should note that if all of Resolutions 1, 2 and 3 are not passed at the Meeting, the maturity date of the Au Loan becomes accelerated, in that the Au Loan becomes repayable within 20 business days of the date of the Meeting.

As at the date of this Notice, the Company has drawn the full amount under each of tranche 1 and 2 and A\$300,000 of tranche 3 of the Au Loan (a total of \$1,800,000 in funding). A failure to vote in favour of each of Resolutions 1, 2, and 3 could deprive the Company of the A\$200,000 balance of the third tranche in funding (as draw down on that A\$200,000 balance of tranche 3 of the Au Loan is conditional upon the Company obtaining all of the Au Loan Shareholder Approvals) which would otherwise be applied for the purposes noted above in Section 1.1. If the Company is deprived of this funding, the Company's current cash resources will not be sufficient to execute the Company's principal activities and working capital requirements without raising additional funding. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

In the event the Company is unable to obtain sufficient funding for ongoing operating and capital requirements, there is material uncertainty as to whether it will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business.

2 RESOLUTION 1 – GRANT OF AU LOAN SECURITY TO AU LENDER

2.1 Background

The background to Resolution 1 is set out in Section 1 above. As noted in that Section, the Company has granted the Au Loan Security to the Au Lender in accordance with the Au Loan.

The Au Lender is a substantial Shareholder of the Company. As at the date of this Notice, according to the latest substantial shareholder notice filed with the Company, the Au Lender has a voting power of 40.8% in the Company. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 10.1 to grant the Au Loan Security to the Au Lender (the subject of Resolution 1). As set out further in section 2.3, MRC obtained a waiver from Listing Rule 10.1 to grant the security to the Au Lender and this further approval would allow the Au Lender to acquire the assets the subject of the Au Loan Security in an enforcement scenario without requiring further shareholder approval under Listing Rule 10.1.

2.2 Information requirements – Listing Rules 10.1 and 10.5

Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 10.1 and for all other purposes for the grant of the Au Loan Security to the Au Lender.

Listing Rule 10.1 provides that the Company and its Child Entities must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- (a) a related party of the Company (Listing Rule 10.1.1);
- (b) a Child Entity of the Company (Listing Rule 10.1.2);
- (c) a person who is, or who was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder in the company (Listing Rule 10.1.3);
- (d) an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3 (Listing Rule 10.1.4); or
- (e) a person whose relationship with the Company or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by Shareholders (Listing Rule 10.1.5),

unless it obtains the approval of its Shareholders.

As the Au Loan Security is over all or substantially all of the assets of the Company, the subject of the Au Loan Security exceeds 5% of the Company's "equity interests" (as defined in the Listing Rules) by reference to its last financial accounts lodged with ASX and therefore constitutes a "substantial asset" for the purposes of Listing Rule 10.2.

the Au Lender is a Listing Rule 10.1.3 party, as it has voting power of 40.8% in the Company. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 10.1.

The following further information is provided to Shareholders for the purposes of Listing Rule 10.5:

- (a) the Au Loan Security has been granted by the Company in favour of the Au Lender;
- (b) the Au Lender is a Listing Rule 10.1.3 party as it is a substantial holder of the Company, and holds 40.8% of the issued share capital of the Company;
- (c) the Au Loan Security is a first ranking security over all or substantially all of the Company's assets to secure repayment of the Au Loan in favour of the Au Lender;
- (d) the Au Loan Security is being granted for the provision of the Au Loan to the Company;
- (e) the Au Loan will be used for the purposes noted above in Section 1.1;
- (f) the Company entered into a general security deed with the Au Lender and granted the Au Loan Security in favour of the Au Lender on 14 October 2024;
- (g) a summary of the key terms of the Au Loan Agreement is set out in Section 1.3(a);
- (h) a voting exclusion statement applies to this Resolution 1 as set out in the Notice of Meeting; and
- (i) the Independent Expert's Report in relation to the grant of the Au Loan Security is attached as Annexure B to this Explanatory Memorandum.

2.3 ASX Listing Rule 10.1 waiver already obtained

On 3 July 2024, the Company obtained a waiver of Listing Rule 10.1 to permit the Company to grant security over the assets of the Company in favour of the Au Lender to secure the Company's obligations under a A\$4 million loan provided by the Au Lender without obtaining Shareholder approval subject to a number of conditions (**10.1 Waiver**). The Company considers that:

- (a) the Au Loan is on substantially the same terms as the A\$4 million loan the subject of the 10.1 Waiver; and
- (b) the Au Loan Facility Limit is half that of the A\$4 million loan the subject of the 10.1 Waiver,

such that the 10.1 Waiver applies to the grant of the Au Loan Security.

The 10.1 Waiver was granted subject to the following conditions:

- (a) the Company releases an announcement to the market that provides:
 - (i) the material terms of the transaction and of the waiver from Listing Rule 10.1; and

- (ii) a description of the reasons why the entity has chosen to obtain the financial accommodation from Au Mining rather than a lender that is not a Listing Rule 10.1 party and the steps the Board has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of Shareholders;
- (b) the security documents provide that:
 - (i) the security is limited to the funds due under the financial accommodation;
 - (ii) the security will be discharged when the funds due under the financial accommodation have been repaid in full;
 - (iii) in the event the security is enforced, the assets can only be disposed of to the Au Lender or an Associate of the Au Lender if the disposal is first approved by the entity's security holders under Listing Rule 10.1 **(Enforcement Condition)**; and
 - (iv) otherwise, if the Au Lender exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the Au Lender in accordance with their legal entitlements;
- (f) any variation to the terms of the financial accommodation or the security which:
 - (i) advantages the Au Lender in a material respect;
 - (ii) disadvantages the Company in a material respect; or
 - (iii) is inconsistent with the terms of the 10.1 Waiver,
 must be subject to Shareholder approval for the purposes of Listing Rule 10.1; and
- (g) for each year while they remain on foot, a summary of the material terms of the financial accommodation and the security is included in the related party disclosures in the Company's audited annual accounts.

The Company has entered into a general security deed with the Au Lender granting the Au Loan Security that contains the Enforcement Condition.

Nevertheless, although the Company has already obtained the 10.1 Waiver, the Au Loan Agreement requires the Company to put Resolution 1 before Shareholders. This

is because if Shareholders approve the grant of the Au Loan Security for the purposes of Listing Rule 10.1 (the subject of Resolution 1), the Enforcement Condition will no longer apply to limit the Au Lender's ability to enforce the Au Loan Security.

If Shareholders do not approve the grant of the Au Loan Security for the purposes of Listing Rule 10.1 (i.e., do not pass Resolution 1):

- (a) the Au Loan Security will still be in force and effect but will remain subject to the Enforcement Condition;
- (b) the Au Loan will be repayable within 20 business days of the Meeting;
- (c) the Company will have failed to satisfy a condition to draw down the A\$200,000 balance of the third tranche of the Au Loan and that A\$200,000 balance of funding will not be available for draw down; and
- (d) the Company's current cash resources will not be sufficient to execute the Company's principal activities and working capital requirements without raising additional funding. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company. In the event the Company is unable to obtain sufficient funding for ongoing operating and capital requirements, there is material uncertainty as to whether it will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business.

2.4 Rationale for the Au Loan Security

The Directors of the Company (other than Mr Guy Walker, who is a nominee of the Au Lender on the Board) (collectively, the **Non-Conflicted Directors**) consider the grant of the Au Loan Security to be in the best interests of the Company because:

- (a) it is not unusual for companies to grant security over their assets when raising debt finance;
- (b) without the agreement to grant the Au Loan Security, the Company is highly unlikely to be able to secure sufficient funds to meet its working capital needs and to continue as a going concern. Accordingly, it is critical for the Company that Shareholders approve Resolution 1; and
- (c) in the event that the Company is unable to repay all amounts under the Au Loan Agreement in accordance with its terms, the Au Lender's entitlement in relation to the Au Loan Security is limited to the amount of the outstanding principal and capitalised interest.

2.5 Potential disadvantages of the Au Loan Security

The Non-Conflicted Directors consider that there are potential disadvantages of approving the Au Loan Security that may be relevant to a Shareholder's decision on

how to vote on Resolution 1. If Resolution 1 is passed, the Au Loan Security will be free of the Enforcement Condition and the Company will not be required to obtain fresh Listing Rule 10.1 approval for the disposal of assets secured by the Au Loan Security to the Au Lender (or an Associate of the Au Lender) rather than a third party, in the event of the Company's default under the Au Loan Agreement.

2.6 Independent Expert's Report

As noted in Section 1.4 above, Listing Rule 10.5.10 requires a notice of meeting containing a resolution seeking shareholder approval under Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report prepared by the Independent Expert (a copy of which is attached as Annexure B to this Explanatory Memorandum) opines on whether the grant of the Au Loan Security to the Au Lender is fair and reasonable to the Company's Shareholders not associated with the Au Lender.

The Independent Expert has concluded that the grant of the Au Loan Security to the Au Lender is fair and reasonable to Shareholders (other than the Au Lender and its Associates).

2.7 Voting exclusion

A voting exclusion statement applies to Resolution 1 as set out in the Notice of Meeting.

2.8 Directors' recommendation

Mr Guy Walker declines to make a recommendation in respect of Resolution 1 in light of his interest in that Resolution as he is the nominee of the Au Lender on the Board.

The Non-Conflicted Directors recommend that Shareholders vote in favour of Resolution 1. The Non-Conflicted Directors are not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

Subject to any required voting exclusion, each of the Non-Conflicted Directors has agreed to vote, or procure the voting of, any Shares that they control in favour of Resolution 1.

3 RESOLUTION 2 – GRANT OF AU FACILITY OPTIONS TO AU LENDER

3.1 Background

The background to Resolution 2 is set out in Section 1 above. As noted in that Section, the Au Loan Agreement provides that the Company will grant 200,000,000 Au Facility Options to the Au Lender if Shareholders approve the issue for the purposes of Listing Rule 10.11 (the subject of Resolution 2).

The Au Lender is a substantial Shareholder of the Company. As at the date of this Notice, according to the latest substantial shareholder notice filed with the Company, the Au Lender holds 40.8% of the issued share capital in the Company. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 10.11 to issue the 200,000,000 Au Facility Options to the Au Lender (the subject of Resolution 2).

3.2 Information Requirements – Listing Rules 10.11 and 10.13

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, the Company must not issue or agree to issue Equity Securities to:

- (a) a related party (Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the Company (Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a Director to the Board pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- (e) a person whose relationship with the Company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders (Listing Rule 10.11.5).

unless it obtains the approval of its Shareholders.

The proposed issue of Au Facility Options to the Au Lender under the Au Loan Agreement falls within Listing Rule 10.11.2 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 2 seeks Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes to allow the Company to issue 200,000,000 Au Facility Options to the Au Lender under the Au Loan Agreement.

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Au Facility Options to the Au Lender and the Company will, if the Au Facility Options are exercised, raise A\$3,000,000 from the exercise of the Au Facility Options.

The impact of passing this Resolution 2 on the Au Lender's voting power in the Company, assuming the Au Lender is issued 200,000,000 Au Facility Options, and assuming the issue of up to a maximum of 138,869,102 Au Conversion Shares under the conversion of the Au Outstanding Monies(as referred to below at Resolution 3) is set out in Section 4.2 below.

If this Resolution 2 is not passed:

- (a) the Company will not be able to proceed with the issue of Au Facility Options to the Au Lender;
- (b) the Au Loan will become immediately repayable within 20 Business Days of the Meeting;
- (c) the Company will have failed to satisfy a condition to draw down the A\$200,000 balance of the third tranche of the Au Loan and that A\$200,000 balance of funding will not be available for draw down; and
- (d) the Company's current cash resources will not be sufficient to execute the Company's principal activities and working capital requirements without raising additional funding. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company. In the event the Company is unable to obtain sufficient funding for ongoing operating and capital requirements, there is material uncertainty as to whether it will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business.

3.3 Information required by Listing Rule 10.13

The following further information is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the Au Facility Options are proposed to be issued to the Au Lender, as noted above;
- (b) the Au Lender is a Listing Rule 10.11.2 party as it is a substantial holder of the Company, and holds 40.8% of the issued share capital of the Company;
- (c) up to 200,000,000 Au Facility Options will be issued to the Au Lender;

- (d) the terms and conditions of the Au Facility Options are set out in Annexure A to this Explanatory Memorandum;
- (e) the Au Facility Options will be issued on a date which will be no later than 1 month after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to Listing Rule 10.13.5;
- (f) the Au Facility Options will be issued for no cash consideration;
- (g) the Au Facility Options are being issued to the Au Lender as partial consideration for the provision of the Au Loan to the Company, and a total of A\$3,000,000 will be raised upon the exercise of the Au Facility Options. The funds raised upon exercise are intended to be used as general working capital;
- (h) the Au Facility Options will be issued under the Au Loan Agreement and a summary of the material terms of the Au Loan Agreement is set out in Section 1.3(a) above; and
- (i) a voting exclusion statement applies to this Resolution 2 as set out in the Notice of Meeting.

If Shareholder approval is given for the grant of the Au Facility Options to the Au Lender under Listing Rule 10.11, then Shareholder approval is not required under Listing Rule 7.1.

3.4 Directors' recommendation

Mr Guy Walker declines to make a recommendation in respect of Resolution 2 in light of his interest in that Resolution as he is the nominee of the Au Lender on the Board.

The Non-Conflicted Directors recommend that Shareholders vote in favour of Resolution 2. The Non-Conflicted Directors are not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 2.

Subject to any required voting exclusion, each of the Non-Conflicted Directors has agreed to vote, or procure the voting of, any Shares that they control in favour of Resolution 2.

4 RESOLUTION 3 – APPROVAL OF THE ISSUE OF SHARES AND THE ACQUISITION OF A RELEVANT INTEREST IN SHARES BY THE AU LENDER

4.1 Relevant Interest

As at the date of this Notice, according to the latest substantial shareholder notice filed with the Company, the Au Lender has voting power of 40.8% in the Company.

Subject to receipt of Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act, the Au Lender:

- (a) may convert some or all of the Au Outstanding Monies into Shares at the Au Conversion Price at any time prior to the Au Maturity Date; and
- (b) may exercise some or all of the Au Facility Options and be issued Shares at any time prior to their expiry date of 3 years from the date of their issue.

Following the issue of any Au Conversion Shares and any Shares on exercise of the Au Facility Options, the Au Lender's voting power in the Company may increase up to a maximum of 57.43%.

To ensure compliance with Chapter 6 of the Corporations Act, the acquisition by the Au Lender of a Relevant Interest in voting shares in the Company upon the issue of:

- (a) up to a maximum of 184,238,965 Au Conversion Shares; and
 - (b) up to a maximum of 200,000,000 Shares on exercise of the Au Facility Options,
- and the resulting increases in the Au Lender's voting power in the Company, is subject to the Company obtaining Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act. See section 4.6 for further details regarding the impact of the Acquisition on the Au Lender's Relevant Interest in the Company.

A summary of the key terms of the Au Loan Agreement is set out in Section 1.3(a).

If Shareholders do not approve the Acquisition for the purposes of item 7 of section 611 of the Corporations Act (i.e., do not pass Resolution 3):

- (a) the Au Lender will not be able to proceed with the Acquisition;
- (b) the Company will have failed to satisfy a condition to draw down the A\$200,000 balance of the third tranche of the Au Loan and that A\$200,000 balance of funding will not be available for draw down; and
- (c) the Company's current cash resources will not be sufficient to execute the Company's principal activities and working capital requirements without raising additional funding. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company. In the event the Company is unable to obtain sufficient funding for ongoing operating and capital requirements, there is material uncertainty as to whether it will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business.

4.2 Impact on capital structure and voting power

The effect of the Acquisition on the capital structure of the Company, subject to the assumptions noted below, is as follows:

Securities	Number
Shares:	
Shares currently on issue	984,472,599
Rights convertible into Shares:	
Performance Rights currently on issue	25,566,666
Au Facility Options (the subject of Resolution 2)	200,000,000
Au Conversion Shares (the subject of Resolution 3) (assuming a maturity date of 24 October 2026)	184,238,965
Other Conversion Shares (issue of the Other Converting Loan to be ratified pursuant to Resolution 4)	28,292,237
Other Facility Options (the subject of Resolution 5)	40,000,000
Total Equity Securities	1,462,570,467

Note: This table assumes that:

- (a) the Company has 984,472,599 Shares on issue as at the date of this Notice;
- (b) all Resolutions are passed, including Resolutions 4 and 5 relating to the Other Lender Arrangements;
- (c) the Au Outstanding Monies are fully converted to Au Conversion Shares, the Other Outstanding Monies are fully converted to Other Conversion Shares, and no other Equity Securities are issued, vest, convert, lapse or expire prior to conversion of the Shareholder Loans; and
- (d) the Other Converting Loans are repaid on the likely date of completion of the sale of the Skaland Project, being 10 February 2025.

Based on the assumptions noted below, the maximum Relevant Interest and maximum voting power that the Au Lender could acquire in the Company as a result of the Acquisition are set out in the table below.

	All Shareholders	Non-associated Shareholders	Au Lender
Shares currently on issue	984,472,599	582,608,980	401,863,619
Current voting power	100%	59.2%	40.8%
Maximum number of Au Conversion Shares	184,238,965	–	184,238,965
Number of Au Facility Options	200,000,000	–	200,000,000
Maximum number of Shares post-exercise of Au Facility Options and issue of Au Conversion Shares	1,368,711,564	582,608,980	786,102,584
Maximum voting power post-exercise of Au Facility Options and issue of Au Conversion Shares	100%	42.57%	57.43%

Note: This table assumes that:

- (a) the Company has 984,472,599 Shares on issue as at the date of this Notice;
- (b) the Au Lender converts all of the Au Outstanding Monies into Au Conversion Shares;
- (c) all of the Au Facility Options are exercised by the Au Lender;
- (d) for the purposes of calculating the Au Outstanding Monies, the maturity date of the Au Loan is 2 years after the date of first draw down, being 24 October 2026 (although the Company notes that this maturity date would only occur if the sale of the Skaland Project does not complete);

- (e) the Other Converting Loans are repaid on the likely date of completion of the sale of the Skaland Project, being 10 February 2025;
- (f) the 25,566,666 Performance Rights on issue as at the date of this Notice are not exercised;
- (g) the Other Outstanding Monies are not converted to Other Conversion Shares and the Other Facility Options are not exercised;
- (h) all Resolutions are passed; and
- (i) no other Shares are issued (including as a result of the vesting and/or exercise of convertible securities) prior to conversion of the Au Outstanding Monies and exercise of the Au Facility Options.

4.3 Rationale for the Acquisition

The Non-Conflicted Directors are of the view that the following non-exhaustive list of advantages to the Company and Shareholders who are not Associates of the Au Lender of approving the Acquisition (and more broadly, the Au Loan) may be relevant to a Shareholder's decision on how to vote on Resolution 3:

- (a) the Company may not be required to repay A\$2,000,000 plus accrued interest under the Au Loan if the Au Lender exercises its right to convert the Au Outstanding Monies into Au Conversion Shares. If the Company does not need to repay the Au Loan and accrued interest in cash, the Company will be able to apply these funds instead to:
 - (i) advance the graphite and active anode projects (including pilot plant, studies and obtainment of environmental and other permits at the Munglinup Project); and
 - (ii) general working capital;
- (b) in addition, if the Au Facility Options are exercised in accordance with their terms, the Company will receive up to a further A\$3,000,000 on issue of the resulting Shares;
- (c) the Au Conversion Shares (summarised in Section 1.3(a) above) (which underlie the Acquisition) are in the best interests of the Company because:
 - (i) despite sustained efforts, prior to executing the Au Loan Agreement, the Company had explored other potential sources of funding from third parties. The Company was unable to secure additional funding, and considered that other third party financing was not reasonably likely to be available on more favourable terms than those provided in the Au Loan Agreement;

- (ii) on balance, the terms of the Au Loan Agreement, including the Au Conversion Shares were considered reasonable by the Company given the circumstances of the Company and its financial position particularly given that MSR, which operates the Tormin Mineral Sands Project, was placed into business rescue in South Africa. In addition, the Au Loan Agreement requires the Company to provide only limited warranties and covenants and events of default are limited and narrow in scope; and
 - (iii) conversion, while at the Au Lender's election, provides an alternative way for the Company to satisfy the debts it owes under the Au Loan Agreement without having to pay cash;
- (d) the Independent Expert has concluded that the Acquisition is fair and reasonable to Shareholders (other than the Au Lender and its Associates);
- (e) in addition, the Independent Expert has noted the following advantages of the Acquisition:
 - (i) the Acquisition is fair and reasonable to the non-associated Shareholders of the Company;
 - (ii) the conversion of the Au Loan involves the issue of fully paid ordinary shares at A\$0.015 each as settlement of the Au Loan of A\$2 million plus interest. This allows the Company to retain cash that would otherwise be used to repay the Au Loan for the advancement of its Munghlinup Project. If Shareholder approval is not obtained, the Au Loan will be repayable within 20 business days after the date of the Meeting;
 - (iii) the issue and exercise of the Au Facility Options provides the Company with access to capital of up to A\$3 million to advance its operations; and
 - (iv) if the conversion of the AU Loan is approved by Shareholders and converted by the Au Lender, then the Au Loan Security could be released, (refer to section 2.20 of the Independent Expert's Report for further information on the advantages of the Acquisition); and
- (f) the Independent Expert has considered the potential disadvantages of the Acquisition (as summarised below) and concluded that the advantages of the Acquisition are greater than the disadvantages.

4.4 Potential disadvantages of the Acquisition

The Non-Conflicted Directors consider that there are potential disadvantages of approving the Acquisition (and more broadly, the Au Loan) that may be relevant to a Shareholder's decision on how to vote on Resolution 3, including:

- (a) the Acquisition will have a dilutionary effect on holdings of other Shareholders. This will affect the ability of Shareholders to influence decisions of the Company in the future. See the table in Section 4.2 above for details of the maximum potential impact the Acquisition may have on the Company's capital structure and details of the impact on the Au Lender's voting power in the Company, also taking into account the effect of the Other Lender Arrangements;
- (b) upon completion of the Acquisition, the Au Lender's voting power may increase to up to 57.43% following the exercise of all of the Au Facility Options to be issued to it and the issue of the maximum number of Au Conversion Shares on conversion of the Au Outstanding Monies (as assuming no exercise of the Other Facility Options and no issue of Other Conversion Shares). As a result, the Au Lender may acquire significant influence over all matters that require approval by Shareholders, including the election of Directors and approval of significant corporate transactions. It may also discourage a potential bidder from proposing a merger by scheme of arrangement or making a takeover bid for the Company;
- (c) there is no guarantee that the Company's Shares will not fall in value as a result of the Acquisition (and more broadly, the Au Loan); and
- (d) in addition, the Independent Expert has noted the following potential disadvantages of the Acquisition (which, in the Independent Expert's opinion, are outweighed by the advantages of the Acquisition):
 - (i) the Acquisition would dilute the non-associated Shareholders' interests in the Company from 59.2% prior to the Acquisition to 42.6% immediately following the Acquisition (assuming that the Au Loan fully converts, all of the Au Facility Options are exercised, the Other Converting Loans are not converted, no Other Facility Options are exercised, and no other Shares are issued prior to conversion of the Au Loan and exercise of the Au Facility Options), and 45.2% on a fully diluted basis;
 - (ii) the Acquisition will result in the Au Lender holding a significant controlling interest in the Company. On completion of the Acquisition, the Au Lender's interest in the issued share capital of the Company will be 57.4% (assuming no other convertible loans convert and no other options are exercised). In this scenario, the Au Lender will be able to pass/block ordinary resolutions and control special resolutions, including the appointment of directors (assuming not all Shareholders vote on a special resolution); and

- (iii) in the event of default of the Au Loan, the Au Lender could enforce the Au Loan Security and some of the Company's assets may need to be sold or assigned to the Au Lender as a result. The Au Loan Security covers the Au Outstanding Monies which includes all existing and future borrowings,

(refer to section 2.20 of the Independent Expert's Report for further information on the disadvantages of the Acquisition).

4.5 Independent Expert's Report

As noted in Section 1.4 above, ASIC Regulatory Guide 74 outlines ASIC's expectation that a notice of meeting containing a resolution seeking shareholder approval under item 7 of section 611 of the Corporations Act include a report on the transaction from an independent expert.

The Independent Expert's Report prepared by the Independent Expert (a copy of which is attached as Annexure B to this Explanatory Memorandum) opines on whether the Acquisition is fair and reasonable to the Company's Shareholders not associated with the Au Lender.

The Independent Expert has concluded that the Acquisition is fair and reasonable to Shareholders (other than the Au Lender and its Associates).

4.6 Section 606 and item 7 of section 611 of the Corporations Act

Under section 606 of the Corporations Act, subject to limited specified exemptions, a person must not acquire a Relevant Interest in issued voting shares in a public company if, as a result of the acquisition, any person's voting power in the company would increase:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%,

(the **Takeover Prohibition**).

In broad terms, a person has a 'Relevant Interest' in shares if that person holds shares or has the power to control the right to vote or dispose of shares. A person's voting power in a company is the number of voting shares in which the person and its Associates have a Relevant Interest in compared with the total number of voting shares in the company.

As at the date of this Notice, according to the latest substantial shareholder notice filed with the Company, the Au Lender has voting power of 40.8% in the Company. Following the issue of any Au Conversion Shares and/or any Shares on the exercise of

the Au Facility Options, the Au Lender's voting power in the Company will increase above 40.8% up to a maximum of 57.43% (also taking into account the effect of the Other Lender Arrangements, such that the issue of Other Facility Options to each of the Other Lenders the subject of Resolution 5 has taken place).

Item 7 of section 611 of the Corporations Act provides an exception to the Takeover Prohibition and allows a person and its Associates to acquire a Relevant Interest in shares that would otherwise be prohibited under section 606(2) of the Corporations Act if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the company, and:

- (a) no votes are cast in favour of the resolution by the person proposing to make the acquisition and their Associates, or the persons (if any) from whom the acquisition is to be made and their Associates; and
- (b) the members of the company were given all information known to the person proposing to make the acquisition or their Associates, or known to the company, that was material to the decision on how to vote on the resolution.

Set out in Section 4.2 are details of the number of Shares in which the Au Lender is expected to hold a Relevant Interest in and their maximum voting power as a result of the issue of any or all of the Au Conversion Shares and/or Shares on exercise of the Au Facility Options, which exceeds 40.8% (also taking into account the exercise of the Other Facility Options and issue of the maximum number of Other Conversion Shares to each of the Other Lenders pursuant to the Other Lender Arrangements).

Accordingly, Resolution 3 seeks Shareholder approval for the purpose of item 7 of section 611 of the Corporations Act to enable the Au Lender to increase its voting power in the Company from a starting point that is above 20% and below 90%.

ASX Listing Rule 10.12, exception 6 states that Listing Rule 10.11 does not apply to an issue of securities approved by shareholders for the purposes of item 7 of section 611 of the Corporations Act. That approval is sought from Shareholders for the issue of the Au Conversion Shares and Shares on exercise of the Au Facility Options under Resolution 3. Approval is sought from Shareholders for the issue of Au Facility Options under Resolution 2. Accordingly, separate Shareholder approval under Listing Rule 10.11 for the issue of the Au Conversion Shares and for the issue of Shares on exercise of the Au Facility Options is not required.

4.7 Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

The following information is provided in accordance with item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 (in respect of the Acquisition to be

approved by Shareholders under Resolution 3 in accordance with item 7 of section 611):

(a) **The identity of the person proposing to make the Acquisition and their Associates**

The Au Conversion Shares and Au Facility Options (including Shares issued upon exercise of the Au Facility Options) will be issued to the Au Lender, the Company's largest shareholder.

As disclosed in a Form 604 Notice of change of interests of substantial holder dated 30 November 2023 and filed with the ASX, Montoya Investments Limited and Mr Graham Edwards (**Au Lender Associated Entities**) each has a Relevant Interest in the Shares in the Company in which the Au Lender has a Relevant Interest by virtue of section 608(3) of the Corporations Act, pursuant to control of holding entities and shareholdings in the Au Lender. Through the operation of Chapter 6 of the Corporations Act, each of the Au Lender Associated Entities will have a Relevant Interest in any Shares acquired by the Au Lender pursuant to the Acquisition.

Other than the Au Lender Associated Entities, the Au Lender does not have any other Associates which have a Relevant Interest in Shares in the Company.

(b) **An explanation of the reasons for the Acquisition**

Section 1 of this Explanatory Memorandum provides background to, and an explanation of, the reasons for the Acquisition, including the reasons for the Au Loan Agreement. Section 4.3 contains a non-exhaustive list of advantages to the Company and Shareholders (other than the Au Lender and its Associates) of approving the Acquisition that may be relevant to a Shareholder's decision on how to vote on Resolution 3. Section 4.4 contains a list of potential disadvantages to the Acquisition that Shareholders should be aware of in deciding how to vote on Resolution 3.

(c) **When the Acquisition is to occur**

If all Au Loan Shareholder Approvals are obtained, the Au Lender can convert all or part of the Au Outstanding Monies at the Au Conversion Price at any time on or prior to the Au Maturity Date (which if Resolution 6 is approved by Shareholders, will be 31 March 2025, provided the sale of the Skaland Project has completed), by giving a conversion notice to the Company. After receipt of a conversion notice, the Company will issue the Au Conversion Shares to the Au Lender.

The Au Facility Options may be exercised prior to 5:00pm AWST on the date that is 3 years after their issue by the delivery to the registered office of the Company of a notice in writing stating the intention to exercise all or a specified number of Au Facility Options and a cheque made payable to the Company or an electronic payment in immediately available funds, of the aggregate exercise price of the Au Facility Options being exercised.

(d) **The material terms of the Acquisition**

A summary of the key terms of the Au Loan Agreement is set out in Section 1.3(a).

A summary of the key terms of the Au Facility Options is set out at Annexure A.

(e) **The voting power of the person and its Associates would have as a result of the Acquisition and the maximum extent of the increase in their voting power**

See the tables in Section 4.2 above for further details of the potential impact the Acquisition may have on the Company's capital structure and details of the impact on the voting power in the Company of the Au Lender and the Au Lender Associated Entities.

(f) **Details of the terms of any other relevant agreement between the acquirer and the target entity or vendor (or any of their Associates) that is conditional on (or directly or indirectly depends on) members' approval of the Acquisition**

There are no other relevant agreements that are conditional on (or directly or indirectly depend on) members' approval of the Acquisition.

(g) **Intentions of the Au Lender regarding the future of the Company**

Other than as disclosed elsewhere in this Explanatory Memorandum, the Au Lender has confirmed to the Company that the Au Lender:

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention to inject further capital into the Company, unless requested by the Company in the future;
- (iii) has no present intention of making changes regarding the future employment of the present employees of the Company;
- (iv) has no present intention to redeploy any fixed assets of the Company;

- (v) has no present intention to transfer any property between the Company and themselves;
- (vi) has no present intention to change the Company's existing policies in relation to financial matters or dividends; and
- (vii) has no present intention to change the Board.

The Au Lender has also confirmed to the Company that its present intentions above would also apply if it gained control of the Company.

The Company takes no responsibility for any omission from, or any error or false or misleading statement in this Section 4.7(g) of the Explanatory Memorandum.

The Au Lender does not make, or purport to make, any statement in this Explanatory Memorandum other than the statements in this Section 4.7(g) of the Explanatory Memorandum attributed to it. To the maximum extent permitted by law, the Au Lender expressly disclaims liability to Shareholders and takes no responsibility for any omission from, or any error or false or misleading statement in, any other part of this Explanatory Memorandum.

- (h) **The identity, associations (with the Au Lender) and qualifications of any person who is intended to or will become a Director if Shareholders agree to the Acquisition**

Not applicable. No one is intended to or will become a Director if Shareholders agree to the Acquisition.

4.8 Directors' Recommendation

Mr Guy Walker declines to make a recommendation in respect of Resolution 3 in light of his interest in that Resolution as he is a nominee of the Au Lender on the Board.

The Non-Conflicted Directors recommend that Shareholders vote in favour of Resolution 3 for the reasons outlined in this Explanatory Memorandum, including Sections 4.3 and 4.4 in respect of the advantages and potential disadvantages of the Acquisition respectively, in relation to Resolution 3. The Non-Conflicted Directors are not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3.

Subject to any required voting exclusion, each of the Non-Conflicted Directors has agreed to vote, or procure the voting of, any Shares that they control in favour of Resolution 3.

5 RESOLUTION 4 – RATIFICATION OF ISSUE OF OTHER CONVERTING LOAN TO OTHER LENDERS

5.1 Background

As noted above in Section 1.1 above, as announced on 17 October 2024, the Company entered into four Other Loan Agreements with Kensington Capital Management Pty Ltd, Alexander Lowrie, Louise Lowrie, and Richard Lockwood (together, the **Other Lenders**) pursuant to which the Other Lenders will each advance a maximum of A\$100,000 via a convertible loan facility, being the Other Converting Loan.

The key terms of the Other Loan Agreements are set out at Section 1.3(b).

The terms of the Other Loan Agreements include an agreement to issue a maximum aggregate number of 28,292,237 Other Conversion Shares to each of the Other Lenders at a future time, at a nil issue price, as part consideration for the agreement to lend funds to the Company (7,079,452 Other Conversion Shares to Kensington Capital, Alexander Lowrie and Louise Lowrie, and 7,053,881 Other Conversion Shares to Richard Lockwood).

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The agreement to issue the Other Converting Loans (each of which is an Equity Security) do not fit within any of these exceptions and, as they have not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date the Company agreed to issue the Other Conversion Shares.

Listing Rule 7.4 allows the shareholders of a company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1 and therefore seeks Shareholder approval to ratify the issue of Equity Securities pursuant to the agreement to issue the Other Conversion Shares under and for the purposes of Listing Rule 7.4.

If this Resolution is passed, the Other Converting Loans issued pursuant to the Other Loan Agreements will be excluded in calculating the amount of the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12-month period following the date the Company agreed to issue the Other Converting Loans.

If this Resolution is not passed, the Other Converting Loans issued will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12-month period following the date the Company agreed to issue the Other Converting Loans.

5.2 Information requirements – Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) the Company has issued the Other Converting Loans to each of Kensington Capital Management Pty Ltd, Alexander Lowrie, Louise Lowrie and Richard Lockwood, who are Shareholders (or its Associate) of the Company, but are not a party to which Listing Rule 10.11 applies;
- (b) the Company has issued the Other Converting Loans (which amount to a value of \$400,000) which may convert in to a collective maximum of 28,292,237 Other Conversion Shares;
- (c) a summary of the key terms of the Other Converting Loans, and the Other Loan Agreements, is set out at Section 1.3(b);
- (d) the Other Converting Loans were issued on 17 October 2024;
- (e) the Company received \$400,000 in cash for the issue of the Other Converting Loans. The Other Converting Loans may be repaid by conversion into Other Converting Shares, at the Other Conversion Price of A\$0.015 each (see Section 1.3(b));
- (f) the purpose of the issue of the Other Converting Loans was for general working capitals requirements of the Company; and
- (g) a voting exclusion applies in respect of this Resolution 4 as set out in the Notice of Meeting.

5.3 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 4.

Subject to any required voting exclusion, each of the Directors has agreed to vote, or procure the voting of, any Shares that they control in favour of Resolution 4.

6 RESOLUTION 5 – GRANT OF OTHER FACILITY OPTIONS TO OTHER LENDERS

6.1 Background

The Company announced on 17 October 2024 that it had entered into the Other Loan Agreements with each of the Other Lenders pursuant to which the Other Lenders will each advance a maximum of A\$100,000 via the Other Converting Loans. As part of the Other Loan Agreement terms, the Company has agreed to issue up to 10,000,000 Other Facility Options to each of the Other Lenders for no cash consideration, with each Other Facility Option having an exercise price of A\$0.015 and an expiry date of three years from the date of issue.

6.2 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The proposed issue of the Other Facility Options does not fit within any of these exceptions. In order to meet the Company's obligations under the Other Loan Agreements and to ensure that the proposed issue of the Other Facility Options can be made if required without using up any of the 15% limit in Listing Rule 7.1, which would reduce the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date the Company issued the Other Facility Options, the Company is seeking shareholder approval.

Listing Rule 7.1 allows the shareholders of a company to approve an issue of Equity Securities before it is made. If they do, the issue does not reduce the Company's capacity to issue further Equity Securities without shareholder approval under that rule. The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1 and therefore seeks Shareholder approval to the proposed issue of the Other Facility Options under and for the purposes of Listing Rule 7.4.

If this Resolution is passed, the Other Facility Options will be excluded in calculating the amount of the Company's 15% limit in Listing Rule 7.1 that is available for future issues, effectively increasing the number of Equity Securities the Company can issue

without Shareholder approval over the 12-month period following the date on which the proposed issue of the Other Facility Options is made.

If this Resolution is not passed, the Other Facility Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12-month period following the date on which the Company makes the proposed issue of the Other Facility Options.

6.3 Information requirements – Listing Rule 7.3

The following information is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) the Other Facility Options will be issued to each of Kensington Capital Management Pty Ltd, Alexander Lowrie, Louise Lowrie and Richard Lockwood, who are Shareholders (or its Associate) of the Company, but are not a party to which Listing Rule 10.11 applies;
- (b) the Company will issue a maximum of 40,000,000 Other Facility Options (comprising 10,000,000 Other Facility Options to each of the Other Lenders) to the Other Lenders in the capital of the Company at an exercise price of A\$0.015 each and an expiry date of 3 years from the date of issue. Each Other Facility Option entitles the Other Lenders to subscribe for one Share upon exercise of the Other Facility Option. The Shares allotted upon the exercise of the Other Facility Options shall rank, from the date of allotment, equally with the then existing ordinary shares of the Company in all respects;
- (c) a summary of the key terms of the Other Facility Options is set out at Annexure A;
- (d) the Other Facility Options will be issued no later than three months after the date of the Meeting;
- (e) the Company will receive nil cash consideration for the issue of the Other Facility Options and will receive a maximum of A\$600,000 on the exercise of the Other Facility Options (comprising of A\$150,000 on the exercise of the Other Facility Options by each of the Other Lenders) pursuant to the Other Loan Agreements;
- (f) the purpose of the issue of the Other Facility Options is to provide general working capital;
- (g) there are no other material terms of the Other Facility Options pursuant to the Other Loan Agreements, other than as set out at Section 1.3(b); and
- (h) a voting exclusion applies in respect of this Resolution 5 as set out in the Notice of Meeting.

6.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5.

Subject to any required voting exclusion, each of the Directors has agreed to vote, or procure the voting of, any Shares that they control in favour of Resolution 5.

7 RESOLUTION 6 – DISPOSAL OF THE SKALAND PROJECT

7.1 Background to the Proposed Transaction

The Company is seeking Shareholder approval for the purposes of Listing Rule 11.2 for the disposal by the Company of its 100% interest in Skaland Graphite AS (**Skaland Graphite**) (a Norwegian private limited liability company), the entity that owns 100% of the Skaland Graphite Operation in Norway (**Skaland Project**), to Norge Mineraler Holding AS (a Norwegian company) (**Norge Mineraler**) to allow the Company to focus its efforts on its high-quality graphite assets and downstream active anode material projects in Australia (including by concentrating its efforts on the Company's Munglinup Project) (**Proposed Transaction**).

As announced to ASX on 16 December 2024, the Company entered into a binding, conditional share purchase agreement to formalise the sale of Skaland Graphite to Norge (**Sale Agreement**). The material terms of the Sale Agreement are set out at Section 7.6 below. One of the conditions precedent to completion of the Proposed Transaction is that all third party consents have been received.

Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders to a disposal of its main undertaking. ASX has determined the Proposed Transaction is a disposal of the Company's main undertaking for these purposes. Resolution 6 seeks the required Shareholder approval to the Proposed Transaction under and for the purposes of Listing Rule 11.2.

For the avoidance of doubt, the Company is presently not required to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules.

If Resolution 6 is passed, and the relevant conditions precedent are satisfied in accordance with the Sale Agreement, the Company will be able to proceed with and complete the Proposed Transaction and the Company will divest its interest in the Skaland Project.

If Resolution 6 is not passed, the Company will not be able to proceed with the Proposed Transaction, and the Company will remain exposed to the liabilities associated with continuing to hold an interest in Skaland Graphite and the Skaland Project. The Company would also not receive the proceeds of the sale of the Skaland

Project. If the Company is deprived of these proceeds, the Company's current cash resources will not be sufficient to execute the Company's principal activities and working capital requirements without raising additional funding. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company. In the event the Company is unable to obtain sufficient funding for ongoing operating and capital requirements, there is material uncertainty as to whether it will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business. Further, the Company would seek to enter into a transaction on similar terms to the Proposed Transaction with another third party.

7.2 Reasons for disposal of the Skaland Project

The Directors believe that, having considered the advantages and disadvantages of the Proposed Transaction (as set out below), on balance, the Proposed Transaction is in the best interests of the Company and its Shareholders.

7.3 Key advantages of the Proposed Transaction

(a) Maximises value for Shareholders

The Proposed Transaction is consistent with the Company's stated business objectives and strategy, which is to focus on advancing and developing its high-quality graphite assets and downstream active anode material project (by effectively consolidating the Company's efforts on the development of its Munmlinup Project). Through the Proposed Transaction, the Company will direct its focus on acquiring the remaining 49% interest in, and developing, the Munmlinup Project, which the Company believes will be more attractive to investors.

(b) Operational costs for the Skaland Project

As noted in recent announcements, the Skaland Project is experiencing a number of operational difficulties. Whilst these are being managed as required, the Company does not have sufficient capital to make further investment into the Skaland Project.

For example, as announced on 26 November 2024, the Company is addressing the following operational issues at the Skaland Project:

- (i)** replacement of primary production drill rig;
- (ii)** repairs to mobile equipment including underground loader used to feed the crusher and surface truck; and

- (iii) repairs to an outlet pipe for the process plant mill.

These operational issues are not fatal to the operation of the Skaland Project, however, the Proposed Transaction will ensure that Shareholders are not exposed to these kinds of replacement and repair costs, which are unable to be sufficiently met by the Company's current working capital.

7.4 Key disadvantages of the Proposed Transaction

The Directors are of the view that the key disadvantages of the Proposed Transaction (and the key reasons why Shareholders may vote against Resolution 6) are as follows:

- (a) Potential for superior proposal

Shareholders may believe that there is the potential for a superior proposal to be made in the foreseeable future, including a transaction on similar terms as the Proposed Transaction for greater monetary consideration than the consideration under the Sale Agreement. However, as at the date of this Notice, no superior proposal has been received by the Board, and the Company considers it highly unlikely that such a superior proposal will emerge given the financial position of the Company and, in turn, the Skaland Project.

- (b) Impact to Company's Shares

If the Proposed Transaction completes, the Company will no longer hold an interest in the Skaland Project, which may (at least in the short term) affect the market price of Shares. However, Shareholders should note that the Board considers that the Proposed Transaction is likely to make the Company a more appealing investment as the Proposed Transaction will provide the funds for the Company to continue as a going concern so that it can focus on the development of the Munclinup Project.

7.5 Parties to the Proposed Transaction

The parties to the Sale Agreement are MRC Graphite Norway Pty Ltd (as seller, being the relevant Company entity holding the Company's interest in Skaland Graphite), Norge Mineraler (as buyer), and Skaland Graphite itself.

7.6 Material terms of the Proposed Transaction

The key terms of the Sale Agreement are as follows.

- (a) Total purchase price of USD\$11.75 million, comprising:
 - (i) USD\$250k non-refundable exclusivity fee, already received;

- (ii) USD\$1 million refundable deposit, already received; and
 - (iii) USD\$10.5 million to be paid at completion.
- (b) Norge Mineraler takes on all liability exposure in relation to Skaland Graphite.
- (c) Standard conditions precedent for a transaction of this nature, including that:
- (i) Skaland Graphite has repaid or converted all intercompany loans to equity prior to completion;
 - (ii) all third party consents have been received (including Shareholder approval, the subject of this Resolution 6); and
 - (iii) no material adverse change in Skaland Graphite.
- (d) The Company is restricted from competing with the business of Skaland Graphite in Norway for 3 years.

The Sale Agreement otherwise contains representations and warranties that are usual for an agreement of this nature.

7.7 Financial effect of the Proposed Transaction on the Company

The Company anticipates that the Proposed Transaction will have the following effect on the following metrics, based on the Company's reviewed financial statements for the half-year ended 30 June 2024:

Item	As at 30 June 2024 (USD\$) (including MSR)	MSR (USD\$)	Excluding MSR (USD\$)	Post-Proposed Transaction (USD\$)	Percentage Change
Consolidated total assets	27,179,181	(566,948)	26,612,233	31,330,414	18%
Consolidated total equity interests	(25,056,239)	42,567,735	17,511,496	38,648,772	121%
Consolidated annual revenue	18,136,287	15,223,346	2,912,941	0	-100%

Consolidated annual profit / loss	(60,997,260)	(59,744,887)	(1,252,373)	(1,229,240)	-2%
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Note: MSR was placed into Business Rescue (Administration) in South Africa on 5 August 2024 and will be de-consolidated from the Company group accounts at that date. In order to appropriately show the effects of the transaction on the Company group, the MSR balances must be removed from the audited account balance as at 30 June 2024.

7.8 Effect of the Proposed Transaction on the Company's business model

As the Proposed Transaction involves the sale of the Company's primary asset, immediately after the Proposed Transaction, the Company would effectively cease to have an operating business. However, the proceeds of the Proposed Transaction will allow the Company to seek to negotiate the acquisition of the remaining 49% interest in the Munghlinup Project from the Company's joint venture partner, Gold Terrace.

- (a) The Proposed Transaction is consistent with the Company's stated business objectives and strategy, which is to focus on advancing and developing its high-quality graphite assets and downstream active anode material project (by effectively consolidating the Company's efforts on the development of its Munghlinup Project). The proceeds of the Proposed Transaction will be (among other things) applied to: the payment of a parent guarantee granted by the Company in support of a loan made to MSR by GMA. MSR has been placed into "business rescue" under South African law (which is similar to voluntary administration in Australia) (expected to be approximately \$7 million over the next 12 months);
- (b) to pay the Company's trade creditors (expected to be approximately \$5.3 million over the next 12 months); and
- (c) for general working capital purposes (expected to be approximately \$4.5 million over the next 12 months).

7.9 Details of changes to the Board and senior management

The Company does not anticipate that there will be any changes to the Board or senior management should the Proposed Transaction proceed to completion.

7.10 Indicative timetable for Proposed Transaction

Event*	Date
Satisfaction of conditions precedent to the Proposed Transaction	10 March 2025
Completion of the Proposed Transaction	13 March 2025

** This timetable is indicative only and may be subject to change. The Company reserves the right to amend any or all of these events and dates in its absolute discretion.*

7.11 Directors' interest

No Directors have a material interest in the outcome of Resolution 6, other than as otherwise disclosed in this Explanatory Memorandum.

7.12 Other material information

Other than as set out in this Notice of Meeting (including in this Explanatory Memorandum), and information previously disclosed to Shareholders by the Company, there is no information known to the Directors as at the date of this Notice of Meeting which could reasonably be expected to be material to the making of a decision by a Shareholder whether or not to vote in favour of the Resolution.

7.13 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 6.

Subject to any required voting exclusion, each of the Directors has agreed to vote, or procure the voting of, any Shares that they control in favour of Resolution 6.

GLOSSARY

10.1 Waiver has the meaning given to that term in Section 2.3.

A\$ means Australian dollars.

Acquisition has the meaning given to that term in Resolution 3.

Associate has the meaning given to that term in the Listing Rules.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Au Conversion Price has the meaning given to that term in Section 1.3(a).

Au Conversion Shares means the Shares to be issued on conversion of the Au Outstanding Monies under the Au Loan.

Au Facility Options has the meaning given to that term in Section 1.3(a).

Au Lender means Au Mining Limited, a company incorporated in the British Virgin Islands.

Au Lender Associated Entities has the meaning given to that term in Section 4.7(a).

Au Loan has the meaning given to that term in Section 1.1.

Au Loan Agreement has the meaning given to that term in Section 1.1.

Au Loan Facility Limit has the meaning given to that term in Section 1.3(a).

Au Loan Security has the meaning given to that term in Section 1.3(a).

Au Loan Shareholder Approvals has the meaning given to that term in Section 1.3(a).

Au Maturity Date has the meaning given to that term in Section 1.3(a).

Au Outstanding Monies has the meaning given to that term in Section 1.3(a).

AWST means western standard time as recognised in Perth, Western Australia.

Board means the Directors.

Chair means the individual elected to chair any meeting of the Company from time to time.

Child Entities has the meaning given to that term in the Listing Rules.

Company means Mineral Commodities Ltd ABN 39 008 478 653.

Constitution means the Company's constitution, as amended from time to time.

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the directors of the Company.

Enforcement Condition has the meaning given to that term in Section 1.1(b)(iii).

Equity Securities has the meaning given to that term in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Facility Options means the Au Facility Options and the Other Facility Options.

GMA means Garnet International Resources Pty Ltd ABN 77 081 244 715.

GMA Finance Documents means the GMA Loan and the General Notarial Covering Bond registered over all the moveable property and effects of MSR in favour of GMA.

GMA Loan means the loan agreement dated 19 May 2023 between MSR, GMA and the Company.

GMA Standstill means an agreement between the Company and GMA whereby GMA agrees not to take any step to enforce its rights under the GMA Finance Documents before 13 December 2024 and GMA commits not to allow any further drawdowns under the GMA Loan. Refer to the Company's ASX announcement dated 9 September 2024 and titled "Update on Mineral Commodities Ltd" for further details.

Gold Terrace means Gold Terrace Pty Ltd ABN 64 601 177 619.

Independent Expert means Moore Australia Corporate Finance (WA) Pty Ltd (AFSL 240773).

Independent Expert's Report means the independent expert report prepared by the Independent Expert, attached as Annexure B to this Notice of Meeting.

Listing Rules means the ASX Listing Rules.

Meeting means the General Meeting convened by the Notice.

MSR means Mineral Sands Resources (Pty) Ltd, company number 2001/016755/07.

Munglinup Project has the meaning given to that term in Section 1.1.

Non-Conflicted Directors has the meaning given to that term in Section 2.4.

Norge Mineraler means Norge Mineraler Holding AS (org no. 931 341 405).

Notice or **Notice of Meeting** means this Notice of General Meeting.

Option means an option to acquire a Share.

Other Conversion Price has the meaning given to that term in Section 1.3(b).

Other Conversion Shares means the Shares to be issued on conversion of the

Other Outstanding Monies under the Other Converting Loans.

Other Converting Loans has the meaning given to that term in Section 1.1.

Other Facility Options has the meaning given to that term in Section 1.3(b).

Other Lender Arrangements means the ratification of the issue of the Other Converting Loans to each of the Other Lenders pursuant to Resolution 4, and the issue of the Other Facility Options to each of the Other Lenders pursuant to Resolution 5.

Other Lenders has the meaning given to that term in Section 1.1.

Other Loan Agreements has the meaning given to that term in Section 1.1.

Other Loan Maturity Date has the meaning given to that term in Section 1.3(b).

Other Loan Security has the meaning given to that term in Section 1.3(b).

Other Loan Shareholder Approval has the meaning given to that term in Section 1.3(b).

Other Outstanding Monies has the meaning given to that term in Section 1.3(b).

Proposed Transaction has the meaning given to that term in Section 7.1.

Proxy Form means the proxy form accompanying the Notice by way of email where the Shareholder has elected to receive notices by email, or the personalised proxy form accompanying the postcard circulated by way of post where the Shareholder has not elected to receive notices by email.

Relevant Interest has the meaning given to that term in the Corporations Act.

Resolution means a resolution contained in the Notice.

Sale Agreement has the meaning given to that term in Section 7.1.

Shareholder means a member of the Company from time to time.

Shareholder Loans means the Au Loan and the Other Converting Loans.

Shares means fully paid ordinary shares in the capital of the Company.

Skaland Graphite means Skaland Graphite AS (registration no. 986 002 480).

Skaland Project has the meaning given to that term in Section 7.1.

ANNEXURE A - TERMS OF FACILITY OPTIONS

The terms and conditions of the Facility Options (comprising the Au Facility Options and the Other Facility Options) to be issued to the Au Lender and the Other Lenders are:

- (a) **(Entitlement)** Each Facility Option entitles the holder to be issued one Share upon exercise of the Facility Option.
- (b) **(Exercise Price)** Subject to paragraphs (j) and (l) below, the amount payable upon exercise of each Facility Option is A\$0.015 **(Exercise Price)**.
- (c) **(Expiry Date)** The Facility Options will expire at 5:00pm AWST on the date that is 3 years from the date of issue **(Expiry Date)**. A Facility Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **(Quotation)** The Company will not apply for quotation of the Facility Options on the ASX.
- (e) **(Transferability)** The Facility Options are not capable of being transferred, sold, mortgaged, charged, hedged or made subject to any margin lending arrangement or otherwise disposed of or dealt with or encumbered in any way, and the Facility Options will lapse immediately if any such thing purports to occur.
- (f) **(Participation in new issues)** A Facility Option holder is not entitled to participate in any new issue of securities to existing Shareholders unless the Facility Option holder has exercised its Facility Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
- (g) **(Exercise Notice)** The Facility Options are exercisable at any time prior to the Expiry Date by the delivery to the registered office of the Company of a duly completed exercise notice **(Exercise Notice)** stating the number of Facility Options being exercised, together with payment of the aggregate Exercise Price for the Facility Options being exercised. An exercise is only effective when the Company has received the duly completed Exercise Notice and the full amount of the Exercise Price for each Facility Option being exercised in cleared funds. An exercise of only some Facility Options shall not affect the rights of the Facility Option holder to the balance of the Facility Options held by the Facility Option holder.
- (h) **(Timing of issue of Shares on exercise)** Within five Business Days after the later of receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the applicable Exercise Price for each Facility Option being exercised, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Facility Options specified in the Exercise Notice, and apply for the quotation of those Shares.
- (i) **(Ranking of Shares)** The Shares allotted upon the exercise of Facility Options shall rank, from the date of allotment, equally with the then existing ordinary shares of the Company in all respects.
- (j) **(Adjustments for reorganisation)** In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Facility Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (k) **(Adjustments for bonus issues of Shares)** If there is a bonus share issue **(Bonus Issue)** to the holders of Shares, the number of Shares over which a Facility Option is exercisable will be increased by the number of Shares which the Facility Option holder would have received if the Facility Option had been exercised before the record date for the Bonus Issue **(Bonus Shares)**. The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

- (l) **(Adjustment for rights issue)** If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Facility Options, the Exercise Price of a Facility Option will be reduced according to the formula provided for in the Listing Rules (whether or not the Company is listed on the ASX at the time).
- (m) **(Dividend rights)** The Facility Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Facility Options.
- (n) **(Voting rights)** A Facility Option does not entitle the holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.

ANNEXURE B - INDEPENDENT EXPERT'S REPORT

Mineral Commodities Limited

Independent Expert's Report January 2025

The Proposed Transaction for the grant of security over the assets of MRC for the benefit of Au Mining Pty Ltd is fair and reasonable to the Non-Associated Shareholders of Mineral Commodities Limited.

The Proposed Transaction for the conversion Convertible Notes to Au Mining Pty Ltd is fair and reasonable to the Non-Associated Shareholders of Mineral Commodities Limited

The Proposed Transaction for the issue of Facility Options to Au Mining Pty Ltd is fair and reasonable to the Non-Associated Shareholders of Mineral Commodities Limited

Prepared by Moore Australia Corporate Finance (WA) Pty Ltd

Australian Financial Services License No. 240773

MOORE AUSTRALIA CORPORATE FINANCE (WA) PTY LTD
Australian Financial Services License No. 240773
FINANCIAL SERVICES GUIDE

This Financial Services Guide provides financial information about the supply of financial services to the shareholders of Mineral Commodities Limited ("MRC"). We have been engaged by MRC to prepare an Independent Expert's Report in connection with the Proposed Transactions, being 1) the grant of security over the assets of MRC to Au Mining Pty Ltd ("Au Mining"), 2) the issue of ordinary shares to Au Mining for the conversion of the Au Convertible Loan and 3) the exercise of Au Facility Options. Our report has been prepared at the request of the Directors of MRC for inclusion in the Notice of Meeting to be dated on or around 24 January 2025.

Moore Australia Corporate Finance (WA) Pty Ltd

Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") has been engaged by the directors of MRC to prepare an independent expert's report expressing our opinion as to whether or not the Proposed Transactions are "fair and reasonable" to the shareholders of MRC.

MACF holds an Australian Financial Services Licence – Licence No 240773.

Financial Services Guide

As a result of our report being provided to you we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial Services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of a company or other entities.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report as a retail client because of your connection with the matters on which our report has been issued. We do not accept instructions from retail clients and do not receive remuneration from retail clients for financial services.

Our report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in this report.

General Financial Product Advice

Our report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives either financial or otherwise, your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the proposed transaction may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive

We will charge fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis. We estimate that our fees for the preparation of this report will be approximately \$30,000 plus GST.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of MSPCS or related entities but any bonuses are not directly in connection with any assignment and in particular are not directly related to the engagement for which our report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

MACF is the licensed corporate advisory arm of Moore Australia Perth, Chartered Accountants. The directors of MACF may also be partners in Moore Australia Perth, Chartered Accountants.

Moore Australia Perth, Chartered Accountants is comprised of a number of related entities that provide audit, accounting, tax, and financial advisory services to a wide range of clients.

MACF's contact details are set out on our letterhead.

Neither MACF nor its related entities have previously provided any professional services to MRC.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, Moore Australia Corporate Finance (WA) Pty Ltd, PO Box 5785, St George's Terrace, Perth WA 6831.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Australian Financial Complaints Authority Limited ("AFCA"). AFCA is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. MACF is a member of AFCA. AFCA may be contacted directly via the details set out below.

Australian Financial Complaints Authority Limited

GPO Box 3
Melbourne VIC 3001
Toll free: 1800 931 678
Facsimile: 03 9613 6399
Email: info@afca.org.au

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21 January 2025

The Directors
Mineral Commodities Limited
L2, 161 Great Eastern Highway,
Belmont WA 6104, Australia

Dear Directors

Independent Expert's Report

1. INTRODUCTION

1.1. This Independent Expert's Report ("IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a general meeting of Mineral Commodities Limited ("MRC", "the Company") at which shareholder approval will be sought for the Proposed Transactions, being:

- The grant of security interest pursuant to a loan agreement ("Au Loan Agreement") between MRC and Au Mining Pty Ltd ("Au Mining", the "Lender") over the Company's assets ("Au Loan Security"); and
- the conversion of a convertible loan held by Au Mining, of AU\$2m ("Au Convertible Loan") into ordinary share capital in MRC; and
- the issue of related Facility Options under the Au Loan Agreement ("Au Facility Options").

Collectively, the ("Proposed Transactions").

1.2. The Au Convertible Loan of AU\$2m is split into 3 tranches with specific conditions that must be met prior to drawn down. Subject to MRC shareholder approval, the Au Convertible Loan may be converted into ordinary shares in MRC at a conversion price of AU\$0.015 per share, at Au Mining's election. The Au Facility Options are exercisable at AU\$0.015 per share and have a term of 3 years from issue date. The Au Facility Options are granted to Au Mining as part of the terms of the Au Convertible Loan. Refer to Section 3 of this Report for further details.

1.3. The Proposed Transactions are conditional on MRC obtaining shareholder approval. Further details of the Proposed Transactions are set out in Section 3.

2. SUMMARY AND OPINION

Purpose of the Report

2.1. Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting power increasing from a starting point below 20% to an interest above 20% or from a starting point of above 20% to an increased percentage, other than under limited exceptions.

2.2. Au Mining currently holds a 40.8% interest in MRC. Completion of the Proposed Transactions would result in Au Mining's voting power in MRC increasing to a maximum of 57.4% (assuming only the Au Convertible Loan converts and only the Au Facility Options are exercised) or 54.7% on a fully diluted basis.

2.3. Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 of the Act does not apply if the Proposed Transactions have been approved by the Non-Associated Shareholders of the Company. Accordingly, the Company is seeking approval from the Non-Associated Shareholders for the Proposed Transactions under Item 7 of Section 611 of the Act.

- 2.4. Where an issue of shares by a company otherwise prohibited under Section 606 of the Act is approved under item 7 of Section 611, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.

Listing Rule 10.1

- 2.5. Listing Rule 10.1 requires the approval of the Company's shareholders where it has proposed to dispose of a "substantial asset" to:
- A related party, or an associate of a related party of the Company; or
 - A subsidiary, or an associate of a subsidiary of the Company; or
 - A substantial shareholder, or an associate of a substantial shareholder of the Company. A substantial shareholder is defined under ASX listing rules as a shareholder with a relevant interest at any time in the previous six months prior to the transaction, in at least 10% of the total votes attaches to the voting securities in the entity.
- 2.6. A substantial asset includes those with a value greater than 5% of the total equity interests of the entity at the date of the last set of financial statements provided to the ASX.
- 2.7. Au Mining is a 40.8% shareholder of MRC, and the value of the AU Loan Security exceeds 5% of the value of the total equity of MRC as at 31 December 2023 (the date of the latest set of consolidated financial statements prepared by MRC). As such, shareholder approval is required, and an Experts Report is to be included in a Notice of Meeting, stating whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.
- 2.8. The directors of MRC have engaged Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") being independent and qualified for the purpose, to prepare an Independent Expert's Report to express an opinion as to whether the Proposed Transaction is fair and reasonable to the shareholders of MRC not associated with the Proposed Transaction (the "Non-Associated Shareholders").
- 2.9. Our assessment of the Proposed Transactions relies on financial information and instructions provided by the Company and the Directors. We have critically analysed the information provided to us, but we have not completed any audit or due diligence of the information which has been provided for the entities which have been valued. This report does not contain any accounting or taxation advice.

Approach

- 2.10. Our report has been prepared having regard to Australian Securities & Investments Commission ("ASIC") Regulatory Guide 111 Content of Expert's Reports ("RG 111") and Regulatory Guide 112 Independence of Expert's ("RG 112").
- 2.11. In arriving at our opinion, we have assessed the terms of the Proposed Transactions, as outlined in the body of our report, by considering the following;
- How the value of a share in the Company prior to the Proposed Transactions on a controlling basis compares to the value of a share in the Company post the Proposed Transactions on a minority basis;
 - Advantages and disadvantages of approving the Proposed Transactions;
 - The likelihood of a superior alternative Proposed Transaction being available to MRC;
 - Other factors which we consider to be relevant to the shareholders of MRC in their assessment of the Proposed Transactions; and
 - The position of the shareholders of MRC should the Proposed Transactions not be successful.

- 2.12. Further information on the approach we have employed in assessing whether the Proposed Transactions are “fair and reasonable” is set out at Section 4 of this Report.

Opinion

- 2.13. As set out in Sections 9 and 10 of this Report, we have considered the terms of the Proposed Transactions and have concluded that:
- the Proposed Transaction for the grant of the Au Loan Security is fair and reasonable to the Non-Associated Shareholders of MRC.
 - the Proposed Transaction for the conversion of the Au Convertible Loan to equity is fair and reasonable to the Non-Associated Shareholders of MRC.
 - the Proposed Transaction for the issue of Au Facility Options is fair and reasonable to the Non-Associated Shareholders of MRC.

Fairness

- 2.14. In Sections 7 and 8, we compared the value of a share in MRC prior to the Proposed Transactions on a controlling basis to the value of a share in MRC post the Proposed Transactions on a minority basis.
- 2.15. Our assessed values of an MRC share prior to and post the Proposed Transactions from Sections 7 and 8 are summarised in the table below:

Assessed Values

	Section	Low AU\$	High AU\$
Assessed Fair Value of an MRC share prior to the Proposed Transaction on a controlling basis	7	0.0001	0.0121
Assessed Fair Value of an MRC share post the Proposed Transaction on a minority basis	8	0.0028	0.0103

Source: MACF analysis

- 2.16. In the absence of any other relevant information, in our opinion, this indicates that the Proposed Transactions are fair to the Non-Associated Shareholders of MRC as the low assessed fair value of an MRC share post the Proposed Transactions is higher than the low assessed fair value of an MRC share prior to the Proposed Transactions and the range demonstrates considerable overlap.
- 2.17. For the purposes of Listing Rule 10.1, we consider the Au Loan Security to be fair to the Non-Associated Shareholders of MRC because the terms of the security are such that Au Mining will not receive assets in excess of the Secured Monies, should the security be enforced.

Reasonableness

- 2.18. RG 111 establishes that an offer is reasonable if it is fair. It may also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the Proposed Transaction in the absence of a higher bid before the Proposed Transaction closes. We have considered the analysis in Section 10 of this report, in terms of both:
- Advantages and disadvantages of the Proposed Transactions; and
 - Other considerations if the Proposed Transactions are successful and the position of shareholders of MRC if the Proposed Transactions are not successful.

2.19. In our opinion, the position of the Non-Associated Shareholders if the Proposed Transactions are approved is more advantageous than the position if they are not approved. We are of this opinion as there are sufficient reasons for the Non-Associated Shareholders to approve the Proposed Transactions to reduce the Company's debt position and retain cash.

2.20. The advantages and disadvantages considered are summarised below:

Advantages of approving the Proposed Transactions

Advantage 1 – the Proposed Transactions are Fair

- The Proposed Transaction for the grant of the Au Loan Security is fair to the Non-Associated Shareholders of MRC.
- The Proposed Transaction for the conversion of the Au Convertible Loan to equity is fair to the Non-Associated Shareholders of MRC.
- The Proposed Transaction for the issue of Au Facility Options is fair to the Non-Associated Shareholders of MRC.

Advantage 2 – Cash

- The Proposed Transaction for the grant of the Au Loan Security is a key condition of the Au Convertible Loan and enables MRC to access loan funding when other traditional capital raising and funding opportunities have not been available.
- The Proposed Transaction for the conversion of the Au Convertible Loan involves the issue of fully paid ordinary shares at AU\$0.015 each as settlement of the Au Convertible Loan of AU\$2m plus interest. This allows MRC to retain cash that would otherwise be used to repay the Au Convertible Loan for the advancement of its Munglinup project. If shareholder approval is not obtained, the loan is repayable within 20 business days after the meeting date.
- The Proposed Transaction for the issue of the Au Facility Options provides MRC with access to capital of up to AU\$3m to advance its operations.

Advantage 3 – Potential Release of the Au Loan Security on Conversion of the AU Convertible Loan

- If the conversion of the AU Convertible Loan is approved, then the Au Loan Security could be released. We note that the Au Loan Security is not specifically linked to the Au Convertible Loan so it is possible if there are further amounts owed to Au Mining that the Au Loan Security is not released on the conversion of the Au Convertible Loan. However, the security exposure will be reduced by the amount of the Au Convertible Loan.

Disadvantages of approving the Proposed Transactions

Disadvantage 1 – Dilution of Non-Associated Shareholding

- The Proposed Transactions will dilute the Non-Associated Shareholders' interests in MRC from 59.2% prior to the Proposed Transactions to 42.6% immediately following the Proposed Transactions (assuming that only the Au Convertible Loan converts and only the Au Facility Options are exercised), and 45.3% on a fully diluted basis.

Disadvantage 2 – Loss of Control

- The Proposed Transactions will result in Au Mining holding a significant controlling interest in MRC. On completion of the Proposed Transactions, Au Mining's interest will be 57.4% (assuming no other convertible loans convert and no other options are exercised). In this scenario, Au Mining will be able to pass/block ordinary resolutions and control special

resolutions, including the appointment of directors, (assuming not all shareholders vote in a special resolution).

Disadvantage 3 – Security enforcement

- In the event of default of the Au Convertible Loan, Au Mining could enforce the security over the assets of MRC and some of MRC's assets may need to be sold or assigned to Au Mining as a result. The Au Loan Security covers the Secured Monies which includes all existing and future borrowings.

2.21. Other key matters we have considered include:

Other Key Matters

2.22. We are not aware of any alternative offers and note that the Company has unsuccessfully attempted to raise funds previously.

2.23. If the Proposed Transactions do not proceed, MRC will need to raise capital in the short term in order to repay the Au Convertible Loan. If shareholder approval is not obtained, the loan is repayable within 20 business days after the meeting date. There is no guarantee that the Company will be able to secure funding in this short timeframe, or at terms favourable to the Company. We note that the Au Loan Security may also be provided subject to Resolution 1 being approved which could mean Au Mining could force the sale of MRC's assets.

3. SUMMARY OF THE PROPOSED TRANSACTIONS

3.1. On 17 October 2024, MRC announced that it had secured convertible loan facilities with 5 existing shareholders for a total of AU\$2.4m. Of that AU\$2.4m, AU\$2m relates to the Au Convertible Loan. The remaining AU\$400,000 relates to convertible loans provided by Other Lenders.

3.2. The Proposed Transactions comprise:

- the grant of a first ranking security interest over all of the assets of MRC pursuant to the AU Loan Agreement ("Au Loan Security"); and
- the conversion of the Au Convertible Loan plus interest into ordinary share capital in MRC; and
- the issue and exercise of AU Facility Options.

3.3. On 19 January 2025, Au Mining and MRC entered into a Deed of Variation for the Au Convertible Loan. Under the Deed of Variation, the Au Convertible Loan can be drawn down in 3 tranches. Tranche 1 (AU\$800,000) was drawn down on 24 October 2024 and Tranche 2 (AU\$700,000) was drawn down on 22 November 2024. Tranche 3 (AU\$500,000) permits multiple drawdowns. The final drawdown of Tranche 3 of \$200,000 is subject to shareholder approval.

3.4. Tranche 3 is subject to the following conditions:

- MRC, or its subsidiary, executing a binding sale and purchase agreement in relation to its Skaland Project (refer to Section 5 of this Report for details) and the remaining condition precedent to completion (howsoever that is defined under the sale and purchase agreement) to be satisfied is shareholder approval of MRC (if required by the ASX) and the purchaser of Skaland.
- Evidence that GMA (refer to Section 5 of this Report for details) agrees not to take any step to enforce its rights under the GMA loan agreement until after the date of any shareholder meeting of MRC (or its subsidiary) to be held in relation to the approval of the sale of Skaland (if required by the ASX) and GMA continues to commit not to allow any further drawdowns under the GMA Loan; and

- MRC obtaining Shareholder approval of the Resolutions.

3.5. The Au Convertible Loan (as varied by the Deed of Variation) is also subject to the following terms:

- Conversion Price of AU\$0.015 per share
- Annual interest rate of 20%
- Establishment fee of 1%
- Maturity date of the earlier of 2 years from first drawdown or 31 March 2025 if Skaland is sold, unless MRC shareholders do not approve of the Proposed Transactions, in which case the Au Mining Convertible Loan will be repayable within 20 business days after the shareholder meeting date.
- The issue of 200,000,000 Facility Options for no cash consideration, with an exercise price of AU\$0.015 and an expiry date 3 years from the date of issue.
- Conversion at the election of Au Mining.
- First ranking security over the assets of MRC (refer to section 3.7 below for further details).

3.6. In addition to these terms, the Au Convertible Loan must be used for the following purposes:

Category 1 – Graphite operations and project development

- Advancing the Munglinup project up to a maximum amount of AU\$600,000; and
- Payment of AU\$250,000 to be paid to Garnet International Resources Pty Ltd (“GMA”) in accordance with the provisions of the standstill agreement.

Category 2 – Corporate

- General working capital for corporate (including legal costs) up to a maximum amount of AU\$1,150,000.

Security Deed

- 3.7. The Au Loan Security is governed by a General Security Deed pursuant to which MRC grants a first priority fixed and floating charge to Au Mining over all of its assets.
- 3.8. The security can be discharged when the Au Convertible Loan has been paid in full and the obligations under the Au Loan Agreement have been performed.
- 3.9. The Au Loan Security covers all Secured Monies, which includes both existing and future borrowings under the Au Convertible Loan (and any variations) and any other document that MRC and Au Mining agree in writing to be a Finance Document.

Rationale for the Proposed Transactions

- 3.10. The provision of the Au Loan Security will enable MRC to raise capital for the Company’s operations.
- 3.11. The conversion of the AU Convertible Loan to equity will reduce MRC’s debt position and retain cash in the business.
- 3.12. The exercise of Au Facility Options will raise AU\$3m cash to help fund the company’s future operations.

Impact of Proposed Transactions on MRC's Capital Structure

- 3.13. The aggregated shareholding of the Non-Associated Shareholders in MRC will decline from 59.2% prior to the Proposed Transactions to 44.0% following the Proposed Transactions (assuming the conversion of the Au Convertible Loan and the exercise of Au Facility Options only) and 46.8% on a fully diluted basis as demonstrated in the table below:

	Pre-Proposed Transactions		Post-Proposed Transactions			
	No.	%	Immediately following Proposed Transactions		Fully Diluted	
	No.	%	No.	%	No.	%
Non-Associated Shareholders	582,608,980	59.2	582,608,980	42.6	650,901,217	45.3
Au Mining ^{1,2}	401,863,619	40.8	786,102,584	57.4	786,102,584	54.7
Total Shares on Issue	984,472,599	100.0%	1,368,711,564	100.0%	1,437,003,801	100.0%

¹Assumes the conversion of the Au Convertible Loan plus interest accrued to 24 October 2026 into 184,238,965 ordinary shares in MRC.

²Assumes the exercise of Au Facility Options into 200,000,000 ordinary shares in MRC.

- 3.14. We have assumed that immediately following the Proposed Transactions, only the Au Convertible Loan converts into equity and that the Other Lenders elect to have their notes repaid in cash and that only the Au Facility Options are exercised. The exercise price for all Facility Options is AU\$0.015 per share, equivalent to the Conversion Price for the convertible loans.
- 3.15. In the 'Fully Diluted' analysis above we have assumed the following:
- The Other Lenders also elect to convert their convertible notes into equity.
 - The Other Lenders, elect to exercise their Facility Options in full.
- 3.16. The already existing Performance Rights on issue in MRC do not convert into ordinary shares. There are 25,566,664 Performance Rights currently on issue in MRC that vest when the 30 day VWAP is equal to or above between AU\$0.19 and AU\$0.038. As the vesting hurdle far exceeds the current share price, we have not included their conversion in the fully diluted table above.

4. SCOPE OF THE REPORT

Regulatory guidance

- 4.1. In determining whether the Proposed Transactions are fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider assisting security holders to make informed decisions about transactions.

Adopted basis of evaluation

- 4.2. RG 111 states that a transaction is fair if the value of the asset being acquired is greater than the value of the value of the consideration offered. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 4.3. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for Non-Associated Shareholders to accept the Proposed Transaction in the absence of any higher bid.

4.4. Having regard to the above, MACF has completed this comparison in two parts:

- A comparison between the value of an MRC share on a control basis prior to the Proposed Transactions and the value of an MRC share on a minority basis post the Proposed Transactions (fairness – see Section 9 – Assessment of Fairness);

An investigation into other significant factors to which Non-Associated Shareholders might give consideration, prior to accepting the Proposed Transactions, after reference to the value derived above (reasonableness – see Section 10 - Assessment of Reasonableness).

5. PROFILE OF MRC

Background

5.1. MRC is a mining and development company focused on heavy mineral sands and natural flake graphite sectors. Established in 1970 and headquartered in Belmont, Australia, MRC operates a global portfolio of mining assets, with operations in South Africa, Norway and Western Australia.

Business Overview and Strategy

- 5.2. MRC generates revenue from the sales of heavy mineral sands and natural flake graphite concentrates. The company's operations are divided into four segments: Mineral Sands Mining and Production, Mineral Sands Exploration, Graphite Mining and Production, and Exploration Activities.
- 5.3. MRC currently operates: **Tormin Mineral Sands Operation** located in South Africa, producing ilmenite, zircon rutile, garnet, and other concentrates, and the **Skaland Graphite Operation** located in Norway, a leading natural flake graphite producer.
- 5.4. The Company is developing the **Munglinup Flake Graphite Project** in Western Australia, advancing its downstream value-adding strategy for low-CO₂-emission, sustainable natural battery anode material production.

Tormin Mineral Sands Operation ("Tormin")¹

- 5.5. Situated 360km north of Cape Town on South Africa's west coast, Tormin consists of high-grade placer beach and strandline deposits, hosting valuable minerals like zircon, ilmenite, rutile, magnetite, and garnet. The site is unique due to natural sediment replenishment from oceanic processes.
- 5.6. Operations began in 2013 at Tormin, with over five times the Indicated Resource (2.7Mt) mined by 2020. This sustainable mining is supported by continuous resource replenishment. In 2020, the Northern Beaches expansion doubled the mining area, adding a 2.5Mt resource @ 23.5% THM, extending the operation's longevity.
- 5.7. The Inland Strand and Western Strandline deposits, granted under the S102 Mining Right, add substantial resources. Inland areas hold 23Mt @ 20.3% THM, while the Western Strandline spans 193Mt @ 9.5% THM, with enriched palaeo-strandlines dating back to Miocene and Pleistocene periods.
- 5.8. Tormin is 50% owned by MRC and generates revenue through the extraction of valuable minerals. It has struggled with profitability in recent years resulting from operational challenges and production delays. Tormin's operations are supported by a loan facility entered into between Mineral Sands Resources Pty Ltd ("MSR") and GMA, securing up to US\$10,000,000 repayable over 5 years to 31 December 2028 for the design and construction of a Mineral Separation Plant at the site. MRC provided a parent guarantee to GMA in relation to this loan. MSR also entered into a 10 year Offtake Agreement with GMA relating to volumes of finished garnet product increasing over time to 2033.

- 5.9. In June 2024, a ship carrying ammonia ran aground near Tormin, causing operational delays, including damage to the seawater intake system and beach contamination. Furthermore, extreme weather and flooding have further disrupted operations. Operations at Tormin are currently suspended, and MRC has made a decision to cease funding the operations. Tormin has been placed in Business Rescue in accordance with South African law and is awaiting the outcome of an insurance claim relating to the maritime incident.

Skaland Graphite Operation (“Skaland”)²

- 5.10. Skaland is the only graphite mine in Scandinavia and the largest producer of crystalline graphite in Europe, accounting for around 2% of global natural flake graphite production. Located on Senja Island in northern Norway, Skaland is approximately 213km from Tromsø and operates the highest-grade flake graphite mine globally, with mill feed averaging 25% TGC.
- 5.11. Skaland is wholly owned by MRC through its subsidiary, Skaland Graphite AS. During CY23 Skaland experienced production delays including mining fleet breakdowns and the breakdown of the primary ore production drill rig and mill for ore processing. This ultimately led to a decline in revenue in CY23. MRC has been addressing the operational issues, including the replacement of critical equipment and repairs to key infrastructure, with the goal of returning production to stable levels by December 2024. There have been production improvements in the 10 months to 31 October 2024.
- 5.12. Graphite was discovered in 1870, with production starting in 1917. Since 2007, ore has been sourced from the Traelen mine, located near Skaland's processing and port infrastructure. The Traelen deposit comprises high-grade graphite horizons within folded and metamorphosed gneisses. The 2021 JORC resource estimate is 1.84Mt @ 23.6% TGC (indicated and inferred), with a maiden ore reserve of 0.64Mt @ 24.8% TGC.
- 5.13. The graphite is mined via a long hole open stoping in a top-down sequence, with 20m mining levels. Ore is processed through autogenous milling and a flotation circuit to produce flake graphite concentrate (~91% TGC). The facility processed ~40kt of ore in 2019, achieving ~15-16ktpa at full capacity. The current flake concentrate comprises 36% coarse material (>150µm) and 64% fines (<150µm).
- 5.14. Regulatory approvals now allow production up to 16ktpa. Test work has shown potential for grades of 96%-99% TGC in fines and improved coarse fraction recovery. These enhancements aim to position Skaland as a key supplier for battery anode material markets. The Company is exploring nearby Bukkemoen, Hesten, and Vardfjellet prospects to secure additional graphite resources. These sites are located ~15km southeast of current operations, with exploration ongoing.
- 5.15. Norway's renewable energy infrastructure powered 98% by hydropower, and strong policy support for low-emission transport make it an ideal base for Skaland to produce sustainable, zero-carbon battery anode materials. Skaland aims to become Europe's leading supplier of environmentally sourced anode materials, aligning with the continent's rapid electrification goals.
- 5.16. MRC entered into a binding conditional agreement for the sale of Skaland to a third party in December 2024.

Munglinup Flake Graphite Project (“Munglinup”)³

- 5.17. Munglinup is situated along the border of Western Australia’s shires of Esperance and Ravensthorpe, approximately 640km southeast of Perth. It is 4km north of the Munglinup township, 107km west of Esperance, and 81km east of Ravensthorpe.
- 5.18. The project benefits from proximity to the Port of Esperance, which handles bulk mineral exports, including nickel concentrates and iron ore. Esperance also has a regional airport with multiple daily flights to Perth. The Port of Fremantle is located 610km away by road.
- 5.19. The project is operated via a Joint Venture (“JV”) with Gold Terrace Pty Td (“Gold Terrace”), with MRC holding a 51% and Gold Terrace owning the remaining 49%. The JV has been in place since 2017, with MRC acting as the operator of the project. MRC is in negotiations with Gold Terrace to acquire the remaining 49% interest. The terms of the agreement include a total consideration of AU\$7.5 million, payable in three tranches: a non-refundable deposit of AU\$250,000 upon execution of the agreement, AU\$5.25 million upon completion of the sale, and a deferred payment of AU\$2 million.
- 5.20. A Pre-Feasibility Study (“PFS”) completed in May 2018, indicated robust project economics. Following this, the Company advanced to a Definitive Feasibility Study (“DFS”), maintaining the PFS-defined project scale. Graphite deposits at Munglinup occur as discrete layers of graphitic schists within folded hornblende and hornblende-garnet gneisses. Mineralisation is hosted in weathered saprolite down to depths of 60m, comprising clays, quartz, graphite (up to 42% flake), and goethite.
- 5.21. The 2020 Mineral Resource, compliant with the JORC Code (2012), is estimated at 7.99 million tonnes at 12.2% Total Graphitic Carbon (TGC) using a 5% cut-off. The Ore Reserve stands at 4.24 million tonnes at 12.6% TGC.
- 5.22. Mining is expected to use traditional truck and hydraulic excavator operations during day shifts on a 5/2 roster. ROM operations will run continuously, managed by the processing plant to minimize environmental impacts and enhance workforce appeal. Material movement is planned to peak at 3.5Mt per annum for the first three years before reducing to 3Mt annually.
- 5.23. Test work has demonstrated consistent production of high-grade final concentrates with TGC grades between 95.0% and 98.3%. Bulk testing achieved a concentrate split of 48.6% coarse flakes (95.8% TGC) and 51.4% fines (96.0% TGC).
- 5.24. The project is situated on a designated Mining Reserve with a lease granted until 2031. Future plans include constructing downstream facilities for purification, micronisation, and spheronisation to enhance the value of Munglinup’s graphite concentrates.

Board of Directors

5.25. The current Board of Directors are:

Name	Title	Role
Brian Moller	Independent Non-Executive Chairman	Mr Moller is a solicitor of the Supreme Court of Queensland and Solicitor and Barrister of the Supreme Court of Western Australia. He specialises in capital markets, mergers and acquisitions, and corporate restructuring, and has acted in numerous transactions and capital raisings in both the industrial and resources and energy sectors. He is a partner at the legal firm HopgoodGanim for over 30 years and leads the firm's Corporate Advisory and Governance practice. Mr Moller acts for many publicly listed companies in both Australia and elsewhere and regularly advises boards of directors on corporate governance and related issues.
Russell Gordon Tipper	Non-Executive Director	Mr Tipper is a mining engineer with senior executive, mining and project level experience, having held a number of senior executive positions with mining companies over the years, including group treasurer for a large miner for four years. He has delivered feasibility studies and project proposals for major mining and infrastructure projects, such as the Hope Downs Iron Ore Project and the Karara Magnetite Project. Mr Tipper has also been instrumental in debt restructuring and capital raising, along with providing leadership in the revision of work practices at mining operations.
Debbie Ntombela	Non-Executive Director	Ms Ntombela is a lawyer in South Africa with experience in the mining sector, specifically regarding regulatory compliance from previously working at, and with, the Department of Mineral Resources and the mining industry in South Africa. She specialises in applications for prospecting rights, mining rights, mining permits, and all related mining and exploration documentation. Ms Ntombela is currently a Partner in the law firm Shepstone & Wylie in South Africa.
Zamile David Qunya	Non-Executive Director	Mr Qunya has been a director of the Company's South Africa subsidiary Mineral Sands Resources (Pty) Ltd, which owns the Tormin Mineral Sands Mine, since November 2014. He is also a director and shareholder in Blue Bantry Investments, the Company's Black Economic Empowerment Partner in South Africa. He has experience in South African local government matters, having held position as Major and Councillor of the MbiZana Municipality and the Wild Coast District Council. He was also regional manager from 1999 to 2004 for Eskom and Shall in the KwaZulu Natal and Eastern Cape responsible predominantly for human resource management.
Guy Redvers Walker	Non-Executive Director	Mr Guy Walker is a director and senior investment management executive with over 25 years' financial market experience. He has experience on the boards of listed mining companies, including exploration, development and production companies. He has experience in capital raising through both traditional banks and alternative lenders.

The Historical Consolidated Financial Information

- 5.26. The information below provides a summary of the financial information of MRC for the years ended 31 December 2022 and 2023 and for the ten months ended 31 October 2024. The financial information has been extracted from the audited consolidated financial statements of the Company for the years ended 31 December 2022 and 2023 and the unaudited management accounts for the ten months ended 31 October 2024. The financial information below is presented in American Dollars ("US\$") as this is MRC's presentation currency.
- 5.27. The financial statements for the year ended 31 December 2023 included an emphasis of matter paragraph regarding the Company's ability to continue as a going concern.

Statement of Financial Performance

5.28. The table below sets out the Consolidated Statement of Financial Performance of MRC for the years ended 31 December 2022 and 2023 and the ten months ended 31 October 2024.

MRC Consolidated Financial Performance	Ref	CY2022	CY2023	10 months ended 31 October 2024
		Audited	Audited	Unaudited
		US\$	US\$	US\$
Revenue				
Sales	i	44,310,010	28,264,817	20,508,781
Other Revenue		149,666	306,894	550,241
Gain on sale of subsidiary	ii	-	-	54,389,688
Total Revenue		44,459,676	28,571,711	75,448,710
Expenses				
Mining & Processing Costs		48,515,030	30,475,439	25,961,335
Administrative Expenditure	iii	7,634,809	3,339,706	3,973,353
Impairment Charges	iv	-	8,938,322	100,281,182
Share Based Payment Expense		325,577	(172,831)	-
Finance Costs	v	29,328	505,669	1,207,168
Inventory adjustment	vi	-	-	18,450,887
Loss Before Tax Expense		(12,045,068)	(14,514,594)	(74,425,215)
Income Tax Expense/(Benefit)		(529,367)	(4,452,068)	4,089,054
Loss After Tax Expense		(11,515,701)	(10,062,526)	(78,514,269)

Source: MRC management

Commentary on financial performance:

- 5.29. We note the following in relation to the Company's financial performance:
- Revenue is generated from the sale of minerals. Revenue declined in CY23 due to lower Tormin concentrate production due to operational issues on site, and lower revenue at Skaland due to lower production arising from drill rig and other maintenance issues.
 - The gain on the sale of a subsidiary during the 10 months ended 31 October 2024 has resulted from the disposal of the Tormin asset as a result of a loss of control of the related entities on the appointment of a local administrator.
 - Admin expenses include remuneration for directors and key management and the depreciation of corporate assets.
 - Impairment charges for the 10 months ended 31 October 2024 include the impairment of assets related to the Tormin project.
 - Finance costs include interest charges and changes to the fair value of derivatives.
 - The inventory adjustment relates to obligations under the offtake agreement with GMA.

Statement of Financial Position

5.30. The table below sets out the Consolidated Statement of Financial Position of MRC as at 31 December 2022, 2023 and 31 October 2024.

MRC Consolidated Financial Position	Ref	31-Dec-22	31-Dec-23	31-Oct-24
		Audited US\$	Audited US\$	Unaudited US\$
Assets				
Current Assets				
Cash & Cash Equivalents	ii	1,142,141	1,129,794	754,390
Trade & Other Receivables	iii	11,451,889	10,851,200	404,137
Inventory	iii	11,849,610	21,533,289	678,362
Other Current Assets		156,529	23,821	-
Total Current Assets		24,600,169	33,538,104	1,836,889
Non-Current Assets				
Trade & Other Receivables		1,131,868	243,877	-
Inventory	iii	2,367,296	2,200,672	-
Plant & Equipment	iii	28,266,958	20,047,223	9,541,299
Exploration & Evaluation Assets	iv	17,507,213	14,600,437	12,821,442
Deferred Tax Asset		-	588,457	-
Mine Development Expenditure		4,676,944	-	-
Total Non-Current Assets		53,950,279	37,680,666	22,362,741
Total Assets		78,550,448	71,218,770	24,199,630
Liabilities				
Current Liabilities				
Trade & Other Payables	iii	14,725,208	16,471,760	6,346,444
Unearned Revenue		3,646,486	1,787,802	2,538,092
Borrowings	v	4,346,123	4,083,504	6,760,687
Tax Provision		103,871	146,263	(23,168)
Provisions		582,435	805,763	231,208
Total Current Liabilities		23,404,123	23,295,092	15,853,263
Non-Current Liabilities				
Borrowings		2,905,040	4,133,824	137,752
Rehab Provision	iii	951,865	880,512	92,003
Employee Benefit Provision		76,500	18,788	-
Deferred Tax Liability		3,980,832	-	3,568,060
Non-Current Inventories		7,914,237	5,033,124	3,797,815
Total Liabilities		31,318,360	28,328,216	19,651,078
Net Assets		47,232,088	42,890,554	4,548,552
Equity				
Contributed Equity		78,925,112	90,914,631	90,914,631
General Reserve		1,363,393	(1,447,966)	(72,550)
Foreign Currency Translation Reserve		(34,717,576)	(38,711,252)	-
Share Based Payment Reserve		543,342	370,511	456,109
Accumulated Losses		1,715,369	(8,235,369)	(86,749,638)
NCI		(597,552)	-	-
Total Equity		47,232,088	42,890,554	4,548,552

Source: Mineral Commodities Limited 2024

Commentary on financial position

5.31. We note the following in relation to the financial position of MRC:

- i. The consolidated financial position as at 31 October 2024 excludes any values associated with the Tormin asset. Due to the appointment of administrators in August 2024, MRC lost control of the Tormin entities, and these subsidiaries have subsequently been deconsolidated from the financial information for MRC, hence the substantial decline in net assets subsequent to 31 December 2023.
- ii. Cash and cash equivalents as at 31 October 2024 are stated after the receipt of AU\$1.2m convertible note funding in October 2024.
- iii. Receivables, inventory and property, plant and equipment, payables and the rehabilitation provision as at 31 October 2024 largely relate to Skaland. In prior periods these balances also included amounts for Tormin.
- iv. Exploration and evaluation assets as at 31 October 2024 relate to the Munglinup project. Previous periods included exploration activities in South Africa adjacent to the Tormin project. These assets have been impaired as at 31 October 2024.
- v. Borrowings as at 31 October 2024 are largely comprised of the loan balance payable to GMA of US\$5.6m. Whilst the GMA loan is with Mineral Sands Resources Pty Ltd ("MSR"), which has been deconsolidated from the MRC financial information, MRC has provided a parent guarantee for the loan balance and as such the loan is recognised in full. The balance also includes US\$789k of convertible notes, being the AU\$1.2m received in October 2024.

Securities on Issue

5.32. At the date of this Report, MRC had the following securities on issue:

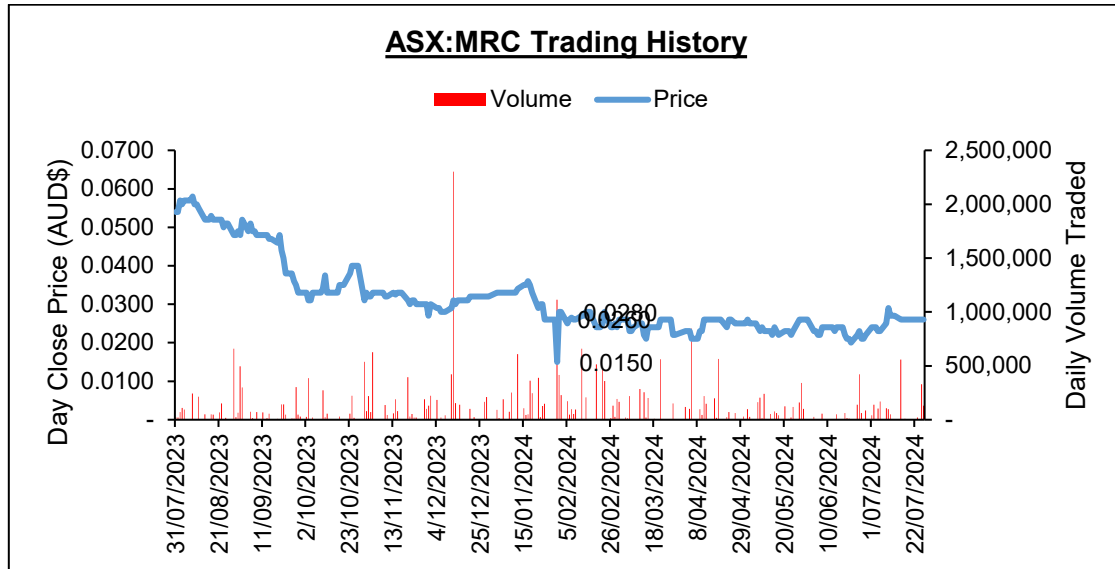
ASX:MRC - Securities on Issue		No
Ordinary Shares		984,472,599
Performance Rights @A\$0.19 Hurdle & Exp 23-Feb-26		1,866,664
Performance Rights, Vesting 11-Mar-25, @A\$0.038 Hurdle & Exp 11-Mar-28		7,900,000
Performance Rights, Vesting 11-Mar-26, @A\$0.038 Hurdle & Exp 11-Mar-28		7,900,000
Performance Rights, Vesting 11-Mar-27, @A\$0.038 Hurdle & Exp 11-Mar-28		7,900,000

Source: MRC

Share Price Performance

- 5.33. The figure below sets out a summary of the closing share price and volume of MRC shares traded between 31 July 2023 to 26 July 2024. The share price of the Company has been trending downwards since the beginning of the year but was stable in the months leading up to suspension. The Company shares were suspended from trade on 29 July 2024 pending an announcement before being indefinitely suspended for not lodging the relevant periodic report by the due date.
- 5.34. During the twelve months ending 26 July 2024 MRC had a low share price of AU\$0.015 in January 2024 and a high of AU\$0.058 in August 2023. On 31 January 2024, MRC released the Quarterly Activities Report for the period ending 31 December 2023. On the date the report was released the share price fell from AU\$0.026 down to AU\$0.015 followed by an increase to AU\$0.028 in February 2024 thereby earning a return of 7.6% from its prior price of AU\$0.026 and an 87% return from AU\$0.015.

- 5.35. The share price fell sharply on the release of the report, likely driven by initial negative sentiment. However, the price then recovered quickly, possibly due to an overreaction or a reassessment of the information, suggesting a volatile but potentially improving outlook for the company. In July 2024 the low share price was AU\$0.023 and a high of AU\$0.029.



Source: S&P Capital IQ

Traded Volumes of MRC Shares to 26 July 2024

- 5.36. The table above shows the VWAP of MRC shares for periods to the last trading day prior to suspension of the Company's shares. 0.45% of the Company's shares were traded in the 60 days prior. This is indicative of an illiquid stock.

VWAP Summary - ASX:MRC						
Up to 26 July 2024	1 Day	5 Days	10 Days	30 Days	60 Days	90 Days
VWAP AU\$	0.026	0.026	0.026	0.025	0.024	0.024
Total Volume	130,775	480,775	1,050,166	2,557,755	4,449,474	7,802,861
Total Outstanding Shares	984,472,599	984,472,599	984,472,599	984,472,599	984,472,599	984,472,599
% of Total Shares	0.01%	0.05%	0.11%	0.26%	0.45%	0.79%
Low Price AU\$	0.026	0.026	0.026	0.020	0.020	0.020
High Price AU\$	0.026	0.026	0.026	0.029	0.029	0.029

Source: CapIQ

Other Information

- 5.37. MRC is a listed disclosing entity for the purposes of the Corporations Act and therefore is subject to continuous disclosure obligations and listing rules. A substantial amount of information about MRC, including its ASX announcements, can be obtained from its website www.mineralcommodities.com.

6. VALUATION APPROACH

Definition of Value

- 6.1. RG 111 states that a transaction is fair if the value of the consideration is greater than the value of the net assets being disposed of. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Valuation Approach Adopted

6.2. There are a number of methodologies which can be used to value a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings/revenue ('FME/FMR')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market approach method (Comparable market transactions)

6.3. A summary of each of these methodologies is outlined in Appendix B.

Value of an MRC Share Prior to the Proposed Transactions

6.4. In assessing the value of an MRC share prior to the Proposed Transactions, we have utilised the NAV as our primary methodology and QMP as our secondary valuation methodology.

6.5. Our valuation methodologies were selected on the following basis:

- MRC is a trading entity with positive revenue generated from its Skaland and Tormin projects, however it has a history of losses and generates net cash outflows from operating activities. In addition, MRC is in the process of disposing of both its existing trading operations. It has entered into a binding, conditional sale agreement for the sale of its Skaland project and has put its Tormin project into administration. As such we do not consider that earnings based approach is appropriate;
- The ongoing operations of MRC will comprise the WA based Munglinup project. Due to the uncertain nature of exploration projects, we do not consider that the DCF basis of valuation (which would require a forecast cash flow for a period of up to 5 years) is appropriate as the management of MRC are not able to reliably and accurately forecast the future cash flows of the business;
- MRC's Skaland project is subject to a binding, conditional sale agreement. The Munglinup project has terms agreed for the acquisition of the remaining 49%. We consider that the associated arm's length terms for both agreements provide a reliable basis for determining the value of these assets. The Tormin project is historically loss making and currently in administration. Given the current condition of the site following a maritime incident in June 2024 there is significant uncertainty regarding the impact of this on future mining, we do not consider that an Independent Technical Assessment Report from a geological expert would provide any additional certainty as to value. As such, we consider that the NAV is a reliable basis for determining the value of an MRC share.
- We have considered the QMP methodology as a secondary valuation methodology for the value of an MRC share. The QMP methodology is relevant as MRC is listed on the ASX and therefore there is a regulated and observable market where its shares are openly traded. For this method to be appropriate, MRC's shares should be liquid and the market fully informed. This is further analysed in Section 7 of this Report.

6.6. Our valuation of an MRC share prior to the Proposed Transactions have been performed on a controlling basis.

Value of an MRC Share Post the Proposed Transactions

6.7. In assessing the value of an MRC share post the Proposed Transactions, we have elected to use the Sum of Parts Method as our primary methodology using the same methodology basis as prior to the Proposed Transactions, with adjustments reflecting the Proposed Transactions.

- 6.8. Our valuation of an MRC share post the Proposed Transactions has been performed on a minority basis.

7. VALUATION OF AN MRC SHARE PRIOR TO THE PROPOSED TRANSACTIONS

- 7.1. As stated In Section 6, we have assessed the value of an MRC share prior to the Proposed Transactions on the NAV basis as our primary valuation methodology on a controlling basis.

Primary Valuation Methodology: Net Asset Value

- 7.2. The NAV method (assuming an orderly realisation of tangible assets) estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities.

- 7.3. The NAV has been summarised in the table below which sets out the Consolidated Statement of Financial Position of MRC as at 31 October 2024, extracted from the unaudited management accounts for the period then ended with adjustments to arrive at NAV:

	Ref	MRC Net Assets as at 31-Oct-24	Adjustments to remove Skaland balances as at 31-Oct-24	MRC Net Assets as at 31-Oct-24 net of Skaland	LOW	HIGH
		US\$	US\$	US\$	US\$	US\$
Assets						
Current Assets						
Cash & Cash Equivalents		754,390	(470,100)	284,290	284,290	284,290
Trade & Other Receivables		404,137	(347,329)	56,808	56,808	56,808
Inventory		678,362	(678,362)	-	-	-
Total Current Assets		<u>1,836,889</u>		<u>341,098</u>	<u>341,098</u>	<u>341,098</u>
Non-Current Assets						
Skaland	7.5	-	-	-	11,750,000	11,750,000
Tormin	7.8	-	-	-	-	-
Munglinup	7.11	12,821,442	-	12,821,442	5,379,695	12,821,442
Plant & Equipment	7.14	9,541,299	(9,430,029)	111,270	-	111,270
Total Non-Current Assets		<u>22,362,741</u>		<u>12,932,712</u>	<u>17,129,695</u>	<u>24,682,712</u>
Total Assets		<u>24,199,630</u>		<u>13,273,810</u>	<u>17,470,793</u>	<u>25,023,810</u>
Liabilities						
Current Liabilities						
Trade & Other Payables		6,346,444	(1,470,426)	4,876,018	4,876,018	4,876,018
Unearned Revenue		2,538,092	-	2,538,092	2,538,092	2,538,092
Borrowings		6,760,687	(353,881)	6,406,806	6,406,806	6,406,806
Tax Provision		(23,168)	-	(23,168)	(23,168)	(23,168)
Provisions		231,208	(164,949)	66,259	66,259	66,259
Total Current Liabilities		<u>15,853,263</u>		<u>13,864,007</u>	<u>13,864,007</u>	<u>13,864,007</u>
Non-Current Liabilities						
Borrowings		137,752	(137,752)	-	-	-
Rehab Provision		92,003	(86,669)	5,334	5,334	5,334
Deferred Tax Liability		3,568,060	-	3,568,060	3,568,060	3,568,060
Non-Current Liabilities		<u>3,797,815</u>		<u>3,573,394</u>	<u>3,573,394</u>	<u>3,573,394</u>
Total Liabilities		<u>19,651,078</u>		<u>17,437,401</u>	<u>17,437,401</u>	<u>17,437,401</u>
Net Assets on a controlling basis		<u>4,548,552</u>		<u>(4,163,591)</u>	<u>33,392</u>	<u>7,586,409</u>
Translation from US\$ to AU\$						
Exchange Rate US\$1:AU\$0.63596					AU\$	AU\$
Net Assets on a controlling basis					52,507	11,929,066

Number of shares on issue in MRC prior to the Proposed Transactions

984,472,599 984,472,599

Fair value of an MRC share on a controlling basis

AU\$0.0001 AU\$0.0121

7.4. We have made the following adjustments to the Net Asset Value of MRC:

Skaland

7.5. The Skaland project is subject to a binding, conditional sale agreement. We have therefore removed the carrying values for assets and liabilities in the consolidated financial information for Skaland and included a value for the Skaland project based on the terms in the sale agreement. The consideration receivable for the Skaland Project is cash based and broken down as follows:

	US\$
Non-refundable Exclusivity Fee (received 25 November 2024)	250,000
Refundable deposit	1,000,000
Closing payment	10,500,000
Total consideration receivable	11,750,000

Source: Binding Conditional Sale Agreement for the sale of Skaland

7.6. As the total consideration receivable is cash based and payable on completion, with no deferred or performance based elements, we have included the total consideration receivable in both our high and low valuations.

7.7. We note that Skaland has substantial loans from its parent company (a wholly owned subsidiary of MRC), being US\$25.8m as at 31 October 2024. It is a condition of the sale that these intercompany loans are settled via the conversion of the intercompany loans into Skaland equity prior to completion. As this is an intercompany transaction there is no impact of this equity issue on the MRC share capital or NAV.

Tormin

7.8. There is no value in the consolidated financial statements as at 31 October 2024 for the Tormin project as the related entities were deconsolidated as a result of a loss of control during August 2024. The project is in administration, with MRC making the decision to cease funding the project after the maritime incident referred to in Section 5 of this Report. We understand that the administrators have submitted a claim to the relevant insurers for between ZAR130m and ZAR140m. After priority ranking claims payable to local lenders of approximately ZAR50m, if successful, the local subsidiary, Mineral Sands Resources Pty Ltd ("MSR") would receive approximately ZAR80m – ZAR90m insurance proceeds, which using an exchange rate of US\$1:ZAR17.8609 per Oanda Corporation FX Data Services ("Oanda") as at 15 December 2024, this would equate to between US\$4.5m and US\$5m.

7.9. The outcome of the insurance claims process is very uncertain at this early stage, and it is likely that there would be additional local creditors (including suppliers and employees) that would require settlement by the administrators prior to any benefit being received by MRC. MRC management do not have access to the financial information for MSR subsequent to losing control in August 2024. As such, we have included a nil value in both our high and low values due to a high degree of uncertainty surrounding the remittance of insurance proceeds (if any) after the payment of all creditors and administrators locally.

- 7.10. We note that MSR has a loan payable to GMA as at 31 October 2024 of US\$5.6m, on which MRC has provided a parental guarantee. We have confirmed that the US\$5.6m included in the MRC NAV as at 31 October 2024 represents MRC's full exposure to the GMA liability and no further adjustments are required to NAV above.

Munglinup

- 7.11. The Munglinup project is currently 51% owned by MRC. The remaining 49% is owned by Gold Terrace and MRC are in negotiations with Gold Terrace to acquire their interest from Gold Terrace. No terms have been executed at the date of this report, however the details of the draft consideration have been publicly announced and are detailed below:

	AU\$	US\$*	NPV US\$**
Tranche 1 payable on execution of a formal agreement (timing expected to be approx. 6 months' time)	250,000	158,990	149,991
Tranche 2 payable on completion of sale (timing expected to be approx. 6 months' time)	5,250,000	3,338,790	3,149,802
Tranche 3 payable on earlier of 18 months after completion, or decision to develop mine, or disposal of the 49% interest acquired (timing expected to be 18 months after completion)	2,000,000	1,271,920	1,007,480
Total consideration payable for 49% interest	7,500,000	4,769,700	4,307,272

Source: MRC ASX announcements

*Using an exchange rate per OandA of AU\$1:US\$0.63596 as at 15 December 2024

**Estimated using a discount rate of 12%, Refer to Appendix F for details of this calculation.

- 7.12. The implied fair value of MRC's 51% interest in Munglinup based on the above consideration payable is noted below:

	US\$
NPV of consideration payable for 49%	4,307,272
Deemed value for 100% on a minority basis	8,790,351
Deemed value for 100% after applying a 20% premium for control	10,548,422
Deemed value of 51% interest on a controlling basis	5,379,695

Source: MACF analysis

- 7.13. We have included this deemed value for MRC's controlling interest in Munglinup in our low valuation. We acknowledge that as the arrangement with Gold Terrace is a long standing farm in arrangement with MRC incurring the costs of exploration, including the preparation of the PFS and DFS in 2020. During April 2024 MRC notified Gold Terrace that it intended to satisfy earn in obligations under the JV agreement to increase its ownership to 90%. The JV agreement gives MRC the right to increase its interest from 51% to 90% by completing a PFS, paying Gold Terrace AU\$800,000 and issuing 30m MRC shares. MRC provided Gold Terrace with a copy of the completed PFS in November 2019 however Gold Terrace has disputed MRC's rights due to the PFS not complying with specific requirements under the JV agreement. MRC maintains that it has satisfied the requirements. The acquisition terms above settles the dispute and renegotiates the acquisition to 100%.

- 7.14. We have included the deemed value of the 51% interest per the acquisition terms above in our low valuation and the carrying value of the Munglinup project as at 31 October 2024 in our high valuation of US\$12.8m. This value includes both the initial acquisition costs for 51% and subsequent exploration expenditure.

Other

- 7.15. The property, plant and equipment in MRC excluding any assets relating to Skaland, relate to corporate assets such as fixtures and fittings and other office equipment. We have assumed a nil value for these in our low valuation due to the nature of the assets. We have used the carrying value of these assets in our high valuation.

Control Premium

- 7.16. The NAV method implies a premium for control has already been factored into the value. Therefore, our calculation of value of MRC using the NAV Method has been prepared on a controlling basis.

Valuation Summary – NAV Methodology

- 7.17. We have assessed the value of an MRC share as calculated using the NAV methodology to be between AU\$0.0001 and AU\$0.0121.

Secondary Valuation Methodology: QMP

- 7.18. In order to provide a cross check and comparison to our valuation of an MRC share using the NAV methodology, we have also assessed the value of an MRC share using the QMP valuation methodology prior to suspension of the Company's shares. Section 5 of this Report includes a detailed summary of the share price performance of an MRC share up until the shares were suspended in July 2026. This analysis is secondary to our primary assessment of the value of an MRC share using the NAV methodology.

Traded Volumes of MRC Shares to 26 July 2024

- 7.19. The table above shows the VWAP of MRC shares for periods to the last trading day prior to suspension of the Company's shares. 0.45% of the Company's shares were traded in the 60 days prior. This is indicative of an illiquid stock.

VWAP Summary - ASX:MRC							
Up to 26/07/2024	1 Day	5 Days	7 Days	10 Days	30 Days	60 Days	90 Days
VWAP AU\$	0.026	0.026	0.026	0.026	0.025	0.024	0.024
Total Volume	130,775	480,775	480,775	1,050,166	2,557,755	4,449,474	7,802,861
Total Outstanding Shares	984,472,599	984,472,599	984,472,599	984,472,599	984,472,599	984,472,599	984,472,599
% of Total Shares	0.01%	0.05%	0.05%	0.11%	0.26%	0.45%	0.79%
Low Price AU\$	0.026	0.026	0.026	0.026	0.020	0.020	0.020
High Price AU\$	0.026	0.026	0.026	0.026	0.029	0.029	0.029

Source: CapIQ

- 7.20. To rely on the QMP valuation methodology there is a requirement for the security to trade in a 'deep' market. RG111.69 indicates that a 'deep' market should reflect a liquid and active market.

- 7.21. Characteristics of a 'deep' market are:

Deep Market - Characteristics	
Hurdle	MRC
Regular trading in a company's securities	Not Met - 0.45% shares traded over 60 days.
An average of 1% of a company's securities traded on a weekly basis.	Not Met - 0.26% shares traded over 30 days equates to 0.0003% per week.
Non-significant spread of the stock.	Met - Small spread for shorter periods that marginally increase with time.
A significant spread of ownership of the securities	Not Met – Au Mining owns >40% of total capital.
There are not regular unexplained movements in the share price.	Partially Met - High & low prices are somewhat stable over time.

Source: MACF Analysis

- 7.22. For a security to be considered 'deep' it should fit with all the above characteristics. Although if it does fail to meet all the above characteristics it does not automatically characterise the share price trading as irrelevant for valuation purposes, rather it means that it should not purely be relied upon and should be considered within this context.
- 7.23. We consider a range of values between AU\$0.026 to AU\$0.024 (the range of values between 1 and 60 day VWAP), with a preferred of AU\$0.025 (30 day VWAP) is a reasonable reflection of the QMP valuation of an MRC share on a minority basis prior to the Offer.

Control Premium

- 7.24. The QMP of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company. As such, any valuation derived from those share prices are consequently non-controlling valuations and they do not reflect a premium for control. To calculate the value of a controlling interest prior we must apply a control premium to the enterprise value multiple.
- 7.25. We note that the share price of a listed company represents the market value of a non-controlling interest in that company and, as such, any valuation derived from those share prices are consequently non-controlling valuations and they do not reflect a premium for control. To calculate the value of a controlling interest prior we must apply a control premium to the enterprise value multiple.
- 7.26. RG 111.11 suggests that when considering the value of a company's shares the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:
- control over decision making and strategic direction;
 - access to underlying cash flows;
 - control over dividend policies; and
 - access to potential tax losses.
- 7.27. We have reviewed the control premiums paid in recent years by companies listed on the ASX. There is significant variability in control premiums paid which are affected by such factors as:
- Nature and magnitude of non-operating assets;
 - Quality of management;
 - Nature and magnitude of business opportunities/assets not currently being exploited;
 - Degree and confidence in future synergies;
 - Level of pre-announcement speculation of the transaction;
 - Level of liquidity in the trade of the acquiree's securities; and
 - The stage in the economic cycle.
- 7.28. A review of control premiums paid by acquirers of companies listed on the ASX in recent years from CapIQ indicates a range of premiums between 20% and 30% is reasonable. We believe that this reflects an appropriate rate of control premia to be applied in our valuation of MRC.

7.29. A share price valuation on a controlling basis is detailed in the table below:

QMP Assessment	Low	High
Minority Basis	AU\$	AU\$
Estimated Share Price	0.024	0.026
Majority Basis	AU\$	AU\$
Control Premium	20%	30%
Estimated Share Price (Control)	0.029	0.034

Source: MACF Analysis

7.30. Based on our assessment above, the QMP of MRC share on a controlling basis, prior to the Proposed Transactions is between AU\$0.029 and AU\$0.034.

7.31. Given the passage of time since the MRC shares were suspended and the significant events that have occurred during that period, including the binding agreement for the sale of Skaland, the appointment of administrators for the Tormin Project and the ongoing negotiations for the acquisition of Munmlinup, we do not consider that the values above reflect a fully informed market and we have not relied on the QMP valuation in our assessment of an MRC share prior to the Proposed Transaction.

Valuation conclusion for an MRC share

	<i>Ref</i>	Low AU\$	High AU\$
Assessed fair value of an MRC share prior to the Proposed Transactions on a controlling basis using NAV methodology	7.3	0.0001	0.0121

Source: MACF analysis

7.32. Our assessed value of an MRC share on a controlling basis is between \$0.0001 and \$0.0121. As detailed in Section 7.31 above, we have only relied on the NAV methodology in our assessment of the value of an MRC share prior to the Proposed Transactions.

8. VALUATION OF AN MRC SHARE POST THE PROPOSED TRANSACTIONS

8.1. As stated in Section 6, in assessing the value of an MRC share post the Proposed Transactions, we have chosen the sum of parts methodology. We have used the value derived prior to the Proposed Transactions, with adjustments for transactions associated with the Proposed Transactions.

Primary Valuation Method: NAV Methodology

8.2. The Sum of Parts valuation has been summarised in the table below:

Sum of Parts	<i>Ref</i>	Low AU\$	High AU\$
Equity Value of MRC as at 31 October 2024 prior to the Proposed Transactions on a Controlling Basis	7.3	52,507	11,929,066
Adjustments for the Proposed Transactions:			
Tranche 2 and 3 draw down of Au Convertible Loan subsequent to 31 October 2024	3.2, 3.3	1,200,000	1,200,000
Recognition of additional Au Convertible Loan liability subsequent to 31 October 2024	3.2, 3.3	(1,200,000)	(1,200,000)
Recognition of interest accrual on Au Convertible Loan to 24 October 2026	8.6	(763,584)	(763,584)
Conversion of Au Convertible Loan plus accrued interest to equity	8.6	2,763,584	2,763,584

Exercise of Au Facility Options	8.7	3,000,000	3,000,000
Equity Value of MRC Post the Proposed Transactions on a Controlling Basis		5,052,507	16,929,066
Minority Discount	8.8	23%	17%
Equity Value of MRC Post the Proposed Transactions on a Minority Basis		3,890,430	14,051,125
Number of shares on issue post the Proposed Transactions	3.12	1,368,711,564	1,368,711,564
Value of an MRC Share on a Minority Basis post the Proposed Transactions		0.0028	0.0103

- 8.3. The above table includes an assumption that Au Mining elects to convert the Au Convertible Loan into equity. If we assumed that the Au Convertible Loan is not converted into equity and is included as debt on the balance sheet, then the value of an MRC share post the Proposed Transactions on a minority basis would be between AU\$0.0015 and AU\$0.0099. If we assumed that the Au Convertible Loan is not converted into equity and the Au Facility Options are not exercised, then the value of an MRC share post the Proposed Transactions on a minority basis would be between AU\$nil and AU\$0.0094.
- 8.4. In order to determine the value of an MRC share following the Proposed Transactions, we have made adjustments to the pre Proposed Transactions valuation as set out below:
- 8.5. Subsequent to 31 October 2024, MRC will receive the remaining AU\$1.2m of the Au Convertible Loan. AU\$800,000 was received prior to 31 October 2024.
- 8.6. MRC will issue 184,238,965 shares at AU\$0.015 per share to Au Mining on conversion of the Au Convertible Loan of AU\$2m plus interest of AU\$763,584 accrued to 24 October 2026, being the maximum maturity date of 2 years from the date of first draw down.
- 8.7. MRC will issue 200,000,000 shares to Au Mining on exercise of its Au Facility Options, at an exercise price of AU\$0.015 per share to raise AU\$3,000,000 in cash.
- 8.8. The minority discount has been applied in order to determine a minority interest value of an MRC share following the Proposed Transaction. The minority discount has been calculated as the inverse of the control premium determined in Section 7.28 ($1-1/(1+\text{control premium})$).

9. ARE THE PROPOSED TRANSACTIONS FAIR TO THE NON-ASSOCIATED SHAREHOLDERS?

- 9.1. In Sections 7 and 8, we compared the value of an MRC share prior to the Proposed Transactions to the value of an MRC share post the Proposed Transactions.
- 9.2. Our assessed values from Sections 7 and 8 are summarised in the table below:

Assessed Values

	Section	Low AU\$	High AU\$
Assessed Fair Value of an MRC share prior to the Proposed Transactions on a control basis	7	0.0001	0.0121
Assessed Fair Value of an MRC share post the Proposed Transactions on a minority basis	8	0.0028	0.0103

Source: MACF Analysis

- 9.3. In the absence of any other relevant information, in our opinion, this indicates that the Proposed Transactions are fair to the Non-Associated Shareholders of MRC as the low assessed fair value of an MRC share post the Proposed Transactions is higher than the low assessed fair value of an MRC share prior to the Proposed Transactions and the range demonstrates considerable overlap.
- 9.4. For the purposes of Listing Rule 10.1, we consider the Au Loan Security to be fair to the Non-Associated Shareholders of MRC because the terms of the security are such that Au Mining will not receive assets in excess of the balance outstanding on the Au Convertible Loan, should the security be enforced.

10. ARE THE PROPOSED TRANSACTIONS REASONABLE?

- 10.1. RG111 establishes that a Proposed Transaction is reasonable if it is fair. If a Proposed Transaction is not fair it may still be reasonable after considering the specific circumstances applicable to it. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:
- The future prospects of MRC if the Proposed Transactions do not proceed; and
 - Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transactions proceeding.

Advantages and Disadvantages

- 10.2. In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transactions proceed than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transactions

Advantage 1 – the Proposed Transactions are Fair

- The Proposed Transaction for the grant of the Au Loan Security is fair to the Non-Associated Shareholders of MRC.
- The Proposed Transaction for the conversion of the Au Convertible Loan to equity is fair to the Non-Associated Shareholders of MRC.
- The Proposed Transaction for the issue of Au Facility Options is fair to the Non-Associated Shareholders of MRC.

Advantage 2 – Cash

- The Proposed Transaction for the grant of the Au Loan Security is a key condition of the Au Convertible Loan and enables MRC to access funding when other traditional capital raising and funding opportunities have not been available.
- The Proposed Transaction for the conversion of the Au Convertible Loan involves the issue of fully paid ordinary shares at AU\$0.015 each as settlement of the Au Convertible Loan of AU\$2m plus interest. This allows MRC to retain cash that would otherwise be used to repay the Au Convertible Loan for the advancement of its Munglinup project. If shareholder approval is not obtained, the loan is repayable within 20 business days after the meeting date.
- The Proposed Transaction for the issue of the Au Facility Options provides MRC with access to capital of up to AU\$3m to advance its operations.

Advantage 3 – Potential Release of the Au Loan Security on Conversion of the AU Convertible Loan

- If the conversion of the AU Convertible Loan is approved, then the Au Loan Security could be released. We note that the Au Loan Security is not specifically linked to the Au Convertible Loan so it is possible if there are further amounts owed to Au Mining that the Au Loan Security is not released on the conversion of the Au Convertible Loan. However, the security exposure will be reduced by the amount of the Au Convertible Loan.

Disadvantages of approving the Proposed Transactions

Disadvantage 1 – Dilution of Non-Associated Shareholding

- The Proposed Transactions will dilute the Non-Associated Shareholders' interests in MRC from 59.2% prior to the Proposed Transactions to 42.6% immediately following the Proposed Transactions (assuming that only the Au Convertible Loan converts and only the Au Facility Options are exercised), and 45.3% on a fully diluted basis.

Disadvantage 2 – Loss of Control

- The Proposed Transactions will result in Au Mining holding a significant controlling interest in MRC. On completion of the Proposed Transactions, Au Mining's interest will be 57.4% (assuming no other convertible loans convert, and no other options are exercised). In this scenario, Au Mining will be able to pass/block ordinary resolutions, including the appointment of directors, and have significant influence over special resolutions (assuming not all shareholders vote in a resolution).

Disadvantage 3 – Security enforcement

- In the event of default of the Au Convertible Loan, Au Mining could enforce the security over the assets of MRC and some of MRC's assets may need to be sold or assigned to Au Mining as a result. The Au Loan Security covers the Secured Monies which includes all existing and future borrowings.

Alternative Proposal

- 10.3. The Directors are not aware of any alternative proposal at the current time which might provide the Non-Associated Shareholders of MRC a greater benefit than the Proposed Transactions. We understand that the Company has attempted to raise funds previously but has been unsuccessful.
- 10.4. MRC has a need for funds and its current cash position is not sufficient to fund the working capital of the business. If the Proposed Transactions are not approved, then the Company will need to source additional funding in the short term to continue operations and repay the Au Convertible Loans within 20 business days of the shareholders meeting. There's no certainty that MRC will be able to raise additional funds in such a short time frame, or at terms that are favourable to the company.

Conclusion on Reasonableness

- 10.5. In our opinion, the position of the Non-Associated Shareholders if the Proposed Transactions are approved is more advantageous than the position if it is not approved. We are of this opinion as completion of the Proposed Transactions will enable MRC to fund its ongoing operations, provide certainty on capital raising terms and avoid a need to raise additional funds in the short term.
- 10.6. Therefore, in the absence of any other relevant information and/or a superior Proposed Transactions or Capital Raising option, we consider that the Proposed Transactions are reasonable for the Non-Associated Shareholders of MRC.
- 10.7. An individual shareholder's decision in relation to the Proposed Transactions may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

11. INDEPENDENCE

- 11.1. Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") is entitled to receive a fee of approximately \$30,000, excluding GST and reimbursement of out of pocket expenses. Except for this fee, MACF has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.
- 11.2. Prior to accepting this engagement MACF has considered its independence with respect to MRC and the associated shareholders of MRC, and their respective associates with reference to RG 112, Independence of Expert's Reports. It is the opinion of MACF that it is independent of MRC, its associated shareholders, and their respective associates.
- 11.3. MACF and Moore Australia (WA) have not had at the date of this report any relationship which may impair their independence.
- 11.4. We have held discussions with management of MRC regarding the information contained in this report. We did not change the methodology used in our assessment as a result of discussions and our independence has not been impaired in any way.

12. QUALIFICATIONS

- 12.1. MACF is a professional practice company, wholly owned by the Perth practice of Moore Australia, Chartered Accountants. The firm is part of the National and International network of Moore Australia independent firms and provides a wide range of professional accounting and business advisory services.
- 12.2. MACF holds an Australian Financial Services License to provide financial product advice on securities to retail clients (by way of experts reports pursuant to the listing rules of the ASX and the Corporations Act) and its principals and owners are suitably professionally qualified, with substantial experience in professional practice.
- 12.3. The director responsible for the preparation and signing of this report is Mr Peter Gray who is a director of MACF. Mr Gray has approximately 25 years' experience as a Chartered Accountant and has significant experience in the preparation of independent expert's reports, valuations and related advice.
- 12.4. At the date of this report neither Mr Gray nor any member or Director of MACF has any interest in the outcome of the Proposed Transactions.

13. DISCLAIMERS AND CONSENTS

- 13.1. MACF has been requested to prepare this report, to be included in the Notice of Meeting which will be sent to MRC's shareholders.
- 13.2. MACF consents to this report being included in the Notice of Meeting to be sent to shareholders of MRC. This report or any reference thereto is not to be included in or attached to any other document, statement or letter without prior consent from MACF.
- 13.3. MACF has not conducted any form of audit or any verification of information provided to us and which we have relied upon in regard to MRC, however we have no reason to believe that any of the information provided, is false or materially incorrect.
- 13.4. The statements and opinions provided in this report are given in good faith and in the belief that they are not false, misleading or incomplete.
- 13.5. Neither MACF nor Mr Gray take any responsibility for nor have they authorised or caused the issue of any part of this report for any third party other than the shareholders of MRC in the context of the scope and purpose defined in Section 3 of this report.

- 13.6. With respect to taxation implications, it is recommended that individual shareholders obtain their own taxation advice, in respect of the Proposed Transactions, tailored to their own specific circumstances. The advice provided in this report does not constitute legal or taxation advice to shareholders of MRC or any other party.
- 13.7. The statements and opinions expressed in this report are given in good faith and with reliance upon information generated both independently and internally and with regard to all of the circumstances pertaining to the Proposed Transactions.
- 13.8. In regard to any projected financial information noted in this report, no member or director of MACF has had any involvement in the preparation of the projected financial information.
- 13.9. Furthermore, we do not provide any opinion whatsoever as to any projected financial or other results prepared for MRC and in particular do not provide any opinion as to whether or not any projected financial results referred to in the report will or will not be achieved.

Yours faithfully



Peter Gray
Director
Moore Australia Corporate Finance (WA) Pty Ltd

APPENDIX A - INDUSTRY BACKGROUND

Graphite Mining – Australia

Background

- The Australian graphite mining industry has been expanding due to rising demand for graphite, a critical mineral in energy transition technologies such as electric vehicle batteries and renewable energy storage systems. Global emphasis on decarbonization has accelerated interest in graphite production, particularly in its natural flake and spherical forms for battery applications.
- Australia is becoming a significant global player in graphite mining, with notable projects like the Siviour Graphite Project and activities by Syrah Resources. However, global market dynamics, including China's dominance in graphite production and refining, continue to influence supply chains and pricing strategies.
- The industry has experienced growth, with Australian graphite mining contributing to the global supply of approximately 7-10% of natural graphite in 2023. Revenues are supported by increasing investments in graphite processing facilities and export partnerships¹.

Key Drivers

- **Battery Demand:** The rapid growth of the electric vehicle market and renewable energy storage has made graphite a critical material. Australian producers are strategically positioning themselves to meet the demand for battery-grade graphite.
- **Export Opportunities:** Rising demand from countries like Japan, South Korea, and India, coupled with Australia's trade agreements, is driving graphite exports. Enhanced processing capabilities within Australia aim to reduce reliance on overseas refining¹.
- **Market Diversification:** Beyond batteries, graphite is also utilised in steel production and other industrial applications, contributing to steady demand. However, competition from synthetic graphite remains a challenge.
- **Environmental, Social, and Governance (ESG) Factors:** Australian graphite mining companies are increasingly adopting sustainable practices, which enhance their competitiveness globally. ESG compliance is a key factor influencing investment and trade².

Outlook

- New projects and expansions, coupled with growing domestic processing capabilities, will enhance Australia's role in global graphite supply chains. This growth is supported by an expected 20-30% annual increase in battery-related graphite demand globally².

Mineral Sands Mining – South Africa

Background

- Mineral sands mining in South Africa is focused on extracting titanium minerals such as ilmenite and rutile, as well as zircon, which are critical for global industries like construction, ceramics, and pigments. South Africa is a key global player due to its substantial reserves and strategic location for exports³.
- The sector has faced challenges including fluctuating global commodity prices, logistical bottlenecks, and stringent environmental regulations. Despite these issues, South Africa's position in the supply chain remains robust, with consistent demand for zircon and titanium feedstocks.

¹ International Energy Industry – March 2024 [Graphite – Analysis - IEA](#)

² Mining Outlook – February 2024 [Mineral Commodities : Green with Graphite](#)

³ 6WRResearch 2024 – January 2024 [Africa Sand & Gravel Market \(2024-2030\) | Trends, Outlook & Forecast](#)

- While revenue figures are not publicly disclosed, South Africa's mineral sands industry contributes significantly to the broader mining sector. Recent trends include an emphasis on sustainable practices and value-added processing to enhance competitiveness⁴.

Key Drivers

- **Global Infrastructure Demand:** Rising infrastructure development worldwide, particularly in Asia, drives demand for mineral sands products, including high-grade titanium dioxide and zircon used in paints, coatings, and ceramics⁴.
- **Sustainability and ESG Compliance:** Increasing emphasis on environmental and sustainability practices has led to the adoption of green technologies in extraction and processing, a growing trend across the mining sector.
- **Energy Transition Needs:** The shift towards renewable energy sources and electric vehicles has created new opportunities for titanium and zircon in advanced coatings and catalysts.
- **Regulatory Landscape:** Tightened environmental regulations and community expectations have reshaped operational strategies, pushing mining companies to invest in eco-friendly methods⁴.

Outlook

- South Africa's mineral sands industry is poised for steady growth, supported by rising demand for zircon and titanium in global markets. The sector will benefit from investments in sustainable mining technologies and increased value-added production capabilities. Export opportunities, particularly to Asia, are expected to strengthen further⁴.

Graphite Mining – Norway

Background

- Norway has a long history of graphite mining, with the Skaland mine on Senja Island being one of the highest-grade flake graphite operations globally. This mine has been operational for decades and produces high-purity graphite used in batteries and industrial applications⁵.
- The geology of Norwegian graphite deposits is unique, occurring in high-grade metamorphic rocks in regions such as Lofoten-Vesterålen, Holandsfjord, and Bamble. These deposits are formed in ancient supracrustal sequences, making them rich in graphitic carbon.
- Although Norway's graphite industry is relatively small in scale, it plays a critical role in supplying high-purity graphite for lithium-ion batteries and other advanced applications. Current operations focus on expanding reserves and exploring new prospects in known graphite regions.

Key Drivers

- **Battery and EV Growth:** The demand for high-quality graphite from Norway is driven by the booming electric vehicle (EV) market and energy storage solutions. Graphite from Norway is used in battery anodes due to its high purity⁵.
- **Resource Development:** Norway's rich geological provinces offer significant untapped graphite resources. Exploration projects in regions like Lofoten-Vesterålen and Holandsfjord are identifying promising new deposits.
- **Environmental Considerations:** Norway's strong emphasis on sustainable mining practices aligns with growing global demand for ethically sourced graphite, further boosting the appeal of its production.

⁴ Maximise Market Research (MMR) – June 2024 [Mineral Sand Market - Industry Analysis and Forecast \(2024-2030\)](#)

⁵ Mineral Commodities Limited – December 2024 [Skaland Graphite Operation - Mineral Commodities Ltd](#)

- Global Partnerships: Norway's graphite industry benefits from partnerships with advanced material and battery producers globally, especially in Europe, which seeks to reduce reliance on Chinese graphite⁶.

Outlook

- The Norwegian graphite industry is set for growth as the demand for high-purity flake graphite increases for EVs and renewable energy. Exploration in regions like Lofoten-Vesterålen is expected to yield new deposits, supporting long-term production⁷.

⁶ Norges Geologiske Undersøkelse – November 2024 ([PDF](#)) [Overview of critical metals and minerals In Norway](#)

⁷ Norges Geologiske Undersøkelse – November 2024 ([PDF](#)) [Overview of critical metals and minerals In Norway](#)

APPENDIX B - SOURCE OF INFORMATION

In preparing this report we have had access to the following principal sources of information:

- Audited financial statements of MRC for the years ended 31 December 2022 and 2023;
- Unaudited management accounts of MRC for the ten months ended 31 October 2024;
- Binding Term Sheet and General Security Deed - Secured Convertible Loan Facility Agreement between Au Mining and MRC;
- Deed of Variation – Binding Term Sheet and General Security Deed – Secured Convertible Loan Facility Agreement between AU Mining and MRC;
- Deed of Variation between Au Mining and MRC dated 19 January 2025;
- Share Purchase Agreement between MRC and Norge Mineraler Holding AS dated 14 December 2024;
- Loan Agreement between Mineral Sands Resources Proprietary Limited, MRC and Garnet International Resources Pty Ltd dated 19 May 2023;
- Information in the public domain;
- Share registry information for MRC;
- IBISWorld;
- S&P Capital IQ database; and
- Discussions with directors and management of MRC.

APPENDIX C - VALUATION METHODOLOGIES

We have considered which valuation methodology is the most appropriate in light of all the circumstances and information available. We have considered the following valuation methodologies and approaches:

- Discounted cash flow methodology ('DCF');
- Capitalisation of future maintainable earnings/revenue methodology ('FME/FMR');
- Net assets value method ('NAV');
- Quoted market price methodology ('QMP'); and
- Market approach method (Comparable market transactions)

Valuation Methodologies and Approaches
<p>Discounted Cash Flow Method</p> <p>Discounted cash flow methods estimate fair market value by discounting a company's future cash flows to their net present value. These methods are appropriate where a forecast of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.</p>
<p>Capitalisation of Maintainable Earnings/Revenue Method</p> <p>The capitalisation of maintainable earnings/revenue method estimates "fair market value" or "enterprise value", by estimating a company's future maintainable earnings/revenue and dividing this by a market capitalisation rate. The capitalisation rate represents the return an investor would expect to earn from investing in the company which is commensurate with the individual risks associated with the business.</p> <p>It is appropriate to apply the capitalisation of maintainable earnings method where there is an established and relatively stable level of earnings which is likely to be sustained into the foreseeable future.</p> <p>The measure of earnings will need to be assessed and can include, net profit after taxes (NPAT), earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA).</p> <p>The capitalisation of maintainable earnings method can also be considered a market based methodology as the appropriate capitalisation rate or 'earnings multiple' is based on evidence of market transactions involving comparable companies.</p> <p>An extension of the capitalisation of maintainable earnings method involves the calculation of share value of an entity. This process involves the calculation of the enterprise value, which is then adjusted for the net tangible assets of the entity.</p>
<p>Net Assets Value Method (Orderly Realisation of Assets)</p> <p>The net assets value method (assuming an orderly realisation of assets) estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.</p> <p>Liquidation of assets - The Liquidation method is similar to the orderly realisation of asset method except the liquidation method assumes the assets are sold in a shorter time frame.</p> <p>Net assets – The net assets method is based on the value of the assets of a business less certain liabilities at book values, adjusted to a market value.</p> <p>The asset based approach, as a general rule, ignores the possibility that a company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements, and goodwill.</p> <p>The asset based approach is most appropriate when companies are not profitable, a significant proportion of assets are liquid, or for asset holding companies.</p> <p>Cost Based Approach - The cost based approach involves determining the fair market value of an asset by deducting the accumulated depreciation from the asset's replacement cost at current prices.</p> <p>Like the asset based approach, the cost based approach has a number of disadvantages, primarily that the cost of an asset does not necessarily reflect the assets ability to generate income. Accordingly, this approach is only useful in limited circumstances, usually associated with intangible asset valuation.</p>

Valuation Methodologies and Approaches

Quoted Market Price Methodology

The method relies on the pricing benchmarks set by sale and purchase transactions in a fully informed market the ASX which is subject to continuous disclosure rules aimed at providing that market with the necessary information to make informed decisions to buy or to sell.

Consequently, this approach provides a “fair price”, independently determined by a real market. However, the question of a fair price for a particular transaction requires an assessment in the context of that transaction taken as a whole.

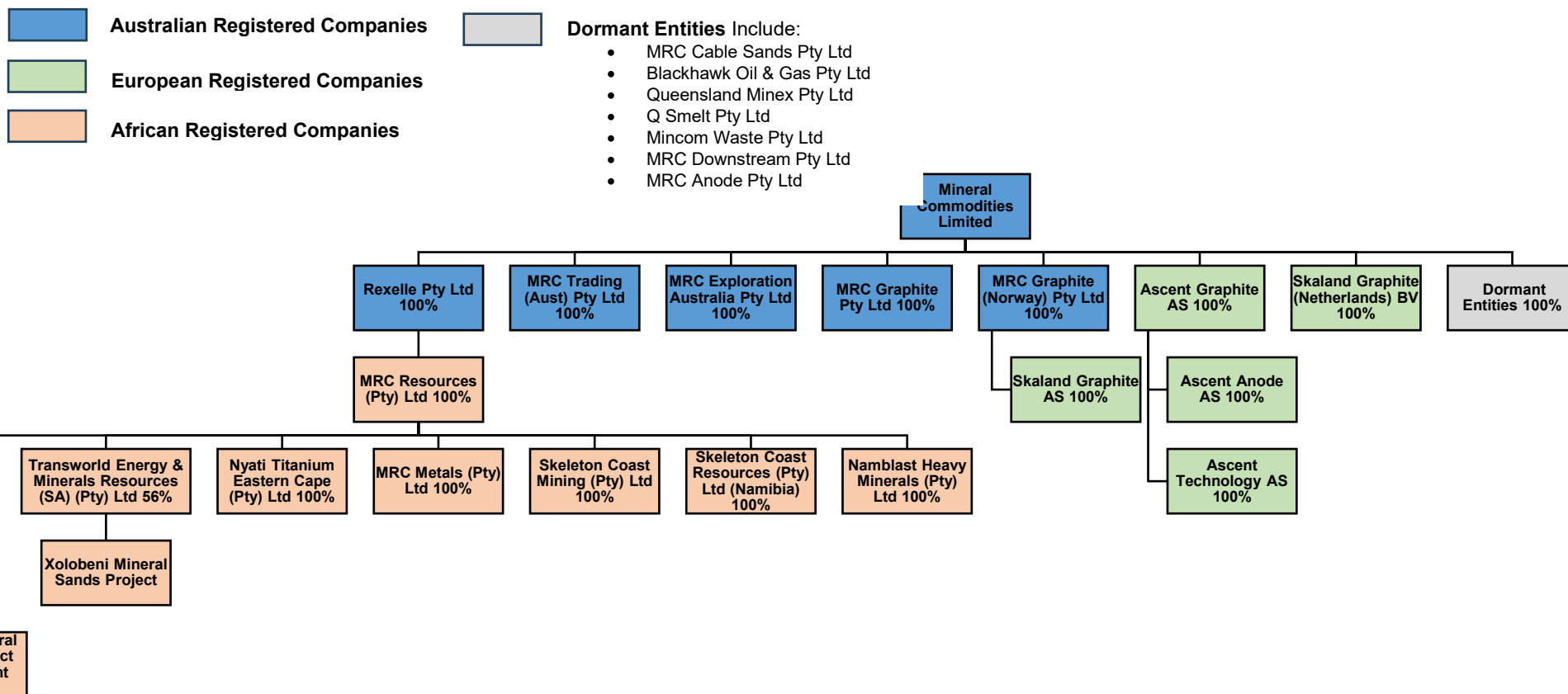
In taking a quoted market price based assessment of the consideration to both parties to the proposed transaction, the overall reasonableness and benefits to the non-participating shareholders must be carefully evaluated.

Market Approach Method

The market based approach estimates a company’s fair market value by considering the market prices of transactions in its shares or the market value of comparable assets.

This includes, consideration of any recent genuine offers received by the target for an entire entity’s business, or any business units or asset as a basis for the valuation of those business units or assets, or prices for recent sales of similar assets

APPENDIX D - GROUP STRUCTURE



APPENDIX E - GLOSSARY

In this report, unless the context requires otherwise:

Term	Meaning
AU\$	Australian Dollar
Act	Corporations Act 2001
ASIC	Australian Securities and Investments Commission
Associated Shareholders	Shareholders associated with Mineral Commodities Limited
ASX	Australian Securities Exchange or ASX Limited ACN 008 624 691
Au Mining	Au Mining Limited
Au Facility Options	200,000,000 options exercisable at AU\$0.015 per share with a three year term
Au Convertible Loan	Convertible loan between Au Mining and MRC with a face value of AU\$2m
Au Loan Security	First ranking security over all of the assets of MRC for the benefit of Au Mining
Company	Mineral Commodities Limited
Controlling Basis	Assuming the shareholder/s have control of the entity in which equity is held
Conversion Price	\$0.015 per share
Deed of Variation	Deed of Variation between Au Mining and MRC
Directors	The Directors of Mineral Commodities Limited
Explanatory Statement	The explanatory statement accompanying the Notice
FME	Future Maintainable Earnings
FY	Financial Year
GMA	Garnet International Resources Pty Ltd
GMA Loan Agreement	Loan agreement between GMA, MRC and Mineral Sands Resources Pty Ltd dated 19 May 2023;
Gold Terrace	Gold Terrace Pty Ltd (JV Partner in Munmlinup Project)
HY	Half Year
IER	This Independent Experts Report
Income Tax Assessment Act	the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997
Listing Rules	the official listing rules of ASX and includes the business rules of ASX
Moore Australia or MACF	Moore Australia Corporate Finance (WA) Pty Ltd
MRC	Mineral Commodities Limited
MSR	Mineral Sands Resources Pty Ltd
Munmlinup	Munmlinup Flake Graphite Project
Non-Associated Shareholders	Shareholders who are not a party to, or associated with a party to, the Proposed Transactions
Notice	The notice of meeting
OandA	OandA Corporation FX Data Services

Term	Meaning
Other Lenders	Kensington Capital Management Pty Ltd, Alexander Lowrie, Louis Lowrie and Richard Lockwood.
Proposed Transactions	<ul style="list-style-type: none"> • The grant of the Au Loan Security over the assets of MRC for the benefit of Au Mining; and • The issue of shares in MRC to Au Mining as settlement of the Au Convertible Loan; and • The issue of Au Mining Facility Options
Register	the register of members of Wilson shareholders or option holders, as the case requires
RG111	ASIC Regulatory Guide 111 <i>Content of Experts Reports</i>
S&P Capital IQ	Third party provider of company and other financial information
Skaland	Skaland Graphite Operation
Tormin	Tormin Mineral Sands Operation
US\$	American Dollars
ZAR	South African Rand

APPENDIX F – DISCOUNT RATE

When assessing an appropriate discount rate to use in a discounted cash flow valuation, due regard must be given to rates of return available in the marketplace, the degree of risk attached to the business, shares or project and the required rate of return.

Businesses are normally funded by a mix of debt and equity. The Weighted Average Cost of Capital (“WACC”) is widely used and accepted basis to calculate the “representative” rate of returns required by debt and equity investors. We have applied the WACC methodology to determine an appropriate discount rate to be used in assessing the Fair Value of cashflows.

The Capital Asset Pricing Model (“CAPM”) is the most frequently used model in determining the cost of equity of an investment or project and the required rate of return for debt funding is determined having regard to current borrowing costs and prevailing credit ratings. The cost of equity and cost of debt are weighted by the respective proportions of equity and debt funding to arrive at the WACC.

WACC

The generally accepted WACC formula is the post-tax WACC as shown below:

$$\text{WACC} = [\text{Re} * \text{E/V}] + [\text{Rd} * (1 - \text{t}) * \text{D/V}]$$

Where:

Re = Expected equity investment return or cost of equity

Rd = Interest rate on debt (pre-tax)

t = Corporate tax rate

E = Market value of equity

D = Market value of debt

V = Market value of debt plus equity

CAPM

The CAPM is based on the theory that the prudent investor will price investments so that the expected return is equal to the risk-free rate of return plus a premium for risk. CAPM assumes that there is a positive relationship between risk and return; that is, investors are risk averse and therefore demand higher returns for accepting higher levels of risk.

The CAPM calculates the cost of equity through the following formula:

$$\text{Ke} = \text{Rf} + \beta[\text{E(Rm)} - \text{Rf}]$$

Where:

Ke = Cost of equity capital or expected return on the investment.

Rf = Risk free rate of return

E(Rm) = Expected return on the market

E(Rm) - Rf = Market risk premium

β = Beta

We have considered each component of the CAPM below.

Risk Free Rate – Rf

We have assumed a risk-free rate of 3.804% being the average yield on the Australian government 5-year bonds, sourced from the Reserve Bank of Australia. We have used the 5-year bond rate as this represents a medium term risk-free rate.

Market Risk Premium – E(Rm) – Rf

Market risk premium represents the level of return investors require over and above the risk-free rate in order to compensate them for the non-diversifiable risks associated with an investment in market portfolio. Strictly speaking, the market risk premium is equal to the expected return from holding shares over and above the return from holding risk-free government securities.

We have assumed a market risk premium of 6% in our determination of the discount rate.

Beta – β

The beta coefficient measures the systematic risk of the company compared to the market as a whole. A beta of 1 indicates that the company's risk is comparable to that of the market.

The choice of a beta requires judgement and necessarily involves subjective assessment as observations of beta in comparable companies may be subject measurement issues and other variations. Accordingly, depending upon circumstance, a sector average, or a basket of comparable companies may present a more reliable beta, rather than relying on a single comparable company.

Beta can be expressed as an equity beta (which includes the effect of gearing on equity returns) or as an asset beta (where the impact gearing is removed). The asset beta will be lower than the equity beta for any given investments, with the difference dependent upon the level of gearing in the capital structure.

The selection of an appropriate beta involves a degree of professional judgement, particularly where the performance drivers of the company being valued are not directly aligned with the most comparable listed companies. The comparable company data included in the table below illustrates the observed beta coefficients for public listed companies we consider most comparable to companies that provide similar service and goods to MRC.

It is not possible to compare betas of different companies without considering their leverage levels. Thus, we have compared "levered" betas below. Based on our analysis, we consider an appropriate average ungeared beta to be 1.07.

Company Betas	Ticker	3-yr Levered Beta	Total Debt (\$'000)	Total MC (\$'000)	D/E	3-yr Unlevered Beta
As at 17 Dec 2024						
Cauldron Energy Limited	ASX:CXU	1.12	91	29,437	0.00	1.12
Danakali Limited	ASX:DNK	0.31	-	151,020	0.00	0.31
Firebird Metals Limited	ASX:FRB	0.71	-	23,490	0.00	0.71
Future Metals NL	ASX:FME	0.87	-	10,926	0.00	0.87
Gladiator Resources Limited	ASX:GLA	0.95	-	12,133	0.00	0.95
Lachlan Star Limited	ASX:LSA	1.08	184	10,586	0.02	1.06
Lynas Rare Earths Limited	ASX:LYC	1.58	183,978	5,542,878	0.03	1.54
Marmota Limited	ASX:MEU	0.58	79	49,983	0.00	0.58
Neometals Ltd	ASX:NMT	2.04	4,111	53,562	0.08	1.94
Nimy Resources Limited	ASX:NIM	0.40	13	9,307	0.00	0.40
OM Holdings Limited	ASX:OMH	0.05	397,281	340,984	1.17	0.03
Western Yilgarn NL	ASX:WYX	0.72	152	3,002	0.05	0.70
	Min	0.05	-	3,002	0.00	0.03
	Q1	0.53	-	10,841	0.00	0.53
	Median	0.79	85	26,463	0.00	0.79
	Mean	0.87	48,824	519,776	0.11	0.85
	Q3	1.09	1,166	77,926	0.04	1.08
	Max	2.04	397,281	5,542,878	1.17	1.94
Relevered Mean Beta						1.07

Source: CapIQ

Alpha Risk

Alpha risks, or non-systemic risks, are risks that are concerned with a particular company that doesn't affect other companies. After assessing the risks specific to MRC, we are of the opinion that an alpha risk of 3% is applicable for this discount.

Cost of Debt

We note that MRC has the GMA loan balance as at 31 October 2024 of AU\$6.9m with interest payable at 9.50% p.a and convertible loans totalling AU\$2.4m with an interest rate of 20% p.a. Based on our weighted average cost of debt calculation we consider that a pre-tax cost of debt for MRC would be approximately 12.2%.

Debt to Equity Ratio

Using the MRC consolidated statement of financial position as at 31 October 2024 with adjustments for the convertible loans, we have calculated a debt-to-equity ratio of 0.36.

WACC Summary

We set out the detailed calculation of the WACC in the table below.

ASX:MRC Discount Rate (WACC)	
As at 17 Dec 2024	
Risk Free Rate	3.80%
Expected Market Return	3.80%
Market Risk Premium	6.00%
Beta-Co-Efficient (3 Year)	1.07
Alpha Risk	3.00%
Cost of Equity	13.20%
Pre-Tax Cost of Debt	12.21%
Tax Rate	30.00%
Post-Tax cost of Debt	8.55%
Equity	25,596,288
Total Debt	9,298,439
Equity-to-Value Ratio	0.73
Debt-to-Value Ratio	0.27
Debt / Equity	0.36
Pre-Tax WACC	12.9%
Post-Tax WACC	12.0%

Source: MACF Analysis

Based on the assumptions set out above, we have assessed the WACC to be 12%

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