

MRC enters into agreement for sale of Skaland Graphite Project

Key points

- MRC has entered into a binding, conditional agreement to sell 100% of MRC's interest in the Skaland Project in Norway to Norge Mineraler.
- Total consideration for sale is USD\$11.75 million.
- Sale proceeds to be applied towards clearing MRC's financial liabilities.

Mineral Commodities Ltd ("**MRC**" or "**the Company**") (ASX: MRC) is pleased to advise that its wholly owned subsidiary MRC Graphite Norway Pty Ltd ("**MRCGN**") has entered into a binding, conditional share purchase agreement ("**SPA**") with Norge Mineraler Holding AS ("**Norge Mineraler**"), for the sale of 100% of the shares in Skaland Graphite AS ("**Skaland**") to Norge ("**Transaction**").

Norge Mineraler is a Norwegian mineral exploration company headquartered in Norway and a 100% subsidiary of the UK based Norge Mining Ltd. and has no relation to the Company.

Skaland is the owner and operator of the Skaland Graphite Project ("**Skaland Project**").

As noted in the Company's recent announcements, most recently on 26 November 2024, the Company has been progressing exclusive discussions about the sale of 100% of Skaland. These discussions have culminated into the entry into the Transaction.

Consistent with the Company's business objectives and strategy, if completed, the Transaction will allow the Company to focus its efforts and its capital on its high-quality Munglinup Graphite Project and downstream active anode plans in Australia ("**Munglinup Project**").

Bacchus Capital Advisors Limited advised MRC on the Transaction with legal counsel provided by Gilbert + Tobin in Australia and Magnus Legal in Norway.

Key terms

The key terms of the SPA are as follows:

- Total purchase price of USD\$11.75 million comprising:
 - USD\$250k non-refundable exclusivity fee, already received;
 - USD\$1 million refundable deposit; and
 - USD\$10.5 million to be paid at completion.
- Norge Mineraler takes on all liability exposure in relation to Skaland, except intercompany loans.
- Standard conditions precedent for a transaction of this nature, including that:
 - Skaland has repaid or converted all intercompany loans to equity prior to completion;
 - all third party consents have been received (including Company shareholder approval); and
 - no material adverse change in Skaland.
- The Company is restricted from competing with the business of Skaland in Norway for 3 years.

The SPA otherwise contains terms including representations and warranties that are usual for an agreement of this nature.

Use of proceeds

The proceeds of the Transaction will be (among other things) applied to:

- payment of creditors of the Company; and
- general working capital.

Next steps and timing

A condition precedent to completion of the SPA is that the Company obtains shareholder approval to the Transaction. Based on the Company's financial position as stated in its latest audited, consolidated financial statements, being 31 December 2023, the Company expects the Transaction to have the following impact on the following five measures:

Measure	MRC Prior to Transaction (\$)	Post Transaction (\$)	Percentage Change
Consolidated Total Assets	27,520,847	30,983,306	13%
Consolidated Total Equity Interests	25,984,938	45,368,017	75%
Consolidated Annual Revenue	6,532,429	47,873	-99%
Consolidated EBITDA	(14,773,795)	(3,571,295)	-76%
Annual (Loss)/Profit (before tax)	(16,221,288)	(4,890,633)	-70%

Therefore, for the purposes of satisfying the condition precedent to the SPA, and as a matter of good governance, the Company intends to convene a general meeting to seek shareholder approval for the Transaction, expected to be held in the first week of February 2025. The Company intends to dispatch a notice of meeting for that purpose to shareholders on or about the week commencing 30 December 2024.

The Company is yet to receive a determination from ASX whether Chapter 11 of the ASX Listing Rules applies to the Transaction and will provide a further update once the position has been determined.

If all conditions precedent to the SPA are satisfied, the Company expects that the Transaction will be completed early to mid-February 2025.

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

"This is a critical Transaction representing a major turning point for MRC. The aim of this deal is to transform MRC into a much simpler, more focused company with a clearer path to value growth."

Selling Skaland will allow MRC to strengthen its balance sheet and concentrate entirely on the Munglinup graphite project in Western Australia and the downstream active anode project. The Company's streamlined business strategy will be to advance and develop these two (2) excellent projects and take advantage of the global focus on critical and battery minerals that includes graphite. MRC will also continue good faith negotiations with its JV partner with the objective of increasing its interest in Munglinup from 51% to 100%."

We are very pleased for the employees and other stakeholders at Skaland that upon completion of the Transaction, the new owner will be Norge Mineraler. Norge Mineraler is an excellent company with extensive experience in Norway and has the technical and financial capability to make Skaland a success. MRC wishes Norge Mineraler and everyone at Skaland all the best for a strong and prosperous future."

ENDS

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About Mineral Commodities Ltd

Mineral Commodities Ltd is a global mining and development company.

The Company's aspiration is to become a leading vertically integrated diversified producer of graphitic anode materials and value-added mineral products with a commitment to operate with a focus on the Environment, Sustainability and Governance.

Forward Looking Statements

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

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

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