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Quarterly Activities Report For the period ended 31 December 2017



Production Summary	Quarter ended	Quarter ended	Quarter ended	Year to Date	Year to Date
	31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16
Mining					
Tonnes	525,254	514,910	537,576	2,052,621	1,807,750
Grade	26.22%	28.35%	36.28%	26.97%	45.95%
- Garnet	19.29%	20.76%	24.36%	19.74%	29.21%
- Ilmenite	5.15%	5.61%	9.09%	5.25%	12.97%
- Zircon	0.91%	1.03%	1.84%	1.03%	2.78%
- Rutile	0.45%	0.49%	0.53%	0.49%	0.61%
- Leucoxene	0.42%	0.46%	0.46%	0.46%	0.38%
GSP / SCP Production & Processing					
Tonnes processed	246,579	237,617	201,469	843,567	658,857
Tonnes produced					
- Garnet concentrate	150,926	138,775	61,856	435,590	270,802
- Ilmenite concentrate	43,953	33,642	94,567	217,019	211,704
- Zircon/Rutile concentrate	4,941	5,496	9,717	22,111	35,813
zircon in concentrate	69.93%	69.65%	76.85%	70.66%	74.10%
rutile in concentrate	17.80%	19.14%	14.35%	17.70%	13.34%
Sales (wmt)					
- Garnet concentrate	81,200	81,226	80,308	243,962	130,308
- Ilmenite concentrate	55,000	55,000	2,068	282,098	4,070
- Zircon/Rutile concentrate	4,844	5,264	9,576	23,152	38,408
Highlights					Corporate and Cash
<ul style="list-style-type: none"> Record quarter of tonnes processed and produced at Tormin Mineral Sands Mine. Acquisition of a 51% initial interest in the advanced high grade Munglinup Graphite Project completed. Scoping study completed and resultant preliminary economics underpin a near term project development profile. MRC Exploration Australia formed, and lodged new exploration licenses and entered into JV's, targeting lithium, channel iron and gold-copper deposits. Tehran office opened, Iranian subsidiary incorporated, in-country joint venture and acquisition agreements being negotiated to acquire existing operations, to explore and develop copper, gold, cobalt, nickel, zinc and potash-lithium projects. 					<p>Securities: 415 million shares, 6 million options and 6.95 million performance rights.</p> <p>Cash: Cash as at 31 December 2017 of US\$11.0 million, plus US\$6.0 million in trade and other receivables.</p> <p>Debt: Borrowings as at 31 December 2017 of US\$4.2 million.</p>

SAFETY, ENVIRONMENT AND COMMUNITY

There were no Lost Time Injuries (“LTI”) during the quarter, with the Company continuing its exemplary performance in occupational health and safety, with only one LTI incurred for in-excess of 3.0 million man hours worked since operations commenced in late 2013.

The Company maintained its strong commitment to social development during the quarter and continued with its various initiatives during the period. During the quarter a further 2 bursary recipients successfully graduated from the University of Stellenbosch with Bachelors in Accounting and Bachelors of Science.

Initiatives included the completion of the Nuwerus school project which provides for the construction and fitout of a new computer classroom at a cost of approximately R2.2 million.

The Company engaged with the local communities in consultation with the Matzikama Municipality to deliver “Gift Packs” to disadvantaged children within the local South African communities of Lutzville, Lutzville West, Koekenaap and Uitkyk over the Christmas period.

The Company, through its Small Medium Micro Enterprises (“SMME”) development program, sponsored the establishment of several community based enterprises and continues to sponsor full-time Mathematics and English teachers at various local primary and secondary schools.

TORMIN – OPERATIONAL PERFORMANCE

The above budget tonnage performance of the Tormin mining operations continued into the fourth quarter of 2017.

Run of Mine (“ROM”) production of 525,254 tonnes during the December 2017 quarter was achieved, versus budget of 438,827 tonnes and the previous quarter’s 514,910 tonnes. ROM ore grading 26.22% Valuable Heavy Minerals (“VHM”) was mined for the quarter, consisting of a garnet grade 19.29%, ilmenite grade 5.15%, zircon grade 0.91% and rutile grade 0.45%.

Mining cost per tonne of ore mined for the quarter of US\$1.92/t was well below budget. Mining cost per tonne significantly improved against June 2017 quarter’s US\$2.11/t and March quarter’s US\$2.25/t, reflecting continuing mobile fleet cost efficiencies. However, mining cost per tonne was higher than September 2017 quarter’s US\$1.43/t due to an increase in diesel prices, increased maintenance costs, an introduction of hired equipment to manage garnet re-feed and increased product stockpiling costs.

The Company is pleased to be able to report the following key Tormin processing metrics, which are a record since commencement of operations:

- Highest quarterly Primary Beach Concentrator (“PBC”) feed total – 518,122 tonnes, beating the prior record set in the September 2017 quarter.
- Primary Beach Concentrator / Tailings Scavenger Plant (“PBC/TSP”) recovery rates of every mineral other than zircon had their highest quarterly performance in the quarter.
- Highest quarterly Garnet Stripping Plant (“GSP”) feed total – 246,579 tonnes, beating the prior record set in the September 2017 quarter by 3.8%.
- Highest quarterly gross final concentrate production – 199,820 tonnes, beating the prior record set in the September 2017 quarter by 12.3%, driven by increased garnet and ilmenite concentrate production.

Zircon and rutile feed grades were lower and resulted in reduced, non-magnetic zircon/rutile concentrate production for the quarter of 4,941 tonnes, versus a budget of 7,228 tonnes and a previous quarter of 5,496 tonnes. Contained zircon in the concentrate of 69.93% was above a budgeted 69.16%, whilst rutile was also above budget at 17.80% contained rutile in concentrate.

Gross ilmenite concentrate production for the December quarter was 43,953 tonnes versus a budget of 37,785 tonnes, and gross garnet production was 150,926 tonnes versus a budget of 40,366 tonnes.

During the quarter, the Company re-treated 117,463 tonnes of previously stockpiled garnet concentrate to extract excess zircon, to produce a medium grade ilmenite concentrate and to upgrade the garnet concentrate grade.

Continued process improvement initiatives, including capital spend, are being implemented to improve throughput and recoveries for the March 2018 quarter. Higher recoveries in the Garnet Stripping Plant / Secondary Concentrator Plant ("GSP/SCP") plant is to be expected.

The amphibious excavator continued operation during the December quarter with modifications added to the suction of the pump cutter head to limit rock ingress. There is initial evidence from operations to date to suggest that lower grade material pumped from the surf zone onto the active beach ROM area results in concentration of VHM grades. Operations continue currently to optimise the production metrics and also the methodology to allow accelerated concentration of the material mined by the amphibious excavator.

Tormin Costs

The following is a summary of unit costs and revenue:

SUMMARY OF UNIT COSTS & REVENUE	Dec-17 Quarter ended	Sept-17 Quarter ended	Dec-16 Quarter ended	Dec-17 Full Year	Dec-16 Full Year
Unit production cash costs per tonne of final concentrate produced (US\$/dmt)	26.81	24.95	24.49	27.89	27.03
Unit cost of goods sold per tonne of final concentrate sold (US\$/wmt) ⁽¹⁾	91.23	66.21	59.03	77.47	99.29
Unit revenue per tonne of final concentrate sold (US\$/wmt)	114.76	104.66	101.42	113.33	163.27
Revenue to Cost of Goods Sold Ratio	1.26	1.58	1.72	1.46	1.64

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

Production cash costs per tonne of zircon/rutile, ilmenite and garnet concentrates produced for the quarter was US\$26.81/t, compared to a budgeted US\$27.69/t and prior quarter's US\$24.95/t, with the Tormin mine increasing its cash production expenditures due to an increase in diesel prices and increased fleet maintenance costs.

Cost of goods sold (incorporating production cash costs, product handling, transport and selling costs, royalties, stock movements, and depreciation and amortisation) per tonne of concentrate was US\$91.23/t for the quarter, compared to a budget of US\$77.67/t and prior quarter's US\$66.21/t, again driven by higher costs, specifically additional transport costs for a 51,077t garnet concentrate shipment in December and rehandling garnet concentrate previously stockpiled at Koekenaap back to Tormin for further re-processing.

Production cash costs for the full year 2017 was US\$27.89/t, compared to a FY2017 budget of US\$42.69/t and with the actual result only marginally above the prior year's FY2016 result of US\$27.03/t.

Unit costs of goods sold for FY2017 was US\$77.47/t, aligned to the FY2017 budget of US\$77.22/t and significantly below the US\$99.29/t result for FY2016. The significant decrease in the unit costs of goods sold from the prior year is a reflection of the significantly higher volume of 'lower cost' bulk ilmenite and garnet concentrates sold in FY2017 than the prior year.

Tormin Sales and Marketing

The Company continued to experience strong demand for its ilmenite concentrate due to a combination of the prior tightening of the global ilmenite supply chain as well as previous curtailing of domestic sulphate ilmenite production within China due to environmental and economic cost of production factors. This was further complimented by demand from India arising from Indian regulatory issues restricting in-country feedstock availability. In addition, increased demand for all downstream finished titanium products continued into the December 2017 quarter.

The Company is also seeing incremental quarter on quarter increases in sales pricing for its high grade non-magnetic zircon/rutile concentrate. The Company has seen a year-on-year increase of approximately 45% for its non-magnetic concentrate pricing. The first quarter sales for 2018 have been contracted at the highest dry metric tonne ("DMTU") rates since operations commenced.

Sales revenue for the December quarter was US\$16.2 million, above both the budgeted US\$13.5 million and prior quarter's US\$14.8 million, materially driven by higher ilmenite, zircon and rutile pricing, and partially offset by lower non-magnetic concentrate tonnes sold due to lower zircon production / mined grade.

Tormin shipments/sales for the December quarter were 4,844 wet metric tonnes of zircon/rutile non-magnetic concentrate, 55,000 wet metric tonnes of bulk ilmenite concentrate and 80,000 dry metric tonnes of garnet concentrate stockpiled on GMA's behalf. Further, additional revenue was generated by the shipment of 51,077 wet metric tonnes of garnet concentrate previously stockpiled at the Tormin mine site on GMA's behalf.

Revenue per tonne of concentrate sold was US\$114.76/t for the quarter, above both the budgeted US\$92.39/t and the prior quarter's US\$104.66/t. The improvement in unit revenue was due to higher ilmenite, zircon and rutile pricing, and additional revenue generated on the transport and shipment of previously stockpiled garnet concentrate.

The Revenue to Cost of Goods Sold Ratio for the December quarter was 1.26 compared to a budgeted 1.19 and a prior quarter's 1.58. The decrease against the prior quarter was due to additional garnet re-processing, diesel and maintenance costs, and the lower profit margin earned on actual garnet concentrate shipments, offset in part by continued improvements in ilmenite, zircon and rutile pricing.

Revenue per tonne of concentrate sold for the full year 2017 was US\$113.33/t, above the budgeted US\$91.61/t but below the prior year's result of US\$163.27/t. The improvement in unit revenue against budget was due to higher ilmenite, zircon and rutile pricing, and additional revenue generated on the transport and shipment of previously stockpiled garnet concentrate. The lower unit revenue for FY2017, when compared against FY2016, is a reflection of the relative product mix sold with significantly higher volumes of bulk ilmenite and garnet concentrates sold in 2017 when compared to the higher value zircon/rutile concentrate; and irrespective of the higher ilmenite, zircon and rutile prices achieved in FY2017.

The Revenue to Cost of Goods Sold Ratio for FY2017 was 1.46 as compared to a budgeted 1.19 and FY2016 result of 1.64. The FY2017 decrease against FY2016 is a reflection of the product mix change towards bulk concentrates, irrespective of high sales prices and lower unit costs achieved in FY2017.

Tormin Work-in-Progress and Final Concentrate Inventory

The Company is pleased to be able to report that holdings of work-in-progress and final concentrate finished goods inventory on hand at 31 December 2017 are the highest since commencement of operations at Tormin, and will further assist in underpinning future production performance, sales/shipments and operating cash generation. These stock holdings are summarised as follows:

CONCENTRATE PRODUCT	WIP & Finished Goods at 31 December 2017
Run of Mine Ore Stockpile (total tonnes - Tormin processing plant)	35,568
Heavy Mineral Concentrate Stockpile (total tonnes - Tormin processing plant)	93,421
Zircon / Rutile Concentrate Bagged (total tonnes - Tormin, Cape Town or in-transit)	1,362
Ilmenite Concentrate Stockpiles (total tonnes - Tormin, Saldanha Bay or in-transit)	26,584
Garnet Concentrate Stockpiles (total tonnes - Tormin, Koekenaap, Saldanha Bay, in-transit or held on behalf of GMA)	684,882

Tormin Resource and Prospecting Activities

The Company, via its 50% owned South African subsidiary Mineral Sands Resources (Pty) Ltd (“MSR”) had previously submitted a Section 102 Extended Mining Rights Amendment Application (“Section 102 Application”) to the Department of Mineral Resources (“DMR”) Western Cape Region on 26 April 2017.

This Section 102 Application sought to extend the existing Tormin Mining Right to include the beaches to the north of its existing beach mining rights and an identified mineral sands inland strandline located on the Company owned Geelwal Karoo freehold farm (on which the Tormin processing plant is also located).

On 13 December 2017, the Company advised that MSR has received notification from the DMR that the National Environmental Management Act (“NEMA”) Authorisation which forms part of the Section 102 Application for the Tormin Minerals Sands Mine has been refused. Notwithstanding, the reasons for the refusal by the DMR were not transparently clear.

The Company did not decide to appeal the decisions and has reached an agreement with the DMR which will allow for the resubmission of the NEMA Environmental Authorisation. The Company will now be resubmitting the application with the support of the DMR in February 2018.

The Company has also sought clarity on the status of its current prospecting right applications and is also confident that the assessment of the prospecting rights will be positively progressed in the first quarter of 2018.

The Company has also met with the Minerals and Petroleum Sub-Committee Board (“MPSCB”) regarding the ongoing sustainability of the Company’s Tormin mine operations. The MPSCB is a designated sub-committee which engages direct with mining companies and reports directly to the Minister of Mines in an attempt to support and sustain mining operations within South Africa. This initiative supported collectively by all stakeholders is specifically designed to identify, assist and remedy hurdles that impede mining operations.

CORPORATE AND BUSINESS DEVELOPMENT

Munglinup Graphite Project

MRC Graphite Pty Ltd (“MRCG”), a wholly owned subsidiary of the Company, and Gold Terrace Pty Ltd (“GT”) formally finalised and executed the Munglinup Graphite Project Farm-in and Joint Venture Agreement (“Munglinup JV Agreement”) during the quarter. The Joint Venture provides for exploration and development of a natural flake graphite mining operation at Munglinup near Esperance in Western Australia.

The Munglinup JV Agreement formalised the executed Binding Term Sheet as announced on 11 and 13 September 2013, whereby MRCG and GT agreed to enter into a joint venture, and outlined the terms and conditions in which the joint venture will conduct exploration and studies, including possible early works, up until and including a decision to mine is made for the development of a graphite operation on the Munglinup tenements.

MRCG’s initial ownership under the Joint Venture Agreement of the Munglinup Graphite Project will be 51%. MRCG will now expediently move towards 90% ownership during the course of 2018 via fulfilment of the conditions required by the Munglinup JV Agreement, predominantly the completion of a feasibility study.

The completion of a scoping study (“Scoping Study” or “Study”) during the December 2017 quarter and the resultant preliminary economics underpin a near term project development profile for the Project. As a result, MRCG has already commenced a comprehensive metallurgical testwork and drilling program required for a Pre-Feasibility Study (PFS), with delivery of the PFS anticipated in February 2018.

The results of the Munglinup Scoping Study, as released to the ASX on 27 November 2017, demonstrate a viable low capital, low operating cost operation. Munglinup’s annual average graphite concentrate production target of approximately 56,000tpa greatly benefits from the exceptionally high graphite grades and excellent infrastructure commensurate with a project in one of the world’s best mining jurisdictions.

The key results of the Scoping Study are summarised as follows:-

A\$150M NPV	A\$528/t Mid Case Average OPERATING CASH COST	A\$47M Total DEVELOPMENT CAPEX	56kt Average ANNUAL CONC. PRODUCTION	9 yrs. Total MINE LIFE	A\$270M Project FREE FLOW CASH GENERATION
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The results of the Scoping Study demonstrate the potential for the Munglinup Project to support a very low capital and operating cost operation with annual graphite concentrate production of approximately 56,000 tonnes per annum over an initial mine life of 9 years and payback of under 2 years.

Indicative NPV and IRR (post tax) ranges from the Munglinup Scoping Study

Indicative NPV (AUD\$M) / IRR						
Graphite Pricing \ Flake Distribution	Conservative		Balanced		Aggressive	
	NPV	IRR	NPV	IRR	NPV	IRR
Low - 10 Year Pricing Low	\$38M	26%	\$77M	41%	\$106M	52%
Mid - Canaccord Long Term Average	\$102M	50%	\$150M	67%	\$187M	79%
High - Peer Company Average	\$193M	81%	\$257M	100%	\$313M	117%

The Scoping Study results further demonstrated that by any peer analysis, the Munglinup Project is a high-grade world class asset with all key operating parameters falling within the most favourable quartile. The current market fundamentals in the renewable energy sector and EV market and the advanced stage of the Project are compelling and support an accelerated project development timetable. Importantly, the Project is set aside from the majority of its peers by being in a Tier 1 mining jurisdiction and close to all required infrastructure.

During the December quarter, MRCG and Doral Fused Materials Pty Ltd (“Doral”), a wholly owned subsidiary of Iwatani Corporation, also finalised and executed a Memorandum of Understanding (“MOU”) for the formal assessment of the Doral Fused Alumina Plant in the Kwinana Industrial zone in Western Australia as a possible site for further downstream processing of natural flake graphite concentrate produced from the Company’s Munglinup Graphite Project.

The MOU with Doral will allow MRCG exclusive access to the Doral site for a period of 12 months to undertake a study to determine the suitability of the site for the thermal purification, spheroidisation and coating of natural flake graphite to produce 99.95% graphitic anode material in Western Australia.

Iran

The Company has been actively establishing its presence in Iran for the past 12 months and has appointed Mr Bahman Rashidi as the in-country Iranian General Manager. Mr Rashidi is a highly qualified geologist with a Master’s degree in Economic Geology.

The Company has reviewed in excess of 31 green-fields, brown-fields and operating mining projects to date and has concluded transactions on Tuzlar and Asbkhan. The Company is confident that several more transactions will be finalised from its initial reconnaissance to date. The Company has a fully funded exploration budget out of its current operational cashflow of US\$2.4m for 2018.

As set out in a detailed release on 18 December 2017, the Company has entered into an agreement to acquire up to 73.5% shareholding in the privately owned Tuzlar Gold Mining and Industry Company (“Tuzlar”). An initial investment of 22.8% of the equity in Tuzlar will cost US\$0.68 million, and the Company has an option to acquire an additional 50.7% for a cost of US\$2.53 million. The Company may exercise the option to acquire the additional 50.7% after completing a detailed exploration program. Tuzlar is an operating gold mine located on a granted Mining License cover 14km² which historically has produced 2,000ozs to 3,000ozs of gold per annum.

The detailed exploration program for Tuzlar will include systematic surface sampling and mapping, geophysics including induced polarization (IP), magnetic surveys, reconnaissance and deep drilling of the central part of the licence area targeting a high sulphidation magmatic system as well as deep drilling around the gold bearing quartz veins that are currently being mined by the existing owners in the western part of the license area. The estimated cost of the exploration program is approximately US\$0.5 million.

The Company has the right to a 75% stake in the Asbkhan Joint Venture Company which is a special purpose vehicle established to own the Asbkhan copper-gold project. The Company’s earn-in will be by the completion of phase 1 exploration to test the potential of the area. Asbkhan is a privately owned copper-gold exploration project located in East Azerbaijan province in North Western Iran covered by a granted Mining License over an area of 6km².

Exploration will consist of surface sampling from trenches, benches, and outcrops, ground geophysical surveys (IP) and follow up reconnaissance core drilling. The estimated budgeted expenditure for 2018 is US\$0.5 million.

The Company has also entered into a Non-Exclusive MOU with the Iran Minerals Production and Supply Company (“IMPASCO”) to review and access all opportunities relating to the exploration, extraction, and processing and investment commercialisation of projects under IMPASCO management. IMPASCO is a subsidiary of the Iranian Mines and Mining Industries Development and Renovation Organisation (“IMIDRO”), and is a leading minerals holding company in Iran. The MOU provides for the Company to tender on advanced Gold/Copper and Brine/Potash Projects which IMPASCO is intending to commercialise.

An MOU has also been signed with the Geological Survey of Iran (“GSI”) to explore country wide for base and precious metals including gold, lead, zinc, copper, mineral sands, potash and lithium deposits. The GSI holds large parcels of land for exploration with an extensive database of geological, geochemical and geophysical information. The MOU provides for the Company to access all data and information held by the GSI. The Company and GSI will work collaboratively to collect, categorise as well as interpret with modern exploration technology, all existing data held by the GSI with an intention of further developing exploration and exploitation of mineral opportunities.

Australian Exploration

As set out in a release on 13 December 2017, the Company, via its wholly owned subsidiary, MRC Exploration Australia Pty Ltd (“MRCEA”), has lodged six new exploration licenses and entered into a Joint Venture in Western Australia on another exploration tenement. The Company is targeting lithium (Yandeyarra Prospect), channel iron (Glen Florrie Prospect) and gold-copper deposits (Doolgunna and Cave Hill Prospects).

The Yandeyarra Prospect includes four exploration applications lodged over an area covering 876km² of prospective ground for hard rock lithium pegmatites 20km southwest from the Wodgina lithium mine operated by Mineral Resources and 50km southwest from the Pilgangoora Lithium-Tantalite projects under development by Pilbara Minerals and Altura Mining.

The Glen Florrie Prospect includes one exploration application over channel iron deposit 160km southeast from Onslow, with historical drilling results including numerous additional channel iron deposit (CID) targets.

The Doolgunna Prospect includes one granted exploration licence with an executed Farm-in Agreement for MRCEA to acquire up to 90% interest in the tenement covering 62km². The Cave Hill Prospect includes one exploration application lodged over 150km². Doolgunna & Cave Hill areas are both over highly prospective near surface stockwork gold with historical workings and copper anomalies along strike from De Grussa copper mine in the Narracoota Volcanics and Goodin Fault.

Exploration works in these areas involves an A\$1.5m fully funded minimum commitment over the next two years.

Cash and Debt

At 31 December 2017 the Company had US\$11.0 million in cash on hand, an increase from the 30 September 2017 cash balance of US\$8.7 million and being subsequent to an A\$3.2m cash outlay for acquisition of 51% of the Munglinup Graphite Project.

Trade and other receivables at 31 December 2017 were US\$6.0 million, a decrease from the 30 September 2017 balance of US\$8.7 million due to lower bulk ilmenite concentrate shipment receivables by year end.

Borrowings as at 31 December 2017 were US\$4.2 million, a reduction of US\$0.4 million from the 30 September 2017 borrowings of US\$4.6 million.

The Company expects to continue with strong positive operating cash flow generation in the forthcoming quarter and year, as it continues to realise the value of work-in-progress and finished goods inventories, expected production improvements, ilmenite concentrate shipments, garnet concentrate sales and improved pricing for all its concentrate products.

Outlook

Concentrate production guidance for the forthcoming full year 2018 is in the order of:

Final Concentrate Production	FY2018 Production Guidance Range
Zircon / Rutile Concentrate (dry metric tonnes)	20,000 – 25,000
Ilmenite Concentrate (dry metric tonnes)	100,000 – 130,000
Garnet Concentrate (dry metric tonnes)	350,000 – 450,000

Sales / shipment guidance for FY2018 is in the order of:

Final Concentrate Sales	FY2018 Sales Guidance Range
Zircon / Rutile Concentrate (wet metric tonnes)	20,000 – 25,000
Ilmenite Concentrate (wet metric tonnes)	100,000 – 120,000
Garnet Concentrate Stockpiled (dry metric tonnes)	210,000
Garnet Concentrate Shipped (dry metric tonnes)	160,000

Tormin operations will continue to focus on optimising the mining and processing value chain to deliver results in line with the December quarter's record numbers. In addition a concerted effort will be made to secure a definable deliverable date with the DMR to the Company's current pending Section 102 application and prospecting right applications.

Management will drive to the completion of the Pre-Feasibility Study for the Munglinup Graphite Project and expedite the requisite studies and regulatory approvals to fast track this project to development. The Company is well advanced with phase 1 metallurgical test work and will be in a position to inform the market with results early in 2018.

Securities on Issue

During the quarter 10,000,000 ordinary shares were issued as part of the 51% acquisition of the Munglinup Graphite Project.

Issued securities at quarter-end comprise:

- 414,941,571 fully paid ordinary shares listed on the ASX.
- 5,000,000 fully vested Unlisted Options exercisable at A\$0.20 on or before 30 May 2018.
- 1,000,000 fully vested Unlisted Options exercisable at A\$0.20 on or before 31 March 2018.
- 4,000,000 Performance Rights exercisable on or before 30 May 2019 and vesting upon the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of 5 consecutive trading days.
- 450,000 Performance Rights exercisable on or before 31 May 2021, vesting at a rate of 150,000 per annum on 31 May 2018 to 2020 inclusive, and the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of 5 consecutive trading days.
- 2,000,000 Performance Rights exercisable on or before 31 May 2020, 1,500,000 vesting on issue and

500,000 on 12 months from date of issue, and the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of 5 consecutive trading days.

- 500,000 Performance Rights exercisable on or before 31 May 2020, vesting on 31 May 2018, and the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of 5 consecutive trading days.

Terms and Explanations

ABET	Adult Basic Education and Training
ASX	Australian Securities Exchange
BEE	Black Economic Empowerment
BID	Background Information Document
DEA	Department of Environmental Affairs
DMR	Department of Mineral Resources
DMTU	Dry Metric Tonne Unit
DWA	Department of Water Affairs
EIA	Environmental Impact Assessment
EMP	Environmental Management Programme
FIPPA	Foreign Investment Promotion and Protection Act
GT	Gold Terrace Pty Ltd
GMA	GMA Group
GSI	Geological Survey of Iran
GSP	Garnet Stripping Plant
HDSA	Historically Disadvantaged South Africans
HM	Heavy Mineral
HMC	Heavy Mineral Concentrate
HOA	Heads of Agreement
IEP	Independent Environmental Practitioner
IMPASCO	Iran Minerals Production and Supply Company
IMIDRO	Iranian Mines and Mining Industries Development and Renovation Organisation
JORC	Joint Ore Reserves Committee
LTI	Lost Time Injury
MOU	Memorandum of Understanding
MPSCB	Minerals and Petroleum Sub-Committee Board
MPRDA	Mineral and Petroleum Resources Development Act
MRA	Mining Right Application
MRCEA	MRC Exploration Australia Pty Ltd
MRCG	MRC Graphite Pty Ltd
MSP	Mineral Separation Plant
MSR	Mineral Sands Resources (Pty) Ltd
NEMA	National Environmental Management Authority
NUM	National Union of Mine Workers
PBC	Primary Beach Concentrator
PR	Prospecting Right
ROM	Run of Mine
SARS	South African Revenue Service
SCP	Secondary Concentrator Plant
SLP	Social Labour Plan
SMME	Small Medium Micro Enterprises
TRIFR	Total Recordable Injury Frequency Rate
TSP	Tailings Scavenger Plant
VAT	Value Added Tax
VHM	Valuable Heavy Mineral
WMT	Wet Metric Tonnes

APPENDIX 1 – RESOURCE STATEMENT

Resources - Mineral Sands

The **Tormin** and **Xolobeni** Mineral Resources, based on mined material reconciliation as at 31 December 2016 for the Tormin Resource, was as follows:-

PROJECT	Category	Resource (Million Tonnes)	Total Heavy Mineral (%)	Ilmenite (% in Heavy Mineral)	Zircon (% in Heavy Mineral)	Rutile (% in Heavy Mineral)	Garnet (% in Heavy Mineral)
Tormin	Inferred	1.8	28.08%	21.9%	5.9%	1.9%	67.6%
Xolobeni	Measured	224	5.7%	54.5%			
	Indicated	104	4.1%	53.7%			
	Inferred	18	2.3%	69.6%			
Total Xolobeni		346.0	5.0%	54.0%			
Total MRC		348.7	5.3%	53.8%			

Note: Individual minerals reported as a percentage of the total heavy mineral concentrates.

The Mineral Resource estimations previously reported under JORC 2004 for the Tormin Resource are re-presented with updated disclosure for JORC 2012.

An updated Tormin Resource Statement is currently being developed and will be released in February 2018.

Resources - Graphite

In 2016 the **Munglinup Graphite Project** Mineral Resource (JORC 2012 compliant) was updated by AEMCO. The resource is classified into Indicated and Measured for a Total Resource of 3.625 million tonnes @ 15.3% Total Graphite Contained (“TGC”) using a lower cut-off grade of 10% or 1.6 million tonnes @ 18.7% TGC using a cut-off grade of 15%.

	Resource (Million Tonnes)	Grade (Total Graphitic Content %)	Contained Graphite (Million Tonnes)
Halberts Main Zone			
Measured	1.710	14.1%	0.241
Indicated	1.367	15.3%	0.209
Other Areas			
Indicated	0.548	19.1%	0.104
Total	3.625	15.3%	0.554

APPENDIX 2 – LISTING OF RIGHTS AND TENEMENTS

The following information is provided pursuant to ASX Listing Rules 5.3.3:

Country	Location	Right / Tenement Number	Type of Right / Tenement	Status	Change since last Quarter	Beneficial Interest
South Africa	Tormin	(WC)30/5/1/1/2/10261 PR	Prospecting	Under Application	NA	100%
	Tormin	(WC) 30/5/1/1/2/10262 PR	Prospecting	Under Application	NA	100%
	Tormin	(WC)30/5/1/2/2/163 MR	Mining	Approved	N/A	100%
	Tormin	(WC) 30/5/1/1/2/10259 PR	Prospecting	Under Application	N/A	100%
	Tormin	(WC)30/5/1/2/2/162 MR	Mining	Approved	N/A	100%
	Tormin	(WC)30/5/1/1/2/10036 PR	Prospecting	Approved	N/A	100%
	Tormin	(WC)30/5/1/1/2/10199 PR	Prospecting	Approved	N/A	100%
	Tormin	(WC)30/5/1/1/2/10226 PR	Prospecting	Closed	100%	100%
	Tormin	(WC)30/5/1/1/2/10229 PR	Prospecting	Closed	100%	100%
	Tormin	(WC)30/5/1/1/2/10240 PR	Prospecting	Under Application	100%	100%
South Africa	Xolobeni	EC30/5/1/1/2/6 PR	Prospecting	Closed – Converting to Mining Right	N/A	100%
	Xolobeni - Kwanyana block	EC30/5/1/1/2/10025 PR	Prospecting	Subject to moratorium - Converting to Mining Right	N/A	100%
	Xolobeni	EC30/5/1/1/2/10025 MR	Mining	Subject to moratorium - Under Application	100%	100%
Australia	Munglinup	M74/245	Mining	Granted, In Transfer	51%	51% (Option to acquire 90%)
	Munglinup	E74/505	Exploration	Granted, In Transfer	51%	51% (Option to acquire 90%)
Australia	Yandeyarra	E47/3884	Exploration	Under Application	100%	100%
	Yandeyarra	E47/3885	Exploration	Under Application	100%	100%
	Yandeyarra	E47/3916	Exploration	Under Application	100%	100%
	Yandeyarra	E45/5109	Exploration	Under Application	100%	100%

Country	Location	Right / Tenement Number	Type of Right / Tenement	Status	Change since last Quarter	Beneficial Interest
Australia	Doolgunna	E51/1766	Exploration	Granted	0%	0% (Option to earn-into 90%)
Australia	Cave Hill	E51/1867	Exploration	Under Application	100%	100%
Australia	Glen Florrie	E08/2963	Exploration	Under Application	100%	100%

APPENDIX 3 – COMPETENT PERSONS STATEMENT

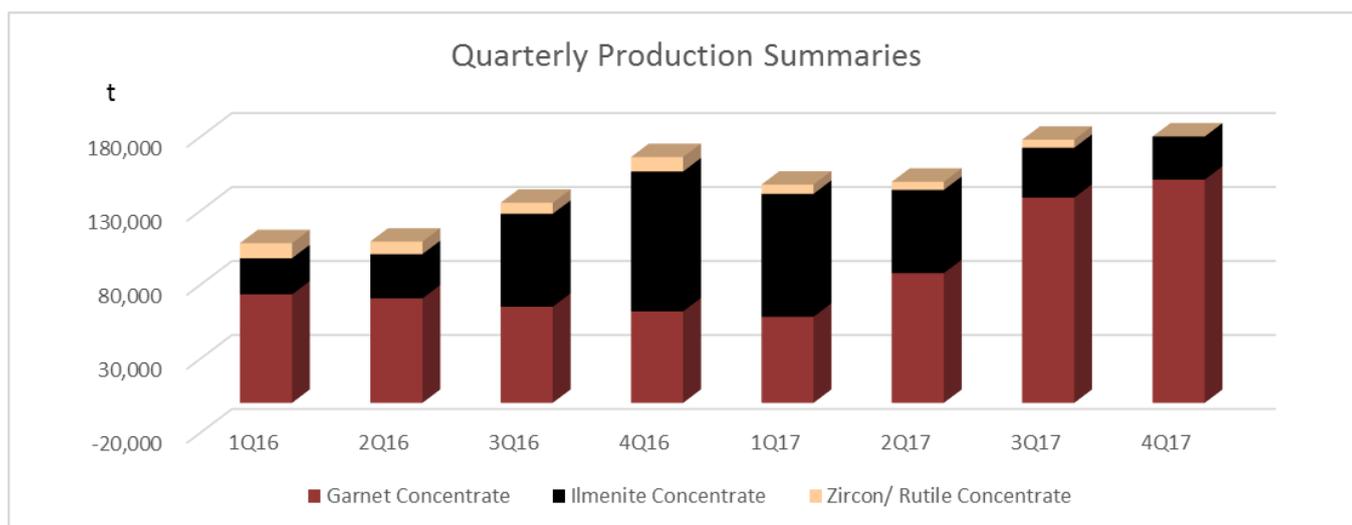
The information in this announcement which relates to Exploration Results, Mineral Resources or Ore Reserves for **Xolobeni** is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences (“AIG”), a Corporate Member of the Australasian Institute of Mining & Metallurgy (“AusIMM”) and independent consultant to the Company. Mr Maynard is the Director and Principal Geologist of Al Maynard & Associates Pty Ltd and has over 36 years’ of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves” (JORC Code). This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this announcement which relates to Exploration Results, Mineral Resources or Ore Reserves for **Tormin** is based on information compiled by Mr Adriaan du Toit, who is a Member of the AusIMM and an independent consultant to the Company. Mr du Toit is the Director and Principal Geologist of AEMCO Pty Ltd and has over 26 years’ of exploration and mining experience in a variety of mineral deposits and styles. Mr du Toit has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition JORC Edition. The information from Mr du Toit was prepared under the JORC Code 2012 Edition. Mr du Toit consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

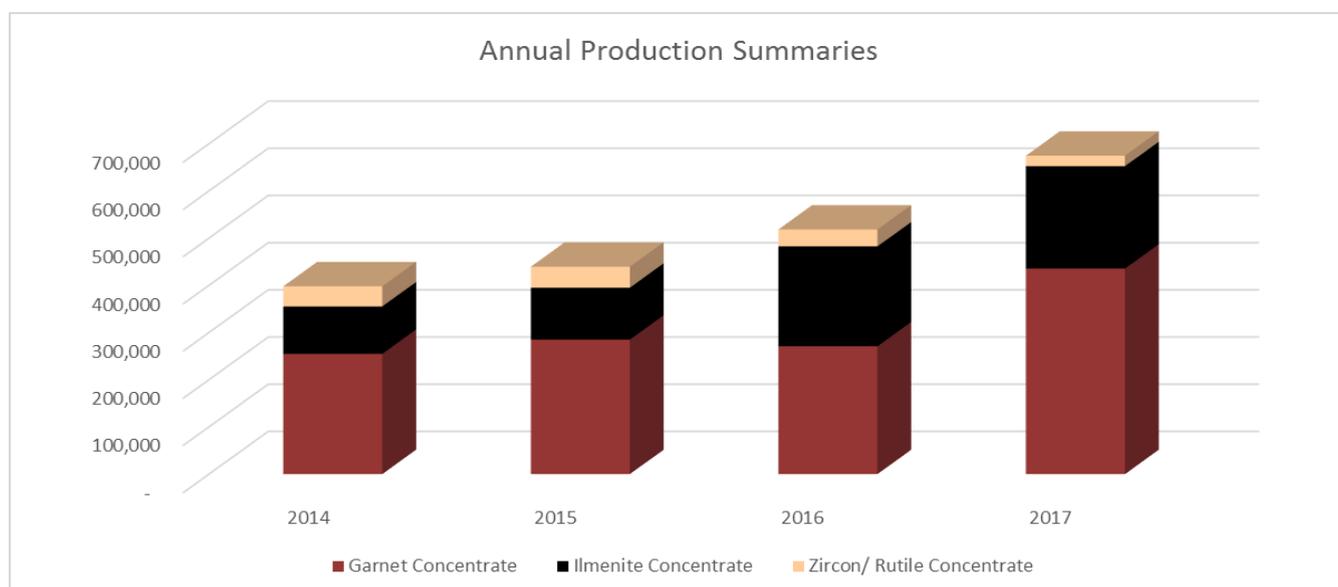
The information in this announcement which relates to Exploration Results, Mineral Resources or Ore Reserves for the **Munglinup Graphite Deposit** is based on information compiled by Mr Adriaan du Toit who is a member of the Australian Institute of Mining and Metallurgy (AusIMM) and who is an independent consultant to the Company. Mr du Toit is the Director and Principal Geologist of AEMCO Pty Ltd. He has over 26 years of exploration and mining experience in a variety of mineral deposits and styles. Mr du Toit has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined by the 2012 JORC Edition. The information from Mr du Toit was prepared under the JORC Code 2012 Edition. Mr du Toit consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

APPENDIX 4 – PRODUCTION SUMMARIES

Quarterly	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017
Garnet Concentrate (t)	73,353	70,599	64,994	61,856	58,160	87,728	138,775	150,926
Ilmenite Concentrate (t)	24,415	29,919	62,803	94,567	83,171	56,253	33,642	43,953
Zircon/ Rutile Concentrate (t)	10,170	8,476	7,450	9,717	6,212	5,462	5,496	4,941

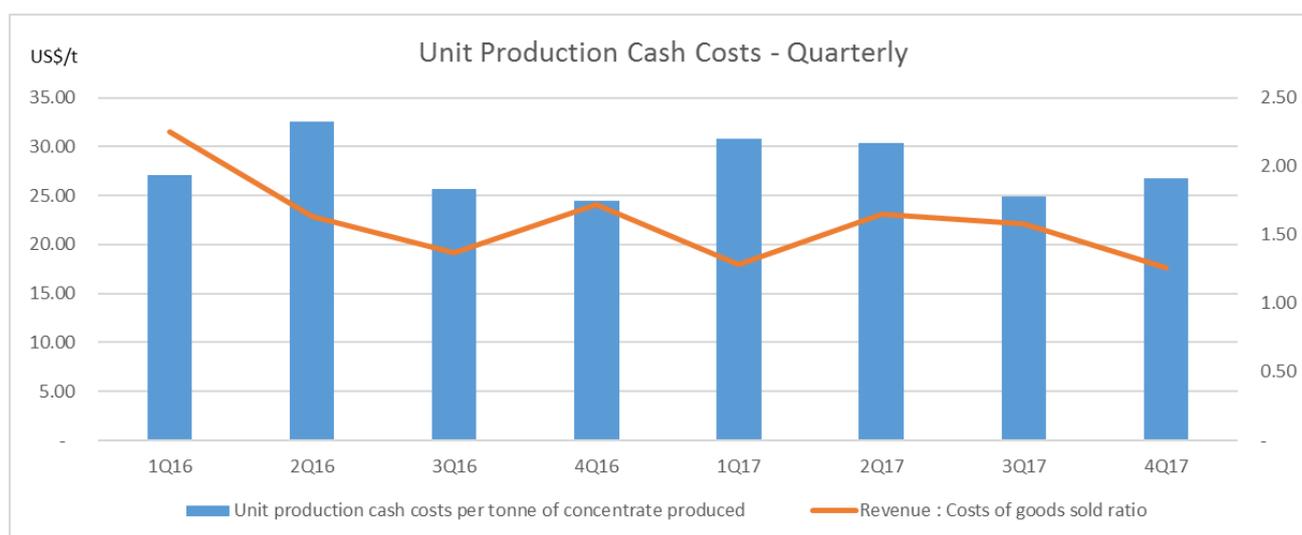


Full Year	2014	2015	2016	2017
Garnet Concentrate (t)	254,816	284,990	270,802	435,590
Ilmenite Concentrate (t)	100,437	109,959	211,704	217,019
Zircon/ Rutile Concentrate (t)	42,668	44,489	35,813	22,111

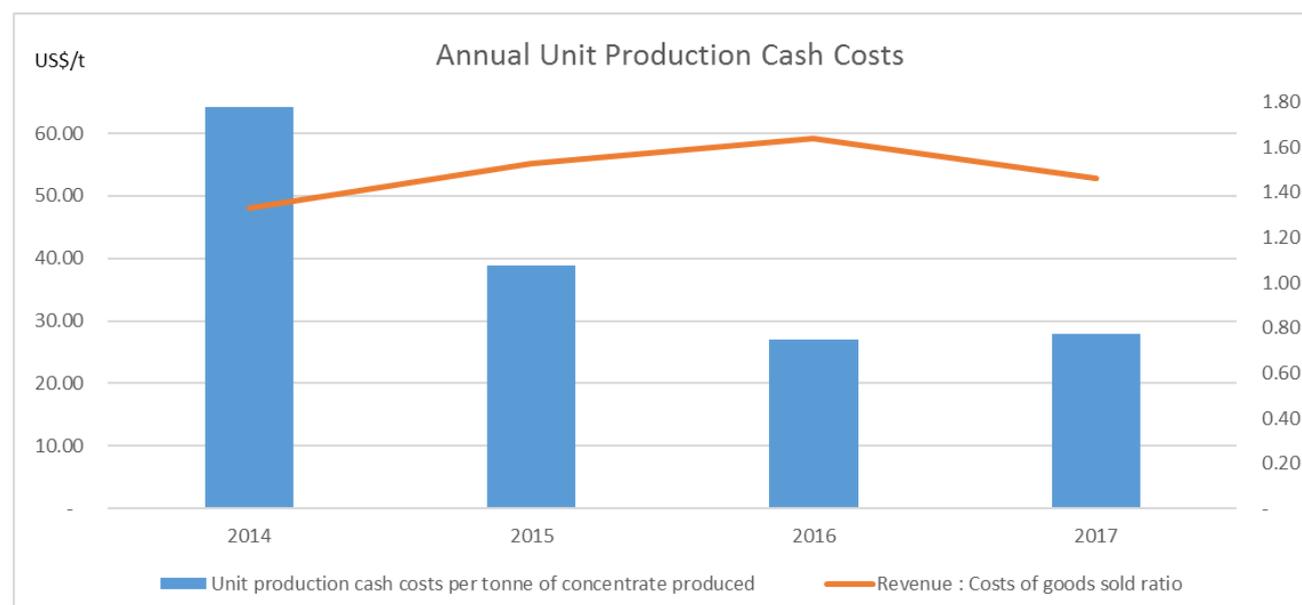


APPENDIX 4 – UNIT PRODUCTION CASH COSTS

Quarterly	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017
Unit production cash costs per tonne of concentrate produced (US\$/t)	27.12	32.55	25.70	24.49	30.76	30.37	24.95	26.81
Revenue: Costs of goods sold ratio	2.26	1.64	1.37	1.72	1.29	1.65	1.58	1.26

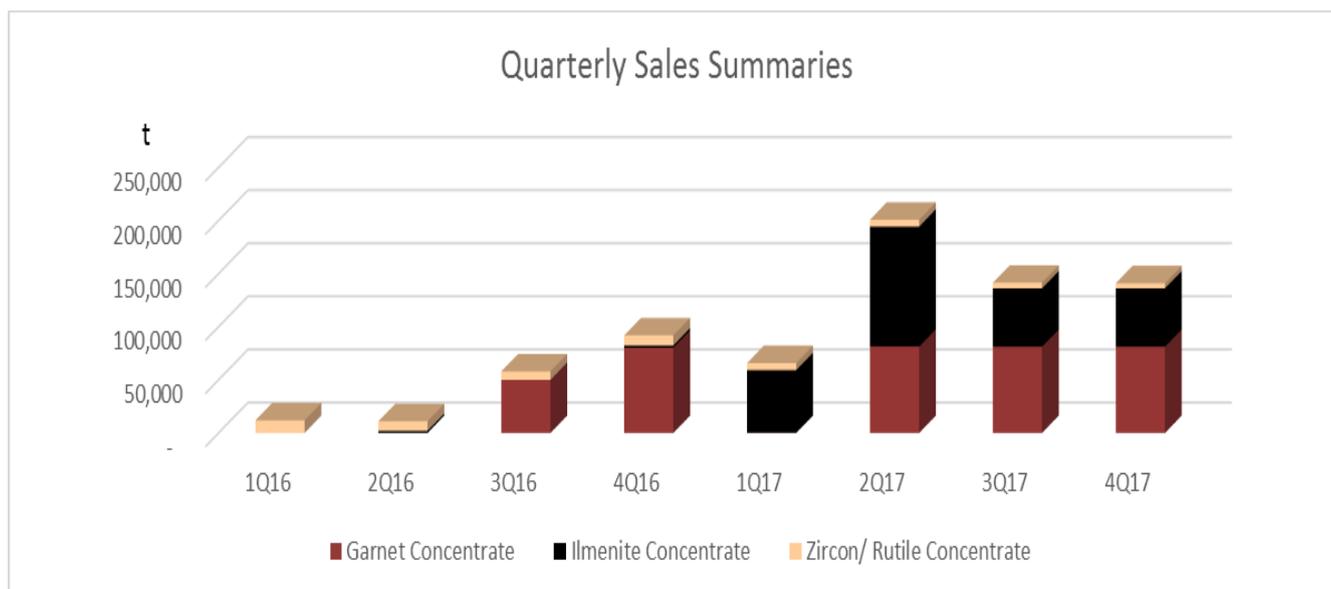


Full Year	2014	2015	2016	2017
Unit production cash costs per tonne of concentrate produced (US\$/t)	64.10	38.82	27.03	27.89
Revenue: Costs of goods sold ratio	1.33	1.53	1.64	1.46

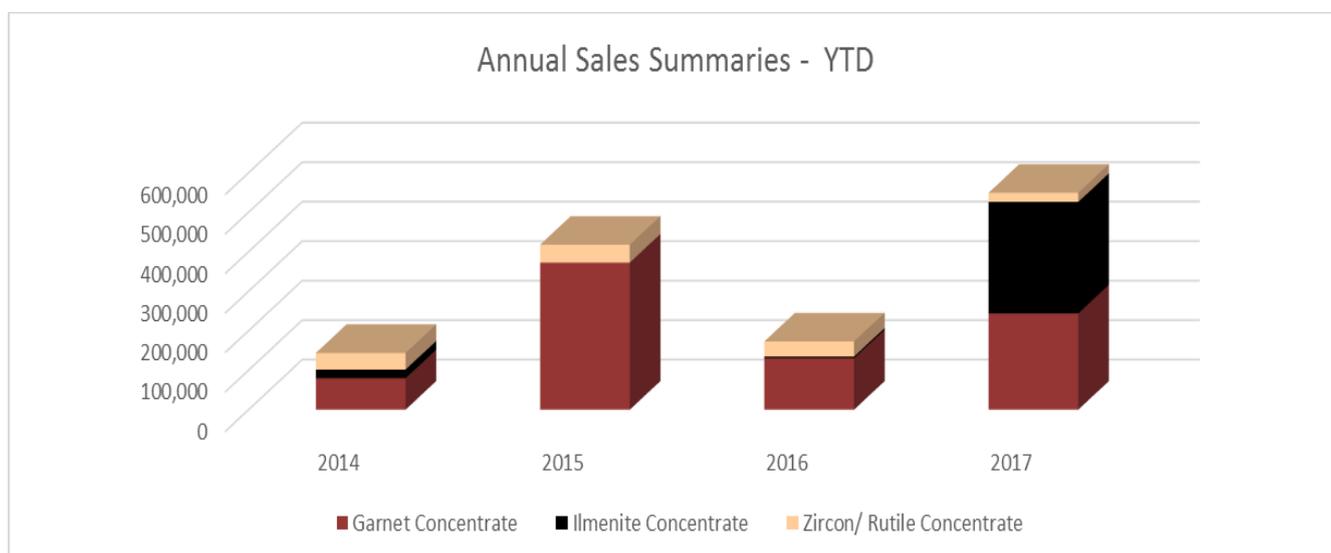


APPENDIX 5 – SALES SUMMARIES

Quarterly	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017
Garnet Concentrate (t)	-	-	50,000	80,308	168	81,368	81,226	81,200
Ilmenite Concentrate (t)	-	2,002	-	2,068	59,111	112,987	55,000	55,000
Zircon/ Rutile Concentrate (t)	11,908	8,944	7,980	9,576	6,576	6,468	5,264	4,844

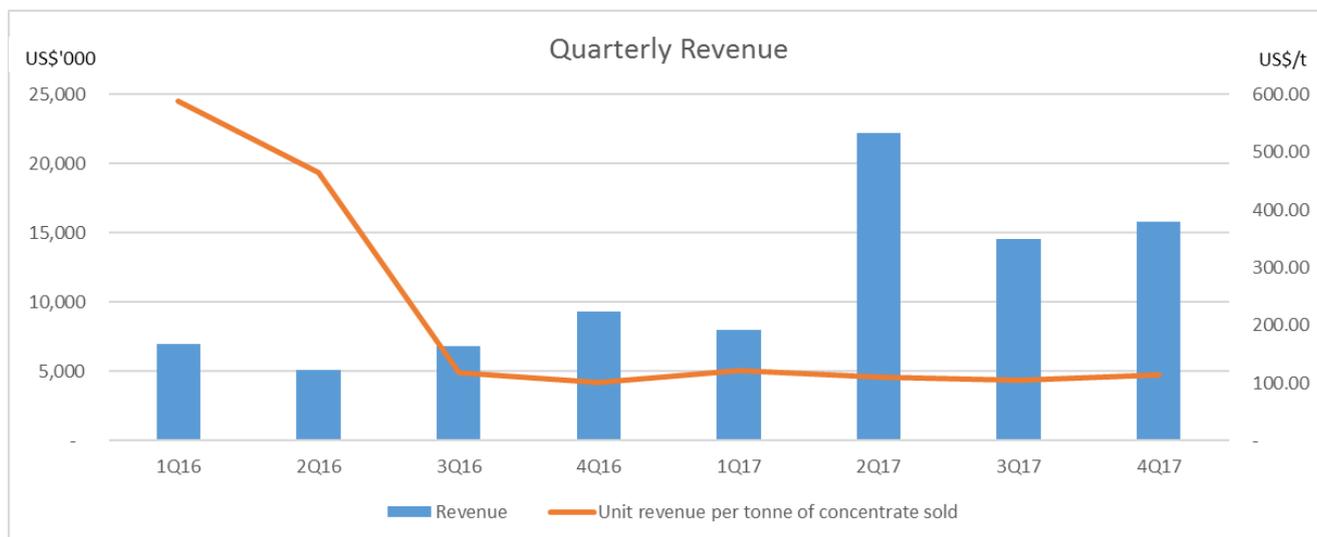


Full Year	2014	2015	2016	2017
Garnet Concentrate (t)	79,630	372,466	130,308	243,962
Ilmenite Concentrate (t)	21,920	0	4,070	282,098
Zircon/ Rutile Concentrate (t)	42,042	45,240	38,408	23,152



APPENDIX 6 – REVENUE

Quarterly	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017
Total Revenue (US\$'000)	7,003	5,083	6,807	9,326	8,009	22,241	14,546	15,837
Revenue per tonne of concentrate sold (US\$/t)	588.13	464.39	117.41	101.42	121.61	110.75	102.81	114.76



Full Year	2014	2015	2016	2017
Total Revenue (US\$'000)	31,144	46,579	26,863	60,417
Revenue per tonne of concentrate sold (US\$/t)	216.89	111.51	163.27	113.33

