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Quarterly Activities Report For the period ended 31 December 2018



	Quarter ended	Quarter ended	Quarter ended	Year to Date	Year to Date
	31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17
Mining					
Tonnes (dmt)	779,209	664,588	525,254	2,650,099	2,052,621
Grade	18.17%	16.89%	26.22%	17.35%	26.97%
- Garnet	12.25%	12.68%	19.29%	12.55%	19.74%
- Ilmenite	3.47%	2.91%	5.15%	3.14%	5.25%
- Zircon	0.54%	0.53%	0.91%	0.55%	1.03%
- Rutile	0.34%	0.39%	0.45%	0.38%	0.49%
- Leucoxene	1.57%	0.38%	0.42%	0.73%	0.46%
GSP / SCP Production & Processing					
Tonnes processed (gross dmt)	175,846	199,119	246,579	858,631	843,567
Tonnes produced (dmt)					
- Garnet concentrate (net) ⁽¹⁾	72,575	75,621	33,463	278,205	211,393
- Ilmenite concentrate (net) ⁽¹⁾	18,632	22,435	43,953	108,630	138,913
- Zircon/Rutile concentrate	3,817	3,366	4,941	16,996	22,111
- zircon in concentrate	68.87%	67.59%	69.93%	68.31%	70.66%
- rutile in concentrate	16.68%	17.09%	17.80%	17.43%	17.70%
Sales (wmt)					
- Garnet concentrate	53,288	53,288	81,200	213,281	243,962
- Ilmenite concentrate	-	51,750	55,000	106,750	282,098
- Zircon/Rutile concentrate	3,192	4,116	4,844	17,968	23,152
Highlights	Corporate and Cash				
<ul style="list-style-type: none"> Tormin record mining/PBC processing production achieved. Munglinup testwork delivers positive optimisation results. Australian exploration gains momentum with new lithium exploration portfolio and positive results from Doolgunna Copper Gold. 	<p>Dividends: Interim 2018 dividend of A\$0.006 per share (partially franked) declared, paid in October 2018.</p> <p>Cash: Cash as at 31 December 2018 of US\$12.4 million, plus US\$6.8 million in trade and other receivables.</p> <p>Debt: Borrowings as at 31 December 2018 of US\$5.1 million.</p> <p>Securities: 421.1 million shares and 3.8 million performance rights as at 31 December 2018.</p>				

Note (1) - This summary table has been amended to report the production of final concentrates net of GSP concentrate re-feed tonnage. Full details of gross and net concentrate production are available in Appendix 4.

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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 (sprained ankle) incurred for in excess of 2.6 million man hours worked since Tormin operations commenced in late 2013. Encouragingly, there has been a continuing positive decline in the 12-month Total Reportable Injury Frequency Rate ("TRIFR") with December being the fifteenth month in succession to see a decline in the 12-month TRIFR.

The Company maintained its strong commitment to social development and continued with its various initiatives. These include ongoing learnerships, portable skills training and bursaries. The Company is now starting to see the benefit of the investment into training of its existing and future workforce throughout its business. A commitment to a new Local Enterprise Development (LED) project at the Nuwerus High School Boarding House includes an internal and external refurbishment fitout with a commitment of ZAR 2 million. This project is a continuation of the Nuwerus High School developments which the Company has supported. Further small medium micro enterprise (SMME) commitments by the Company include financial assistance to a startup of an embroidery development company and commitment to support a local 100% BEE owned fishing distribution business that will supply local restaurants with fish products.



TORMIN – OPERATIONAL PERFORMANCE

Mining and processing continued to exceed budget expectations with another quarter of record production metrics achieved across both operating disciplines.

Run of Mine ("ROM") record production of 779,209 tonnes was achieved during the December 2018 quarter compared to the previous quarter's production of 664,588 tonnes, with the increase due to the progressive introduction of six new 745 Articulated Dump Trucks (ADT's).

The acquisition and mobilisation of the new larger capacity haulage mining fleet has been progressively delivered in Q4 2018 with the last unit to be delivered in Q1 2019. This will translate into better operating availability and lower operating costs, primarily due to fuel efficiency, and will allow optimised mining of the more distant beach areas that have been left unmined for some time.

ROM ore grading 18.17% Valuable Heavy Minerals ("VHM") was mined for the quarter, consisting of a garnet grade of 12.25%, ilmenite grade of 3.47%, zircon grade of 0.54% and rutile grade of 0.34%. The VHM grade improved against the previous quarter and was above the Annual Tormin Mineral Resource Update released in February 2018.

The mining cost per tonne of ore mined for the quarter of US\$2.36/t was below the prior quarter's US\$2.75/t, due to the increase in mined tonnes.

Record processing throughputs were achieved in the quarter through a combination of high availability and plant performance. The record quarterly Primary Beach Concentrator / Tailings Scavenger Plant ("PBC / TSP") throughput performance resulted in Total Heavy Mineral Concentrate ("HMC") production of 181,993 tonnes at 54.4% contained valuable mineral in HMC, compared to the prior quarter's 168,652 tonnes of HMC produced at 50.2% contained valuable mineral. The PBCs operated at an average combined 336t/hr, significantly above the prior quarter's 316t/hr, and combined with a plant availability of 96.6% was able to achieve a record total 709,832 tonnes of ROM ore feed processed.

PBC / TSP recoveries remained strong for the quarter, with recoveries of zircon at 92%, ilmenite and garnet at +88% and rutile at 79%.

Lower Garnet Stripping Plant / Secondary Concentration Plant ("GSP / SCP") feed of 175,846 tonnes during the quarter compared to the prior quarter's 199,119 tonnes reflects the full drawdown of previously built up HMC inventory in the previous quarter.

Zircon/rutile concentrate production for the December quarter was 3,817 tonnes produced against the previous quarter's 3,366 tonnes, due to significantly improved infeed grades and recoveries during the quarter. Contained zircon of 68.87% was slightly above the prior quarter's contained zircon of 67.59%, partially offset by rutile of 16.68% that was slightly below the prior quarter's contained rutile of 17.09%.

Net ilmenite concentrate production for the December quarter was 18,632 tonnes versus prior quarter's 22,435 tonnes, largely reflecting lower infeed tonnes and a slight decline in infeed grade and recoveries during the quarter.

Net garnet concentrate production was 72,575 tonnes versus the prior quarter's 75,621 tonnes, largely reflecting lower infeed tonnes and a slight decline in infeed grade and recoveries during the quarter.

Tormin Costs

The following table summarises Tormin's unit costs and revenues:

Summary of Unit Costs & Revenues	Dec-18 Quarter	Sep-18 Quarter	Dec-17 Quarter	Dec-18 Year to Date	Dec-17 Year to Date
Unit production cash costs per tonne of gross final concentrate produced (US\$/dmt)	58.53	51.01	26.81	42.06	27.89
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	58.53	53.98	64.65	57.68	50.31
Unit cost of goods sold per tonne of final concentrate sold (US\$/wmt) ⁽¹⁾	85.90	105.68	91.23	110.08	77.47
Unit revenue per tonne of final concentrate sold (US\$/wmt)	163.25	153.86	114.76	156.95	113.33
Revenue to Cost of Goods Sold Ratio	1.90	1.46	1.26	1.43	1.46

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.

Cash costs per tonne of zircon/rutile, ilmenite and garnet concentrates produced for the quarter of US\$58.53/t for 95,024 net concentrate tonnes produced, was higher than the prior quarter's US\$53.98/t for 101,422 net concentrate tonnes produced, driven by lower production during the quarter due to lower HMC availability. Production cash costs were aligned with the previous quarter.

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 sold was US\$85.90/t for the quarter, compared to prior quarter's US\$105.68/t, with the decreased unit costs reflecting predominately Rand based logistics costs and the benefits of the weakening Rand on USD reported costs.

Tormin Sales and Marketing

Sales revenue for the December 2018 quarter was US\$9.4 million for a total 56,480 wet metric tonnes sold, below the prior quarter's revenue of US\$16.9 million for 109,154 wet metric tonnes sold. This decrease in quarterly revenue was due to a 51.75Kt ilmenite shipment in Q3, with no ilmenite sales in Q4 and slightly lower non-mags revenue in Q4 driven by deferral of two non-mags shipments into Q1 2019. The next ilmenite shipment was deferred from Q4 2018 and will sail Q1 2019.

Tormin shipments/sales for the December quarter were 3,192 wet metric tonnes of zircon/rutile concentrate and 52,500 dry metric tonnes of garnet concentrate.

Unit revenue per tonne of final concentrate sold was US\$163.25/t for the quarter, compared to the prior quarter's US\$153.86/t, due to the increased weighting of zircon/rutile concentrate sales during

the quarter. This also explains the improvement in the Revenue to Cost of Goods Sold Ratio to 1.90 from 1.46 in the previous quarter.

Tormin's zircon/rutile concentrate is the highest concentrate grade being shipped to China and continues to attract premium pricing. This continued strong demand for the Company's zircon/rutile concentrate is expected to continue, even though historically the market is expected to weaken leading into the Chinese New Year.

Ilmenite concentrate pricing continues to be in line with previous contracted shipments.

It is expected overall revenue for Q1 2019 will exceed prior quarter's results, with the inclusion of ilmenite revenue from our next shipment during the quarter.

Tormin Work-in-Progress and Final Concentrate Inventory

The Company is pleased to report that inventories of work-in-progress ("WIP") and final concentrate finished goods at 31 December 2018 remain strong and will further assist in underpinning future production performance, sales/shipments and operating cash generation.

These stock holdings are summarised as follows:

	WIP & Finished Goods at 31 Dec 2018	WIP & Finished Goods at 30 Sept 2018
Run of Mine Ore Stockpile (total tonnes - Tormin processing plant)	73,036	30,330
Heavy Mineral Concentrate Stockpile (total tonnes - Tormin processing plant)	8,297	4,206
Zircon / Rutile Concentrate Bagged (total tonnes - Tormin, Cape Town or in-transit)	1,116	327
Ilmenite Concentrate Stockpiles (total tonnes - Tormin, Saldanha Bay or in-transit)	82,844	53,122
Garnet Concentrate Stockpiles (total tonnes - Tormin, Saldanha Bay, in-transit or held on behalf of GMA)	705,655	658,662

Higher ROM stocks reflect two months of concurrent record mining production during the quarter, with mining performance outstripping another quarterly record plant PBC feed performance.

Higher non-magnetic concentrates stocks (zircon / rutile concentrate bagged) is due to deferral of two shipments into Q1 2019.

Higher ilmenite stocks reflect the deferral of an ilmenite shipment from Q4 2018 to Q1 2019 and reflect strong production and positive stock adjustments during the quarter.

Higher garnet stocks reflects strong production during the quarter, partially offset by the 47.2Kt (dry) garnet shipped during the quarter.

Tormin Resource and Prospecting Activities

The annual Tormin Mineral Resource review was completed in February 2018. An updated Tormin Mineral Resource review is currently underway and will be completed during Q1 2019.

The full results were released to the market on 28 February 2018 and are summarised as follows:

Category	Resource Million Tonnes	Total Heavy Mineral ⁽¹⁾ (% in Resource)	Ilmenite (% in Resource)	Zircon (% in Resource)	Rutile (% in Resource)	Garnet (% in Resource)
Indicated Resource – Dec 2013	2.70	49.40%	10.60%	3.40%	0.70%	25.30%
Tonnes Mined – FY2014	1.07	53.83%	17.26%	4.76%	0.65%	31.16%
Inferred Resource – Dec 2014	2.70	38.14%	10.05%	2.21%	0.46%	25.22%
Tonnes Mined – FY2015	1.62	49.57%	16.15%	3.88%	0.60%	28.94%
Inferred Resource – Dec 2015	2.70	28.01%	6.97%	1.56%	0.55%	18.54%
Tonnes Mined – FY2016	1.81	45.97%	12.97%	2.78%	0.61%	29.21%
Inferred Resource – Dec 2016	1.80	28.08%	6.15%	1.65%	0.53%	18.99%
Tonnes Mined – FY2017	2.05	27.57%	5.81%	1.10%	0.50%	19.40%
Inferred Resource – Dec 2017	1.80 ⁽²⁾	15.92%	2.72%	0.79%	0.43%	11.45%
Tonnes Mined – March Qtr 2018	0.66	18.66%	3.14%	0.64%	0.40%	13.94%
Tonnes Mined – June Quarter 2018	0.55	15.51%	2.97%	0.49%	0.39%	11.17%
Tonnes Mined – Sept Quarter 2018	0.66	16.98%	2.91%	0.53%	0.39%	12.68%
Tonnes Mined – Dec Quarter 2018	0.78	18.17%	3.47%	0.54%	0.34%	12.25%
Tonnes Mined – Dec YTD 2018	2.65	17.35%	3.14%	0.55%	0.38%	12.55%

(1) Includes other valuable heavy minerals e.g. leucoxene and magnetite

(2) 5% Heavy Mineral ("HM") cut-off grade used

Mining of 779,209 tonnes during the December 2018 quarter was achieved at a total Heavy Mineral ("HM") grade of 18.17%, which exceeded the reported Mineral Resource grade of 15.92% HM.

Since commencement of operations at Tormin, the Company has mined in excess of 9.2 million tonnes. The tonnage mined is materially more than the original declared resource tonnage (2.7 million tonnes), which is indicative of the replenishing nature of the deposit where resource blocks

are mined more than once per year. The Company has effectively mined 147% of the December 2017 inferred resource at 9% higher reported Mineral Resource grade, further supporting the strong replenishment properties of the Tormin beach.

Whilst the Company is unable to report a replenishment grade or quantity under the JORC Code (2012), grade reconciliation and sample grading continues on a daily basis to correlate between the reported Mineral Resource and actual resource in terms of quantity, grade and replenishment. Importantly investigations during 2018 on ROM mining resource data indicates that resource replenishment has reached an equilibrium with the mining rate of circa 2.2-2.6 million tonne per year and the resource grade stabilising at around 17% total HM.

Permitting

As previously reported during the June 2018 quarter, consultation occurred via public participation with the Interested and Affected Parties ("I&APs") on the Section 24G Application for minor environmental incursions. The final Section 24G Application document was submitted to the DMR for assessment in July 2018. The final Section 24G Application was assessed by the DMR and a fine of ZAR1.25 million (US\$87k) was imposed on the Company. The Company considers the fine excessive given the nature of the alleged minor infringements and the fact that the DMR had previously given permission to commence the amendments under the EMP. The Company is currently assessing its options regarding contesting the fine, which could include an Appeal.

During the September 2018 quarter the Company reported that it had lodged its financial performance bond for the Klipvley Karoo Kop prospecting right (10259 PR) covering the farming area to the north of the current Tormin operations. During the December quarter the Company has received notification from the Department of Mineral Resources in South Africa ("DMR"), of the refusal of an Environmental Authorisation Application ("EAA") for the Prospecting Right Application over the Klipvley Karoo Kop area (10259 PR). The Company has filed an Appeal and believes it has strong technical and legal grounds for the Appeal to be successful.

The Klipvley Karoo Kop Prospecting Right Application covers the inland farm area to the north of the current Tormin operations. The granting of the EAA was the final step for the granting of the Prospecting Right to this area. This area is not core to the current mining operations and planned expansion permitting covered under the Section 102 Extended Mining Rights Application ("Section 102 Application").

The Company is still awaiting a decision regarding the Appeal submitted for the De Punt Prospecting Right (10240 PR) in June, which is situated directly adjoining the southern boundary of the Company's currently owned Geelwal Karoo Farm where the Tormin operations are located.

The outcome of these Appeals does not affect the Company's current mining operations at Tormin or the current S102 and Mining Right Applications.

As previously reported, the Company has lodged a Section 102 Application for the adjoining northern beaches and the inland strand deposits located on the Company owned freehold farm land. In addition, the Section 102 Application incorporates the construction of a Mineral Separation Plant ("MSP") to produce final products from the Company's concentrates. The Section 102 Application includes the preparation and submission of a full Mining Work Programme, which details a minimum 10-year mine life program on the expanded areas covered under the application.

The Company has now concluded all aspects of the Section 102 Application public participation process and the final submission of the Environmental Impact Assessment ("EIA") and Environmental Management Programme ("EMP") reports, with all public comments, was submitted on 13 November 2018. The DMR now has 107 days to hand down a final decision. Based on the legislative timetable, the Company expects a final decision on the Section 102 Application in Q1 2019.

The renewal applications for both the current Mining Rights (162 and 163) were submitted to the DMR in August 2018. These applications are under consideration and a decision is expected in Q1 2019. The Company is able to continue to operate whilst the renewal application process takes its course. The Company maintains its optimism in the push by the current government and the DMR to reinvigorate mining in South Africa and is confident, whilst the process has been frustrating in the past, that the quality of its assets in South Africa warrant persistence to ensure that permitting for the Tormin mine expansion is given every opportunity of success.

BUSINESS DEVELOPMENT

Munglinup Graphite Project

MRC Graphite Pty Ltd ("MRCG"), a wholly owned subsidiary of the Company, continued to progress the Munglinup Graphite Project during the quarter. Following the Pre-Feasibility Study ("PFS") results, released to the ASX on 30 May 2018, a Definitive Feasibility Study ("DFS") was commissioned. Battery Limits were engaged to manage the DFS with completion scheduled for the end of Q1 2019.

The PFS results demonstrated the project's potential as a robust, low capex and low opex operation. The PFS highlighted:

- A post-tax project NPV of AU\$139 million;
- A post-tax project IRR of 48%;
- Average annual EBIT of A\$42.4 million; and
- Net cash flow of A\$216.5 million.

An Ore Reserve of 3.4 million tonnes at an average grade of 15.9% Total Graphitic Carbon ("TGC") was declared in the PFS, comprising a Proved Reserve of 1.4 million tonnes at 15.8% TGC and a Probable Reserve of 2.0 million tonnes at 16.0% TGC. The expected minimum mine life is nine years with an average annual production of 54,800t of graphite in concentrate.

As part of the DFS, the Company undertook optimisation testwork during the quarter on flake size distribution and final grades of the concentrate with results, as released on 22 October 2018, confirming graphite concentrate flake size distribution and grade improvements.

The results showed that the coarse flake fraction (+150µm) can be maintained at around 50% of the concentrate at high average Total Graphite Content ("TGC") grades (up to 97.7%) and that high-grade fines (-150µm) concentrate can be produced with up to an average of 98.3% TGC.

The Company is particularly pleased with the high grades achieved for the finer flakes and the mass split to the coarse fraction.

This work is being used to build-in flexibility in the Project's flotation and grinding flowsheet design that will allow for targeting higher grade fines concentrates, higher overall recoveries and/or further upgrades to the coarse fraction.

MRCG and Doral Fused Materials Pty Ltd ("Doral"), a wholly owned subsidiary of Iwatani Corporation, agreed during the quarter to extend their Memorandum of Understanding ("MOU"), announced on 13 December 2017, for an additional period of one year, allowing MRCG exclusive access to the Doral site for this additional period. As previously announced the fused alumina facility has been identified as a possible site for further downstream graphite processing due to the already existing infrastructure, permitting, access to power and connectivity.

MRCG has made considerable progress in advancing the Munglinup Graphite Project as well as evaluating downstream processing options including the production of expandable graphite, graphene and Battery Anode Material ("BAM").

The Company remains on schedule to deliver the DFS late first quarter of 2019.

Xolobeni

The Minister of Mines, the Hon Gwede Mantashe, has conducted two visits to the Xolobeni project area in an attempt to understand the community issues between the pro- and anti-mining groups. The intention of the Minister's intervention as publicly stated is to resolve the impasse one way or the other in relation to the progression of mining in the area. It is understood that further follow-up meetings are planned for 2019. The Company continues to believe that the Xolobeni project has compelling socio and economic benefits for the area and can be developed in conjunction with the eco-tourism and agricultural initiatives that are being put forward by various stakeholders.

In a further development, a decision that is relevant to Xolobeni, the High Court of South Africa has ruled that the DMR must first obtain consent from affected mining communities before they can grant mineral rights. This ruling is in conflict with the current Mineral and Petroleum Resources Development Act ("MPRDA") legislation which provides for consultation, not consent that is vested in the competent authority, the DMR. The decision has been appealed by various groups including the Chamber of Mines and the DMR.

Australian Exploration

Doolgunna Gold and Copper E51/1766, E41/1770, P51/2787, P51/2788

This project now consists of four granted tenements and one under application (Cave Hill E52/2867). It has historical near surface gold prospecting and drilling activity on it, with additional copper targets at depth.

A follow-up drilling program was commenced at Doolgunna during the quarter in response to the encouraging results seen during the first exploration program, as announced 5 September 2018 ("High Grade Gold Mineralisation Results From Doolgunna"). A further 7,345m was drilled during the quarter.

The 2018 drilling program has now been completed and early interpretations are very promising with 194 Reverse Circulation ("RC") holes being drilled for a total of 8,845m. The maximum depth drilled was 154m. There was also an encouraging bulk sampling program completed.

The geological objective of the latest drilling program was to undertake a close 18m x 22m drilling grid (220m x 120m area size, Big John locality) to attempt to understand the geological setting and zonation of the reef system and move the resource into an indicated category (Figure 1).

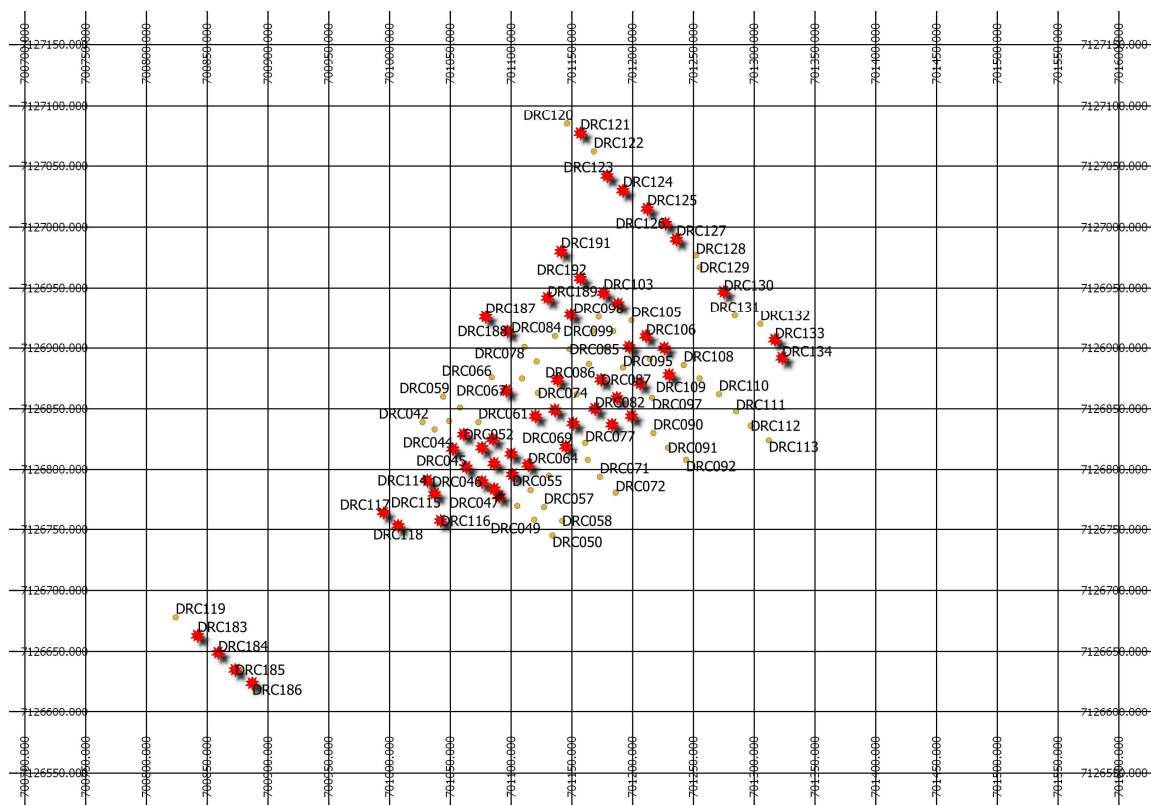


Figure 1: Big John area holes drilled with red stars indicating quartz lodes intersected down hole

Interpretation of the geology around Big Johns' indicates that the gold is associated with a plunging anticline fold nose with gold lodes sitting in the nose and limbs of the anticline (so fold hosted), which is probably part of a more complex folded thrust-fault system due to intense recumbent folding. The mineralisation as a whole still appears to be located within a single broad shear/alteration zone extending over a few kilometres strike length.

Additional drilling was also done along the extensions to the current gold reef system to the south and north of Big Johns' and also to investigate near surface copper anomalies (Figure 2).

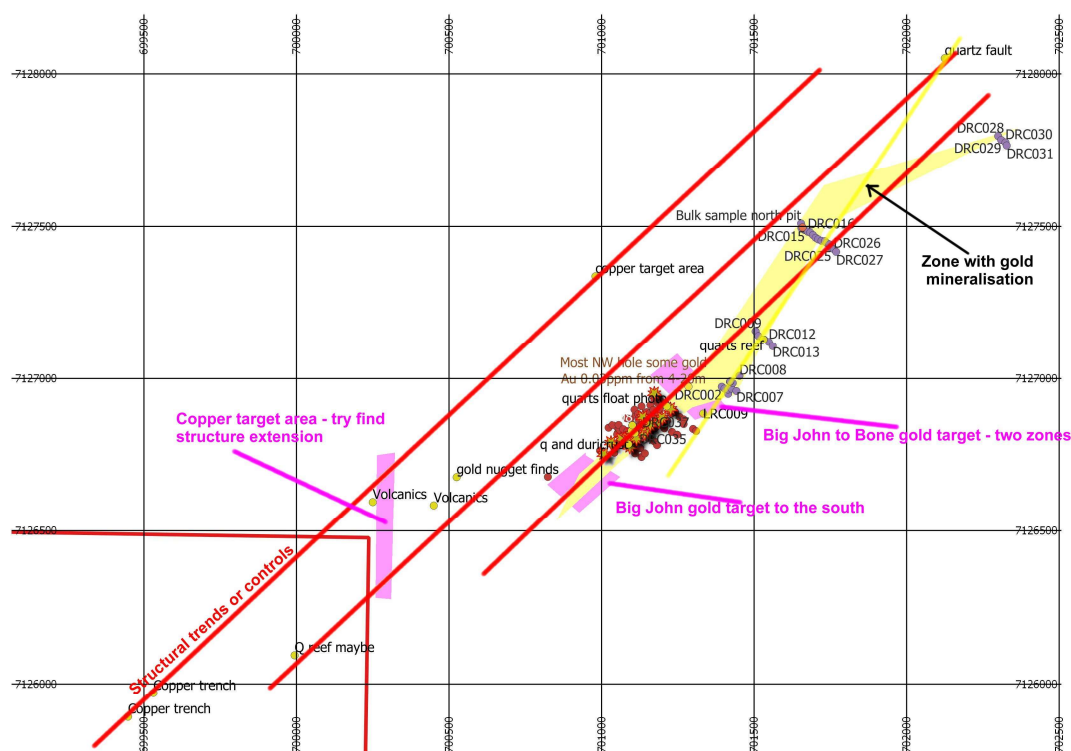


Figure 2: Areas targeted by drilling during the last quarter

Nearly 1300 samples from the last drilling phase have been submitted to Australian Laboratory Services ("ALS") for gold and full element analysis. It is anticipated that final results from this program will be available towards the end of the first quarter of 2019.

Lithium/ Tantalum Projects

The Company now has a substantial land holding that is highly prospective for lithium/tantalum mineralisation (Figure 3).

This include the Yandeyarra Prospect (E47/3884; E47/3885; E45/5109: ~63 000ha), the recently granted Mt Edon Pegmatites Prospect (E59/2325 & M59/714 - ~3 900ha) and the Wydgee Pegmatites Prospect (E59/2326 - ~4 200ha).

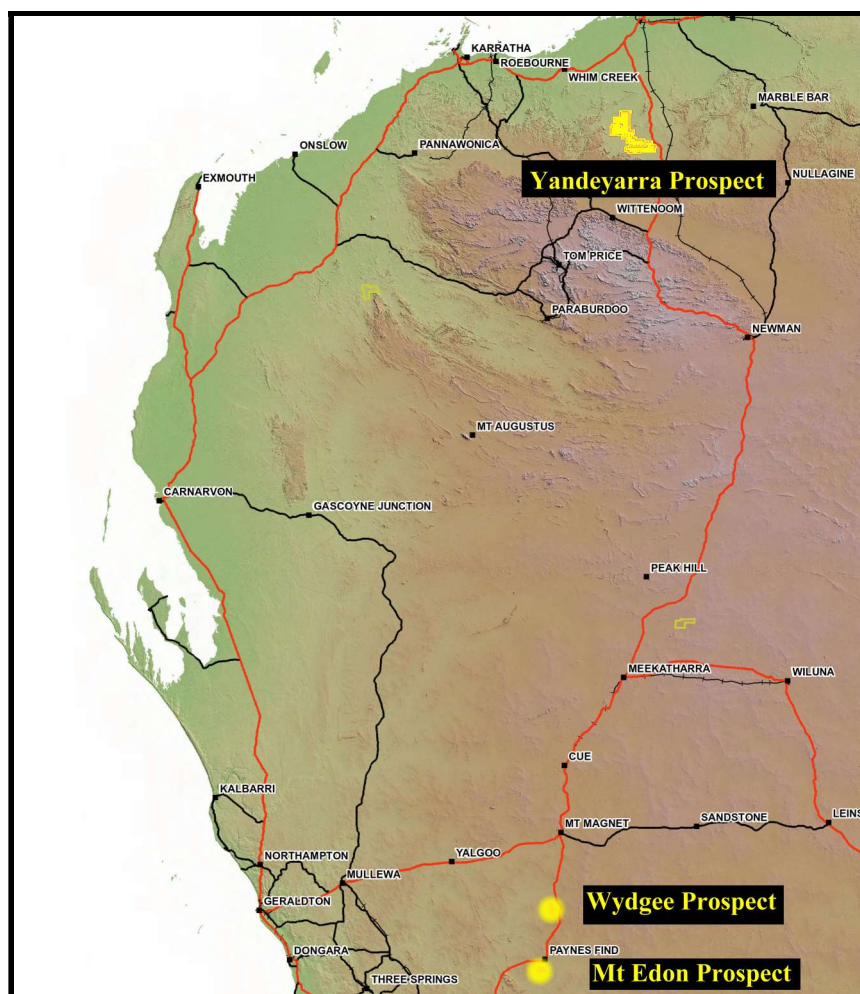


Figure 3: Location of the lithium/tantalum tenement prospects in Western Australia

The Mt Edon pegmatite field hosts numerous lithium-cesium-tantalum (LCT) pegmatites and is strategically located close to existing infrastructure, making it an excellent exploration and mine development target.

The Wydgee prospect has had no lithium exploration work done on it. It has a known beryl bearing pegmatite that was exposed and historically mined. The immediate exploration strategy will be to identify albite-spodumene rich zones and verify the occurrence of anomalous lithium within these targeted zones (Figure 4).

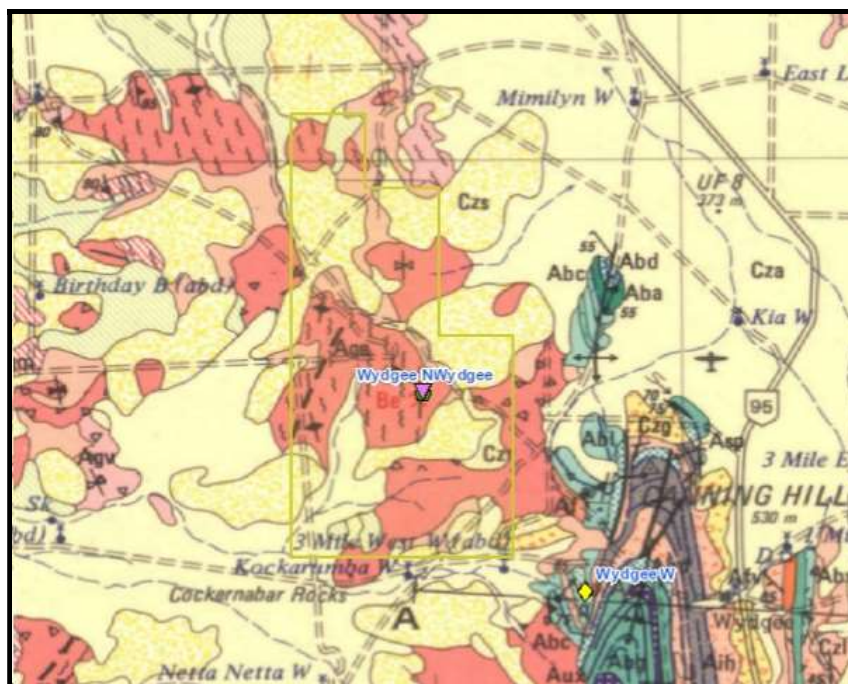


Figure 4: Location of the old Wydgee pegmatite outcrop and workings within the tenement

The Wydgee and Mt Edon tenements complement the Company's strategic focus on 'battery minerals', which includes development of the Munglinup Graphite Project located near Esperance, as well as the existing Yandeyarra Lithium Project southeast of the Pilgangoora lithium field being mined and developed near Port Hedland. The Company will continue to look for complimentary advanced stage exploration to build its portfolio of Tier 1 jurisdiction battery minerals opportunities.

Vanadium 888 Project M70/888

A Programme of Work ("POW") to allow for exploration drilling has been approved on 20 December 2018. A Vegetation Clearance Licence Application to the DWER has been submitted and meetings with the DBCA are planned for January 2019. Exploration and drilling work is expected to start in early 2019.

CORPORATE

Cash and Debt

At 31 December 2018, the Company had US\$12.4 million in cash on hand, a decrease from the 30 September 2018 cash balance of US\$14.8 million. The lower cash balance reflects the deferral of an ilmenite shipment into Q1 2019 and the payment of a US\$1.8 million dividend to shareholders in October. Trade and other receivables at 31 December 2018 decreased to US\$6.8 million from US\$7.1 million last quarter.

The operating cash flows generated continue to fund the Company's significant project development and exploration program expenditures incurred, and fully support the Company's continuing dividend payment strategy to provide cash return to shareholders.

On 30 August 2018, the Company announced a partially franked interim dividend of 0.6 Australian cent per share, which was paid on 12 October 2018. This interim dividend for 2018 is aligned to the 1.2 Australian cents per share dividends paid for each of the last two years, and the Company expects to continue with future dividend payments within the context of its overall capital management program.

Borrowings as at 31 December 2018 increased to US\$5.1 million from the 30 September 2018 borrowings of US\$2.5 million. The increased borrowings reflect debt funding six new 745 Articulated Dump Trucks to the Tormin Mine, to support current production and ongoing expansion opportunities.

The Company expects strong positive operating cash generation in the forthcoming quarter, as it continues to realise the value of finished goods inventories and secured offtake of its concentrate products at stable or improved prices, coupled with a strong USD, lowering Rand and Australian denominated costs.

Cash on hand is forecast to remain flat as at 31 March 2019 in line with the current USD\$12.4 million at 31 December 2018 with positive operating cash flows during the quarter, including a 55,000 tonne ilmenite shipment, being offset by accelerated DFS capital investment expenditures for the current Munghlinup project development and other exploration programs. This estimate is subject to shipment during the March 2019 quarter of a pending 55,000 tonne ilmenite concentrate shipment.

The record throughput of key mining and processing operational performance during 2018 and the December quarter continues to financially underpin the Company's business expansion initiatives and strategy. The Company is confident that its planned jurisdictional and commodity diversification will gain momentum in 2019. It is strategically positioned for the Tormin mineral sands permitting and Munghlinup project development to continue and expand its current and future commodity production capacity and profile and financial performance.

Outlook

Final concentrate production for 2018 was in line with guidance for the full 2018 year provided in the previously quarterly.

Final Concentrate Production	FY2018 Actual Production	FY2018 Production Prior Guidance Range
Zircon / Rutile Concentrate (dmt)	16,996	16,000 – 18,000
Ilmenite Concentrate (dmt)	108,630	100,000 – 120,000
Garnet Concentrate – Gross (dmt)	429,236	400,000 – 430,000
Garnet Concentrate – Net of Refeed (dmt)	278,205	250,000 - 280,000

Sales / shipment guidance for 2018 was in line with guidance for the full 2018 year provided in the previously quarterly report, except for ilmenite where the pending 55,000 ilmenite concentrate shipment expected in Q4 2018 has been deferred into Q1 2019.

Final Concentrate Sales	FY2018 Actual Sales	FY2018 Sales Prior Guidance Range
Zircon/Rutile Concentrate (dmt)	17,372	17,000 – 19,000
Ilmenite Concentrate (dmt)	104,802	160,000 – 170,000 ⁽¹⁾
Garnet Concentrate (dmt)	210,129	210,219

(1) Subject to finalising contract execution and shipment on a pending 55,000 tonne ilmenite concentrate shipment.

Final concentrate production guidance for 2019 has been provided below.

Final Concentrate Production	FY2019 Production Guidance Range	FY2018 Actual Production
Zircon / Rutile Concentrate (dmt)	11,000-14,000	16,996
Ilmenite Concentrate (dmt)	70,000-90,000	108,630
Garnet Concentrate – Gross (dmt)	270,000-300,000	429,236
Garnet Concentrate – Net of Refeed (dmt)	270,000-300,000	278,205

Final sales / shipment guidance for 2019 has been provided below.

Final Concentrate Sales	FY2019 Sales Guidance Range	FY2018 Actual Sales
Zircon/Rutile Concentrate (dmt)	11,000-14,000	17,372
Ilmenite Concentrate (dmt)	100,000-120,000	104,802
Garnet Concentrate (dmt)	200,000-220,000	210,129

Tormin operations will continue to focus on optimising the mining and processing value chain to deliver results in line with the December quarter's figures. In addition, a concerted effort will continue to be made to secure a definable deliverable date to the Company's current pending Section 102 Application and Prospecting Right applications.

Management will drive the completion of the Feasibility Study for the Munglinup Graphite Project and expedite the requisite studies and regulatory approvals to fast track this project to development.

The advancement of the permitting process in South Africa for the expansion of the Tormin mining operation, combined with the progress of the tier 1 jurisdiction Munglinup Graphite Project and the success of the initial drilling at Doolgunna Gold Prospects in Western Australia, sees the Company well positioned in the coming quarters to deliver on its stated expansion and diversification business development strategy.

Securities on Issue

Issued securities at the date of this report comprise:

- 421,091,571 fully paid ordinary shares listed on the ASX.
- 300,000 Performance Rights exercisable on or before 31 May 2021, vesting at a rate of 150,000 per annum on 31 May 2019 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.
- 500,000 vested Performance Rights exercisable on or before 31 May 2020.
- 1,000,000 Performance Rights exercisable on or before 1 October 2021, vesting on the 30-day Volume Weighted Average Price of the Company's Shares trading on the ASX being A\$0.20 post issue, and 333,333 vested on 1 October 2018, 333,333 vesting on 1 October 2019 and 333,334 vesting on 1 October 2020.
- 1,000,000 Performance Rights exercisable on or before 31 May 2021, vesting on the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of 5 consecutive days, 500,000 vesting on 25 June 2019 and 500,000 vesting on 25 June 2020, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable.
- 1,000,000 Performance Rights exercisable on or before 30 September 2021, vesting on the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of 5 consecutive days, 500,000 vesting on 11 October 2019 and 500,000 vesting on 11 October 2020, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable.

Terms and Explanations

ADT	Articulated Dump Truck
AIG	Australian Institute of Geosciences
ALS	Australian Laboratory Services
ASX	Australian Securities Exchange
AusIMM	Australian Institute of Mining and Metallurgy
BAM	Battery Anode Material
DBCA	Department of Biodiversity, Conservation and Attractions
Doral	Doral Fused Materials Pty Ltd
DFS	Definitive Feasibility Study
DMR	Department of Mineral Resources
DMT	Dry Metric Tonne
DWER	Department of Water and Environmental Regulation
EAA	Environmental Authorisation Application
EBIT	Earnings before Interest and Taxes
EIA	Environmental Impact Assessment
EMP	Environmental Management Programme
GMA	GMA Group
GSP	Garnet Stripping Plant
HM	Heavy Mineral
HMC	Heavy Mineral Concentrate
I&AP	Interested and Affected Parties
IRR	Internal Rate of Return
JCPOA	Joint Comprehensive Plan of Action
JORC	Joint Ore Reserves Committee
LCT	Lithium-Cesium-Tantalum
LED	Local Enterprise Development
LTI	Lost Time Injury
MOU	Memorandum of Understanding
MPRDA	Mineral and Petroleum Resources Development Act
MRCG	MRC Graphite Pty Ltd
MSP	Mineral Separation Plant
NPV	Net Present Value
PBC	Primary Beach Concentrator
PFS	Pre-Feasibility Study
POW	Programme of Work
PR	Prospecting Rights
RC	Reverse Circulation
ROM	Run of Mine
SCP	Secondary Concentrator Plant
TGC	Total Graphitic Carbon
TRIFR	Total Recordable Injury Frequency Rate
TSP	Tailings Scavenger Plant
VAT	Value Added Tax
VHM	Valuable Heavy Mineral
WIP	Work in Progress
WMT	Wet Metric Tonne

APPENDIX 1 – RESOURCE STATEMENT

Resources - Mineral Sands

The **Tormin** and **Xolobeni** Mineral Resources as at 31 December 2017 are as follows:-

Project	Category	Resource Million Tonnes	Total Heavy Mineral %	Ilmenite (% in HM)	Zircon (% in HM)	Rutile (% in HM)	Garnet (% in HM)
Tormin	Inferred	1.80	15.92%	2.72%	0.79%	0.43%	11.45%
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		347.8	5.3%	53.8%			

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

The Mineral Resource estimate previously reported under JORC Code (2004) for Tormin is re-presented with updated disclosure under JORC Code (2012). The Tormin Mineral Resource is based on mined material reconciliation as at 31 December 2017.

Resources - Graphite

On 11 September 2017, the Company announced that it acquired a 51% interest in the advanced, high grade Munglinup Graphite Project.

In 2016 the Munglinup Graphite Project Mineral Resource was updated by AEMCO Pty Ltd for Gold Terrace Pty Ltd in accordance with the JORC Code (2012). The Indicated and Measured Resource is 3.625 million tonnes at 15.3% Total Graphitic Carbon ("TGC") using a lower cut-off grade of 10% or 1.6 million tonnes at 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

*Some discrepancies in totals may occur due to rounding of numbers.

Reserves - Graphite

On 30 May 2018, the Company announced the results of a Pre-Feasibility Study on the Munghlinup Graphite Project.

As a result of this study, a maiden Proved and Probable Reserve of 3.44 million tonnes at 15.9% TGC was reported using a variable cut-off grade.

	Ore Reserve (Million Tonnes)	Grade (Total Graphitic Content %)	Contained Graphite (Million Tonnes)
Proved	1.41	15.8%	0.222
Probable	2.03	16.0%	0.326
Total	3.44	15.9%	0.548

*Some discrepancies in totals may occur due to rounding of numbers.

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	None	100%
	Tormin	(WC) 30/5/1/1/2/10262 PR	Prospecting	Under Application	None	100%
	Tormin	(WC)30/5/1/2/2/163 MR	Mining	Approved	None	100%
	Tormin	(WC) 30/5/1/1/2/10259 PR	Prospecting	Subject to EAA approval appeal	None	100%
	Tormin	(WC)30/5/1/2/2/162 MR	Mining	Approved	None	100%
	Tormin	(WC)30/5/1/1/2/10036 PR	Prospecting	Approved	None	100%
	Tormin	(WC)30/5/1/1/2/10199 PR	Prospecting	Approved	None	100%
	Tormin	(WC)30/5/1/1/2/10226 PR	Prospecting	Closed	None	100%
	Tormin	(WC)30/5/1/1/2/10229 PR	Prospecting	Closed	None	100%
	Tormin	(WC)30/5/1/1/2/10240 PR	Prospecting	Under Application	None	100%
South Africa	Xolobeni	EC30/5/1/1/2/6 PR	Prospecting	Closed – Converting to Mining Right	None	100%
	Xolobeni - Kwanyana block	EC30/5/1/1/2/10025 PR	Prospecting	Subject to moratorium - Converting to Mining Right	None	100%
	Xolobeni	EC30/5/1/1/2/10025 MR	Mining	Subject to moratorium - Under Application	None	100%
Australia	Munglinup	M74/245	Mining	Granted, In Transfer	None	51% (Option to acquire 90%)
	Munglinup	E74/505	Exploration	Granted, In Transfer	None	51% (Option to acquire 90%)
	Munglinup	E74/565	Exploration	Granted	None	100%
	Yandeyarra	E47/3884	Exploration	Granted	None	100%
	Yandeyarra	E47/3885	Exploration	Granted	None	100%
	Yandeyarra	ELA47/3916	Exploration	Under Application	None	100%

Country	Location	Right / Tenement Number	Type of Right / Tenement	Status	Change since last Quarter	Beneficial Interest
	Yandeyarra	E45/5109	Exploration	Granted	None	100%
	Doolgunna	E51/1766	Exploration	Granted	None	0% (Option to earn-in to 90%)
	Doolgunna	E51/1770	Exploration	Granted	None	0% (Option to earn-in to 90%)
	Doolgunna	P51/2787	Prospecting	Granted	None	0% (Option to earn-in to 90%)
	Doolgunna	P51/2787	Prospecting	Granted	None	0% (Option to earn-in to 90%)
	Cave Hill	ELA51/1867	Exploration	Under Application	None	100%
	Glen Florrie	ELA08/2963	Exploration	Under Application	None	100%
	Collie-Harvey	M70/888	Mining	Granted	None	0% (Option to earn-in to 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 37 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 (2004)"). This information was prepared and first disclosed under the JORC Code (2004). It has not been updated since to comply with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("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 was previously 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 JORC Code (2012). The information from Mr du Toit was prepared under the JORC Code (2012). 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 Mineral Resources for Munglinup is based on information compiled by Mr Adriaan du Toit who is a member of the AusIMM and an independent consultant to Gold Terrace Pty Ltd. 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 he is undertaking to qualify as a Competent Person as defined by the JORC Code (2012). The information from Mr du Toit was prepared under the JORC Code (2012). 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.

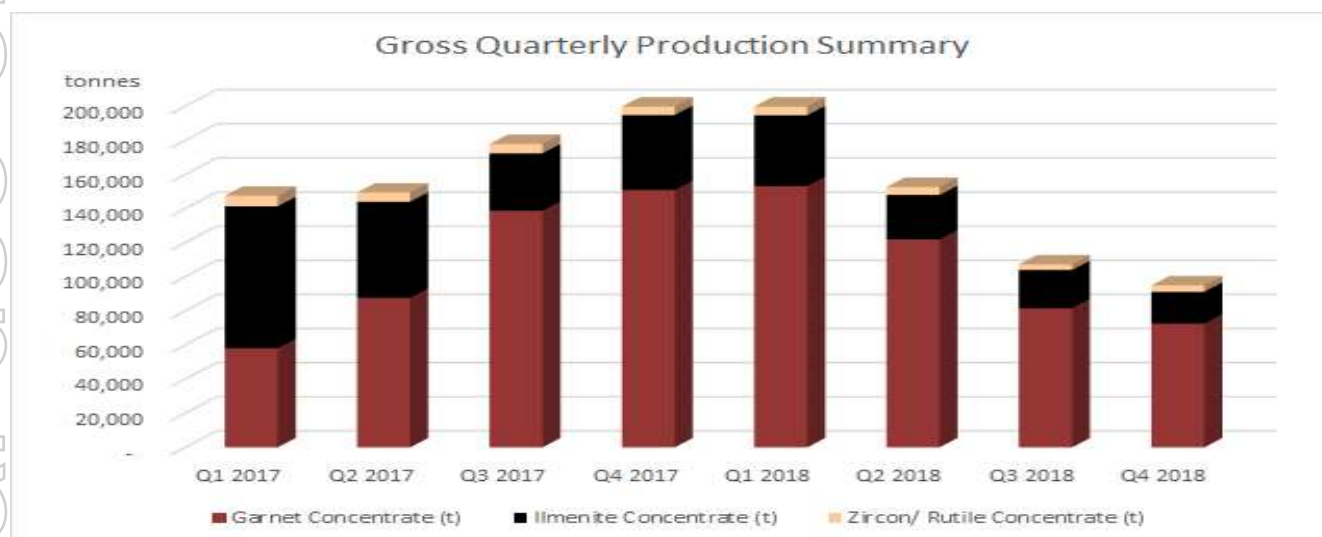
The information in this announcement which relates to the Ore Reserve for Munglinup is based on information compiled by Mr Daniel Hastings, who is a Member of the AusIMM. Mr Hastings is an employee of Hastings Bell Pty Ltd and a consultant to the Company. Mr Hastings has sufficient experience relevant to the type of deposit under consideration to qualify as a Competent Person as defined by the JORC Code (2012). Mr Hastings consents to the inclusion in the report of the matters based on the reviewed information in the form and context in which it appears.

The information in this announcement that relates to metallurgy, the process plant and infrastructure design for Munghlinup is based on information compiled and reviewed by Mr David Pass, who is a Member of the AusIMM. Mr Pass is an employee of Battery Limits Pty Ltd. Mr Pass has sufficient experience relevant to process plant and infrastructure design thereof to qualify as a Competent Person as defined by the JORC Code (2012). Mr Pass consents to the inclusion in the report of the matters based on the reviewed information in the form and context in which it appears.

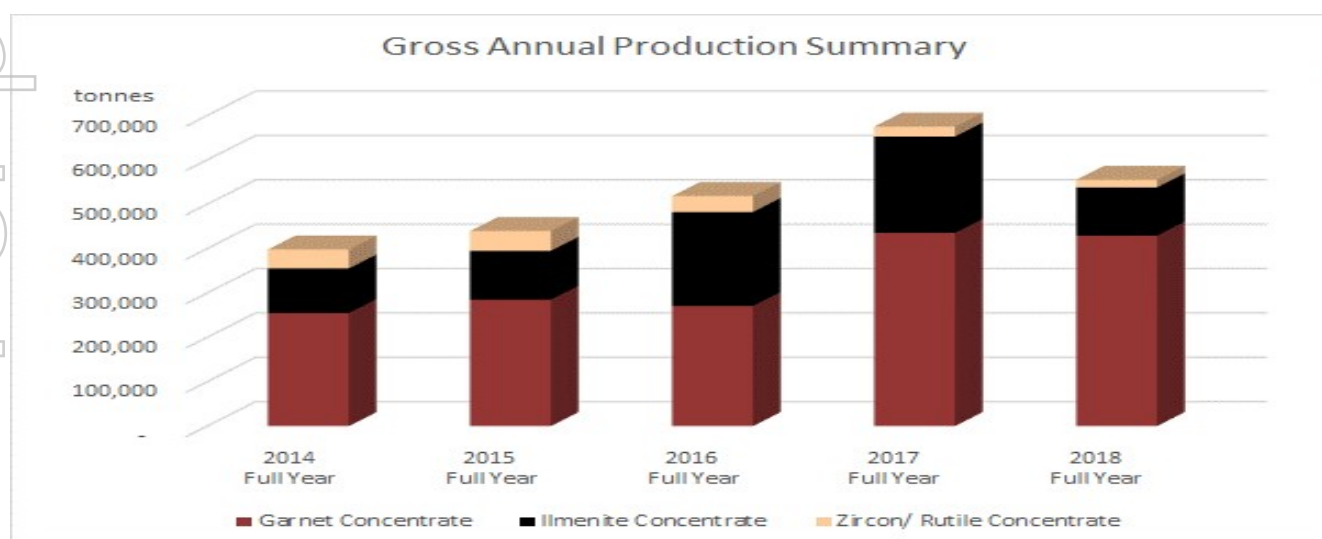
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APPENDIX 4 – PRODUCTION SUMMARY

Gross, Quarter	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Garnet Concentrate (t)	58,160	87,728	138,775	150,926	153,205	121,910	81,545	72,575
Ilmenite Concentrate (t)	83,171	56,253	33,642	43,953	41,501	26,062	22,435	18,632
Zircon/ Rutile Concentrate (t)	6,212	5,462	5,496	4,941	5,129	4,685	3,366	3,817

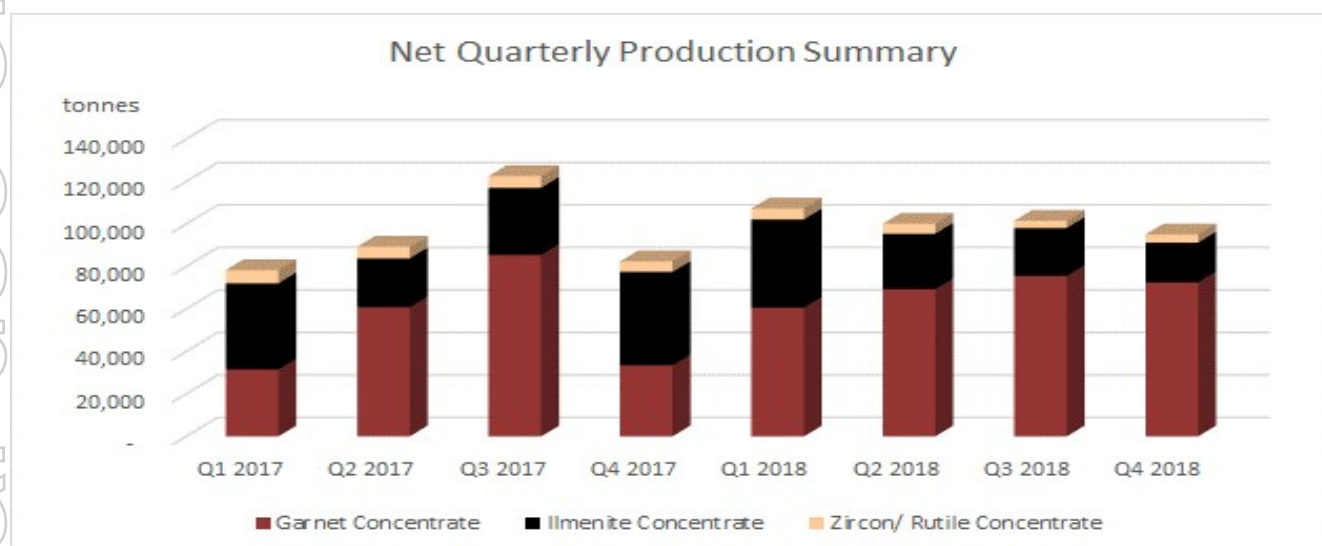


Gross, Year	2014 Full Year	2015 Full Year	2016 Full Year	2017 Full Year	2018 Full Year
Garnet Concentrate (t)	254,816	284,990	270,802	435,590	429,236
Ilmenite Concentrate (t)	100,437	109,959	211,704	217,019	108,630
Zircon/ Rutile Concentrate (t)	42,668	44,489	35,813	22,111	16,996

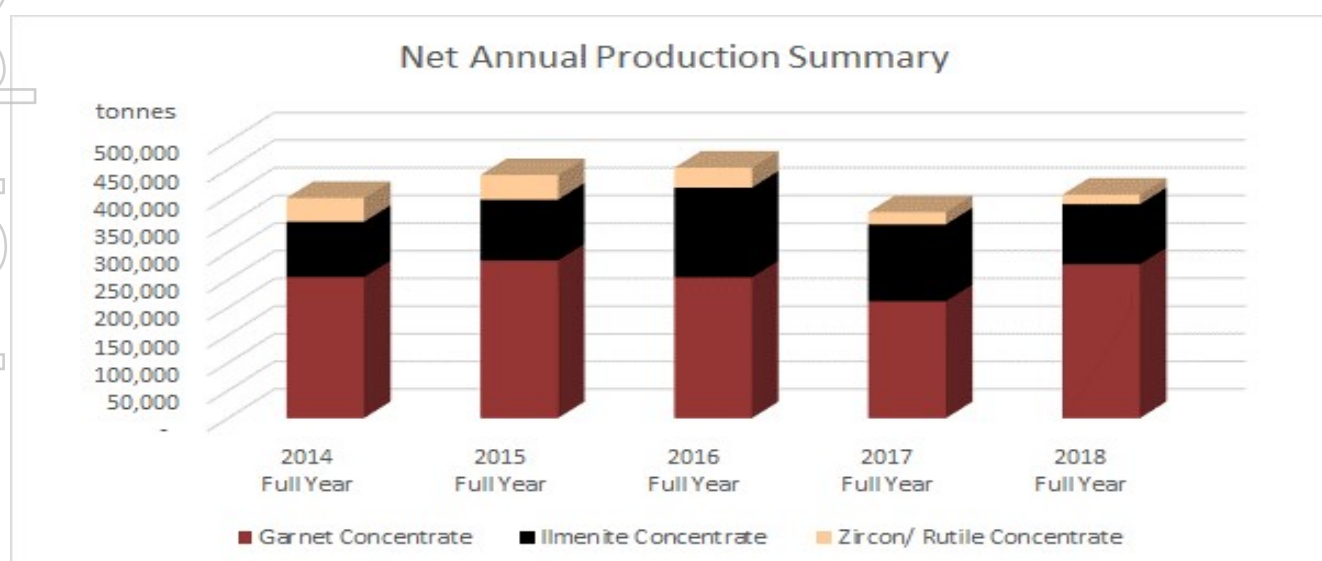


APPENDIX 4 – PRODUCTION SUMMARY (Continued)

Net, Quarter	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Garnet Concentrate (t)	31,586	60,867	85,477	33,464	60,652	69,357	75,621	72,575
Ilmenite Concentrate (t)	40,468	22,941	31,551	43,953	41,501	26,062	22,435	18,632
Zircon/ Rutile Concentrate (t)	6,212	5,462	5,496	4,941	5,129	4,685	3,366	3,817

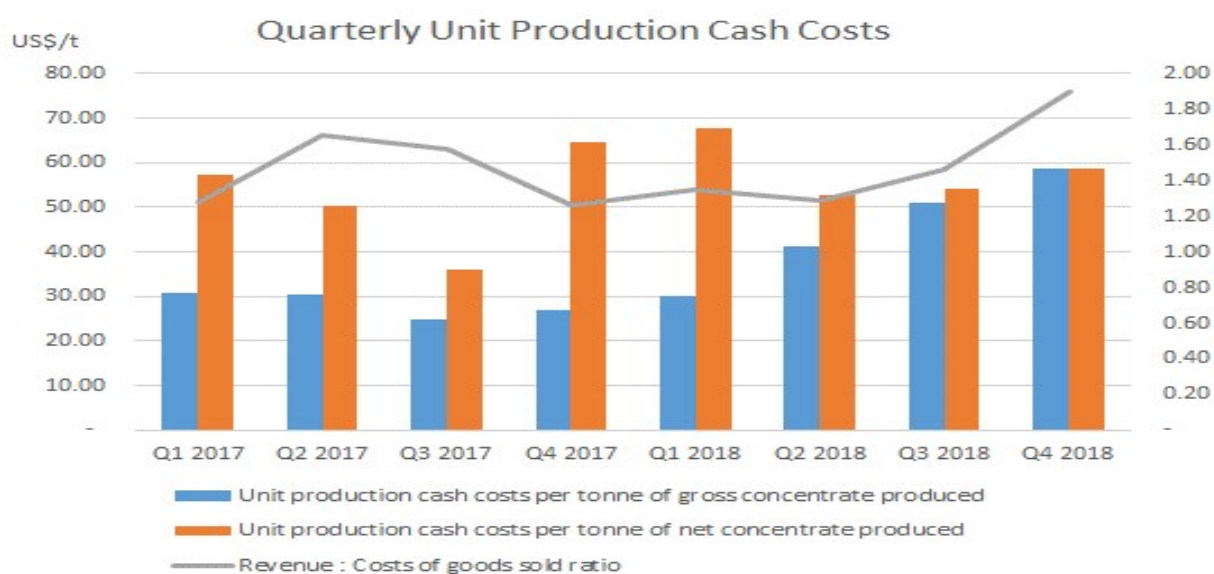


Net, Year	2014 Full Year	2015 Full Year	2016 Full Year	2017 Full Year	2018 Full Year
Garnet Concentrate (t)	254,816	284,990	254,693	211,394	278,205
Ilmenite Concentrate (t)	100,437	109,959	162,123	138,913	108,630
Zircon/ Rutile Concentrate (t)	42,668	44,489	35,813	22,111	16,996

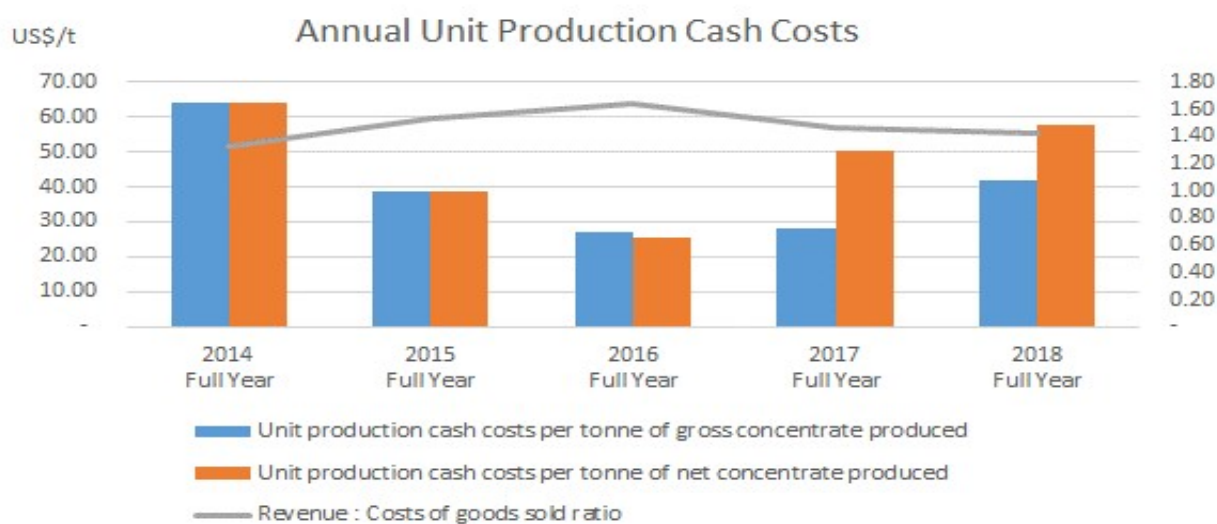


APPENDIX 5 – UNIT PRODUCTION CASH COSTS

Quarter	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Unit production cash costs per tonne of gross concentrate produced (US\$/t)	30.76	30.37	24.95	26.81	30.13	41.11	51.01	58.53
Unit production cash costs per tonne of net concentrate produced (US\$/t)	57.38	50.25	36.13	64.65	67.82	52.61	53.98	58.53
Revenue: Costs of goods sold ratio	1.28	1.65	1.58	1.26	1.35	1.29	1.46	1.90



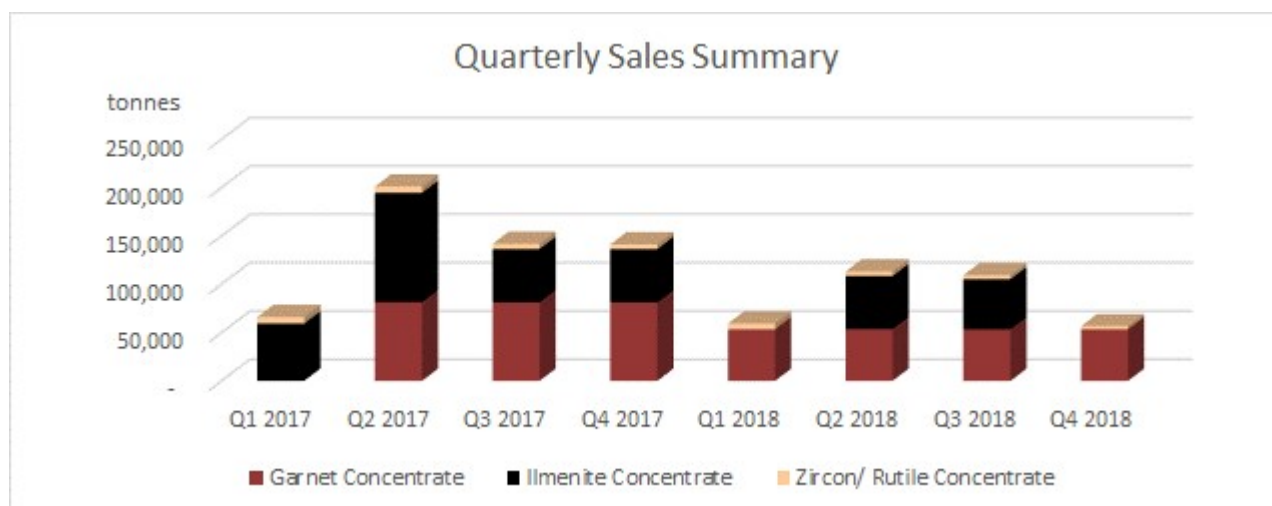
Year	2014 Full Year	2015 Full Year	2016 Full Year	2017 Full Year	2018 Full Year
Unit production cash costs per tonne of gross concentrate produced (US\$/t)	64.10	38.82	27.03	27.89	42.06
Unit production cash costs per tonne of net concentrate produced (US\$/t)	64.10	38.82	25.23	50.31	57.68
Revenue: Costs of goods sold ratio	1.33	1.53	1.64	1.46	1.43



APPENDIX 6 – SALES SUMMARY

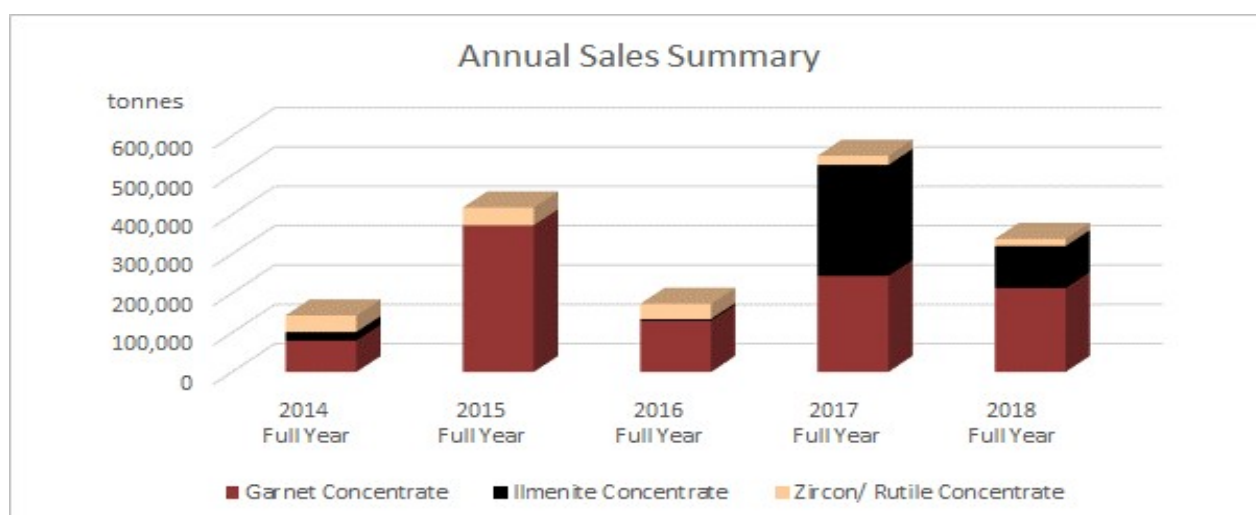
Quarter	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018 ⁽¹⁾	Q2 2018 ⁽¹⁾	Q3 2018 ⁽¹⁾	Q4 2018 ⁽¹⁾
Garnet Concentrate (t)	168	81,368	81,226	81,200	53,288	53,418	53,288	53,288
Ilmenite Concentrate (t)	59,111	112,987	55,000	55,000	-	55,000	51,750	-
Zircon/ Rutile Concentrate (t)	6,576	6,468	5,264	4,844	6,012	4,648	4,116	3,192

Note (1) - This summary table has been amended to report the sales of final garnet concentrate recognized in accordance with the adoption on January 2018 of AASB 15 Revenue from Contracts with Customers.



Year	2014 Full Year	2015 Full Year	2016 Full Year	2017 Full Year	2018 ⁽¹⁾ Full Year
Garnet Concentrate (t)	79,630	372,466	130,308	243,962	213,281
Ilmenite Concentrate (t)	21,920	-	4,070	282,098	106,750
Zircon/ Rutile Concentrate (t)	42,042	45,240	38,408	23,152	17,968

Note (1) - This summary table has been amended to report the sales of final garnet concentrate recognized in accordance with the adoption on January 2018 of AASB 15 Revenue from Contracts with Customers.

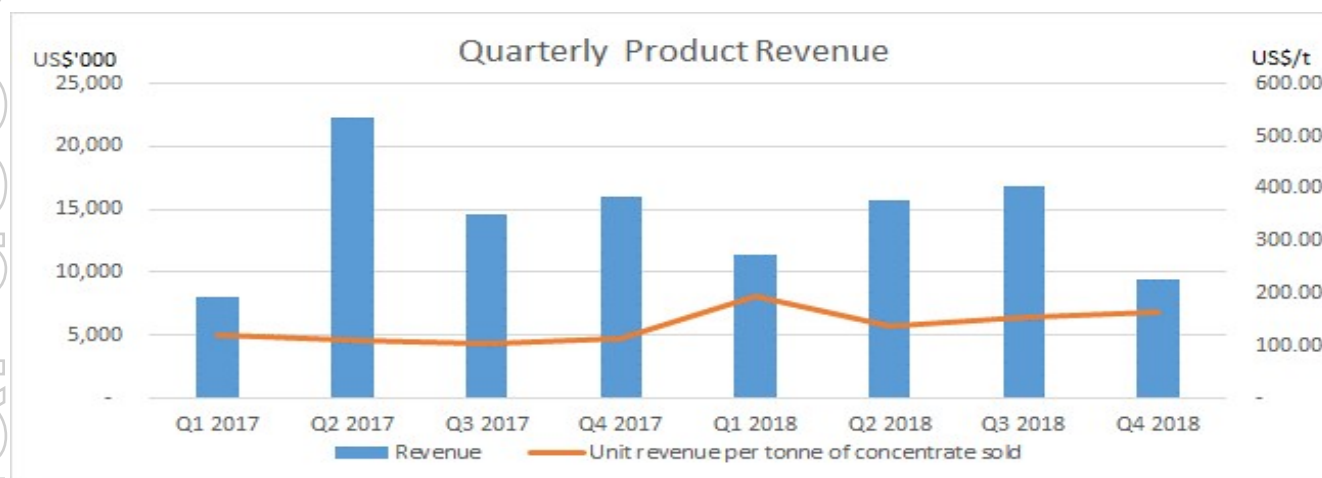


APPENDIX 7 – REVENUE

Quarter	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Total Product Revenue (US\$'000) ⁽²⁾	8,009	22,349	14,546	16,026	11,454	15,759 ⁽¹⁾	16,905	9,406
Revenue per tonne of concentrate sold (US\$/t)	121.61	110.75	102.81	114.76	194.44 ⁽¹⁾	137.14 ⁽¹⁾	153.86	163.25

Note (1) – This summary table has been amended to report the sales of final garnet concentrate recognised in accordance with the adoption on 1 January 2018 of AASB 15 - Revenue from Contracts with Customers. As such, revenue for the June 2018 quarter comparative and unit revenue per tonne of final concentrate sold for the March and June 2018 quarters have been revised due to the change in revenue recognition policy effected in the June 2018 financial statements that occurred post-release of the June 2018 quarterly report.

Note (2) – Revenue has been adjusted to report only product revenue, excluding other revenue.



Year	2014 Full Year	2015 Full Year	2016 Full Year	2017 Full Year	2018 Full Year
Total Product Revenue (US\$'000) ⁽¹⁾	33,271	46,180	26,873	60,930	53,524
Revenue per tonne of concentrate sold (US\$/t)	216.89	111.51	163.27	113.33	156.95

Note (1) – Revenue has been adjusted to report only product revenue, excluding other revenue.

