Mineral Commodities Ltd

ABN 39 008 478 653

Half-Year Financial Report
30 June 2018

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcements made by Mineral Commodities Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act, 2001.

DIRECTOR'S REPORT

The Directors present their report on the Consolidated Entity, consisting of Mineral Commodities Ltd ("MRC" or "the Company") and the entities it controlled at the end of or during the half-year ended 30 June 2018. The consolidated financial statements are presented in United States Dollars ("$"), unless otherwise stated, which is the Company's presentation currency.

DIRECTORS

The following persons were Directors of the Company in office during the half-year, and up to the date of this report:

Mark Victor Caruso	Executive Chairman and Chief Executive Officer
Joseph Anthony Caruso	Non-Executive Director
Peter Patrick Torre	Non-Executive Director and Company Secretary
Guy Redvers Walker	Non-Executive Director
Ross Colin Hastings	Independent Non-Executive Director

DIVIDENDS

During the half-year ended 30 June 2018, a final ordinary unfranked dividend for the financial year ended 31 December 2017 of 0.7 Australian cent per ordinary share was paid, representing a total distribution of A$2,904,591 based on the number of ordinary shares on issue as at 31 December 2017. As the dividend was unfranked, there are income tax consequences for the owners of the Company relating to this dividend.

Subsequent to half-year end, the Directors declared an interim dividend for the half-year end 30 June 2018 of 0.6 Australian cent per ordinary share, partially franked to 15% of the ordinary dividend (or partially franked to 0.09 Australian cent per ordinary share). This equates to a total distribution of A$2,511,549 based on the number of ordinary shares on issue at the date of this report. As the dividend was partially franked, there are income tax consequences for the owners of the Company relating to this dividend.

REVIEW OF OPERATIONS

Tormin Mineral Sands Operation

Tormin – Safety, Environment and Community

The Company's impeccable safety record continued during the first half of 2018, highlighted by the continuing positive decline in the twelve month Total Reportable Injury Frequency Rate ("TRIFR"), with June 2018 being the ninth month in succession to see a decline in the twelve month TRIFR. Since operations commenced in late 2013 there has been only one Lost Time Injury (sprained ankle during the half-year ended 30 June 2017) incurred for in excess of 2.4 million man-hours worked.

The Company maintained its strong commitment to social development and continued with its various initiatives. Circa Rand 2.0 million was spent during the current half-year on learnerships, portable skills training and bursaries. Formal support for a new Small, Medium-sized and Microenterprise ("SMME") embroidery business in the local South African Matzikama Municipality also commenced during the half-year.

REVIEW OF OPERATIONS (CONTINUED)

Tormin Mineral Sands Operation (continued)

Tormin Operational Performance

The Company continued its strong operating performance during the first half of 2018. The following key production and sales metrics were achieved:

Production and Sales Summary	Half-Year to 30 June 2018	Half-Year to 30 June 2017
Mining Production		
Tonnes (dmt)	1,206,302	1,012,457
Grade:	17.09%	27.17%
- Garnet	12.68%	19.84%
- Ilmenite	3.07%	5.24%
- Zircon	0.57%	1.09%
- Rutile	0.39%	0.52%
- Leucoxene	0.38%	0.48%
Garnet Stripping Plant / Secondary Concentrator Plant		
Tonnes processed (dmt)	483,667	359,371
Tonnes produced (dmt)		
- Garnet concentrate (net)	130,009	92,453
- Ilmenite concentrate (net)	67,563	63,409
- Zircon/Rutile concentrate	9,814	11,673
% zircon in concentrate	68.35%	71.44%
% rutile in concentrate	17.83%	16.98%
Sales		
Tonnes sold (wmt)		
- Zircon/Rutile concentrate	10,660	13,044
- Ilmenite concentrate	55,000	172,097
- Garnet concentrate	81,330	81,536

Run of Mine ("ROM") production of 1,206,302 tonnes was achieved during the half-year ended 30 June 2018 (30 June 2017: 1,012,457 tonnes). The increase in comparison to the previous half-year reflects record mining performance in the first quarter of 2018, with continued strong performance in the second quarter, aimed at increasing ROM buffer stocks and ensuring sufficient feed for the ramping up of the primary beach concentrator circuit.

ROM ore grading 17.09% Valuable Heavy Minerals ("VHM") was mined for the half-year, consisting of a garnet grade of 12.68%, ilmenite grade of 3.07%, zircon grade of 0.57% and rutile grade of 0.39%. The VHM grade diminished from the previous half-year in line with expectations, and was above the Annual Tormin Mineral Resource Update released in February 2018.

The mining cost per tonne of ore mined for the half-year of $2.94/t was above the prior half-year's $2.16/t. The unit cost increase was due to a 24.7% increase in the price of diesel in comparison to last year, higher maintenance costs incurred in managing an aging fleet, additional fleet rental costs and a stronger Rand compared to the prior half-year increasing USD reported costs in the current half-year.

Primary Beach Concentrator ("PBC") plant feed rates, availability and mineral recoveries were a record for the June 2018 quarter. PBC feed was 19.1% above the previous half-year and recoveries increased in comparison to the previous half-year in all minerals, with zircon up 11.6%, rutile up 87.4%, garnet up 54.4% and ilmenite up 9.0%.

The PBCs operated at an average combined 265tphr, significantly above the prior half-year's 232tphr, and achieved a record total 1,062,697 tonnes of ROM ore feed processed.

REVIEW OF OPERATIONS (CONTINUED)

Tormin Mineral Sands Operation (continued)

A decline in the half-year's zircon mined grade to 0.57%, in comparison to the previous half-year's 1.09% zircon mined grade, resulted in a decrease in zircon/rutile concentrate production, with 9,814 tonnes produced against the previous half-year's 11,673 tonnes. The impact of the declining zircon grade was partially offset by improving zircon recoveries during the current half-year. Contained zircon of 68.35% in concentrate was below the prior half-year's contained zircon of 71.44%. Contained rutile of 17.83% in concentrate was above the previous half-year's contained rutile of 16.98%, reflecting increased rutile recoveries to final concentrate.

Net ilmenite concentrate production for the half-year was 67,563 tonnes versus the prior half-year's 63,409 tonnes. This increased production largely reflects higher Garnet Stripping Plant ("GSP") / Secondary Concentrator Plant ("SCP") plant throughput and greater high-ilmenite garnet re-feed during the current half-year, partially offset by a lower infeed grade as a result of declining mined grades.

Net garnet concentrate production of 130,009 tonnes was significantly above the prior half-year's 92,453 tonnes and at a significantly higher +76.9% grade of contained garnet in concentrate. This improved production and concentrate grade reflects higher GSP / SCP plant throughput and significantly, improved recoveries achieved in the current half-year irrespective of declining mined grades.

Tormin Costs

The following table summarises Tormin's unit costs and revenues for the half-year to 30 June 2018:

Summary of Unit Costs & Revenues	Half Year to 30 June 2018	Half Year to 30 June 2017
Unit production cash costs per tonne of gross final concentrate produced ($/dmt)	**34.89**	30.37
Unit production cash costs per tonne of net final concentrate produced ($/dmt)	**59.09**	53.37
Unit cost of goods sold per tonne of final concentrate sold ($/wmt) (1)	**136.61**	76.65
Unit revenue per tonne of final concentrate sold ($/wmt)	**176.93**	117.86
Revenue to Cost of Goods Sold Ratio	**1.30**	1.54

(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.

The current half-year's production cash cost per tonne of zircon/rutile, ilmenite and garnet concentrate produced was $34.89/t gross, as compared to the prior half-year's $30.37/t. This unit cost increase was due to additional mining activity required to compensate for decreasing mine grades, a significant increase in the price of diesel, higher maintenance costs incurred in managing an aging fleet, additional fleet rental costs and a stronger Rand affecting USD reported 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 sold was $136.61/t for the half-year, compared to prior half-year's $76.65/t. The increase in the unit cost of goods sold for the current half-year was due to both the higher production cash cost as described above, and a change in the relative mix of products sold with a greater relative proportion of high value zircon/rutile concentrate sold in the current half-year.

Tormin Mineral Sands Operation (continued)

Tormin Sales and Marketing

Sales revenue for the half-year was $27.2 million, below the prior half-year's revenue of $30.4 million. This decrease in revenue was primarily due to lower ilmenite concentrate shipments in the current half-year, partially offset by higher zircon/rutile and ilmenite concentrate prices achieved.

Tormin shipments/sales for the half-year were 10,660 wet metric tonnes of zircon/rutile concentrate, 55,000 wet metric tonnes of ilmenite concentrate, 80,000 dry metric tonnes of garnet concentrate stockpiled on GMA Garnet Group's ("GMA") behalf and 82,041 wet metric tonnes of garnet concentrate shipped in bulk and bagged form.

Unit revenue per tonne of final concentrate sold was $176.93/t for the half-year, compared to the prior half-year's $117.86/t. The increase in the average concentrate price was due to improved pricing for the Company's zircon/rutile and ilmenite concentrates, and a change in the relative mix of products sold with a greater relative proportion of high value zircon/rutile concentrate sold in the current half-year.

The Revenue to Cost of Goods Sold Ratio for the half-year was 1.30 compared to the prior half-year's ratio of 1.54, primarily due to decreasing mine grades, production cash cost increases and a stronger Rand in the current half-year impacting overall USD reported costs of production.

The Company achieved continued incremental quarter on quarter increases in sales pricing for its high-grade zircon/rutile concentrate, with the average price received for zircon being 55.5% higher than the previous half-year.

Tormin's zircon/rutile concentrate is one of the highest concentrate grades being shipped to China and continues to attract premium pricing. For the second half of 2018, the Company expects continued industry tightening of zircon supply to underpin record pricing for the Company's zircon/rutile concentrate.

Following on from an initial 55,000 tonne ilmenite concentrate shipment in the first half of 2018, in August 2018 the Company shipped it's second 55,000 tonnes of ilmenite concentrate and is currently negotiating for it's third 55,000 tonne shipment for 2018, targeted to be shipped in the last quarter of 2018.

If negotiations are successfully concluded on this prospective third ilmenite concentrate shipment and given the continued expected strength in zircon pricing, it is expected that overall revenues, earnings and operating cash-flows for the Company for the second half of 2018 will be above that reported for the first half of 2018.

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 30 June 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 30 June 2018	WIP & Finished Goods at 30 June 2017
Run of Mine Ore Stockpile (total tonnes - Tormin processing plant)	**70,475**	102,257
Heavy Mineral Concentrate Stockpile (total tonnes - Tormin processing plant)	**13,954**	4,441
Zircon / Rutile Concentrate Bagged (total tonnes - Tormin, Cape Town or in-transit)	**924**	544
Ilmenite Concentrate Stockpiles (total tonnes - Tormin, Saldanha Bay or in-transit)	**68,450**	67,285
Garnet Concentrate Stockpiles (total tonnes - Tormin, Saldanha Bay, in-transit or held on behalf of GMA)	**664,233**	620,722

Tormin Mineral Sands Operation (continued)

Tormin Resource and Prospecting Activities

The annual Tormin Mineral Resource review was completed in February 2018. The full results were released to the market on 16 and 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 Qtr 2018	0.55	15.51%	2.97%	0.49%	0.39%	11.17%
Tonnes Mined – June H1 2018	**1.21**	**17.09%**	**3.07%**	**0.57%**	**0.39%**	**12.68%**

(1) Includes other valuable heavy minerals e.g. leucoxene and magnetite
(2) 5% Heavy Mineral ("HM") cut-off grade used

Since commencement of operations at Tormin, the Company has mined in excess of 7.7 million tonnes. The tonnage mined is more than the original declared resource tonnage (2.70 million tonnes), which is indicative of the significant replenishment nature of the deposit where resource blocks are mined more than once per year.

Mining of 1,206,302 tonnes during the June 2018 half-year was achieved at a total Heavy Mineral ("HM") grade of 17.09%, which is above expectations from the reported Mineral Resource grade.

Resource replenishment is continuing but at a rate slower than the mining rate. The Company is therefore unable to report a replenishment grade or quantity under the JORC Code (2012), however 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.

The Company is confident that the grant and subsequent development of additional identified inland strand and beach mining areas under application, and prospecting areas granted and/or under application, will allow the current active beach mining area to satisfactorily replenish.

REVIEW OF OPERATIONS (CONTINUED)

Tormin Mineral Sands Operation (continued)

During the half-year, the Company lodged its revised Section 102 Extended Mining Rights Application ("Section 102 Application"). The Section 102 Application consultation period with Interested and Affected Parties ("I&AP") for the Integrated Environmental Authorisation Scoping Report ended on 14 May 2018. The consolidation of I&AP responses was integrated into the Final Scoping Report and submitted to the South African Department of Mineral Resources ("DMR"). The Final Scoping Report was accepted by the DMR in June 2018. The acceptance of the Final Scoping Report now requires the Company to complete a full Environmental Authorisation Assessment which involves specialist study reports for activities that may impact the environment in conjunction with engagement with all I&AP stakeholders through a public participation process.

During the half-year, the Company lodged its financial performance bond for the De Punt Prospecting Right, situated directly adjoining the southern boundary of the Company's currently owned Geelwal Karoo Farm where the Tormin operations are located. The granting of the Environmental Authorisation Application is the final step towards the first granting of any prospecting rights to the Company since 2014. The granting of the Environmental Authorisation remains subject to Appeal by the I&APs. The Company has submitted responses to the Appeal and is expecting adjudication by the Department for Environmental Affairs ("DEA") by September 2018.

Subsequent to the half-year end, the Company lodged a financial performance bond for the Klipvley Karoo Prospecting Right, situated directly adjoining the northern boundary of the Company's currently owned Geelwal Karoo Farm and extending some 40 kilometres to the north. Progress being made with the DMR on this second prospecting right application is positive.

The Company submitted a Section 24G Application to deal with minor unauthorised activities under the National Environmental Management Act (Act 107 of 1998) ("NEMA"). Consultation via public participation with the I&APs on the Section 24G Application for these minor environmental incursions ended on 4 June 2018. The final Section 24G Application document was submitted to the DMR in July 2018.

Draft 2018 Mining Charter

On 15 June 2018, exactly one year to the day after publication of the previous draft, the new South African Minister of Mineral Resources, Gwede Mantashe (the "Minister"), published for public comment the Draft Broad-Based Black Economic Empowerment Charter for the South African Mining and Minerals Industry, 2018 (the "Draft 2018 Mining Charter").

This is similar to the 2017 draft, and maintains the requirement for a minimum of 30% Broad-Based Black Economic Empowerment ("BBBEE") shareholding.

Applications for mining rights that are pending at the commencement of the Mining Charter, 2018 will be granted if the applicants have a 26% BBBEE shareholding in place (in accordance with the 2010 Mining Charter) with a requirement to increase to 30% within five years. There appears to be no restriction in respect of the commercial nature of the equity increase (i.e. sale or subscription and dilution), the class of beneficiary (it can be a community, an entrepreneur or employees) or in respect of the level within a company at which the transaction is implemented (holding level or asset level).

For new mining rights to be issued, there will be a requirement for the mining right to be held 30% by BBBEE shareholders, with a minimum 14% to be held by a BBBEE entrepreneur and 8% to be held by employees. Significantly, 5% of the employees' stake will be a free carry and non-transferable. Communities must hold an 8% share of the mining right.

For new mining rights to be issued, there will be a requirement that 1% of Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") is paid to communities and employees as a trickle dividend from the sixth year of a mining right until dividends are declared or at any point in a 12-month period where dividends are not declared.

Tormin Mineral Sands Operation (continued)

The Mining Charter, 2018 will increase the target to procure services from BBBEE entities from 70% to 80% and increase the target to procure goods from BBBEE entities from 50% (in respect of consumer goods) and 40% (in respect of capital goods) to 70%. Up to 5% of the total procurement budget on mining goods and up to 10% of budget on services may be offset using supplier and/or enterprise development.

The Company is currently assessing the impacts of the Draft 2018 Mining Charter.

The Company's operating subsidiary, Mineral Sands Resources (Pty) Ltd ("MSR"), has a 50% BBBEE shareholding. As this 50% BBBEE shareholding exceeds the minimum 30% shareholding proposed, and given that MSR already has mining right applications in place, the Company does not currently envisage any change in the ownership structure of its operating subsidiary.

Munglinup Graphite Project

MRC Graphite Pty Ltd ("MRCG"), a wholly owned subsidiary of the Company, continued to progress the Munglinup Graphite Project during the half-year.

As released on 8 February 2018, completion of the Phase 1 metallurgical testwork program confirmed the ability to produce high-purity graphite flake concentrates. Results from the testwork showed concentrate purity averaging above 95% Total Graphitic Carbon ("TGC") and up to 97.4% TGC was achievable. Additionally, better than expected recoveries averaging 86% and up to 88.3% were achieved, as compared to 81% from historical testwork and as used in previous studies. The metallurgical testwork has resulted in a greatly simplified flow sheet compared with historical metallurgical testwork and studies.

The Phase 1 drilling program was completed during the half-year. The program provided additional geotechnical information at the Halberts Main and Halberts South areas, additional metallurgical samples for Phase 2 variability testwork, the production of a bulk sample and further assessment of the magnesite potential of the area. In addition, the drilling program assessed the potential for extensions to the mineralisation in the Halberts Main, Halberts South, Harris and McCarthy West areas. The drilling encountered extensive graphite mineralisation and identified a significant groundwater source on the mining lease.

Significant progress was also made in identifying and conducting studies required for environmental permitting and approvals. Gaps in historical surveys were identified and a fit-for-purpose program has commenced to enable submissions for all required permits in a timely manner.

During the half-year the Munglinup Graphite Project was recognised as being of strategic state significance and as a result has been given Level 2 Lead Agency Status by the Department of Mines, Industry Regulation and Safety ("DMIRS").

Initial community engagement has also commenced with the appropriate parties, with all expressing support for the Project. Though Native Title was previously extinguished over the mining lease, a respectful working relationship with the traditional landowners has been initiated and continues to grow.

The Pre-Feasibility Study ("PFS") was completed with results released to the market on 30 May 2018. The results demonstrate 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% TGC was declared, 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 mine life is nine years with an average annual production of 54,800 tonnes of graphite concentrate.

Munglinup Graphite Project (continued)

The PFS confirmed that the Munglinup Graphite Project is robust and economically justifiable even at very low pricing scenarios and without the requirement for downstream value-added processing that many other graphite projects require to achieve acceptable economic returns. The results also confirmed its technical viability and the Company is now committed to advancing the project through a Feasibility Study towards development.

The Company also undertook an expansion drilling program at Munglinup during the half-year, with results, as released on 5 June 2018, confirming continuity of mineralisation along strike of the known deposits in both quantum and tenor. The additional geological and assay information will be included in a Mineral Resource update currently underway.

A follow-up infill drilling program has been developed and is scheduled for commencement in the September 2018 quarter, and has been designed to provide sufficient geological and assay information to allow for a Mineral Resource update before the end of 2018.

Additional expandable graphite testwork, conducted by European consultancy group Dorfner ANZAPLAN, was completed during the half-year with results released on 10 May 2018. Results suggest excellent expandable volumes for Munglinup graphite of 400 ml/g for coarse (+300 micron) flakes and expansion volumes of 305 ml/g for medium (+180 to -300 micron) flakes. The graphite was shown to be suitable for a broad range of expandable graphite markets. A concept study has now been established on the development of an expandable plant.

The Company also commenced a Research Agreement with the University of Adelaide ("UoA"), testing graphite concentrate from Munglinup for the production of graphene and graphene related products, using the University's proprietary methods. UoA is at the forefront of graphene research in Australia, leading the Australian Research Council ("ARC") Graphene Hub. The Research Agreement is focused on developing graphene production routes that are low cost, environmentally friendly and scalable. This proof of concept study, if successful, will be followed by a pilot scale program.

During the half-year the Company acquired E74/565, an exploration licence adjoining the mining lease hosting the Munglinup graphite deposit. Previous airborne geophysical surveys undertaken in 2011 resulted in the identification of significant anomalies within the Company's current mining lease that extend into E74/565.

The acquisition of this adjoining exploration licence will provide significant benefit to the Munglinup Graphite Project in terms of consolidation of mineral prospectivity, and availability of additional areas for infrastructure. The Company will be conducting preliminary exploration including drill target generation on the exploration licence in the coming months leading up to drill testing of identified areas of potential graphite mineralisation later in the year.

Iran

The Company has continued to actively establish its presence in Iran and has reviewed in excess of 36 greenfields, brownfields and operating mining projects.

The unilateral withdrawal in May 2018 by the United States of America from the UN sanctioned Joint Comprehensive Plan of Action has provided a significant obstacle to expanding the Company's footprint in Iran. Management is actively monitoring the situation and remains committed to extracting value from its first mover advantage in Iran.

Australian Exploration

The Company, via its wholly owned subsidiary, MRC Exploration Australia Pty Ltd ("MRCEA"), has lodged eight new exploration licences and has entered into joint venture agreements on two other exploration tenements in Western Australia. The Company is targeting lithium (Yandeyarra and Geraldton Prospects), channel iron (Glen Florrie Prospect), gold-copper (Doolgunna and Cave Hill Prospects) and vanadium (Triple Eight Prospect). Exploration work completed on the Doolgunna Prospect is reported separately below.

REVIEW OF OPERATIONS (CONTINUED)

Australian Exploration (Continued)

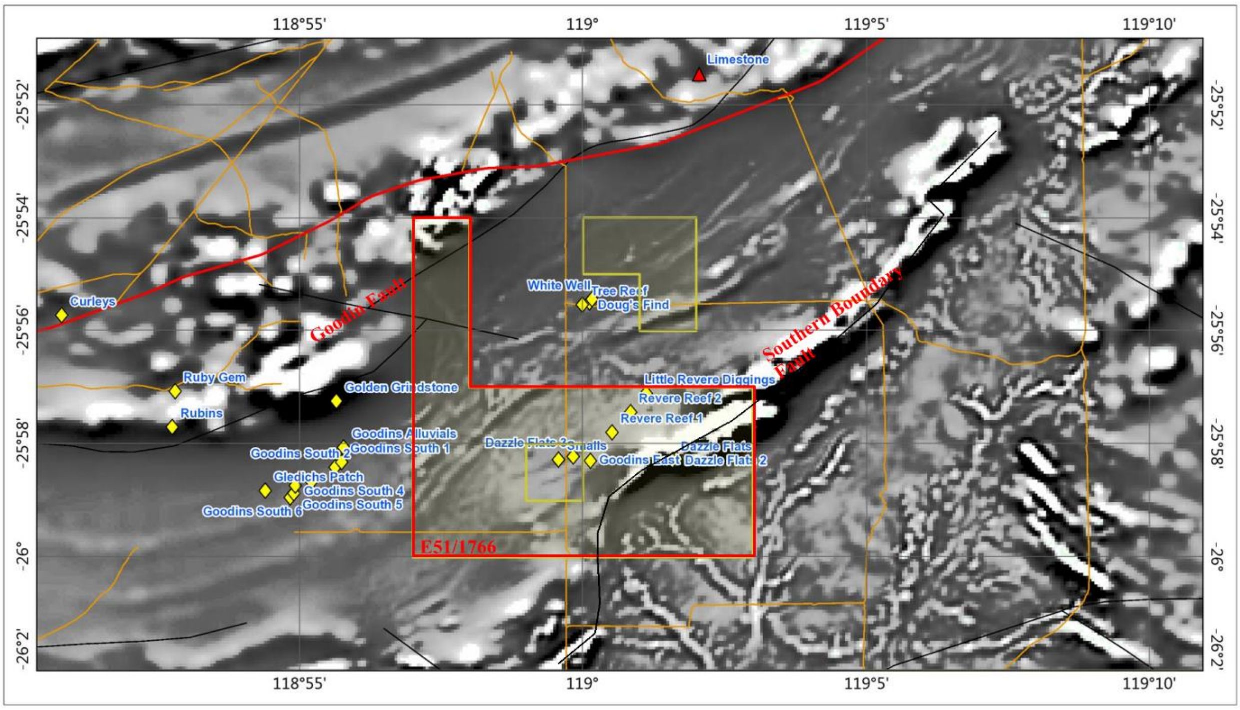
These additional Australian exploration licences also support the Company's long-term strategy of commodity diversification through exploration upside. Exploration work in these areas involves a $1.5 million fully funded minimum commitment over the next two years.

During the half-year, the following activities were conducted on the Company's exploration prospects in Western Australia:

- Glen Florrie Prospect - The Company commenced negotiations on access arrangements with the pastoral lease holder underlying the Glen Florrie Prospect;
- Geraldton Prospect - Applications have been submitted for two tenements considered prospective for lithium and tantalum bearing pegmatite in the Mid West region;
- Collie Triple Eight Titanomagnetite Project - The Company entered into an option agreement to acquire the historic Triple Eight Titanomagnetite Project near Collie in Western Australia. The acquisition comprises an active mining lease that expires on 25 June 2038, with the initial option to earn 51% for a cash consideration of A$25,000 and a minimum expenditure of A$250,000. Subject to satisfaction of the initial option, the Company has a right to purchase the remaining 49% for A$500,000. The acquisition of this prospective vanadium project is consistent with the Company's corporate strategy of geopolitical diversification and targeting commodities crucial to the battery technology revolution taking place; and
- Yandeyarra Prospect - The Company is working towards a heritage agreement with the Yamathi Marlpa Corporation, which is required before an agreement can be negotiated with the Yandeyarra Native Title landowners.

Doolgunna Gold and Copper Prospect

During the half-year MRCEA conducted a first phase exploration and bulk sampling campaign to confirm historical intersections and gold recoveries along a quartz reef known as the Revere Reef located on tenement E51/1766.



REVIEW OF OPERATIONS (CONTINUED)

Australian Exploration (continued)

There are other targets and gold occurrences on the Doolgunna tenements, however the Revere Reef has been assigned priority status due to its potential to host high-grade gold associated with strong metasomatic alteration and outcrops of quartz reef and stockwork structures.

1,500m of RC drilling completed during May 2018 identified a highly altered zone associated with the northeast striking Revere Reef structure. RC drilling and two bulk samples have been submitted to the analytical laboratory and results are pending.

The copper potential of the tenements is currently unknown, however the high level of exploration activity by Sandfire Resources is noted on the surrounding tenements.

Xolobeni Mineral Sands Project

There were no material developments in relation to the finalisation of the divestment of the Company's Xolobeni Mineral Sands Project ("Xolobeni Project") as detailed in the Annual Report for the year ended 31 December 2017. The Company continues to engage with its Black Economic Empowerment ("BEE") partner Keysha Investments, related stakeholders and relevant authorities to facilitate and finalise the sale process. It is expected that this due process will take some time to finalise to ensure all stakeholders are fully appraised of the related issues.

Corporate and Financial

The Board of the Company was pleased to be able to declare and pay during the half-year a 0.7 Australian cent per share final dividend in respect of the 2017 year. In conjunction with an interim dividend of 0.5 Australian cent per share, a total 1.2 Australian cent per share dividend for 2017 has been declared and paid.

An interim dividend for the half year ended 2018 of 0.6 Australian cent per ordinary share has been declared. This dividend declaration was again underpinned by a solid operating performance for the half-year.

The current and expected future cash position and earnings of the Company is expected to continue to provide for the payment of future dividends as part of the Company's overall capital management strategy.

The Company continues to actively pursue business development opportunities. The Company's Business Development Manager and project team have been reviewing opportunities in the industrial minerals / mineral sands sector, as well as other core base metal mineral opportunities in various jurisdictions.

With the uncertainty in respect to the 2018 Mining Charter in South Africa, and as a matter of good risk management, the Board views diversification of both jurisdiction and commodity as paramount to the future success of the Company.

Consolidated Results and Financial Position

Earnings before interest, tax, depreciation and amortisation ("EBITDA") of $4.8m for the 2018 half-year was below the 2017 half year EBITDA of $9.6m, a 50% decrease on the prior half year. Net profit before income tax ("NPBT") of $2.3m for the 2018 half year was below the 2017 half year NPBT result of $7.3m, a 69% decrease in NPBT on the prior half year.

REVIEW OF OPERATIONS (CONTINUED)

Consolidated Results and Financial Position

The EBITDA and NPBT results in comparison to prior year reflect lower product revenue, lower mined grades and additional production cash costs, a stronger Rand impacting USD reported costs, foreign exchange losses and additional corporate administration costs for the 2018 half-year.

Lower product revenue was substantially driven by lower ilmenite concentrate shipments, partially offset by higher zircon, rutile and ilmenite prices. Production cash costs were impacted by increased diesel prices, higher maintenance incurred on an aging fleet, additional mining activity to compensate for lower mined grades and a stonger relative Rand for the half year impacting USD reported costs. Foreign exchange losses reflect greater volatility in the South African Rand during the half-year impacting settlements into South Africa. Additional corporate administration expenses result from the Company investing in greater management talent with the aim of executing its strategic growth initiatives, in addition to full amortisation on performance rights exceeding the pre-established exercise price, arising from the Company's share price growth.

Additionally, reported revenue has increased by $1.0 million as a consequence of the application of the new accounting standard AASB 15 Revenue from Contracts with Customers. There has also been a corresponding increase in reported net profit after tax of $0.5 million as a consequence of the application of AASB 15. Further information regarding the impacts of the application of AASB 15 Revenue for Contracts with Customers is contained in the Notes to these Financial Statements.

The profit of the consolidated entity after income tax attributable to members of the parent entity for the 2018 half year was $1.2m (2017 half-year profit $5.3m), a 77% decrease on the prior half year.

At 30 June 2018, the Company had $10.2m in cash. Trade and other receivables at 31 December 2017 of $6.1m increased to $9.5m as at 30 June 2018.

The net assets of the Group have decreased from $45.9m as at 31 December 2017 to $42.4m as at 30 June 2018. Contributing to the decrease in reported net assets was foreign exchange differences on translation of foreign owned operations due to a significant weakening of the Rand from 1 January 2018 to 30 June 2018, and a restatement of retained earnings at 1 January 2018 arising from the application of the new accounting standard AASB 15 Revenue for Contracts with Customers. Further information regarding the impacts of the application of AASB 15 Revenue for Contracts with Customers is contained in the Notes to these Financial Statements.

EVENTS SUBSEQUENT TO BALANCE DATE

Other than that disclosed in this Director's Report above, there have been no other material matters arising subsequent to balance date and up until the date of signing these Financial Statements.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 33.

Signed in accordance with a resolution of the Directors.

Mark Caruso
Executive Chairman
Dated at Perth, Western Australia
This 30th day of August 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2018

	Notes	**Half-Year to 30 Jun 18 $**	Half-Year to 30 Jun 17 $
Revenue from continuing operations			
Sale of product	2.2	**27,212,895**	30,358,206
Other revenue	2.2	**1,285,002**	1,230,518
		28,497,897	31,588,724
Expenses			
Mining and processing costs	2.3	**(21,049,223)**	(21,128,801)
Administration expenses		**(3,074,529)**	(2,471,358)
Foreign exchange (loss)/ gain		**(1,612,296)**	(563,665)
Impairment		**(255)**	(244,147)
Share payment expenses		**(281,560)**	(71,528)
Finance income/ (costs)		**(190,235)**	226,159
Profit before income tax		**2,289,799**	7,335,384
Income tax expense		**(1,139,614)**	(1,987,083)
Profit after income tax		**1,150,185**	5,348,301
Profit is attributable to:			
Owners of Mineral Commodities Ltd		**1,150,185**	5,348,301
Non-controlling interest			-
		1,150,185	5,348,301
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:		**Cents**	cents
Basic earnings per share		**0.27**	1.32
Diluted earnings per share		**0.27**	1.32
Other comprehensive (expense)/income items			
Change in the fair value of available for sale financial assets		**-**	276,901
Exchange differences on translation of foreign operations	5.2	**(1,775,381)**	2,330,764
Other comprehensive (loss)/profit for half-year net of tax		**(1,775,381)**	2,607,665
Total comprehensive (loss)/profit for the period		**(625,196)**	7,955,966
Total comprehensive (loss)/profit for the half-year is attributable to			
Owners of Mineral Commodities Ltd		**(625,196)**	7,955,966
Non-controlling interest		**-**	-
		(625,196)	7,955,966

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	30 Jun 18 $	31 Dec 17 $
Current assets			
Cash and cash equivalents		**10,209,221**	10,975,817
Trade and other receivables	4.1	**8,559,116**	4,997,379
Inventories	4.2	**23,894,701**	9,141,797
Other financial assets	5.3	**-**	542,368
Total current assets		**42,663,038**	25,657,361
Non-current assets			
Trade and other receivables	4.1	**942,518**	1,058,129
Exploration and evaluation assets	3.1	**12,800,341**	11,200,454
Mine development expenditure	3.2	**6,044,548**	7,306,979
Property, plant and equipment	3.3	**13,720,891**	17,027,635
Other financial assets	5.3	**216,243**	-
Total non-current assets		**33,724,541**	36,593,197
Total assets		**76,387,579**	62,250,558
Current liabilities			
Trade and other payables		**4,937,948**	3,691,145
Unearned revenue		**3,510,819**	1,793,475
Contract liabilities	1.4	**16,098,880**	-
Short-term borrowings	5.1	**1,648,548**	2,072,320
Other financial liabilities	5.3	**318,636**	-
Employee benefits		**353,000**	362,760
Current tax liabilities		**1,461,635**	1,921,341
Total current liabilities		**28,329,466**	9,841,041
Non-current liabilities			
Provisions		**152,598**	169,144
Long-term borrowings	5.1	**1,375,000**	2,133,721
Employee benefits		**83,256**	73,273
Deferred tax liabilities		**4,006,938**	4,105,003
Total non-current liabilities		**5,617,792**	6,481,141
Total liabilities		**33,947,258**	16,322,182
Net assets		**42,440,321**	45,928,376
Equity			
Contributed equity		**64,728,178**	64,420,299
Reserves	5.2	**(15,141,071)**	(13,116,794)
Accumulated losses		**(7,260,425)**	(5,488,768)
Parent entity interest		**42,326,682**	45,814,737
Non-controlling interest		**113,639**	113,639
Total equity		**42,440,321**	45,928,376

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 30 June 2018

	Half-Year to 30 Jun 18 $	Half-Year to 30 Jun 17 $
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**28,418,555**	32,450,842
Payments to suppliers and employees	**(22,847,842)**	(21,126,017)
Tax paid	**(110,311)**	-
Net cash inflow from operating activities	**5,460,402**	11,324,825
Cash flows from investing activities		
Payments for exploration expenditure	**(1,975,207)**	(13,074)
Payments for plant and equipment	**(537,356)**	(1,457,368)
Payments for investments	**(190,319)**	-
Other loans	**-**	(53,928)
Interest received	**49,185**	1,497
Net cash outflow from investing activities	**(2,653,697)**	(1,522,873)
Cash flows from financing activities		
Proceeds from borrowings	**-**	1,717,060
Repayment of borrowings	**(1,164,215)**	(3,889,309)
Dividends paid to shareholders	**(2,151,431)**	(3,605,697)
Interest paid	**(50,987)**	(129,671)
Net cash outflow from financing activities	**(3,366,633)**	(5,907,617)
Net (decrease)/increase in cash and cash equivalents held	**(559,928)**	3,894,335
Cash and cash equivalents at the beginning of the half-year	**10,975,817**	2,873,135
Effects of exchange rate changes on cash and cash equivalents	**(206,668)**	168,772
Cash and cash equivalents at the end of the half-year	**10,209,221**	6,936,242

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Contributed equity $	Reserves $	Accumulated losses $	Total $	Non-Controlling interest $	Total equity $
Balance at 1 January 2018	64,420,299	(13,116,794)	(5,488,768)	**45,814,737**	113,639	**45,928,376**
Adjustment to opening Accumulated losses	-	-	(981,760)	**(981,760)**	-	**(981,760)**
Profit for the half-year	-	-	1,150,185	**1,150,185**	-	**1,150,185**
Other comprehensive loss for the half-year	-	(1,775,381)	-	**(1,775,381)**	-	**(1,775,381)**
Total comprehensive income for the half-year	64,420,299	(14,892,175)	(5,320,343)	**44,207,781**	113,639	**44,321,420**
Transactions with owners in their capacity as owners						
Conversion of unlisted performance rights to ordinary shares	307,879	(307,879)	-	-	-	-
Share-based payment expenses	-	270,332	-	**270,332**	-	**270,332**
Expiry of unlisted options	-	(211,349)	211,349	**-**	-	**-**
Dividend paid	-	-	(2,151,431)	**(2,151,431)**	-	**(2,151,431)**
Balance at 30 June 2018	**64,728,178**	**(15,141,071)**	**(7,260,425)**	**42,326,682**	**113,639**	**42,440,321**

	Contributed equity $	Reserves $	Accumulated losses $	Total $	Non-Controlling interest $	Total equity $
Balance at 1 January 2017	**63,437,092**	**(17,189,759)**	**(10,240,395)**	**36,006,938**	**113,639**	**36,120,577**
Profit for the half-year	-	-	5,348,301	**5,348,301**	-	**5,348,301**
Other comprehensive profit for the half-year	-	2,607,665	-	**2,607,665**	-	**2,607,665**
Total comprehensive income for the half-year	63,437,092	(14,582,094)	(4,892,094)	**43,962,904**	113,639	**44,076,543**
Transactions with owners in their capacity as owners						
Dividend paid	-	-	(3,605,697)	**(3,605,697)**	-	**(3,605,697)**
Share-based payment expenses	-	71,528	-	**71,528**	-	**71,528**
Balance at 30 June 2017	**63,437,092**	**(14,510,566)**	**(8,497,791)**	**40,428,735**	**113,639**	**40,542,374**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. Basis of Preparation

This section provides information about the basis of preparation of the half-year financial report.

1.1 Corporate information

Mineral Commodities Ltd (the "Company") is a company limited by shares, domiciled and incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange ("ASX"). The condensed consolidated financial report of the Company for the six months ended 30 June 2018 ("the half-year financial report") comprises the Company and its controlled entities ("the Group"). Mineral Commodities Ltd is the ultimate parent entity in the Group.

The half-year financial report was authorised for issue in accordance with a resolution of the directors effective 30 August 2018.

1.2 Basis of preparation

This general purpose half-year financial report has been prepared in accordance with Australian Accounting Standard 134 "Interim Financial Reporting" and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial statements for the year ended 31 December 2017 and considered together with any public announcements made by the Company during the six months ended 30 June 2018, in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX listing rules.

1.3 Critical accounting estimates and judgements

The significant accounting judgements, estimates and assumptions adopted in the half-year financial report are consistent with those applied in the preparation of the Group's annual report for the year ended 31 December 2017.

1.4 Application of new and revised Australian Accounting Standards

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- AASB 9 Financial Instruments, and
- AASB 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed below.

AASB 15 Revenue from Contracts with Customers

The Group has applied AASB 15 Revenue from Contracts with Customers (as amended) for the first time in the current period. AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

1. Basis of Preparation (continued)

1.4 Application of new and revised Australian Accounting Standards (continued)

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios. The Company has considered AASB 15 in detail and has identified one difference in revenue recognition in comparison to prior periods. Under the Company's prior period accounting policy, revenue from the stockpiling of goods was recognised when there was evidence that there had been a transfer of risks and rewards to the customer. This is based on a contractual obligation of the customer to take final delivery and make full and final payment for all amounts delivered to the stockpile, which is clearly identified and available to the buyer. Under AASB 15, revenue recognition requires transfer of control, which is a sterner test than transfer of risk and rewards. A thorough review of our current commercial contract for the stockpiling of goods does not support effective transfer of control at that point in time as the Company retains legal title and has the ability to control the use of the product.

New Revenue Accounting Policy

Revenue is recognised when the significant control of products has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The timing of the transfer of control varies depending on the individual terms of the sales agreement. Generally for the Group, this is based on free-on-board ("FOB") sales where transfer of control passes at port of origin or cost, insurance and freight ("CIF") sales where control passes at port of destination. Sales revenue is recognised for FOB and CIF sales on bill of lading date. Sales revenue comprises gross revenue earned from the provision of product to customers. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metals price, assay, weight and moisture content between the time of delivery and the time of final settlement of sales proceeds.

The majority of the Group's revenue is derived from product sales with revenue recognised at a point in time when control of the goods has transferred to the customer.

Revenue from the sales of garnet product has two performance obligations, sale of product and transportation services, at a point in time. Revenue from the stockpiling of goods is deferred until final sale of product when control of product is finally transferred.

1. Basis of Preparation (continued)

1.4 Application of new and revised Australian Accounting Standards (continued)

The Group adopted AASB 15 using the cumulative catch-up method. The nature and effect of these changes are disclosed below.

	30 Jun 18 $
Impact on profit/(loss) for the half year	
Revenue	1,000,000
Cost of sales	(292,743)
Income tax expense	(198,032)
Profit for the half year	509,225
Earnings per share from continuing operations	
Basic earnings per share	0.12 cents
Diluted earnings per share	0.12 cents

Revenue has increased by $1,000,000 as a result of an accounting policy change, per AASB 15 adoption, in the recognition of garnet stockpiling revenue in the current half-year that was recognised under the prior accounting policy in the prior half-year. Increased recognition of garnet product sales is then matched against the corresponding movement from inventory to cost of sales expense in the income statement. This resulted in an increase in profit after tax of $509,225.

	As previously reported under AASB 118 $	AASB 15 adjustments $	As restated $
Impact on assets, liabilities and equity as at 1 January 2018			
Accounts receivable	4,997,379	(2,649,440)	2,347,939
Inventories	9,141,797	16,085,457	25,227,254
Deferred tax	(4,105,003)	563,758	(3,541,245)
Contract liabilities	-	(15,449,440)	(15,449,440)
Opening accumulated losses	5,488,768	981,760	6,470,528

Contract liabilities and inventories have increased due to the initial recognition of the 452,472 tonnes of garnet in inventory as a result of an accounting policy change after adopting the new AASB 15 "Revenue" standard. In prior periods, the Company recognised garnet stockpiling revenue as incurred. Under AASB 15, garnet stockpiling revenue does not meet the definition of a performance obligation that transfers control to the customer therefore, costs associated with producing this garnet in prior periods has been recognised as inventory and related revenue previously recognised in profit or loss has been recognised as a contract liability until this revenue is able to be recognised in future periods.

Accounts receivable for garnet stockpiling revenue recognised in advance of $2,649,440 has been reversed as again AASB 15 does not allow garnet stockpiling revenue recognition.

1.4 Application of new and revised Australian Accounting Standards (continued)

	As previously reported under AASB 118 $	AASB 15 adjustments $	As restated $
Impact on assets, liabilities and equity as at 30 June 2018			
Accounts receivable	6,909,676	1,649,440	8,559,116
Inventories	24,156,512	(261,811)	23,894,701
Deferred tax	(3,829,831)	(177,107)	(4,006,938)
Unearned revenue	(5,510,819)	2,000,000	(3,510,819)
Contract liabilities	(13,678,929)	(2,419,951)	(16,098,880)
Reserves	15,476,225	(335,154)	15,141,071

This reconciliation highlights the impact of AASB 15 on accounting balances incurred during the half-year.

Prior to adjustment for AASB 15, during the six months ended 30 June 2018 $1,649,440 was received for garnet stockpiling revenue and offset against opening garnet stockpiling receivable. Accounts receivable for garnet stockpiling revenue recognised in advance has been reversed, as AASB 15 does not allow garnet stockpiling revenue recognition. The adjustment of $1,649,440 is reversing the net movement in garnet stockpiling receivables during the half-year.

The decrease in unearned revenue at 30 June 2018 reflects an invoice for 50,000 tonnes of stockpiling unearned revenue (revenue in advance) that has been reversed, as stockpiling revenue is not recognised under AASB 15. This 50,000 tonnes has been reclassified and materially explains the increase in contract liabilities, as this revenue is able to be recognised in future periods.

AASB 9 Financial Instruments

The Group applies, for the first time, AASB 9 Financial Instruments. AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The adoption of AASB 9 Financial Instruments from 1 January 2018 resulted in no adjustments to the amounts recognised in the financial statements.

1.5 Impact of standards issued but not yet applied by the entity

AASB 16 Leases was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $1,645,631. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

Notes to the Consolidated Financial Statements

2. Financial Performance

This section highlights key financial performance of the Group for the reporting period including disclosures of segmental financial information and dividends.

2.1 Segment information

Description of segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the board of directors, which makes strategic decisions.

There is no goodwill attached to any of the segments. There has been no impact on the measurement of the assets and liabilities reported for each segment.

The chief operating decision maker has identified five reportable segments to its business, being:

- Mineral Sands mining and production (Tormin Mineral Sands project) – Republic of South Africa;
- Mineral Sands exploration (Xolobeni Mineral Sands project) – Republic of South Africa;
- Exploration activities – Australia;
- Exploration activities - Iran; and
- Corporate (management and administration of the Company's projects) – Australia, Republic of South Africa and Iran.

Notes to the Consolidated Financial Statements

2. Financial Performance (continued)

2.1 Segment information (continued)

(i) Segment results, segment assets and segment liabilities

The segment information provided to the chief operating decision maker for the reportable segments for the period ended 30 June 2018 is as follows:

	Tormin Project $	Xolobeni Project $	Australia Exploration $	Iran Exploration $	Corporate $	Consolidation eliminations $	Totals $
Half-Year 2018							
Revenue from operations							
Total segment revenue	28,556,589	-	-	-	27,455,040	-	**56,011,629**
Inter-segment revenue	(27,513,732)	-	-	-	-	-	**(27,513,732)**
Revenue from external customers	**1,042,857**	**-**	**-**	**-**	**27,455,040**	**-**	**28,497,897**
Adjusted EBITDA	**7,452,379**	**9,662**	**-**	**52,927**	**(1,277,776)**	**(1,400,466)**	**4,836,726**
Depreciation and amortisation	2,295,862	13,102	-	-	47,473	-	**2,356,437**
Impairment loss	-	-	-	-	255	-	**255**
Total segment assets	**22,794,418**	**5,462,212**	**5,602,778**	**815,682**	**41,505,853**	**206,636**	**76,387,579**
Total segment liabilities	**26,210,626**	**-**	**558,632**	**12,205**	**7,165,794**	**-**	**33,947,257**
Half-Year 2017							
Revenue from operations							
Total segment revenue	26,699,734	-	-	-	31,566,297	-	**58,266,031**
Inter-segment revenue	(26,677,307)	-	-	-	-	-	**(26,677,307)**
Revenue from external customers	**22,427**	**-**	**-**	**-**	**31,566,297**	**-**	**31,588,724**
Adjusted EBITDA	**500,817**	**(783)**	**-**	**-**	**9,285,959**	**(168,217)**	**9,617,776**
Depreciation and amortisation	2,219,396	-	-	-	45,008	-	**2,264,404**
Impairment loss	-	-	-	-	244,147	-	**244,147**
Total segment assets	**24,350,977**	**5,587,055**	**-**	**-**	**37,293,405**	**(11,032,629)**	**56,198,808**
Total segment liabilities	**16,641,289**	**5,476,955**	**-**	**-**	**3,227,106**	**(9,688,916)**	**15,656,434**

Notes to the Consolidated Financial Statements

2. Financial Performance (continued)

2.1 Segment information (continued)

(i) Segment results, segment assets and segment liabilities (continued)

Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) reconciles to operating profit before income tax as follows:

	30 Jun 18 $	30 Jun 17 $
Adjusted EBITDA	**4,836,726**	9,617,776
Finance (expense)/income	**(190,235)**	226,159
Depreciation and amortisation	**(2,356,437)**	(2,264,404)
Impairment loss	**(255)**	(244,147)
Profit before income tax	**2,289,799**	7,335,384

2.2 Revenue

	30 Jun 18 $	30 Jun 17 $
Sale of Product	**27,212,895**	30,358,206
Other Revenue		
Stockpiling Management Fees	**1,242,146**	1,208,167
Other Income	**42,856**	22,351
	1,285,002	1,230,518

2.3 Expenses

(i) Mining and processing costs

Mining and processing costs include the following material expenditure items:

	30 Jun 18 $	30 Jun 17 $
Transport and shipping of product	**7,462,456**	11,038,221
Fuel	**3,234,869**	2,369,857
Wages and salaries	**3,105,494**	2,403,086
Repairs and maintenance	**2,768,004**	1,732,390
Depreciation and amortisation – mining and processing assets	**2,356,437**	2,205,216

Notes to the Consolidated Financial Statements

2. Financial Performance (continued)

2.4 Dividends

Dividends paid during the period to 30 June:	Dividend per share USc	Total $	Payment Date
2018			
2017 Final dividend per ordinary share (A$0.007)	0.51	2,151,431	14 May 2018
2017			
2016 Final dividend per ordinary share (A$0.012)	0.89	3,605,697	16 May 2017

3. Capital Expenditure and Operating Assets

This section includes information about the assets used by the Group to generate profits and revenue, specifically information relating to its exploration and evaluation assets, mine development expenditures, property, plant and equipment, associated rehabilitation obligations, and commitments for capital expenditure not yet recognised as a liability.

3.1 Exploration and evaluation assets

	30 Jun 18 $	31 Dec 17 $
As at beginning of the period	**11,200,454**	6,460,268
Acquisition of mining asset	**504,138**	3,495,811
Expenditure during the year	**1,471,069**	249,939
Re-classification: transfer from property, plant and equipment	**633,125**	204,501
Exchange difference	**(1,008,445)**	789,935
As at end of the period	**12,800,341**	11,200,454

3.2 Mine development expenditure

	30 Jun 18 $	31 Dec 17 $
As at beginning of the period	**7,306,979**	7,656,202
Amortisation expense	**(612,333)**	(1,127,091)
Exchange difference	**(650,098)**	777,868
As at end of the period	**6,044,548**	7,306,979

3. Capital Expenditure and Operating Assets (continued)

3.3 Property, plant and equipment

	Freehold land and buildings $	Furniture, fittings and equipment $	Plant and machinery $	Mine vehicles $	Decom-missioning asset $	Capex work in progress $	**Total $**
Half-year ended 30 June 2018							
Cost at fair value							
As at 1 January 2018	592,731	697,395	26,158,995	145,713	169,145	1,101,875	**28,865,854**
Additions	-	-	-	-	-	547,539	**547,539**
Disposals	(10,183)	-	-	-	-	-	**(10,183)**
Re-classifications	-	45,489	(203,386)	-	-	(475,228)	**(633,125)**
Exchange differences	(56,908)	(49,141)	(2,537,495)	(14,255)	(16,547)	(112,607)	**(2,786,953)**
As at 30 June 2018	525,640	693,743	23,418,114	131,458	152,598	1,061,579	**25,983,132**
As at 1 January 2018	(26,771)	(527,764)	(11,144,047)	(71,979)	(67,658)	-	**(11,838,219)**
Depreciation and amortisation	(8,354)	(57,228)	(1,657,526)	(12,465)	(8,531)	-	**(1,744,104)**
Exchange differences	3,502	40,040	1,265,301	3,719	7,520	-	**1,320,082**
As at 30 June 2018	(31,623)	(544,952)	(11,536,272)	(80,725)	(68,669)	-	**(12,262,241)**
Net book amount							
Cost at fair value	525,640	693,743	23,418,114	131,458	152,598	1,061,579	**25,983,132**
Accumulated depreciation and amortisation	(31,623)	(544,952)	(11,536,272)	(80,725)	(68,669)	-	**(12,262,241)**
Net book amount	494,017	148,791	11,881,842	50,733	83,929	1,061,579	**13,720,891**

Notes to the Consolidated Financial Statements

3. Capital Expenditure and Operating Assets (continued)

3.3 Property, plant and equipment (continued)

	Freehold land and buildings $	Furniture, fittings and equipment $	Plant and machinery $	Mine vehicles $	Decom-missioning asset $	Capex work in progress $	**Total $**
Year ended 31 December 2017							
Cost at fair value							
As at 1 January 2017	532,707	572,318	21,886,412	125,523	152,016	631,242	**23,900,218**
Additions	-	68,773	2,193,080	5,622	-	2,868,457	**5,135,932**
Disposals	-	-	(513,020)	-	-	-	**(513,020)**
Re-classifications	-	11,712	2,193,080	-	-	(2,409,293)	**(204,501)**
Exchange differences	60,024	44,592	399,443	14,568	17,129	11,469	**547,225**
As at 31 December 2017	592,731	697,395	26,158,995	145,713	169,145	1,101,875	**28,865,854**
Accumulated depreciation and amortisation							
As at 1 January 2017	(9,174)	(360,149)	(7,339,628)	(42,117)	(45,605)	-	**(7,796,673)**
Depreciation and amortisation	(15,403)	(128,160)	(3,150,659)	(23,358)	(15,731)	-	**(3,333,311)**
Disposals	-	-	381,615	-	-	-	**381,615**
Impairment loss	-	-	-	-	-	-	**-**
Exchange differences	(2,194)	(39,455)	(1,035,375)	(6,504)	(6,322)	-	**(1,089,850)**
As at 31 December 2017	(26,771)	(527,764)	(11,144,047)	(71,979)	(67,658)	-	**(11,838,219)**
Net book amount							
Cost at fair value	592,731	697,395	26,158,995	145,713	169,145	1,101,875	**28,865,854**
Accumulated depreciation and amortisation	(26,771)	(527,764)	(11,144,047)	(71,979)	(67,658)	-	**(11,838,219)**
Net book amount	565,960	169,631	15,014,948	73,734	101,487	1,101,875	**17,027,635**

Notes to the Consolidated Financial Statements

4. Working Capital Management

This section provides information about the Group's working capital balances and management.

4.1 Trade and other receivables

	30 Jun 18 $	31 Dec 17 $
Current		
Trade receivables	**6,777,548**	3,509,233
Less: Provision for impairment of receivables	**-**	(21,500)
	6,777,548	3,487,734
Other receivables	**1,696,662**	1,407,103
Prepayments	**84,906**	102,542
	8,559,116	4,997,379
Non-current		
Security deposits	**212,014**	235,003
Advance to Blue Bantry	**602,944**	666,245
Other receivables	**127,560**	156,881
	942,518	1,058,129

4.2 Inventories

	30 Jun 18 $	31 Dec 17 $
Current		
Raw materials, at cost	**1,694,927**	2,622,965
Finished product, at cost	**19,602,307**	3,635,040
Spare parts and consumables, at cost	**2,597,467**	2,883,792
	23,894,701	9,141,797

Notes to the Consolidated Financial Statements

5. Funding and Risk Management

This section provides information relating to the management of capital, credit, liquidity and market risks and the policies for measuring and managing these risks.

5.1 Interest bearing loans and borrowings

	Notes	30 Jun 18 $	31 Dec 17 $
Current			
Short term borrowings – unsecured		-	5,770
Short term borrowings – secured (iii)		**1,500,000**	1,500,000
Amounts due under equipment acquisition agreements (i), (ii)		**148,548**	566,550
		1,648,548	2,072,320
Non-current			
Long term borrowings – secured (iii)		**1,375,000**	2,125,000
Amounts due under equipment acquisition agreements (i), (ii)		-	8,721
		1,375,000	2,133,721

(i) The Group entered into Master Rental Agreements to acquire mobile mining equipment and generators. Under the terms of these agreements, there was an option to purchase, which the Group exercised for the mobile mining equipment.

(ii) The Group entered into Instalment Sale Agreements to acquire and refinance mobile mining equipment. Under the terms of this agreement, the Group will become the owner of the mobile mining equipment on final payment under the agreements.

(iii) The Group entered into a US$4.5 million financing arrangement with GMA for its Garnet Stripping Plant ("GSP") expansion. Under the terms of the agreement, the borrowing is charged at Libor + 2% and repaid over three years from the repayment commencement date. The borrowings are secured by a special notarial bond over the GSP. Repayment of the loan commenced in May 2017.

Notes to the Consolidated Financial Statements

5. Funding and Risk Management (continued)

5.2 Equity

(i) Reserves

	Currency Translation Reserve $	Financial Asset Revaluation Reserve $	General Reserve $	Share-based Payments $	Total Reserves $
30 June 2018					
Balance at 1 January 2018	(15,108,264)	-	1,363,393	628,077	**(13,116,794)**
Share-based payment expenses	-	-	-	270,331	**270,331**
Transfer to Shareholders equity	-	-	-	(307,879)	**(307,879)**
Expiry of unlisted options	-	-	-	(211,348)	**(211,348)**
Exchange differences on translation of foreign operations	(1,775,381)	-	-	-	**(1,775,381)**
Balance at 30 June 2018	**(16,883,645)**	**-**	**1,363,393**	**379,181**	**(15,141,071)**

	Currency Translation Reserve $	Financial Asset Revaluation Reserve $	General Reserve $	Share-based Payments $	Total Reserves $
31 December 2017					
Balance at 1 January 2017	(18,594,546)	(276,901)	1,363,393	318,295	**(17,189,759)**
Share-based payment expenses	-			309,782	**309,782**
Transfer financial assets revaluation reserve to profit and loss	-	276,901	-	-	**276,901**
Exchange differences on translation of foreign operations	3,486,282	-	-	-	**3,486,282**
Balance at 31 Dec 2017	**(15,108,264)**	**-**	**1,363,393**	**628,077**	**(13,116,794)**

5.3 Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the group in determining the fair values of the financial instruments since the last annual financial report.

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Notes to the Consolidated Financial Statements

5. Funding and Risk Management (continued)

5.3 Fair value measurement of financial instruments (continued)

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of foreign currency forwards is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities.

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2018 and 31 December 2017 on a recurring basis:

	Level 1 $	Level 2 $	Level 3 $	Total $
30 June 2018				
Equity Investments – unlisted	-	-	190,319	**190,319**
Equity Investments - listed	25,924	-	-	**25,924**
Total Financial Assets	25,924	-	190,319	**216,243**
Derivatives – held for trading	-	(318,636)	-	**(318,636)**
Total Financial Liabilities	-	(318,636)	-	**(318,636)**

	Level 1 $	Level 2 $	Level 3 $	Total $
31 December 2017				
Equity Investments - listed	27,317	-	-	**27,317**
Derivatives – held for trading		515,051	-	**515,051**
Total Financial Assets	27,317	515,051	-	**542,368**

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2018.

Notes to the Consolidated Financial Statements

6. Other

This section provides information that is not directly related to the specific line items in the financial statements, including information about contingent assets and liabilities, other commitments, events after the end of the financial year, remuneration of auditors and changes to accounting policies and procedures.

6.1 Contingent assets and contingent liabilities

a) Contingent Liabilities

Bank guarantees

FirstRand Bank Limited has issued a Bank Guarantee, in favour of the South African Department of Mineral Resources, in respect of MSR's obligations under the Tormin Mining Right for an amount of ZAR2,730,000 (US$198,900) (2017: ZAR2,730,000 (US$208,998).

FirstRand Bank Limited has issued a Bank Guarantee, in favour of the South African Department of Mineral Resources, in respect of MSR's obligations under the De Punt Prospecting Right Application for an amount of ZAR320,000 (US$23,31) (2017: Nil).

Subsequent to balance date, FirstRand Bank Limited has issued a Bank Guarantee, in favour of the South African Department of Mineral Resources, in respect of MSR's obligations under the Klipvley Karoo Prospecting Right Application for an amount of ZAR350,000 (US$25,500) (2017: Nil).

Subordination of Shareholders Loan

MRC Resources Proprietary Limited ("MRCR") has subordinated ZAR90,000,000 (US$6,557,130) (2017: ZAR90,000,000 (US$6,890,040)) of its inter-company loan account to FirstRand Bank Limited for the due payment by MSR of all monies owed to FirstRand Bank Limited.

Suretyship

MRCR has provided a surety to FirstRand Bank Limited of ZAR45,000,000 (US$3,278,565) (2017: ZAR45,000,000 (US$3,445,020)) for the due payment by MSR of all monies owed to FirstRand Bank Limited.

With effect from 15th September 2016, MSR has provided a surety to FirstRand Bank Limited of ZAR4,614,788 (US$336,220) (2017: ZAR4,614,788 (US$353,290)) for the due payment by Z Square M.P. Empowerment Company (Proprietary) Ltd of all monies owed to FirstRand Bank Limited.

Others

Other contingent liabilities relate predominantly to actual or potential claims of the Group for which amounts are reasonably estimated but the liability is not probable and therefore the Group has not provided for such amounts in the financial report. This amounted to ZAR5,000,000 (US$364,285) (2017: ZAR18,000,000 (US$1,378,008).

Other than those mentioned above, there have been no other changes to contingent assets or liabilities since 31 December 2017.

6. Other (continued)

6.2 Other Commitments

a) Blue Bantry funding support

The Company, via MRCR, and Blue Bantry are both 50% shareholders in MSR, the entity that owns the Tormin Project.

The Company agreed to provide Blue Bantry access to an amount of funding to support the original Tormin Project objectives by advancing through a loan, certain benefits Blue Bantry would expect to receive from the Tormin Project. Blue Bantry will repay the ZAR8,250,000 loan from dividend distributions that it will receive in the future from MSR.

6.3 Events occurring after the reporting period

Subsequent to half-year end, the Directors declared an interim dividend for the half-year end 30 June 2018 of 0.6 Australian cent per ordinary share, partially franked to 15% of the ordinary dividend (or partially franked to 0.09 Australian cent per ordinary share). This equates to a total distribution of A$2,511,549 based on the number of ordinary shares on issue at the date of this report. As the dividend was partially franked, there are income tax consequences for the owners of the Company relating to this dividend.

Except for the above, there have been no material matters arising subsequent to balance date and up until the date of signing these Financial Statements.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The consolidated financial statements, comprising the Consolidated Income Statement and Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes:

   (a) Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) Give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the Directors by:

Mark Caruso
Executive Chairman
Dated at Perth, Western Australia
This 30th day of August 2018

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MINERAL COMMODITIES LTD

As lead auditor for the review of Mineral Commodities Ltd for the half-year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mineral Commodities Ltd and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 30 August 2018

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mineral Commodities Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mineral Commodities Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 30 August 2018