

For personal use only



MINERAL COMMODITIES LTD

JUNE 2019 HALF-YEAR RESULTS SUMMARY
AUGUST 2019

Caution Statements

This document has been prepared by Mineral Commodities Ltd (MRC or the Company) and comprises written materials / slides for a presentation concerning MRC. This is not a prospectus, disclosure document or offering document.

This document is for information purposes only and does not constitute or form part of any offer or invitation to acquire, sell or otherwise dispose of, or issue, or any solicitation of any offer to sell or otherwise dispose of, purchase or subscribe for, any securities, nor does it constitute investment advice, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

Certain statements in this presentation are forward looking statements. You can identify these statements by the fact that they use words such as “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe”, “target”, “may”, “assume” and words of similar import. These forward looking statements speak only as at the date of this presentation. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements. No representation, warranty or assurance (express or implied) is given or made by MRC that the forward looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, each of MRC, its related companies and the respective directors, officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the forward looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission arising there from.

Subject to any continuing obligation under applicable laws or any relevant listing rules of the ASX, MRC disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any statement is based.

Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of MRC since the date of this presentation. The information, if any, in this presentation which relates to Exploration Results, Mineral Resources or Ore Reserves for Tormin is based on information compiled by Dr Joseph A.P. Drake-Brockman, who is a Member of the AusIMM and is an independent consultant to the Company. Dr Drake-Brockman is an employee of Drake-Brockman Geoinfo Pty Limited and has over 36 years' of exploration and mining experience in a variety of mineral deposits and styles. Dr Drake-Brockman 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 Dr Drake-Brockman was prepared under the JORC Code (2012). Dr Drake-Brockman consents to inclusion in the presentation of the matters based on this information in the form and context in which it appears.

The information, if any, in this presentation 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 27 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 presentation of the matters based on this information in the form and context in which it appears.

The information, if any, in this presentation 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 presentation of the matters based on the reviewed information in the form and context in which it appears.

The information, if any, in this presentation that relates to metallurgy, the process plant and infrastructure design for Munglinup 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 presentation of the matters based on the reviewed information in the form and context in which it appears.

The information, if any, in this presentation 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 38 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 presentation of the matters based on this information in the form and context in which it appears.

MINERAL COMMODITIES

GLOBAL OVERVIEW

Skaland

Flake Graphite

Production – 10ktpa Flake

Graphite grading ~ 28% Carbon

Tormin

Mineral Sands

Production - 2.4Mtpa Processing facility producing :Garnet, Ilmenite and Zircon

Xolobeni

Mineral Sands development -

JORC Compliant Resource

346MT @ 5% THM

Perth

Corporate Headquarters

Iran

Exploration

Assessing opportunity in highly prospective mineral province. – Under Review

North Western Australia

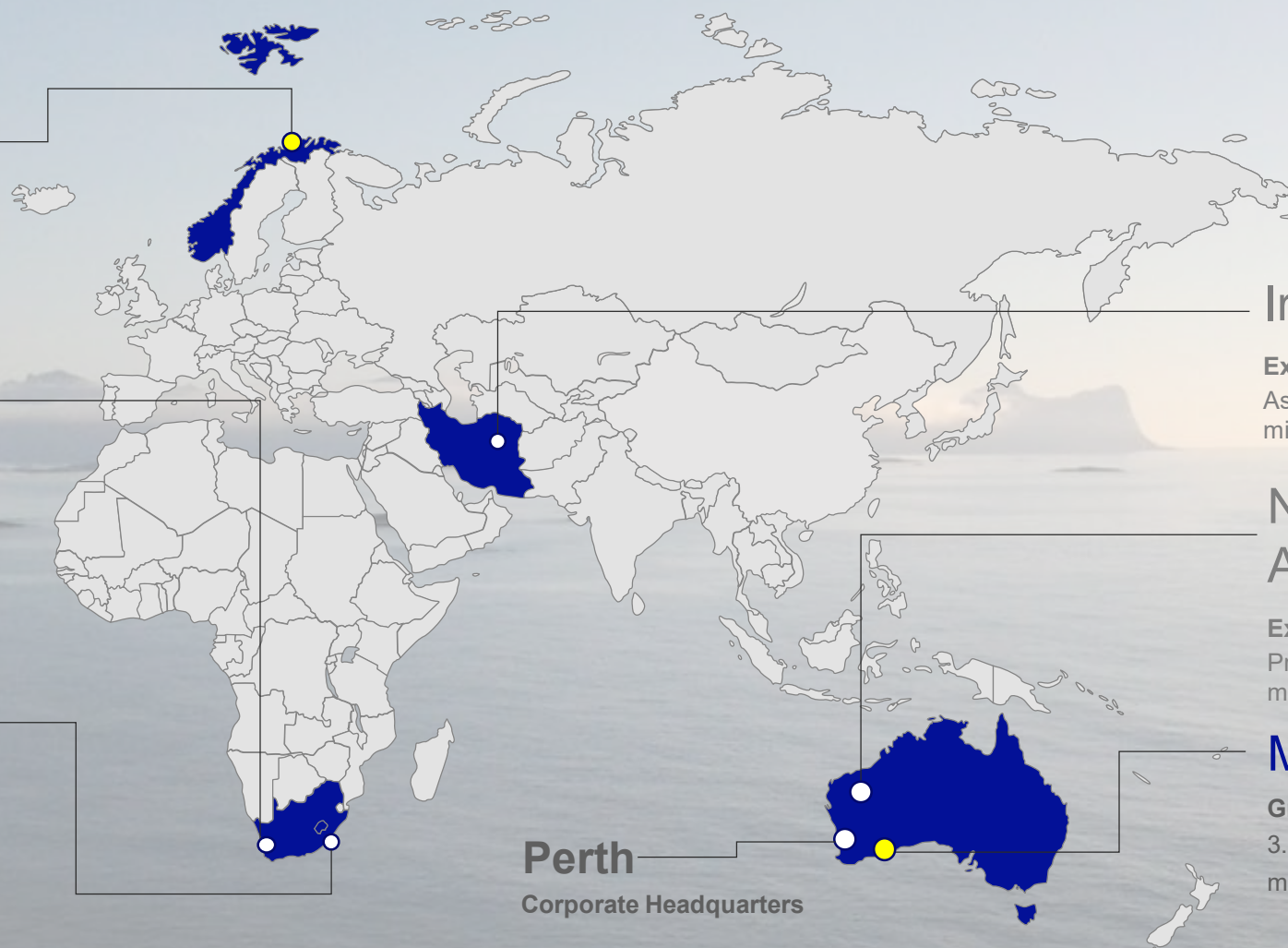
Exploration

Precious, Base, Industrial and Battery mineral exploration.

Munglinup

Graphite Development - Mineral Resource of

3.6Mt at 15.3% TGC (10% cut-off) with mineralisation open in all directions



HIGHLIGHTS H1 JUNE 19

The Tormin Mineral Sands Operation continued to generate positive cash flows

US\$30.4
million

REVENUE UP 6.7%

0.6
cents

INTERIM DIVIDEND

US\$15.8
million

CASH POSITION UP 55%

0

**LOST TIME INJURIES SINCE
APRIL 2017**

US\$10.9
million

EBITDA UP 125%

US\$7.0
million

NPAT UP 507%

US\$10
million

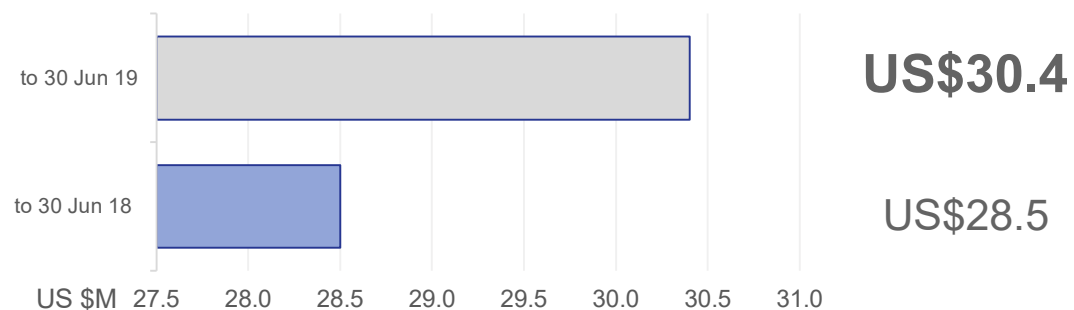
**CASH FROM OPERATIONS
UP 83%**

218,368
tonnes

**FINAL CONCENTRATE
GROSS SALES**

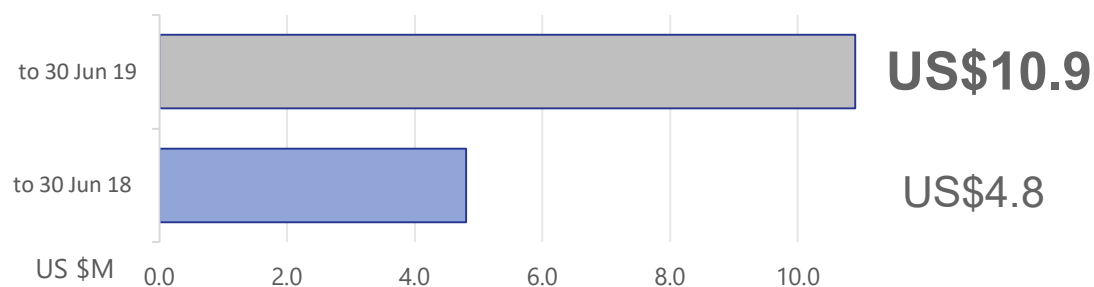
HALF YEAR FINANCIAL RESULTS

MRC's Tormin Mineral Sands Operation continued to generate positive cash flows



HALF YEAR REVENUE UP 6.7%

- Increased revenue in the current half-year reflects timing of an additional ilmenite shipment this half-year in comparison to the prior half-year, partially offset by lower non-magnetic sales due to declining beach grade



EBITDA UP 125%

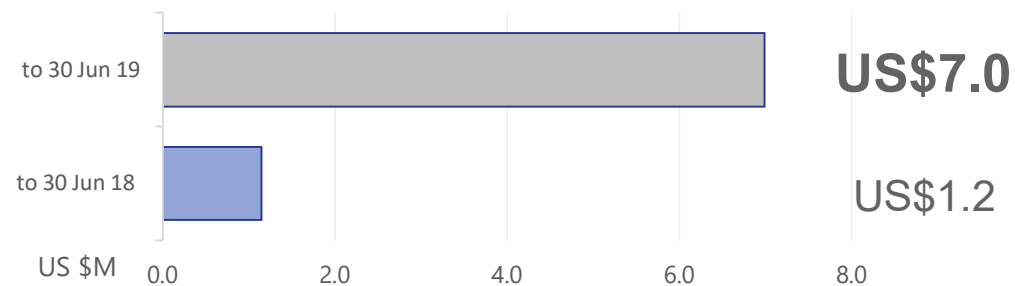
- Significantly improved EBITDA for the 2019 half-year resulted from lower production cash costs, foreign exchange gains from the weakening South African rand and prudent treasury management of the volatile currency fluctuations and lower corporate administration costs.

■ HY 2018 ■ FY 2019

HALF YEAR FINANCIAL RESULTS

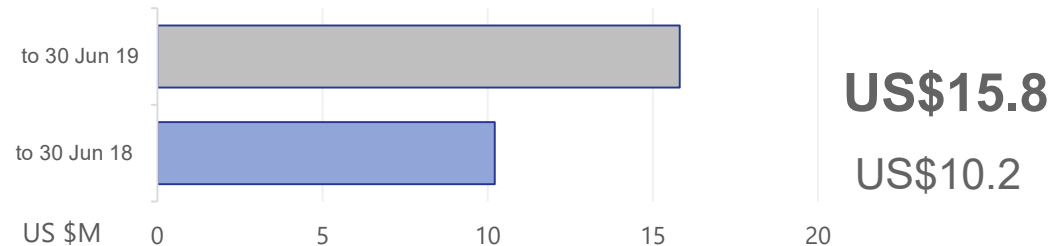
MRC's Tormin Mineral Sands Operation continued to generate positive cash flows

NPAT UP 507%



- Material foreign exchange gain from the weakening South African rand and prudent treasury management contributed to significant profit increase for the period.
- Production cash costs reflect engineered savings through capital replacement of hired and aging fleet.
- Lower corporate costs from reduced head office personnel, travel and consultancy expenditure.

CASH POSITION UP 55%

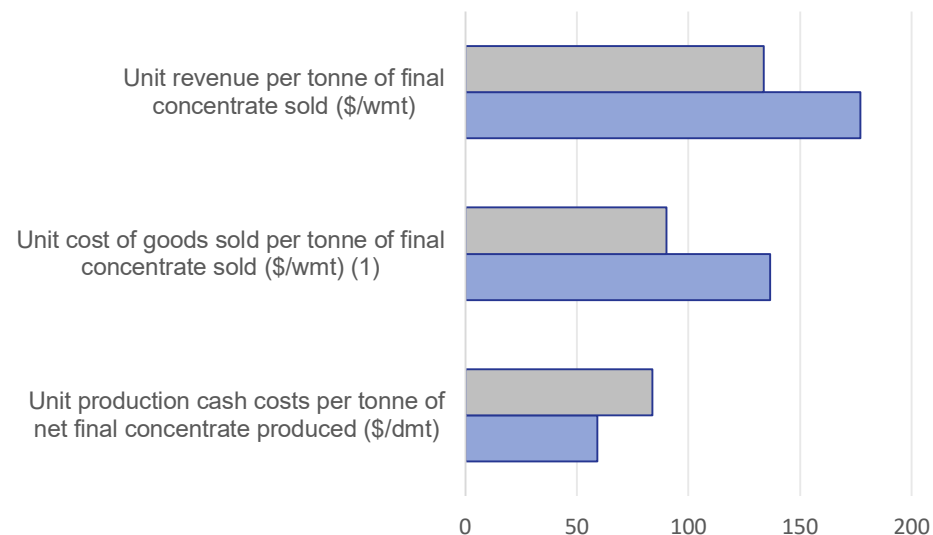


- Increased from \$10.2m as at 30 June 2018 and \$12.4m as at 31 December 2018. The improved cash position reflects improved profitability and cost reduction measures.

HALF YEAR FINANCIAL RESULTS

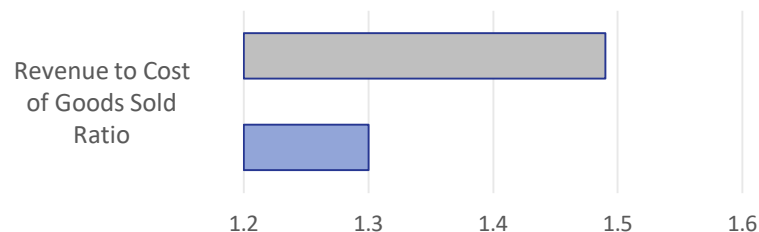
MRC's Tormin Mineral Sands Operation continued to generate positive cash flows

UNIT COSTS & REVENUES



- Unit revenue per tonne in the current half-year reflects the reduction in the proportion of non-magnetic concentrate sales, partially offset by improved ilmenite pricing.
- Unit costs of goods sold per tonne improved on prior period due to significant increase in final concentrate sales during the current half-year.
- Unit production cash costs were impacted by the change in mined tonnes and grades, partially offset by lower production costs.

REVENUE TO COST OF GOODS SOLD RATIO



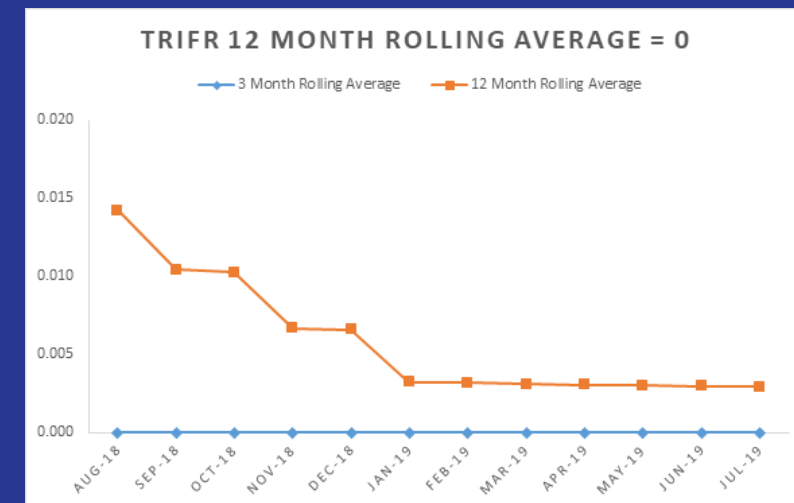
- Improved revenue to cost of goods sold ratio for the half-year in comparison to the prior period reflects lower unit costs in 2019, partially offset by lower unit revenue.

■ HY 2018 ■ FY 2019

For personal use only



TORMIN MINERAL SANDS OPERATION



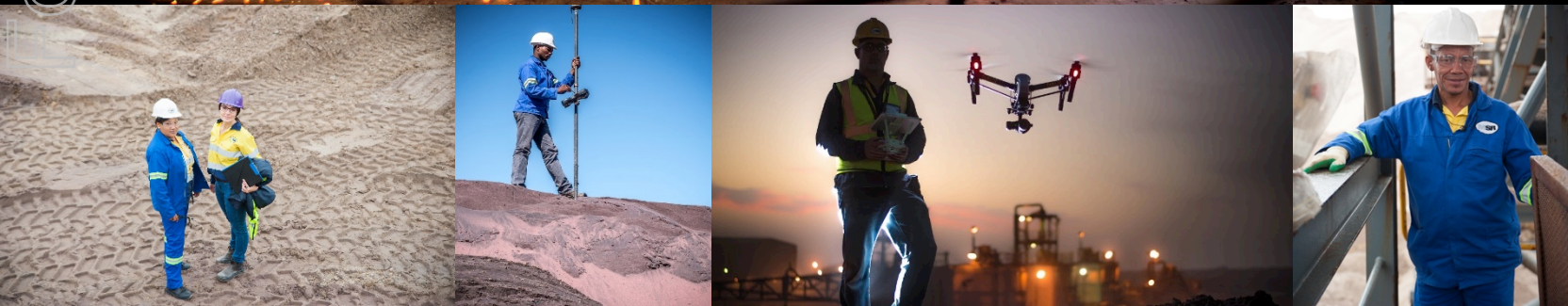
Since commencement of operations at the Tormin site in late 2013, MRC has incurred

1

Lost Time Injury in April 2017, for in excess of

2.9 million

hours worked



COMMITMENT TO COMMUNITY

ZAR3.2 million

Spent on Historically Disadvantaged South Africans (HDSA) Social Labour Plan, including bursaries, scholarships, traineeships, apprenticeships, adult basic education programs, community-based enterprise and infrastructure support development, and the sponsoring of full-time teachers at local schools.

The Company is committed to an internal and external refurbishment and fit-out of the Nuwerus High School Hostels. The fit-out includes roof repairs, external doors and windows replacement, new flooring, kitchen and plumbing repairs and new bedroom cupboards. The total value committed to this project is ZAR2.1 million, with ZAR1.2 million already spent as at 30 June 2019.



TORMIN OPERATIONS

The Company continued its strong operating performance during the first half of 2019. Mining and processing operations at the Tormin Mineral Sands mine were optimised to manage the current run of mine Total Heavy Mineral beach grade and replenishment cycle. Mining and processing production has been scheduled to an annualised rate of 2 Million Tonnes Per Annum, whilst the Company awaits the outcome of the Section 102 Mining Right Extension application and Appeal process.



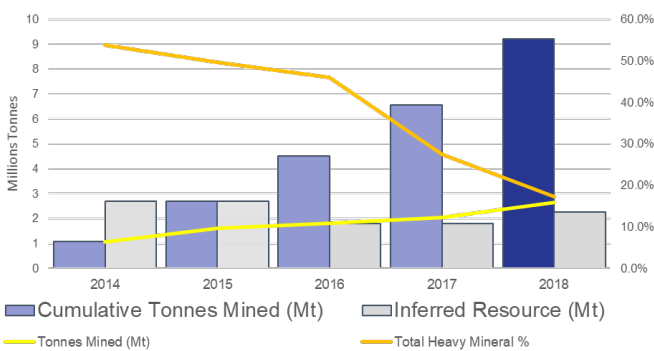
2.4M TPA PROCESSING FACILITY



HIGH GRADE PLACER BEACH DEPOSIT



**INFERRED RESOURCE
2.26MT @14.1% THM¹**



mined since 2014

10.7Mt

296%
More than
original
reported
Resource

Indicated Resource – Dec 2013

2.7Mt

Inferred Resource – Dec 2018

2.3Mt

Grade Mined – Total HMC 2014

53.8%

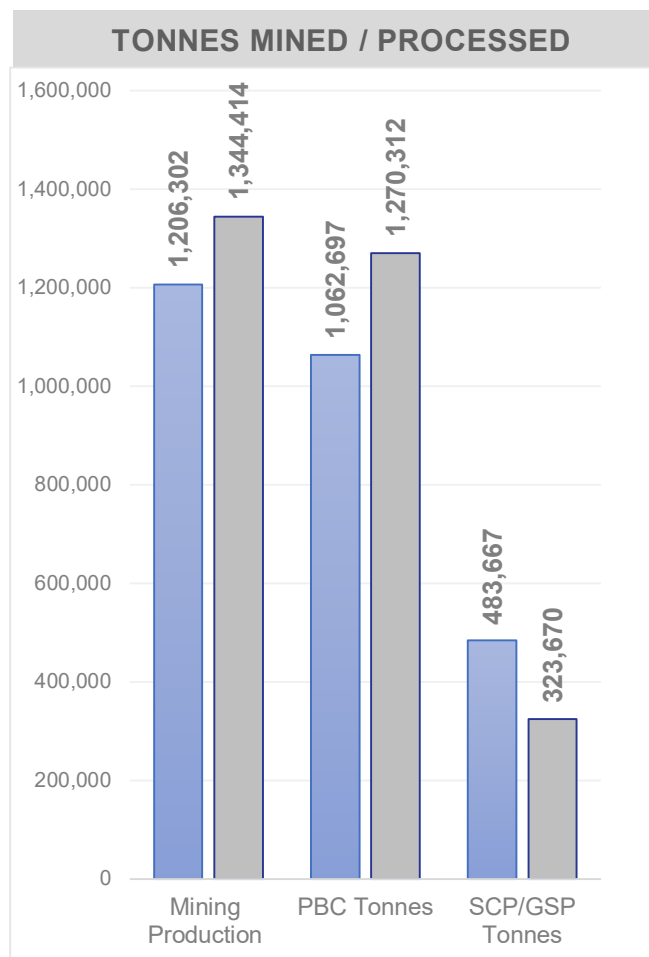
Grade Mined – Total HMC 2018

17.3%

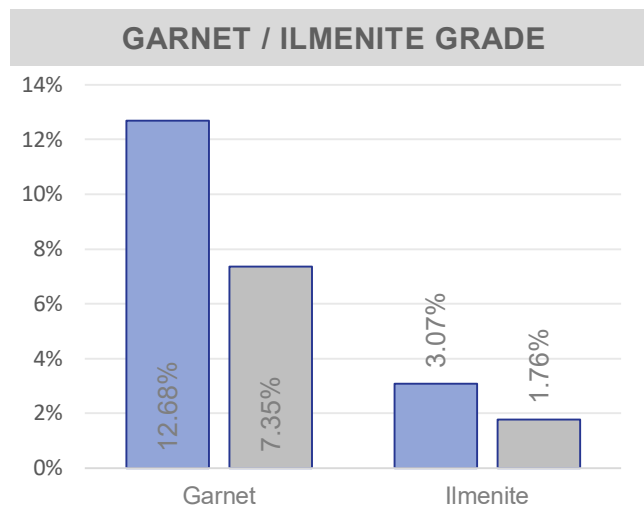
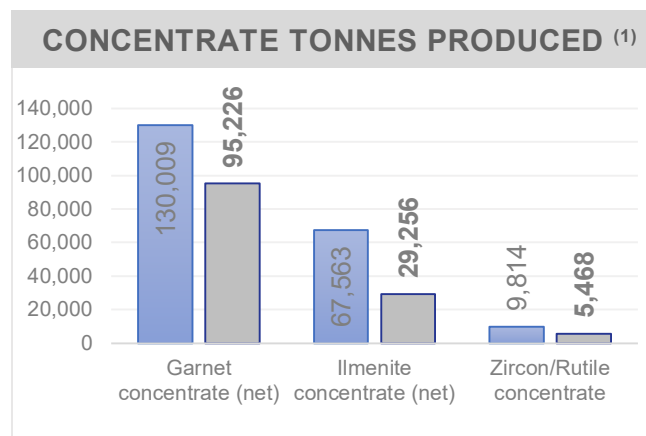


PRODUCTION & SALES

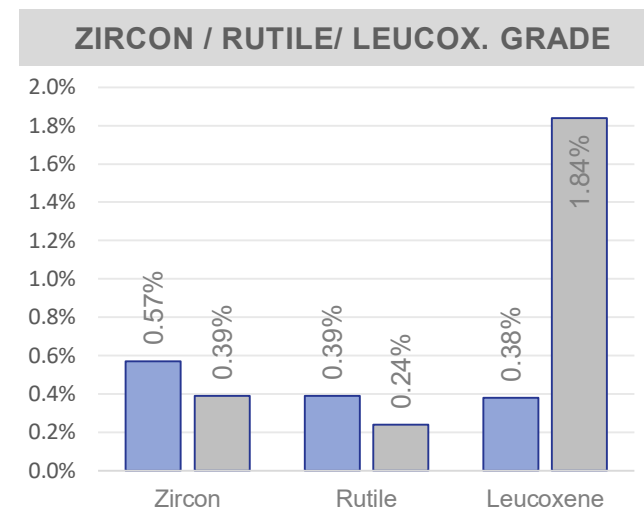
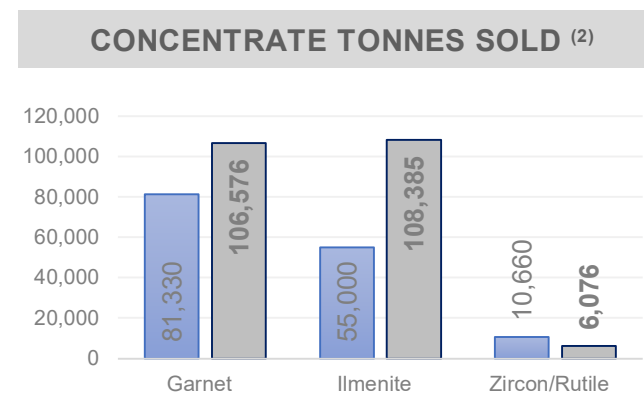
Production and Sales Performance June H1 2019



- (1) Dry Metric Tonnes
(2) Wet Metric Tonnes

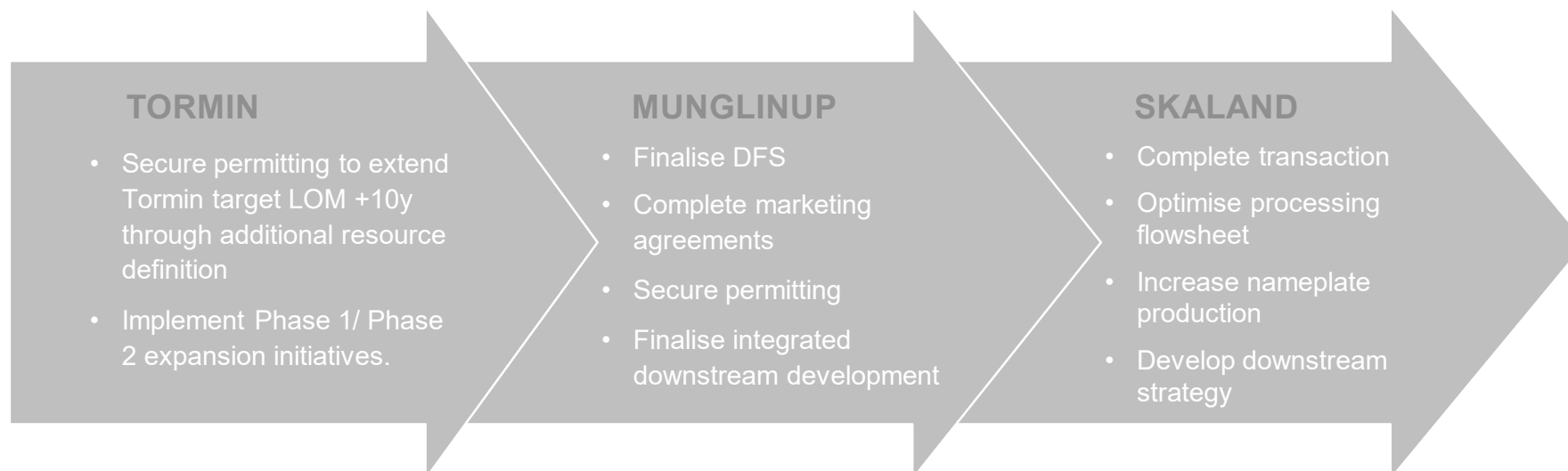


■ HY 2018 ■ HY 2019



FOCUS FOR FUTURE SUCCESS

Significant positive catalysts ahead



- Implement Business Strategy to create multi-commodity/jurisdiction based diversified mining company of high grade deposits
- Optimise debt equity funding options to maintain appropriate gearing ratios and risk profile for respective project developments
- Continuation of shareholder growth and returns through stringent capital management and project delivery