MINERAL COMMODITIES LTD
A.B.N. 39 007 478 653

APPENDIX 4D
HALF YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period:	Half-year ended 30 June 2019
Previous Corresponding Period:	Half-year ended 30 June 2018

For and on behalf of the Directors

PETER TORRE
COMPANY SECRETARY

Dated: 28 August 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit		USD'000's
Revenue from ordinary activities	up 7% to	30,441
Profit from ordinary activities after tax attributable to members	up 507% to	6,987
Net Profit for the period attributable to members	up 507% to	6,987

Dividends

During the half-year ended 30 June 2019, a final ordinary partially franked dividend for the financial year ended 31 December 2018 of 0.7 Australian cent per ordinary share was paid, representing a total distribution of A$2,947,641 based on the number of ordinary shares on issue as at 31 December 2018. As the dividend was unfranked, there are income tax consequences for the owners of the Company relating to this dividend.

The directors have also declared an interim dividend in respect to the financial year ending 31 December 2019 and provide the following details:

Date the dividend is payable	14 October 2019
Record date to determine entitlement to the dividend	5 September 2019
Amount per security	A$0.006
Franked amount per security	A$0.0009
Total dividend	A$ 2,527,149
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

COMMENTARY

The directors report accompanying this preliminary final report contains a review of operations and commentary on the results for the half year ended 30 June 2019.

NET TANGIBLE ASSET BACKING

	30 June 2019 US$'000's	30 June 2018 US$'000's
Net Assets	46,840	42,440
Less intangible assets	-	-
Net tangible assets of the Company	46,840	42,440
Fully paid ordinary shares on issue at Balance Date	421,191,571	418,541,571
Net tangible asset backing per issued ordinary share as at Balance Date	0.11	0.10

AUDIT DETAILS

The accompanying half yearly financial report has been reviewed. A signed copy of the review report is included in the financial report.

Mineral Commodities Ltd

ABN 39 008 478 653

Half-Year Financial Report
30 June 2019

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 2018 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 ("the Group"), 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 2019. 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

The following persons were Directors of the Company in office during the half-year:

Guy Redvers Walker	Non-Executive Director	Ceased as a Director on 30 May 2019
Ross Colin Hastings	Independent Non-Executive Director	Ceased as a Director on 30 May 2019

DIVIDENDS

During the half-year ended 30 June 2019, a final ordinary partially franked dividend for the financial year ended 31 December 2018 of 0.7 Australian cent per ordinary share was paid, representing a total distribution of A$2,947,641 based on the number of ordinary shares on issue as at 31 December 2018. As the dividend was partially franked, 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 2019 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$2,527,149 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

Mineral Commodities Ltd ("MRC" or "the Company") is pleased to provide an update for the Company's activities during the half-year ended June 2019.

Tormin Mineral Sands Operation

Tormin Operational and Financial Performance

The Company continued its strong operating performance during the first half of 2019. The following key production and sales metrics were achieved:

Garnet Stripping Plant/Secondary Concentrator Plant	Half-Year to 30 June 2019	Half-Year to 30 June 2018
Tonnes processed (dmt)	323,670	483,667
Tonnes produced (dmt)		
Garnet concentrate (net)	95,226	130,009
Ilmenite concentrate (net)	29,256	67,563
Zircon/Rutile concentrate	5,468	9,814
% zircon in concentrate	67.59%	68.35%
% rutile in concentrate	15.78%	17.83%

REVIEW OF OPERATIONS (CONTINUED)

Tormin Mineral Sands Operation (continued)

Garnet Stripping Plant/Secondary Concentration Plant ("GSP/SCP") feed of 323,670 tonnes was below the prior half-year's 483,667 tonnes but reflects full utilisation of available Heavy Metal Concentrates ("HMC") feedstocks. The prior half-year included 145,107 tonnes of garnet stockpile refeed, which was fully exhausted in 2018. The GSP/SCP operated at 90% utilisation with an infeed throughput rate of 83 tonnes per hour to optimise product recoveries, which resulted in improved recovery for zircon, ilmenite and magnetite in comparison to the previous half-year.

Finished concentrate production was impacted by expected lower mined Total Heavy Mineral ("THM") ore grades and reduced GSP/ SCP feed. Total final concentrates produced were 129,950 tonnes for the half-year, which was below the prior half-year's 207,386 tonnes. In line with declining grades and reducing feed rates to optimise recoveries the reduced final concentrate production for the half-year was circa 10% below budget expectations.

Sales (wmt)	Half-Year to 30 June 2019	Half-Year to 30 June 2018
Zircon/Rutile concentrate	6,076	10,660
Ilmenite concentrate	108,385	55,000
Garnet concentrate	106,576	81,330

Sales revenue for the half-year was US$29.7 million for a total 221,037 wet metric tonnes sold, above the prior half-year's revenue of US$27.2 million for 146,990 wet metric tonnes sold.

The increase in revenue was due to the sale of an additional 53,385 wet metric tonnes of ilmenite concentrate with higher ilmenite prices and 25,246 wet metric tonnes of garnet concentrate, partially offset by 4,584 wet metric tonnes of non-magnetic concentrate sold in the half-year. The sale of additional ilmenite tonnes during the half-year is due to existing ilmenite concentrate inventory and significantly improved customer demand for ilmenite concentrate. Lower non-magnetic concentrate sales during the half-year reflect lower production.

Mining Production	Half-Year to 30 June 2019	Half-Year to 30 June 2018
Tonnes (dmt)	1,344,414	1,206,302
Grade	11.58%	17.09%
Garnet	7.35%	12.68%
Ilmenite	1.76%	3.07%
Zircon	0.39%	0.57%
Rutile	0.24%	0.39%
Leucoxene	1.84%	0.38%

Mining and processing operations at the Tormin Mineral Sands mine were optimised to manage the current Run of Mine ("ROM") THM beach grade and replenishment cycle. A new mining and processing operations schedule incorporating an effective average 5.5 days per week working roster has been implemented from June 2019. Mining and processing production has been scheduled to an annualised rate of 2 Million Tonnes Per Annum ("MTPA"), whilst the Company awaits the outcome of the Section 102 ("S102") Mining Right Extension application and Appeal process.

ROM mining production improved on the previous half-year, offsetting lower THM grades. ROM volumes for the half-year have been adjusted and scheduled to be synchronised with Primary Beach Concentrators ("PBCs'") feed throughput requirements. The onset of winter storm surges and sourcing of ore from blocks with additional replenishment time is expected to lift grades towards the inferred resource grade of 14.1% THM in the second half of 2019.

ROM feed to the PBCs for the half-year was 1,270,312 tonnes at an average feed rate of 321tphr at 90.28% plant utilisation, with the throughput exceeding the previous half-year's 1,062,697 feed tonnes.

HMC production from the PBCs produced 305,544 tonnes, compared to the prior half-year's 329,756 tonnes, due to lower mining grades. Mineral processing recoveries from the PBCs remained strong, with the plants recovering 93% zircon, 88% ilmenite, 88% garnet and 76% rutile.

REVIEW OF OPERATIONS (CONTINUED)

Tormin Mineral Sands Operation (continued)

The following table summarises Tormin's unit costs and revenues for the half-year to 30 June 2019:

Summary of Unit Costs & Revenues	Half Year to 30 June 2019	Half Year to 30 June 2018
Unit production cash costs per tonne of net final concentrate produced ($/dmt)	**83.75**	59.09
Unit cost of goods sold per tonne of final concentrate sold ($/wmt) (1)	**90.05**	136.61
Unit revenue per tonne of final concentrate sold ($/wmt)	**133.72**	176.93
Revenue to Cost of Goods Sold Ratio	**1.49**	1.30

(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.

Unit production cash costs were impacted by the change in mined tonnes and grades, with the half-year's US$83.75/t for 129,950 final concentrate tonnes produced higher than the prior period's US$59.09/t for 207,386 final concentrate tonnes produced. Production cash costs in the half-year were below the prior period, highlighting that higher unit costs were the direct result of lower production in the current half-year. Lower production cash costs in the half-year reflect lower maintenance and equipment hire costs with the introduction of a new Articulated Dump Truck ("ADT") fleet and capital substitution of hired equipment.

Total unit cost of goods sold of US$90.05/t for the half-year for 221,037 final concentrate tonnes sold improved on the prior half-year's US$136.61/t for 146,990 final concentrate tonnes sold. The improved performance is driven by increased relative volumes of bulk shipment products.

Unit revenue per tonne of final concentrate sold for the half-year reflects the reduction in the proportion of non-magnetic concentrate sales during the current half-year, partially offset by improved ilmenite pricing.

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.

Safety, Environment and Community

The ongoing commitment to developing a safe working environment and culture continues. Encouragingly, this half-year saw a further reduction in the overall 12 month rolling Total Recordable Injury Frequency Rate. Significantly, since commencement of operations in late 2013, the Company has incurred only one Lost Time Injury, in April 2017. The Company achieved a further milestone during the half-year by working in excess of 1,110,782 man hours since this LTI incident. In excess of 2.9 million man hours have been worked at the Tormin site since its commencement.

The Company continues to implement its Social Labor Plan ("SLP") commitments. During the half-year, the Company spent in excess of ZAR3.2 million. Initiatives within the local Tormin community and workplace included bursaries, scholarships, traineeships, internships, apprenticeships and adult basic education programs. The Company's learnership programs have seen participants advance their careers through education in engineering and business management courses. Bursaries support Tormin staff and community participants in furthering their education with courses such as, but not limited to, IT engineering, mechanical engineering, safety management, business management, law, mathematics and community development. Tormin currently has interns at the mine site integrated in geology, laboratory, finance, survey and environmental departments, providing on-the-ground experience and training for the community.

Tormin Mineral Sands Operation (continued)

The Company also supports community-based enterprise and infrastructure support development, sponsoring of full-time teachers at local schools, distribution of food parcels with non-perishable foodstuffs delivered to elderly persons across the eight wards of the Matzikama municipal region and sponsorships in the form of attire, equipment and transport to local sporting clubs.

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.

Additional progress was made through the funding of Small, Medium Micro Enterprise ("SMME") Development programs that included investment to assist the relocation of an embroidery project to new premises, commitment to a local 100% BEE owned fishing distribution business, as well as collaboration with the local Municipality to assist in the Doornbaai slipway project.

The Company has been working through the third generation SLP program which incorporates the 2019 to 2024 mining period, covering the first stage of the S102 Mining Right Expansion and renewal period. This involves consultation with all IAPs and Government Regulatory Authorities. The Company has now received effective sign off for the program from the DMR.

Permitting

Significant positive steps were advanced during the half-year in relation to the Company's ongoing permitting applications for prospecting and expanded mining rights. The Company was advised of the granting of the Environmental Authorisation ("EA") for the S102 Expanded Mining Right in June 2019. Notwithstanding the EA Approval is subject to an Appeal Process, which should be finalised by the September quarter 2019, the Company moved to a budgeted reduction in throughput across mining and processing operations in June. In conjunction with the budgeted reduction in mining, production through the PBC and GSP circuits which were aligned to a 2 MTPA mining rate, the Company implemented voluntary severance packages to address excess labour capacity prior to implementing the new 5.5 day roster system.

In accordance with regulatory requirements for the granting of the S102 EA, all interested and affected parties were notified in late June 2019. As is often the case with applications of this nature, the Environmental Authorisation of the S102 Application has subsequently been appealed. The Company addressed the respective appeal grounds and submitted the requisite responses to the Appealing Authority, being the Department of Environmental Affairs ("DEA"). The Company foresees no major impediment in any of the lodged Appeal grounds presented and is confident that the Appeals will be dealt with within the September quarter 2019.

The S102 Application and associated mining programs incorporate and will result in a minimum 10 year mine life on expanded areas covered under the application, including the adjoining Northern Beaches and the Inland Strand deposits located on the Company owned freehold farmland. Ongoing engineering and design work for the expanded mining right is being finalised in anticipation of final permitting approvals and commencement in the September quarter 2019. The Company has adopted a phased approach to the expanded Mining Right project development. This includes an initial Phase 1 increase in concentrate production from the Northern Beach and Inland Strand mining areas and then the Phase 2 construction of a 450,000 – 500,000 tonnes Magnetic Separation Plant ("MSP") to produce final ilmenite, garnet and zircon products. Commencement of Phase 1, subject to permitting, should be in the December quarter 2019. The MSP Phase 2 is expected to commence construction in 2020 to allow the completion and commissioning towards the end of 2021.

The Mining Right renewal applications were submitted to the DMR in August 2018. The Company is permitted to continue to operate whilst the renewal application is processed. The Company expects a decision regarding the renewal to be forthcoming in the September quarter 2019.

REVIEW OF OPERATIONS (CONTINUED)

Tormin Mineral Sands Operation (continued)

On 28 January 2019 the Company's subsidiary Mineral Sands Resources (Pty) Ltd ("MSR") was granted Environmental Authorisations for prospecting rights covering the Tormin inland strand area on its Geelwal Karoo owned farm and the Northern Beaches, being (WC)30/5/1/1/2/10262PR and (WC)30/5/1/1/2/10261PR. The Northern Beaches, (which are currently being mined by the Transhex Mining Company) for diamonds, and the Geelwal Karoo prospecting rights incorporate a continuous exploration target area of circa 35km of coastal beach and inland strand areas. The Company is still awaiting decisions on the Appeals to the granted Environmental Authorisations, which should be delivered in the September quarter 2019.

The Company also received advice on the Appeal lodged with the DEA in June 2018 regarding its De Punt prospecting right ((WC)30/5/1/1/2/10240PR) and inland area covering 13km in length by up to 4km in width immediately south of the current Geelwal Farm owned by MSR, on which it conducts its processing operations. Advice was received that the Klipvley Karoo Kop Prospecting permit (WC 30/5/1/1/2/10240) appeal was dismissed and as such, the Company has submitted another application in this area.

Whilst the Company has a number of prospecting right applications in various stages of assessment and appeal, these prospecting rights applications are not core to, and will not affect, the current Tormin Operation mining right renewal applications and the planned expansion covered under the S102 Application.

MRC considers the recent success in the granting of various EAs for prospecting and expanding Mining Rights as a significant turning point in the due process of permitting applications and approvals, which have been historically administratively delayed. The improvement can be directly linked to the championing of the reinvigoration of mining by the current Ramaphosa Government and Mining Minister Mantashe, who have recognised the significance of mining to reinvigorating the economy of South Africa. The existing mining legislation was supplemented by the New Mining Charter 2018, which came into effect from September 2018. The new changes include a provision for employee and community participation and equity. Cognisant of this fact, the Company is moving to embrace the new legislation and restructure its operating entity within South Africa accordingly.

Tormin Mineral Sands Operation (continued)

Tormin Resource and Prospecting Activities

The annual Tormin Mineral Resource review was completed in February 2019, with results 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 – FY2018	2.65	17.35%	3.14%	0.55%	0.38%	12.55%
Inferred Resource – Dec 2018	**2.27 (2)**	**14.16%**	**2.30%**	**0.43%**	**0.19%**	**7.90%**
Tonnes Mined – March Qtr 2019	0.74	13.34%	2.02%	0.41%	0.25%	8.23%
Tonnes Mined – June Qtr 2019	0.60	9.48%	1.43%	0.37%	0.23%	6.24%
Tonnes Mined – June H1 2019	**1.34**	**11.63%**	**1.76%**	**0.39%**	**0.24%**	**7.35%**

(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 10.54 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.

Resource replenishment continues 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, access and subsequent development of the additional identified inland strand and Northern Beaches mining, that are under various stages of application and appeal, will allow the current active Tormin beach mining area to satisfactorily replenish in the future.

REVIEW OF OPERATIONS (CONTINUED)

Munglinup Graphite Project

During the half-year, the Company appointed Mondium, a joint venture between Monadelphous and Lycopodium, to undertake early engagement works and Value Engineering ("VE") within the Definitive Feasibility Study ("DFS") phase, and subsequently to undertake Front-End Engineering Design ("FEED") to fast-track the full design and construct phase of the Munglinup Graphite Project.

Significant progress has been made in the VE process for Munglinup. Particular efforts have been concentrated on optimising the front-end feed and processing circuit. These include rationalising the scrubbing, milling and flotation with a view to reducing the power requirements and a reduction in pumping requirements. Attrition milling within the flotation circuit has been optimised to operate at higher percent solids at the front-end (based on additional benchtop testwork) that has allowed for a significant reduction in flotation cell volumes (and therefore capital costs).

The flowsheet design is benefiting from the inputs of a process engineer with significant experience in graphite operations and projects – which is assisting in de-risking the flowsheet. The overall view is that Munglinup represents a robust flowsheet and will be more so once the VE is completed. The circuit modifications are being supported by concurrent testwork – to produce a robust, fully supported study that will pass external review and audit.

Based on the importance of the VE, the Company has taken the decision to delay the DFS, which was previously reported to be completed in May. The DFS is now anticipated to be completed in the September quarter 2019, with the final inputs of the VE and operating and capital costs going through final review.

As previously reported on 17 April 2019, the Company announced excellent drilling results from its recent expansion drilling program at its Munglinup Graphite Project. The results confirm continuity of mineralisation along strike of Halberts South and Whites/McCarthy West in both quantum and grade.

Whites is a newly discovered ore zone that, to date, continues to deliver high grade mineralisation results. The additional geological and assay information will be included in a geological resource model update that is currently being finalised. The results will also be used to optimise the proposed mining plan as part of the Company's DFS and will result in new pit designs, which the Company anticipates will improve project economics and should significantly add to the previously reported PFS life of mine of 9 years.

The Munglinup Graphite Project was referred to the Department of Environment and Energy (Federal) ("DoEE") and the Environmental Protection Authority (State) ("EPA") in November 2018 for assessment. On 14 May 2019, the EPA decided to assess the Munglinup Development proposal based on Referred Information with some additional information to be provided. Subsequent to this, on 11 July 2019 the DoEE confirmed that the Federal assessment will be done under an accredited process by the EPA. The EPA at this time also provided guidance on the additional work sought to facilitate assessment. The initial additional work requested is summarised as targeting Matters of National Environmental Significance ("MNES") identified in the greater project area, environmental offsets and impacts on inland waters. MRC is currently working with the Department of Water and Environmental Regulation to clarify and finalise this additional work requirement.

An integrated development approach is being considered for Munglinup to provide a robust project solution that is de-risked from lower value concentrate sales. The Munglinup concentrate has a size distribution that has 43%-48% of the concentrate in the coarse fraction, with the remainder in the fines fractions. The coarse materials are suitable for the expandables market as well as traditional markets, whilst the fines are potential Battery Anode Material. Both fractions are readily purified to provide the feedstock for additional value adding.

Skaland Graphite AS Acquisition

On 4 April 2019 the Company announced it had entered into a locked box Share Purchase Agreement with Leonhard Nilsen & Sønner-Eiendom AS to purchase Skaland Graphite AS ("Skaland"), for the total consideration of US$9.2 million, comprising an initial cash consideration at settlement of US$4.8 million, and a further US$4.4 million to be paid over five years.

Skaland operates the Trælen Graphite Mine and Skaland Processing Facility in Norway, which is the largest flake graphite producer in Europe and the highest grade flake graphite mine in the world, with mill feed grade averaging around 28% carbon. Skaland currently averages around 10,000 tonnes of graphite concentrate production per annum

Skaland Graphite AS Acquisition (continued)

and accounts for around 2% of global natural flake graphite production. The Skaland Graphite Operation is considered to have significant potential to expand the current production profile.

The Company has been advised of the granting of the Skaland operational permit during the half-year for a period of 10 years. The remaining discharge permit (which is also a condition precedent to the transaction proceeding), which increases production from 11,000 to 16,000 tonnes, is under review with some issues and requirements for clarification from the Norwegian Regulatory Authority.

The Company is confident that the transaction will be completed by the September quarter 2019. In the interim, planning for the optimisation program for Skaland continues.

Downstream Graphite Projects

An initial strategy document has been developed for MRC's graphite assets. It considers an incremental approach to integrating downstream processing for Skaland, starting with upgrading the fine concentrate, increasing the proportion of coarse flakes in the concentrate and followed by micronisation on site utilising low-cost hydro-electric power. These are processes that can readily be included in site operations and will value-add significantly to existing operations. Planning is underway for pilot-scale testwork in the September quarter 2019 for upgrading the fines concentrate and improving the proportion of coarse flakes in the concentrate. This testwork program will also provide the concentrate for purification of Skaland concentrate, which provides the corner-stone for higher value-added products such as Battery Anode Materials and Expandable Graphite.

An integrated development approach is recommended for Munglinup to provide a robust project solution that is de-risked from lower value concentrate sales. The Munglinup concentrate has a size distribution that has 43%-48% of the concentrate in the coarse fraction, with the remainder in the fines fractions. The coarse materials are suitable for the growing expandables market as well as traditional refractory markets, whilst the fines are potential Battery Anode Material and high purity micronised fines.

The Company has commenced scoping studies on downstream processing of its graphite concentrates, with results expected in the September quarter 2019.

During the half-year, the Company also submitted an application for the CRC-P Round 7 funding for Critical Minerals for a new process to produce high-purity graphite, together with its partners CSIRO and Doral Fused Materials. The application was successful and will allow for fast-tracking the development of a more environmentally friendly, Australian-based graphite purification process. The total budget for the CRC project is forecast at AU$2.61 million, of which the Commonwealth Government CRC-P program will fund 31%.

Australian Exploration

Lithium/Tantalum Prospect: Paynes Find

On 10 January 2019, the Company announced it had acquired a mining lease and had recently been granted exploration licences over known lithium-tantalum rich pegmatites, being the Mt Edon Felsic pegmatite suite and Wydgee Greenstone belt pegmatites located near Paynes Find, Western Australia.

This acquisition at Paynes Find complements MRC's strategic focus on 'battery minerals', which includes development of the Munglinup Graphite Project located near Esperance and the recently announced share purchase agreement to acquire Norwegian graphite producer Skaland Graphite AS.

The Mt Edon pegmatite field hosts numerous lithium-cesium-tantalum pegmatites and is strategically located close to existing infrastructure making it an excellent exploration and mine development target. The mining lease area hosts historical lithium rich zones associated with the pegmatites, as well as historical mining for tantalum, beryl and microcline feldspar. Historical reported lithium grades of up to 2.2% Li_2O_5 have been found on the granted mining lease.

The northern Wydgee tenement has had no lithium exploration work done on it, but is a known beryl bearing pegmatite that was previously exposed and mined for beryl.

Australian Exploration (Continued)

The immediate exploration strategy for these Paynes Find tenements will be to identify albite-spodumene rich zones and verify the occurrence of anomalous lithium and tantalum within these targeted zones.

Site visits and field chip sampling of 6 selective pegmatites were undertaken on the Paynes Find, Mt Edon tenement during the half-year to determine the fractioned nature of the pegmatites for LCT minerals (Lithium-Cesium-Tantalum). Initial results indicate one of the pegmatites sampled to be prospective with two samples returning grades of 745ppm and 1395ppm Lithium as well as Tantalum grades of 150ppm and 171ppm.

This 1.2km long pegmatite and its associated pegmatite swarm will now be targeted for follow-up sampling and mapping and to define the fractioned LCT zones.

The Yandeyarra Lithium prospecting applications were surrendered due to the inability to obtain access in a timely manner.

Copper/Gold Prospect : Doolgunna

Modeling and interpretation of the results from an 8,859m drill campaign during 2018 indicates a complex stockwork of gold lodes that are hosted within a broad, at least 320m wide, greenschist facies alteration system (the Revere Reef System) that is at least 5-6km long. Infill laboratory testing of drill samples during the half-year indicates that gold mineralised zones are continuous between drill holes and are not limited to just quartz reef lodes but are also within hydrothermally altered host rock e.g. siltstone and sandstone. The potential to develop the near surface ore bodies as a large open pitable resource is being investigated. Gold mineralisation has been intersected from surface to at least 130m below surface where RC drilling was abandoned due to high water inflows that compromised sampling integrity and recovery. Resource modelling results are very positive and encouraging, indicating a large, well developed mesothermal alteration zone in which the fluids during one of the episodic alteration events carried substantial gold bearing fluids. Width of the mineralised shear system is at least 320m wide along the Revere shear system and is still open at depth and width.

In addition to the Revere reef system two other well developed gold bearing shear zones have been identified, the Lucky Dog shear zone ~3km to the north and the King Reef system 1.6km to the south of the Revere Reef.

As the metalloid potential of these systems at depth (below zone of complete oxidisation) are currently unknown, a number of 300m deep diamond holes are planned to be drilled during the September quarter 2019 to investigate the deeper copper-gold mineralisation potential of the systems.

The free gold mineralisation in the Revere System is extremely coarse and nuggety which is great for mine processing recoveries but can create low grade laboratory results during exploration due to the small drill sample size. A follow-up and larger bulk sampling campaign is therefore planned in and along the near surface mineralised gold quartz lodes intersected during drilling.

An application for two 45,000 tonne bulk sampling excess tonnage authorisations over tenements E51/1766 and P51/2787 were submitted to the Department of Mines, Industry Regulation and Safety on 18 June 2019. Depending on the granting of the excess tonnage application, bulk sampling and processing (gravity concentration) of the material will be done under a detailed Programme of Work ("POW"), still to be submitted.

Vanadium Prospect: Harvey

This Mining Lease (M70/888) has historical shallow prospecting and vacuum drilling work done on it that have produced magnetic concentrates with 1.53 to 1.65% V_2O_5 grades and silica levels of less than 0.5%.

MRC has obtained new POW and Vegetation Clearance permits to allow deeper exploration drilling. Access negotiations with the Department of Biodiversity, Conservation and Attractions ("DBCA") are ongoing with a dieback survey and related management plan being commissioned.

Subject to approvals by the DBCA, exploration drilling is expected to start in the December quarter 2019.

REVIEW OF OPERATIONS (CONTINUED)

Xolobeni Mineral Sands Project

The third visit to Xolobeni by the Mining Minister, Gwede Mantashe, occurred on 16 January 2019. The Minister inspected amongst other things the Kwanyana prospecting area of the proposed Xolobeni mining project. The Minister declared that an independent survey would be held to determine the future right of mining in the area.

The Company's Xolobeni Mineral Sands Project on the Eastern Cape of South Africa remains a world class mineral sands deposit with a JORC compliant resource of 346Mt @ 5% THM.

The Company continues to consider that the Xolobeni Mineral Sands Project has compelling socio-economic benefits for the area and can be developed in conjunction with the eco-tourism and agricultural initiatives that are being put forward by various stakeholders.

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 2018 year. In conjunction with an interim dividend of 0.6 Australian cent per share, a total 1.3 Australian cent per share dividend for 2018 has been declared and paid.

An interim dividend for the half year ended 2019 of 0.6 Australian cent per ordinary share has also 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.

Consolidated Results and Financial Position

Earnings before interest, tax, depreciation and amortisation ("EBITDA") of $10.9m for the 2019 half-year was above the 2018 half-year EBITDA of $4.8m, a 125% increase on the prior half year. Net profit before income tax ("NPBT") was $8.5m for the 2019 half-year, a 269% increase on the 2018 half year NPBT result of $2.3m.

These significantly improved EBITDA and NPBT results, in comparison to the prior half-year, reflect increased product revenue, lower production cash costs, foreign exchange gains and lower corporate administration costs for the 2019 half-year. 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. Lower production cash costs reflect engineered savings through capital replacement of hired and aging fleet. Foreign exchange gains reflect the weakening South African rand and prudent treasury management of the volatile South African rand currency. Lower corporate costs reflect management streamlining head office personnel, reduced travel costs and lower consultancy expenditure.

The profit of the consolidated entity after income tax attributable to members of the parent entity for the 2019 half-year was $7.0m (2018 half-year profit $1.2m), a 507% increase on the prior half year.

At 30 June 2019, the Company had $15.8m in cash, increased from $12.4m as at 31 December 2018. Trade and other receivables at 31 December 2018 of $6.0m increased to $8.5m as at 30 June 2019. The improved cash position reflects improved profitability and prudent control of capital expenditures. The Company generated free cash flow of US$10.0 million from operations during the half-year, representing an 83% increase in comparison to the 2018 half-year. This improvement is driven by increased cash receipts from customers and lower operating costs, partially offset by increased tax paid as the Company transitions to a tax paying entity. Additional cash receipts are due to 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. Lower production cash costs reflect engineered savings through capital replacement of hired and aging fleet.

The net assets of the Group have increased from $42.1m as at 31 December 2018 to $46.8m as at 30 June 2019. The increase in reported net assets reflects the strengthening profitability of the business during the half-year.

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to half-year end, the Directors declared an interim dividend for the half-year end 30 June 2019 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$2,527,149 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.

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 34.

Signed in accordance with a resolution of the Directors.

Mark Caruso
Executive Chairman
Dated at Perth, Western Australia
This 27th day of August 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2019

	Notes	**Half-Year to 30 Jun 19 $**	Half-Year to 30 Jun 18 $
Revenue from continuing operations			
Sale of product	2.2	**29,694,202**	27,212,895
Other revenue	2.2	**746,443**	1,285,002
		30,440,645	28,497,897
Expenses			
Mining and processing costs	2.3 (i)	**(20,344,850)**	(21,049,223)
Administration expenses	2.3 (ii)	**(1,650,588)**	(4,687,080)
Share payment expenses		**(151,853)**	(281,560)
Finance income/(costs)		**157,619**	(190,235)
Profit before income tax		**8,450,973**	2,289,799
Income tax expense		**(1,463,996)**	(1,139,614)
Profit after income tax		**6,986,977**	1,150,185
Profit is attributable to:			
Owners of Mineral Commodities Ltd		**6,986,977**	1,150,185
Non-controlling interest		**-**	-
		6,986,977	1,150,185
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:		**Cents**	Cents
Basic earnings per share		**1.66**	0.27
Diluted earnings per share		**1.64**	0.27
Other comprehensive (expense)/income items			
Change in the fair value of available for sale financial assets		**-**	-
Exchange differences on translation of foreign operations	5.2	**(280,460)**	(1,775,381)
Other comprehensive loss for half-year net of tax		**(280,460)**	(1,775,381)
Total comprehensive profit/(loss) for the period		**6,706,517**	(625,196)
Total comprehensive profit/(loss) for the half-year is attributable to			
Owners of Mineral Commodities Ltd		**6,706,517**	(625,196)
Non-controlling interest		**-**	-
		6,706,517	(625,196)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	30 Jun 19 $	31 Dec 18 $
Current assets			
Cash and cash equivalents		**15,782,286**	12,410,510
Trade and other receivables	4.1	**7,208,997**	5,166,481
Inventories	4.2	**25,018,737**	25,756,725
Other investments, including derivatives	5.3	**807,016**	753,796
Total current assets		**48,817,036**	44,087,512
Non-current assets			
Trade and other receivables	4.1	**1,300,911**	856,715
Exploration and evaluation assets	3.1	**16,726,045**	15,369,068
Mine development expenditure	3.2	**4,620,131**	5,240,911
Property, plant and equipment	3.3	**15,935,456**	15,320,565
Total non-current assets		**38,582,543**	36,787,259
Total assets		**87,399,579**	80,874,771
Current liabilities			
Trade and other payables		**6,456,514**	7,066,484
Unearned revenue	2.2(i)	**2,749,875**	1,670,100
Contract liabilities	2.2(i)	**19,099,115**	18,098,880
Borrowings	5.1	**2,727,825**	2,277,728
Employee benefits		**353,384**	355,057
Current tax liabilities		**3,167,921**	1,263,859
Total current liabilities		**34,554,634**	30,732,108
Non-current liabilities			
Provisions		**253,325**	247,834
Borrowings	5.1	**1,803,583**	2,788,682
Employee benefits		**99,327**	99,024
Deferred tax liabilities		**3,848,798**	4,955,747
Total non-current liabilities		**6,005,033**	8,091,287
Total liabilities		**40,559,667**	38,823,395
Net assets		**46,839,912**	42,051,376
Equity			
Contributed equity		**64,927,698**	64,919,201
Reserves	5.2	**(21,576,284)**	(21,439,180)
Retained earnings/accumulated losses		**3,374,859**	(1,542,284)
Parent entity interest		**46,726,273**	41,937,737
Non-controlling interest		**113,639**	113,639
Total equity		**46,839,912**	42,051,376

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 30 June 2019

	Half-Year to 30 Jun 19 $	Half-Year to 30 Jun 18 $
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**30,519,330**	28,418,555
Payments to suppliers and employees	**(19,592,114)**	(22,847,842)
Tax paid	**(960,811)**	(110,311)
Net cash inflow from operating activities	**9,966,405**	5,460,402
Cash flows from investing activities		
Payments for exploration expenditure	**(1,647,975)**	(1,975,207)
Payments for plant and equipment	**(947,168)**	(537,356)
Payments for investments	**-**	(190,319)
Payments for derivatives	**(147,135)**	-
Interest received	**49,667**	49,185
Net cash outflow from investing activities	**(2,692,611)**	(2,653,697)
Cash flows from financing activities		
Repayment of borrowings	**(1,743,354)**	(1,164,215)
Dividends paid to shareholders	**(2,069,834)**	(2,151,431)
Interest paid	**(181,406)**	(50,987)
Net cash outflow from financing activities	**(3,994,594)**	(3,366,633)
Net increase/(decrease) in cash and cash equivalents held	**3,279,200**	(559,928)
Cash and cash equivalents at the beginning of the half-year	**12,410,510**	10,975,817
Effects of exchange rate changes on cash and cash equivalents	**92,576**	(206,668)
Cash and cash equivalents at the end of the half-year	**15,782,286**	10,209,221

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 $	Retained Earnings / accumulated losses	Total $	Non-Controlling interest $	Total equity $
Balance at 1 January 2019	**64,919,201**	**(21,439,180)**	**(1,542,284)**	**41,937,737**	**113,639**	**42,051,376**
Profit for the half-year	-	-	6,986,977	**6,986,977**	-	**6,986,977**
Other comprehensive loss for the half-year	-	(280,460)	-	**(280,460)**	-	**(280,460)**
Total comprehensive income for the half-year	-	(280,460)	6,986,977	**6,706,517**	-	**6,706,517**
Transactions with owners in their capacity as owners						
Conversion of unlisted performance rights to ordinary shares	8,497	(8,497)	-	-	-	-
Share-based payment expenses	-	151,853	-	**151,853**	-	**151,853**
Expiry of unlisted options						
Dividend paid	-	-	(2,069,834)	**(2,069,834)**	-	**(2,069,834)**
Balance at 30 June 2019	**64,927,698**	**(21,576,284)**	**3,374,859**	**46,726,273**	**113,639**	**46,839,912**

	Contributed equity $	Reserves $	Accumulated losses $	Total $	Non-Controlling interest $	Total equity $
Balance at 1 January 2018	**64,420,299**	**(13,116,794)**	**(6,470,528)**	**44,832,977**	**113,639**	**44,946,616**
Profit for the half-year	-	-	1,150,185	**1,150,185**	-	**1,150,185**
Other comprehensive profit for the half-year	-	(1,775,381)	-	**(1,775,381)**	-	**(1,775,381)**
Total comprehensive income for the half-year	-	(1,775,381)	1,150,185	**(625,196)**	-	**(625,196)**
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**

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 2019 ("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 27 August 2019.

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 2018 and considered together with any public announcements made by the Company during the six months ended 30 June 2019, 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 2018.

1.4 Application of new and revised Australian Accounting Standards

A new standard became applicable for the current reporting period and the Group had to change its accounting policies and made adjustments as a result of adopting the following standard:

- AASB 16 Leases.

The impact of the adoption of the new standard and the amended accounting policy are disclosed below.

AASB 16 Leases

AASB 16 supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases-Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Basis of Preparation (continued)

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

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 117 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption of AASB 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	1 Jan 19 **$**
Assets	
Mine development expenditure	(220,874)
Property, plant and equipment	1,368,235
Total assets	1,147,361
Liabilities	
Borrowings	1,147,361
Total liabilities	1,147,361

a) Nature of the effect of adoption of AASB 16

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment. Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased asset was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under AASB 117). The requirements of AASB 16 was applied to these leases from 1 January 2019.

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

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Based on the foregoing, as at 1 January 2019:

- Right-of -use assets of $4,106,736 (net) were recognised and presented separately in the property, plant and equipment note. This includes the lease assets recognised previously under finance leases of $2,959,376 that were reclassified from property, plant and equipment.
- Additional lease liabilities of $1,147,361 (included in Borrowings) were recognised.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	$
Operating lease commitments as at 31 December 2018	**1,177,186**
Less:	
Commitments relating to short-term leases	(29,826)
Commitments relating to leases of low-value assets	-
Add:	
Commitments relating to leases previously classified as finance leases	2,819,875
Payments in optional extension periods not recognised as at 31 December 2018	-
Lease liabilities as at 1 January 2019	**3,967,235**

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of AASB 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Basis of Preparation (continued)

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below $5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group did not include the renewal period as part of the lease term for leases of property as renewal was not considered probable.

Basis of Preparation (continued)

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

c) Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

Right-of-use assets	**$**
2019	
Balance at 1 January	4,106,736
Additions	-
Depreciation charge for the year	(858,836)
FX	84,256
Balance at 30 June	3,332,156

Lease liabilities	**$**
2019	
Balance at 1 January	3,967,235
Additions	-
Interest expense	179,608
Payments	(1,172,962)
FX	80,112
Balance at 30 June	3,053,993

The Group recognised rent and equipment hire expenses from short-term leases of $528,335 for the six months ended 30 June 2019.

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.

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 2019 is as follows:

	Tormin Project $	Xolobeni Project $	Australia Exploration $	Iran Exploration $	Corporate $	Consolidation eliminations $	Totals $
Half-Year 2019							
Revenue from operations							
Total segment revenue	29,943,712	-	-	-	30,326,385	-	**60,270,097**
Inter-segment revenue	(29,829,452)	-	-	-	-	-	**(29,829,452)**
Revenue from external customers	**114,260**	-	-	-	**30,326,385**	**-**	**30,440,645**
Adjusted EBITDA	**4,276,946**	**2,453**	**(3,157)**	**(482,077)**	**7,895,027**	**(790,450)**	**10,898,742**
Depreciation and amortisation	2,574,017	-	-	-	31,371		**2,605,388**
Total segment assets	**31,943,560**	**5,331,648**	**9,934,994**	**486,570**	**48,753,944**	**(9,051,137)**	**87,399,579**
Total segment liabilities	**13,580,957**	**5,229,707**	**9,939,479**	**939,825**	**24,985,934**	**(14,116,235)**	**40,559,667**
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**	**(1,278,081)**	**(1,400,466)**	**4,836,471**
Depreciation and amortisation	2,295,862	13,102	-	-	47,473	-	**2,356,437**
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**

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 19 $	30 Jun 18 $
Adjusted EBITDA	**10,898,742**	4,836,471
Finance (expense)/income	**157,619**	(190,235)
Depreciation and amortisation	**(2,605,388)**	(2,356,437)
Profit before income tax	**8,450,973**	2,289,799

2.2 Revenue

	30 Jun 19 $	30 Jun 18 $
Sale of Product	**29,694,202**	27,212,895
Other Revenue		
Stockpiling Management Fees	**616,457**	1,242,146
Other Income	**129,986**	42,856
	746,443	1,285,002
(i) Assets and liabilities related to contracts with customers		
Unearned revenue	**2,749,875**	1,670,100
Contract liabilities	**19,099,115**	18,098,880

2.3 Expenses

(i) Mining and processing costs

Mining and processing costs include the following material expenditure items:

	30 Jun 19 $	30 Jun 18 $
Transport and shipping of product	**5,559,146**	7,462,456
Fuel	**2,983,195**	3,234,869
Wages and salaries	**3,542,021**	3,105,494
Repairs and maintenance	**1,744,546**	2,768,004
Depreciation and amortisation – mining and processing assets	**2,574,017**	2,356,437
(ii) Administration expenses	**(1,650,588)**	(4,687,080)

The change in administration expenses in comparison to the prior half-year materially relates to the foreign exchange benefits in the current half-year.

2. Financial Performance (continued)

2.4 Dividends

Dividends paid during the period to 30 June:	Dividend per share USc	Total $	Payment Date
2019			
2018 Final dividend per ordinary share (A$0.007)	0.49	2,069,834	14 May 2019
2018			
2017 Final dividend per ordinary share (A$0.007)	0.51	2,151,431	14 May 2018

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 19 $	31 Dec 18 $
As at beginning of the period	**15,369,068**	11,200,454
Acquisition of exploration asset	**4,460**	676,765
Expenditure during the year	**1,643,514**	4,612,164
Re-classification: transfer from property, plant and equipment	**70,306**	562,532
Exchange difference	**(361,303)**	(1,682,847)
As at end of the period	**16,726,045**	15,369,068

3.2 Mine development expenditure

	30 Jun 19 $	31 Dec 18 $
As at beginning of the period	**5,240,911**	7,306,979
AASB 16 adoption	**(220,874)**	-
Adjusted 1 beginning of the period	**5,020,037**	7,306,979
Amortisation expense	**(507,146)**	(1,138,527)
Exchange difference	**107,240**	(927,541)
As at end of the period	**4,620,131**	5,240,911

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 $	Decommissioning asset $	Right-of-use asset $	Capex work in progress $	**Total $**
Half-year ended 30 June 2019								
Cost at fair value								
As at 1 January 2019	501,160	755,431	22,327,467	125,336	247,834	-	4,287,854	**28,245,082**
AASB 16 adoption		-	-	-	-	4,239,261	(2,738,502)	**1,500,759**
Adjusted 1 January	501,160	755,431	22,327,467	125,336	247,834	4,239,261	1,549,352	**29,745,841**
Additions	-	-	-	-	-	-	947,168	**947,168**
Disposals	-	-	-	-	-	-	-	**-**
Re-classifications	-	-	-	-	-	-	(70,306)	**(70,306)**
Exchange differences	11,102	4,701	627,577	2,777	5,491	93,914	21,329	**766,891**
As at 30 June 2019	512,262	760,132	22,955,044	128,113	253,325	4,333,175	2,447,543	**31,389,594**
Accumulated depreciation and amortisation								
As at 1 January 2019	(37,274)	(574,725)	(12,152,179)	(87,593)	(72,746)	-	-	**(12,924,517)**
AASB 16 adoption	-	-	-	-	-	(132,525)	-	**(132,525)**
Adjusted 1 January	(37,274)	(574,725)	(12,152,179)	(87,593)	(72,746)	(132,525)	-	**(13,057,042)**
Depreciation and amortisation	(7,224)	(51,072)	(1,157,763)	(10,779)	(12,568)	(858,836)	-	**(2,098,242)**
Exchange differences	(882)	1,934	(286,513)	(2,026)	(1,709)	(9,658)	-	**(298,854)**
As at 30 June 2019	(45,380)	(623,863)	(13,596,455)	(100,398)	(87,023)	(1,001,019)	-	**(15,454,138)**
Net book amount								
Cost at fair value	512,262	760,132	22,955,044	128,113	253,325	4,333,175	2,447,543	**31,389,594**
Accumulated depreciation and amortisation	(45,380)	(623,863)	(13,596,455)	(100,398)	(87,023)	(1,001,019)	-	**(15,454,138)**
Net book amount	466,882	136,269	9,358,589	27,715	166,302	3,332,156	2,447,543	**15,935,456**

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 $	Decommissioning asset $	Capex work in progress $	**Total $**
Year ended 31 December 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	-	-	-	-	111,583	4,141,718	**4,253,301**
Disposals	(9,467)	-	-	-	-	-	**(9,467)**
Re-classifications	-	146,943	(189,080)	-	-	(520,395)	**(562,532)**
Exchange differences	(82,104)	(88,907)	(3,642,448)	(20,377)	(32,894)	(435,344)	**(4,302,674)**
As at 31 December 2018	501,160	755,431	22,327,467	125,336	247,834	4,287,854	**28,245,082**
Accumulated depreciation and amortisation							
As at 1 January 2018	(26,771)	(527,764)	(11,144,047)	(71,979)	(67,658)	-	**(11,838,219)**
Depreciation and amortisation	(15,533)	(114,672)	(2,798,234)	(27,999)	(15,863)	-	**(2,972,300)**
Disposals	-	-	-	-	-	-	**-**
Exchange differences	5,030	67,711	1,790,102	12,385	10,775	-	**1,886,002**
As at 31 December 2018	(37,274)	(574,725)	(12,152,179)	(87,593)	(72,746)	-	**(12,924,517)**
Net book amount							
Cost at fair value	501,160	755,431	22,327,467	125,336	247,834	4,287,854	**28,245,082**
Accumulated depreciation and amortisation	(37,274)	(574,725)	(12,152,179)	(87,593)	(72,746)	-	**(12,924,517)**
Net book amount	463,886	180,706	10,175,288	37,743	175,088	4,287,854	**15,320,565**

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 19 $	31 Dec 18 $
Current		
Trade receivables	**2,609,001**	1,890,032
Less: Provision for impairment of receivables	**-**	-
	2,609,001	1,890,032
Other receivables	**4,500,878**	3,222,371
Prepayments	**99,118**	54,078
	7,208,997	5,166,481
Non-current		
Security deposits	**434,181**	204,779
Advance to Blue Bantry	**794,341**	575,065
Other receivables	**72,389**	76,871
	1,300,911	856,715

4.2 Inventories

	30 Jun 19 $	31 Dec 18 $
Current		
Raw materials, at cost	**307,466**	355,364
Finished product, at cost	**22,028,817**	23,202,679
Spare parts and consumables, at cost	**2,682,454**	2,198,682
	25,018,737	25,756,725

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 Borrowings

	30 Jun 19 $	31 Dec 18 $
Current		
Short term borrowings – secured (iii), (iv)	**1,420,398**	1,542,346
Lease liabilities (i), (ii), (v)	**1,307,427**	735,382
	2,727,825	2,277,728
Non-current		
Long term borrowings – secured (iii), (iv)	**57,017**	704,189
Lease liabilities (i), (ii), (v)	**1,746,566**	2,084,493
	1,803,583	2,788,682

(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.

(iv) The Group entered into Commercial Loans and Chattel Mortgages for motor vehicles. Under the terms of these agreements, the Group will become the owner of the motor vehicles on final payment under the agreements.

(v) The Group entered into a Master Finance Lease to acquire mobile mining equipment. Under the terms of these agreements, the Group will become the owner of the mobile mining equipment on final payment under the agreements.

5. Funding and Risk Management (continued)

5.2 Equity

Reserves

	General Reserve $	Foreign Currency Translation Reserve $	Share-based Payment Reserve $	Total Reserves $
2019				
Balance at 1 January	1,363,393	(23,171,728)	369,155	**(21,439,180)**
Share-based payment expenses	-	-	151,853	**151,853**
Conversion of performance rights	-	-	(8,497)	**(8,497)**
Exchange differences on translation of foreign operations	-	(280,460)	-	**(280,460)**
Balance at 30 June	**1,363,393**	**(23,452,188)**	**512,511**	**(21,576,284)**

	General Reserve $	Foreign Currency Translation Reserve $	Share-based Payment Reserve $	Total Reserves $
2018				
Balance at 1 January	1,363,393	(15,108,264)	628,077	**(13,116,794)**
Share-based payment expenses	-	-	441,253	**441,253**
Transfer to retained earnings on expiry of unlisted options	-	-	(201,273)	**(201,273)**
Conversion of performance rights	-	-	(498,902)	**(498,902)**
Exchange differences on translation of foreign operations	-	(8,063,464)	-	**(8,063,464)**
Balance at 31 December	1,363,393	(23,171,728)	369,155	**(21,439,180)**

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.

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, recent transactions 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.

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

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2019 and 31 December 2018 on a recurring basis:

	Level 1 $	Level 2 $	Level 3 $	Total $
30 June 2019				
Financial assets				
Derivatives – FVTPL	-	105,548	-	**105,548**
Listed equity securities – FVTPL	24,577		-	**24,577**
Unlisted equity securities - FVTPL	-	676,891	-	**676,891**
Total Financial Assets	24,577	782,439	-	**807,016**
Financial liabilities				
Borrowings	-	(4,531,408)	-	**(4,531,408)**
Total Financial Liabilities	-	(4,531,408)	-	**(4,531,408)**

Notes to the Consolidated Financial Statements

5. Funding and Risk Management (continued)

5.3 Fair value measurement of financial instruments (continued)

	Level 1 $	Level 2 $	Level 3 $	Total $
31 December 2018				
Financial assets				
Derivatives – FVTPL	-	79,045	-	**79,045**
Listed equity securities – FVTPL	24,689	-	-	**24,689**
Unlisted equity securities - FVTPL	-	650,062	-	**650,062**
Total Financial Assets	24,689	729,107	-	**753,796**
Financial liabilities				
Borrowings	-	(5,066,410)	-	**(5,066,410)**
Total Financial Liabilities	-	(5,066,410)	-	**(5,066,410)**

The Group's policy is to recognise transfers in 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 2019.

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

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 ZAR2,628,000 (US$186,595) (Dec 2018: ZAR2,628,000 (US$182,551)).

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$22,721) (Dec 2018: ZAR320,000 (US$22,228)).

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 ZAR1,474,989 (US$104,728) (Dec 2018: ZAR1,474,989 (US$102,458)).

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 Prospecting Rights for an amount of ZAR400,000 (US$28,401) (Dec 2018: ZAR400,000 (US$27,786)).

6. Other (continued)

6.1 Contingent assets and contingent liabilities (continued)

Guarantees

Guardrisk has issued a Guarantee, in favour of the South African Department of Mineral Resources, in respect of MSR's obligations under the expanded Tormin Mining Rights for an amount of ZAR15,200,000 (US$1,079,241) (Dec 2018: Nil).

Subordination of Shareholders Loan

With effect from 26th March 2015, MRC Resources Proprietary Limited ("MRCR") has subordinated ZAR90,000,000 (US$6,390,243) (Dec 2018: ZAR90,000,000 (US$6,251,746)) 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

With effect from 26th March 2015, MRCR has provided a surety to FirstRand Bank Limited of ZAR45,000,000 (US$3,195,121) (Dec 2018: ZAR45,000,000 (US$3,125,873)) 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$327,662) (Dec 2018: ZAR4,614,788 (US$320,561)) for the due payment by Z Square M.P. Empowerment Company (Pty) Ltd of all monies owed to FirstRand Bank Limited.

Others

During the current half-year the Company received a letter of demand for up to ZAR32,268,000 (US$2,291,115) plus penalty interest of ZAR4,307,083 (US$305,815), totaling ZAR36,575,083, relating to diesel fuel rebate claimed from its mining activities over several years. The Company is of the view, based upon independent legal advice obtained, that the Company has been compliant with the respective legislation and therefore the Company does not consider it had a present obligation with respect to this claim. Accordingly, no provision or liability in relation to the claim was recognised on the date of the letter of demand in the financial statements. SARS have withheld payment for diesel fuel rebate and VAT claims in order to satisfy this purported cash debt, with the full amount now withheld during the half-year. The Group maintains its position that there is no present refund obligation to SARS and that this amount has been withheld in error and therefore these amounts are recoverable. The Company will be pursuing legal proceedings and is confident in defending the claim.

Other than those mentioned above, there have been no other changes to contingent assets or liabilities since 31 December 2018.

Other Commitments

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 ZAR11,055,000 loan from dividend distributions that it will receive in the future from MSR.

6. Other (continued)

6.2 Events occurring after the reporting period

Subsequent to half-year end, the Directors declared an interim dividend for the half-year end 30 June 2019 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$2,527,149 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 2019 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 27th day of August 2019

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF MINERAL COMMODITIES LTD

As lead auditor for the review of Mineral Commodities Ltd for the half-year ended 30 June 2019, 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.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 27 August 2019

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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 2019, 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 2019 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 2019 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

Glyn O'Brien

Glyn O'Brien

Director

Perth, 27 August 2019