

## UPDATE ON IMPACT OF COVID-19

- **Proactive measures established to ensure the health and safety of employees and contractors.**
- **Skaland - no material impacts to operations with access to key European markets and supply chains largely unaffected at present.**
- **Tormin Mineral Sand Operation subject to 21 day nationwide lockdown from midnight on Thursday 26 March 2020 until midnight on Thursday 16 April 2020.**
- **MRC withdrawing 2020 production guidance due to the uncertainty surrounding the economic environment and possible disruption from COVID-19 outbreak.**
- **Chinese demand showing signs of normalising after some interruption to ilmenite sales due to inventory build at TiO<sub>2</sub> processing plants.**
- **Board resolves to not declare a final dividend in respect to 31 December 2019 year end.**

Mineral Commodities Ltd (ASX: MRC) ("the Company" or "MRC") has taken steps to ensure the health and safety of all employees and others at its respective workplaces, including the implementation of control measures and protocols intended to minimise the risks arising from COVID-19.

The Company continues to monitor the advice of governments within its operating jurisdictions and update protocols and people accordingly.

### Operations

To date, both operations at Skaland and Tormin have experienced no material impact on a day to day basis due to employees failing to attend the workplace as a result of COVID-19.

However, the Company notes the recent announcement by the President of South Africa, Mr Cyril Ramaphosa in which he declared a 21 day nationwide lockdown amid the increase in COVID-19 infection rates in the country. As a consequence, the Tormin Mining Operation will be required to be placed in care and maintenance from midnight on Thursday 26 March 2020 until midnight on Thursday 16 April 2020.

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The Company has commenced preparatory measures required to suspend operations at Tormin and is liaising closely with employees, customers and other affected stakeholders. These measures include all necessary security and care and maintenance programs for processing plant and equipment to ensure that it remains ready for immediate restart.

The Company continues to monitor the situation closely and will provide further updates as more information becomes available.

Skaland has maintained mining, production and sales targets with no material disruption experienced at present in accessing key European markets or supply chains. The Company has moved to implement accommodative policies to deal with issues arising from COVID-19 management in Norway such as self-isolation and school closures. The small operating crews at Skaland assist in managing the risks within the mining and processing operations. The Company continues to monitor the European sales environment and COVID-19 management and will take further action as and when required.

The Company is proactively implementing contingency plans intended to minimise the effect on workers required to stay away from the workplace.

### **Guidance and Dividend**

On 31 January 2020, MRC provided annual guidance<sup>1</sup> on final concentrate production from the Tormin Mineral Sands Operation in South Africa and the Skaland Graphite Operation in Norway.

The operating environment for the Company has become increasingly unpredictable due to the unprecedented effects of COVID -19 on the global economy.

As a result of the significant uncertainty relating to the duration and impact of COVID-19, the Company feels it appropriate to withdraw FY2020 guidance until the effects of the global pandemic have subsided.

Similarly, the Board has resolved to not declare a final dividend in respect to the year ended 31 December 2019 due to the uncertainty and potential impacts on cash flows.

### **Sales**

Non-magnetic zircon rutile concentrate sales have maintained a steady demand profile other than a small interruption in February. Chinese TiO<sub>2</sub> pigment producers have experienced disruption in domestic supply chains and the resultant subdued demand in the manufacturing processing companies on recommencement will take some time to reach full capacity due to the impact of COVID-19 in China. The Company has experienced delays in finalising sales of ilmenite concentrate contracts and shipments. This has resulted in significant inventory build-

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up at the Saldana Port. The Company has seen enquiries starting to reemerge for ilmenite concentrates, albeit at opportunistic pricing. Evidence suggests conditions appear to be improving as production resumes to normal levels in China. The Company is well positioned to ship immediately as soon as sales contracts are finalised. The price of oil has translated into significant reductions in bulk shipping rates, which should be able to be capitalised on when sales return to normal levels.

Positively, the Company is seeing the benefits of weak ZAR/NOK/AUD operating currencies against the USD. The Company is assessing all financial options available to sustain it's ongoing businesses should the COVID-19 pandemic continue for an extended period of time.

**ENDS**

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**About Mineral Commodities Ltd:**

Mineral Commodities Ltd (ASX: MRC) is a global mining and development company with a primary focus on the development of high-grade mineral deposits within the industrial and battery minerals sectors.

The Company is a leading producer of zircon, rutile, garnet and ilmenite concentrates through its Tormin Mineral Sands Operation, located on the Western Cape of South Africa. In October 2019, the Company completed the acquisition of Skaland Graphite AS, the owner of the world's highest-grade operating flake graphite mine and one of the only producers in Europe. The planned development of the Munglinup Graphite Project, located in Western Australia, builds on the Skaland acquisition and is a further step toward an integrated, downstream value-adding strategy which aims to capitalise on the fast-growing demand for sustainably manufactured Lithium-Ion Batteries.