



Highlights

- **Tormin – Approvals granted for Expanded Mining Rights and Downstream Processing⁽¹⁾**
- **Tormin – Northern Beaches delivers high-grade resource of 2.5 million tonnes at 23.5% THM⁽²⁾**
- **Tormin – High-grade results and new Inland Strand discovered with up to 73% THM intersected at the Northern Extension of the Western Strandline⁽³⁾**
- **MRC raised AU\$6.58 million (before costs), through placement of 32.9 million new fully paid ordinary shares at AU\$0.20 per share, to sophisticated and professional investors⁽⁴⁾**

(1) ASX release MRC Granted Approvals to Expand Mining and Processing at Tormin – 2 July 2020.

(2) ASX release Tormin Northern Beaches Delivers High Grade Maiden Resource – 19 May 2020.

(3) ASX release High Grade Results and New Discovery at Tormin – 7 April 2020 and High-Grade Mineralisation Continues at Tormin Inland Strand – 7 July 2020.

(4) ASX release MRC Raises \$6.58 Million Through Placement to Sophisticated and Professional Investors – 30 June 2020.

COVID-19

- **Established proactive measures successful in ensuring health and safety of employees and contractors⁽⁵⁾**
- **Skaland - no material impact to operations with access to key European markets and supply chains largely unaffected⁽⁵⁾**
- **Tormin operations returned to normal on 13 April 2020⁽⁶⁾ after 18 day suspension, with mining and processing tonnes in June 2020 being the highest recorded performance for the year⁽⁶⁾**
- **Disruption of normal ilmenite sales due to COVID-19 affected budgeted revenue and operating cash flows⁽⁶⁾**

(5) ASX release Update on Impact of COVID-19 – 26 March 2020.

(6) ASX release COVID-19 and Market Update – 12 June 2020.

Corporate and Cash

Cash: US\$5.7m as at 30 June 2020, plus US\$21.4m in trade and other receivables

Debt: Borrowings as at 30 June 2020 of US\$5.8m

Securities: 455.1 million shares and 3.75 million performance rights as at 30 June 2020

Although the COVID-19 global pandemic has continued to present challenges for Mineral Commodities Ltd (“MRC” or “the Company”), the Company has ensured the risks to both its employees and operations were minimised. No employee has tested positive for COVID-19. Skaland has experienced no material impact to operations or sales and Tormin operations were suspended for only 18 days as a result of a nationwide lockdown in South Africa, with operations resuming on 13 April 2020.

The financial and social impacts of COVID-19 are under constant review by Executive Management and the Board, and the Company continues to monitor the advice of governments within its operating jurisdictions and update protocols and people accordingly.

The Company is pleased to report on its activities during the quarter ended June 2020.

The Company’s 50% owned subsidiary, Mineral Sands Resources (Pty) Ltd (“MSR”), was granted approvals on 30 June 2020 in respect to its Section 102 Mining Right application (“Section 102 Mining Right”) to amend (expand) the footprint of mining at Tormin in the Western Cape province of South Africa. The Section 102 Mining Right allows access to the adjoining high-grade Northern Beaches and Inland Strand adjacent to the existing Tormin mining area on the MSR owned freehold farm, Geelwal Karoo 262, in the Western Cape Province of South Africa.

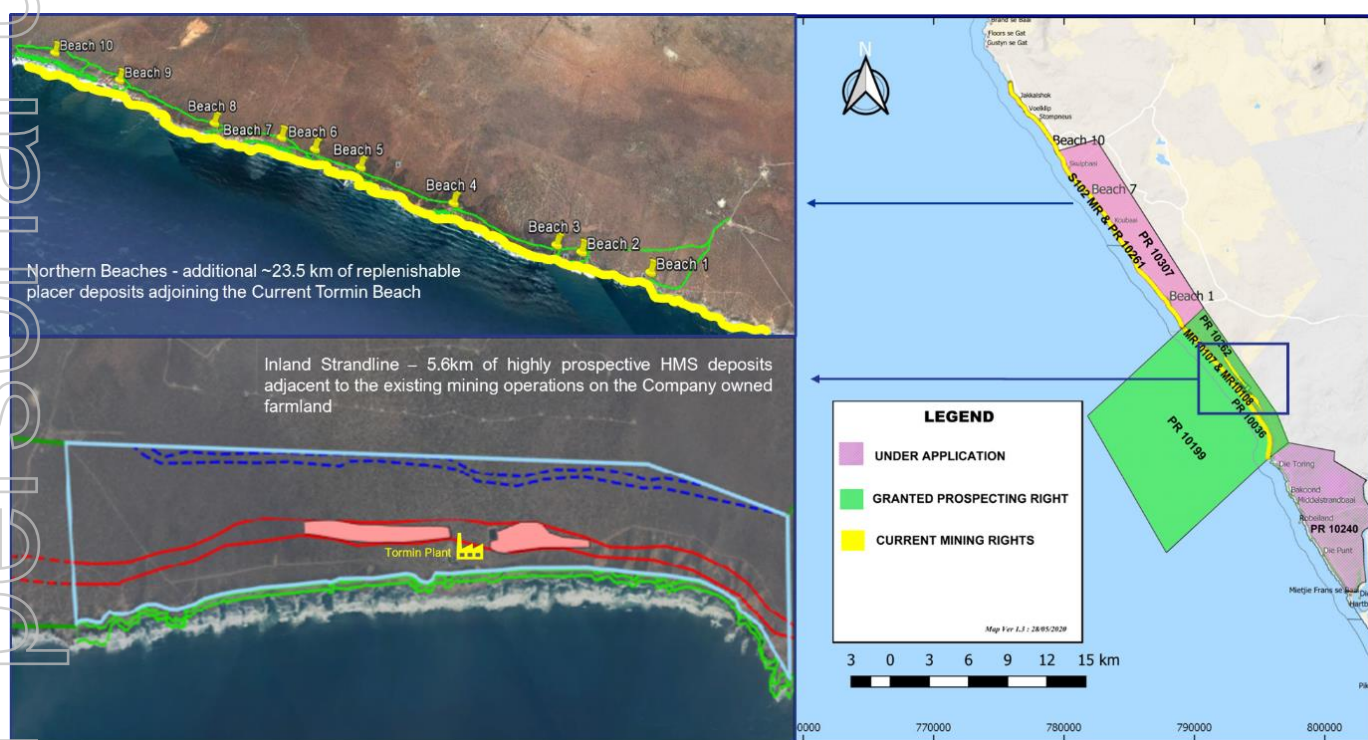


Figure 1 – Tenements under application and granted in South Africa

This significant turning point in realising the value of the world-class Tormin Mineral Sands Operation provides access to two very exciting mining areas that will become pivotal in the growth of the Company and demonstrate the huge potential of this unique Mineral Sands precinct. The access to the Northern Beaches has doubled the Company’s placer beach mining area, allowing it to properly optimise and manage the ongoing replenishment rate of the existing Tormin and Northern Beaches resources. The Inland Strand offers the potential for significant long-term high-grade mineralisation, and an announcement of a JORC compliant maiden resource is expected in the September 2020 quarter.

Mining and processing operations will immediately shift to include the higher-grade Northern Beaches with a recently released JORC resource of 2.5 million tonnes at 23.5% Total Heavy Minerals ("THM"). The intended start-up date of commissioning of Primary Beach Concentrating equipment is August 2020. The Section 102 Mining Right also provides approvals for the connection to grid energy and processing expansion that will enable the Company to materially improve throughput and the transition to higher-value finished ilmenite, garnet and rutile products as well as lower operating costs.

During the quarter the Company announced the completion of an AU\$6.58 million placement of 32.9 million new fully paid ordinary shares at AU\$0.20 per share ("Placement"). The funds raised from the Placement will be used to supplement the Company's working capital requirements that were affected by the impacts of reduced bulk ilmenite sales and the recent dispute with GMA, as set out in the Company's ASX release of 12 June 2020.

The Company finished the quarter with US\$5.7 million in cash after completion of an AU\$6.58 million equity placement, offset by payments to suppliers and employees and repayments of borrowings during the quarter. The Company's cash position has been materially impacted by deferred bulk ilmenite sales due to the global impact of COVID-19 and unpaid bulk garnet sales due to the ongoing dispute with GMA Group. Trade and other receivables increased significantly to US\$21.4 million, including US\$14.5 million owing from GMA Group and US\$4.7 million owing from the South African Revenue Service. Borrowings decreased to US\$5.8 million.

SAFETY, ENVIRONMENT AND COMMUNITY

Tormin

Since the commencement of operations in late 2013, the Company has incurred only one Lost Time Injury, in April 2017. The safety and wellbeing of its staff remain a central focus for its operations with no injuries recorded in the June 2020 quarter.

The Company continues to implement its Social Labour Plan ("SLP") commitments, highlighted this quarter by the investment of circa ZAR1.3 million into various learnerships and bursary programs for the benefit of both employees and community students. SLP spend was lower in comparison to the prior quarter with the impact of the COVID-19 pandemic resulting in the deferral of spending into the second half of 2020. The Company has already invested ZAR4.8 million on SLP initiatives in the first half of 2020.

Skaland

No lost-time injuries or medically treated cases occurred during the quarter, with the Company's TRIFR rate remaining at zero since acquisition in October 2019. The new HSE Manager commenced work in June 2020.

TORMIN OPERATIONS

The Company maintained strong mining and processing production rates during the quarter, at an equivalent mining rate of 2.4Mtpa and processing rate of 2.4Mtpa, producing 49,055 tonnes of final concentrates. Production of final concentrates was 45.3% above the previous period's results. Mining and processing rates were aligned with prior quarter results. This performance is even more impressive given operations lost 18 days during the quarter due to a nationwide COVID-19 lockdown in South Africa.

Processing

GSP/SCP Production & Processing	30-Jun-20 Quarter	31 Mar-20 Quarter	30-Jun-19 Quarter	Year to Date 30-Jun-20	Year to Date 30-Jun-19
Tonnes processed (gross dmt)	113,760	118,471	143,041	232,231	323,670
Tonnes produced (dmt)					
- Garnet concentrate	43,426	20,260	39,105	63,686	95,226
- Ilmenite concentrate	3,978	11,697	12,555	15,675	29,256
- Zircon/Rutile concentrate	1,651	1,806	2,317	3,457	5,468
- zircon in concentrate	67.52%	67.85%	67.09%	67.69%	67.59%
- rutile in concentrate	16.50%	15.74%	15.53%	16.10%	15.78%

Total final concentrate production was 49,055 tonnes, a 45.3% increase in comparison to the March quarter 2020. This is attributed to an increased focus on garnet production, improved garnet grade infeed from higher mined grades, better garnet recovery and optimisation of garnet concentrate grade produced, to better align with contractual requirements. The Company will also consider optimisation of garnet stockpiles through reprocessing in the September 2020 quarter.

Mining

Mining	30-Jun-20 Quarter	31-Mar-20 Quarter	30-Jun-19 Quarter	Year to Date 30-Jun-20	Year to Date 30-Jun-19
Tonnes (dmt)	610,215	615,751	601,827	1,225,966	1,344,414
Grade	6.80%	7.68%	9.43%	7.22%	11.58%
- Garnet	5.57%	5.57%	6.24%	5.57%	7.35%
- Ilmenite	0.77%	1.56%	1.43%	1.15%	1.76%
- Zircon	0.30%	0.35%	0.37%	0.32%	0.39%
- Rutile	0.10%	0.13%	0.23%	0.11%	0.24%
- Leucoxene	0.06%	0.07%	1.16%	0.07%	1.84%

Run of Mine ("ROM") volumes have remained at a mining rate of circa 2.4Mtpa to maximise Heavy Minerals Concentrate ("HMC") production. This mining production rate has been achieved while maintaining an average of 5.5 days per week working roster implemented in June 2019.

ROM feed to the Primary Beach Concentrators ("PBC") for the quarter was 602,219 tonnes at an average feed rate of 334tphr at 82.6% plant utilisation, with the throughput aligned with management expectations based on an average of 5.5 days per week working roster.

HMC production from the PBCs produced 125,504 tonnes, compared to the prior quarter's 120,567 tonnes.

Sales

Sales (wmt)	30-Jun-20 Quarter	31-Mar-20 Quarter	30-Jun-19 Quarter	Year to Date 30-Jun-20	Year to Date 30-Jun-19
- Garnet concentrate	53,288	53,288	53,288	106,575⁽⁶⁾	106,576
- Ilmenite concentrate	-	-	54,775	-	108,385
- Zircon/Rutile concentrate	1,316	2,576	3,304	3,892	6,076

- (6) ASX release COVID-19 and Market Update – 12 June 2020. The Company continues to produce and meet minimum contract deliveries of 210,000tpa under its Life of Mine Garnet Offtake Agreement with Garnet International Resources Pty Ltd and GMA Garnet (USA) Corporation ("GMA Group").

A technical dispute has arisen with GMA Group regarding inter alia, stockpiled inventory quantities. Despite MRC's best endeavours to reach a resolution, both parties have reverted to a formal Dispute Resolution Process that is provided for within the Offtake Agreement. The Dispute Resolution Process provides inter alia for the appointment of an Independent Expert, whose determination decision will be binding on the parties. The Company expects the Dispute Resolution Process to be concluded in accordance with the prescribed timelines within the Agreement of 60 days. For the avoidance of doubt, the Company considers that it continues to meet its contractual obligations under the Agreement and that GMA Group must continue to pay for Delivered Product throughout any Dispute. As at the date of this Report, GMA Group has not paid for this Delivered Product in 2020.

Sales revenue for the quarter was US\$6.3 million for a total 54,604 wet metric tonnes sold, compared to the prior quarter's revenue of US\$7.3 million for 55,864 wet metric tonnes sold. The reduction in revenue in the June 2020 quarter reflects lower non-mags sales revenue with deferral of two non-mags shipments to the September 2020 quarter due to port issues in South Africa.

Ilmenite revenue year-to-date reflects bulk shipment deferrals as a result of the COVID-19 pandemic. The Company is starting to see good enquiry return to the market place regarding demand for ilmenite concentrate, whilst demand for the Company's non-magnetic concentrates remains steady and unaffected at this stage by COVID-19, save other than logistics issues.

The 106,575 tonnes delivered to meet minimum contract deliveries of 210,000tpa under the Company's Life of Mine Garnet Offtake Agreement with GMA Group have not been paid to date due to a technical dispute with GMA Group. The relevant sales revenue amount of US\$9.2 million owing by the GMA Group is included in receivables as at 30 June 2020.

Unit Costs & Revenues

Summary of Unit Costs & Revenues	30-Jun-20 Quarter	31-Mar-20 Quarter	30-Jun-19 Quarter	30-Jun-20 Year to Date	30-Jun-19 Year to Date
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	67.45	125.62	100.69	91.20	100.69
Unit cost of goods sold per tonne of final concentrate sold (US\$/wmt) ⁽¹⁾	(7.28)	65.27	93.13	29.44	93.13
Unit revenue per tonne of final concentrate sold (US\$/wmt)	103.42	120.00	135.05	111.81	135.05
Revenue to Cost of Goods Sold Ratio	(14.20)	1.84	1.45	3.80	1.45

Note (1) – Cost of goods sold includes production cash costs, product handling, transport and selling costs, royalties, stock movements and depreciation and amortisation. Excludes corporate and financing costs.

Unit production cash costs for the June quarter are 46.3% lower than the prior quarter, reflecting a 45.3% increase in production and a 22.1% decrease in production costs. The decrease in production costs during the quarter reflects a 17% depreciation of the South African Rand, lowering US dollar equivalent operating costs, lower diesel prices and lower mobile fleet activity due to the 13 day shutdown in April (in addition to 5 days shutdown in the March quarter).

The total unit cost of goods sold for the quarter is negative (-7.28/t) due to a material positive garnet inventory adjustment during the quarter. The adjustment came as a result of a detailed survey of garnet inventory, arising from a requirement under the dispute resolution process with the GMA Group. The main mechanisms for calculating inventory as agreed by the parties was via independent survey, with final reconciliation at the end of the contract. The large quantity of production of ~1.9 million tonnes of garnet concentrate produced under the GMA contract since its inception in 2014 and delays in GMA's contracted shipping schedules has caused a large inventory build-up of stockpiles to contracted limits. This has impacted the Company's ability to survey stockpile basement levels and compounded inventory variances. As a result of the independent garnet inventory survey during the current quarter, the Company was able to identify 156Kt of additional inventory tonnes in comparison to the 31 December 2019 survey. The main contributing factors were settlement of the stockpile areas and production during the period. This increase in garnet inventory previously expensed through the income statement has been reversed back to the balance sheet as a one-off adjustment, resulting in a negative cost of goods sold balance for the quarter. Without this adjustment, unit cost of goods sold per tonne of final concentrate sold would have been US\$74.63/t. This is higher than the previous quarter (US\$74.63/t vs US\$65.27/t) due to the higher adjusted cost of goods sold from higher garnet inventory unit costs, recognising additional transport costs for the significant increase in garnet tonnes at Saldanha port, combined with slightly lower non-mags sales during the June quarter.

Unit revenue per tonne of final concentrate sold for the quarter of US\$103.42/t is below US\$120.00/t for the previous quarter due to a 48.9% decrease in non-mags sales during the quarter.

Revenue to Cost of Goods Sold Ratio for the quarter is negative (-14.20) due to the material positive garnet inventory adjustment during the quarter, as outlined above. Unit revenue per tonne of final concentrate sold, without the adjustment is 1.39, which is lower than the prior quarter of 1.84 due to the higher adjusted cost of goods sold from higher garnet inventory unit costs and lower unit revenues due to a 48.9% decrease in non-mags sales during the quarter.

Permitting - Tormin

The Company's 50% owned subsidiary, MSR, was granted approval on 2 July 2020 in respect to its Section 102 Mining Right to amend (expand) the footprint of mining at Tormin in the Western Cape province of South Africa. The Section 102 Mining Right allows access to the adjoining high-grade Northern Beaches and Inland Strand adjacent to the existing Tormin mining area on the MSR owned freehold farm, Geelwal Karoo 262, in the Western Cape province of South Africa.

Contemporaneously, the Section 102 Mining Right also provides for expanded processing activities. With the security of resources and tenure, the Company will be able to methodically expand both the PBC capacity to enable up to 4Mtpa⁽⁷⁾ and can move from existing concentrate-only production of ~300ktpa to vertically

(7)- This represents expected capacity only and does not represent actual production guidance. Specific annual production guidance will be provided on a quarter and annual basis.

integrated production of finished HM products through the construction of a 350ktpa Mineral Separation Plant ("MSP")⁽⁷⁾. Through the construction of an MSP, the Company expects to open new markets and diversify its customer base, reducing reliance on sales to China and extracting greater value through improved margins. The Section 102 Mining Right also allows for the connection of Eskom grid power by the Sere Wind Farm, which is expected to reduce operating power costs by as much as 50% and provide up to 10 megawatts of power for future downstream processing requirements.

Preparations to shift some mining and primary concentration processing operations have been implemented immediately to prepare for the mining and processing of the Northern Beaches, where a high-grade JORC compliant resource of 2.5 million tonnes at 23.5% THM in the category of Measured, Indicated and Inferred using a 2% cut-off was reported in May 2020.

Due to the constant replenishment profile of the current Tormin beaches ("Current Beaches"), the Current Beaches have generated over 13Mt of mining production over the past six years from the initial Indicated Resource of 2.7Mt @ 49.4% THM. As such, the Company expects that the Northern Beaches will sustain mining operations well beyond the initial resource of 2.5Mt @ 23.5% THM.

The Northern Beaches incorporate ten beaches directly north of and adjoining the Current Beaches at Tormin. The areas unite semi-continuous tenements approximately 23.5km in length, covering an area of 398 hectares of beach sands prospective for zircon, rutile, ilmenite, garnet, leucoxene and magnetite. Like the Current Beaches, this deposit is an HMS deposit located on an active placer beach strandline undergoing continuous erosion, deposition and replenishment from oceanic storm and wave activity. The heavy minerals in the beach are constantly replenished by the transport of new sediment from deeper waters, much of which has been derived from the erosion of deposits accumulated in the elevated historic beach terraces onto the present beach.



Figure 2 - Northern Beaches area

Project engineering and planning is already completed for bringing the Northern Beaches into production with mining operations having already commenced.

The Inland Strand areas granted under the Section 102 Mining Right include two areas approximately 5.6km in total length, covering 75 hectares of high-grade mineralisation adjacent to the existing mining operations on the MSR owned farm Geelwal Karoo 262.

In February 2020, the Company commenced a 7,000m resource definition drilling program targeting the Inland Strand and adjoining Northern Beaches. This drilling program for the Northern Beaches was completed in mid-May and at the Inland Strand in early June. Drilling has confirmed the western strandline mineralisation is open along a continuous strike of 5,500m, 200m wide and up to 23m thick. A JORC compliant resource in the Measured, Indicated and Inferred category is expected to be released by the next (September) quarter.

Current resource drilling results for the Inland Strand are outlined in the ASX releases of 7 April 2020 (High Grade Results and New Discovery at Tormin) and 7 July 2020 (High Grade Mineralisation Continues at Tormin Inland Strand). The high grade THM mineralisation and mineral assemblage observed in the laboratory results of the drilling on the Inland Strand confirm the historical resource grades and are similar to the grades encountered in the first years of mining the high grade Current Beaches. The reported THM contains high constituent zircon, rutile, ilmenite, garnet assemblage as well as anatase and magnetite.

The Company intends to adopt a phased development program by initially targeting the high-grade Inland Strand horizons in the ore body before processing the lesser grade Red Aeolian and Orange Feldspathic sands.

A new front-end feed system, including a crushing circuit, will be constructed as well as additional classification, concentration and thickener circuits. These front end and additional upgrades will enable increased overall processing capacity from the current ~2.5Mtpa to up to 4Mtpa.⁽⁷⁾

Detailed test work and engineering work has already commenced on the planned front end upgrades with the Company anticipating 4Mtpa throughput capacity by 2022.⁽⁷⁾

For further details of the Section 102 Mining Right Approval, refer to the ASX Release - MRC Granted Approvals to Expand Mining and Processing at Tormin – 2 July 2020.

The Inland Strand Section 102 Mining Right areas are part of the Inland Strand Prospecting Right 10262, which incorporates an area approximately 12km in length, covering 1,741 hectares. Extensional drilling beyond the Section 102 Mining Right mining area boundary indicates that the Western Strandline extends from the northern to the southern boundary of the 12km prospecting area, confirming and demonstrating the exciting prospectivity of the Western Strandline. The Company will be stepping up its efforts to target additional resources that will further underpin the growth of its newly granted mining operations at the Inland Strand at Tormin.

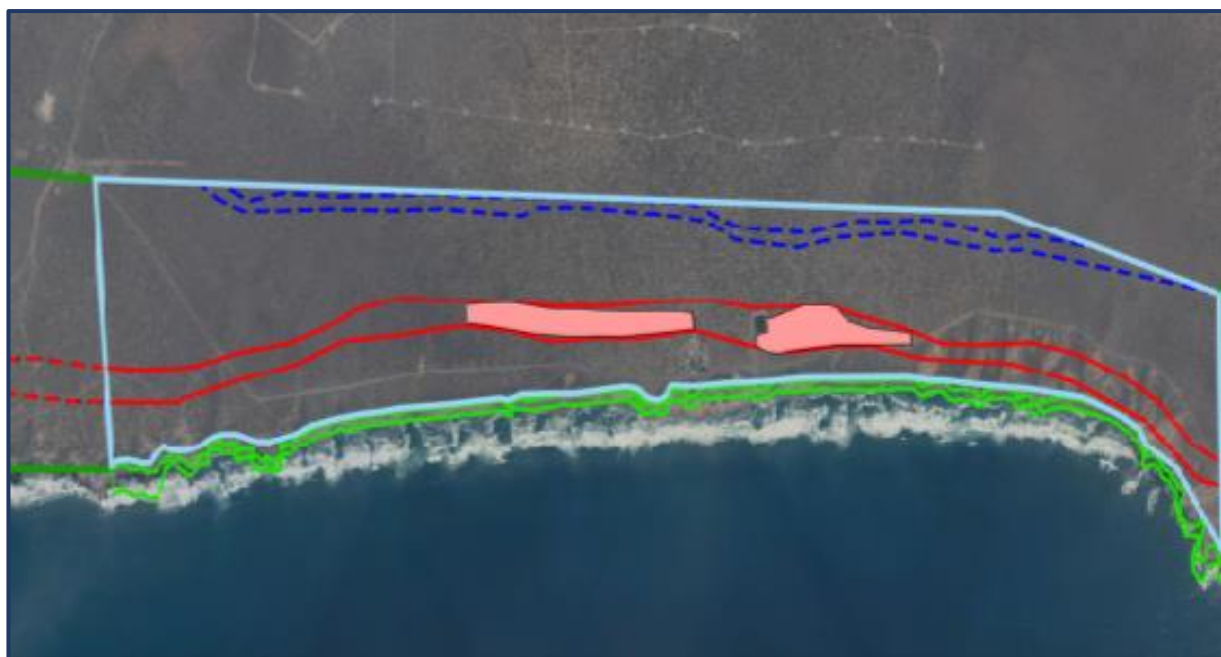


Figure 3 – Section 102 Mining Areas

For further details of the prospectivity of the wider Inland Strand prospecting area, refer to our ASX Release – High Grade Mineralisation Continues at Tormin Inland Strand – 7 July 2020.

A 10,000 metre step-out and infill resource drilling program for the Western and Eastern Strandlines and an aeromagnetic survey over the De Punt and Klipvley Karoo Kop prospecting application are planned.

Resource Update - Tormin

On 19 May 2020 the Company announced its maiden high-grade resource at Tormin's Northern Beaches of 2.5 million tonnes at 23.5% THM in the category of Measured, Indicated and Inferred using a 2% cut-off. The resource is based on drilling from only three (Beaches 5, 7 and 10) of the ten placer deposit style Northern Beaches adjoining the existing Tormin Mine.

The Mineral Resource (Table 1) demonstrates the high-grade nature of the deposit, with over 70% of the total resource reporting in the category of Measured at 24% THM. The Measured Resource categorisation is also higher than any of the historical resource estimates at Tormin, which have only ever been reported as high as Indicated. This represents yet another important milestone for the Company. The delivery of a maiden JORC Resource at the Northern Beaches effectively doubles the beach resource tonnes of this very high grade placer style beach system and its unique historical replenishment characteristics.

Category	Tonnes (t)	THM (%)	Zircon (%HMC)	Garnet (%HMC)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)
Measured	1,776,000	24.01	3.29	51.60	9.28	1.05	0.20	0.45
Indicated	680,000	22.16	5.09	44.94	8.25	0.94	0.18	0.81
Inferred	50,000	27.50	4.69	25.52	5.05	0.58	0.10	0.54
Total	2,507,000	23.58	3.77	49.27	8.90	1.06	0.16	0.55

Table 1-Total Mineral Resources for the Northern Beaches HM Deposit (2% cut-off grade)

SKALAND OPERATIONS

The Company sold 2,775t of graphite concentrate for the quarter as it focused on operational efficiencies at the Traelen mine and maintained production under COVID-19 restrictions in Norway and across the European continent.

Mining

Mining	Quarter ended 30-Jun-2020	Quarter ended 31-Mar-2020	Year to Date 30-Jun-20
Tonnes Mined	8,099	11,886	19,985
Waste Mined	612	5,992 ⁽¹⁾	6,604
Ore Mined	7,487	5,894 ⁽¹⁾	13,381
Ore Grade (%C)	28	28	28
Development Metres	96	95	191

Note (1) – Management has adjusted the prior quarter comparative results, with 3,848 tonnes reclassified from ore mined to waste mined.

Ore mined tonnes for the quarter were 27.0% higher than the previous quarter with operations returning to normal after the significant focus on development mining in the previous quarter. More development and probe drilling than originally planned during the quarter have been required to support mine development, slowing total material moved for the quarter. New equipment, including the new jumbo drill and road haul truck, have performed well.

A planned process plant maintenance shutdown occurred in January, which allowed mining development and ore supply to regain synchronisation with ore demand from the plant, explaining the high waste mined tonnes in the prior quarter.

Ore mined during the quarter has ensured sufficient ROM feed to the processing plant during the quarter to meet budget expectations. ROM feed to the processing plant for the quarter was 8,086 tonnes in comparison to 5,658 tonnes for the prior quarter.

Processing

Graphite concentrate production of 2,354t was in line with the quarterly budget of 2,397t. Production was above the previous quarter due to a planned shutdown in January. The plant treated 8,056t of ore, grading 28%C, relative to an 8,467t budget.

Processing	Quarter ended 30-Jun-2020	Quarter ended 31-Mar-2020	Year to Date 30-Jun-20
Ore Processed (t)	8,086	5,658	13,744
Throughput (tph)	7	6	7
Ore Grade (%C)	28	28	28
C Recovery (%)	94	94	94
Concentrate Grade (%)	89	90	89
Concentrate Produced (t)	2,354	1,656	4,010

Sales

Quarterly graphite concentrate sales of 2,775t slowed in comparison to the prior quarter (3,736t), reflecting the impact of the COVID-19 pandemic on customers and drawdown of the acquisition-related clearance of product inventory from the previous quarter. Optimisation initiatives, to increase the proportion of coarse flake in concentrate and improve the grade of the finer fractions in concentrate, have had a substantive effect in increasing the coarse/medium fraction to 43% in comparison to 38% in the previous quarter.

Product (wmt)	30-Jun-20 Quarter		31-Mar-20 Quarter		30-Jun-20 Year to Date	
	Sales	PSD %	Sales	PSD %	Sales	PSD %
Coarse/Medium	1,200	43%	1,264	34%	2,464	38%
Fine-Medium/Powder	1,575	57%	2,472	66%	4,047	62%
Total	2,775		3,736		6,511	

Sales revenue for the quarter was US\$1.5 million for a total of 2,775 tonnes sold.

Unit Costs & Revenues

Summary of Unit Costs & Revenues	30-Jun-20 Quarter	31-Mar-20 Quarter	30-Jun-20 Year to Date
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	405.02	771.37	564.53
Unit cost of goods sold per tonne of final concentrate sold (US\$/wmt) ⁽¹⁾	436.52	558.41	506.51
Unit revenue per tonne of final concentrate sold (US\$/wmt)	546.41	544.80	545.49

Note (1) – Cost of goods sold includes production cash costs, product handling, transport and selling costs, royalties, stock movements and depreciation and amortisation. Excludes corporate and financing costs.

Unit production costs were 47.4% lower than the previous quarter. This reflects a 27.4% increase in total graphite produced this quarter, given the plant shutdown in January, and a 33.1% decrease in production costs reflecting expenditure associated with additional maintenance costs which were associated with the January shutdown to focus on mine development and improve future ore supply in the prior quarter.

Unit cost of goods sold for the quarter was 21.8% lower than the prior quarter, reflecting 33.1% lower production cash costs, partially offset by a 25.7% decrease in final concentrate sold tonnes.

Unit revenue per tonne of final concentrate sold for the quarter of US\$546.41 is comparable to the prior quarter US\$544.80.

The Company continued to see demand for its Skaland graphite concentrate, which is sold directly into the European market, with sales remaining strong given the current global COVID-19 pandemic.

DEVELOPMENT

Munglinup Graphite Project

The final environmental studies are nearing completion with all supplementary report and additional baseline studies and management plans submitted in early July to the Western Australian Environmental Protection Authority ("EPA") and Commonwealth Department of Agriculture, Water and Environment ("DAWE"). The EPA and DAWE will review each of the respective environmental studies before a four week public consultation period commencing in or around September-October 2020. No fatal flaws have been identified in the studies. The Company will now move to the preparation of the Mining Proposal and Works Approvals submissions in anticipation of submission.

The Munglinup Project has been selected by the WA Geological Survey and Austrade to be included in the 2020 Critical Minerals Prospectus, which provides an overview of Australia's resource potential for critical minerals, and identifies mineral projects and operations, to help facilitate investment into the Australian critical minerals sector.

Downstream Graphite Projects

Further progress has been made on the Cooperative Research Centres Project ("CRC-P") to develop an environmentally sustainable purification process for graphite, with semi-optimised conditions established and variability testing near completion by the CSIRO. Further process optimisation, focusing on the recycling of reagents, is underway prior to pilot-scale testing.

Outside the CSIRO component, the Company has successfully produced battery grades with an alternate process, with optimisation of conditions also underway. The progress of two process routes provides flexibility in ensuring that a fit-for-purpose purification solution is developed. A market update on purification results within the CRC-P is expected in September quarter 2020.

The Company has also conducted test work with vendors on micronisation and spheronisation during the quarter. This program is expected to be completed early in the September quarter 2020, allowing for selection of a single vendor. The availability of large quantities of concentrate from Skaland means the vendor testing can be done cost-effectively and at scale, thereby increasing the level of confidence in scale-up performance.

With the encouraging progress of purification, micronisation and spheronisation studies the Company expects to deliver a Pre-Feasibility Study of its planned downstream development as early as the September quarter 2020.

The Company is also evaluating the potential for on-site micronisation at Skaland or an alternative industrial park to increase the basket price of its product suite at Skaland, leveraging from access to low-cost renewable energy at site.

Australian Exploration

In Doolgunna, site rehabilitation has been completed and terms negotiated with the traditional owners regarding a heritage agreement. In the September quarter 2020, the Company expects to execute a heritage agreement before submitting a detailed Programme of Work.

During the current quarter the heritage agreement negotiations commenced for Glen Florrie Channel Iron.

CORPORATE

Cash and Debt

At 30 June 2020, the Company had US\$5.7 million in cash on hand compared to US\$4.8 million at 31 March 2020. The movement in cash reflects completion of a A\$6.58 million equity placement, partially offset by ongoing operations during the quarter, general capital spend and deferral of bulk shipping receipts due to the uncertainty surrounding the COVID-19 pandemic and the customer dispute with GMA Group.

Trade and other receivables at 30 June 2020 increased to US\$21.4 million from US\$14.3 million for the prior quarter, driven by GMA invoices for the quarter remaining unpaid and increased VAT and diesel fuel rebate refunds owing from the South African Revenue Service. Borrowings as at 30 June 2020 were US\$5.7 million compared to US\$6.3 million in the previous quarter.

Outlook

In light of the current COVID-19 pandemic, management has deferred production guidance until there is greater certainty regarding the international economic outlook and the requisite impact on the Company's suppliers and customers. Whilst refraining from giving guidance, the Company takes encouragement that delivery of non-mags concentrate continues into China and sales are ongoing at Skaland for graphite concentrate. The Company is starting to see a return to the market for bulk ilmenite concentrates. Positively, the Company is also starting to receive strong interest in its expanded mining rights production by off-takers in the garnet and ilmenite industry. The Company expects to move into mining and the production of concentrates from the Northern Beach and the Inland Strand by September.

The Company is pleased to confirm that its acquisition of the Skaland Graphite Project and planned Anode Downstream Development Program in Norway has attracted a large amount of interest from international institutional investors, many of whom are located in Norway.

In order to access this investor demand, the Company is pursuing a secondary listing of its securities on a Norwegian regulated market. A resolution at the upcoming Annual General Meeting on 30 July 2020 will be put to shareholders seeking their approval for the Company to issue up to 100 million ordinary shares, to raise up to AU\$25 million. The proposed Norwegian Listing will increase exposure to the Company's European focused battery anode strategy in one of the world's most advanced markets for electric vehicle adoption. Additionally, it will assist the Company's near-term funding requirements and accelerate the development of its world-class mineral sands and graphite projects. Further information on the proposed listing and use of funds are outlined in the Notice of Annual General Meeting, released to the ASX on 26 June 2020.

Securities on Issue

Issued securities at the date of this report comprise:

- 455,091,571 fully paid ordinary shares listed on the ASX.
- 100,000 remaining Performance Rights exercisable on or before 31 May 2021, originally vesting at a rate of 150,000 per annum on 31 May 2019 to 2020 inclusive, and the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of five consecutive trading days. The remaining 100,000 Performance Rights are fully vested.
- 1,000,000 Performance Rights exercisable on or before 1 October 2021, vesting on the 30 day Volume Weighted Average Price ("VWAP") of the Company's Shares trading on the ASX being at or above A\$0.20 post issue, and 333,333 vested on 1 October 2018, 333,333 vested on 1 October 2019 and 333,334 vesting on 1 October 2020. 666,666 Performance Rights are fully vested.
- 1,000,000 Performance Rights exercisable on or before 31 May 2021, originally vesting on the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of 5 consecutive days, 500,000 vested on 25 June 2019 and 500,000 vested on 25 June 2020, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable. The 1,000,000 Performance Rights are fully vested.
- 1,000,000 Performance Rights exercisable on or before 30 September 2021, vesting on the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of 5 consecutive days, 500,000 vested on 11 October 2019 and 500,000 vesting on 11 October 2020, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable. 500,000 Performance Rights are fully vested.
- 500,000 Performance Rights exercisable on or before 14 May 2022, vesting on the VWAP being at or above AU\$0.26 and remaining at or above A\$0.26 for a period of 30 consecutive days, 500,000 vest on 14 May 2020 and 500,000 vesting on 14 May 2021, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable. Nil Performance Rights are fully vested.
- 150,000 Performance Rights exercisable on or before 28 February 2023, vesting on the 30 day VWAP of the Company's Shares trading on the ASX being A\$0.26 post issue, and 50,000 vested on 28 February 2020, 50,000 vesting on 28 February 2021 and 50,000 vesting on 28 February 2022. 50,000 Performance Rights are fully vested.

- ENDS -

Issue by: Mineral Commodities Ltd ACN 008 478 653

Authorised by: The Executive Chairman and Company Secretary, Mineral Commodities Ltd

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COMPETENT PERSONS STATEMENT

Tormin-The information in this statement which relates to Exploration Results, Mineral Resources or Ore Reserves for Tormin is based on information compiled by Mr Bahman Rashidi, who is a member of the Australian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"). Mr Rashidi is the Exploration Manager and a full-time employee of the Company and has over 22 years of exploration and mining experience in a variety of mineral deposits and styles. Mr Rashidi has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person in accordance with the JORC Code (2012). The information from Mr Bahman Rashidi was prepared under the JORC Code (2012). Mr Rashidi consents to inclusion in this report of the matters based on this information in the form and context in which it appears.

Skaland - The information if any, in this statement that relates to Mineral Resources is based on information compiled by Mr Ché Osmond, who is a Chartered Geologist (CGeol) of Geological Society of London and Fellow of the Geological Society (FGS) a Recognised Professional Organisation (RPO). Mr Osmond is Technical Director of Wardell Armstrong International ("WAI") an independent consultant to Mineral Commodities Ltd. Mr Osmond has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person in accordance with the JORC Code (2012). Mr Osmond consents to the inclusion in this report in the form and context in which it appears.

Munglinup -The information, if any, in this statement which relates to Mineral Resources for Munglinup is based on information compiled by Mr Chris De Vitry who is a member of the AusIMM and an independent consultant to the Company. Mr De Vitry is the Director and Principal Geologist of Manna Hill GeoConsulting Pty Ltd. Mr De Vitry has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined by the JORC Code (2012). Mr De Vitry consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

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