

## Highlights

- **Higher grades mined from Northern Beaches results in 26% increase in final concentrate production**
- **Revenue increased 26% (adjusted) reflects increased non-mags sales, higher unit pricing for ilmenite.**
- **Unit revenue per tonne of final concentrate sold at Tormin up 53.6%**
- **Production resumed at Skaland**
- **Mr Christoph Frey appointed as Chief Operating Officer of Graphite and Anode Materials (Europe)<sup>(1)</sup>**
- **COVID-19 – No material impact to Norwegian and South African operations. Supply chain logistics and markets largely unaffected**

(1) ASX release Appointment of Key Industry Expert– 2 November 2020.

## Corporate and Cash

**Cash:** US\$5.5 million as at 31 December 2020, plus US\$16.4 million in trade and other receivables, including USD\$7.5 million received in the first week of January 2021 for December 2020 sales

**Debt:** Borrowings as at 31 December 2020 of US\$6.2 million

**Securities:** 456.2 million shares and 2.6 million performance rights as at 31 December 2020

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

During the quarter Mineral Commodities Ltd ("MRC" or "the Company") continued to contend with the challenges presented by the COVID-19 global pandemic. The Company re-enforced measures to ensure risk to both employees and operations were minimised. Six employees tested positive to COVID-19 at Tormin in South Africa. Each employee was afforded medical care, isolated and contact traced to identify and limit the risk of further infection transmission. Thankfully each infected employee has since made a full recovery and returned to work after testing negative and completing a period of isolation. The site has moved between 'High' or 'Medium' alert levels based on positive results with daily audits now conducted to ensure managers engage with their teams to ensure members adhere to safe working protocols. No employees tested positive for COVID-19 at Skaland.

Operations and sales at both Tormin and Skaland remained unaffected by COVID-19 for the quarter.

During the period, South Africa eased travel restrictions that allowed expatriate employees to return to the country in the first week of October, which allowed the General Manager's return after being domiciled in Australia since March.

The welfare of personnel and the pandemic's financial and social impacts are under constant review by Executive Management and the Board. The Company continues to monitor governments' advice within each operating jurisdiction and update people and procedures accordingly.

The Company's 50% owned subsidiary, Mineral Sands Resources (Pty) Ltd ("MSR"), commenced mining at the Western Strandline in September and from the Northern Beaches in November 2020.

The Company mined 147,578 tonnes of ore at the Northern Beaches, part of the recently approved Section 102 Mining Right areas, for the quarter with a valuable heavy mineral ("VHM") grade at 27.51%. This is 16.67% above the VHM mineral resource grade (22.92%) for the Northern Beaches as outlined in the ASX Release - Tormin Northern Beach Delivers High Grade Maiden Resource – 19 May 2020.

Skaland's financial and operating performance was affected by planned and unplanned maintenance, with limited sales revenue, in part due to COVID related shutdowns in European markets. Production was suspended for a significant portion of the quarter incurring increased costs driven by extensive maintenance work carried out on the plant mills to bring them back into production.

## **SAFETY, ENVIRONMENT AND COMMUNITY**

The group TRIFR for the quarter declined from 8.99 in the September quarter to 5.77, which resulted from a safety audit and adopted proactive action taken at Skaland.

### **Tormin**

Tormin recorded its first LTI in 42 months in the December 2020 quarter. The LTI related to a trip and fall injury, with the team member now recovered from the injury.

COVID-19 temperature testing of all employees by site security remains in place. Six employees tested positive for COVID-19 and were isolated with the requisite contact tracing carried out immediately after to identify and limit the risk of further transmission. The Company is pleased to report that all infected employees have since returned a negative COVID-19 test and are back at work after completing a period of isolation.

Under the Company's Social Labour Plan ("SLP"), MRC invested circa ZAR1.5 million into various learnerships, internships, and bursary programs to benefit both employees and community students. SLP spend increased on the prior quarter but was still below anticipated due to COVID-19. The Company has invested ZAR7.5 million on SLP initiatives in the twelve months ended 31 December 2020.

### **Skaland**

Skaland safety performance improved with nil lost-time injuries occurring during the quarter. The Corrective Risks Register, developed as a result of an independent safety audit, was actively managed to ensure that risks in the workplace were dealt with directly and expediently.

The Company strives for best in class safe operating standards and completed a full independent safety audit to identify risks in the workplace and enhance its employees' safety awareness.

## TORMIN OPERATIONS

The Company improved mining production rates during the quarter, resulting in an annualised rate of 2.8Mtpa. The processing rate of 1.9Mtpa produced 82,797 tonnes of final concentrates, increasing 26% on the previous period. Total material mined for the quarter was 709,064 tonnes including 234,960 tonnes of waste from the Inland Strand area to allow for production next quarter.

### Mining

Mining	31-Dec-20 Quarter	30-Sep-20 Quarter	31-Dec-19 Quarter	Year to Date 31-Dec-20	Year to Date 31-Dec-19
Material Mined - Tonnes (dmt)	<b>709,064</b>	<b>893,282</b>	638,158	<b>2,828,312</b>	2,509,978
Ore Mined - Tonnes (dmt)	<b>474,104</b>	<b>667,781</b>	638,158	<b>2,367,851</b>	2,509,978
Waste Mined – Tonnes (dmt)	<b>234,960</b>	<b>225,501</b>	-	<b>460,461</b>	-
Grade (VHM)	<b>14.79%</b>	<b>11.41%</b>	10.50%	<b>9.89%</b>	11.15%
- Garnet	<b>10.14%</b>	<b>9.25%</b>	7.64%	<b>7.49%</b>	7.53%
- Ilmenite	<b>3.40%</b>	<b>1.48%</b>	2.07%	<b>1.72%</b>	1.81%
- Zircon	<b>0.89%</b>	<b>0.50%</b>	0.50%	<b>0.49%</b>	0.42%
- Rutile	<b>0.36%</b>	<b>0.18%</b>	0.17%	<b>0.18%</b>	0.21%

Mining grade improved materially during the quarter due to the introduction of 147,578 tonnes mined from the Northern Beaches at 27.51% VHM, representing 31% of total ore production during the quarter. Ore from the Northern Beaches has seen weighted average VHM grade increase ~30% during the quarter.

Run of Mine ("ROM") processing volumes reduced during the quarter to circa 1.9Mtpa, due to Northern Beaches commissioning and associated operational matters.

The mining production rate was higher than at the same time last year while still maintaining the 5.5 days per week working roster implemented in June 2019.

Mining	31-Dec-20 quarter		
	Northern Beaches	Tormin Beaches	Inland Strand
Ore Mined - Tonnes (dmt)	<b>147,578</b>	<b>318,138</b>	<b>8,388</b>
Grade (VHM)	<b>27.51%</b>	<b>10.72%</b>	<b>24.35%</b>
- Garnet	<b>17.99%</b>	<b>7.62%</b>	<b>9.24%</b>
- Ilmenite	<b>7.08%</b>	<b>2.18%</b>	<b>12.24%</b>
- Zircon	<b>1.68%</b>	<b>0.70%</b>	<b>2.04%</b>
- Rutile	<b>0.76%</b>	<b>0.22%</b>	<b>0.83%</b>

Trial mining during the quarter of 8,388 tonnes of Inland Strand ore reported VHM grade of 24.35% (including 2.04% zircon) which is 16.51% higher than the current JORC compliant resource average grade of the Section 102 mining area of the Inland Strand.<sup>2</sup> Tormin Beach VHM grade of 10.72% is slightly higher than VMH grade of ore production in the previous quarter.

## Processing

ROM feed tonnes to the Primary Beach Concentrators ("PBC") was lower for the quarter at 471,144 tonnes representing an average feed rate of 281tphr and 81% plant utilisation. Throughput slowed during the quarter to maximise recoveries from high-grade Northern Beaches ore during commissioning.

Heavy Mineral Concentrate ("HMC") production from the PBCs was 149,461 tonnes, compared to the prior quarter's 152,951 tonnes, offset by the higher grade ore from the Northern Beaches but effected by lower mined ore tonnes associated with commissioning activities.

GSP/SCP Production & Processing	31-Dec-20 Quarter	30 Sep-20 Quarter	31-Dec-19 Quarter	Year to Date 31-Dec-20	Year to Date 31-Dec-19
Tonnes processed (gross dmt)	<b>154,186</b>	156,573	126,798	<b>542,990</b>	589,473
Tonnes produced (dmt)					
- Garnet concentrate	<b>39,592</b>	50,473	36,634	<b>153,743</b>	179,057
- Ilmenite concentrate	<b>38,592</b>	13,193	10,050	<b>67,460</b>	49,937
- Zircon/Rutile concentrate	<b>4,613</b>	2,019	2,754	<b>10,090</b>	9,939
- zircon in concentrate	<b>67.47%</b>	67.80%	65.89%	<b>67.61%</b>	66.74%
- rutile in concentrate	<b>15.84%</b>	15.95%	14.64%	<b>15.95%</b>	15.36%

Total final concentrate production increased 26% to 82,797 tonnes, compared to the September quarter, reflecting the significantly higher grade material from the Northern Beaches. Improved Zircon and Rutile recoveries and optimised ilmenite concentrate production align with improved market conditions.

Ore processing of the Inland Strand is scheduled to begin in March 2021 after upgrades are completed on the primary beach concentration circuit. The Inland Strand material also requires additional infrastructure, including installing a thickener and desliming circuit, and a Mobile Front End Unit (MFEU) to prepare inland strand ore for processing. The Company is fast-tracking these process infrastructure initiatives and anticipates the processing infrastructure will be in place in the March quarter to commence processing the Inland Strand.

## Sales

Sales (wmt)	31-Dec-20 Quarter	30-Sep-20 Quarter	31-Dec-19 Quarter	Year to Date 31-Dec-20	Year to Date 31-Dec-19
- Garnet concentrate	<b>1,707</b>	278,839	<b>53,288</b>	<b>387,121</b>	213,150
- Ilmenite concentrate	<b>55,000</b>	54,249	<b>54,310</b>	<b>109,249</b>	216,616
- Zircon/Rutile concentrate	<b>3,005</b>	2,184	<b>2,492</b>	<b>9,072</b>	10,444

Tormin shipments/sales were 3,005 wet metric tonnes of zircon/rutile concentrate, 55,000 wet metric tonnes of ilmenite, 1,707 wet metric tonnes of garnet and 200 dry metric tonnes of magnetite concentrate sales. Revenue is below budget due to lower production than budgeted, the deferral of Inland Strand production into 2021, and Northern Beaches production effectively beginning in November.

Product sales revenue improved to US\$9.1 million for a total 59,712 wet metric tonnes sold, in comparison to prior period revenue of US\$33.3 million for 335,272 wet metric tonnes sold.

2- ASX release Massive Increase in Mineral Resources at Tormin – 27 August 2020

The anomalies in revenue related to an 'extraordinary item' from the prior period being the settlement of a contractual dispute with GMA Group (US\$26.1 million). Without the settlement, the comparative revenue for the previous quarter is US\$7.2 million. The 26% increase in revenue reflects increased non-mags sales and higher unit pricing for ilmenite.

## Unit Costs & Revenues

Summary of Unit Costs & Revenues	31-Dec-20 Quarter	30-Sep-20 Quarter	31-Dec-19 Quarter	Year to Date 31-Dec-20	Year to Date 31-Dec-19
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	<b>86.14</b>	57.66	98.58	<b>71.15</b>	84.40
Unit cost of goods sold per tonne of final concentrate sold (US\$/wmt) <sup>(1)</sup>	<b>110.03</b>	66.10	91.59	<b>63.28</b>	89.27
Unit revenue per tonne of final concentrate sold (US\$/wmt)	<b>152.67</b>	99.42	122.33	<b>108.43</b>	132.13
Revenue to Cost of Goods Sold Ratio	<b>1.39</b>	1.50	1.34	<b>1.71</b>	1.48

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.

The December quarter's unit production cash costs were 35.1% higher, reflecting a 35.2% increase in production costs offset by a 26.2% increase in concentrate production. The increased production cost relates to decreased mining and plant production from commissioning at the Northern Beaches and lower garnet recoveries. Other contributing factors include increased cost to mine the Northern Beaches and higher Inland Strand cost associated with pre-stripping.

The total unit cost of goods sold for the quarter was US\$110.03/t, compared with US\$66.10/t in the preceding quarter. Unit costs were inflated due to the skewed ratio of garnet concentrate production (39,592) to sales (1,707) and increased production costs associated with Inland Strand pre-stripping and increased distance travelled to the Northern Beaches ore deposit.

Unit revenue per tonne of final concentrate sold for the Quarter of US\$152.67/t is 53.6% above US\$99.42/t for the previous quarter reflecting the higher proportion of non-mags sales and minimal garnet sales during the December 2020 quarter.

Revenue to Cost of Goods Sold Ratio for the Quarter is 1.39 compared to the previous quarter of 1.50, reflecting the higher unit cost of goods sold this quarter.

## Exploration and Permitting

During the period the Company completed a 564 line-km high-resolution horizontal gradient fixed-wing airborne magnetic and radiometric survey over its Tormin exploration permitted areas with 100-metre survey line spacing and 35-metre flying height above ground level. Significant anomalies and drilling targets were identified in the area. The Du Pont prospecting Environmental Authorisation was granted and subsequently appealed. The Company is confident of its responses to the relevant appeals and expects a favourable decision in the March quarter. Upon granting MRC intends to immediately commence exploration drilling on PR10240 the De Punt prospect targeting increasing the size of its existing mineral resources.

The Company continued a 10,000-metre drilling campaign. Resource drilling of the remaining Northern Beaches was completed along with drilling at the Tormin Beaches for the annual resource audit. Drilling in the Eastern and Western Strandline is ongoing, including infill drilling in the existing target resource areas and the extent of the known mineralised zones on the northern and southern extensions.

## Tormin Expansion

As previously reported the Tormin expansion to install and commission processing equipment to mine the Inland Strand and move to downstream processing for the production of finished ilmenite and garnet products continued according to the scheduled expansion program. The Company's development program is expected to be implemented in the following phases.

### Phase 1

#### Phase 1A & B

Upgrades of Inland Strandline Primary Concentration processing through the existing PBC/TSP module 2, to enable capacity of 800,000tpa<sup>3</sup>. This phase is scheduled to be completed in February 2021 and incorporates:

- 225t mobile scrubbing plant and primary crushing circuit;
- Deslime cyclone and pumps retrofitted to PBC/TSP 2;
- Installation of 18-metre thickener;
- Overland piping for disposal of tailings into the mining void;
- Initial Inland Strand concentrate processing rate of 0.8Mtpa; and
- Purchase of additional mining fleet, haulage, and dozing equipment to facilitate overburden and mining of the Inland Strand increase production requirements.

#### Phase 1C

Increases PBC/TSP 2 throughput to enable capacity from 0.8Mtpa<sup>3</sup> to 1.25Mtpa<sup>3</sup> by retrofitting additional spirals. This phase targeted for completion by May 2021 and includes:

- Additional spirals retrofitted to PBC/TSP 2 and modifications to increase PBC/TSP 2 throughput to enable capacity from 0.8Mtpa<sup>3</sup> to 1.25Mtpa<sup>3</sup> of Inland Strand ore, whilst maintaining recoveries.

### Phase 2

#### Phase 2

Includes increasing Inland Strand processing capacity to enable capacity from 1.25Mtpa<sup>3</sup> to 2.5Mtpa<sup>3</sup>, taking total PBC Circuit capacity at Tormin Inland Strand and the Northern Beaches of 3.75Mtpa.

This phase is scheduled to be completed by July 2021 and includes:

- With an additional 225t scrubber circuit, the mobilisation of the Phase 1A & B scrubber unit from the existing processing area to a location directly adjacent the Inland Strand mining area, optimising mining and processing costs;
- The installation of the MFEU, comprising drive over bin, grizzly, scrubbers and screens;
- Constant Density tank to provide consistent feed to the PBC/TSPs;

- Relocation of PBC/TSP 2 to the MFU to enable processing capacity of 1.25Mtpa<sup>3</sup> of Inland Strand ore;
- Fabrication of PBC/TSP 3 to process an additional 1.25Mtpa<sup>3</sup> of Inland Strand ore taking total inland strand processing capacity to 2.5Mtpa<sup>3</sup>; and
- Construction of a mobile track-mounted beach mining unit complete with overland piping booster pumps to eliminate and minimise conventional excavation/truck haul mining methods. Initially, used at the Northern Beaches mining operations.

### *Phase 3*

Construction of ilmenite and garnet dry Magnetic Separation Plant ("MSP"); producing finished garnet and ilmenite by March 2022.

This phase is scheduled to be completed by March 2022 and includes the construction of:

- Ilmenite MSP with a finished ilmenite capacity of 150Ktpa<sup>3</sup>.
- Garnet MSP with a finished garnet capacity of 250Ktpa<sup>3</sup>; and
- Supporting infrastructure, including administration and operations building, canteen, new heavy vehicle workshop, relocated logistics warehouse, sewage treatment facilities; and new concentrate stockpile area.
- Eskom 10MGW connection to the Sere Wind Farm (targeted completion by end of 2021). The Eskom connection will deliver significant cost reductions in existing deisel power generation and continue to move the Company towards sustainable energy generation for its operations.

Current engineering estimates will complete in the next quarter. Based on the current study work, the Company anticipates the expansion program will be completed at significantly lower cost than initially anticipated.

## **SKALAND OPERATIONS**

Skaland's financial and operating performance was affected by unplanned maintenance and delayed restarting of production in the December quarter, with limited sales revenue. Production recommenced during the quarter after a longer than anticipated maintenance shutdown with increased costs driven by the extensive maintenance work done on the plant mills to bring them back into production.

The Company sold 1,314 tonnes of graphite concentrate during the quarter compared to 1,088 tonnes in the prior quarter, reflecting increased production. Total product produced and bagged was 992 tonnes for the quarter, a 202.4% increase above the previous period's results.

3- These upgrades represent expected capacity inly and does not represent actual production guidance. Specific annual production guidance is provided on an annual and quarterly basis.

## Mining

Mining	31-Dec-20 Quarter	30-Sep-20 Quarter	31-Dec-19 Quarter	Year to Date 31-Dec-20	Year to Date 31-Dec-19
Tonnes Mined	3,227	5,682	13,900	28,893	44,500
Ore Mined	978	3,770	9,000	18,128	31,000
Waste Mined	2,249	1,912	4,900	10,765	13,500
Ore Mined	978	3,770	9,000	18,128	31,000
Ore Grade (%C)	28	28	28	28	26
Development Metres	24	8	57	223	214

Total tonnes mined for the quarter was 43.2% lower than the previous quarter. Ore production was 74.1% lower than the last quarter with increased development work to access a new ore stope level. Higher development meters during the quarter was due to improved scaler carrier availability.

Ore production was stockpiled before the plant's restart midway through the quarter. ROM feed to the processing plant for the quarter was 3,996 tonnes compared with 581 tonnes in the prior quarter due to production recommencing in November and ROM ore build-up.

Mine planning has advanced to commence the new decline development to access higher grade ore resources. The first development blast is planned for January 2021. The decline development allows access to, what is expected to be a consistently high-grade ore body. The Company is looking at options to accelerate development by contracting experienced underground mining contractors.

## Processing

As highlighted, the process plant maintenance shutdown occurred for half of the December quarter. The shutdown was for essential repairs to the plant mills. The Company experienced long wait times for replacement parts due to the mills' age and manufacture; wait times were exacerbated by the effects of COVID on international and local procurement.

Graphite concentrate production of 992 tonnes was above the last quarter production of 328 tonnes. Both quarters production are well below budgeted expectation due to the plant being non-operational for an extended period.

Processing	31-Dec-2020 Quarter	30-Sep-2020 Quarter	31-Dec-19 Quarter	Year to Date 31-Dec-20	Year to Date 31-Dec-19
Ore Processed (t)	3,996	581	10,112	18,321	37,088
Throughput (tph)	7	7	7	7	8
Ore Grade (%C)	23	25	28	27	26
C Recovery (%)	89	93	93	91	92
Concentrate Grade (%)	87	88	91	90	91
Concentrate Produced (t)	992	328	2,945	5,549	9,780



## Sales

Quarterly graphite concentrate sales of 1,314 tonnes increased compared to the previous period (1,088 tonnes), reflecting strengthening market conditions, including more robust demand for traditionally lower value Fine-Medium/Powders.

Product (wmt)	31-Dec-20 Quarter		30-Sep-20 Quarter		31-Dec-19 Quarter		Year to Date 31-Dec-20		Year to Date 31-Dec-19	
	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %
Coarse/Medium	262	20%	426	39%	776	39%	3,152	35%	2,467	34%
Fine-Medium/Powder	1,052	80%	662	61%	1,231	61%	5,741	65%	4,808	66%
Total	1,314		1,088		2,007		8,893		7,275	

Sales revenue for the quarter was US\$0.7 million for a total of 1,314 tonnes sold.

The Company expects to see strengthening global graphite market pricings resulting from China's situation of understocked, vulnerable supply chains, with dwindling local supply and environmental forced closures all contributing. High seaborne freight costs out of China to Europe will also contribute to higher prices in the near term.

## Unit Costs & Revenues

As a result of the shutdown of operations at Skalands, the quarter-on-quarter unit cost ratios are not reported for the quarter. The abnormal unit production cash costs and unit cost of goods sold for the quarter result from a primarily fixed operating cost base offset by low production and sales during the quarter because of the forced shutdown.

## Skalands Expansion

The Company has advanced its previously stated expansion initiatives for the Skalands mine which will see a staged optimisation of concentrate grades and increased production from the stated 10Ktpa to permitted capacity of 16Ktpa. Progress for the quarter includes:

- Commencement of the decline operation;
- Replacement and modernisation of existing mining equipment, including underground scaling, haulage, loading, blasting, and drilling equipment.
- Procurement of long-lead items for 4<sup>th</sup> floatation circuit including:
  - Jameson cell
  - Stirred media grinding mill
- Recruitment of senior key executive personnel including Mine Engineer and Mine Surveyor.

## DOWNSTREAM GRAPHITE

After completing the Active Anode Materials Plant (AAMP) PFS in the September quarter, the Company is continuing with scale-up test work to purify spherical graphite from Munglinup and Skaland using the chemical (caustic/acid leach) and carbo-chlorination processes described in the PFS, under the CRC-P project.

The Company has also commenced coating and electrochemical coin cell testing of samples from Munglinup and Skaland, purified by a range of methods, to evaluate performance. Updates on the testwork are expected next quarter. This work will support a Definitive Feasibility Study on the AAMP in 2021. Discussions are continuing with potential customers on the evaluation of anode material from the Company's graphite assets, with Skaland, in particular, benefiting from being an operational asset in Europe. Early production of spherical graphite at Skaland is under evaluation.

## DEVELOPMENT

### Munglinup Graphite Project

The editing and updating of EPA Supplementary Reports and Studies to suit the EPA feedback has been completed and was submitted to the Department of Water and Environmental Regulation ("DWER") on 19 November 2020. The Company awaits DWER's response to the reports which is expected towards the end of January 2021. The focus of the MRCG team currently is to facilitate EPA approval for these documents so that the public environmental review process can commence.

The 4-week public consultation period (PER) is therefore anticipated to start in early February 2021.

### Australian Exploration

The heritage agreement with the Yunguga-Nya group was finalised over Doolgunna tenements and Gravity Recoverable Gold (GRG) test works on the bulk samples in the Nargom laboratory were completed.

At Glen Florrie, a field visit for sampling and mapping was undertaken. A decision will be made on the continuing exploration of this tenement in Q1 once results have been assessed.

## CORPORATE

### Cash and Debt

As at 31 December 2020, the Company had US\$5.5 million in cash on hand compared to US\$15.7 million as at 30 September 2020, with an additional US\$7.5 million in cash received in the first week of January 2021 for sales completed in December 2020. The movement in cash reflects ongoing operations during the quarter including ilmenite shipment costs, corporate tax payments in South Africa and capital spend developing and optimising the new mining areas of the Section 102 Mining Right, offset by receipts from non-mags and graphite sales.

Trade and other receivables as at 31 December 2020 increased to US\$16.4 million. Included in trade receivables is US\$6.5 million owing from a 55,000 tonne ilmenite shipment, US\$1.0 million from non-magnetic sales in late December, and US\$3.5 million due from the South African Revenue Service. Borrowings as at 31 December 2020 were US\$6.2 million compared to US\$5.9 million in the previous quarter.

As outlined in the 2020 Notice of Annual General Meeting, the Company, in consultation with two leading Nordic Investment Banks, sought and received shareholder approval for the issue of up to 100,000,000 fully paid ordinary shares through a secondary listing of the Company's securities on a Norwegian regulated market. The proceeds are aimed to support various development and expansion initiatives. The capital raising and listing process in Norway progressed during the quarter. Due to matters outside the control of the Company, including the delays caused by the COVID pandemic resulting in the inability of any of the Company's executives and advisors being able to travel to Norway, and the traditional Norwegian holiday period, the secondary listing process has taken longer than originally contemplated by the Company. As a result of this delay the Company has sought and been granted a waiver from ASX Listing Rule 14.7 to the extent necessary to permit the Company to issue up to 100,000,000 shares no later than 28 February 2021. This provides for additional time for the Board to consider all relevant matters towards the end of this year and early in the New Year in order to assess the most opportune time to raise the relevant capital and proceed to Listing.

Mr Christoph Frey was appointed Chief Operating Officer of Graphite and Anode Materials (Europe). Mr Frey commenced consulting to the Company in April 2020 and has been responsible for managing flake graphite marketing and sales. In Mr Frey's expanded role, he will continue to oversee graphite marketing and sales and will also be responsible for mining and processing activities and provide direct leadership of the Company's European graphite operations, including the development of the Company's Active Anode Materials Plant.

## Outlook

Tormin's zircon/rutile concentrate continues to attract strong pricing with high levels of demand expected to continue, with the overall zircon market stabilising after a period of strong growth. Pricing did soften during the December 2020 quarter, but management expects pricing to hold or rebound somewhat in the new year. Ilmenite pricing remains strong, and the Company confirms market reconnaissance of future supply deficits in the market.

Final concentrates production guidance for Tormin and Skaland in 2021 is provided below. The company cautions it should be viewed in light of the ongoing COVID-19 pandemic risks.

Final Concentrate Production - Tormin	FY2021 Production Guidance Range	FY2020 Actual Production
Garnet Concentrate (dmt)	<b>200,000 – 240,000</b>	153,743
Ilmenite Concentrate (dmt)	<b>130,000 – 160,000</b>	67,460
Zircon/Rutile Concentrate (dmt)	<b>20,000 – 40,000</b>	10,090

Final Concentrate Production - Skaland	FY2021 Production Guidance Range	FY2020 Actual Production
Coarse / Medium Product (dmt)	<b>2,000 – 4,000</b>	1,562
Fine-Medium / Powder Product (dmt)	<b>6,000 – 8,000</b>	3,987
Micronised Fines	<b>400 - 800</b>	-

Final Concentrate Sales - Tormin	FY2021 Sales Guidance Range	FY2020 Actual Sales
Garnet Concentrate (dmt)	<b>200,000 – 240,000</b>	381,400 *
Ilmenite Concentrate (dmt)	<b>100,000 – 140,000</b>	107,162
Zircon/Rutile Concentrate (dmt)	<b>20,000 – 40,000</b>	8,693

Final Concentrate Sales - Skaland	FY2021 Sales Guidance Range	FY2020 Actual Sales
Coarse / Medium Product (dmt)	2,000 – 4,000	3,152
Fine-Medium / Powder Product (dmt)	6,000 – 8,000	5,741
Micronised Fines	400 - 800	-

\* The higher garnet sales in 2020 reflects the outcome of the settlement with GMA Group, which included recognition of sales of 206,124 tonnes that were prepaid in prior periods. This is why garnet sales is significantly higher than garnet production in 2020.

The Company's operating Skaland mine and proposed development of the Munglinup Graphite Project in geostrategic jurisdictions will ensure the production of quality graphite concentrates from mine gate to its planned downstream battery anode and specialised graphite finished products facilities. The momentum in demand in the critical battery raw materials supply chain from battery cell manufacturers continues unabated. The Company continues to receive active interest from significant participants in this space.

## Securities on Issue

Issued securities at the date of this report comprise:

- 456,241,571 fully paid ordinary shares listed on the ASX.
- 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. 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 vested on 11 October 2020, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable. 1,000,000 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 vesting on 14 May 2021, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable.
- 100,000 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 vested 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 Chief Executive Officer and Company Secretary, Mineral Commodities Ltd**

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## COMPETENT PERSONS STATEMENT

**Tormin**-The information in this statement which relates to Exploration Results and Mineral Resources 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.