



ASX: MRC

31 March 2021

2020 FULL YEAR RESULTS

Mineral Commodities Ltd (ASX: MRC) is pleased to release its audited financial report for the year ended 31 December 2020.

There has been no change to the preliminary final results released on 26 February 2021. The final report is updated to include the remuneration report, the related party note, auditor's independence declaration and the final audit report.

Attached is a full year results presentation providing a summary of the results to shareholders.

ENDS

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About Mineral Commodities Ltd:

Mineral Commodities Ltd is a global mining and development company with a primary focus on the production of high-grade Mineral Sands and Natural Flake Graphite from operations in South Africa and Norway.

The Company intends to construct an Anode Manufacturing Plant in Norway to become a vertically integrated producer of low carbon emission, environmentally friendly, natural Battery Anode Material to capitalise on the fast-growing demand for sustainably manufactured Lithium-Ion Batteries.



2020 Year Results

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The information, if any, in this presentation which relates to Exploration Results, Mineral Resources or Ore Reserves for Tormin is based on information compiled by 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 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 the report of the matters based on this information in the form and context in which it appears

The information, if any, in this presentation which relates to Mineral Resources for Munglinup is based on information compiled by Mr 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 and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined by the JORC Code (2012). The information from Mr De Vitry was prepared under the JORC Code (2012). Mr De Vitry consents to inclusion in the presentation of the matters based on this information in the form and context in which it appears.

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

The information, if any, in this presentation which relates to Exploration Results, Mineral Resources or Ore Reserves for Xolobeni is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences (“AIG”), a Corporate Member of the AusIMM and independent consultant to the Company. Mr Maynard is the Director and Principal Geologist of Al Maynard & Associates Pty Ltd and has over 38 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves (“JORC Code (2004)”). This information was prepared and first disclosed under the JORC Code (2004). It has not been updated to comply with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code (2012)”) on the basis that the information has not materially changed since it was last reported. Mr Maynard consents to inclusion in the presentation of the matters based on this information in the form and context in which it appears.

The information if any in this presentation which relates to Skaland 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 and an independent consultant to the Company. 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 as defined by the JORC Code (2012). Mr Osmond consents to inclusion in the presentation of the matters based on this information in the form and context in which it appears.

COVID-19 IMPACT

MRC sought to minimise risks to both employees and operations by adopting appropriate testing and screening while adjusting operational procedures to be consistent with world health advice to limit infection.

Global markets retracted at the onset of the pandemic, but returned to normal in the second half of the year.

COVID-19 and global border restrictions **significantly impacted management's ability to travel**. The situation abated towards the end of the year in South Africa and intensified in Norway during the northern hemisphere winter.

Foremost for MRC was the **wellbeing of the Company's employees and social impacts of the virus on its communities**. Importantly, the Company is pleased to report that **no employee lost employment or suffered a loss of any direct wages or salary due to the pandemic**. The financial and operational impacts of COVID-19 are under constant review by Executive Management and the Board. The Company continues to monitor governments' advice within its operating jurisdictions and update protocols and people accordingly. There remains a significant degree of uncertainty in terms of how the COVID-19 pandemic will affect the progress of the Company's projects going forward.

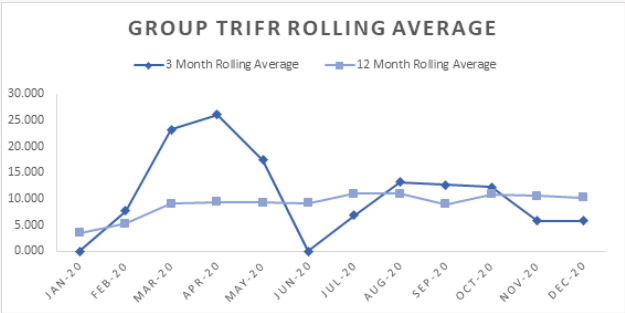


Tormin operations were suspended for 18 days due to the nationwide lockdown in South Africa during the 2020 financial year.

Skaland operations were not directly impacted, however travel restrictions affected the Company's ability to complete its business integration process.

GROUP SAFETY PERFORMANCE

The health and safety of employees continues to be at the forefront of MRC’s operating practices. Importantly, the Company continues to operate with a no fatality track record across all operations since inception.



10.2
Group TRIFR 2020
(2019 3.4)

Tormin incurred one injury through a contractor-reported LTI.

Skaland had two lost-time injuries occur during 2020. Both employees returned to work within three days of the incidents.

Independent safety audit of systems and procedures completed.
Comprehensive risk register developed for structured implementation.

Total recordable injury frequency rate (per million hours worked)			
Year ended 31 December	2020	2019	2018
Group	10.24	3.43	1.55
- South Africa	8.55	4.36	1.77
- Norway	33.88	-	-
- Australia	-	-	-



ENVIRONMENT SUSTAINABILITY

No significant environmental incidents occurred during the year.

Maintained commitment to self-imposed environmental discipline in operations - Given the sensitivities of the coastal operating environment at Tormin and the proximity of Skaland's operations to fjords.

Soon to become one of the few global mining companies whose processing operations run on mostly renewable energy, with the anticipated connection to the 100MW Sere wind farm near Tormin and the existing use of hydro generated electrical power at Skaland.

2021 - carbon footprint map of operations, to be integrated into Global Reporting Initiative ("GRI") reporting.



2020 FINANCIAL PERFORMANCE

“ the financial year has proved significant not only in delivering solid financial results but in unlocking the value of the Tormin, Skaland and Munglinup mining assets, delivering for shareholders its jurisdictional and commodity diversification strategy “

	31-Dec-20 US\$'000	31-Dec-19 US\$'000	Variance %
Revenue	63,548	61,784	3% ↑
Adjusted EBITDA	21,332	16,483	29% ↑
Profit before tax	15,630	11,867	32% ↑
Profit for the year	13,443	7,828	72% ↑
Diluted earnings per share	3.15	1.85	70% ↑
Operating Cashflow	3,159	13,270	-76% ↓
Cash	5,643	8,093	-30% ↓
Net Assets	61,210	45,989	33% ↑



Tormin - New Inland Strand mining areas under development

2020 YEAR FINANCIAL RESULTS

The Revenue and EBITDA both up due to higher overall sales volumes and lower operating costs

	31-Dec-20	31-Dec-19	Variance
	US\$	US\$	%
Revenue from continuing operations			
Sale of product	\$ 59,764,235	\$ 59,514,773	0%
Other revenue	\$ 3,784,174	\$ 2,268,797	67%
	\$ 63,548,409	\$ 61,783,570	3%

2020 REVENUE UP 3%

Increased revenue due to the first full year of Skaland sales (2020 US\$4.9M, 2019 US\$1.3M)

Tormin revenue (US\$2.1M lower):

- 50% decrease in ilmenite concentrate shipments
- 13% decrease in zircon and rutile shipments
- Decrease in zircon and rutile pricing
- Increase in garnet revenue (GMA Settlement)

	31-Dec-20	31-Dec-19	Variance
	US\$	US\$	%
Expenses			
Mining and processing costs	\$ 43,391,211	\$ 44,593,585	-3%
Administration expenditure	\$ 5,637,413	\$ 5,219,587	8%
Depreciation and amortisation	\$ 5,717,066	\$ 4,774,797	20%
Adjusted EBITDA	\$ 21,332,236	\$ 16,483,385	29%

ADJUSTED EBITDA UP 29%

Increased EBITDA:

- higher sales volumes and revenue
- Fair value gain on Skaland acquisition value of US\$1.3M
- Lower corporate costs

2020 YEAR FINANCIAL RESULTS

NPAT increased due to improved sales performance, gain on Skaland purchase, lower mining and processing costs and reduced effective tax rate.

	31-Dec-20	31-Dec-19	Variance
	US\$	US\$	%
Profit before income tax	\$ 15,630,375	\$ 11,867,343	32%
Income tax expense	-1,756,807	-4,039,112	-57%
Profit after income tax	13,873,568	7,828,231	77%
Profit for the year	13,442,548	7,828,231	72%

NPAT UP 72%

The profit before income tax expense ("NPBT") - 32% increase reflecting improved sales performance, gain on fair value of Skaland acquisition, lower mining and processing costs and reduced effective tax rate.

NPAT – Increased due to lower effective tax rate of 11% (2019: 34%) because of positive tax effect of foreign exchange movements during the year.



2020 YEAR FINANCIAL RESULTS

Summary of Tormin Unit Costs & Revenues

Summary of Unit Costs & Revenues	Full Year to 31-Dec-20	Full Year to 31-Dec-19	Variance %
Unit production cash costs per tonne of net final concentrate produced (\$/dmt)	71.15	84.40	-16%
Unit cost of goods sold per tonne of final concentrate sold (\$/wmt)	63.28	89.27	-29%
Unit revenue per tonne of final concentrate sold (\$/wmt)	108.43	132.13	-18%

TORMIN UNIT COSTS & REVENUES

Production cash costs - 18% lower, including 14% rand depreciation and a 23% decrease in diesel price.

The total unit cost of goods sold lower – Lower production costs, increased bulk shipments (GMA Settlement) and positive garnet inventory adjustment.

Unit revenue per tonne of final concentrate sold - Reduced zircon and rutile sales and short-term decline in ilmenite price due to COVID-19 in China.

Summary of Unit Costs & Revenues	Full Year to 31-Dec-20	Full Year to 31-Dec-19	Variance %
Revenue to Cost of Goods Sold Ratio	1.71	1.48	16%

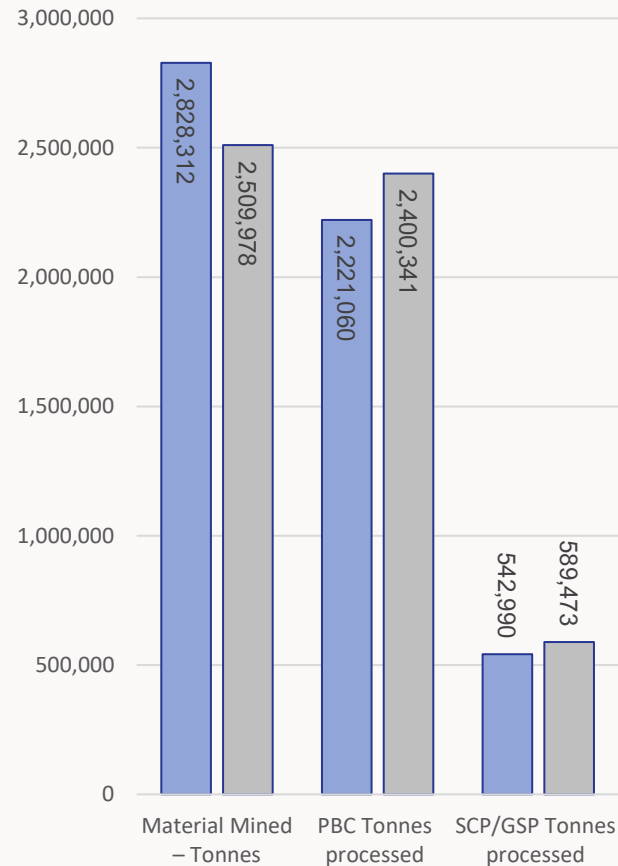
TORMIN REVENUE TO COST OF GOODS SOLD RATIO

Gross profit margins higher - Lower unit costs, due to lower production cash costs, increased volumes of bulk shipment (GMA Settlement) and positive garnet inventory adjustment.

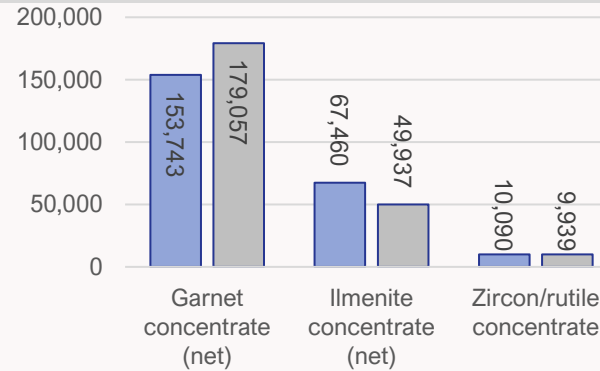
TORMIN - PRODUCTION & SALES

Production and Sales Performance Full Year 2020

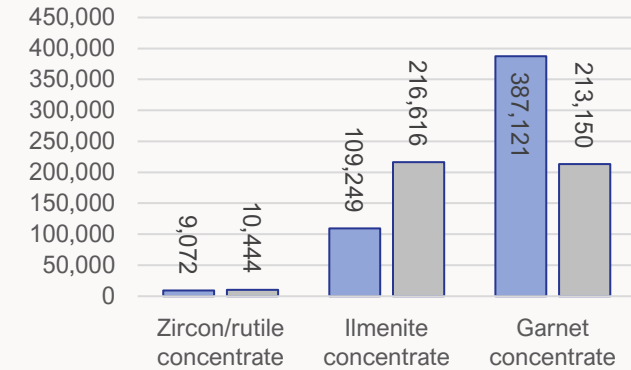
TONNES MINED / PROCESSED



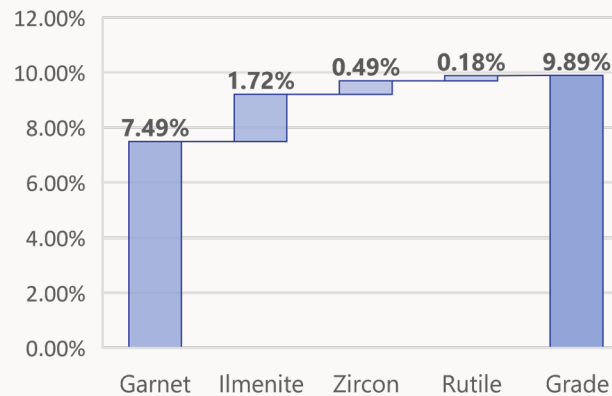
CONCENTRATE TONNES PRODUCED ⁽¹⁾



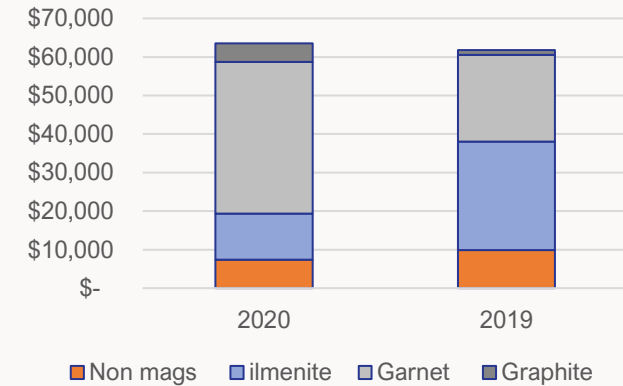
CONCENTRATE TONNES SOLD ⁽²⁾



HEAVY MINERAL GRADE



REVENUE BY CONCENTRATE (,000)



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

2020

2019

SKALAND - PRODUCTION & SALES

Production and Sales Performance Full Year 2020

Processing	31-Dec-20	31-Dec-19*	Variance %
Ore Processed	18,321	37,088	-51%
Throughput (tph)	7	8	-13%
Ore Grade (%C)	27	26	4%
Carbon Recovery (%)	91	92	-1%
Concentrate Grade (%)	90	91	-1%
Concentrate Produced (t)	5,549	9,780	-43%

Product Category	31-Dec-20		31-Dec-19*	
	Sales	%	Sales	%
Flake/Medium	3,152	35%	2,467	34%
Fine-Medium/Powder	5,741	65%	4,808	66%
Total Sales (wet metric tonnes)	8,893		7,275	



Skaland – Processing operations

COMMUNITY

Social Labor Plan (“SLP”) programs - in excess of ZAR7.5 million was committed.

Community-based enterprise and infrastructure support:

- Sponsoring full-time teachers at local schools, distributing 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.
- Local enterprise development and the funding of Small, Medium Micro Enterprise development programs; however, the impact of the COVID-19 pandemic has meant these projects have largely been deferred to 2021.
- BEE preferential procurement expenditure was **ZAR229 million**, exceeding all targets set under the South African Mining Charter.

The Company remains on track for its future 2019-2023 Social Labour Plan with the Department of Mineral Resources and Energy, which underpins the Company’s commitment to local enterprise development, education and infrastructure projects and initiatives. The total committed expenditure over five years is ZAR36.8 million.

SOCIAL LABOR PLAN PROGRAMS ZAR7.5 MILLION





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