

COMMENCEMENT OF DECLINE MINING AT TRÆLEN GRAPHITE MINE

- New stage of mining at Trælen graphite mine with the commencement of down-dip mining for the first time in the mine's operational history
- Down-dip development provides access to graphite resources to support continued processing operations at Skaland
- Down-dip development also enables further exploration and infill drilling to target expanded resources and delivery of Mineral Reserves
- Testwork for supporting expanded processing capacity in progress and engineering studies to commence

Mineral Commodities Ltd ("MRC" or "the Company"), through its 90% owned subsidiary, Skaland Graphite AS ("Skaland"), is pleased to announce that mining operations have commenced at the Trælen Mine accessing the decline of the main Trælen deposit. The first ore face from the newly completed decline was blasted on 10 June 2021.

Acting Chief Executive Officer Russell Tipper said, *"The commencement of decline mining represents a new chapter in the life of Trælen mining operations, which until now have been following the graphite ore up the mountain. It not only supports continued processing operations at Skaland, but also our exploration and infill drilling program targeting the delivery of an expanded resource base and the first Mineral Reserve Estimate for Trælen in the coming months. In parallel, we are progressing metallurgical testwork to support an expansion of production at Skaland with the delivery of a PFS in early Q4. Skaland continues to be a cornerstone of MRC's strategy for a value-added graphite business"*.



Figure 1: High grade Graphite blasted in the decline, level +5mRL.

Background

The Skaland Graphite Operation is located in northern Norway on the island of Senja. Tromsø is the nearest major town, with a population of around 65,000, some 70km to the northeast. Graphite was first discovered in the area in 1870 and production started in 1917. Skaland Graphite AS formerly extracted graphite ore from the Skaland mine which is located directly alongside the existing processing and port infrastructure, but since 2007, ore to the plant has been sourced from the nearby Trælen Mine.

MRC took operational control of the Skaland Graphite Operation in October 2019 and, as part of the acquisition, MRC secured permitting tenure for a further 10 years. The operation is owned by Skaland Graphite AS, in which the Company holds a 90% interest. Skaland is the largest flake graphite producer in Europe and the fourth-largest producer globally outside of China. Skaland is presently one of the world's highest-grade operating flake graphite mines with mill feed grade averaging around 28% C. Skaland accounts for around 2% of global annual natural flake graphite production.

After completing the acquisition of Skaland, the Company has moved quickly to undertake a re-evaluation of the mineral resources in the Trælen Graphite Mine by re-logging, re-sampling and re-assaying of drilling core, to build a 3D block model of the deposit. No previous JORC resource estimation had been undertaken for the Skaland or Trælen deposits.

A maiden JORC Code (2012) compliant resource of 1.78 million tonnes at 22% TGC, using a 10% cut-off, in the categories of Indicated and Inferred containing 397kt of graphite was reported in March 2020 for the Trælen deposit. The Trælen mine delivered 19kt of ore to the processing plant in 2020, which was deducted from the total resource (Table 1).

Table 1 - Total mineral resources for the Trælen graphite deposit (10% cut-off) in 2021¹

Category	Tonnes (Mt)	Total Graphitic Carbon (%)	Contained Graphite (Mt)
Indicated	0.38	26	0.101
Inferred	1.37	21	0.291
Total	1.76	22	0.392

The Company commenced a 3,000m drilling program in March 2021 to upgrade the current resource and subsequently delivered an Ore Reserve estimate after the drilling program, which is expected to be completed in August 2021.

MRC's anode strategy aims to produce natural anode material using low-cost renewable energy and an environmentally friendly purifying technology to capitalise on the fast-growing demand for sustainably manufactured lithium-ion batteries throughout Europe. Production at Skaland will ramp up from 10,000 tonnes per annum in 2020-2022 towards the 16,000 tonnes per annum limit in 2023², with studies to further expand production underway.

1- ASX Release – ANNUAL MINERAL RESOURCE AND ORE RESERVES STATEMENT, 26 February 2021.

Down-dip development

A mining contractor has been engaged for down-dip development at Trælen to access additional known resources at Trælen beneath the already mined out up-dip resources of the deposit, following an initial Life of Mine ("LOM") based on the 2020 Mineral Resource Statement, targeting resources between levels +5m to -115m (below sea level).

The deposit is open at depth beyond the planned development levels and there are also several promising side lenses that require further drilling. Exploration and infill drilling has commenced to support an updated Mineral Resources Estimate and the first JORC compliant Ore Reserve Statement for Trælen.

Down-dip development waste will be backfilled into the current mining void which will allow safe access to further up-dip resources and eliminate mine waste disposal outside the Trælen mountain. The mining concept is essentially a mirror of the current up-dip mining, changing from bottom-up to top-down progress. The level height will be 20m with ore extraction from the bottom of each level.

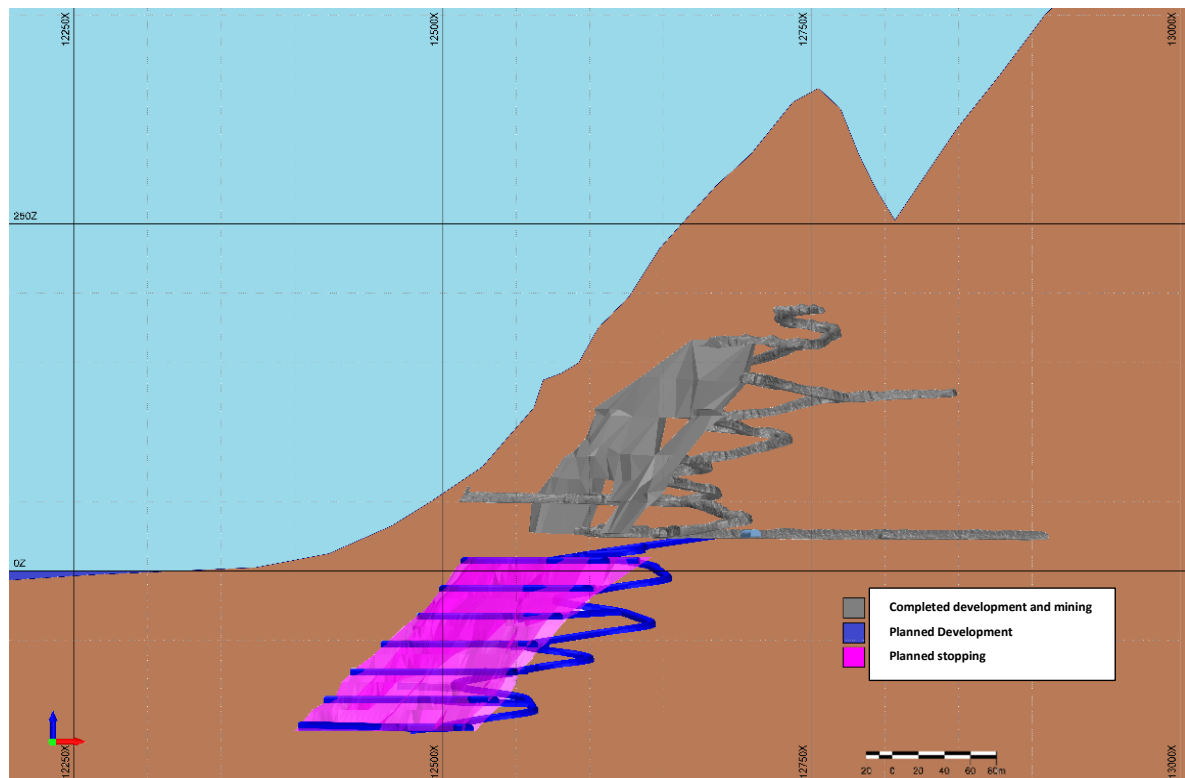


Figure 2 – Development plan at Trælen graphite mine

Skaland Graphite AS has been producing around 10kt of graphite concentrate per annum but under the operation's current production permits, this can be increased to produce up to 16,000 tonnes per annum².

2- This represents expected capacity only and does not represent actual annual production guidance. Specific annual production guidance will be provided on a quarterly and annual basis.

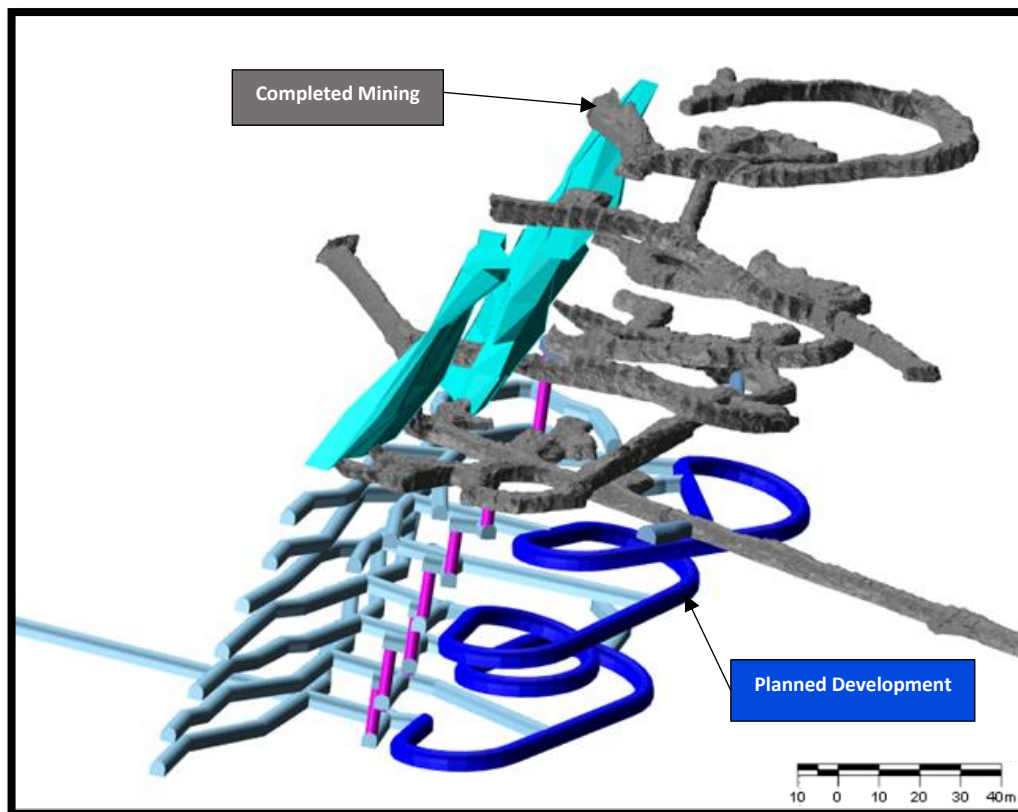


Figure 3: Oblique view of the decline development, looking northeast.

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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 mineral sands 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.

Cautionary Statement

This report may contain forward-looking statements. Any forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. It should be noted that several factors could cause actual results or expectations to differ materially from the results expressed or implied in the forward-looking statements.