



MRC OPERATIONS UPDATE

Mineral Commodities Ltd (“MRC” or “the Company”) provides the following updates on its operations.

Tormin

Section 93 Update

As announced in the Company’s March Quarterly Activities Report, Mineral Sands Resources (Pty) Ltd (“MSR”), the Company’s 50% owned South African subsidiary operating the Tormin mine, received notice from the Department of Mineral Resources and Energy (“DMRE”) under Section 93(1)(a) of the Mineral and Petroleum Resources Development Act, 2002 (“the Act”) concerning alleged non-compliance with the Act and the conditions of the mining rights for 10107MR and 10108MR (“Tormin Beaches”) for the period up to the beginning of March 2021.

Zamile David Qunya, a director of MSR and MRC, and Debbie Ntombela, also a director of MRC, undertook a review of the matters and prior management practices, with the assistance of MSR management, in order to respond to the Notice and formulate remedial plans, including measurable deliverables. MSR’s response was presented to representatives of the DMRE, who have subsequently undertaken a site visit and held further discussions with MSR management and stakeholders.

MSR has acknowledged the areas where improvement in compliance is required and has implemented proactive measures to ensure ongoing compliance. Whilst the Section 93 Notice has not yet been formally lifted, Mr Qunya and Ms Ntombela have reported positive feedback from the DMRE, which will continue to monitor the ongoing implementation and adherence to the compliance measures before the Notice is removed.

2021 Production and Sales Guidance

As reported in the March Quarterly Activities Report, production and sales guidance for 2021 was to be reviewed after management and the Board reconsidered forecast production plans in light of year to date performance. This review has resulted in a more measured expansion program at the Company’s Tormin Mineral Sands Operation that will increase capacity for Inland Strand mining based on a new Mining Right, which the Company expects to submit in Q3 2021, covering the extended Inland Strand mineralisation on the Company owned Geewal Karoo farm. Accordingly, the anticipated increase in year on year production from FY20 will not be realised in FY21.

Forecast production of ilmenite and non-mags for the half year to 30 June 2021 and the full year to 31 December 2021 remains above FY20 levels, with garnet production expected within 10% of that for FY20, given the lower garnet grade of the Inland Strand.

Forecast sales of non-mags for the half year to 30 June 2021, and the full year to 31 December 2021 remain above FY20 levels in line with higher production. Forecast ilmenite sales for the full year to 31 December 2021 may be consistent with the results for FY20, dependent upon shipment timing. Forecast garnet sales in FY21 will be in line with forecast FY21 production but below FY20 sales, given FY20 sales reflected the outcome of the settlement with the GMA Group, and the recognition of sales of 206,124 tonnes that were prepaid in prior periods.

Skaland

The Company is pleased to advise that plant operations have resumed at Skaland, coinciding with striking first ore in the new decline development. A failure of the drive motor for the autogenous grinding mill resulted in downtime at the processing plant during the second quarter, following the repairs necessitated by a fire in the plant exhaust system as detailed in the Company's March Quarterly Report.

ENDS

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Authorised by the Board of Mineral Commodities Ltd**

For further information, please contact:

INVESTORS & MEDIA

Peter Fox

Investor Relations and Corporate
Development

T: +61 8 6373 8900

investor@mncom.com.au

CORPORATE

Peter Torre

Company Secretary

T: +61 8 6373 8900

peter@torrecorporate.com.au

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.