

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

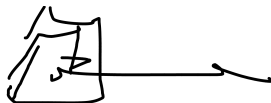
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**This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3**

Current Reporting Period: Half-year ended 30 June 2021

Previous Corresponding Period: Half-year ended 30 June 2020

For and on behalf of the Directors



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**PETER TORRE**  
**COMPANY SECRETARY**

Dated: 30 August 2021

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

<b>Revenue and Net Profit</b>		<b>USD'000's</b>
Revenue from ordinary activities	up 41% to	22,470
Net Profit for the period attributable to members	down 84% to	853

**DIVIDENDS**

No dividends have been paid or declared during the interim period. The Directors do not recommend the payment of a dividend in respect of the interim period.

**COMMENTARY**

**The directors report accompanying this preliminary final report contains a review of operations and commentary on the results for the half year ended 30 June 2021.**

**NET TANGIBLE ASSET BACKING**

	<b>30 June 2021</b> <b>US\$'000's</b>	<b>30 June 2020</b> <b>US\$'000's</b>
Net Assets	61,954	47,133
Net tangible assets of the Company	61,954	47,133
Fully paid ordinary shares on issue at Balance Date	456,241,571	455,091,571
Net tangible asset backing per issued ordinary share as at Balance Date	0.14	0.10

**AUDIT DETAILS**

The accompanying half yearly financial report has been reviewed. A signed copy of the review report is included in the financial report.

# **Mineral Commodities Ltd**

ABN 39 008 478 653

## **Half-Year Financial Report 30 June 2021**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by Mineral Commodities Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act, 2001.

## DIRECTOR'S REPORT

The Directors present their report on the Consolidated Entity ("the Group"), consisting of Mineral Commodities Ltd ("MRC" or "the Company") and the entities it controlled at the end of or during the half-year ended 30 June 2021. The consolidated financial statements are presented in United States Dollars ("\$"), unless otherwise stated, which is the Company's presentation currency.

## DIRECTORS

The following persons were Directors of the Company in office during the half-year, and up to the date of this report:

David Lewis Baker	Independent Non-Executive Chairman
Peter Patrick Torre	Non-Executive Director and Company Secretary
Guy Walker	Non-Executive Director (Appointed on 29 June 2021)
Zamile David Qunya	Non-Executive Director (Appointed on 15 April 2021)
Russell Gordon Tipper	Executive Director
Debbie Ntombela	Independent Non-Executive Director

## REVIEW OF OPERATIONS

The Company provides shareholders with an update of the Company's activities during the half-year ended 30 June 2021. The Company improved mining production rates at Tormin, from the Northern Beaches and Western Strandline part of the Section 102 Mining Right areas acquired in June 2020, and announced a new stage of mining at the Trælen graphite mine with the commencement of down-dip development for the first time in the mine's operational history.

During the half-year, the Company continued to contend with the challenges presented by the COVID-19 global pandemic. The challenges of COVID-19 warranted the Company's strict internal protocols, with any affected employee afforded medical care, isolated and contact traced to identify and limit the risk of further infection transmission. The Company is grateful that to date, all infected employees have made a full recovery and returned to work after testing negative and completing a period of isolation. Operations and sales at both Tormin and Skaland remained largely unaffected by COVID-19 for the half-year, except for the inability to get head office technical personnel to site.

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.

### Safety, Environment and Community

The ongoing commitment to developing a safe working environment and culture continues. Encouragingly, this half-year saw the three-month rolling TRIFR reduce to nil and the twelve-month rolling TRIFR significantly reduced. There were no LTIs during the half-year.

COVID-19 continues to present a health and safety risk to employees. Employees testing positive are isolated with contact tracing carried out immediately to limit the risk of further transmission. COVID-19 temperature testing of all employees by site security remains in place.

Under the Company's Social Labour Plan ("SLP") at Tormin, the Company has invested circa ZAR2.3 million in the first half of 2021 into various learnership, internship and bursary programs to benefit both employees and community students. Initiatives within the local community and workplace included bursaries, scholarships, traineeships, internships, apprenticeships, and adult basic education programs.

The Company is also committed to local enterprise development and the funding of Small and Medium Micro Enterprise development programs, however the impact of the COVID-19 pandemic has meant these projects have largely been deferred.

## REVIEW OF OPERATIONS (CONTINUED)

### Tormin Mineral Sands Operation (continued)

#### Tormin Operational and Financial Performance

In the context of the global interruption caused by COVID-19, the Company delivered a solid operating performance during the first half of 2021. The following key production and sales metrics were achieved:

Mining Production	Half-Year to 30 June 2021	Half-Year to 30 June 2020
Material Mined - Tonnes (dmt)	2,415,025	1,225,966
Ore Mined – Tonnes (dmt)	1,485,998	1,225,966
Grade	15.11%	7.22%
Garnet	8.47%	5.57%
Ilmenite	5.21%	1.15%
Zircon	1.00%	0.32%
Rutile	0.43%	0.11%

Mining and processing operations at the Tormin Mineral Sands Operation started a new era with the mining and processing of ore from the Northern Beaches and Inland Strand deposits, part of the Section 102 Mining Right areas acquired in June 2020. The Company improved mining production rates during the half-year, resulting in an annualised rate of 4.8 million tonnes per annum ("MTPA") of material moved and 3.0 MTPA of ore mined.

Run of Mine ("ROM") ore mining production is 21% above the previous half-year due to increased fleet, shorter cycle times for Inland Strand mining and minimal impact from COVID-19. The improved Valuable Heavy Mineral ("VHM") grade reflects the higher-grade ores mined from Inland Strand and Northern Beaches during the period, with mining from the Tormin Beaches stopped in April 2021 to allow replenishment of that placer beach deposit. Significant Inland Strand ROM stockpiles have been built during the half-year in anticipation of further optimisation of the primary beach concentration circuit in the September 2021 quarter.

Processing and Production	Half-Year to 30 June 2021	Half-Year to 30 June 2020
<b>Primary Beach Concentrators</b>		
Tonnes processed (dmt)	978,360	1,171,548
Heavy mineral concentrate (dmt)	303,334	246,072
% Heavy mineral	38.52%	25.26%
<b>Garnet Stripping Plant/Secondary Concentrator Plant</b>		
Tonnes processed (dmt)	279,698	232,231
<b>Tonnes produced (dmt)</b>		
Garnet concentrate (net)	54,232	63,686
Ilmenite concentrate (net)	50,282	15,675
Zircon/Rutile concentrate	6,528	3,457
% Zircon in concentrate	70.39%	67.69%
% Rutile in concentrate	19.86%	16.10%

ROM feed to the PBCs for the half-year was 978,360 tonnes at an average feed rate of 288 tonnes per hour ("tph") at 88% plant utilisation, with the throughput 16% below the previous half-year's 1,171,548 tonnes at an average feed rate of 336tph, reflecting the lower feed rate of Primary Beach Concentrator ("PBC") 2 to accommodate the feed from the Inland Strand ROM prior to further optimisation in the September 2021 quarter.

Heavy Mineral Concentrates ("HMC") production from the PBCs produced 303,334 tonnes, compared to the prior half-year's 246,072 tonnes, due to the significant improvement in infeed grade from the Inland Strand and Northern Beaches, partially offset by the lower throughput from the Inland Strand prior to further optimisation.

## REVIEW OF OPERATIONS (CONTINUED)

### Tormin Mineral Sands Operation (continued)

Garnet Stripping Plant/Secondary Concentration Plant ("GSP/SCP") feed of 279,698 tonnes was above the prior half-year's 232,231 tonnes. The GSP/SCP operated at 85% utilisation with an infeed throughput rate of 84 tph to optimise product recoveries.

Total final concentrate production increased 34% to 111,042 tonnes, compared to the previous half-year, reflecting increased tonnes of higher grade HMC from the Northern Beaches and Inland Strand, in turn driven by the higher ore grades

MRC and GMA Group executed a garnet offtake agreement for 100,000 tonnes of garnet concentrate per annum commencing 1 January 2021 for 3 years with automatic renewals thereafter, subject to a minimum six-month termination period. The offtake agreement with GMA Group forms the foundation of the revenue base at Tormin, with GMA's annual commitment representing 65% of 2020 garnet production.

Sales (wmt)	Half-Year to 30 June 2021	Half-Year to 30 June 2020
Garnet concentrate	56,500	106,575
Ilmenite concentrate	54,100	-
Zircon/Rutile concentrate	8,540	3,892

Product sales revenue at Tormin for the half-year was US\$21 million for a total 119,140 wet metric tonnes sold, above the prior half-year's revenue of US\$12 million for 110,467 wet metric tonnes sold. The higher sales revenue reflects an ilmenite bulk shipment this half-year (nil ilmenite shipments during the 30 June 2020 half-year), increased garnet pricing and higher non-magnetic concentrate sales from higher non-magnetic concentrate production.

The following table summarises Tormin's unit costs and revenues for the half-year to 30 June 2021:

Summary of Unit Costs & Revenues	Half-year to 30 June 2021	Half-year to 30 June 2020
Unit production cash costs per tonne of net final concentrate produced (\$/dmt)	112.51	91.20
Unit cost of goods sold per tonne of final concentrate sold (\$/wmt) <sup>(1)</sup>	151.34	29.44
Unit revenue per tonne of final concentrate sold (\$/wmt)	172.84	111.81
Revenue to Cost of Goods Sold Ratio	1.14	3.80

(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 were impacted by the change in mined tonnes, grades, and mining areas, with the half-year's US\$112.51/t for 111,042 final concentrate tonnes produced higher than the prior period's US\$91.20/t for 82,818 final concentrate tonnes produced. Higher unit costs were the direct result of higher production cash costs that were partially offset by higher final concentrate produced. Higher cash costs reflect a 13% appreciation of the Rand against the US dollar, the transition of mining and processing staff back to 24/7 production during the half-year, the higher cost of mining Inland Strand material, which includes overburden removal in comparison to standard beach mining, and higher transport costs of trucking HMC material produced at the Northern Beaches back to the GSP for processing.

Total unit cost of goods sold of US\$151.34/t for the half-year for 119,140 final concentrate tonnes sold reflects the higher proportion of non-magnetic concentrate sales. The prior period comparative was significantly below underlying performance due to a material positive garnet inventory adjustment during the previous half-year.

Unit revenue per tonne of final concentrate sold for the half-year of US\$172.84/t is above US\$111.81/t for the previous half-year reflecting the higher proportion of higher value non-magnetic concentrate sales this half-year and higher garnet pricing.

## REVIEW OF OPERATIONS (CONTINUED)

### Tormin Mineral Sands Operation (continued)

Revenue to Cost of Goods Sold Ratio for the half-year is 1.14 compared to the prior period's 3.80. The prior period comparative was significantly above underlying performance due to a material positive garnet inventory adjustment during the previous half-year. The ratio at 1.14 reflects the higher proportion of non-magnetic concentrate sales in the current half-year, partially offset by higher production costs and higher product shipping costs, reflecting global shipping challenges due to the COVID-19 pandemic.

#### Expansion

Phased expansion at the Inland Strand mining areas continued with upgrades in primary concentration processing via the existing PBC/TSP module 2 to enable processing capacity of 800,000tpa as previously disclosed. The upgrades undertaken during the half-year were completed in early April 2021 for Inland Strand material production and incorporated:

- 225t mobile scrubbing plant and primary crushing circuit;
- Deslime cyclone and pumps retrofitted to PBC/TSP 2;
- 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 increased production requirements.

#### Exploration and Permitting

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. The purported legacy operational issues reflect not publishing the approved Social and Labour Plan (SLP), non-compliance with the Employment Equity target of 40% historically disadvantaged persons ("HDP") participation in management, non-compliance regarding the involvement of HDP owned entities in the Procurement Programs (40% - Capital Goods and 70% - Services) and our Career Progression Program.

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 responding to the notice and formulating 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.

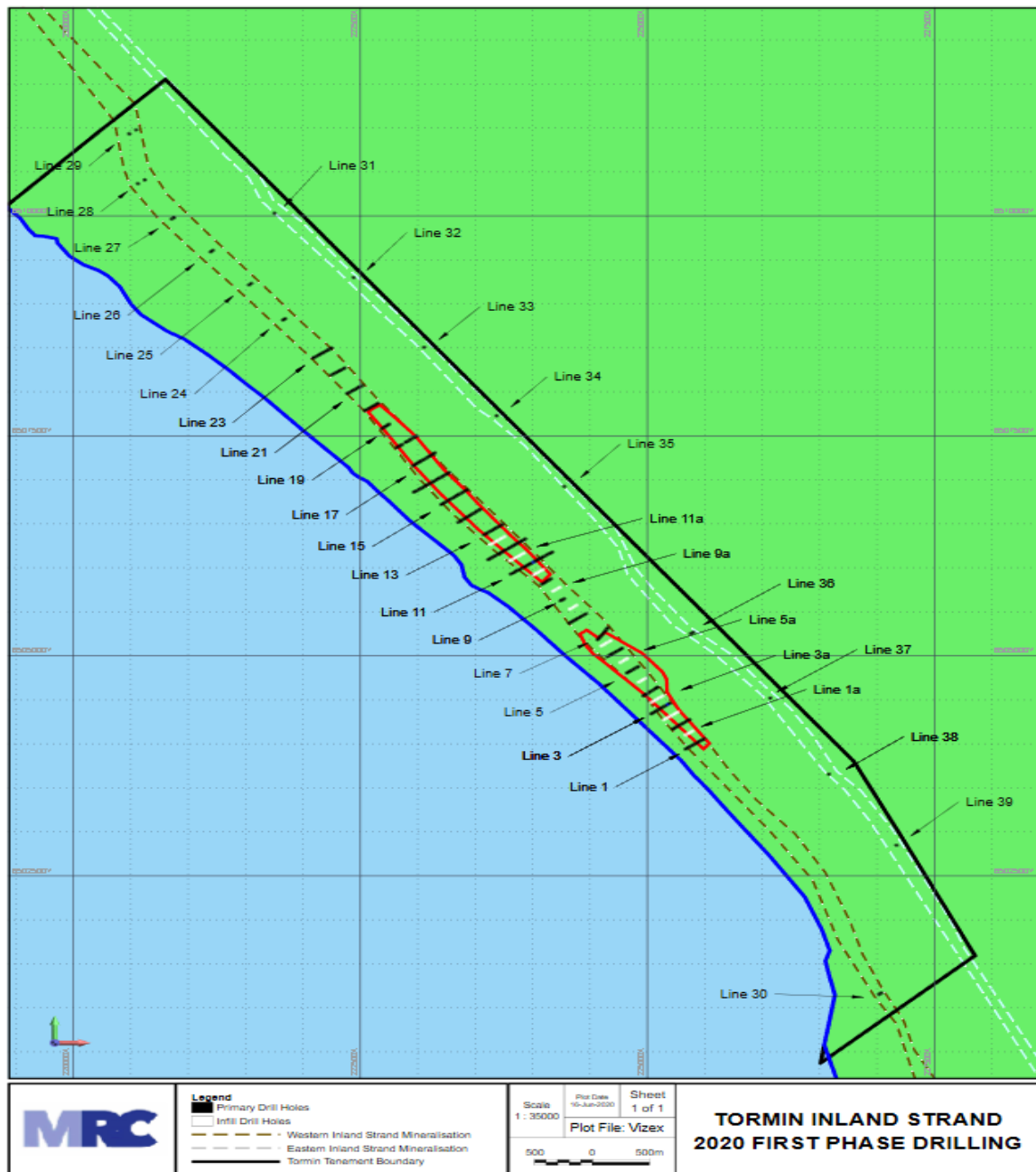
In May 2021, the second phase of step-out and infill drilling at the Inland Strand has been completed with a total of 9,831 metres drilled, consisting of 256 holes for 5,595 metres in the Western Strandline and 107 holes for 4,236 metres in the Eastern Strandline. The drilling program focused on resource definition outside the 162 and 163 Expanded Mining Right area in the Western Strandline as well as the Eastern Strandline.

Significant results from the extensional drilling on the Western Strandline to the south of the 162 and 163 Expanded Mining Right include:

- Hole CI-01) 6m @ 40.5% THM from 34 metres;
- Hole CI-02) 6m @ 46.4% THM from 34 metres;
- Hole CI-05) 37m @ 21.9% THM from 11 metres;  
(Including: 7m @ 42.1% THM from 31 metres and 3 metres @ 67.3% THM from 50 metres); and
- Hole CI-08) 18m @ 23.3% THM from 12 metres (Including: 5 metres @ 32.3% THM from 21 metres).

## REVIEW OF OPERATIONS (CONTINUED)

### Tormin Mineral Sands Operation (continued)



The Company has two Prospecting Rights under application, both adjoining PR10262 on the Company owned farm, Geelwal Karoo 262:

- PR10348 - Klipvley, immediately to the north, covers an area approximately 16km in length and 3,970 hectares, and
- PR10240 - De Punt, which adjoins immediately to the south, covering an area of approximately 13.4km in length and 4,495 hectares.

Both Prospecting Right application areas are highly prospective for the continuation of Western and Eastern Inland Strandlines due to the nature of constant mineralisation along the coastal zone. Drilling conducted to the northern and southern extremities of PR10262 intersected the Western Inland Strandline open in both directions and continuing north and south of the delineated ore body.



## REVIEW OF OPERATIONS (CONTINUED)

### Tormin Mineral Sands Operation (continued)

#### Tormin Resource and Prospecting Activities

The Company provided its current Annual Mineral Resource and Ore Reserves Statement to the market on 26 February 2021, recognising Total Group Mineral Resources of Heavy Mineral Sands contained a combined estimate of 456 million tonnes at 6.8% Total Heavy Minerals ("THM"), containing 31.2 million tonnes of in situ Heavy Mineral.

The Tormin and Northern Beaches are high-grade placer beach mineral sands deposits hosting naturally occurring zircon, ilmenite, rutile, magnetite and garnet. As active placer beach deposits, the Tormin and Northern Beaches are unique due to the rate that mining areas are naturally replenished by storm and oceanic wave action and the speed that the mineralisation actively replenishes. The heavy minerals in the beaches are regularly replaced by the deposition of new sediments from deeper waters, much of which has derived from the erosion of deposits accumulated in the elevated historic beach terraces onto the present beach. This replenishment occurs because of the natural highly dynamic nature of sediment transport processes on beaches in this area.

The Company first commenced commercial mining at Tormin in 2014 over a 12 kilometre zone of beach area ("Tormin Beaches") directly in front of the existing processing infrastructure. Mining Rights to the Tormin Beaches were renewed in 2019, and the permits allow the Company to continue mining operations for a further 10 years, providing security of tenure until 2029.

Since operations commenced at Tormin, the Group has mined over five times the initial Indicated Resource of 2.7 million tonnes at an average head grade of 30% THM over the life of mining. Mining has now been ongoing for over seven years and at 30 June 2021, a total of 14.17 million tonnes of material has been processed. The tonnage processed is more than the declared resource tonnage, which is indicative of the replenishing nature of the resource where resource blocks are mined more than once per year.

In 2021, MRC temporarily stopped mining at the Tormin Beaches to assess and improve the replenishment process. The Company intends to manage mining in the future at Tormin and the Northern Beaches year on, year off, to maximise replenishment characteristics during the alternating periods of non-mining.

Total Mineral Resource for the Tormin Beaches is estimated at 1.13 million tonnes at 13.67% THM in the Measured, Indicated, and Inferred category using a 2% cut-off.

The annual Tormin Mineral Resource review for the Tormin Beaches was completed in February 2021, with results as follows:

#### Total mineral resources for the Tormin Beaches deposit (2% THM cut-off) at 31 December 2020

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (%HM)	Garnet (%HM)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)
Measured	0.25	13.59	0.03	1.62	35.77	4.90	0.69	0.10	0.30
Indicated	0.72	13.92	0.10	3.88	50.32	9.07	1.16	0.10	0.19
Inferred	0.16	12.72	0.02	4.41	51.53	10.05	1.23	0.10	0.19
<b>Total</b>	<b>1.13</b>	<b>13.67</b>	<b>0.15</b>	<b>3.46</b>	<b>47.33</b>	<b>8.30</b>	<b>1.07</b>	<b>0.10</b>	<b>0.22</b>

- Mineral assemblage reported as in situ percentage of THM content

The Northern Beaches incorporate ten beaches directly north of and adjoining the Tormin Beaches. The areas unite semi-continuous tenements approximately 23.5 kilometres in length, covering an area of 398 hectares of beach sands prospective for zircon, rutile, ilmenite, garnet, leucoxene and magnetite.

Total Mineral Resource for the Northern Beaches is estimated at 3 million tonnes at 23.2% THM in the category of Measured, Indicated and Inferred using a 2% cut-off. The updated Mineral Resources represent an overall increase of 23% of the total material tonnes and 20% of the contained in situ heavy minerals at the Northern Beaches.

## REVIEW OF OPERATIONS (CONTINUED)

### Tormin Mineral Sands Operation (continued)

#### Total Mineral Resources for the Northern Beaches HM Deposit (2% cut-off grade) at 31 December 2020

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (%HM)	Garnet (%HM)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)
Measured	1.65	24.01	0.39	3.29	51.60	9.28	1.05	0.20	0.45
Indicated	1.08	23.15	0.25	4.10	50.06	7.68	0.99	0.17	0.60
Inferred	0.29	18.03	0.05	3.38	46.97	5.15	0.77	0.16	0.55
<b>Total</b>	<b>3.02</b>	<b>23.24</b>	<b>0.7</b>	<b>3.57</b>	<b>50.77</b>	<b>8.43</b>	<b>1.03</b>	<b>0.17</b>	<b>0.51</b>

- Mineral assemblage reported as in situ percentage of THM content

The Inland Strand mining areas granted under the Section 102 Mining Right in mid-2020 include two areas approximately 5.6 kilometres in total length, covering 75 hectares of high-grade mineralisation adjacent to the existing mining operations on the Company owned farm, Geelwal Karoo 262. The Inland Strand S102 Mining Right areas are part of the Inland Strand Prospecting Right 10262, which incorporates an area approximately 12 kilometres in length, covering 1,741 hectares.

A maiden JORC Code (2012) compliant resource of 106 million tonnes at 12.4% THM in the category of Measured, Indicated and Inferred using a 2% cut-off was reported on August 2020 for the Inland Strand Prospecting Right 10262 area.

#### Total Mineral Resources for the Western Strandline Deposit (2% THM cut-off grade) at 31 December 2020

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (%HM)	Garnet (%HM)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)	Slimes (%)
Measured	9.7	19.13	1.8	2.45	14.90	15.02	1.15	0.23	0.66	13.40
Indicated	33.1	16.20	5.3	1.08	12.62	4.90	0.68	0.12	0.27	10.11
Inferred	62.6	9.29	5.8	1.25	15.57	5.84	0.84	0.18	0.29	10.30
Stockpile	0.49	14.36	0.07	2.41	13.23	14.06	0.94	0.20	0.41	12.6
<b>Total</b>	<b>105.9</b>	<b>12.40</b>	<b>13.1</b>	<b>1.35</b>	<b>14.26</b>	<b>6.80</b>	<b>0.82</b>	<b>0.16</b>	<b>0.34</b>	<b>10.53</b>

- Mineral assemblage reported as in situ percentage of THM content

A high-grade JORC Code (2012) compliant resource of 22.8 million tonnes at 20.9% THM in the category of Measured, Indicated and Inferred using a 2% cut-off was reported on August 2020 for the Inland Strand S102 Mining Right area. Mining from the Inland Strand is currently forecast at 1.25 - 2.5 million tonnes per annum.

#### Mineral Resources for the Western Strandline Deposit inside S102 Mining Right Area (2% THM cut-off grade)

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (%HM)	Garnet (%HM)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)	Slimes (%)
Measured	6.4	21.25	1.4	2.49	15.16	15.63	1.15	0.24	0.65	12.66
Indicated	13.1	23.12	3.0	1.09	12.41	5.09	0.67	0.11	0.28	12.10
Inferred	3.3	11.60	0.4	3.17	17.99	16.81	1.56	0.33	0.74	22.13
<b>Total</b>	<b>22.8</b>	<b>20.92</b>	<b>4.8</b>	<b>1.66</b>	<b>13.65</b>	<b>9.04</b>	<b>0.88</b>	<b>0.17</b>	<b>0.42</b>	<b>13.71</b>

- Mineral assemblage reported as in situ percentage of THM content

## REVIEW OF OPERATIONS (CONTINUED)

### Skaland Graphite Operation

#### Safety, Environment and Community

COVID-19 continues to present a health and safety risk to employees. No employee at Skaland has been diagnosed with COVID-19.

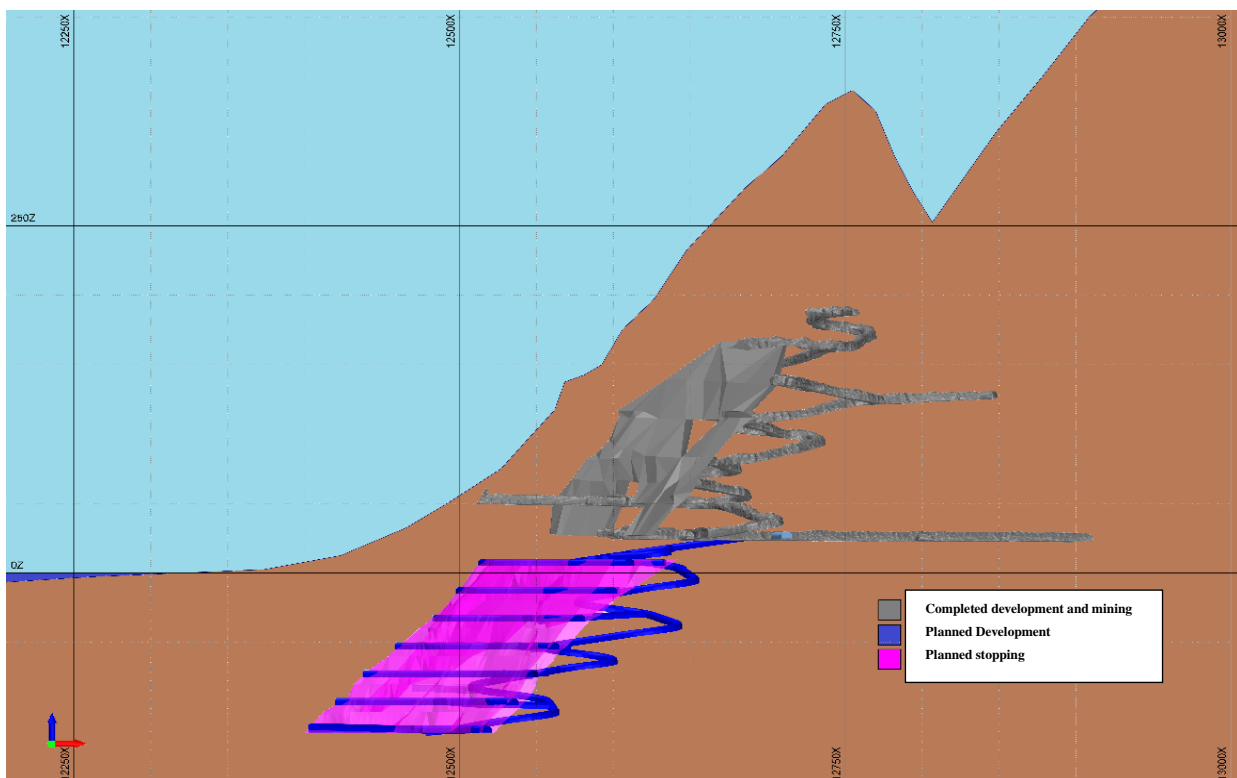
During the March quarter, a fire broke out in the exhaust pipe of the processing plant building. The fire was quickly extinguished and there were no injuries. The fire was caused during repairs to the exhaust pipe whereby heat or spark from an angle grinder ignited a built-up sulphur layer inside the pipe. The damage was repaired, and the processing plant returned to operations in the June quarter. Site has reviewed its risk assessment procedures as a result of this incident.

#### Skaland Operational and Financial Performance

During the half-year, a new stage of mining at Trælen graphite mine began with the commencement of down-dip development for the first time in the mine's operational history. The down-dip development provides access to graphite resources to support continued processing operations at Skaland. It also enables further exploration and infill drilling to target expanded resources and the statement of mineral reserves.

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 20 metres with ore extraction from the bottom of each level.



## REVIEW OF OPERATIONS (CONTINUED)

### Skaland Graphite Operation (continued)

The Company focused on operational efficiencies at the Trælen mine and maintained production under COVID-19 restrictions in Norway. The following key production and sales metrics have been achieved during the half-year:

Mining	Half-Year to 30 June 2021	Half-Year to 30 June 2020
Tonnes Mined	<b>55,697</b>	19,985
Ore Mined (t)	<b>10,274</b>	6,604
Waste Mined (t)	<b>45,423</b>	13,381
Ore Grade (%C)	<b>26</b>	28
Development Metres	<b>515</b>	191

Tonnes Mined, Ore Mined and Waste Mined are all higher than the prior half-year due to the productivity of the down-dip development performed by a mining contractor alongside the current mining operation. Development metres for the half-year are 515 metres compared to the 191 metres of the prior half-year. Higher waste mined reflects higher development metres and higher ore mined reflects ore exposed by the down-dip development operation.

Graphite concentrate production of 1,848 tonnes was below the prior half-year due to an unplanned incident shutting the plant and various operational downtimes. The plant treated 6,706 tonnes of ore, grading 26%C, reflecting the plant downtime, resulting in 1,848 tonnes of bagged product.

Processing	Half-Year to 30 June 2021	Half-Year to 30 June 2020
Ore Processed (t)	<b>6,706</b>	13,744
Throughput (tph)	<b>6</b>	7
Ore Grade (%C)	<b>26</b>	28
C Recovery (%)	<b>89</b>	94
Concentrate Grade (%)	<b>89</b>	89
Concentrate Produced (t)	<b>1,848</b>	4,010

Half-yearly graphite concentrate sales of 2,946t are below historical performance reflecting the reduced production and product inventory in the period.

Product (wmt)	Half-Year to 30 June 2021		Half-Year to 30 June 2020	
	Sales	PSD %	Sales	PSD %
Coarse/Medium	<b>832</b>	<b>28%</b>	2,464	38%
Fine-Medium/Powder	<b>2,114</b>	<b>72%</b>	4,047	62%
Total	<b>2,946</b>		6,511	

Sales revenue for the half-year was US\$1.8 million for a total of 2,946 tonnes sold.

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

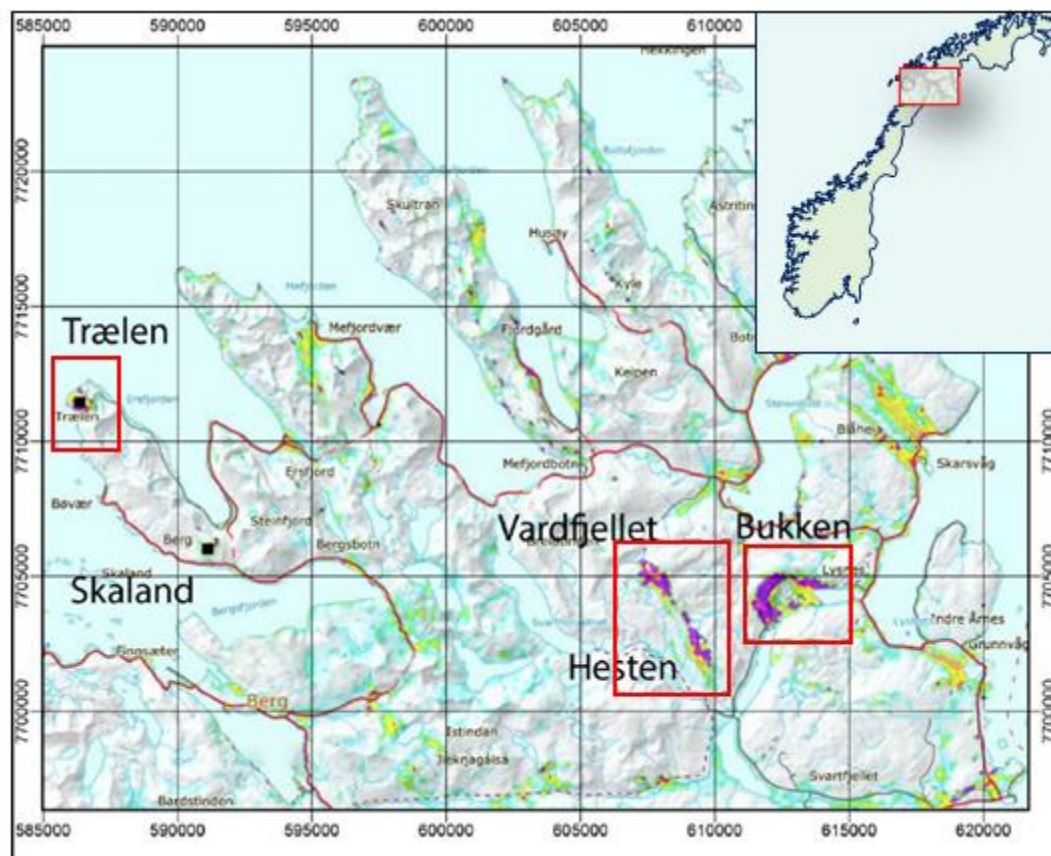
## REVIEW OF OPERATIONS (CONTINUED)

### Skaland Graphite Operation (continued)

#### Exploration and Permitting

The Company continued a 3,000 metre diamond drilling program and 1,659 metres were drilled in the June 2021 quarter. To 30 June 2021, 2,167 metres (~72%) of the diamond drilling from 14 holes have been completed in the 3,000 metre program designed to upgrade the current resource of the Trælen deposit and to provide a subsequent Ore Reserve estimate for Trælen. The updated JORC Resource of the Trælen graphite mine is to be delivered by the end of the September 2021 quarter.

MRC expanded its graphite exploration rights on Senja Island in the March quarter with landowners' agreements for Hesten and Vardfjellet, via its 90% owned subsidiary, Skaland Graphite AS. These rights are in addition to the landowner's agreement for exploration at the Bukken Graphite Prospect in 2020. The Bukken, Vardfjellet and Hesten prospects were identified by the Geological Survey of Norway through regional helicopter-borne geophysical surveys. Bukken is located approximately 20km to the east of Skaland. The Bukken Graphite Prospect is the largest known continuous graphite anomaly in Norway. The Hesten and Vardfjellet graphite tenements are situated just 2.5km apart and complement the Bukken project, which is located only 4km to the west.



Strong geophysical anomalies and surface mapping/sampling results confirm high prospectivity for these projects. The Company commenced an exploration program in the June quarter 2021, comprising further ground-based geological mapping and sampling to determine higher grade locations to target drilling.

## REVIEW OF OPERATIONS (CONTINUED)

### Munglinup Graphite Project

The project is on a mining lease granted until 2031 within a designated mining reserve. Final environmental permits are expected in 2022. The EPA public review period started on 12 April 2021 and ended on 10 May 2021. The public response submissions were received from DWER on 10 June 2021. The Summary of Submission document was forwarded to the EPA on 24 June 2021, and it was formally agreed on 9 July 2021. MRC will undertake additional surveys and update the documents with key groups in the December 2021 quarter and respond to the submission document for lodgement by the end of the March 2022 quarter.

A Definitive Feasibility Study was completed in 2020, which outlined a robust and economically justifiable project. Additional drilling has been planned to expand the resource base and convert inferred resources into higher categories for an updated Ore Reserve. In addition, the Company was granted co-funded drilling from the Western Australian Government's Exploration Incentive Scheme ("EIS"). Under the co-funded drilling programme, the Company will drill a single deep hole to test the extension of graphite mineralisation at depth.

As announced to the ASX on 8 January 2020, the Company intends to exercise its right to increase its joint venture interest from 51% to 90% by:

- paying AU\$800,000 to Gold Terrace; and
- issuing Gold Terrace with 30 million fully paid ordinary shares in MRC.

### Downstream Graphite Projects

During the June 2021 quarter, the Company entered an exclusive non-binding Memorandum of Understanding ("MOU") to form a 50:50 Joint Venture with Superior Graphite Co., to purify natural flake graphite anode material for LiB battery manufacture at Superior's existing Sundsvall plant in Sweden. The Company conducted a due diligence on Superior's Sundsvall plant and the purification of natural flake graphite for anode production. On 16 June 2021, the MOU between the Company and Superior Graphite Co. ended with the proposed joint venture not proceeding by mutual agreement.

During the half-year, MRC has continued with the development of its caustic-based and carbochlorination purification processes, with the CRC-P project with CSIRO targeted for completion by the end of the year. Current project focus is on scale-up and optimization of the two processes for the provision of initial customer samples and provide data for feasibility level design. An update of results from both processes is expected late in the September 2021 quarter. Progressing these two alternative pathways will allow MRC to develop a fit-for-purpose process for the development of the Active Anode Materials Plant ("AAMP").

The Company remains confident that the continued development of these downstream processes will allow it to realise maximum value from the development of its graphite assets in the near to medium term. In this regard, the Company will provide an update to shareholders on its vertical integration strategy in due course.

## **REVIEW OF OPERATIONS (CONTINUED)**

### **Australian Exploration**

Minimal work was undertaken during the half-year, with the Company focusing on its operational assets and AAMP downstream projects. A POW approval for a 36,000 tonne bulk sampling program at Doolgunna was issued by the DMIRS on 24 March 2021.

### **Xolobeni Mineral Sands Project**

The Company's Xolobeni Mineral Sands Project on the Eastern Cape of South Africa remains a world-class mineral sands deposit with a JORC compliant resource of 346Mt @ 5% THM. The Xolobeni permitting process remains under a DMRE mandated moratorium with minimal activity undertaken. The Company has entered into an agreement to divest its interest to its project BEE partners, which is currently under suspension due to the moratorium. The Company continues to consider that the Xolobeni Mineral Sands Project has compelling socio-economic benefits for the area and can be developed in conjunction with the eco-tourism and agricultural initiatives that are being put forward by various stakeholders.

### **Corporate**

On 25 March 2021, the Board of MRC gave notice of termination of the agreement under which the services of Mr Mark Caruso as Chief Executive Officer were provided. Mr Caruso ceased providing those services immediately. Mr Russell Tipper was appointed to the position of Acting Chief Executive Officer in the interim whilst the Company proceeds to recruit a new CEO. Mr Caruso has commenced proceedings in the Supreme Court of Western Australia against the Company seeking payment of A\$808,915 (plus costs and interest) relating to a Long-Term Incentive Payment ("LTI") relating to the year ended 31 December 2020 and approximately A\$2.2 million (plus costs and interest) relating to various amounts alleged to be payable in respect of Mr Caruso's services to the Company (refer to ASX releases on 28 and 29 June 2021).

As disclosed in the Company's Remuneration Report in the financial statements lodged with the Australian Securities Exchange on 1 April 2021, an LTI amount of A\$803,082 was accrued in respect of Mr Caruso for the year ended 31 December 2020. The payment of the LTI remains subject to review by the Company.

The Company intends to defend these proceedings.

The Company continues with its operational focus unabated and has enjoyed new interest and enquiry from equity capital intermediaries, end users and collaborators, both locally and internationally. The Company also notes the erratic and irrational price action in the Company's securities which has also been the topic of enquiry from existing and potential investors. The Company is able to state that the selling has come from a small number of shareholders with a significantly large number of retail investors coming onto the register.

On 5 July 2021, the Company announced it had received binding commitments for a placement ("Placement") to sophisticated and institutional investors of 22,850,000 fully paid ordinary shares in the Company at an issue price of AUD14 cents, to raise approximately A\$3.2 million. Following completion of the Placement, the Company announced a fully underwritten non-renounceable rights issue on 5 July 2021 to raise up to A\$7.4 million (Rights Issue). The Offer Document for the Rights Issue was announced to shareholders on 9 July 2021, with the Offer Document and Offer opened from 21 July 2021 and completed on 30 July 2021.



## REVIEW OF OPERATIONS (CONTINUED)

### Consolidated Results and Financial Position

Earnings before interest, tax, depreciation and amortisation ("EBITDA") of \$5.7m for the 2021 half-year was below the 2020 half-year EBITDA of \$9.4m, a 39% decrease on the prior half-year. Net profit before income tax ("NPBT") was \$1.8m for the 2021 half-year, a 74% decrease on the 2020 half-year NPBT result of \$6.8m.

The decrease in the EBITDA and NPBT results, in comparison to the prior half-year, reflect the increase in shipping costs as a result of global supply chain issues, a 13% appreciation of the Rand in comparison to 2020, an increase in labour costs at Tormin as a result of the transition back to a 24/7 operation, the higher cost of mining Inland Strand material, which includes overburden removal in comparison to standard beach mining, and reduced financial performance at Skaland as a result of the primarily fixed operating cost base not being offset by low production and sales during the half-year due to the shutdowns and various operational downtimes, partially offset by the fair value gain on financial assets.

The profit of the consolidated entity after income tax attributable to members of the parent entity for the 2021 half-year was \$0.9m (2020 half-year \$5.6m), an 85% decrease on the prior half-year. The higher effective tax rate in 2021 reflects the permanent differences for credit losses, foreign exchange, share based payments and donations, partially offset by a tax deduction for net foreign exchange losses on inter-company loans not recognised in the consolidated accounts.

At 30 June 2021, the Company had \$4.5m in cash, decreased from \$5.6m as at 31 December 2020. Current trade and other receivables at 31 December 2020 of \$13.6m decreased to \$7.4m as at 30 June 2021. The Company's cash position has been materially impacted by deferred sales due to global supply chain issues, capital spend at Tormin to optimise Inland Strand processing, downstream testwork, the forced shutdown at Skaland and higher operating costs at Tormin.

### EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the half-year end, the Group completed a A\$3,200,000 (before cost) placement of 22,850,000 fully paid ordinary shares issued in July 2021, of which A\$2,950,000 was received prior to 30 June 2021, and a A\$7,400,000 (before cost) fully underwritten rights issues of 53,399,063 fully paid ordinary shares issued in August 2021.

Except for the above, there have been no material matters arising subsequent to balance date and up until the date of signing these Financial Statements.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 32.

Signed in accordance with a resolution of the Directors.



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**David Baker**

*Chairman*

Dated at Perth, Western Australia

This 30<sup>th</sup> day of August 2021



## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2021

	Notes	Half-Year to 30 Jun 21 \$	Half-Year to 30 Jun 20 \$
<b>Revenue from continuing operations</b>			
Revenue from contracts with customers	2.2 (i)	22,470,394	15,919,917
Other revenue	2.2(ii)	6,845,995	2,188,283
		<b>29,316,389</b>	18,108,200
<b>Expenses</b>			
Mining and processing costs	2.3 (i)	(23,149,523)	(8,807,200)
Administration expenses	2.3 (ii)	(4,345,431)	(2,297,575)
Share payment expenses		(167,421)	(77,372)
Finance income/(costs)		162,847	(165,684)
<b>Profit before income tax from continuing operations</b>		<b>1,816,861</b>	6,760,369
Income tax expense	7	(1,144,183)	(710,334)
<b>Profit after income tax from continuing operations</b>		<b>672,678</b>	6,050,035
<b>Discontinued Operations</b>			
Loss for the year from discontinued operations	6	-	(431,020)
<b>Profit for the period</b>		<b>672,678</b>	5,619,015
<b>Other comprehensive expense items</b>			
Exchange differences on translation of foreign operations		(95,981)	(8,735,240)
<b>Total comprehensive profit/(loss) for the period</b>		<b>576,697</b>	(3,116,225)
Profit/(Loss) is attributable to:			
Owners of Mineral Commodities Ltd		852,603	5,619,015
Non-controlling interest		(179,925)	-
		<b>672,678</b>	5,619,015
Total comprehensive profit/(loss) for the half-year is attributable to:			
Owners of Mineral Commodities Ltd		768,918	(3,116,225)
Non-controlling interest		(192,221)	-
		<b>576,697</b>	(3,116,225)
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		0.15	1.33
Diluted earnings per share		0.15	1.33

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	30 Jun 21 \$	31 Dec 20 \$
<b>Current assets</b>			
Cash and cash equivalents		4,486,869	5,643,139
Trade and other receivables	4.1	7,449,516	13,637,806
Inventories	4.2	9,529,106	8,241,583
Other investments, including derivatives	5.3	6,605,289	1,489,993
<b>Total current assets</b>		<b>28,070,780</b>	<b>29,012,521</b>
<b>Non-current assets</b>			
Trade and other receivables	4.1	2,332,792	2,079,619
Inventories	4.2	2,745,855	2,745,855
Exploration and evaluation assets	3.1	19,832,529	19,907,653
Mine development expenditure	3.2	6,836,528	3,873,209
Property, plant and equipment	3.3	35,017,335	28,058,223
<b>Total non-current assets</b>		<b>66,765,039</b>	<b>56,664,559</b>
<b>Total assets</b>		<b>94,835,819</b>	<b>85,677,080</b>
<b>Current liabilities</b>			
Trade and other payables	4.3	13,594,719	7,750,477
Borrowings	5.1	3,917,002	2,487,039
Employee benefits		713,230	779,669
Current tax liabilities	7	1,346,945	2,998,805
<b>Total current liabilities</b>		<b>19,571,896</b>	<b>14,015,990</b>
<b>Non-current liabilities</b>			
Provisions		1,127,398	1,103,000
Borrowings	5.1	5,268,820	3,548,749
Employee benefits		162,126	185,028
Deferred tax liabilities	7	6,751,660	5,614,512
<b>Total non-current liabilities</b>		<b>13,310,004</b>	<b>10,451,289</b>
<b>Total liabilities</b>		<b>32,881,900</b>	<b>24,467,279</b>
<b>Net assets</b>		<b>61,953,919</b>	<b>61,209,801</b>
<b>Equity</b>			
Contributed equity	5.2(i)	69,774,435	69,774,435
Reserves	5.2(ii)	(25,123,840)	(25,207,576)
Retained earnings		17,053,694	16,201,091
Parent entity interest		61,704,289	60,767,950
Non-controlling interest		249,630	441,851
<b>Total equity</b>		<b>61,953,919</b>	<b>61,209,801</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows

For the half-year ended 30 June 2021

	Half-Year to 30 Jun 21 \$	Half-Year to 30 Jun 20 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	28,885,212	11,558,276
Payments to suppliers and employees	(18,992,159)	(14,136,400)
Tax paid	(1,433,733)	(205,421)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>8,459,320</b>	<b>(2,783,545)</b>
<b>Cash flows from investing activities</b>		
Net cash disposed	-	(107,316)
Payments for exploration expenditure	(611,901)	(827,396)
Payments for plant and equipment	(5,964,761)	(625,035)
Payments for development expenditure	(3,647,923)	(424,269)
Proceeds from property, plant and equipment	988,507	-
Interest received	671	9,704
<b>Net cash outflow from investing activities</b>	<b>(9,235,407)</b>	<b>(1,974,312)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(2,010,226)	(1,477,795)
Proceeds from issue of new shares (net of costs) <sup>(1)</sup>	1,950,809	4,182,831
Interest paid	(302,702)	(162,335)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(362,119)</b>	<b>2,542,701</b>
<b>Net decrease in cash and cash equivalents held</b>	<b>(1,138,206)</b>	<b>(2,215,156)</b>
Cash and cash equivalents at the beginning of the half-year	5,643,139	8,092,614
Effects of exchange rate changes on cash and cash equivalents	(18,064)	(138,505)
<b>Cash and cash equivalents at the end of the half-year</b>	<b>4,486,869</b>	<b>5,738,953</b>

<sup>(1)</sup> The amount of \$1,950,809 reflects the proceeds received in advance from a share placement to existing and new sophisticated and institutional investors, which was completed in July 2021.

### Non-cash financing and investing activities

In the Consolidated Statement of Cash Flows, leases of plant and equipment have been disclosed on a net basis.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2021

	Contributed equity \$	Reserves \$	Retained Earnings \$	Total \$	Non- Controlling interest \$	Total equity \$
<b>Balance at 1 January 2021</b>	<b>69,774,435</b>	<b>(25,207,576)</b>	<b>16,201,091</b>	<b>60,767,950</b>	<b>441,851</b>	<b>61,209,801</b>
Profit for the half-year	-	-	852,603	<b>852,603</b>	(179,925)	<b>672,678</b>
Other comprehensive loss for the half-year	-	(83,685)	-	<b>(83,685)</b>	(12,296)	<b>(95,981)</b>
<b>Total comprehensive income for the half-year</b>	-	(83,685)	852,603	<b>768,918</b>	(192,221)	<b>576,697</b>
<b>Transactions with owners in their capacity as owners</b>						
Share-based payment expenses	-	167,421	-	<b>167,421</b>	-	<b>167,421</b>
<b>Balance at 30 June 2021</b>	<b>69,774,435</b>	<b>(25,123,840)</b>	<b>17,053,694</b>	<b>61,704,289</b>	<b>249,630</b>	<b>61,953,919</b>
	Contributed equity \$	Reserves \$	Retained Earnings \$	Total \$	Non- Controlling interest \$	Total equity \$
<b>Balance at 1 January 2020</b>	<b>64,927,687</b>	<b>(21,499,253)</b>	<b>2,446,476</b>	<b>45,874,910</b>	<b>113,639</b>	<b>45,988,549</b>
Profit for the half-year	-	-	5,619,015	<b>5,619,015</b>	-	<b>5,619,015</b>
Other comprehensive loss for the half-year	-	(8,735,240)	-	<b>(8,735,240)</b>	-	<b>(8,735,240)</b>
<b>Total comprehensive income for the half-year</b>	-	(8,735,240)	5,619,015	<b>(3,116,225)</b>	-	<b>(3,116,225)</b>
<b>Transactions with owners in their capacity as owners</b>						
Conversion of unlisted performance rights to ordinary shares	83,131	(83,131)	-	-	-	-
Share-based payment expenses	-	77,372	-	<b>77,372</b>	-	<b>77,372</b>
Share Issue net of costs	4,182,831	-	-	<b>4,182,831</b>	-	<b>4,182,831</b>
<b>Balance at 30 June 2020</b>	<b>69,193,649</b>	<b>(30,240,252)</b>	<b>8,065,491</b>	<b>47,018,888</b>	<b>113,639</b>	<b>47,132,527</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Notes to the Consolidated Financial Statements

### 1. Basis of Preparation

This section provides information about the basis of preparation of the half-year financial report.

#### 1.1 Corporate information

Mineral Commodities Ltd (the “Company”) is a company limited by shares, domiciled and incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange (“ASX”). The condensed consolidated financial report of the Company for the six months ended 30 June 2021 (“the half-year financial report”) comprises the Company and its controlled entities (“the Group”). Mineral Commodities Ltd is the ultimate parent entity in the Group.

The half-year financial report was authorised for issue in accordance with a resolution of the Directors, effective 30 August 2021.

#### 1.2 Basis of preparation

The financial report for the half-year ended 30 June 2021 is a condensed general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period. This is based on profitability and positive operating cash flow financial results during the half-year, the strong working capital position as at 30 June 2021, expected positive cash flows from the mining operations and Tormin and Skaland and the US\$7.9 million successful placement and rights issue (US\$1.95 million was received prior to 30 June 2021) completed in July and August 2021.

The half-year financial report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020. Except as disclosed below, the accounting policies are the same as those adopted in the most recent annual financial report.

#### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the coronavirus (COVID-19) pandemic.

#### 1.3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the half-year report are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Group.

#### *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform [Phase 2]*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

## Notes to the Consolidated Financial Statements

### 1. Basis of Preparation (continued)

*AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform [Phase 2]*  
(continued)

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

### 2. Financial Performance

This section highlights key financial performance of the Group for the reporting period, including disclosures of segmental financial information and dividends.

#### 2.1 Segment information

##### Description of segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors, which makes strategic decisions.

There is no goodwill attached to any of the segments. There has been no impact on the measurement of the assets and liabilities reported for each segment.

The chief operating decision maker has identified four reportable segments to its business, being:

- Mineral sands mining and production (Tormin Mineral Sands project) – South Africa;
- Mineral sands exploration (Xolobeni Mineral Sands project) – South Africa;
- Graphite mining and production (Skaland) – Norway;
- Exploration activities – Australia; and
- Corporate (management and administration of the Company's projects) – Australia, South Africa and Norway.

## Notes to the Consolidated Financial Statements

### 2. Financial Performance (continued)

#### 2.1 Segment information (continued)

(i) *Segment results, segment assets and segment liabilities*

The segment information provided to the chief operating decision maker for the reportable segments for the period ended 30 June 2021 is as follows:

	<b>Tormin Project \$</b>	<b>Xolobeni Project \$</b>	<b>Skaland Project \$</b>	<b>Australia Exploration \$</b>	<b>Corporate \$</b>	<b>Consolidation Eliminations \$</b>	<b>Totals \$</b>
<b>Half-Year 2021</b>							
<b>Revenue from operations</b>							
Total segment revenue	21,294,852	-	2,170,917	-	5,850,620	-	<b>29,316,389</b>
<b>Revenue from external customers</b>	<b>21,294,852</b>	<b>-</b>	<b>2,170,917</b>	<b>-</b>	<b>5,850,620</b>	<b>-</b>	<b>29,316,389</b>
<b>Adjusted EBITDA</b>	<b>831,042</b>	<b>(3,429)</b>	<b>(1,484,576)</b>	<b>(139,733)</b>	<b>4,594,803</b>	<b>1,934,951</b>	<b>5,733,058</b>
Depreciation and amortisation	2,756,107	-	807,567	2,857	512,513	-	<b>4,079,044</b>
<b>Total segment assets</b>	<b>38,587,321</b>	<b>5,255,319</b>	<b>15,238,121</b>	<b>13,296,432</b>	<b>16,208,057</b>	<b>6,250,569</b>	<b>94,835,819</b>
<b>Total segment liabilities</b>	<b>17,761,675</b>	<b>5,194,396</b>	<b>5,778,677</b>	<b>12,309,728</b>	<b>(8,073,180)</b>	<b>(89,396)</b>	<b>32,881,900</b>
<b>Half-Year 2020</b>							
<b>Revenue from operations</b>							
Total segment revenue	14,088,672	-	3,560,524	-	13,101,584	-	<b>30,750,780</b>
Inter-segment revenue	(13,444,072)	-	-	-	-	-	<b>(13,444,072)</b>
<b>Revenue from external customers</b>	<b>644,600</b>	<b>-</b>	<b>3,560,524</b>	<b>-</b>	<b>13,101,584</b>	<b>-</b>	<b>17,306,708</b>
<b>Adjusted EBITDA</b>	<b>10,499,752</b>	<b>(24,520)</b>	<b>(120,490)</b>	<b>(109,496)</b>	<b>(7,558,337)</b>	<b>6,718,299</b>	<b>9,405,208</b>
Depreciation and amortisation	1,826,092	-	635,273	1,629	16,161	-	<b>2,479,155</b>
<b>Total segment assets</b>	<b>36,113,924</b>	<b>4,388,527</b>	<b>10,932,288</b>	<b>11,341,968</b>	<b>26,547,531</b>	<b>2,917,343</b>	<b>92,241,581</b>
<b>Total segment liabilities</b>	<b>12,962,146</b>	<b>4,329,163</b>	<b>5,827,559</b>	<b>10,460,782</b>	<b>11,529,404</b>	<b>-</b>	<b>45,109,054</b>

## Notes to the Consolidated Financial Statements

### 2. Financial Performance (continued)

#### 2.1 Segment information (continued)

(i) *Segment results, segment assets and segment liabilities (continued)*

Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") reconciles to operating profit before income tax as follows:

	30 Jun 2021 \$	30 Jun 2020 \$
Adjusted EBITDA	5,733,058	9,405,208
Finance income /(expense)	162,847	(165,684)
Depreciation and amortisation	(4,079,044)	(2,479,155)
Profit before income tax	1,816,861	6,760,369

#### 2.2 Revenue from contracts with customers

(i) *Revenue from contracts with customers*

22,470,394	15,919,917
------------	------------

(ii) *Other Revenue*

Stockpiling Management Fees	-	568,932
Other Income	1,321,442	817,859
Unrealised gains on unlisted equity investments	5,524,553	801,492
	6,845,995	2,188,283

#### 2.3 Expenses

(i) *Mining and processing costs*

Mining and processing costs include the following material expenditure items:

	30 Jun 2021 \$	30 Jun 2020 \$
Transport and shipping of product	5,553,760	569,132
Stock Adjustments	(2,572,229)	(4,063,199)
Fuel	3,021,632	2,118,283
Wages and salaries	5,088,203	3,565,971
Repairs and maintenance	3,085,227	1,794,053
Depreciation and amortisation – mining and processing assets	3,563,675	2,461,364

(ii) *Administration expenses*

Administration expenses include the following material expenditure items:

Wages and salaries	1,792,848	1,464,446
Depreciation – corporate assets	515,369	17,790



## Notes to the Consolidated Financial Statements

### 3. Capital Expenditure and Operating Assets

This section includes information about the assets used by the Group to generate profits and revenue, specifically information relating to its exploration and evaluation assets, mine development expenditures, property, plant and equipment, associated rehabilitation obligations and commitments for capital expenditure not yet recognised as a liability.

#### 3.1 Exploration and evaluation assets

	30 Jun 2021 \$	31 Dec 2020 \$
As at beginning of the period	19,907,653	18,271,033
Expenditure during the period	611,901	1,336,269
Write-off discontinued projects	(153,481)	(431,020)
Reclassification: transfer from PPE	34,707	-
Reclassification: transfer to mine development expenditure	(366,623)	(226,745)
Exchange difference	(201,628)	958,116
As at end of the period	19,832,529	19,907,653

#### 3.2 Mine development expenditure

As at beginning of the period	3,873,209	10,412,610
Acquisition of a subsidiary	-	(6,032,998)
Amortisation expense	(1,121,287)	(1,275,741)
Additions	3,647,923	877,793
Reclassification: transfer from exploration and evaluation assets	366,623	226,745
Reclassification: transfer from PPE	-	89,201
Exchange difference	70,060	(424,401)
As at end of the period	6,836,528	3,873,209

## Notes to the Consolidated Financial Statement

### 3. Capital Expenditure and Operating Assets (continued)

#### 3.3 Property, plant and equipment

	Freehold land and buildings \$	Furniture, fittings and equipment \$	Plant and machinery \$	Mine vehicles \$	Decommissioning asset \$	Right-of-use asset \$	Capex work in progress \$	Total \$
<b>Year ended 31 December 2020</b>								
<b>Net book amount</b>								
Cost at fair value	4,878,460	1,239,483	29,092,369	123,135	1,103,001	5,155,716	6,609,665	<b>48,201,829</b>
Accumulated depreciation and amortisation	(403,462)	(809,018)	(15,767,441)	(118,196)	(134,060)	(2,911,429)	-	<b>(20,143,606)</b>
Net book amount	<b>4,474,998</b>	<b>430,465</b>	<b>13,324,928</b>	<b>4,939</b>	<b>968,941</b>	<b>2,244,287</b>	<b>6,609,665</b>	<b>28,058,223</b>
<b>Half-year ended 30 June 2021</b>								
<b>Cost at fair value</b>								
As at 1 January 2021	4,878,460	1,239,483	29,092,369	123,135	1,103,001	5,155,716	6,609,665	<b>48,201,829</b>
Additions	-	-	351,704	-	-	4,728,383	5,613,057	<b>10,693,144</b>
Disposals	-	-	(3,542,681)	-	-	(925,466)	(598,108)	<b>(5,066,255)</b>
Re-classifications	-	234,772	4,903,692	-	-	-	(5,173,171)	<b>(34,707)</b>
Exchange differences	8,235	(18,428)	560,691	3,083	24,397	164,688	50,198	<b>792,864</b>
As at 30 June 2021	<b>4,886,695</b>	<b>1,455,827</b>	<b>31,365,775</b>	<b>126,218</b>	<b>1,127,398</b>	<b>9,123,321</b>	<b>6,501,641</b>	<b>54,586,875</b>
<b>Accumulated depreciation and amortisation</b>								
As at 1 January 2021	(403,462)	(809,018)	(15,767,441)	(118,196)	(134,060)	(2,911,429)	-	<b>(20,143,606)</b>
Depreciation and amortisation	(250,878)	(114,875)	(1,519,298)	(4,190)	(55,589)	(1,012,927)	-	<b>(2,957,757)</b>
Disposals	-	-	2,980,569	-	-	925,466	-	<b>3,906,035</b>
Exchange differences	25,227	11,287	(345,137)	(3,034)	(3,736)	(58,819)	-	<b>(374,212)</b>
As at 30 June 2021	<b>(629,113)</b>	<b>(912,606)</b>	<b>(14,651,307)</b>	<b>(125,420)</b>	<b>(193,385)</b>	<b>(3,057,709)</b>	-	<b>(19,569,540)</b>
<b>Net book amount</b>								
Cost at fair value	4,886,695	1,455,827	31,365,775	126,218	1,127,398	9,123,321	6,501,641	<b>54,586,875</b>
Accumulated depreciation and amortisation	(629,113)	(912,606)	(14,651,307)	(125,420)	(193,385)	(3,057,709)	-	<b>(19,569,540)</b>
Net book amount	<b>4,257,582</b>	<b>543,221</b>	<b>16,714,468</b>	<b>798</b>	<b>934,013</b>	<b>6,065,612</b>	<b>6,501,641</b>	<b>35,017,335</b>

## Notes to the Consolidated Financial Statements

### 4. Working Capital Management

This section provides information about the Group's working capital balances and management.

#### 4.1 Trade and other receivables

	30 Jun 2021	31 Dec 2020
	\$	\$
<b>Current</b>		
Trade receivables	717,831	7,417,672
Other receivables	6,616,736	5,968,541
Prepayments	114,949	251,593
	<b>7,449,516</b>	<b>13,637,806</b>
<b>Non-current</b>		
Security deposits	537,296	310,080
Advance to Blue Bantry (refer to note 8.1)	1,033,732	1,008,484
Other receivables	761,764	761,055
	<b>2,332,792</b>	<b>2,079,619</b>

#### 4.2 Inventories

<b>Current</b>		
Raw materials at cost	2,623,269	821,699
Finished product at lower of cost and net realisable value	4,044,460	4,985,268
Spare parts and consumables at cost	2,861,377	2,434,616
	<b>9,529,106</b>	<b>8,241,583</b>
<b>Non-current</b>		
Finished product at lower of cost and net realisable value	2,745,855	2,745,855

The non-current finished product represents garnet stockpile below the third-party stockpile at the Tormin mine site, which will be accessible once the third-party stockpile is removed from the site, expected to occur beyond one year from the reporting date.

The individual items of inventory are carried at lower of cost and net realisable value.

#### 4.3 Trade and other payables

	30 Jun 2021	31 Dec 2020
	\$	\$
Trade payables	7,456,960	4,271,411
Other payables <sup>(i)</sup>	6,137,759	3,479,033
	<b>13,594,719</b>	<b>7,750,477</b>

<sup>(i)</sup> Included in this balance is \$1,950,809 reflects the proceeds received in advance from a share placement to existing and new sophisticated and institutional investors, which was completed in July 2021.

## Notes to the Consolidated Financial Statements

### 5. Funding and Risk Management

This section provides information relating to the management of capital, credit, liquidity and market risks and the policies for measuring and managing these risks.

#### 5.1 Borrowings

	30 Jun 2021	31 Dec 2020
	\$	\$
<b>Current</b>		
Long term borrowings – unsecured <sup>(5)</sup>	786,500	789,583
Amounts due under equipment acquisition agreements <sup>(1), (2), (3), (4)</sup>	3,008,109	1,577,391
Long term borrowings – secured <sup>(6)</sup>	122,393	120,065
	<b>3,917,002</b>	<b>2,487,039</b>
<b>Non-current</b>		
Long term borrowings – unsecured <sup>(5)</sup>	1,967,134	2,368,749
Amounts due under equipment acquisition agreements <sup>(1), (2), (3), (4)</sup>	3,301,686	1,159,638
Long term borrowings – secured <sup>(6)</sup>	-	20,362
	<b>5,268,820</b>	<b>3,548,749</b>

- (1) The Group entered into Master Rental Agreements to acquire mobile mining equipment and generators. Under the terms of these agreements, there was an option to purchase which the Group exercised for the mobile mining equipment.
- (2) The Group entered into Instalment Sale Agreements to acquire mobile mining equipment and other equipment. Under the terms of these agreements, the Group will become the owner of the mobile mining equipment on final payment.
- (3) The Group entered into Commercial Loans and Chattel Mortgages for motor vehicles. Under the terms of these agreements, the Group will become the owner of the motor vehicles on final payment.
- (4) The Group entered into a Master Finance Lease to acquire mobile mining equipment. Under the terms of these agreements, the Group will become the owner of the mobile mining equipment on final payment.
- (5) The Group entered into a Loan Agreement with the previous owners as a part of the acquisition of Skaland Graphite AS. The interest rate is NIBOR +2% and is repaid quarterly.
- (6) The Group acquired two loans payable to Innovasjon Norge for the Acquisition of Skaland Graphite AS. The loan has an effective rate of 4.01%.

## Notes to the Consolidated Financial Statements

### 5. Funding and Risk Management (continued)

#### 5.2 Equity

##### (i) Contributed Equity

	30 Jun 2021 Number of shares	31 Dec 2020 Number of shares	30 Jun 2021 \$	31 Dec 2020 \$
<b>Ordinary shares</b>				
<b>Fully paid</b>	<b>456,241,571</b>	456,241,571	<b>69,774,435</b>	69,774,435

##### (ii) Reserves

	General Reserve \$	Foreign Currency Translation Reserve \$	Share-based Payment Reserve \$	Total Reserves \$
<b>2021</b>				
Balance at 1 January	1,363,393	(27,018,190)	447,221	<b>(25,207,576)</b>
Share-based payment expenses	-	-	167,421	<b>167,421</b>
Exchange differences on translation of foreign operations	-	(83,685)	-	<b>(83,685)</b>
<b>Balance at 30 June</b>	<b>1,363,393</b>	<b>(27,101,875)</b>	<b>614,642</b>	<b>(25,123,840)</b>

	General Reserve \$	Foreign Currency Translation Reserve \$	Share-based Payment Reserve \$	Total Reserves \$
<b>2020</b>				
Balance at 1 January	1,363,393	(23,485,125)	622,479	<b>(21,499,253)</b>
Share-based payment expenses	-	-	152,058	<b>152,058</b>
Conversion of performance rights	-	-	(327,316)	<b>(327,316)</b>
Exchange differences on translation of foreign operations	-	(3,533,065)	-	<b>(3,533,065)</b>
<b>Balance at 31 December</b>	<b>1,363,393</b>	<b>(27,018,190)</b>	<b>447,221</b>	<b>(25,207,576)</b>

## Notes to the Consolidated Financial Statements

### 5. Funding and Risk Management (continued)

#### 5.3 Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

##### Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

##### Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices, recent transactions or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of foreign currency forwards is determined using forward exchange rates at the balance sheet date.

All of the resulting fair value estimates are included in level 2 except for listed equity securities.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2021 and 31 December 2020 on a recurring basis:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>30 June 2021</b>				
<i>Financial assets</i>				
Derivatives – FVTPL	-	-	-	-
Listed equity securities – FVTPL	26,271	-	-	<b>26,271</b>
Unlisted equity securities - FVTPL	6,579,018	-	-	<b>6,579,018</b>
Total Financial Assets	<b>6,605,289</b>	-	-	<b>6,605,289</b>

The unlisted equity securities have been classified as Level 1 on the basis that the securities were listed on the New York Stock Exchange after reporting period, following a merger transaction announced prior to reporting date. The fair value of the unlisted equity securities are based on the quoted market prices at the reporting date.

## Notes to the Consolidated Financial Statements

### 5. Funding and Risk Management (continued)

#### 5.3 Fair value measurement of financial instruments (continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>31 December 2020</b>				
<i>Financial assets</i>				
Derivatives – FVTPL	-	228,795	-	<b>228,795</b>
Listed equity securities – FVTPL	26,974	-	-	<b>26,974</b>
Unlisted equity securities - FVTPL	-	1,234,224	-	<b>1,234,224</b>
Total Financial Assets	<b>26,974</b>	<b>1,463,019</b>	-	<b>1,489,993</b>

The Group's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

### 6. Discontinued Operations

On 11 March 2020, the Group divested its exploration interests in Iran. At 30 June 2020, the Iran exploration division was classified as a discontinued operation and is no longer presented in the segment note. The consolidated results of the Iran exploration division for the period are presented below:

	30 June 2021 \$	30 June 2020 \$
Remeasurement to fair value less costs to sell	-	(431,020)
<b>Profit/(loss) before tax from discontinued operations</b>	-	(431,020)
Tax (expense)/benefit:	-	-
<b>Post-tax profit/(loss) of discontinued operations</b>	-	(431,020)

The net cash flows generated/(incurred) by the Iran exploration division is, as follows:

	30 June 2021 \$	30 June 2020 \$
Investing	-	-
Financing	-	-
<b>Net cash inflow/(outflow)</b>	-	-

### 7. Taxation

The income tax expense for the half-year period is the tax payable on the current period's taxable income based on the applicable income tax rate and tax law for each jurisdiction. This has resulted in an effective tax rate for the half-year period of 62.98% (30 June 2020: 10.51%). The increase in the effective tax rate is due to the permanent differences for credit losses, foreign exchange, share based payments and donations offset by a tax deduction for net foreign exchange losses on inter-company loans not recognised in the consolidated accounts.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The change in the deferred tax balance to US\$6,751,660 at 30 June 2021 from US\$5,614,512 liability at 31 December 2020 materially relates to the deferred tax expense on the fair value gain on financial assets.

The current tax liabilities balance for the half-year of US\$1,346,945 (31 December 2020: US\$2,998,805) has decreased due to the payment of South African income tax offset by the current income tax expense for the half-year.

## Notes to the Consolidated Financial Statements

### 8. Other

This section provides information that is not directly related to the specific line items in the financial statements, including information about contingent assets and liabilities, other commitments, events after the end of the financial year, remuneration of auditors and changes to accounting policies and procedures.

#### 8.1 Contingent assets and contingent liabilities

##### Contingent Liabilities

###### *Guarantees*

Guardrisk has issued a Guarantee in favour of the South African Department of Mineral Resources, in respect of MSR's obligations under the Tormin Mining Right for an amount of ZAR4,102,989 (US\$287,015) (Dec 2020: ZAR4,102,989 (US\$236,721)).

Guardrisk has issued a Guarantee in favour of the South African Department of Mineral Resources, in respect of MSR's obligations under the De Punt Prospecting Right Application for an amount of ZAR320,000 (US\$22,385) (Dec 2020: ZAR320,000 (US\$18,462)).

Guardrisk has issued a Guarantee in favour of the South African Department of Mineral Resources, in respect of MSR's obligations under the Tormin Prospecting Rights for an amount of ZAR400,000 (US\$27,981) (Dec 2020: ZAR400,000 (US\$27,298)).

Guardrisk has issued a Guarantee in favour of the South African Department of Mineral Resources, in respect of MSR's obligations under the Tormin Prospecting Rights for an amount of ZAR350,000 (US\$24,483) (Dec 2020: ZAR350,000 (US\$23,885)).

Guardrisk has issued a Guarantee in favour of the South African Department of Mineral Resources, in respect of MSR's obligations under the expanded Tormin Mining Rights for an amount of ZAR15,200,000 (US\$1,063,279) (Dec 2020: ZAR15,200,000 (US\$1,037,309)).

###### *Others*

In 2019, the Company received a letter of demand for up to ZAR32,268,000 (US\$2,257,230) (Dec 2020: ZAR32,268,000 (US\$1,861,692)) plus penalty interest of ZAR 4,307,083 (US\$301,292) (Dec 2020: ZAR4,307,083 (US\$248,497)), totaling ZAR36,575,083, relating to diesel fuel rebate claimed from its mining activities over several years. The Company is of the view, based upon independent legal advice obtained, that the Company has been compliant with the respective legislation and therefore the Company does not consider it had a present obligation with respect to this claim. Accordingly, no provision or liability in relation to the claim was recognised on the date of the letter of demand in the financial statements. SARS have withheld payment for diesel fuel rebate and VAT claims in order to satisfy this purported cash debt, with the full amount now withheld. The Group maintains its position that there is no present refund obligation to SARS and that this amount has been withheld in error and therefore these amounts are recoverable. The Company is pursuing legal proceedings and is confident in its claim. There has been no change since 31 December 2020.

On 25 March 2021 the Board of MRC gave notice of termination of the agreement under which the services of Mr Mark Caruso as Chief Executive Officer were provided. Mr Caruso ceased providing those services immediately. Mr Russell Tipper was appointed to the position of Acting Chief Executive Officer in the interim whilst the Company proceeds to recruit a new CEO. Mr Caruso has commenced proceedings in the Supreme Court of Western Australia against the Company seeking payment of A\$808,915 (plus costs and interest) relating to a Long-Term Incentive Payment ("LTI") relating to the year ended 31 December 2020 and approximately A\$2.2 million (plus costs and interest) relating to various amounts alleged to be payable in respect of Mr Caruso's services to the Company (refer to ASX releases on 28 and 29 June 2021).



## Notes to the Consolidated Financial Statements

### 8 Other (continued)

#### 8.1 Contingent assets and contingent liabilities (continued)

As disclosed in the Company's Remuneration Report in the financial statements lodged with the Australian Securities Exchange on 1 April 2021, an LTI amount of A\$803,082 was accrued in respect of Mr Caruso for the year ended 31 December 2020. The payment of the LTI remains subject to review by the Company.

The Company intends to defend the proceedings

Other than those mentioned above, there have been no other changes to contingent assets or liabilities since 31 December 2020.

#### Other Commitments

##### *Blue Bantry funding support*

The Company, via MRC Resources (Pty) Ltd, and Blue Bantry are both 50% shareholders in Mineral Sands Resources (Pty) Ltd, the entity that owns the Tormin Project.

The Company agreed to provide Blue Bantry access to an amount of funding to support the original Tormin Project objectives by advancing, through a loan, certain benefits Blue Bantry would expect to receive from the Tormin Project. Blue Bantry will repay the ZAR14,000,000 loan from dividend distributions that it will receive in the future from MSR.

#### Events occurring after the reporting period

Subsequent to the half-year end, the Group completed a A\$3,200,000 (before cost) placement of 22,850,000 fully paid ordinary shares issued in July 2021, of which A\$2,950,000 was received prior to 30 June 2021, and a A\$7,400,000 (before cost) fully underwritten rights issues of 53,399,063 fully paid ordinary shares issued in August 2021.

Except for the above, there have been no material matters arising subsequent to balance date and up until the date of signing these Financial Statements.

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The consolidated financial statements, comprising the Consolidated Income Statement and Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes:
  - (a) Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) Give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the Directors by:



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**David Baker**

*Chairman*

Dated at Perth, Western Australia

This 30<sup>th</sup> day of August 2021

## DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF MINERAL COMMODITIES LTD

As lead auditor for the review of Mineral Commodities Ltd for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mineral Commodities Ltd and the entities it controlled during the period.

**BDO Audit (WA) Pty Ltd**



**Glyn O'Brien**

**Director**

Perth, 30 August 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mineral Commodities Ltd

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Mineral Commodities Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a faint, stylized 'BDO' logo.

**Glyn O'Brien**

**Director**

Perth, 30 August 2021