

Highlights

- **Strong 2020 full year results released, highlighted by EBITDA of US\$21.3M (up 29% on 2019) and NPAT of US\$13.4M (up 72% on 2019)**
- **Tormin - Offtake agreement signed with GMA Group for 100,000 tonnes of garnet concentrate per annum commencing 1 January 2021 for 3 years with automatic renewals after that subject to a minimum 6 month termination period**
- **Tormin – Northern Beaches Mineral Resource increased to 3 million tonnes at 23.2% Total Heavy Minerals (“THM”)⁽¹⁾. Total Group Mineral Resources combined estimate of 456 million tonnes at 6.8% THM**
- **Skaland – Signed landowner agreement over Hesten and Vardfjellet Graphite Prospect, 15km from existing Skaland Graphite Operations⁽²⁾**
- **COVID-19 – No material impact to Norwegian and South African operations. Supply chain logistics and markets largely unaffected**
- **Subsequent to the end of the March quarter MRC has entered into an exclusive non-binding MOU to form a 50:50 Joint Venture with Superior Graphite Co., aimed at fast tracking anode production into the European battery market⁽³⁾**

(1) ASX release Annual Mineral Resource and Ore Reserve Statement- 26 February 2021.

(2) ASX release MRC Secures Two Additional Graphite Prospects Near Skaland– 19 January 2021.

(3) ASX release MRC Fast Tracks Anode Production Into European Battery Market with Superior Graphite Joint Venture – 13 April 2021.

Corporate and Cash

Cash: US\$3.6 million as at 31 March 2021

Debt: US\$6.5 million as at 31 March 2021

Securities: 456.2 million shares and 2.6 million performance rights as at 31 March 2021

During the quarter, Mineral Commodities Ltd (“MRC” or “the Company”) continued to manage the ongoing challenges presented by COVID-19. The Company maintains strict internal protocols with any employee affected afforded medical care, isolated and contact traced to identify and limit the risk of further infection transmission. Thankfully at Tormin all infected employees have made a full recovery and returned to work after testing negative and completing a period of isolation. Skaland continues to maintain its record of not registering any cases of COVID-19.

Operations and sales at both Tormin and Skaland remained largely unaffected by COVID-19 for the quarter except for the inability to get 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.

MRC and GMA Group executed a garnet offtake agreement for 100,000 tonnes per annum of garnet concentrate per annum commencing 1 January 2021 for 3 years with automatic renewals after that 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.

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

Mineral Sands Resources (Pty) Ltd ("MSR"), the operating company for the Tormin mine, received notice during the quarter 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 Programmes (40% - Capital Goods and 70% - Services) and our Career Progression Program.

Zamile David Qunya (Madiba), a director of MSR, also a newly appointed director of MRC, and Debbie Ntombela have taken direct responsibility in undertaking 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. The DMRE will undertake its own audit of the findings and has the ability to suspend operations if they determine MSR has not dealt with the matters to their satisfaction. The Company is confident that the review being undertaken and proactive measures in implementing measurable deliverables will mitigate any such actions.

Subsequent to the end of the March quarter, MRC has entered into an exclusive non-binding MOU to form a 50:50 Joint Venture with Superior Graphite Co., aimed at fast-tracking anode production into the European battery market. The Joint Venture aims to purify natural graphite anode material for Lithium Ion Battery manufacture at Superior's existing Sundsvall plant in Sweden, providing MRC with a faster route to vertical integration, with reduced technology risk. Therman purification is expected to provide the highest purity natural graphite anode material, with analysis and results on Skaland spherical graphite expected next quarter. The Joint Venture would have a proposed production capacity of ~15-20,000tpa of Sustainable Graphite Anode Material.

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 CEO in the interim whilst the Company proceeds to recruit a new CEO.

The Company continues with its operational focus unabated and has enjoyed new interest and inquiry from equity capital intermediaries, end users and collaborators, both locally and internationally, since the Superior joint venture announcement. The Company also notes the erratic and irrational price action in the Company's securities which has also been the topic of inquiry 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.

The Company welcomes the new investors to the registers.

SAFETY, ENVIRONMENT AND COMMUNITY

The Group incurred no recordable injuries during the quarter. The Group's 12-month TRIFR declined from 10.42 in the December 2020 quarter to 4.84 in this period.

Tormin

COVID-19 continues to present a health and safety risk to employees. Employees testing positive are isolated, and 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. The Company is pleased to report that all infected employees have since returned a negative COVID-19 test and are back at work after completing a period of isolation.

Under the Company's Social Labour Plan ("SLP"), MRC invested circa ZAR0.8 million into various leadership, internships and bursary programs to benefit both employees and community students. SLP spend was below target due to the ongoing restrictions associated with COVID-19.

Skaland

During the 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 work without a material impact to the Group's overall results for the quarter. Site has reviewed its risk assessment procedures as a result of this incident.

TORMIN OPERATIONS

The Company improved mining production rates during the quarter, resulting in an annualised rate of 3.6Mtpa material moved. An annual processing rate of 2.0Mtpa produced 58,964 tonnes of final concentrates. Total material mined for the quarter was 896,291 tonnes, including 152,260 tonnes of waste from the Inland Strand area to allow for production in the next quarter.

Mining

Mining	31-Mar-21 Quarter	31-Dec-20 Quarter	31-Mar-20 Quarter	Year to Date 31-Mar-21	Year to Date 31-Mar-20
Material Mined - Tonnes (dmt)	896,291	709,064	615,751	896,291	615,751
Ore Mined - Tonnes (dmt)	744,030	474,104	615,751	744,030	615,751
Waste Mined – Tonnes (dmt)	152,260	234,960	-	152,260	-
Grade (VHM)	15.01%	14.79%	7.68%	15.12%	7.68%
- Garnet	8.86%	10.14%	5.57%	8.86%	5.57%
- Ilmenite	4.78%	3.40%	1.56%	4.78%	1.56%
- Zircon	0.97%	0.89%	0.35%	0.97%	0.35%
- Rutile	0.40%	0.36%	0.13%	0.40%	0.13%

Production from the Inland Strand will begin in the June quarter 2021. Overall, YTD VHM grade was 15.01% in comparison to the previous quarter VHM of 14.8%. The increase in VHM grade is mainly contributed by the ore mined from the Northern Beaches having a higher grade than that mined in the previous quarter.

Run of Mine (“ROM”) processing volumes increased in the quarter to circa 3.0Mtpa, due to improved performance from the Northern Beaches and building ROM inventory at the Inland Strand ready for production in the next period after commissioning of the PBC/TSP module 2, completed early April 2021. Ore production during the quarter from the Northern Beaches, Tormin Beaches and Inland Strand is shown below:

Mining	31-Mar-21 quarter		
	Northern Beaches	Tormin Beaches	Inland Strand
Ore Mined - Tonnes (dmt)	295,338	213,554	235,138
Grade (VHM)	14.02%	9.73%	21.86%
- Garnet	10.39%	7.59%	8.05%
- Ilmenite	2.55%	1.43%	11.03%
- Zircon	0.72%	0.48%	1.78%
- Rutile	0.33%	0.20%	0.70%

Inland Strand ore is currently being stockpiled whilst modifications are made to PBC-TSP 2 for processing this ore. Once completed, these improvements will enable the PBC to process 0.8Mtpa of Inland Strand ore initially, increasing to 1.2Mtpa by the end of the next quarter.

Processing

ROM feed tonnes to the Primary Beach Concentrators ("PBC") was higher for the quarter at 498.3Kt, representing an average feed rate of 314tphr and 86% plant utilisation. Throughput improved in comparison to the previous quarter, reflecting the stabilisation of production from the Northern Beaches.

Heavy Mineral Concentrate ("HMC") production from the PBCs was 133,633 tonnes, compared to the prior quarter's 149,461 tonnes due to lower though put from the Northern Beaches and down time on PBC2 for the tie-in of the scrubber and tails circuit.

GSP/SCP Production & Processing	31-Mar-21 Quarter	31 Dec-20 Quarter	31-Mar-20 Quarter	Year to Date 31-Mar-21	Year to Date 31-Mar-20
Tonnes processed (gross dmt)	130,251	154,186	118,471	130,251	118,471
Tonnes produced (dmt)					
- Garnet concentrate	31,725	39,592	20,260	31,725	20,260
- Ilmenite concentrate	24,576	38,592	11,697	24,576	11,697
- Zircon/Rutile concentrate	2,663	4,613	1,806	2,663	1,806
- zircon in concentrate	68.26%	67.47%	67.85%	68.26%	67.85%
- rutile in concentrate	19.31%	15.84%	15.74%	19.31%	15.74%

Total final concentrate production decreased 29% to 58,964 tonnes, compared to the December quarter, reflecting 16% lower infeed due to lower HMC production, higher grade garnet production and 6% lower infeed grade this quarter.

Ore processing of the Inland Strand begins in early April 2021 after preliminary upgrades are completed on the PBC2 circuit. The Inland Strand material requires additional infrastructure, including installing a thickener and desliming circuit, and a Mobile Front End Unit (MFEU) to prepare inland strand ore for processing.

Sales

Sales (wmt)	31-Mar-21 Quarter	31-Dec-20 Quarter	31-Mar-20 Quarter	Year to Date 31-Mar-21	Year to Date 31-Mar-20
- Garnet concentrate	27,575	1,707	53,288	27,575	53,288
- Ilmenite concentrate	-	55,000	-	-	-
- Zircon/Rutile concentrate	4,533	3,005	2,576	4,533	2,576

Tormin shipments/sales were 4,533 wet metric tonnes of zircon/rutile concentrate and 27,575 wet metric tonnes of garnet. The increase in non-mags sales during the quarter reflects deferred sales from the previous quarter. The increase in garnet sales primarily reflects the first quarter of the new garnet offtake agreement with GMA Group (25,000 tonnes), with no sales recognised to GMA Group in the December 2020 quarter. The Company's next ilmenite shipment is scheduled to sail in the next quarter.

Product sales revenue was US\$6.8 million for a total 32,108 wet metric tonnes sold, in comparison to prior period revenue of US\$9.1 million for 59,712 wet metric tonnes sold.

Unit Costs & Revenues

Summary of Unit Costs & Revenues	31-Mar-21 Quarter	31-Dec-20 Quarter	31-Mar-20 Quarter	Year to Date 31-Mar-21	Year to Date 31-Mar-20
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	91.62	86.14	125.62	91.62	125.62
Unit cost of goods sold per tonne of final concentrate sold (US\$/wmt) ⁽¹⁾	157.38	110.03	65.27	157.38	65.27
Unit revenue per tonne of final concentrate sold (US\$/wmt)	210.40	152.67	120.00	210.40	120.00
Revenue to Cost of Goods Sold Ratio	1.34	1.39	1.84	1.34	1.84

Note (1) – Cost of goods sold includes production cash costs, product handling, transport and selling costs, royalties, stock movements and depreciation and amortisation. Excludes corporate and financing costs.

The March quarter's unit production cash costs were 6% higher, reflecting a decrease in concentrate production. The total unit cost of goods sold for the quarter was US\$157.38/t compared with US\$110.03/t in the preceding quarter, reflecting the higher proportion of non-mags sales during the March 2021 quarter given the 55Kt ilmenite sale in the previous quarter.

Unit revenue per tonne of final concentrate sold for the Quarter of US\$210.40/t is 37.8% above US\$152.67/t for the previous quarter, reflecting the higher proportion of non-mags sales during the March 2021 quarter given the 55Kt ilmenite sale in the previous quarter.

Revenue to Cost of Goods Sold Ratio for the Quarter is 1.34 and is in line with the previous quarter of 1.39. The unit revenue per tonne increase in the quarter is aligned with the unit cost of goods sold increase.

Tormin Resource Update

The Company provided its Annual Resource Statement on 26 February 2021, recognising Tormin Beaches Annual Resource Update of 2.4 million tonnes at 8.68% total heavy mineral concentrate, based on a 2% heavy mineral cut-off grade. The Mineral Resource (JORC Code 2012) for the Northern Beaches was upgraded to 3 million tonnes at 23.2% THM in the category of Measured, Indicated and Inferred using a 2% cut-off.

The Tormin Beaches deposit is an active placer beach sand deposit limited in extent on its eastern side by coastal cliffs and to depth by bedrock contact. The resource is open towards the ocean and surf zone on its western side, as well as along the coastline towards the north and south.

Total Mineral Resources for the Tormin Beaches 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)
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
Total	1.13	13.67	0.15	3.46	47.33	8.30	1.07	0.10	0.22

Since commencement of operations at Tormin, the Company has mined in excess of 13.9 million tonnes. The tonnage mined is more than five times the originally declared resource tonnage (2.70 million tonnes), which is indicative of the significant replenishment nature of the deposit where resource blocks are mined more than once per year.

The Company is confident that the shift to processing from the Tormin Beaches to the Inland Strand in the next quarter, together with the continuation of Northern Beaches processing, will allow the current Tormin Beaches mining area to replenish in 2021.

On 19 May 2020, the Company announced its maiden high-grade resource at Tormin's Northern Beaches of 2.5 million tonnes at 23.5% THM in the category of Measured, Indicated and Inferred using a 2% cut-off. The resource is based on drilling from only three (Beaches 5, 7 and 10) of the ten placer deposit style Northern Beaches adjoining the existing Tormin mine. The Company completed resource drilling at Beaches 1, 2, 3, 4, 6, 8 and 9 as part of a follow-up programme outside of the Maiden Mineral Resource at the Northern Beaches (reported 19 May 2020) which are included in the updated Mineral Resource estimate released on 26 February 2021.

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
Total	3.02	23.24	0.7	3.57	50.77	8.43	1.03	0.17	0.51

The Mineral Resource table above demonstrates the high-grade nature of the deposit, with over 90% of the total resource reporting in the category of Measured and Indicated at 23.54% THM. The Measured Resource categorisation is also higher than any of the historical resource estimates at Tormin, which have only ever been reported as high as Indicated. The nature of the resource replenishment in Tormin Beaches and Northern Beaches is typical of modern-day beach placer deposits found along the West Coast of South Africa and the south eastern Tamil Nadu coast of India.

Tormin Exploration

A total of 5,585 metres of the 10,000m resource drilling program, focused on the northern extension of the Western Strandline, was completed in the March 2021 quarter. Drilling in the Eastern Strandline was completed and infill drilling in the existing target resource areas and the north extension of Western Strandline is ongoing.

SKALAND OPERATIONS

Skaland's financial and operating performance was affected by an unplanned incident shutting the plant. On 29 January, 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 has ignited a built-up sulphur layer inside the pipe. The damage was repaired and the processing plant returned to work without having a material impact on the Group's overall operations.

The Company sold 1,757 tonnes of graphite concentrate during the quarter compared to 1,314 tonnes in the prior quarter, reflecting inventory sales given the reduced production during the quarter. Total product produced and bagged was 773 tonnes for the quarter.

Mining

Mining	31-Mar-21 Quarter	31-Dec-20 Quarter	31-Mar-20 Quarter	Year to Date 31-Mar-21	Year to Date 31-Mar-20
Tonnes Mined	5,645	3,227	11,886	5,645	11,886
Ore Mined	3,343	978	2,144	3,343	2,144
Waste Mined	2,303	2,249	9,742	2,303	9,742
Ore Grade (%C)	25	28	28	25	28
Development Metres	33	24	95	33	95

Total tonnes mined for the quarter was 74.9% higher than the previous quarter, given significant unplanned maintenance downtime in the prior quarter. Ore production was 241.8% higher than the last quarter. Higher development meters during the quarter were due to improved scaler carrier availability.

Mining was below expectations due to the unplanned plant shutdown.

ROM feed to the processing plant for the quarter was 3,117 tonnes compared with 3,996 tonnes in the prior quarter, largely reflecting available ore mined during the quarter, given inventory stocks were largely processed in the previous quarter.

Mine planning has advanced to enable the new decline development to access higher grade ore resources. The first development blast is planned for May 2021. The decline development allows access to what is expected to be a consistently high-grade ore body. The Company has engaged experienced underground mining contractors to accelerate development.

Processing

Graphite concentrate production of 773 tonnes was below the last quarter production of 992 tonnes due to the shutdown resulting from the fire. Both quarters' production are well below management expectations due to the plant being non-operational for extended periods.

Processing	31-Mar-2021 Quarter	31-Dec-2020 Quarter	31-Mar-20 Quarter	Year to Date 31-Mar-21	Year to Date 31-Mar-20
Ore Processed (t)	3,117	3,996	5,658	3,117	5,658
Throughput (tph)	6	7	6	6	6
Ore Grade (%C)	25	23	28	25	28
C Recovery (%)	87	89	94	87	94
Concentrate Grade (%)	88	87	90	88	90
Concentrate Produced (t)	773	992	1,656	773	1,656

Sales

Quarterly graphite concentrate sales of 1,757 tonnes increased compared to the previous period (1,314 tonnes), reflecting strengthening market conditions, including more robust demand for traditionally lower value Fine-Medium/Powder products.

Product (wmt)	31-Mar-21 Quarter		31-Dec-20 Quarter		31-Mar-20 Quarter		Year to Date 31-Mar-21		Year to Date 31-Mar-20	
	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %
Coarse/Medium	539	31%	262	20%	1,264	34%	539	31%	1,264	34%
Fine-Medium/Powder	1,218	69%	1,052	80%	2,472	66%	1,218	69%	2,472	66%
Total	1,757		1,314		3,736		1,757		3,736	

Sales revenue for the quarter was US\$1.0 million for a total of 1,757 tonnes sold.

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

Unit Costs & Revenues

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

Skaland Exploration and Permitting

The Company commenced a 3,000m diamond drilling program in March to upgrade the current resource of the Traelen deposit and to provide a subsequent Ore Reserve estimate after the drilling campaign.

The Company entered into a landowner agreement to explore the Hesten and Vardfjellet graphite prospects, located on the island of Senja, Norway. The prospects are situated about 4km west of the Bukken exploration prospect, for which Skaland was granted exploration rights in mid-2020, and are approximately 15km southeast of MRC's existing Skaland Graphite Mining Operation. The agreements provide MRC with exclusive exploration rights for up to six years over an area of 6.9km². The discovery of an economic graphite resource at Hesten and Vardfjellet would further add to the Company's strategy to make Skaland an integral part of Europe's plan to secure the supply of critical battery raw materials.

For further details refer to the ASX Release – MRC Secures Two Additional Graphite Prospects Near Skaland – 19 January 2021.

DOWNSTREAM GRAPHITE

During the quarter, the Company has continued with a scale-up of the chemical purification process under development with CSIRO, as well as the carbochlorination purification process. This stage of the project is sufficient to generate initial customer samples for evaluation. The testwork program targets purification of spherical graphite from Skaland and Munmlinup. It will be followed by a feasibility study.

The Company has also applied for funding under the Australian Government's Modern Manufacturing Initiative (MMI) for Resources Technology and Critical Minerals Technology to support the development of a larger scale pilot plant to de-risk commercial development and provide larger samples for customer qualification. A decision on funding is expected next quarter.

Coating and electrochemical testing of anode materials is progressing at CSIRO.

DEVELOPMENT

Munmlinup Graphite Project

The Company's response to feedback from DWER and DAWE on 12 February 2021, including the Amended Additional Information Report and supplementary studies, management plans and offset proposal, were submitted to EPA on 11 March 2021. Final changes were submitted on the Supplementary Report on 29 March 2021.

On 24 March 2021, DAWE and the EPA approved the documents for public review. The public review period started on Monday 12 April 2021 for a period of 4 weeks.

An application for co-funded drilling was submitted to the Department of Mines, Industry Regulations and Safety on 26 February 2021 and a POW approval for tailing study drilling and test pits was issued by DMIRS on 30 March.

Australian Exploration

A POW approval for 36,000 tonnes bulk sampling in Doolgunna was issued by DMIRS on 24 March 2021.

The Glen Florrie tenement (E08/2963) was assessed as low prospectivity and surrendered during the quarter.

CORPORATE

Cash and Debt

As at 31 March 2021, the Company had US\$3.6 million in cash on hand compared to US\$5.5 million as at 31 December 2020. The net working capital position as at 31 March is US\$11.4 million, with contracted sales for a 55kt ilmenite shipment in late April/early May. The movement in cash during the quarter reflects ongoing Tormin operations during the quarter including waste removal, building ROM stocks at the Inland Strand for production to commence in April 2021, and capital investment in adapting the PBC Circuit to effectively process Inland Strand material. Skaland cash flows are limited due to the plant downtime during the month.

Trade and other receivables as at 31 March 2021 decreased to US\$10.3 million from US\$16.4 million in the previous quarter. Borrowings as at 31 December 2020 were US\$6.5 million compared to US\$6.2 million in the previous quarter.

The Board is assessing its working capital requirements in light of its expansion initiatives and other strategic matters and is considering a number of alternatives to ensure all initiatives are fully funded.

CEO Services

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 are provided. Mr Caruso ceased providing those services immediately.

This decision is a result of a breakdown in the relationship between the Board and Mr Caruso, including the commencement of enquiries into a potential related party matter. Those enquiries are ongoing and the Company is unable to provide further detail at this time. However, the Board's relationship with, and the provision of CEO services by, Mr Caruso were regarded as untenable.

The Company's Chairman, Mr David Baker and Non-Executive Director, Mr Russell Tipper acting in the role of CEO, are supervising the Company's operations whilst the Board undertakes a search for a replacement CEO. The Board resolved on 29 April 2021 to provide remuneration to Mr Tipper at a rate of \$40,000 per month (all inclusive) and is in the process of entering into an interim executive agreement with him in this regard.

Outlook

Production and sales guidance for 2021 will be reviewed in the June quarter after management and the Board have re-considered forecast production plans, subsequent to the termination of Mr Mark Caruso's services in March.

Securities on Issue

Issued securities at the date of this report comprise:

- 456,241,571 fully paid ordinary shares listed on the ASX.
- 1,000,000 Performance Rights exercisable on or before 1 October 2021, vesting on the 30-day Volume Weighted Average Price ("VWAP") of the Company's Shares trading on the ASX being at or above A\$0.20 post issue, and 333,333 vested on 1 October 2018, 333,333 vested on 1 October 2019 and 333,334 vesting on 1 October 2020. 1,000,000 Performance Rights are fully vested.
- 1,000,000 Performance Rights exercisable on or before 30 September 2021, vesting on the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of 5 consecutive days, 500,000 vested on 11 October 2019 and 500,000 vested on 11 October 2020, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable. 1,000,000 Performance Rights are fully vested.
- 500,000 Performance Rights exercisable on or before 14 May 2022, vesting on the VWAP being at or above AU\$0.26 and remaining at or above AU\$0.26 for a period of 30 consecutive days, 500,000 vesting on 14 May 2021, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable.

- 100,000 Performance Rights exercisable on or before 28 February 2023, vesting on the 30-day VWAP of the Company's Shares trading on the ASX being A\$0.26 post issue, and 50,000 vested on 28 February 2021 and 50,000 vesting on 28 February 2022. 50,000 Performance Rights are fully vested.

- ENDS -

Issue by: Mineral Commodities Ltd ACN 008 478 653
Authorised by: The 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

COMPETENT PERSONS STATEMENT

Tormin - The information in this statement which relates to Exploration Results and Mineral Resources for Tormin Beaches, Northern Beaches and Inland Strands is based on information compiled by Mr Bahman Rashidi, who is a member of the Australian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"). Mr Rashidi is the Group Exploration Manager and a full-time employee of the Company. He has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person in accordance with the JORC Code (2012). The information from Mr Bahman Rashidi was prepared under the JORC Code (2012). Mr Rashidi consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

Hesten and Vardfjellet - The information in this Statement that relates to exploration on Hesten and Vardfjellet, together with any related assessment and interpretation, has been approved for release by Mr Daniel Ball, who is a member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Ball is a Senior Geologist and an employee of the Company. Mr Ball has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person in accordance with the JORC Code 2012. Mr Ball consents to the inclusion of the information contained in this ASX release in the form and context in which it appears.