



MRC TO FORM A EUROPEAN SUSTAINABLE GRAPHITE BUSINESS – “ASCENT GRAPHITE”

- **Strategic review process completed targeting the funding and development of anode production from a dedicated Active Anode Materials Plant in Norway.**
- **The review process concluded that creating a pure-play, integrated, battery anode material company concentrated on European "Sustainable Anode" development made strategic, value accretive, operational sense.**
- **The Company plans to demerge its Norwegian Graphite Assets into a separate entity to be newly incorporated in Norway, branded as Ascent Graphite.**
- **The recent results from the purification program with CSIRO provides a strong foundation to advance and de-risk the development of the AAMP in Norway, supporting the key findings from the Review.**

The Board of Mineral Commodities Ltd ("MRC" or "the Company") has completed a strategic review process ("Review") to optimise the Company's corporate and capital structure to fund future growth and accelerate shareholder value, targeting the development of anode production from a dedicated Active Anode Materials Plant ("AAMP") in Norway.

The Company plans to transition its existing European graphite production to downstream anode production for the electric vehicle and energy storage markets. The Company's Skaland Graphite mine has been in operation for over 100 years and is the highest-grade operating flake graphite mine in the world. The transition will require a step-change in investment over the next 18 months to support demonstration-scale activities for the production and qualification of anode materials and delivery of higher quality concentrates from Skaland from an expanded production base. The timing of these activities is driven by the significant growth of battery cell manufacturing capacity in Europe.

The Company's work on the Review commenced in April 2021 and considered the various possibilities for unlocking value and accessing funding for the Skaland Graphite Operation and the Company's downstream development plans in Norway ("Norwegian Graphite Assets"), including the demerger of these assets into a newly incorporated Norwegian entity.

Driven in part by the Company's progress developing an environmentally sustainable purification process¹, the Review considered a range of options, including MRC's corporate and capital structure, future capital requirements, dilutionary effects on equity value, and the structural separation by way of a demerger. Business plans, management structures, and cost and tax implications were also examined as part of the Review.

The Review found that demerging the Company's Norwegian Graphite Assets made strategic, value accretive, operational sense.

A summary of the key findings include:

- As a combined entity, assigning value to the Company's current asset portfolio mix, consisting of the Tormin mineral sands operations and graphite assets in Norway and Australia, is more complex than for our peers who operate a single commodity-focused business strategy. This is compounded by the downstream processing and marketing requirements of the anode graphite business in comparison to conventional mining and processing.
- The market currently undervalues MRC's graphite assets. Separation should address this as the Norwegian Graphite Assets are well placed as a credible emerging participant in the European battery anode market. Globally, battery material companies are achieving high valuations at present. Sentiment towards companies executing strategies focused on the battery cell manufacturing and the battery materials sector is extremely positive, with very buoyant market conditions for equity funding.
- A pure-play, integrated, battery anode material company concentrated on European "Sustainable Anode" development based in Norway, is attractive to clean energy, and sustainability mandated investors, as well as for industry and strategic battery market focused partners interested in the Company's business strategy for the Norwegian Graphite Assets.
- New management with complementary skill sets can focus on this specialised industry and its specific needs.

The Company considers that the recent results from the purification program with CSIRO, Australia's national science agency, provide a strong foundation to advance and de-risk the development of the AAMP in Norway.

The Company plans to separate the Norwegian Graphite Assets into entity to be newly incorporated in Norway, branded as **Ascent Graphite** ("Ascent Graphite") with a Norway/European facing, independent Board and operating structure to provide an optimal platform to attract funding and increase value.

¹ ASX Release - ACTIVE ANODE MATERIALS PLANT (AAMP) PURIFICATION SUCCESS – 13 September 2021

Chairman David Baker said, "*MRC's Norwegian graphite assets are of leading quality: located within a Tier 1 jurisdiction, with a rapid increase in battery demand. Our value generation is characterised by well-advanced studies and development plans, including for vertical integration. Skaland, as a permitted, operating mine in Norway with its high-grade ore and hydropower electricity, is ideally positioned to supply anode materials to Europe and the demerger will assist in accelerating this process.*"

Ascent Graphite

Initially, Ascent Graphite will seek funding via an equity issue to investors as part of a planned capital raising. The Company is also considering an initial listing of Ascent Graphite on a European Stock Exchange, although no definitive plans have been agreed for this. In the near term, MRC intends to retain a significant equity holding in Ascent Graphite to capitalise on any value creation resulting from the demerger.

After a number of targeted value milestones are achieved, Ascent Graphite may seek an expanded listing on additional exchanges in the US, UK or Europe, at which point MRC shareholders may be given the opportunity to directly participate in the demerged entity via an in-specie distribution of the Company's shares in Ascent Graphite.

The Company has appointed Bacchus Capital Advisers Ltd and Clarksons Platou Securities AS as advisors to the demerger and planned capital raising to support Ascent Graphite's business development strategy.

MRC has advanced the necessary preparatory workflows as part of the demerger process, including regulatory approvals in Australia and Norway. The ASX has provided preliminary advice that the Company will likely require shareholder approval under ASX Listing Rule 11.4. The Company will provide further updates regarding the proposed demerger and approvals process as key milestones are achieved.

Ascent Graphite - Board and senior management appointments

Mr David Baker will be appointed as a Non-Executive Director of Ascent Graphite. David has extensive experience in governance, resource company leadership, investment banking and law. David is currently the Non-Executive Chairman of MRC and has played an instrumental role in leading the Company forward during the recent transition period.

The Company is in discussions with several highly credentialed Norwegian, UK and European based candidates to act as independent directors for the remaining board positions, including the role of Chair.

The Chief Executive Officer of Ascent Graphite will be Peter Fox. Peter joined MRC as the Manager of Investor Relations and External Affairs in 2019 and assumed his current role as Group Corporate Development Manager in April this year. Peter has held non-executive directorships in ASX companies and transitioned from equity capital markets

and investment banking where he specialised in project finance, capital raising and mergers and acquisitions across the mining and natural resources sector.

Dr Surinder Ghag will move to Ascent Graphite as the Chief Development Officer. Surinder is a highly qualified metallurgist with 25 years of broad experience in management and operations, project development from studies through to commissioning, business development and business improvement. Surinder has played an integral part in developing MRC's downstream graphite development plans and the development of the purification technology in collaboration with CSIRO.

Christoph Frey will be the Chief Operations Officer of Ascent Graphite. Christoph has over 27 years of experience across all facets of natural flake graphite development and production, with expertise in the supervision of graphite mining and processing, managing the development of product portfolios from graphite concentrate to high value graphite products including purified spherical graphite for Lithium-Ion-batteries. Christoph is currently the acting General Manager of Skaland Graphite.

Further market updates will be provided by MRC as the demerger process and the launch of Ascent Graphite progresses.

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About Mineral Commodities Ltd

Mineral Commodities Ltd (ASX: MRC) is a global mining and development company with a primary focus on the development of high-grade mineral deposits within the mineral sands and battery minerals sectors. The Company is a leading producer of zircon, rutile, garnet and ilmenite concentrates through its Tormin Mineral Sands Operation, located on the Western Cape of South Africa.

The Munglinup Graphite Project, currently 51% owned by MRC, is a high-grade graphite project located on a granted mining lease near Esperance, Western Australia.

Having released a highly positive Definitive Feasibility Study in 2020, MRC is awaiting final Environmental Approvals before the planned development of the project as a critical source of low impurity natural flake graphite concentrates for the battery materials market.

Cautionary Statement

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