



## 2022 HALF YEAR RESULTS SUMMARY

Mineral Commodities (ASX: MRC) is pleased to announce its results for the half-year ended 30 June 2022, with the following highlights:

### Corporate

- The Company announced its Five Year Strategic Plan 2022-2026 (**Strategic Plan**)<sup>1</sup>. The Strategic Plan incorporates new vision, values and goals for success. The Company's vision of "enabling a better world through sustainable and responsible production of critical and industrial minerals and products" represents a clear intent for responsible and sustainable mining and industrial practices. The Strategic Plan aims to return the Company to solid profitability through maximising profitability from existing assets, while expanding its resources and reserves.
- Proactive measures in place to ensure employees' safety and to reduce the social impacts of COVID-19 in our communities. The Company is grateful that to date, all infected employees have made a full recovery and returned to work after completing a period of isolation and testing negative. None of our employees has lost employment or suffered a loss of any direct wages or salary due to the pandemic.

### Heavy Minerals

- Annual Resource Statement states a combined estimate of 562 million tonnes at 6.6% Total Heavy Minerals (**THM**), containing 37 million tonnes in situ heavy mineral.<sup>2</sup>
- Maiden ore reserve for the Tormin Inland Strands of 21.8 million tonnes at 31% THM containing 6.7 million tonnes heavy mineral.<sup>3</sup>
- Total final concentrate production increased 10% to 121,652 tonnes, compared to the previous half-year.
- Inland Strands testwork, design, construction and commissioning work ongoing during the half-year.

### Battery Minerals

- Annual Resource Statement stated a combined estimate of 9.83 million tonnes at 14.3% TGC, containing 1.4 million tonnes of graphite.<sup>4</sup>
- MOU signed with technology partner Mitsubishi Chemical Corporation to collaborate on graphitic anode materials supply in Europe.<sup>5</sup>
- MOU signed with sales and marketing partner Traxys North America LLC to collaborate on graphitic anode materials supply in Europe.<sup>6</sup>

<sup>1</sup> ASX Announcement entitled '[MRC Unveils Five Year Strategic Plan 2022-2026](#)', dated 29 April 2022.

<sup>2</sup> ASX Announcement entitled '[Annual Mineral Resource and Ore Reserves Statement](#)', dated 28 February 2022.

<sup>3</sup> ASX Announcement entitled '[Maiden Ore Reserve for Tormin Inland Strand](#)', dated 18 February 2022.

<sup>4</sup> ASX Announcement entitled '[Annual Mineral Resource and Ore Reserves Statement](#)', dated 28 February 2022.

<sup>5</sup> ASX Announcement entitled '[Strategic Collaboration Agreement with Mitsubishi Chemical Corporation](#)', dated 18 May 2022.

<sup>6</sup> ASX Announcement entitled '[MRC and Traxys sign Agency Sales and Marketing MOU](#)', dated 20 May 2022.

- Successful grant application of AU\$3.94M to advance commercialisation of a new graphite ore-to-battery anode business based on the Munglinup graphite project including process piloting for anode materials production.<sup>7</sup>
- Cooperative Research Centres Projects (**CRC-P**) project successfully completed with battery grades achieved for both Munglinup and Skaland spherical graphite, using the CSIRO-development environmentally friendly purification process.<sup>8</sup>
- The half-year results reflect that Skaland production has been above an annualised production rate of 10ktpa, which is the historical peak performance baseline for Skaland. The quality of Skaland concentrate has also been substantially improved post-acquisition from below 90% TGC to daily averages of up to 97%. Cost and revenue optimisation is ongoing.

### Financial

**Total revenue of US\$25.9 million**

**EBITDA of US\$0.1 million, Underlying EBITDA of US\$1.6 million**

**NLBT of US\$4.5 million, Underlying NLBT of US\$2.1 million**

**Cash balance US\$3.8 million**

- After adjusting for one off adjustments in the comparative half-years, underlying EBITDA and profit performance in 2022 has improved by 182% and 37% respectively in comparison to 2021.
- Management is seeking to improve the profitability at Tormin through:
  - The re-introduction of production from the Inland Strands, currently expected from December quarter 2023, which will be the catalyst for improved beach mining grades through replenishment with the Strategic Plan providing for the two placer beach deposits being sustainably mined at 1.4-1.5 million tonnes respectively every two years from that point onwards. This plant upgrade is targeted to increase ore processing at Tormin from 2.4mtpa to 2.7Mtpa; and
  - Significant work has been undertaken assessing the optimal strategy for adding mineral separation plant(s) at Tormin, which will transition MSR from a concentrate only business to higher value garnet and ilmenite finished products by the December 2023 quarter.
- Management is seeking to improve profitability at Skaland through revenue and cost optimisation strategies.

Chief Executive Officer Jacob Deyssel commented: *"The first half of 2022 has seen MRC finalising resetting the foundations of the Company through significantly increasing mineral resources, improving our social licence, removing potential encumbrances on our Mining Rights, finalising the flowsheet and construction plan for Inland Strands material processing, stabilising our Skaland operations, achieving battery grades for both Munglinup and Skaland spherical graphite and establishing strategic technology and sales and marketing partnerships that can accelerate the transition to battery anode production."*

*With strong foundations now in place the Company will now transition into the first phase of its growth strategy with the re-introduction of production from the Inland Strands that enables*

<sup>7</sup> ASX Announcement entitled '[Successful \\$3.94M Critical Minerals Grant Application](#)', dated 19 April 2022.

<sup>8</sup> ASX Announcement entitled '[CRC-P Purification & CSIRO Collaboration Update](#)', dated 30 May 2022.

*sustainable mining of our two placer beach deposits, production expansion at Tormin from 2.4mtpa to 2.7Mtpa, transitioning from a concentrate only business at Tormin to higher value garnet and ilmenite finished products through investments in mineral separation, exploration resource drilling at De Punt, obtain environmental authorisation that complement the current mining right for an FID decision at Munglinup, complete downstream pilot plant construction and anode materials qualification in Australia for the Munglinup and Skaland graphite assets and optimising our revenue and cost bases.*

*We would like to thank our shareholders for their continued support as we continue to execute the Strategic Plan."*

**ENDS**

**Issued by Mineral Commodities Ltd ACN 008 478 653** [www.mineralcommodities.com](http://www.mineralcommodities.com)

**Authorised by the Chief Executive Officer and Company Secretary, Mineral Commodities Ltd**

For further information, please contact:

**INVESTORS & MEDIA**

**Jacob Deysel**

Chief Executive Officer

T: +61 8 6373 8900

[investor@mncom.com.au](mailto:investor@mncom.com.au)

**CORPORATE**

**Fletcher Hancock**

Company Secretary

T: +61 8 6373 8900

[fletcher.hancock@mncom.com.au](mailto:fletcher.hancock@mncom.com.au)

**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 industrial and critical 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 Company owns and operates the Skaland Graphite Operation in Norway, the world's highest-grade operating flake graphite mine and is the only producer in Europe.

The planned development of the Munglinup Graphite Project, located in Western Australia, builds on the Skaland acquisition and is a further step toward an integrated, downstream value-adding strategy which ultimately aims to produce graphitic anode products and capitalise on the fast-growing demand for sustainably manufactured Lithium-Ion Batteries.

In April 2022, the Company released its Strategic Plan to delineate and implement its aspiration to become a leading vertically integrated diversified producer of graphitic anode materials and value added mineral products with a commitment to operate with a focus on the Environment, Sustainability and Governance.

### Cautionary Statement

This announcement contains 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 various factors may cause actual results or expectations to differ materially from the results expressed or implied in the forward-looking statements.

These forward-looking statements are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are beyond MRC's control. This may cause actual results and developments to differ materially from those expressed or implied. These risks include but are not limited to, economic conditions, stock market fluctuations, commodity demand and price movements, access to infrastructure, timing of approvals, regulatory risks, operational risks, reliance on key personnel, Ore Reserve and Mineral Resource estimates, native title, foreign currency fluctuations, exploration risks, mining development, construction, and commissioning risk.

Forward-looking statements in this announcement apply only at the date of issue and are subject to any continuing obligations under applicable law or regulations, MRC does not undertake to publicly update or revise any of the forward-looking statements in this announcement or to advise of any change in events, conditions, or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statements contained in this announcement.

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

---

**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 2022

Previous Corresponding Period: Half-year ended 30 June 2021

For and on behalf of the Directors



---

**FLETCHER HANCOCK**  
**COMPANY SECRETARY**

Dated: 31 August 2022

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

<b>Revenue and Net Profit</b>		<b>USD'000's</b>
Revenue from ordinary activities	up 15% to	25,829
Net Loss for the period attributable to members	down 600% to	4,257

**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 2022.**

**NET TANGIBLE ASSET BACKING**

	<b>30 June 2022</b> <b>US\$'000's</b>	<b>30 June 2021</b> <b>US\$'000's</b>
Net Assets	53,541	61,954
Net tangible assets of the Company	53,541	61,954
Fully paid ordinary shares on issue at Balance Date	535,490,634	456,241,571
Net tangible asset backing per issued ordinary share as at Balance Date	0.10	0.14

**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 2022**

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 2021 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 2022. 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:

Russell Gordon Tipper	Independent Non-Executive Chairman (appointed as Chairman 5 January 2022)
David Lewis Baker	Independent Non-Executive Chairman (resigned 5 January 2022)
Jacob Deyssel	Managing Director (appointed 5 January 2022)
Guy Walker	Non-Executive Director
Zamile David Qunya	Non-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 2022. 2022 will be a transformational year for MRC and our stakeholders as we execute our New Vision and Values as part of our Five Year Strategic Plan 2022-2026 (**Strategic Plan**). The Strategic Plan incorporates new vision, values and goals for success. The Company's vision of "enabling a better world through sustainable and responsible production of critical and industrial minerals and products" represents a clear intent for responsible and sustainable mining and industrial practices. MRC's vision is highly focused on good corporate citizenship and on long-term sustainable returns for all stakeholders. MRC is committed to strong core values: zero harm, respect, integrity, innovation and inclusion as the foundations for all of its actions.

The Strategic Plan aims to return the Company to solid profitability through maximising profitability from existing assets, while expanding its resources and reserves, and presenting a platform to achieve our vision and first goal of becoming a larger diversified, sustainable and responsible critical and industrial minerals producer. These building blocks are advancing our second goal of making the Company a sustainable, vertically integrated graphitic anode supplier in Europe, whilst achieving our third goal of becoming a larger sustainable, vertically integrated heavy minerals supplier.

## REVIEW OF OPERATIONS (CONTINUED)



The key elements of the Strategic Plan are:

### Environment, Social and Governance (ESG)

1. MRC to re-brand as a larger diversified, sustainable and responsible critical and industrial minerals producer.
2. Improve our Social Licence - align with best practice sustainability frameworks.
3. Align to ASX Corporate Governance Council Principles & Recommendations.
4. Obtain ISO certification of our operations and best practice health, safety and environmental standards.

Achievements during the half-year:

- During the half-year, the Company continued to contend with the challenges presented by the COVID-19 global pandemic. These challenges warranted the Company's implementation of 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 completing a period of isolation and testing negative. Operations and sales at both Tormin and Skaland remained largely unaffected by COVID-19 for the half-year;
- Alignment to ASX Corporate Governance Council Principles & Recommendations:
  - The Statement of Corporate Governance in MRC's 2021 annual report outlines MRC's continued alignment with ASX Corporate Governance Council Principles & Recommendations;

## REVIEW OF OPERATIONS (CONTINUED)

- Improving our Social Licence in South Africa in procurement and employment equity;
  - The Company has continued to engage with stakeholders in South Africa to improve its performance in terms of the involvement of historically disadvantaged persons (**HDP**) owned entities in the procurement programmes and employment equity for HDP. MRC executive and management of Mineral Sands Resources (**MSR**) have met with regulators and outlined the MSR Procurement Transformation Strategy, aimed at ensuring compliance with the Mining Charter 2018 and promoting economic growth through the development or nurturing of small, medium and micro enterprises and suppliers of mining goods and services. Employment equity is being actively monitored after considerable restructuring in the second half of 2021. The strengthening social bonds in South Africa is further illustrated by the issuance of the De Punt prospecting right in July 2022;
- MSR's ownership structure work underway to ensure compliance with the recommendations of the Mining Charter 2018;
  - Considerable work has also been undertaken with our BEE Entrepreneur, Blue Bantry Investments 255 (Pty) Ltd (**Blue Bantry**), in restructuring MSR's ownership structure and compensatory measures to ensure more appropriate commercial outcomes for our stakeholders and compliance with the Mining Charter 2018;
- The Company reported the agreed resolution which resulted in the staying of the outstanding appeals against the permitting of its Section 102 Mining Right Areas;
  - Specifically, the High Court of South Africa has ordered a stay in each of the following applications and appeals brought by the Centre for Environmental Rights: an appeal against the ministerial decision to grant the Section 102 Mining Right and the related application to suspend that decision pending the resolution of the appeal and an application to review and set aside the decision to issue MSR with the Integrated Environmental Authorisation in respect of the Section 102 Mining Right areas. The resolution of the appeals confirms MSR's permitting over the Section 102 Mining Right Areas including the Northern Beaches and Inland Strands mining areas and is in keeping with our global drive and focus from an ESG perspective. The security of permitting over the Section 102 Mining Right supports the Five Year Strategic Plan objective to transition towards sustainable production expansion with Inland Strands.

### Targeted developments in the next twelve months:

- The Company will be rebranded and refocused to align with its strong ESG focus, having empathy for its impact on communities, achieving best practice compliance with sustainability frameworks and good corporate citizenship. This focus supports the European battery storage and EV market expectation requiring a low carbon footprint through the entire supply chain;
- Submit a draft Biodiversity Management Plan ("BMP") for our Tormin operations in terms of section 43 of the National Environmental Management Biodiversity Act to the Minister of Environment, Forestry and Fisheries for consideration;
- Submit a motivation for a Strategic Environmental Assessment (**SEA**) for our Tormin operations to the Minister of Environment, Forestry and Fisheries proposing that this Minister facilitate the initiation of an environmental management framework in terms of Regulation 2 of the Environmental Framework Regulations;
- Continue execution of the MSR Procurement Transformation Strategy;
- Completion of the restructure of MSR's ownership structure;

## REVIEW OF OPERATIONS (CONTINUED)

- Improve sustainability action plans and reporting through the development of sustainability frameworks guided by the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals;
- Continuous improvement in health, safety and environmental standards; and
- ISO certification at Skaland will be sought.

### Battery Minerals

1. Position MRC's Battery Minerals Division as a sustainable, vertically integrated graphitic anode supplier in Europe, leveraging off the operating European based Skaland graphite mine.
2. Skaland returned to profitability, complete expansion study and a Final Investment Decision (FID) for potential expansion beyond current mining right of 16Ktpa, targeted for Q2 2023.
3. Accelerate Munmlinup development, with an FID targeted for Q2 2023, intended to significantly increase graphite concentrate production.
4. Downstream graphitic anode product qualification targeted for Q2 2023. Commercial scale plants targeted to be in operation by 2024.
5. Increase graphite resources from existing 9.83 million tonnes through active organic and inorganic resource and reserve growth.

Achievements during the half-year:

- The Company provided its Annual Resource Statement, including 9.83 million tonnes at 14.3% TGC, containing 1.4 million tonnes of graphite;
  - The Company has graphite resources of 9.83 million tonnes at 14.3% TGC, containing 1.4 million tonnes of graphite across its Munmlinup Graphite Project and Skaland Graphite Operation;
- MOU signed with technology partner Mitsubishi Chemical Corporation (**MCC**) to collaborate on graphitic anode materials supply in Europe:
  - MRC signed a non-binding memorandum of understanding (**MOU**) with MCC. MCC is a global leader in anode materials manufacturing and provides a strong technology partner to MRC. The collaboration allows MRC to accelerate its transition to a vertically integrated natural graphite-based anode materials supplier in Europe, based on its natural graphite resources and environmentally sustainable purification;
  - In a phased collaboration MCC and MRC will explore collaboration opportunities including:
    - Phase 1 - A Phase 1 - A Manufacturing and Supply Agreement (Toll Manufacturing Agreement), in which MRC, via a 100% MRC owned Norwegian subsidiary (Ascent Graphite AS), will construct and operate an "Anode Plant" in Norway to toll treat graphitic material supplied by MCC for subsequent deliver to MCC; and
    - Phase 2 - A broader business collaboration agreement to produce and sell active anode materials in Europe manufactured using MRC's purified graphitic materials and MCC's active anode materials technologies and experience in material qualification, marketing and sales.

## REVIEW OF OPERATIONS (CONTINUED)

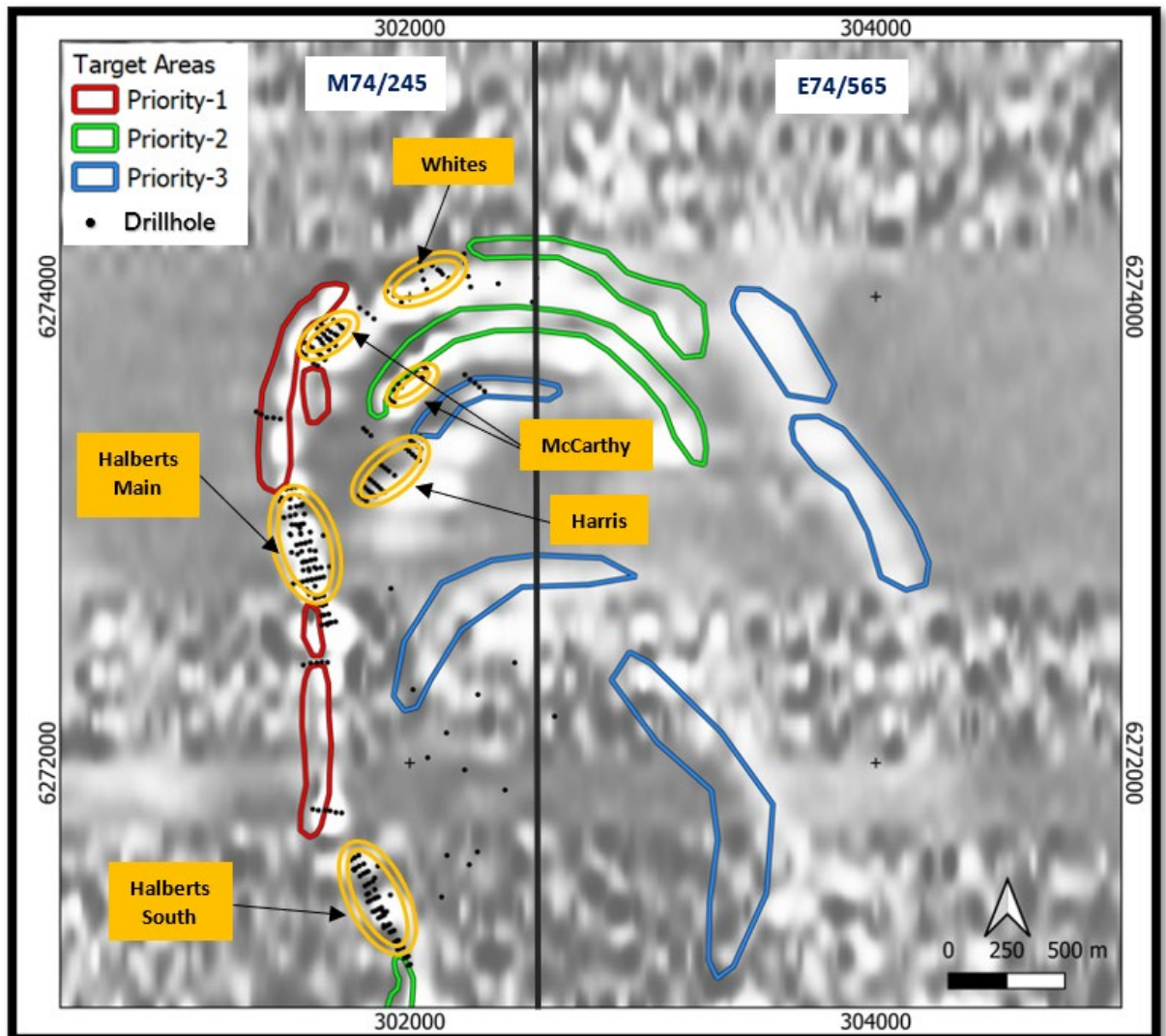
- Phase 2 targets a broader collaboration to manufacture and sell high quality active anode materials in Europe, leveraging:
  - MRC's natural graphite concentrates, commencing with Skaland graphite;
  - MRC's environmentally sustainable natural graphite purification technology;
  - MCC's active anode materials technologies; and
  - MCC's active anode materials qualification, marketing and sales experience.
- MCC's technologies include:
  - a natural graphite-based anode material that has comparable performance with synthetic graphite with respect to long cycle life and low swelling;
  - a higher-grade product that prevents batteries from swelling and adversely affecting battery life, and surpasses artificial graphite-based materials in performance; and
  - a natural graphite-based anode material with a chemical coating to reduce greenhouse gases emissions relative to conventional pitch coating processes.
- MOU signed with sales and marketing partner Traxys North America LLC to collaborate on graphitic anode materials supply in Europe;
  - MRC signed a non-binding Exclusive Graphite Agency Sales and Marketing Agreement (**Agency Agreement**) with Traxys North America LLC or its nominated affiliate (**Traxys**). The Agency Agreement will see Traxys market MRC's downstream graphitic anode products including coated purified spherical graphite (**Product**) produced from graphite concentrate sourced from the operating Skaland Graphite Operation in Norway and/ or the proposed near-term Munmlinup development in Western Australia for usage in battery storage or electric vehicle batteries. Traxys will market the Product to support graphitic anode qualification and secure subsequent offtake agreements. The Agency Agreement is for an initial term of three years;
  - The Agency Agreement is a key ingredient in achieving our strategic plan for the Battery Minerals Division to:
    - Position MRC's Battery Minerals Division as a vertically integrated graphitic anode supplier in Europe;
    - Provide offtake agreements to underpin the FID for potential Skaland capacity expansion beyond current limit of 16ktpa, targeted for Q2 2023;
    - Accelerate Munmlinup development, with FID targeted for Q2 2023, intended to significantly increase graphite concentrate production capacity; and
    - Aim to deliver downstream graphitic anode product qualification, targeted for Q2 2023;
- Cooperative Research Centres Projects (**CRC-P**) project successfully completed with battery grades achieved for both Munmlinup and Skaland spherical graphite, using the CSIRO-development environmentally friendly purification process;
  - The CRC-P project with Australia's national science agency, CSIRO, MRC and Doral Fused Materials was completed during the half-year. The laboratory-scale CRC-P project, which successfully achieved lithium-ion battery grade purities for both Munmlinup and Skaland spherical graphite, provides the foundation for larger-scale graphite purification piloting in the Critical Minerals Acceleration Initiative (**CMAI**) project, also announced during the half-year. The CSIRO-developed process avoids the use of environmentally harmful HF acid. The process has been developed from first principles independently by CSIRO in sixteen stages of development including optimisation, scale-up and associated reporting;

## REVIEW OF OPERATIONS (CONTINUED)

- Successful grant application of AU\$3.94M to advance commercialisation of a new graphite ore-to-battery anode business based on the Munglinup graphite project including process piloting for anode materials production:
  - MRC was successful in its funding application under the Australian Commonwealth government's CMAI. The grant will support MRC's mine to battery anodes business development including: process optimisation and pilot scale processing of Munglinup ore to deliver concentrate for the downstream pilot plant; development, commissioning and operations of a downstream pilot plant; supply of larger-scale customer qualification samples to secure offtake agreements; and delivery of an integrated ore-to anodes definitive feasibility study based on Munglinup. The CMAI project will de-risk our commercial-scale plant development. The downstream pilot plant operations and testing on Munglinup concentrate will support the acceleration of the Munglinup development, a key objective of the Strategic Plan; and
  - MRC has two world class graphite projects in the Munglinup Graphite Project in Western Australia, and the Skaland Graphite operations in Norway. We are actively transitioning these projects into integrated mine-to-anode materials operations to diversify into natural graphite-based anode materials supply with lower environmental impacts and enhanced shareholder value. The CMAI project supports the Strategic Plan objective toward anode qualification and commercial anode production for the Battery Minerals division;
- Priority targets identified at Bukken, Hesten and Vardfjellet graphite prospects near Skaland:
  - The geology and mineralogy of the graphite bearing rocks at the Bukken, Hesten, and Vardfjellet graphite prospects are very similar to that observed at the Skaland Graphite Mining Operation and Trælen mine. Assay results from surface rock chip samples returned up to 8% TGC at Bukken, 4.8% TGC at Hesten and 26.6% TGC at Vardfjellet. The primary target areas for graphite bearing structures, exhibited in the magnetic anomalies are approximately 500m x 100m at Vardfjellet, 650m x 150m at Hesten, and 300m x 150m at Bukken. Drilling is necessary to better understand the geometry, grades, and tonnage of any mineralisation. The exploration potential at Bukken, Hesten, and Vardfjellet supports the Strategic Plan objective to increase resources and reserves for the Battery Minerals division;
- Skaland operating results improved since 2021:
  - One of the objectives of management is to stabilise operations at Skaland and return Skaland to profitability. The half-year results reflect that Skaland production has been above an annualised production rate of 10ktpa, which is the historical peak performance baseline for Skaland. The quality of Skaland concentrate has also been substantially improved post-acquisition from below 90% TGC to daily averages of up to 97%. Cost and revenue optimisation is ongoing;
- Electromagnetic survey results indicate excellent new targets at the Munglinup Graphite Project:
  - The anomaly maps show that the known graphite bearing structures in M74/245 extend to the adjoining 100% MRC owned E74/565 tenement to the east of the Munglinup deposit. As a result, twelve new priority targets have been identified, seven targets adjacent to previously drilled mineralisation and five new zones of potential mineralisation. The Company intends to commence a 3,000m RC drilling program by the December 2022 quarter, targeted to expand the resource base, convert inferred resources into higher categories, and drill the new geophysical anomalous areas. The plan will target delineating a JORC Code (2012) compliant updated Mineral Resource Estimate and updated Ore Reserves. The exploration potential identified at Munglinup supports the Strategic Plan objective to accelerate concentrate production expansion and increase resources and reserves for the Battery Minerals division;

## REVIEW OF OPERATIONS (CONTINUED)

- The figure below shows the prioritised target areas in Munglinup and shows the targets between the known graphite ore bodies, highlighting the potential upside identified by this survey.



**Figure: Prioritised target areas at Munglinup**

Targeted developments in the next twelve months include:

- Downstream pilot plant construction in Australia for the Munglinup graphite project, which can also utilise Skaland concentrate. This plant will provide the next round of anode materials qualification samples for customers and the design blueprint for a DFS study of commercial-scale graphite anode plants;
- Further development of collaboration agreement with MCC;
- Traxys providing key customers commercial anode samples produced from Skaland and Munglinup concentrates for qualification;
- Obtain environmental authorisation that complement the current mining right for Munglinup;
- Further drilling, tailings optimisation and expansion studies for Skaland, targeting extension of the current reserve, which may underpin the feasibility of increased production. Management is targeting 25ktpa, if reserve drilling and permitting extensions support this;

## REVIEW OF OPERATIONS (CONTINUED)

- Accelerate Munglinup development, including further drilling at Munglinup and the adjacent exploration permit, targeting extension of the current resource and reserve, prior to FID decision in Q2 2023;
- Vardfjellet exploration drilling, targeting an initial resource for the prospecting area; and
- Upgrade corporate European positioning to support anode sales focus on Europe.

### Heavy Minerals

1. Reposition MRC's Heavy Minerals Division as a larger sustainable, vertically integrated heavy minerals supplier.
2. Tormin mine improvements in efficiency, flexibility and scale, including the commissioning of the Inland Strands operation, targeted for Q3 2022.
3. Intention to transition into higher value finished products targeted for 2023.
4. Increase Tormin mineral resources from existing circa 216.2 million tonnes through active organic and inorganic resource and reserve growth, with studies and additional permitting intended to significantly increase production.

Achievements during the half-year:

- Maiden Inland Strandline ore reserve of 21.8 million tonnes at 31% THM:
  - The Company reported a maiden JORC Ore Reserve for the Western Strandline of the Tormin Mineral Sands Operation in South Africa of 21.8 million tonnes of ore with an average THM grade of 31% resulting in 6.7Mt of in-situ Heavy Minerals in Proven and Probable categories;
- The Company provided its Annual Resource Statement that stated a combined estimate of 562 million tonnes at 6.6% Total Heavy Minerals ("THM"), containing 37 million tonnes in situ heavy mineral:
  - The Company provided its Annual Resource Statement on 28 February 2022, representing a substantial increase of approximately 106 million tonnes of heavy mineral resources and stable graphite resources compared with the estimate at the same time last year. At 31 December 2021, MRC's total Mineral Resources of heavy mineral sands contained a combined estimate of 562 million tonnes at 6.6% Total Heavy Minerals ("THM"), containing 37 million tonnes of heavy minerals across its Tormin Mineral Sands Operation and Xolobeni Mineral Sands Project;
- Tormin mining and processing throughput achieved above budget expectations;
  - Tormin's operating performance remains strong and above budget expectations, with annualised mining rates at circa 2.9 million tonnes and annualised processing rates of more than 2.6 million tonnes. Recoveries remain in line with historical performance, with grade being the key driver in production variability. The re-introduction of production from the Inland Strands planned for the December 2022 quarter will be the catalyst for improved beach mining grades through replenishment with the Strategic Plan providing for the two placer beach deposits being sustainably mined at 1.4-1.5 million tonnes respectively every two years from that point onwards;
- Inland Strand testwork, design, construction and commissioning work ongoing during the half-year;
- Significant work undertaken assessing the optimal strategy for adding mineral separation plant(s) at Tormin, which will transition MSR from a concentrate only business to higher value finished products:
  - The Company is targeting transition to higher value garnet and ilmenite finished products from December quarter 2023;

## REVIEW OF OPERATIONS (CONTINUED)

- Subsequent to the half-year, MSR was granted prospecting rights to the De Punt area, adjacent to the Geelwal Karoo area:
  - The permit allows MSR to commence prospecting activities, including a resource definition drilling program, on the Inland Strand areas contiguous to the south of the existing Western and Eastern Strand deposits adjacent to the Tormin mining operations, in the Western Cape province of South Africa. De Punt aligns with our Strategic Plan targeting larger scale and diversified operations by increasing mineral resources beyond the existing Western and Eastern strandlines, with the aim of significantly increasing production. The Company sees potential to unlock resources from the De Punt prospecting right.

Targeted developments in the next twelve months:

- Completion of construction and commissioning of plant to provide production from the Inland Strands, currently expected from December quarter 2022. This plant upgrade is targeted to increase ore processing at Tormin from 2.4Mtpa to 2.7Mtpa;
- Further Inland Strands drilling targeting to extend and expand the current Inland Strands reserve;
- De Punt exploration drilling, targeting an initial resource for the prospecting area; and
- Construction and/ or acquisition of mineral separation plant(s) to transition to higher value finished products by the December 2023 quarter.

### Corporate

1. Consider funding options to further progress near-term cash generating projects at Tormin and to advance MRC's Battery Minerals Division in Europe by prioritising the development of Skaland, a fully permitted operating graphite mine in Europe; development of Munglinup and MRC's associated downstream anode business.
2. Continue discussions with European, North American and Asian downstream players in the anode market and pursue opportunities with strategic partners.
3. Consider strategic M&A opportunities.

Achievements during the half-year:

- Significant work undertaken to achieve increased debt and equity funding for the Company;
- MOU signed with technology partner MCC to collaborate on graphitic anode materials supply in Europe (refer Battery Minerals section above);
- MOU signed with sales and marketing partner Traxys to collaborate on graphitic anode materials supply in Europe (refer Battery Minerals section above); and
- Successful grant application of AU\$3.94M to advance commercialisation of a new graphite ore-to-battery anode business on the Munglinup graphite project including process piloting for anode materials production (refer Battery Minerals section above).

Targeted developments in the next twelve months:

- Complete debt and/ or equity funding of the development opportunities for the Battery and Heavy Minerals division;
- Consider strategic M&A opportunities; and
- Rebranding of the company.

## REVIEW OF OPERATIONS (CONTINUED)

### Safety, Environment and Community

The ongoing commitment to developing a safe working environment and culture continues. Encouragingly, this half-year saw the three-month and the twelve-month rolling TRIFR at nil at both operating sites. 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 ZAR2.8 million in the first half of 2022 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.

### Tormin Mineral Sands Operation

#### Tormin Operational and Financial Performance

The Company delivered a solid operating performance during the first half of 2022. The following key production and sales metrics were achieved:

Mining Production	Half-Year to 30 June 2022	Half-Year to 30 June 2021
Material Mined - Tonnes (dmt)	1,458,055	2,415,025
Ore Mined – Tonnes (dmt)	1,452,762	1,485,998
%VHM Grade	11.02%	15.11%
Garnet	8.93%	8.47%
Ilmenite	1.32%	5.21%
Zircon	0.50%	1.00%
Rutile	0.27%	0.43%

The Company maintained ore mining production rates during the half-year at an annualised rate of 2.9 million tonnes per annum (**MTPA**). Grades of ilmenite and zircon were lower than 2021 with the deferral of high-grade Inland Strand mining in 2022 until the fourth quarter.

Significant Inland Strand ROM stockpiles remain in anticipation of further optimisation of the primary concentration circuit and tailings discharge facilities, to be completed in the December 2022 quarter.

Processing and Production	Half-Year to 30 June 2022	Half-Year to 30 June 2021
<b>Primary Beach Concentrators</b>		
Tonnes processed (dmt)	1,280,098	978,360
Heavy mineral concentrate (dmt)	260,982	303,334
% Heavy mineral grade	41.40%	38.52%
<b>Garnet Stripping Plant/Secondary Concentrator Plant</b>		
Tonnes processed (dmt)	293,460	279,698
<b>Tonnes produced (dmt)</b>		
Garnet concentrate (net)	96,584	54,232
Ilmenite concentrate (net)	20,757	50,282
Zircon/Rutile concentrate	4,311	6,528
% Zircon in concentrate	74.78%	70.39%
% Rutile in concentrate	17.55%	19.86%

## REVIEW OF OPERATIONS (CONTINUED)

### Tormin Mineral Sands Operation (continued)

ROM feed to the PBCs for the half-year was 1,280,098 tonnes at an average feed rate of 337 tonnes per hour (**tph**) at 87% plant utilisation, with the throughput 31% above the previous half-year's 978,360 tonnes at an average feed rate of 288tph at 88% plant utilisation, reflecting the lower feed rate of Primary Beach Concentrator (**PBC**) 2 in 2021 to accommodate the feed from the Inland Strand ROM during the previous half-year. Mining from the Inland Strand halted in August 2021, whilst management undertook an optimisation review of the Inland Strand processing strategy. Processing of Inland Strand material is to re-commence in the December 2022 quarter.

Heavy mineral concentrate produced was below the previous half-year, reflecting 8,797 tonnes of lower heavy mineral content produced during the current half-year, due to lower grades mined without Inland Strand material processed during the half-year.

Garnet Stripping Plant/Secondary Concentration Plant (**GSP/SCP**) feed of 293,460 tonnes was above the prior half-year's 279,698 tonnes. The GSP/SCP operated at 83% utilisation with an infeed throughput rate of 102 tph. Higher production reflects a 21% increase in the infeed throughput rate in comparison to the previous half-year, without any significant decrease in grade recoveries.

Total final concentrate production increased 10% to 121,652 tonnes, compared to the previous half-year, reflecting increased tonnes of garnet production from the Tormin and Northern Beaches, partially offset by lower ilmenite production whilst Inland Strand production is halted.

MRC and GMA Group executed a garnet offtake agreement for 100,000 tonnes of garnet concentrate per annum commencing 1 January 2021. The offtake agreement with GMA Group forms the foundation of the revenue base at Tormin for the half-year, with GMA's annual commitment being fully delivered during the first half of 2022. Ilmenite revenue reflects bagged ilmenite sales during the half-year, with a bulk 38,500 tonne shipment deferred until July 2022. Non-mags sales are below last half-year due to higher non-mags production in 2021 as it included production from higher zircon grade Inland Strand areas.

Sales (wmt)	Half-Year to 30 June 2022	Half-Year to 30 June 2021
Garnet concentrate	113,887	56,500
Ilmenite concentrate	5,745	54,100
Zircon/Rutile concentrate	5,682	8,540

Product sales revenue at Tormin for the half-year was US\$22 million for a total 125,314 wet metric tonnes sold, above the prior half-year's revenue of US\$21 million for 119,140 wet metric tonnes sold. The higher sales revenue reflects GMA's annual garnet commitment being fully delivered during the first half of 2022, partially offset by an ilmenite bulk shipment this prior half-year (nil ilmenite shipments during the 30 June 2022 half-year) and lower non-magnetic concentrate sales from lower non-magnetic concentrate production.

## REVIEW OF OPERATIONS (CONTINUED)

### Tormin Mineral Sands Operation (continued)

The following table summarises Tormin's unit costs and revenues for the half-year to 30 June 2022:

Summary of Unit Costs & Revenues	Half-year to 30 June 2022	Half-year to 30 June 2021
Unit production cash costs per tonne of net final concentrate produced (\$/dmt)	<b>113.08</b>	112.51
Unit cost of goods sold per tonne of final concentrate sold (\$/wmt) <sup>(1)</sup>	<b>138.70</b>	151.34
Unit revenue per tonne of final concentrate sold (\$/wmt)	<b>171.02</b>	172.84
Revenue to Cost of Goods Sold Ratio	<b>1.23</b>	1.14

(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 for the 2022 half-year was US\$113.08/t for 121,652 final concentrate tonnes produced, in line with the prior period's US\$112.51/t for 111,042 final concentrate tonnes produced. Production cash costs in 2022 were impacted by higher global diesel costs, global shipping costs and higher transport costs of trucking greater HMC material produced at the Northern Beaches back to the GSP for processing in 2022. This was largely offset by not having the cost of mining Inland Strand overburden in 2022 in comparison to 2021.

Total unit cost of goods sold of US\$138.70/t for the half-year for 125,314 final concentrate tonnes sold reflects the lower proportion of non-magnetic concentrate sales.

Unit revenue per tonne of final concentrate sold for the half-year of US\$171.02/t is in line with US\$172.84/t for the previous half-year. This reflects increased pricing obtained for non-mags and ilmenite products in 2022, which offset the higher proportion of lower priced garnet sales in 2022.

Revenue to Cost of Goods Sold Ratio for the half-year is 1.23 compared to the prior period's 1.14. The positive improvements reflect lower unit cost of goods sold.

### Exploration and Permitting

The Company has one Prospecting Right under application, 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.

The area is 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 extremity of PR10262 intersected the Western Inland Strandline open and continuing north of the delineated ore body.

PR10240 for the De Punt area was granted in July 2022, with exploration activities immediately commencing once these prospecting rights were issued. Management is targeting a resource update to shareholders before the end of 2022.

## REVIEW OF OPERATIONS (CONTINUED)

### Tormin Mineral Sands Operation (continued)

#### Tormin Resource and Prospecting Activities

The Company reported a maiden JORC Ore Reserve for the Western Strandline of the Tormin Mineral Sands Operation in South Africa of 21.8 million tonnes of ore with an average THM grade of 31% resulting in 6.7Mt of in-situ Heavy Minerals in Proven and Probable categories. It is a sub-set of the Western Strandline Mineral Resource estimate of 193 million tonnes at 9.5% Total Heavy Minerals (**THM**) as announced in December 2021.

The Company provided its Annual Resource Statement on 28 February 2022, representing a substantial increase of approximately 106 million tonnes of heavy mineral resources and stable graphite resources compared with the estimate at the same time last year. At 31 December 2021, MRC's total Mineral Resources of heavy mineral sands contained a combined estimate of 562 million tonnes at 6.6% THM, containing 37 million tonnes of heavy minerals across its Tormin Mineral Sands Operation and Xolobeni Mineral Sands Project (refer Table 1 below).

The Inland Strands Project is based on a staged development approach. Stage 1 involves a 1.2Mtpa mining and processing operation (targeted to commence in December quarter 2022) within the already granted Expanded Mining Right (162 & 163 EMR) and Stockpiled ore – where 7.9 million tonnes of Ore Reserves are available. Mining operations are then planned to extend into the new Mining Right application areas (located wholly within 10262PR and the Company-owned farm Geelwal Karoo 262), with the 13.9 million tonnes of Ore Reserves in this area underpinning a potential doubling of Inland Strand production to a 2.4Mtpa operation in Stage 2. Regulatory approvals will be required to extend mining activities in Stage 2, outside the existing granted EMR, and preparations for applications are at an advanced stage. The Maiden Ore Reserve is expected to support mining operations for more than 10 years.

The Company is planning a drilling program to infill the inferred resources in the Western and Eastern Strandline and will target delineating an updated Mineral Resource and Ore Reserve compliant with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code (2012)**).

## REVIEW OF OPERATIONS (CONTINUED)

### Tormin Mineral Sands Operation (continued)

**Table 1 - Total Mineral Resources of Heavy Mineral Sand at 31 December 2021**

Project	Category	Resource (Mt)	THM (%)	In Situ THM (Mt)	Zircon (%HM)	Garnet (%HM)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)
<b>Tormin Beaches</b>	Measured	1.1	9.11	0.1	3.18	52.36	7.14	1.32	0.22	0.33
	Indicated	0.07	7.13	<0.01	3.23	50.91	5.61	1.40	0.28	0.42
	<b>Total</b>	<b>1.1</b>	<b>8.98</b>	<b>0.1</b>	<b>3.12</b>	<b>52.34</b>	<b>7.13</b>	<b>1.34</b>	<b>0.22</b>	<b>0.33</b>
<b>Northern Beaches</b>	Measured	1.48	22.83	0.34	3.55	55.98	10.42	1.36	0.26	0.57
	Indicated	0.75	20.80	0.15	3.29	69.75	9.05	1.34	0.28	0.37
	Inferred	0.2	15.58	0.03	3.12	60.54	5.89	0.99	0.22	0.41
	<b>Total</b>	<b>2.4</b>	<b>21.61</b>	<b>0.5</b>	<b>3.48</b>	<b>60.62</b>	<b>9.94</b>	<b>1.35</b>	<b>0.26</b>	<b>0.51</b>
<b>Western Strandline</b>	Measured	32.7	19.21	6.2	1.82	12.49	7.91	1.09	0.21	0.52
	Indicated	39.7	9.48	3.7	1.05	14.77	3.80	0.84	0.21	0.74
	Inferred	119.2	6.93	8.2	2.60	10.68	18.04	1.44	0.29	0.43
	Stockpile	1.6	12.84	0.2	4.21	18.85	25.78	1.95	0.39	0.78
	<b>Total</b>	<b>193.2</b>	<b>9.58</b>	<b>18.5</b>	<b>2.16</b>	<b>11.89</b>	<b>13.46</b>	<b>1.26</b>	<b>0.25</b>	<b>0.51</b>
<b>Eastern Strandline</b>	Indicated	1.9	5.34	0.1	6.12	15.71	35.44	7.73	0.92	0.89
	Inferred	17.5	3.13	0.5	6.35	14.39	36.74	6.09	1.19	0.51
	<b>Total</b>	<b>19.5</b>	<b>3.36</b>	<b>0.6</b>	<b>6.32</b>	<b>14.52</b>	<b>36.60</b>	<b>6.25</b>	<b>1.16</b>	<b>0.57</b>
<b>Xolobeni</b>	Measured	224	5.7	12.76			54.5			
	Indicated	104	4.1	4.26			53.7			
	Inferred	18	2.3	0.41			69.4			
	<b>Total</b>	<b>346.0</b>	<b>5.0</b>	<b>17.3</b>			<b>54</b>			
<b>Grand Total</b>		<b>562.2</b>	<b>6.6</b>	<b>37</b>			<b>39.1</b>			

- Mineral assemblage reported as in situ percentage of THM content.
- Tonnes and grades numbers may not compute due to rounding.
- 2% THM cut-off grade used for Tormin and Northern Beaches, Western and Eastern Strandlines.
- 1% THM cut-off grade used for Xolobeni.

The Mineral Resources Estimate and Ore Reserve were prepared in accordance with the JORC Code (2012).

## REVIEW OF OPERATIONS (CONTINUED)

### Skaland Graphite Operation

#### Safety, Environment and Community

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. Encouragingly, this half-year saw the three-month and the twelve-month rolling TRIFR at nil. There were no LTIs during the half-year.

#### Skaland Operational and Financial Performance

One of the objectives of management was to stabilise operations at Skaland and return Skaland to profitability. The half-year reflects Skaland production above an annualised production rate of 10ktpa, which is the historical peak performance baseline for Skaland. Cost and revenue optimisation is ongoing.

The Company focused on operational efficiencies at the Trælen mine and maintained production even 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 2022	Half-Year to 30 June 2021
Tonnes Mined	<b>20,537</b>	55,697
Ore Mined (t)	<b>19,338</b>	10,274
Waste Mined (t)	<b>1,200</b>	45,423
Ore Grade (%C)	<b>25%</b>	26
Development Metres	<b>233</b>	515

Ore Mined during the half-year is 88% above 2021, reflecting significantly improved operating conditions at Skaland, with low production during the previous half-year due to plant shutdowns and various operational downtimes.

Waste Mined and Development Metres are lower than the prior half-year due to the productivity of the down-dip development performed by a mining contractor that was performed during the previous half-year and completed in November 2021. This work provides access to circa 3-5 years of ore production based on long term production at Skaland, which has been mined at circa 40 Kt of ore annually to produce circa 10 Ktpa of graphite. Higher waste mined reflects higher development metres.

Higher ore mined in 2022 reflects ore exposed by the down-dip development operation and improved operating conditions at Skaland during the current half-year.

## REVIEW OF OPERATIONS (CONTINUED)

### Skaland Graphite Operation (continued)

Graphite concentrate production of 5,268 tonnes is above historical peak of annualised 10,000 tonnes of production and was above the prior half-year due to an unplanned incident shutting the plant and various operational downtimes during the previous half-year. The plant treated 17,614 tonnes of ore, grading 25%C resulting in 5,268 tonnes of bagged product.

Processing	Half-Year to 30 June 2022	Half-Year to 30 June 2021
Ore Processed (t)	<b>17,614</b>	6,706
Throughput (tph)	<b>6</b>	6
Ore Grade (%C)	<b>25</b>	26
C Recovery (%)	<b>93</b>	89
Concentrate Grade (%)	<b>91</b>	89
Concentrate Produced (t)	<b>5,268</b>	1,848

Half-yearly graphite concentrates sales of 5,078t are above historical performance.

Product (wmt)	Half-Year to 30 June 2022		Half-Year to 30 June 2021	
	Sales	PSD %	Sales	PSD %
Coarse/Medium	<b>1,755</b>	35%	832	28%
Fine-Medium/Powder	<b>3,323</b>	65%	2,114	72%
Total	<b>5,078</b>		2,946	

Sales revenue for the half-year was US\$3.8 million for a total of 5,078 tonnes sold, compared to the previous half-year US\$1.8 million for a total of 2,946 tonnes sold. Higher sales reflect higher production during the 2022 half-year and an improved coarse/ fines ratio from production during the current half-year.

## REVIEW OF OPERATIONS (CONTINUED)

### Skaland Graphite Operation (continued)

As a result of the shutdown of operations at Skaland, the unit cost ratios are not reported for the half-year ended 30 June 2021. 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.

The following table summarises Skaland's unit costs and revenues for the half-year to 30 June 2022 and compares against the half-year to 30 June 2020:

Summary of Unit Costs & Revenues	Half-year to 30 June 2022	Half-year to 30 June 2020
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	<b>661.67</b>	564.53
Unit cost of goods sold per tonne of final concentrate sold (US\$/dmt) (1)	<b>769.24</b>	506.51
Unit revenue per tonne of final concentrate sold (US\$/dmt)	<b>744.63</b>	545.49

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.

Unit production cash costs in 2022 were higher than 2020 due to higher power, maintenance costs and increased labour consultancy of ex-pats brought in during 2021 to stabilise operations. With operations stabilised since the December 2021 quarter, this ex-pat labour is being released, with costs expected to be lower in the second half of 2022.

Importantly unit revenue pricing has materially improved, reflecting improved graphite market conditions. Higher unit cost of goods sold reflects higher unit revenue.

### Exploration and Permitting

The Company provided its Annual Resource Statement on 28 February 2022, recognising an updated Mineral Resource of 1.84 million tonnes at 23.6% TGC in the Measured, Indicated, and Inferred categories for 434kt of contained graphite using a 10% cut-off. MRC's JORC Code (2012) compliant Mineral Resource Estimate for its graphite resources are 9.83 million tonnes at 14.3% TGC.

## REVIEW OF OPERATIONS (CONTINUED)

### Skaland Graphite Operation (continued)

**Table 2 - Total Mineral Resources of Graphite at 31 December 2021**

Project	Category	Resource (Mt)	Total Graphitic Carbon (%)	Contained Graphite (Mt)
Skaland	Measured	0.06	30.2	0.02
	Indicated	0.71	25.2	0.18
	Inferred	1.05	22.0	0.23
	<b>Total</b>	<b>1.84</b>	<b>23.6</b>	<b>0.43</b>
Munglinup	Indicated	4.49	13.1	0.58
	Inferred	3.50	11.0	0.38
	<b>Total</b>	<b>7.99</b>	<b>12.2</b>	<b>0.97</b>
<b>Grand Total</b>		<b>9.83</b>	<b>14.3</b>	<b>1.40</b>

- Tonnes and grades numbers may not compute due to rounding.
- 10% THM cut-off grade used for Skaland.
- 5% THM cut-off grade used for Munglinup.

The Maiden Skaland Ore Reserve was estimated at 0.64 million tonnes at 24.8% TGC in the category of proven and probable containing 159 kt of contained graphite by using 10% TGC cut-off grade. Total MRC graphite Ore Reserves are 4.88 million tonnes at 14.3% TGC.

**Table 3 - Total Ore Reserves of Graphite at 31 December 2021**

Project	Category	Tonnes (Mt)	Total Graphitic Carbon (%)
Skaland	Proven	0.05	27.8
	Probable	0.58	24.6
	<b>Total</b>	<b>0.64</b>	<b>24.8</b>
Munglinup	Proven		
	Probable	4.24	12.8
	<b>Total</b>	<b>4.24</b>	<b>12.8</b>
<b>Grand Total</b>		<b>4.88</b>	<b>14.3</b>

- Ore Reserve uses a variable cut-off grade.
- Ore Reserves are a sub-set of Mineral Resources.

## REVIEW OF OPERATIONS (CONTINUED)

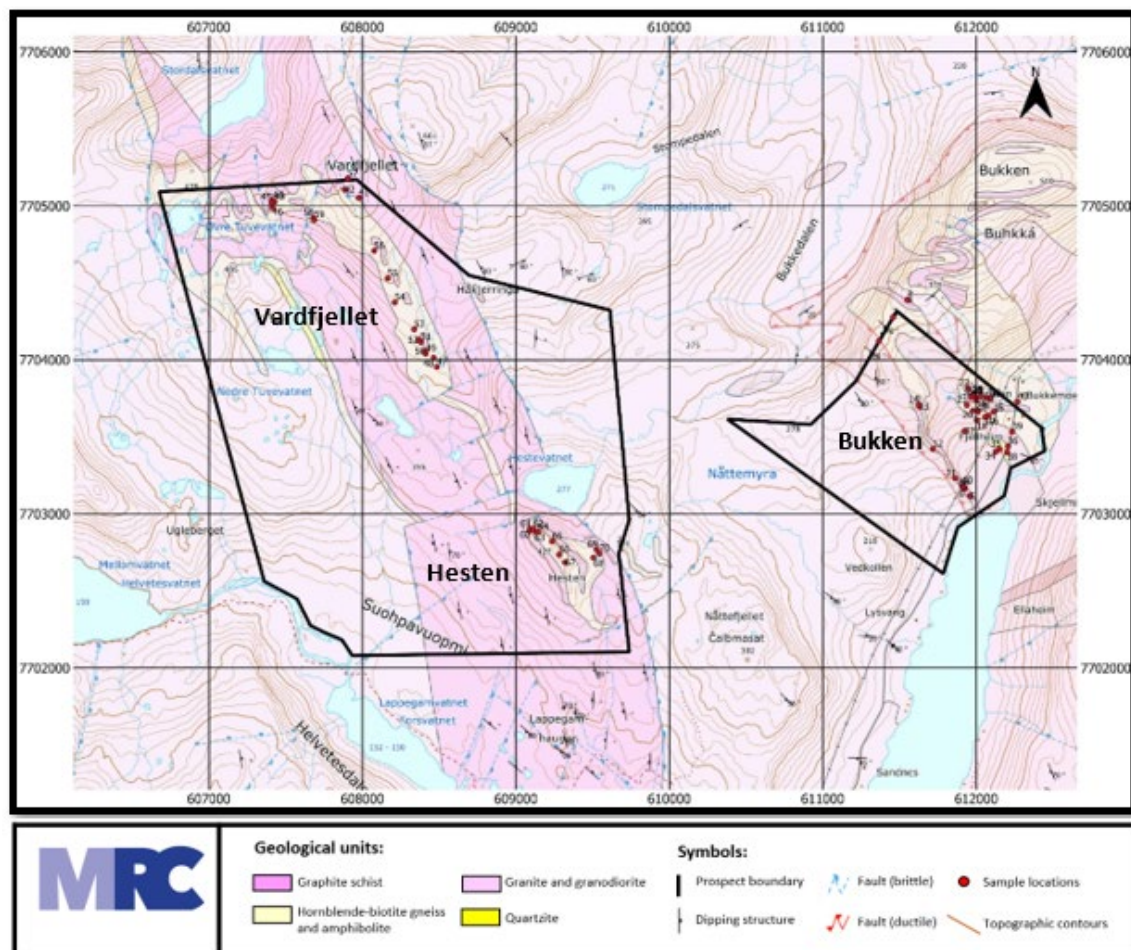
### Skaland Graphite Operation (continued)

The Company announced exploration results over the Bukken, Hesten and Vardfjellet graphite prospects on 26 April 2022, including:

- 26 line-kilometres of ultra-high resolution Drone Magnetic and Electromagnetic surveys completed over prospects
- Surface mapping/sampling results and strong geophysical anomalies indicate high prospectivity of Bukken, Hesten and Vardfjellet

The geology and mineralogy of the graphite bearing rocks at the Bukken, Hesten, and Vardfjellet are very similar to that observed at the Skaland Graphite Mining Operation and Trælen mine. Assay results from surface rock chip samples returned up to 8% TGC at Bukken, 4.8% TGC at Hesten and 26.6% TGC at Vardfjellet. The primary target areas for graphite bearing structures, exhibited in the magnetic anomalies are approximately 500m x 100m at Vardfjellet, 650m x 150m at Hesten, and 300m x 150m at Bukken. Drilling is necessary to better understand the geometry, grades, and tonnage of any mineralisation. The exploration potential at Bukken, Hesten, and Vardfjellet supports the Strategic Plan objective to increase resources and reserves for the Battery Minerals division.

The figure below shows Geological map and samples locations at Hesten and Vardfjellet (left), and Bukken (right) prospects in Senja.



## REVIEW OF OPERATIONS (CONTINUED)

### Munglinup Graphite Project

#### Exploration and Permitting

The project is on a mining lease granted until 2031 within a designated mining reserve. The Company undertook an additional ecological impact assessment, fauna, and flora surveys to update the Western Australian Environmental Protection Authority (**EPA**) documents, and supplementary documents were submitted to the Department of Water and Environmental Regulation (**DWER**) during the half-year. Final environmental permits are expected in the December 2022 quarter.

MRC continues to work closely with the Esperance Tjaltjraak Native Title Aboriginal Corporation (**ETNTAC**) to finalise a Heritage and Community Engagement Agreement for the Munglinup Graphite Project. The execution of the Agreement will provide economic, social, and environmental benefits to ETNTAC and the local community with opportunities for the locals to be directly involved in the Project through employment, training, and community engagement.

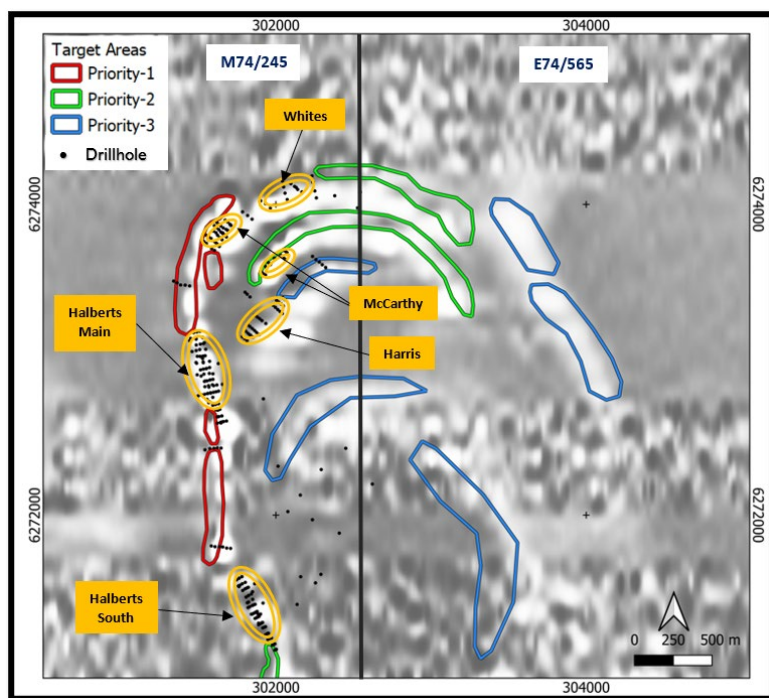
Helicopter-borne magnetic and electromagnetic survey over the Munglinup tenements was reported in April 2022. Electromagnetic survey results indicate excellent new targets at the Munglinup Graphite Project. The anomaly maps show that the known graphite bearing structures in M74/245 extend to the adjoining E74/565 tenement to the east of the Munglinup deposit. As a result, twelve new priority targets have been identified, seven targets adjacent to previously drilled mineralisation and five new zones of potential mineralisation. The strong electromagnetic conductor zones covering an area of approximately 120 hectares, while the known graphite deposits include an aggregate area of 35 hectares.

The Company intends to commence a 3,000m RC drilling program by the September 2022 quarter, targeted to expand the resource base, convert inferred resources into higher categories, and drill the new geophysical anomalous areas. The plan will target delineating a JORC Code (2012) compliant updated Mineral Resource Estimate and updated Ore Reserves. The exploration potential identified at Munglinup supports the Strategic Plan objective to accelerate concentrate production expansion and increase resources and reserves for the Battery Minerals division.

## REVIEW OF OPERATIONS (CONTINUED)

### Munglinup Graphite Project (continued)

The figure below shows the prioritised target areas in Munglinup including the Priority 1 targets between the known graphite ore bodies, highlighting the potential upside identified by this survey.



**Figure: Prioritised target areas at Munglinup**

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.

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.

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

### **Downstream Graphite Projects**

In March 2022, testwork for the CRC-P project with Australia's national science agency, CSIRO, was successfully completed with battery grades achieved at increasing scale. CSIRO conducted 534 purification tests in the CRC-P project at increasing scale, including 84 lock cycle tests to simulate industrial processing. The project achieved battery grades (minimum of 99.95% purity) for both Munglinup and Skaland spherical graphite, with typical recoveries to product of 90%. Final results and reporting for the CRC-P project was completed during the half-year.

The laboratory scale CRC-P project provides the foundation for larger-scale piloting in the Company's successful \$3.94M grant application under the Commonwealth Government's CMAI project, announced during the half-year. The CMAI project targets the development of an integrated ore-to-battery anode materials business based on Munglinup.

The CSIRO mini-pilot plant developed in the CRC-P project is currently generating samples for customer evaluation, with initial samples already shipped.

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 continue to update shareholders on its vertical integration strategy.

### **Other Australian Exploration**

Our other Australian exploration tenements were relinquished in April 2022 as part of the settlement with the former CEO.

### **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 346 million tonnes @ 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.

## REVIEW OF OPERATIONS (CONTINUED)

### Corporate

During the half-year Mr David Baker resigned as Chairman and non-executive director of the Company for personal reasons. Mr Russell Tipper, a non-executive director, assumed the role of Acting Chairman. Mr Jacob Deysel, the Company's CEO, was appointed to the Board and assumed the role of Managing Director.

On 4 April 2022, the Company announced a settlement of the disputes between the Company and its former Chief Executive Officer, Mr Mark Caruso and entities associated with, or controlled by him. This allows both parties to move forward amicably.

In April MRC unveiled its Five Year Strategic Plan 2022-2026. The Strategic Plan incorporates new vision, values and goals for success. The Company's vision of "enabling a better world through sustainable and responsible production of critical and industrial minerals and products" represents a clear intent for responsible and sustainable mining and industrial practices. The key elements of the Strategic Plan, achievements during the half-year and targets for the next 12 months are outlined in the Review of Operations above.

### Consolidated Results and Financial Position

Earnings before interest, tax, depreciation and amortisation ("EBITDA") of \$0.1 million and a net loss before income tax ("NLBT") of \$4.5 million for the 2022 half-year are below 2021 comparative performance due to several one off adjustments in each period. After adjusting for one off adjustments, underlying EBITDA and profit performance in 2022 has improved by 182% and 37% respectively in comparison to 2021. These adjustments are outlined below:

	<b>Half-Year to 30 Jun 22 \$</b>	<b>Half-Year to 30 Jun 21 \$</b>
EBITDA	49,213	5,733,058
Adjustments to underlying performance:		
Unrealised gains on unlisted equity investments	-	(5,524,553)
Settlement with former CEO	1,528,915	351,196
Underlying EBITDA	<u>1,578,128</u>	<u>559,701</u>
Profit/ (loss) before income tax from continuing operations	(4,493,712)	1,816,861
Adjustments to underlying profit/ (loss):		
Unrealised gains on unlisted equity investments	-	(5,524,553)
Settlement with former CEO	1,528,915	351,196
Exploration and evaluation expenditure written off	851,371	-
Underlying profit/ (loss) before income tax from continuing operations	<u>(2,113,426)</u>	<u>(3,356,496)</u>

The one off adjustments reflect impacts of the settlement with the former CEO and gains on sale of unlisted equity investments in the prior period. The improved underlying EBITDA position in comparison to the prior half year reflects Skaland's stabilised operating performance and improved Tormin operating performance given higher processed grades, with Northern Beaches 1-5 access becoming available after relevant landowner agreements were negotiated at the end of the March 2022 quarter. This has been partially offset by the significant increase in diesel costs in 2022 due to the Ukraine war, causing a 70% increase in diesel prices at Tormin during the half year in comparison to the average diesel price in 2021.

Management is seeking to improve the profitability at Tormin through:

- The re-introduction of production from the Inland Strands, currently expected from December quarter 2023, which will be the catalyst for improved beach mining grades through replenishment with the Strategic Plan providing for the two placer beach deposits being sustainably mined at 1.4-1.5 million tonnes respectively every two years from that point onwards. This plant upgrade is targeted to increase ore processing at Tormin from 2.4mtpa to 2.7Mtpa; and

## REVIEW OF OPERATIONS (CONTINUED)

- Significant work has been undertaken assessing the optimal strategy for adding mineral separation plant(s) at Tormin, which will transition MSR from a concentrate only business to higher value garnet and ilmenite finished products by the December 2023 quarter.

Management is seeking to improve profitability at Skaland through revenue and cost optimisation strategies.

At 30 June 2022, the Company had \$3.8M in cash, decreased from \$4.3M as at 31 December 2021. Current trade and other receivables at 31 December 2021 of \$8.1M increased to \$12.5M as at 30 June 2022. The Company's cash position remained materially impacted by deferred sales due to global supply chain issues.

The net working capital position as at 30 June 2022 is US\$5.4M, inclusive of diesel fuel receivables in South Africa. The impact of the COVID-19 pandemic on customers, supply chains, staffing and geographical regions continues in 2022, however operations and sales resilience in 2020 and 2021 provides a foundation to meet these challenges. Management is buoyed by improved global containerised shipping conditions enabling more regular non-mags sales, a 38,500 tonne ilmenite shipment that sailed in July 2022, expected further positive cash flows from mining operations at Tormin in 2022 and management's ability to raise additional funding as required. Management will continue to actively monitor cash flows and remain adaptable to changing fiscal priorities, considering these fluid operating conditions.

## EVENTS SUBSEQUENT TO BALANCE DATE

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 44.

Signed in accordance with a resolution of the Directors.



---

**Russell Tipper**

*Chairman*

Dated at Perth, Western Australia

This 31<sup>st</sup> day of August 2022

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

For the half-year ended 30 June 2022

	Notes	Half-Year to 30 Jun 22 \$	Half-Year to 30 Jun 21 \$
<b>Revenue from continuing operations</b>			
Revenue from contracts with customers	2.2 (i)	<b>25,828,923</b>	22,470,394
Other revenue	2.2(ii)	<b>79,807</b>	6,845,995
		<b>25,908,730</b>	29,316,389
<b>Expenses</b>			
Mining and processing costs	2.3 (i)	<b>(25,994,474)</b>	(23,149,523)
Administration expenses	2.3 (ii)	<b>(3,610,089)</b>	(4,345,431)
Exploration and evaluation expenditure written off	3.1	<b>(851,371)</b>	-
Share payment expenses		<b>(23,337)</b>	(167,421)
Finance income/(costs)		<b>76,829</b>	162,847
<b>(Loss)/ profit before income tax from continuing operations</b>		<b>(4,493,712)</b>	1,816,861
Income tax expense	6	<b>(102,241)</b>	(1,144,183)
<b>(Loss)/ profit after income tax from continuing operations</b>		<b>(4,595,953)</b>	672,678
<b>Discontinued Operations</b>			
Loss for the period from discontinued operations		-	-
<b>(Loss)/ profit for the period</b>		<b>(4,595,953)</b>	672,678
<b>Other comprehensive expense items</b>			
Exchange differences on translation of foreign operations		<b>(2,555,388)</b>	(95,981)
<b>Total comprehensive (loss)/ profit for the period</b>		<b>(7,151,341)</b>	576,697
Profit/ (Loss) is attributable to:			
Owners of Mineral Commodities Ltd		<b>(4,256,953)</b>	852,603
Non-controlling interest		<b>(339,000)</b>	(179,925)
		<b>(4,595,953)</b>	672,678
Total comprehensive profit/(loss) for the half-year is attributable to:			
Owners of Mineral Commodities Ltd		<b>(6,602,914)</b>	768,918
Non-controlling interest		<b>(548,427)</b>	(192,221)
		<b>(7,151,341)</b>	576,697
<b>(Loss)/ 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 (loss)/ earnings per share		<b>(0.86)</b>	0.15
Diluted (loss)/ earnings per share		<b>(0.86)</b>	0.15

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 2022

	Notes	30 Jun 22 \$	31 Dec 21 \$
<b>Current assets</b>			
Cash and cash equivalents		3,835,201	4,251,383
Trade and other receivables	4.1	12,503,802	8,082,971
Inventories	4.2	12,138,052	11,174,123
Other investments, including derivatives	5.3	115,925	152,019
<b>Total current assets</b>		<b>28,592,980</b>	<b>23,660,496</b>
<b>Non-current assets</b>			
Trade and other receivables	4.1	1,181,327	1,208,126
Inventories	4.2	2,745,855	2,745,855
Exploration and evaluation assets	3.1	17,548,704	19,087,833
Mine development expenditure	3.2	5,400,020	7,150,293
Property, plant and equipment	3.3	31,168,453	33,734,519
<b>Total non-current assets</b>		<b>58,044,359</b>	<b>63,926,626</b>
<b>Total assets</b>		<b>86,637,339</b>	<b>87,587,122</b>
<b>Current liabilities</b>			
Trade and other payables	4.3	16,912,757	9,527,809
Borrowings	5.1	5,406,057	4,964,820
Employee benefits		529,150	659,185
Current tax provision	6	326,203	1,113,619
<b>Total current liabilities</b>		<b>23,174,167</b>	<b>16,265,433</b>
<b>Non-current liabilities</b>			
Provisions		988,670	1,020,597
Borrowings	5.1	4,389,972	4,655,768
Employee benefits		133,354	170,383
Deferred tax liabilities	6	4,409,986	4,805,747
<b>Total non-current liabilities</b>		<b>9,921,982</b>	<b>10,652,495</b>
<b>Total liabilities</b>		<b>33,096,149</b>	<b>26,917,928</b>
<b>Net assets</b>		<b>53,541,190</b>	<b>60,669,194</b>
<b>Equity</b>			
Contributed equity	5.2(i)	77,713,966	77,672,620
Reserves	5.2(ii)	(32,211,597)	(29,847,627)
Retained earnings		8,635,684	12,892,636
Parent entity interest		54,138,053	60,717,629
Non-controlling interest		(596,863)	(48,435)
<b>Total equity</b>		<b>53,541,190</b>	<b>60,669,194</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 2022

	Half-Year to 30 Jun 22 \$	Half-Year to 30 Jun 21 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	21,039,943	28,885,212
Payments to suppliers and employees	(20,669,428)	(18,992,159)
Tax paid	(192,351)	(1,433,733)
<b>Net cash inflow from operating activities</b>	<b>178,164</b>	<b>8,459,320</b>
<b>Cash flows from investing activities</b>		
Payments for exploration expenditure	(78,691)	(611,901)
Payments for plant and equipment	(1,599,152)	(5,964,761)
Payments for development expenditure	(66,526)	(3,647,923)
Proceeds from sale of property, plant and equipment	2,854,509	988,507
Interest received	15	671
<b>Net cash inflow/(outflow) from investing activities</b>	<b>1,110,155</b>	<b>(9,235,407)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(1,614,806)	(2,010,226)
Proceeds from issue of new shares (net of costs) <sup>(1)</sup>	-	1,950,809
Interest paid	(103,091)	(302,702)
<b>Net cash outflow from financing activities</b>	<b>(1,717,897)</b>	<b>(362,119)</b>
<b>Net decrease in cash and cash equivalents held</b>	<b>(429,578)</b>	<b>(1,138,206)</b>
Cash and cash equivalents at the beginning of the half-year	4,251,383	5,643,139
Effects of exchange rate changes on cash and cash equivalents	13,396	(18,064)
<b>Cash and cash equivalents at the end of the half-year</b>	<b>3,835,201</b>	<b>4,486,869</b>

(1) 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 2022

	Contributed equity \$	Reserves \$	Retained Earnings \$	Total \$	Non- Controlling interest \$	Total equity \$
<b>Balance at 1 January 2022</b>	<b>77,672,620</b>	<b>(29,847,627)</b>	<b>12,892,636</b>	<b>60,717,629</b>	<b>(48,435)</b>	<b>60,669,194</b>
Profit/ (loss) for the half-year	-		(4,256,953)	<b>(4,256,953)</b>	(339,000)	<b>(4,595,953)</b>
Other comprehensive loss for the half-year	-	(2,345,961)	-	<b>(2,345,961)</b>	(209,427)	<b>(2,555,388)</b>
<b>Total comprehensive income for the half-</b>	<b>77,672,620</b>	<b>(32,193,588)</b>	<b>8,635,684</b>	<b>54,114,716</b>	<b>(596,863)</b>	<b>53,517,853</b>
<b>Transactions with owners in their capacity as owners</b>						
Conversion of unlisted performance rights	41,346	(41,346)	-	-	-	-
Share-based payment expenses	-	23,337	-	<b>23,337</b>	-	<b>23,337</b>
<b>Balance at 30 June 2022</b>	<b>77,713,966</b>	<b>(32,211,597)</b>	<b>8,635,684</b>	<b>54,138,053</b>	<b>(596,863)</b>	<b>53,541,190</b>
<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/ (loss) 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</b>	<b>-</b>	<b>(83,685)</b>	<b>852,603</b>	<b>768,918</b>	<b>(192,221)</b>	<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>

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 2022 (**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 31 August 2022.

#### 1.2 Basis of preparation

The financial report for the half-year ended 30 June 2022 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 available working capital and finance facilities and expected positive cash flows from the mining operations at Tormin and Skaland including the re-introduction of high-grade production from the Inland Strands, currently expected from December quarter 2023, which will be the catalyst for improved beach mining grades and increasing ore processing at Tormin from 2.4mtpa to 2.7Mtpa.

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 2021. 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 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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, 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)

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)

*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 2022 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 2022</b>							
<b>Revenue from operations</b>							
Total segment revenue	<b>22,095,756</b>	-	<b>3,765,155</b>	-	<b>47,819</b>	-	<b>25,908,730</b>
<b>Revenue from external customers</b>	<b>22,095,756</b>	-	<b>3,765,155</b>	-	<b>47,819</b>	-	<b>25,908,730</b>
<b>EBITDA</b>	<b>4,986,371</b>	-	<b>(263,478)</b>	<b>17,624</b>	<b>(4,085,931)</b>	<b>(605,372)</b>	<b>49,214</b>
Depreciation and amortisation	<b>2,566,656</b>	-	<b>710,734</b>	-	<b>501,994</b>	-	<b>3,768,384</b>
Exploration and evaluation expenditure written off	-	-	-	<b>851,371</b>	-	-	<b>851,371</b>
<b>Total segment assets</b>	<b>45,852,214</b>	<b>4,613,985</b>	<b>16,231,396</b>	<b>12,201,466</b>	<b>18,716,241</b>	<b>(10,977,963)</b>	<b>86,637,339</b>
<b>Total segment liabilities</b>	<b>23,095,627</b>	<b>4,563,031</b>	<b>5,052,912</b>	<b>2,293,585</b>	<b>3,758,173</b>	<b>(5,667,179)</b>	<b>33,096,149</b>
<b>Half-Year 2021</b>							
<b>Revenue from operations</b>							
Total segment revenue	21,294,852	-	2,170,917	-	5,850,620	-	29,316,389
<b>Revenue from external customers</b>	21,294,852	-	2,170,917	-	5,850,620	-	29,316,389
<b>Adjusted EBITDA</b>	831,042	(3,429)	(1,484,576)	(139,733)	4,594,803	1,934,951	5,733,058
Depreciation and amortisation	2,756,107	-	807,567	2,857	512,513	-	4,079,044
<b>Total segment assets</b>	38,587,321	5,255,319	15,238,121	13,296,432	16,208,057	6,250,569	94,835,819
<b>Total segment liabilities</b>	17,761,675	5,194,396	5,778,677	12,309,728	(8,073,180)	(89,396)	32,881,900

## 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 2022 \$	30 Jun 2021 \$
EBITDA	49,214	5,733,058
Exploration and evaluation expenditure written off	(851,371)	-
Finance income /(expense)	76,829	162,847
Depreciation and amortisation	(3,768,384)	(4,079,044)
Profit/ (loss) before income tax	(4,493,712)	1,816,861

#### 2.2 Revenue from contracts with customers

(i) Revenue from contracts with customers	25,828,923	22,470,394
(ii) Other Revenue		
Other Income	79,807	1,321,442
Unrealised gains on unlisted equity investments	-	5,524,553
	79,807	6,845,995

#### 2.3 Expenses

(i) Mining and processing costs

Mining and processing costs include the following material expenditure items:

	30 Jun 2022 \$	30 Jun 2021 \$
Transport and shipping of product	3,787,951	5,553,760
Stock Adjustments	(940,341)	(2,572,229)
Fuel	4,908,846	3,021,632
Wages and salaries	6,057,386	5,088,203
Repairs and maintenance	3,095,157	3,085,227
Depreciation and amortisation – mining and processing assets	3,266,390	3,563,675

(ii) Administration expenses

Administration expenses include the following material expenditure items:

Wages and salaries	1,421,283	1,792,848
Depreciation – corporate assets	501,994	515,369

## 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 2022 \$	31 Dec 2021 \$
As at beginning of the period	<b>19,087,833</b>	19,907,653
Expenditure during the period	<b>78,691</b>	850,306
Write-off discontinued projects	<b>(851,371)</b>	(149,554)
Reclassification: transfer to mine development expenditure	-	(204,522)
Exchange difference	<b>(766,449)</b>	(1,316,050)
As at end of the period	<b>17,548,704</b>	19,087,833

#### 3.2 Mine development expenditure

As at beginning of the period	<b>7,150,293</b>	3,873,209
Amortisation expense	<b>(802,265)</b>	(2,090,436)
Additions	<b>66,526</b>	4,447,306
Reclassification: transfer from exploration and evaluation assets	-	204,522
Reclassification: transfer from PPE	-	1,365,709
Exchange difference	<b>(1,014,534)</b>	(650,017)
As at end of the period	<b>5,400,020</b>	7,150,293

## 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 2021</b>								
<b>Net book amount</b>								
Cost at fair value	4,807,595	1,381,800	27,912,979	113,321	1,020,597	11,217,320	8,116,807	54,570,419
Depreciation and amortisation	(880,381)	(973,319)	(14,518,577)	(113,321)	(226,125)	(4,124,177)	-	(20,835,900)
Net book amount	3,927,214	408,481	13,394,402	-	794,472	7,093,143	8,116,807	33,734,519
<b>Half-year ended 30 June 2022</b>								
<b>Cost at fair value</b>								
As at 1 January 2022	4,807,595	1,381,800	27,912,979	113,321	1,020,597	11,217,320	8,116,807	54,570,419
Additions	-	-	-	-	-	3,070,375	1,599,152	4,669,527
Disposals	-	-	(649,487)	-	-	-	(2,521,237)	(3,170,724)
Re-classifications	-	-	278,479	-	-	-	(278,479)	-
Exchange differences	(120,151)	(67,469)	(655,922)	(2,513)	(31,927)	(565,750)	(414,231)	(1,857,963)
As at 30 June 2022	4,687,444	1,314,331	26,886,049	110,808	988,670	13,721,945	6,502,012	54,211,259
<b>Accumulated depreciation and amortisation</b>								
As at 1 January 2022	(880,381)	(973,319)	(14,518,577)	(113,321)	(226,125)	(4,124,177)	-	(20,835,900)
Depreciation and amortisation	(310,687)	(103,280)	(1,169,096)	-	(52,380)	(1,330,676)	-	(2,966,119)
Disposals	-	-	86,037	-	-	-	-	86,037
Exchange differences	26,797	47,262	384,270	2,513	10,053	202,281	-	673,176
As at 30 June 2022	(1,164,270)	(1,029,337)	(15,217,366)	(110,808)	(268,452)	(5,252,572)	-	(23,042,806)
<b>Net book amount</b>								
Cost at fair value	4,687,444	1,314,331	26,886,049	110,808	988,670	13,721,945	6,502,012	54,211,259
Depreciation and amortisation	(1,164,270)	(1,029,337)	(15,217,366)	(110,808)	(268,452)	(5,252,572)	-	(23,042,806)
Net book amount	3,523,174	284,994	11,668,682	-	720,218	8,469,373	6,502,012	31,168,453

## 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 2022	31 Dec 2021
	\$	\$
<b>Current</b>		
Trade receivables	3,440,373	773,192
Other receivables	8,438,562	6,970,644
Prepayments	624,867	339,135
	<b>12,503,802</b>	<b>8,082,971</b>
<b>Non-current</b>		
Security deposits	248,331	253,964
Advance to Blue Bantry	907,521	928,108
Other receivables	25,475	26,054
	<b>1,181,327</b>	<b>1,208,126</b>

#### 4.2 Inventories

##### Current

Raw materials at cost	3,003,277	2,988,219
Finished product at lower of cost and net realisable value	6,667,813	5,660,342
Spare parts and consumables at cost	2,466,962	2,525,562
	<b>12,138,052</b>	<b>11,174,123</b>

##### Non-current

Finished product at lower of cost and net realisable value	<b>2,745,855</b>	<b>2,745,855</b>
--	------------------	------------------

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 2022	31 Dec 2021
	\$	\$
Trade payables	8,937,119	4,871,217
Other payables	7,975,638	4,656,592
	<b>16,912,757</b>	<b>9,527,809</b>

## 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 2022	31 Dec 2021
	\$	\$
<b>Current</b>		
Long term borrowings – unsecured <sup>(5)</sup>	682,801	2,218,634
Amounts due under equipment acquisition agreements <sup>(1), (2), (3), (4)</sup>	2,851,139	2,644,044
Long term borrowings – secured <sup>(6)</sup>	1,872,117	102,142
	<b>5,406,057</b>	<b>4,964,820</b>
<b>Non-current</b>		
Long term borrowings – unsecured <sup>(5)</sup>	1,024,969	1,532,373
Amounts due under equipment acquisition agreements <sup>(1), (2), (3), (4)</sup>	3,319,465	3,123,395
Long term borrowings – secured <sup>(6)</sup>	45,538	-
	<b>4,389,972</b>	<b>4,655,768</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 with an effective rate of 5.05% and has a working capital facility with Standard Bank of South Africa.

## Notes to the Consolidated Financial Statements

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

#### 5.2 Equity

##### (i) Contributed Equity

	30 Jun 2022 Number of shares	31 Dec 2021 Number of shares	30 Jun 2022 \$	31 Dec 2021 \$
<b>Ordinary shares</b>				
<b>Fully paid</b>	<b>535,490,634</b>	534,990,634	<b>77,713,966</b>	77,672,620

##### (ii) Reserves

	General Reserve \$	Foreign Currency Translation Reserve \$	Share-based Payment Reserve \$	Total Reserves \$
<b>2022</b>				
Balance at 1 January	1,363,393	(31,469,683)	258,663	<b>(29,847,627)</b>
Share-based payment expenses	-	-	23,337	<b>23,337</b>
Conversion of performance rights	-	-	(41,346)	<b>(41,346)</b>
Exchange differences on translation of foreign operations	-	(2,345,961)	-	<b>(2,345,961)</b>
<b>Balance at 30 June</b>	<b>1,363,393</b>	<b>(33,815,644)</b>	<b>240,654</b>	<b>(32,211,597)</b>

	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	-	-	162,149	<b>162,149</b>
Conversion of performance rights	-	-	(350,707)	<b>(350,707)</b>
Exchange differences on translation of foreign operations	-	(4,451,493)	-	<b>(4,451,493)</b>
<b>Balance at 31 December</b>	<b>1,363,393</b>	<b>(31,469,683)</b>	<b>258,663</b>	<b>(29,847,627)</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 2022 and 31 December 2021 on a recurring basis:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>30 June 2022</b>				
<i>Financial assets</i>				
Derivatives – FVTPL	-	-	-	-
Listed equity securities – FVTPL	24,118	-	-	<b>24,118</b>
Unlisted equity securities – FVTPL	-	91,807	-	<b>91,807</b>
<b>Total Financial Assets</b>	<b>24,118</b>	<b>91,807</b>	-	<b>115,925</b>

## 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 2021</b>				
<i>Financial assets</i>				
Derivatives – FVTPL	-	29,870	-	29,870
Listed equity securities – FVTPL	25,414	-	-	25,414
Unlisted equity securities - FVTPL	-	96,735	-	96,735
Total Financial Assets	25,414	126,605	-	152,019

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. 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 2% (30 June 2021: 63%). The change in the effective tax rate in comparison to prima facie income tax expense is due to the permanent differences for foreign exchange, the tax benefit not being recognised in Norway, share based payments and amortisation and in addition net foreign exchange gains 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 liability balance to US\$4,409,986 at 30 June 2022 from US\$4,805,747 at 31 December 2021 materially relates to the deferred tax benefit on the taxable loss in the Australian Tax Group.

The current tax provision balance for the half-year of US\$326,203 (31 December 2021: US\$1,113,619) has decreased due to the nil current income tax expense for the Australian Tax Group offset by the current tax expense for the South African entities.

## Notes to the Consolidated Financial Statements

### 7. 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.

#### 7.1 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\$251,972) (Dec 2021: ZAR4,102,989 (US\$257,668)).

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\$19,652) (Dec 2021: ZAR320,000 (US\$20,098)).

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\$24,565) (Dec 2021: ZAR400,000 (US\$25,122)).

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\$21,494) (Dec 2021: ZAR350,000 (US\$21,982)).

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\$933,460) (Dec 2021: ZAR15,200,000 (US\$954,636)).

###### *Others*

In 2019, the Company received a letter of demand for up to ZAR32,268,000 (US\$1,981,638) (Dec 2021: ZAR32,268,000 (US\$2,026,592)) plus penalty interest of ZAR 4,307,083 (US\$254,506) (Dec 2021: ZAR4,307,083 (US\$270,506)), totalling ZAR36,575,083, relating to diesel fuel rebate claimed from its mining activities from inception of mining to September 2018.

In June 2022, the Company received a notice of intention to assess and reject for up to ZAR61,944,609 (US\$3,804,914) plus penalty interest of ZAR 2,104,343 (US\$129,259), totalling ZAR64,048,952, relating to diesel fuel rebate claimed from its mining activities from October 2018 to September 2020.

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. 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.

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.

There have been no other changes to contingent assets or liabilities since 31 December 2021.

## Notes to the Consolidated Financial Statements

### 7 Other (continued)

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

##### 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

There have been no material matters arising subsequent to balance date and up until the date of signing these Financial Statements.

#### 7.2 Share Based Payments

The Company has implemented an Incentive Performance Rights Plan that is designed to provide long-term incentives for senior managers and above (including directors) to deliver long-term shareholder returns. Performance Rights granted under the plan carry no dividend or voting rights.

Since 31 December 2021 the following performance rights have been issued to Directors, Key Management Personnel and employees.

On 24 February 2022, the Board approved the issue of 4,466,667 Performance Rights vesting on 23 February 2023 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

On 24 February 2022, the Board approved the issue of 4,466,667 Performance Rights vesting on 23 February 2024 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

On 24 February 2022, the Board approved the issue of 4,466,666 Performance Rights vesting on 23 February 2025 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

On 27 May 2022, shareholders approved the issue of 2,900,000 Performance Rights vesting on 23 February 2023 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

On 27 May 2022, shareholders approved the issue of 2,900,000 Performance Rights vesting on 23 February 2024 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

On 27 May 2022, shareholders approved the issue of 2,900,000 Performance Rights vesting on 23 February 2025 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

## Notes to the Consolidated Financial Statements

### 7 Other (continued)

#### 7.2 Share Based Payments (continued)

On 27 May 2022, shareholders approved the issue of 5,600,000 Performance Rights that will vest upon the Company's share price achieving a 30 day VWAP of \$0.19, expiring on 23 February 2026.

The model inputs for Performance Rights granted during the period included:

(a)	Number of Rights issued	4,466,667	4,466,667	4,466,666	2,900,000	2,900,000	2,900,000	5,600,000
(b)	Exercise price (AUD)	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents
(c)	Share price barrier (AUD)	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents
(d)	30 day VWAP of underlying security	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents
(e)	Grant date	24 Feb 2022	24 Feb 2022	24 Feb 2022	27 May 2022	27 May 2022	27 May 2022	27 May 2022
(f)	Risk-free interest rate	1.085%	1.085%	1.565%	2.450%	2.450%	2.775%	2.775%
(g)	Expiry date	23 Feb 2026	23 Feb 2026	23 Feb 2026	23 Feb 2026	23 Feb 2026	23 Feb 2026	23 Feb 2026
(h)	Share price at grant date (AUD)	11.5 cents	11.5 cents	11.5 cents	11.0 cents	11.0 cents	11.0 cents	11.0 cents
(i)	Expected price volatility of the shares	80%	80%	80%	80%	80%	80%	80%
(j)	Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## 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 2022 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:



---

**Russell Tipper**

*Chairman*

Dated at Perth, Western Australia

This 31<sup>st</sup> day of August 2022

## 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 2022, 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.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth

31 August 2022

## 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 2022, 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 significant 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 2022 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 2022 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

31 August 2022