

Highlights

During the quarter:

- **MRC unveils its Five Year Strategic Plan 2022-2026¹**
- **MOU signed with technology partner Mitsubishi Chemical Corporation to collaborate on graphitic anode materials supply in Europe²**
- **MOU signed with sales and marketing partner Traxys North America LLC to collaborate on graphitic anode materials supply in Europe³**
- **CRC-P Project successfully completed with battery grades achieved for both Munmlinup and Skaland spherical graphite, using the CSIRO-development environmentally friendly purification process⁴**
- **Successful grant application of US\$3.94M to advance commercialisation of a new graphite ore-to-battery anode business on the Munmlinup graphite project including process piloting for anode materials production⁵**
- **Resolution of Section 102 mining right appeals⁶**
- **Priority targets identified at Bukken, Hesten and Vardfjellet graphite prospects near Skaland⁷**
- **Electromagnetic survey results indicate excellent new targets at the Munmlinup Graphite Project⁸**
- **Tormin mining and processing throughput remains above budget expectations**
- **Third consecutive quarter of stabilised operating performance at Skaland**

¹ Refer ASX announcement entitled '[MRC unveils its Five Year Strategic Plan 2022-2026](#)', dated 29 April 2022.

² Refer ASX announcement entitled '[Strategic Collaboration Agreement with Mitsubishi Chemical Corporation](#)', dated 18 May 2022.

³ Refer ASX announcement entitled '[MRC Signs Graphitic Anode Sales and Marketing MOU with Traxys](#)', dated 20 May 2022.

⁴ Refer ASX announcement entitled '[CRC-P Project Completion and CSIRO Collaboration Update](#)', dated 30 May 2022.

⁵ Refer ASX announcement entitled '[Successful \\$3.94M Critical Minerals Grant Application](#)', dated 19 April 2022.

⁶ Refer ASX announcement entitled '[Resolution of Tormin Section 102 Mining Right Appeals](#)', dated 19 April 2022.

⁷ Refer ASX announcement entitled '[Graphite Targets at Bukken, Hesten and Vardfjellet](#)', dated 26 April 2022.

⁸ Refer ASX announcement entitled '[Munmlinup Electromagnetic Survey Indicates Excellent Targets](#)', dated 7 April 2022.

Corporate and Cash

Cash: US\$3.8 million as at 30 June 2022

Debt: US\$9.5 million as at 30 June 2022

Securities: 535.5 million shares and 27.7 million performance rights as at the date of this report

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 while maintaining its focus 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.



MRC signed a non-binding memorandum of understanding (**MOU**) with Mitsubishi Chemical Corporation (**MCC**) to collaborate on graphitic anode materials supply in Europe. 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 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.

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 (**GHG**) emissions relative to conventional pitch coating processes.

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, spherical, purified graphite (Product) produced from graphite concentrate sourced from the operating Skaland Graphite Operation in Norway and/ or the proposed near-term Munglinup 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 Final Investment Decision (FID) for potential Skaland capacity expansion beyond current limit of 16ktpa, targeted for Q2 2023;
- Accelerate Munglinup 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.

The Cooperative Research Centres Projects (**CRC-P**) project with Australia's national science agency, CSIRO, MRC and Doral Fused Materials was completed during the quarter. The laboratory-scale CRC-P project, which successfully achieved lithium-ion battery grade purities for both Munglinup and Skaland spherical graphite, provides the foundation for larger-scale graphite purification piloting in the CMAI project, also announced during the quarter. 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.

MRC was successful in its funding application under the Australian Commonwealth government's Critical Minerals Acceleration Initiative (**CMAI**). The Commonwealth Government will contribute up to AU\$3.94M to advance commercialisation of a new graphite ore-to-battery anode business based on the Company's Munglinup Graphite Project in Western Australia. 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.

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.

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 Environmental, Social and Governance perspective (**ESG**). 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.

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 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.

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.

Tormin's operating performance remains strong and above budget expectations, with annualised mining rates at circa 2.75 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 with the Five Year Strategic Plan 2022-2026 (**Strategic Plan**) providing for the two placer beach deposits being sustainably mined at 1.5Mt respectively every two years from that point onwards.

One of the objectives of management is to stabilise operations at Skaland and return Skaland to profitability. The June 2022 quarter reflects the third successive quarter that Skaland production has been above an annualised production rate of 10ktpa, which is the historical performance baseline for Skaland. Cost and revenue optimisation is ongoing, with cost reductions being implemented during the current quarter.

SAFETY, ENVIRONMENT AND COMMUNITY

The Company's 12-month Total Recordable Injury Frequency Rate ("TRIFR") was maintained at 3.4 in the June 2022 quarter compared to 3.4 in the March 2022 quarter.

Tormin

Four employees tested positive for COVID-19 during the June 2022 quarter. Employees that have tested 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. MSR continues to maintain strict rules regarding social distancing, wearing masks, sanitizing, and restricted (50%) capacity in the employee transport vehicles.

MSR had no Lost Time Injuries ("LTIs") during the June 2022 quarter. A drive on Safety, Health, Environment, and Legal compliance continued in the June 2022 quarter.

Skaland

Eight employees at Skaland were diagnosed with COVID-19. Employees that have tested positive are isolated with contact tracing carried out immediately to limit the risk of further transmission. Skaland had no LTIs during the June 2022 quarter.

TORMIN OPERATIONS

Ore mining remained strong at circa 2.75 million tonnes (annualised) during the quarter. The Company increased the processing rate during the quarter to 2.6Mtpa, producing 73,602 tonnes of final concentrates, a 54% increase on the previous quarter.

Mining

Mining	30-Jun-22 Quarter	31-Mar-22 Quarter	30-Jun-21 Quarter	Year to Date 30-Jun-22	Year to Date 30-Jun-21
Material Mined - Tonnes (dmt)	687,396	770,659	1,404,173	1,458,055	2,415,025
Ore Mined - Tonnes (dmt)	687,396	765,366	741,967	1,452,762	1,485,998
Waste Mined – Tonnes (dmt)	-	5,293	662,206	5,293	929,027
Grade (VHM)	13.6%	8.1%	15.2%	8.9%	15.1%
- Garnet	11.3%	6.6%	8.1%	8.9%	8.5%
- Ilmenite	1.7%	1.0%	5.7%	1.3%	5.2%
- Zircon	0.4%	0.4%	1.0%	0.4%	1.0%
- Rutile	0.2%	0.2%	0.4%	0.2%	0.4%

Tormin saw 0.7 million tonnes of material mined for the June 2022 quarter with a Valuable Heavy Mineral ("VHM") grade of 13.6% in comparison to the previous quarter of 8.1%. The increased VHM grade reflects improved grades at both the Tormin and the Northern Beaches. Grade improved in the June 2022 quarter with Northern Beaches 1-5 access becoming available after relevant landowner agreements were negotiated at the end of the March 2022 quarter. Mining from the Inland Strands is expected to restart in the December 2022 quarter. The delay of the Inland Strands mining compared to previous reports is based on additional test work to further enhance the process flow sheet.

Run of Mine ("ROM") volumes remained strong in the June 2022 quarter at circa 2.75Mtpa. Ore production during the June 2022 quarter from the Northern Beaches, Tormin Beaches and Inland Strands is shown below:

Mining	30-Jun -22 Quarter		
	Northern Beaches	Tormin Beaches	Inland Strands
Ore Mined - Tonnes (dmt)	366,830	320,566	-
Grade (VHM)	15.2%	11.5%	-
- Garnet	12.6%	9.7%	-
- Ilmenite	2.0%	1.2%	-
- Zircon	0.4%	0.4%	-
- Rutile	0.2%	0.2%	-

At quarter end, ROM inventory of 540Kt was available, comprising 444Kt of Inland Strands material and 96Kt of beach material. ROM inventory is budgeted to significantly diminish in the remainder of 2022.

Processing

ROM feed tonnes to the Primary Beach Concentrators ("PBC") were higher than the previous quarter at 645Kt, representing an average feed rate of 333tph and 91% plant utilisation. Throughput increased by 2% in comparison to the previous quarter, combined with significantly higher mined feed grades saw final concentrate production for the period increased to 73,602 tonnes, compared to the March quarter of 48,051 tonnes.

Total tonnes processed by the GSP/SCP were 179kt compared to 115kt from the previous quarter due to higher mined feed grade and throughput into the primary concentration circuit, increasing heavy mineral concentrate

production.

GSP/SCP Production & Processing	30-Jun-22 Quarter	31-Mar-22 Quarter	30-Jun-21 Quarter	Year to Date 30-Jun-22	Year to Date 30-Jun-21
Tonnes processed (gross dmt)	178,763	114,696	149,447	293,460	279,698
Tonnes produced (dmt)					
- Garnet concentrate	60,075	36,509	22,507	96,584	54,232
- Ilmenite concentrate	11,340	9,418	25,706	20,757	50,282
- Zircon/Rutile concentrate	2,187	2,124	3,864	4,311	6,528
- Zircon in concentrate	74.2%	75.4%	72.5%	74.8%	70.4%
- Rutile in concentrate	17.9%	17.2%	20.4%	17.6%	19.9%

Sales

Sales (wmt)	30-Jun-22 Quarter	31-Mar-22 Quarter	30-Jun-21 Quarter	Year to Date 30-Jun-22	Year to Date 30-Jun-21
- Garnet concentrate	86,257	30,908	28,560	117,165	56,500
- Ilmenite concentrate	2,621	3,261	54,100	5,882	54,100
- Zircon/Rutile concentrate	3,050	2,632	4,004	5,682	8,540

Tormin shipments/sales were 86,257 wet metric tonnes of garnet, 3,050 wet metric tonnes of zircon/rutile concentrate and 2,621 wet metric tonnes of ilmenite. Not all ilmenite and zircon/rutile concentrates could be shipped to customers due to the challenging global shipping environment, impacting the availability of containerised shipping. Considerable improvement in the containerised shipping environment was noted towards the end of the quarter, which has so far continued into the September 2022 quarter. Garnet sales primarily reflected accelerated offtake under the garnet offtake agreement with GMA Garnet Group, with GMA taking their contracted 100,000 tonnes for 2022 during the half year. The 38,500 tonne bulk ilmenite shipment slated for the June 2022 quarter sailed in July 2022.

Product sales revenue was US\$15.0 million, representing a total of 91,928 wet metric tonnes sold, compared to prior period revenue of US\$7.1 million for 36,801 wet metric tonnes sold. The increase reflects the accelerated offtake under the garnet offtake agreement during the June 2022 quarter.

Unit Costs & Revenues

Summary of Unit Costs & Revenues	30-Jun-22 Quarter	31-Mar-22 Quarter	30-Jun-21 Quarter	Year to Date 30-Jun-22	Year to Date 30-Jun-21
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	98.15	136.03	135.79	113.08	112.51
Unit cost of goods sold per tonne of final concentrate sold (US\$/wmt) ⁽¹⁾	127.97	165.57	149.73	138.70	151.34
Unit revenue per tonne of final concentrate sold (US\$/wmt)	163.32	190.74	159.57	171.02	172.84
Revenue to Cost of Goods Sold Ratio	1.28	1.15	1.07	1.23	1.14

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

The June 2022 quarter's unit production cash costs were 28% lower than the previous quarter, reflecting 53% higher concentrate produced during the quarter, partially offset by significant increases in diesel costs due to the global economic environment and a 6% increase in the proportion of Northern Beach material processed, which has a higher cost than Tormin Beach material due to higher transport costs (primary concentration tailings trucked back to the original beach and longer haul transport of heavy mineral concentrate to the main GSP plant).

The total unit cost of goods sold for the June 2022 quarter was US\$127.97/t compared with US\$165.57/t in the previous quarter. This reflects lower unit production cash costs.

Unit revenue per tonne of final concentrate sold for the June 2022 quarter of US\$163.32/t is 14% below US\$190.74/t for the previous quarter. This reflects the higher proportion of garnet concentrate sales during the June 2022 quarter in comparison with the previous quarter.

Revenue to Cost of Goods Sold Ratio of 1.28 for the June 2022 quarter is higher than the previous quarter of 1.15. This reflects the lower unit cost of goods sold, partially offset by lower unit revenue.

The Company's 50% owned subsidiary, Mineral Sands Resources (Pty) Ltd ("MSR"), was granted De Punt prospecting permit (10240PR) on 13 June 2022 by the South African Department of Mineral Resources and Energy ("DMRE") which will be registered subsequent to quarter end. The permit will allow MSR to commence resource drilling programs at directly south of the Inland Strand areas adjacent to, the existing Tormin mining operations, in the Western Cape province of South Africa. The Company plans to commence JORC compliant resource definition drilling programs over the Inland Strand areas.

SKALAND OPERATIONS

During the June 2022 quarter, the Company continued strong concentrate production rates reflecting improved performance at Skaland in 2022 in comparison to 2021. The down-dip mine development works completed in 2021 improved ore supply from the mine which, complemented by strong plant availability, resulted in year to date processed tonnes and final concentrate produced that are in line with annual budget expectations.

The Company maintained robust concentrate sales during the quarter, selling 2,319 tonnes of graphite concentrate during the period compared to 2,759 tonnes in the prior quarter.

Mining

Mining	30-Jun-22 Quarter	31-Mar-22 Quarter	30-Jun-21 Quarter	Year to Date 30-Jun-22	Year to Date 30-Jun-21
Material Mined	10,581	9,956	50,051	20,757	55,697
Ore Mined	9,941	9,397	6,931	19,338	10,274
Waste Mined	641	559	43,120	1,200	45,423
Ore Grade (%C)	25	26	27	25	26
Development Metres	272	113	482	385	515

Total ore mined for the quarter was 6% higher than the previous quarter, importantly this continues to reflect a return to historical performance to meet the production needs of 10kt per annum of concentrate production from the high-grade Trælen ore body, with reduced development requirements.

Mining and ore delivery will transition from development ore to the underground stopes in the next quarter, which will stabilise ore quality to the process plant.

Processing

ROM feed to the processing plant for the June 2022 quarter was 8,606 tonnes compared with 9,008 tonnes in the prior quarter. This reflects ore supply being reliably maintained since the mine development completed in the December 2021 quarter.

Graphite concentrate production increased to 2,441 tonnes, 14% below last quarter production of 2,828 tonnes. These two quarters reflect improved Skaland plant availability with YTD of 5,268 tonnes in line with budget expectations and historical operating performance of circa 10,000 tonnes of production per annum. Notably, optimisation of concentrate quality (including a new mill) has increased average concentrate grades from below 90% C prior to Skaland acquisition to 93%C, with daily concentrate grades of up to 97% C achieved. This provides the foundation for the Company's ore-to-anode strategy as well as potentially improved pricing for higher grades.

Processing	30-Jun-22 Quarter	31-Mar-22 Quarter	30-Jun-21 Quarter	Year to Date 30-Jun-22	Year to Date 30-Jun-21
Ore Processed (t)	8,606	9,008	3,589	17,614	6,706
Throughput (tph)	7	6	6	6	6
Ore Grade (%C)	25	26	27	25	26
C Recovery (%)	92	93	91	93	89
Concentrate Grade (%)	93	90	89	91	89
Concentrate Produced (t)	2,441	2,828	1,075	5,268	1,848

Sales

The Company sold 2,319 tonnes of graphite concentrate during the June 2022 quarter compared to 2,759 tonnes in the prior quarter, representing a 16% decrease in sold concentrate. This reflects 14% lower production during the quarter.

Product (wmt)	30-Jun-22 Quarter		31-Mar-22 Quarter		30-Jun-21 Quarter		Year to Date 30-Jun-22		Year to Date 30-Jun-21	
	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %
Coarse/Medium	728	31%	1,027	37%	293	25%	1,755	35%	832	28%
Fine-Medium/Powder	1,591	69%	1,732	63%	896	75%	3,323	65%	2,114	72%
Total	2,319		2,759		1,189		5,078		2,946	

Sales revenue for the June 2022 quarter decreased 19% to US\$1.7 million for a total of 2,319 tonnes sold due to a 16% decrease in product sold. Product pricing continued to reflect higher pricing achieved for 2022 in comparison to 2021 combined with an improved coarse/ fine fraction. Sales revenue for the March 2022 quarter was US\$2.1 million for a total of 2,759 tonnes sold.

Unit Costs & Revenues

Summary of Unit Costs & Revenues	30-Jun-22 Quarter	31-Mar-22 Quarter	31-Dec-21 Quarter	Year To Date 30-Jun-22
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	648.25	679.98	657.53	661.67
Unit cost of goods sold per tonne of final concentrate sold (US\$/wmt) ⁽¹⁾	754.06	803.80	828.99	769.24
Unit revenue per tonne of final concentrate sold (US\$/wmt)	733.05	754.37	696.51	744.63
Revenue to Cost of Goods Sold Ratio	0.97	0.94	0.84	0.97

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

The June 2022 quarter's unit production cash costs were 5% lower than the previous quarter, reflecting decreased labour costs in removing expat labour and related overheads from site and depreciation of the NOK against the US dollar, partially offset by higher power costs.

The total unit cost of goods sold for the June 2022 quarter was US\$754.06/t compared with US\$803.80/t in the previous quarter, reflecting lower production cash costs.

Unit revenue per tonne was slightly lower to US\$733.05, reflecting a decline in the coarse/ fine fraction.

Revenue to Cost of Goods Sold Ratio of 0.97 for the June 2022 quarter is higher than the previous quarter of 0.94. This reflects the lower unit cost of goods sold, partially offset by slightly lower unit revenue during the current quarter and continues to highlight profitability improvement at Skaland.

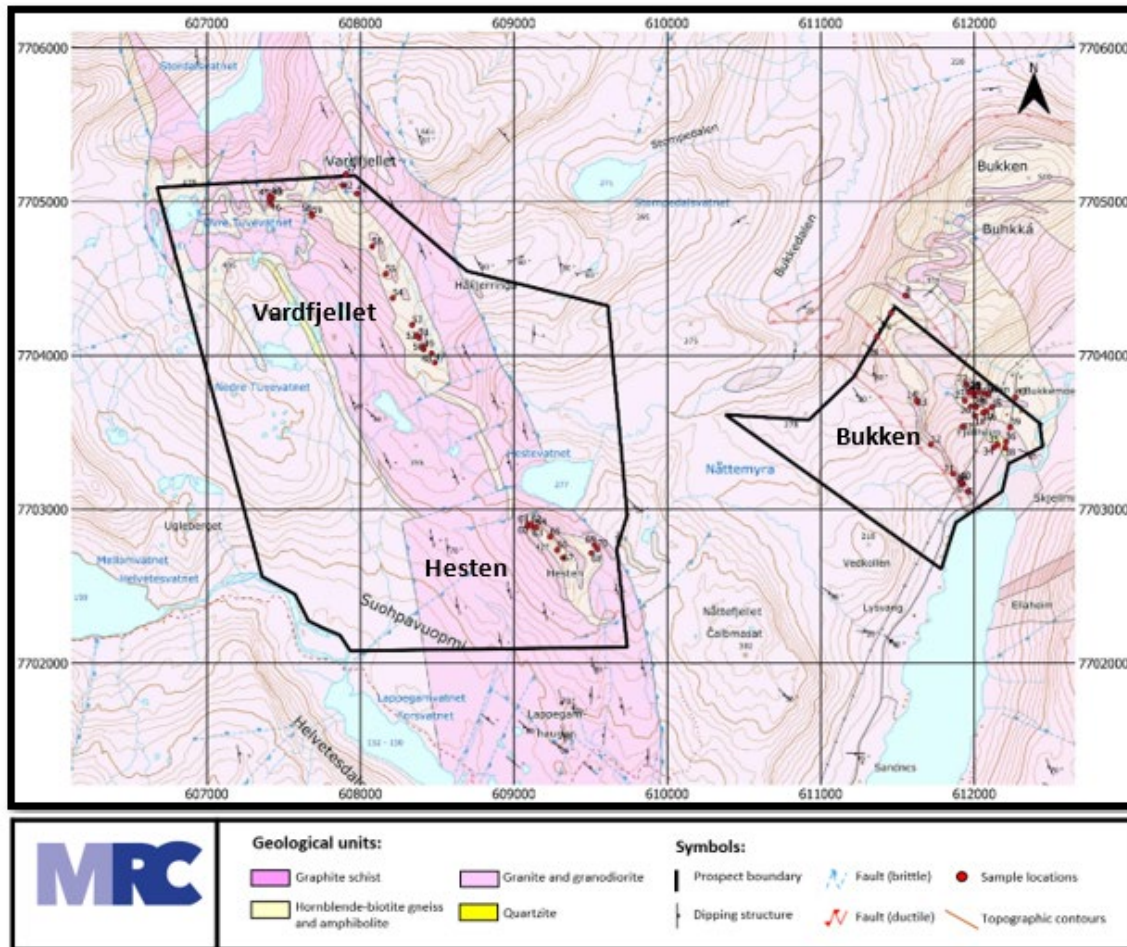
Skaland Exploration

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 sample location of Hesten and Vardfjellet (left), and Bukken (right) prospects in Senja.



DEVELOPMENT

Munглиnup Graphite Project

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) on 18 May. On 31 May, MRC received a letter from DWER EPA Service confirming a preliminary review of the Response to Submissions and consider it is missing some information. A response to the EIA South Branch-EPA Service was made on 9 June and revised documents will be provided in the mid-September 2022 quarter. Final environmental permits are expected in the December 2022 quarter.

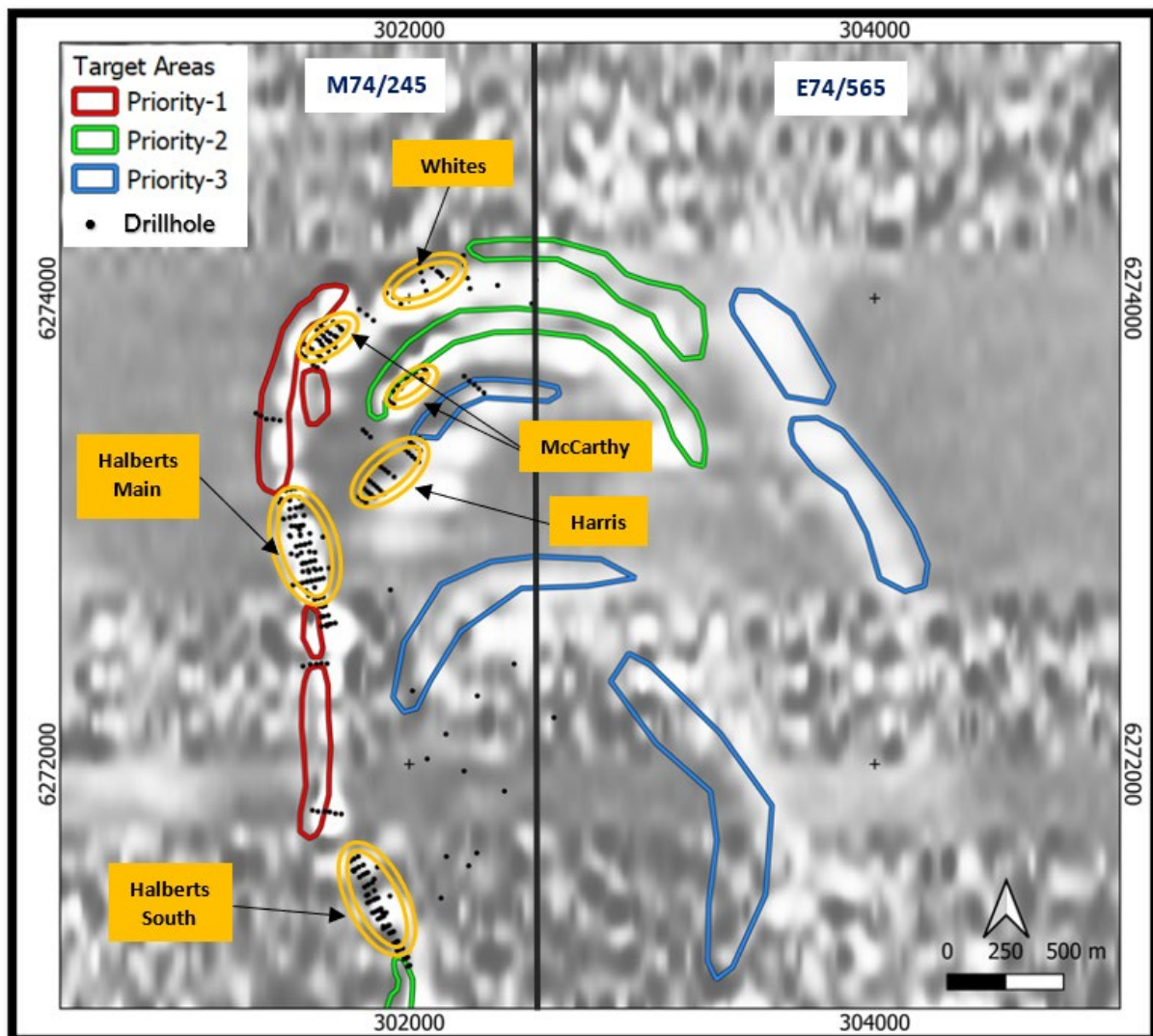
MRC continues to work closely with the Esperance Tjaltjraak Native Title Aboriginal Corporation ("ETNTAC") to finalise a Heritage and Community Engagement Agreement for the Munглиnup Graphite Project. The execution of the Agreement will provide economic, social, and environmental benefits to ETNTAC and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

Munglinup Exploration

Helicopter-borne magnetic and electromagnetic survey over the Munglinup tenements was reported on 7 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.

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.



Australian Exploration

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

CORPORATE

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 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 to 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

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 16Ktpa⁹, targeted for Q2 2023
3. Accelerate Munglinup development, with a 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 9.83Mt¹⁰ through active organic and inorganic resource and reserve growth

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 216.2Mt¹¹ through active organic and inorganic resource and reserve growth, with studies and additional permitting intended to significantly increase production

⁹ Refer ASX Announcement entitled '[MRC Completes Skaland Graphite Acquisition](#)', dated 7 October 2019.

¹⁰ Refer ASX Announcement entitled '[Annual Mineral Resources and Ore Reserve Statement](#)', dated 28 February 2022.

¹¹ Refer ASX Announcement entitled '[Annual Mineral Resources and Ore Reserve Statement](#)', dated 28 February 2022.

Corporate

1. Consider funding options to further progress 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

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.¹²

Cash and Debt

As at 30 June 2022, the Company had US\$3.8 million in cash on hand compared to US\$2.2 million as at 31 March 2022. The net working capital position as at 30 June 2022 is US\$5.1 million, 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.

Trade and other receivables as at 30 June 2022 increased to US\$13.7 million from US\$12.8 million in the previous quarter. Borrowings as at 30 June 2022 were US\$9.5 million compared to US\$9.3 million in the previous quarter.

Outlook

Guidance for 2022 provided in the December 2021 quarterly is subject to delivery of Inland Strand production in line with budget expectations. Any deferral of Inland Strand production may see ilmenite and non-mags production below forecast, with the projected production potentially deferred into early 2023.

Securities on Issue

Issued securities at the date of this report comprise:

- 535,490,634 fully paid ordinary shares listed on the ASX.
- 7,366,667 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.
- 7,366,667 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.
- 7,366,667 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.
- 5,600,000 Performance Rights vesting upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19.

¹² Refer ASX Announcement entitled '[MRC Agrees Settlement Terms with Former CEO](#)', dated 4 April 2022.

- ENDS -

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COMPETENT PERSONS STATEMENT

Munglinup- The information in this Announcement related to Munglinup Exploration results is based on information compiled by Mr Bahman Rashidi and reviewed by Mr John Sinnott. Mr Rashidi is the Group Exploration Manager and a full-time employee of the Company. He is a member of the Australian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"). Mr Rashidi is also a shareholder of Mineral Commodities Ltd. Mr Sinnott is a senior geophysicist with Resource Potentials Pty Ltd and an independent consultant to the Company. He is a member of the AIG and The Australian Society of Exploration Geophysicists. Mr Rashidi and Mr Sinnott have sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and the activity which they are undertaking to qualify as a Competent Persons in accordance with the JORC Code (2012). Mr Rashidi and Mr Sinnott consent to inclusion in the report of the matters based on this information in the form and context in which it appears.

Bukken, Hesten and Vardfjellet -The information in this Announcement related to Exploration results at Bukken, Hesten and Vardfjellet is based on information compiled by Mr Bahman Rashidi, who is a member of the Australian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"). Mr Rashidi is the Group Exploration Manager and a full-time employee of the Company. Mr Rashidi is also a shareholder of Mineral Commodities Ltd. He has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person in accordance with the JORC Code (2012). The information from Mr Rashidi was prepared under the JORC Code (2012). Mr Rashidi consents to inclusion in the report of the matters based on this information in the form and context in which it appears.