Quarterly Activities Report – June 2023

Highlights

During the quarter:

- **177% ore reserve increase for Tormin Inland Strands to 60.3Mt[1]**
- **181% ore reserve increase within the current Expanded Mining Right for Tormin Inland Strands to 21.5Mt[1]**
- **MRC enters into agreements to increase ownership interest in Tormin from 50% to 69%[2]**
- **Tormin secures MSP funding with 10-year finished garnet offtake agreements[3]**
- **Maiden mineral resource at De Punt[4]**
- **First bulk ilmenite shipment sold from Inland Strands production**

Subsequent to quarter end:

- **MRC takes 100% ownership of Skaland, after acquisition of minority shareholder interest[5]**
- **Appointment of Scott Lowe as Chief Executive Officer, with effect from 1 September 2023[6]**

Corporate and Cash

Cash: US$5.3 million as at 30 June 2023 (US$4.8 million as at 31 March 2023).

Debt: US$4.3 million as at 30 June 2023 (US$4.9 million as at 31 March 2023).

Securities: 691.5 million shares and 9.2 million performance rights as at the date of this report.

[1] Refer ASX Announcement entitled 'Significant Ore Reserve Increase for Tormin Inland Strands', dated 5 April 2023.
[2] Refer ASX Announcement entitled 'MRC to Increase Ownership Interest in Tormin', dated 12 April 2023.
[3] Refer ASX Announcement entitled ' Tormin Secures MSP Funding and Finished Garnet Offtake', dated 22 May 2023 and ASX Announcement entitled 'Additional Information - MSP Funding and Garnet Offtake Agreements', dated 23 May 2023.
[4] Refer ASX Announcement entitled 'Maiden Mineral Resource at De Punt', dated 24 May 2023.
[5] Refer ASX Announcement entitled 'MRC to Take 100% Ownership of Skaland: BSG Matter Settled', dated 3 July 2023.
[6] Refer ASX Announcement entitled 'Appointment of Chief Executive Officer', dated 27 July 2023.

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Focus during the quarter was on returning Tormin to historical profitability and increasing its asset value.

Returning Tormin to historical profitability

During the December 2022 quarter, Mineral Commodities Ltd (**MRC** or **the Company**) achieved funding support of A$11.7 million through a Placement and subsequent Rights Issue[7]. This successful result highlights the strong support the Company has from its shareholders and is a clear endorsement of the Company's growth strategy as outlined in its Five Year Strategic Plan 2022-2026 (**Strategic Plan**)[8].

This funding supports the three key catalysts targeting returning Tormin to historical profitability (during years 2015-2021 Tormin produced an average EBITDA of US$16M), being:

1. Inland Strands production, which has been completed and commissioning in the previous quarter[9];
2. Third Primary Concentration Plant (**PCP**), aimed for completion December quarter 2023; and
3. Mineral Separation Plants (**MSPs**), aimed for completion March quarter 2024.

Inland Strands Production

- Inland Strands commercial production and commissioning was completed in March and will substitute some annual beach mining. MSR's complete processing circuit has been commissioned and optimised to produce heavy mineral concentrate stocks and commercial production of garnet, ilmenite and non-magnetic (zircon and rutile) saleable concentrate products at theoretical production and historical recovery rates. PCP-1 will process Inland Strands material and PCP-2 will process beach mined material. The production schedule enables sustainable beach mining with beach mining rotating annually between Tormin Beaches and Northern Beaches production. It is expected that this will result in more sustainable beach mining grades, with each placer beach deposit being given replenishment time of 12 out of every 24 months, complemented by PCP-1 processing Inland Strands ore;
- PCP upgrades, completed during the March 2023 quarter, mean that each PCP can process 1.5Mtpa of beach material or 1.2Mtpa of Inland Strands, up from 1.2Mtpa of beach material or 0.8Mtpa of Inland Strands historically. In total, management is targeting processing 2.7Mtpa of ore with two PCPs, up from historical rates of circa 2.4Mtpa;
- Production during the quarter was below theoretical production rates due to seawater intake issues and maintenance downtime. A more permanent seawater intake system is being investigated to further stabilise Inland Strands production into the second half of 2023;

PCP-3

- PCP-3 is also planned for Inland Strands material, targeting a further increase in ore processing from 2.7Mtpa to 3.9Mtpa. Funding for PCP-3 has been secured through the recent Rights Issue[6]. Testwork was undertaken in the previous quarter for possible optimisation for PCP-3, as an alternative to the base construction model to replicate the same design as the two PCPs currently in operation at site. Testwork supported upgrading the PCP-3 spiral banks and the design has been upgraded to include this change. Management has now turned its attention to PCP-3 after successfully commissioning the PCP upgrades and achieving Inland Strands commissioning and commercial production. PCP-3 is planned to be in production by December quarter 2023;

[7] Refer ASX Announcement entitled 'Rights Issue Strongly Supported by Shareholders', dated 30 December 2022.
[8] Refer ASX Announcement entitled 'MRC Unveils Five Year Strategic Plan 2022-2026', dated 29 April 2022.
[9] Refer ASX Announcement entitled 'Commissioning Complete for Inland Strands Ore', dated 27 March 2023.

MSP

- It is anticipated that concentrate product produced from ore processing at 3.9Mtpa will then be transitioned into higher value finished products, with the introduction of MSPs. The MSP is aimed to be in production by March quarter 2024.

Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Inland Strands 2.7Mtpa Concentrate Product			3rd PCP 3.9Mtpa Concentrate Product	MSP's 3.9Mtpa Finished Product

Final contracts with GMA Group[3] were completed during the quarter. The contracts included a long term Offtake Agreement and a Loan Agreement to fund the introduction of MSPs. The terms of the Agreements are outlined below:

- Mineral Sands Resources (Pty) Ltd (**MSR**) agrees to supply GMA Group with finished garnet product in the following volumes:
  - (i) 2024-2025 – 80ktpa;
  - (ii) 2026-2028 – 105ktpa; and
  - (iii) 2029-2033, subject to renewal at GMA's election – 125ktpa; and
- GMA Group agrees to provide MSR with US$10,000,000 in loan funding, repayable over 5 years from 1 January 2024, to fund the design and construction of a MSP in the Western Cape Region of South Africa. The size and scope of the MSP in terms of capacity and product type (garnet, ilmenite, zircon or rutile) is at MSR's discretion, with a minimum garnet concentrate feed of 200ktpa the only specified requirement under the GMA Agreements. MSR intends for all garnet and ilmenite concentrate feedstock to be processed through the MSP.

GMA Group is the global leader in industrial garnet, providing the highest quality garnet abrasive to the waterjet cutting and protective coating industries. It has been MRC's long term partner in garnet concentrates sales.

Offtake Agreement pricing is agreed, subject to existing rise and fall mechanisms and is commercial in confidence. GMA also has first right of refusal on any finished garnet product produced in excess of the minimum offtake above. GMA Group's loan is to be secured against the MSP and a guarantee provided by MRC.

Increasing the asset value of Tormin

The Company also sought to materially increase the asset value at Tormin in line with funding support objectives:

1. During the quarter, the Company announced a significant increase in ore reserves for Tormin Inland Strands[1]. This includes a 177% total ore reserve increase for Tormin Inland Strands to 60.3Mt and a 181% ore reserve increase within the current Expanded Mining Right (**EMR**) for Tormin Inland Strands to 21.5Mt;
2. During the quarter, the Company increased its ownership interest in Tormin from 50% to 69%[2], which is expected to materially increase the net present value of Tormin to MRC; and
3. During the quarter, the Company announced a significant mineral resource at De Punt[4] of 66.1 million tonnes at 16.9% THM (7.1% VHM).

Ore Reserve Upgrade[1]

The Company has significantly upgraded its overall Inland Strands reserves by 177% (41% increase in contained heavy mineral) and its Inland Strands reserves within its current EMR by 181% (57% increase in contained heavy mineral). The updated total ore reserve is 60.3 million tonnes at 3.7% VHM[10] (14.7% THM[11]) containing 2.21 million tonnes of heavy mineral, while the updated EMR ore reserve is 21.5 million tonnes at 5.4% VHM[7] (21.0% THM[8]) containing 1.17 million tonnes of heavy mineral.

The Ore Reserve within the current EMR increases to 21.5 million tonnes at 5.4% VHM (21.0% THM) containing 1.17 million tonnes of heavy mineral in comparison to the Maiden Ore Reserve for the current EMR of 7.9 Mt of ore with an average VHM grade of 9.4% resulting in 0.74 Mt of in-situ Heavy Minerals. This represents an increase of 13.6 million tonnes (181% increase) at 3.1% VHM for an additional 0.42 million tonnes of heavy mineral (57% increase) since the previous Ore Reserve announcement.

Based on the current targeted production rate from the Inland Strands of 2.4Mtpa (with the introduction of PCP-3), the increase to the Inland Strands Ore Reserve contained within the EMR equates to a 9 year mine life for Inland Strands production. This production will provide stable medium term cash flows for the business prior to any consideration of additional mining right requirements additional to the EMR.

Inclusion of Inland Strands Ore Reserve outside of the current EMR will see a potential mine life of greater than 25 years, prior to any consideration of the high grade De Punt discovery during the quarter.

The updated Inland Strands Ore Reserve, combined with the replenishable heavy mineral placer deposits of the Tormin and Northern beaches clearly underpin a long term, sustainable mining operation at Tormin.

Additionally, drilling options are available to target further increases in Geelwal Inland Strands reserves. These will be reviewed in conjunction with the De Punt resource, the results of which are targeted for Q4 2023.

This extremely significant Ore Reserve upgrade both within and outside the EMR will underpin the long term profitability of Tormin and significantly enhances the asset value of our Heavy Minerals division. The Inland Strands provides flexibility for Tormin to sustainably mine its two producing, replenishable placer beach deposits over the long term and also provides another long-term profitability source in its own right. Further, given the size of the Ore Reserve we now have the strategic advantage of being able to consider further increasing the scale of Tormin in the near term beyond 3.9Mtpa[12]. This, in conjunction with the recent De Punt resource announcement, should provide renewed excitement for MRC shareholders that the Heavy Minerals division is moving towards its stated goals of increased scale and restoring historical profitability and cash generation at Tormin.

[10] VHM includes all currently sold minerals (zircon, rutile, ilmenite, magnetite, and garnet) that report as sink during heavy liquid separation at SG of 2.96 (bromoform) after desliming, within the 45 µm to 1mm size fraction as a percentage of the total material.

[11] THM includes all minerals that report as sink during heavy liquid separation at SG of 2.96 (bromoform) after desliming, within the 45 micron to 1mm size fraction as a percentage of the total material.

[12] Refer ASX announcement entitled 'Inland Strands Ore Processing Commences at Tormin', dated 6 March 2023.

Ownership Interest to Increase at Tormin from 50% to 69%[2]

The Company has entered into formal agreements (**Restructure Agreements**) for the restructure of its holding in Mineral Sands Resources (Pty) Ltd (**MSR**) in order to align with the recommendations of the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (as amended) (the "**2018 Mining Charter**"). The Company recognises the importance of its BEE partners, employees and community and has taken a proactive initiative to embrace the South African Mining Charter recommendations. It recognises and is committed to the entrained principles of legislation relating to historically disadvantaged South Africans and the equitable fairness which must be applied to ensure real tangible redistribution of the financial benefits of mining at its Tormin operations.

To date MRC has developed and operated the project via its 50% shareholding in MSR, via MRC Resources (**MRCR**), with the remaining 50% of MSR owned by the Company's existing empowerment partner, Blue Bantry Investments 255 (Pty) Ltd (**Blue Bantry**). Blue Bantry is owned by individuals who are South African Historically Disadvantaged Persons (**HDPs**) as defined by the 2018 Mining Charter and in accordance with the Mineral and Petroleum Resources Development Act No. 28 of 2002 (the "**MPRDA**"). Following completion of the restructure of MSR, MSR's ownership structure will change to being 69% owned by MRCR, 21% owned by Blue Bantry, 5% owned by employees and 5% owned by the community. The employee and community ownership interests will be effective from the date the relevant trusts and oversight mechanisms are approved and in place, and until such time MRCR will hold those interests in MSR in its own name resulting in it holding 79% of the issued capital of MSR and Blue Bantry holding 21% until the 5% employee and 5% community interests are finalised.

The Company formed the view that dilution of the interests of its B-BBEE partner in MSR through existing historical Shareholder and Loan Agreements would be inconsistent with the relationship between the parties and the intent of the 2018 Mining Charter without some form of consideration. The Company also recognises the need to accelerate distributions and the flow of regular dividends, or equity equivalent benefits, to the respective B-BBEE participants in line with the 2018 Mining Charter.

In light of this, MSR has agreed to adopt a Recoverable Interest methodology to determine amounts owing, given MRCR has been and is likely to remain the sole external funding source for MSR. Under this method MRCR can recover its contributed capital on behalf of other beneficiaries by withholding 80% of available dividends payable to these participants until this relevant capital contribution is repaid in full. There is also a minimum annual dividend set at US$10,000 per 1% interest in MSR aimed at ensuring the flow of regular dividends, or equity equivalent benefits, to the respective B-BBEE participants.

In consideration for the reduction of Blue Bantry's interests in MSR from 50% to 21%, MRCR has agreed to forgive long term loans and other amounts owed to it by Blue Bantry, and the parties have agreed that Blue Bantry will be entitled to receive 11.3M fully paid ordinary shares in the capital of MRC (**Consideration Shares**), together being consideration for amounts that would have been payable to Blue Bantry if the Recoverable Interest methodology had been applied since inception of the Tormin operation. Blue Bantry will have a carried interest of R33M still payable to MRCR as at 1 July 2022.

Completion of the restructure of MSR by the transactions outlined above, including the issue of the Consideration Shares, is subject to the satisfaction of a number of conditions precedent including the receipt of all required regulatory approvals, and the receipt by MRC of shareholder approval for the issue of the Consideration Shares for the purposes of ASX Listing Rule 10.11 given Company director Mr Madiba Qunya is a 50% owner of Blue Bantry. Shareholders approved the issue of the Consideration Shares at the Company's Annual General Meeting, held on 25 May 2023, however due to unanticipated delays in the satisfaction of other conditions precedent that approval has now lapsed in accordance with the ASX Listing Rules and refreshed shareholder approval will need to be sought before the issue can be completed. A general meeting will be convened for this purpose, likely during the September 2023 quarter. Other conditions precedent remains outstanding, which are hoped to be closed by the end of the September 2023 quarter.

De Punt[4]
The Company announced a significant maiden mineral resource at De Punt of 66.1 million tonnes at 16.9% THM (7.1% VHM), containing 11.19 mineral tonnes of total heavy mineral. MSR's total Tormin Mineral Resources of heavy mineral sands increased to a combined estimate of 282.6 million tonnes at 10.9% THM, containing 30.8 million tonnes in situ heavy mineral (previously 216.5 million tonnes at 9.1% THM, containing 19.6 million tonnes in situ heavy mineral). This represents a:

- 31% increase in Tormin mineral resource tonnes and
- 57% increase in Tormin mineral resource in situ heavy mineral.

These spectacular results are even more impressive due to the significant potential to increase Mineral Resources, given only one of the seven identified De Punt exploration targets has been drilled.

This increase to the overall Mineral Resources at Tormin reflects the Company's focused commitment to its Strategic Plan[7] aiming to increase Tormin's asset value by expanding mineral resources and reserves through organic growth with the aim of significantly increasing production and returning Tormin to historical profitability levels.

Increasing the asset value of our Battery Minerals division[5]

Subsequent to the end of the June 2023 quarter, MRC entered into an agreement to settle the disputes between MRC Graphite (Norway) Pty Ltd (a subsidiary of the Company) (**MRCGN**) and minority ~10% shareholder BSG Mining LLC (**BSG**). The settlement resulted in MRCGN obtaining 100% ownership of Skaland Graphite AS ("Skaland") by acquiring BSG's ~10% shareholding in Skaland for a total of US$1,900,000. MRCGN and BSG (together "the **Parties**") have agreed to a confidential settlement of all disputes between them on a no admission as to liability basis, and executed a Deed of Settlement (**Settlement Deed**) in that regard.

Details of the terms of the settlement are confidential but include:

- MRCGN agrees to pay BSG the amount of USD$1,266,667 by 7 July 2023 (**First Tranche**) and USD$633,333 by 17 November 2023;
- On the date the First Tranche is paid to BSG:
    - the Parties mutually release each other from all claims (including the Writ of Summons), and withdraw all dispute notices and default notices, and any other claims regarding the Shareholders Deed or the Proceedings;
    - they also agree to ensure that their respective officers, employees and agents or any person with whom it is associated in any way, or any Related Entity does not commence or maintain any claim or action (including any claim for costs) against the other party regarding such matters;
    - Legal and beneficial title to, and risk in, the BSG Shares passes to MRCGN, free of any encumbrances;
    - BSG's representative will resign as a Director of Skaland; and
    - the Shareholders Deed will be terminated;

- Standard confidentiality and non-disparagement clauses; and
- Each Party will bear its own costs.

MRCGN completed the First Tranche payment on 5 July 2023 and is now the registered 100% owner of Skaland, Mr Nania has resigned as a Skaland director, the Shareholders Deed has been terminated and mutual releases, including any and all legal matters, between the Parties have been completed.

The settlement allows MRC to achieve 100% control of Skaland, a potentially value-accretive investment. Skaland is a critical asset in our battery minerals division strategy and a critical operating asset in Europe. MRC will continue its focus in 2023 towards the successful completion of the graphite ore-to-battery anode piloting for anode materials production from Skaland and Munglinup, which is the final precursor to commercial scale graphitic anode production aimed for 2024.

SAFETY, ENVIRONMENT AND COMMUNITY

The Company's 12-month Total Recordable Injury Frequency Rate (**TRIFR**) remained at nil in the June 2023 quarter.

Tormin

Tormin had no recordable injuries during the June 2023 quarter.

Skaland

Skaland had no recordable injuries during the June 2023 quarter.

TORMIN OPERATIONS

Mining

Mining	30-Jun-23 Quarter	31-Mar-23 Quarter	30-Jun-22 Quarter	Year to Date 30-Jun-23	Year to Date 30-Jun-22
Material Mined – Tonnes (dmt)	**606,969**	1,120,295	687,396	**1,727,264**	1,458,055
Ore Mined – Tonnes (dmt)	**232,202**	443,405	687,396	**675,607**	1,452,762
Waste Mined – Tonnes (dmt)	**374,767**	676,890	-	**1,051,657**	5,293
Grade (VHM)	**6.4%**	8.5%	13.6%	**8.5%**	10.6%
- Garnet	**5.0%**	5.8%	11.3%	**5.4%**	8.9%
- Ilmenite	**0.9%**	2.0%	1.7%	**1.5%**	1.3%
- Zircon	**0.3%**	0.5%	0.4%	**0.4%**	0.4%
- Rutile	**0.2%**	0.2%	0.2%	**0.2%**	0.2%

Tormin reduced total material mined this quarter to 0.61 million tonnes, with a Valuable Heavy Mineral ("**VHM**") grade of 6.4% in comparison to the previous quarter of 8.5%. The decreased VHM grade reflects no Inland Strands ore mining from the high-grade South Pit in comparison to the previous quarter, given the large stockpiles already in place at the start of the quarter. Better than expected tailings dewatering performance means new tailings pits will not need to be mined out as quickly as budgeted, reducing overburden removal expectations. Mining will ramp up again in the September 2023 quarter as Inland Strands processing accelerates in the second half of 2023.

Tormin year-to-date total material moved is significantly ahead of 2022, with mining focused on overburden in 2023 given the significant Inland Strands ROM stockpile that was available at the start of 2023.

Ore production during the June 2023 quarter from the Northern Beaches, Tormin Beaches and Inland Strands is shown below:

Mining	30-Jun-23 Quarter		
	Northern Beaches	Tormin Beaches	Inland Strands
Ore Mined – Tonnes (dmt)	**232,202**	-	-
Grade (VHM)	**6.4%**	-	-
- Garnet	**5.0%**	-	-
- Ilmenite	**0.9%**	-	-
- Zircon	**0.3%**	-	-
- Rutile	**0.2%**	-	-

Processing

ROM feed tonnes to PCP-1 and PCP-2 were lower than the previous quarter at 293Kt, representing an average feed rate of 256tph and 67% plant utilisation. This was due to seawater intake issues at both the Northern Beaches and Inland Strands, extended crusher breakdown at the Inland Strand significantly reducing feed rates and further optimisation of Inland Strands processing. Management believe Inland Strands processing will materially improve next quarter.

Throughput was above the previous quarter, with final concentrate production for the period increasing to 33,296 tonnes, compared to the March 2023 quarter of 31,364 tonnes. Management expects production to return to more historic levels given optimisation and resolution of the crusher breakdown that caused material downtimes this quarter for Inland Strands processing.

Total tonnes processed by the secondary concentrator (GSP/SCP) were 61kt, compared to 49kt from the previous quarter, with ongoing optimisation of the GSP to handle varied Inland Strand material. Management expects this will materially improve next quarter.

GSP/SCP Production & Processing	30-Jun-23 Quarter	31-Mar-23 Quarter	30-Jun-22 Quarter	Year to Date 30-Jun-23	Year to Date 30-Jun-22
Tonnes processed (gross dmt)	**61,127**	49,257	178,763	**110,384**	293,460
Tonnes produced (dmt)					
- Garnet concentrate	**14,989**	20,812	60,075	**35,801**	96,584
- Ilmenite concentrate	**15,575**	9,161	11,340	**24,736**	20,757
- Zircon/Rutile concentrate	**2,731**	1,254	2,187	**3,985**	4,311
- Zircon in concentrate	**69.6%**	69.9%	74.2%	**69.8%**	74.8%
- Rutile in concentrate	**17.4%**	15.9%	17.9%	**16.7%**	17.6%

The increase in ilmenite and zircon/ rutile concentrate production in the June 2023 quarter was due to production from Inland Strands ore, which is higher in zircon and ilmenite content than beach ore.

Sales

Sales (wmt)	30-Jun-23 Quarter	31-Mar-23 Quarter	30-Jun-22 Quarter	Year to Date 30-Jun-23	Year to Date 30-Jun-22
- Garnet concentrate	**9,257**	23,823	86,257	**33,080**	117,165
- Ilmenite concentrate	**32,537**	420	2,621	**32,957**	5,882
- Zircon/Rutile concentrate	**1,960**	420	3,050	**2,380**	5,682

Tormin shipments/sales were 32,537 wet metric tonnes of ilmenite, 1,960 wet metric tonnes of zircon/rutile concentrate and 9,257 wet metric tonnes of garnet. These sales included the first bulk ilmenite shipment produced from Inland Strands material. Garnet sales reflect third party sales, with an additional 15Kt of garnet inventory available at the end of the quarter to be delivered to customers in the September 2023 quarter. Non-mags sales were below quarterly production due to containerised shipping issues in South Africa during the quarter.

Product sales revenue was US$8.7 million, representing a total of 43,754 wet metric tonnes sold, compared to prior period revenue of US$5.1 million for 24,663 wet metric tonnes sold. The increase reflects the first Inland Strands ilmenite shipment during the June 2023 quarter, partially offset by lower garnet sales this quarter with sales deferred into the next quarter.

Unit Costs & Revenues

Summary of Unit Costs & Revenues	30-Jun-23 Quarter	31-Mar-23 Quarter	30-Jun-22 Quarter	Year to Date 30-Jun-23	Year to Date 30-Jun-22
Unit production cash costs per tonne of net final concentrate produced (US$/dmt)	**168.65**	184.68	98.15	**176.39**	113.08
Unit cost of goods sold per tonne of final concentrate sold (US$/wmt) (1)	**193.55**	148.04	127.97	**176.50**	138.70
Unit revenue per tonne of final concentrate sold (US$/wmt)	**202.09**	187.92	163.32	**198.13**	171.02
Revenue to Cost of Goods Sold Ratio	**1.02**	1.27	1.28	**1.12**	1.23

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 2023 quarter's 9% lower unit production cash costs reflect 7% higher production this quarter due to commissioning completion of production from Inland Strands ore in the prior quarter, partially offset by maintenance and seawater intake issues this quarter.

The June 2023 quarter's total unit cost of goods sold reflects additional port costs for the ilmenite bulk shipment and aligns with higher unit revenue this quarter.

Unit revenue per tonne of final concentrate sold for the June 2023 quarter of US$202.09/t is above the US$187.92/t for the previous quarter due to the higher proportion of non-mags sales during this quarter.

Plant production rates are expected to materially improve in the September quarter 2023.

SKALAND OPERATIONS

The June 2023 quarter was below an annualised production rate of 10ktpa, which is the historical performance baseline for Skaland. This was due to some mining fleet breakdowns and the haul road from the mine to the main road being resurfaced during the quarter.

The Company's graphite concentrate sales during the quarter were below historical performance expectations of circa 10Kt per annum, selling 1,435 tonnes of graphite concentrate during the period compared to 2,341 tonnes in the prior quarter. Lower sales reflect lower mined production in the quarter.

Mining

Mining	30-Jun-23 Quarter	31-Mar-23 Quarter	30-Jun-22 Quarter	Year to Date 30-Jun-23	Year to Date 30-Jun-22
Material Mined	**6,945**	12,322	10,581	**19,267**	20,757
Ore Mined	**4,825**	9,394	9,941	**14,219**	19,338
Waste Mined	**2,120**	2,928	641	**5,048**	1,200
Ore Grade (%C)	**29**	28	25	**28**	25
Development Metres	**23**	50	272	**73**	385

Total ore mined for the quarter was below the previous quarter due to some mining fleet breakdowns and deferral of mining while the haul road from the mine to the main road was being resurfaced. Management is hopeful of recovering in the second half of 2023 to historical mining performance to meet the feed requirements for 10kt per annum of concentrate production from the high-grade Trælen ore body.

Processing

ROM feed to the processing plant for the June 2023 quarter was 5,100 tonnes compared with 9,411 tonnes in the prior quarter. This reflects a lower feedstock mined this quarter.

Quarterly graphite concentrate production decreased to 1,435 tonnes with year-to-date tonnes at 79% of historical 10Ktpa. Management is hopeful of recovering in the second half of 2023.

Results reflect strong Skaland plant performance at the highest average annual concentrate grade (98%) at 90% recovery. This compares with historic concentrate grades of 90%-91% at 90%-91% recoveries. The processing improvements in 2022 have the flexibility to produce higher grades subject to customer demand in 2023. This also provides the foundation for the Company's ore-to-anode strategy.

Processing	30-Jun-23 Quarter	31-Mar-23 Quarter	30-Jun-22 Quarter	Year to Date 30-Jun-23	Year to Date 30-Jun-22
Ore Processed (t)	**5,100**	9,411	8,606	**14,511**	17,614
Throughput (tph)	**6**	7	7	**7**	6
Ore Grade (%C)	**29**	28	25	**28**	25
C Recovery (%)	**90**	90	92	**90**	93
Concentrate Grade (%)	**98**	94	93	**95**	91
Concentrate Produced (t)	**1,435**	2,524	2,441	**3,959**	5,268

Sales

The Company sold 1,939 tonnes of graphite concentrate during the June 2023 quarter compared to 2,341 tonnes in the March 2023 quarter. This is above production this quarter due to additional available inventory for sale to supplement lower production this quarter. Management expects to meet the annual production target of 10Ktpa.

Product (wmt)	30-Jun-23 Quarter		31-Mar-23 Quarter		30-Jun-22 Quarter		Year to Date 30-Jun-23		Year to Date 30-Jun-22	
	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %
Coarse/Medium	**936**	**48%**	889	38%	728	31%	**1,825**	**43%**	1,755	35%
Fine-Medium/Powder	**1,003**	**52%**	1,452	62%	1,591	69%	**2,455**	**57%**	3,323	65%
Total	**1,939**		2,341		2,319		**4,280**		5,078	

Sales revenue for the June 2023 quarter decreased to US$1.6 million for a total of 1,939 tonnes sold. Decreased product sales tonnes reflect decreased production output.

Unit Costs & Revenues

Summary of Unit Costs & Revenues	30-Jun-23 Quarter	31-Mar-23 Quarter	31-Dec-22 Quarter	Year To Date 30-Jun-23
Unit production cash costs per tonne of net final concentrate produced (US$/dmt)	**884.78**	735.92	549.72	**789.87**
Unit cost of goods sold per tonne of final concentrate sold (US$/wmt) (1)	**710.09**	696.85	564.54	**711.97**
Unit revenue per tonne of final concentrate sold (US$/wmt)	**783.75**	727.18	779.39	**766.36**
Revenue to Cost of Goods Sold Ratio	**1.10**	1.04	1.38	**1.08**

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.

Key metrics for the June 2023 quarter included:

- Unit production cash costs higher than the previous quarters, reflecting lower mined production and therefore lower final concentrate production;
- The total unit cost of goods sold of US$710.09/t is above the previous quarter of US$696.85/t due to the increase in production cash costs this quarter, partially offset by additional available opening inventory sales this quarter;
- Higher unit revenue this quarter reflects increased coarse/ medium sales in comparison to the previous quarter and the value of higher grade production;

DEVELOPMENT

The Company remains committed to building the asset value of the Battery Minerals Division. A FID review of the Munglinup graphite development is expected in the December 2023 quarter, subsequent to final environmental approvals, mining rights and updating of the Definitive Feasibility Study (**DFS**) previously completed in January 2020. The Munglinup Graphite Project remains a crucial asset in the Company's overall ambition to supply natural graphite into the key high-demand battery anode markets, with the DFS outlining a graphite asset able to produce approximately 52,000tpa over 14 years at an average grade of 12.8%[13]. The Munglinup deposit formed the majority of the Pre-Feasibility Study valuation for battery anode production from Skaland and Munglinup[14]. The NPV attributed to the Battery Materials division was US$1.0 billion.

Management has finalised design on the pilot-scale graphite anode pilot plant within the Critical Minerals Acceleration Initiative (**CMAI**) Project, with procurement of long lead items underway. This plant is aimed to finalise the commercial scale anode plant design and continue to establish customer support. In the meantime, the Company continues to advance its collaboration with Mitsubishi Chemical Corporation.

Munglinup Graphite Project

During the quarter the Company announced that its subsidiary company, MRC Graphite Pty Ltd (**MRCG**), signed a Participation and Heritage Engagement Agreement (**Agreement**) with the Esperance Tjaltjraak Native Title Aboriginal Corporation (**ETNTAC**) for the Munglinup Graphite Project (**Project**). The Agreement is one of the key precursors to obtaining environmental authorisation and a mining right for the Project. The Agreement includes standard commercial terms, warranties and undertakings for contracts of this nature and includes a royalty payable by MRCG to ENTAC of 0.5% of the gross proceeds derived from the sale or other disposal of its share of graphite concentrate extracted from the Project each year, commencing on the production commencement date. In accordance with the Company's ESG focus, we look forward to the opportunity to provide economic, social, and environmental benefits to ETNTAC and the local community.

[13] Refer ASX announcement entitled '[Robust Munglinup DFS Results Allow MRC to Move to 90% Ownership of Munglinup Graphite Project]', dated 8 January 2020.
[14] Refer ASX announcement entitled '[MRC Complete PFS For Active Anode Materials Plant in Norway]', dated 21 September 2020.

CORPORATE

The Company has appointed Scott Lowe as Chief Executive Officer (with effect from 1 September 2023). Scott is a senior mining executive with extensive experience in the industry spanning more than 35 years in a wide range of commodities and countries. His current role is Managing Director with Firefinch Ltd (ASX:FFX) until 31 August 2023, and in recent years he has worked with South32 in Australia and as CEO of ArcelorMittal's West African mining business in Liberia. His career has included being CEO of publicly listed mining exploration and development companies and senior management positions in BHP and Peabody Pacific.

During the course of his career, Scott has worked in a range of jurisdictions including Africa and delivered outstanding results in challenging environments, including achieving record production and low costs in an open cut operation in West Africa during the pandemic and managing the start-up of new open cut and underground mines in South Africa and West Africa. Commercially, Scott is very experienced in dealing with public markets, has raised capital, and negotiated successful Joint Ventures with BHP and Glencore. Importantly, Scott has a strong track record in establishing and maintaining positive relationships with governments, communities, employees and unions, as well as other external stakeholders that are essential for business success.

The Company's management has focused this quarter on returning its heavy minerals division to historical profitability and increasing its asset value, while also prioritising long lead work on increasing the asset value of the battery minerals division.

Heavy minerals achievements during the quarter and up to the date of this report include:

- Ongoing plant optimisation and commercial production from Inland Strands material. This is critical to sustainable beach mining operations at higher grades in the long term;
- Significant upgrade in Inland Strands ore reserves to 60.3Mt, underpinning proposed production upgrades and the targeted long term profitability of Tormin;
- Increasing the Company's stake in its heavy minerals production assets from 50% to 69%, expected to materially increase the net present value of the Company's stake in these assets;
- De Punt initial high grade resource announced of 66.1Mt;
- Finalisation of design for the PCP-3 asset, aimed at increasing production from 2.7Mpta to 3.9Mtpa; and
- Finalisation of contracts with GMA Group funding MSPs, up to US$10 million, that is underpinned by a long term offtake agreement with GMA Group. MSPs remain targeted for production from March quarter 2024.

Battery minerals achievements during the quarter and up to the date of this report include:

- Finalisation of Agreement with ENTAC regarding the heritage engagement for Munglinup;
- Stakeholder engagement with environmental authorities seeking to expedite Munglinup environmental approvals (note feedback is that this may be delayed until later in 2023);
- Continued negotiation and engagement with Mitsubishi Chemical Corporation on its technical collaboration;
- Engagement with CSIRO on expediting long lead procurement for the pilot scale battery anode plant, which is the final precursor to commercial anode production; and
- Settlement of dispute at Skaland with our minority shareholder (< 10% interest), whereby MRC purchased the shares of the minority shareholder and obtained 100% control of Skaland.

Securities on Issue

Issued securities at the date of this report comprise:

- 691,455,941 fully paid ordinary shares listed on the ASX.
- 1,200,000 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.
- 1,200,000 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.
- 1,200,000 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.
- 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, expiring on 23 February 2026.

– ENDS –

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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.

COMPETENT PERSONS STATEMENT

Tormin - The information in this report which relates to Mineral Resources for Tormin, including Tormin Beaches, Northern Beaches, and Inland Strands, is based on information compiled by Mr Chris De Vitry, who is a member of the Australian Institute of Mining and Metallurgy ("AusIMM") and an independent consultant to the Company. Mr De Vitry is the Director and principal Geologist of Manna Hill GeoConsulting Pty 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code (2012)"). The information from Mr De Vitry was prepared under the JORC Code (2012). Mr De Vitry consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this Announcement related to Ore Reserves is based on information compiled and has been approved for release by Mr. Daniel Hastings, who is a member of the Australian Institute of Mining and Metallurgy ("AusIMM"). Mr. Hastings is a Principal Consultant at Quantified Strategies Pty Ltd and has over 25 years of mining experience in a variety of mineral deposits and styles. Mr. Hastings has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person in accordance with the JORC Code (2012). The information from Mr. Hastings was prepared under the JORC Code (2012). Mr. Hastings consents to inclusion in the report of the matters based on this information in the form and context in which it appears.