

ANNUAL REPORT

31 DECEMBER 2023

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Contents

4	Chairman's review	98	Directors' declaration
7	Chief Executive Officer's review	100	Independent auditor's report to the members
9	Financial Report		
10	Corporate directory	104	Statement of corporate governance
12	Directors' report	112	Mineral Resource and Ore Reserves statement
43	Auditor's Independence Declaration	118	Shareholder information
44	Financial statements		
51	Notes to the consolidated financial statements		

The consolidated financial statements are presented in United States Dollars ("\$"), unless otherwise stated, which is the Company's presentation currency.



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Chairman's review

Dear Shareholders,

I am pleased to provide our Annual Report for FY2023.

MRC has had another busy year, raising further funds, advancing work on its key projects with a primary focus on returning the heavy minerals division to profitability and increasing its asset value, while also prioritising work on increasing the asset value of the battery minerals division.

At Tormin we have set in train the required steps to increase our ownership to 69 per cent.

We are aiming to progress work to improve plant production issues with a view to restoring Tormin to positive earnings. A number of initiatives have been put in place including obtainment of a third primary concentrator and upgrading to higher product value through use of Mineral Separation Plants. Unfortunately, some delays have arisen and we are now aiming for commissioning in Q4 2024.

In 2023 we obtained 100 per cent ownership of our Skaland Operation in Norway. We are aiming to improve production levels in 2024 after experiencing drill rig and other maintenance issues.

At Munmlinup the Company continues work to advance approvals and further studies as part of its ongoing review of the optimal structure within which we can develop a vertically integrated battery anode strategy, based on the existing Skaland operations and the development of the larger Munmlinup Graphite project.

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A pilot plant is now under construction and there is continued engagement with various Governments in Australia, Europe and US to provide funding support for the project.

I would like to extend my thanks to Scott Lowe, the Company's new CEO, and also to our wonderful global MRC team for their unwavering support and commitment to our Company.

I look forward to being able to update all shareholders with the further progress on both our mineral sands and graphite projects over the course of the coming year.

On behalf of the Board, I thank you for your continued support of the Company and look forward to bringing you further news as our operations and development efforts continue.



Brian Moller
Chairman

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Chief Executive Officer's review

Dear Shareholders,

I would like to begin by thanking shareholders for their ongoing support and encouragement during 2023. While the year saw the Company dealing with significant operational issues, a number of important steps were taken towards developing the graphite business and restoring Tormin to profitability.

MRC remains significantly undervalued by the market due to a range of factors. However, the quality of its key assets is such that there is real potential for a re-rate of the Company's market capitalisation. Achieving market recognition of the Company's underlying value will require focus on the following value drivers:

- Advancing the battery minerals projects, taking advantage of the growing investor interest in critical minerals;
- Returning the heavy minerals division to profitability and cash flow generation; and
- Maintaining our commitment to ESG performance to meet the expectations of the global community.

Achievements

The Company made solid progress in a number of key areas in 2023, including:

Securing 100% of Skaland Graphite AS

The Company purchased the minority shareholder's 10% interest in its Skaland operations for an amount of US\$1.9 million and now holds 100% of one of Europe's only operating graphite mines.

Tormin downstream production development

An order was placed for a 3rd primary concentrator (PCP), which has been designed as an upgrade of the two existing PCPs, with improved spirals and tailings disposition technology. Commissioning is expected in the December quarter of 2024.

Work was also undertaken on the flowsheet and plant design of Mineral Separation Plants (MSP) in line with the GMA Offtake and US\$10 million Loan Agreement, signed during the half-year ended 30 June 2023. This project has been delayed and construction is now expected to be completed during the December quarter 2024 (previously planned for April 2024). This delay is due to test work and further analysis identifying some challenges to the original MSP design and timetable. Addressing these issues has required some further investigation and design work to mitigate risks.

Mining method adjustment

An external review of the Inland Strands mining method at Tormin supported recognising low-grade stockpiles previously expensed as waste stockpiles.

Resource and reserve drilling – Maiden Resource Du Punt

The Company announced a significant maiden mineral resource at De Punt of 66.1 Mt at 7.1% VHM, containing 11.19 Mt of total heavy mineral. MRC's total Tormin Mineral Resources of heavy mineral sands increased to a combined estimate of 282.6 million tonnes at 3.8% VHM, containing 30.8 Mt in situ heavy mineral.

Financial performance and challenges

While the Company made improvements in 2023, it remained a challenging year financially due to a number of operational issues both at Tormin and Skaland, necessitating a capital raising in November 2023.

Production delays at Tormin in 2023 included seawater intake interruption of processing, extended crusher breakdown at the Inland Strand significantly reducing feed rates and sub-optimal fine tailings removal allowing tailings build up in the water circuit and reducing the efficiency of water pumps, reducing plant availability. Dealing with the fine material (known as "slimes") in the inland material has proven to be more challenging than anticipated. More recently production has been negatively impacted by poor availability of the ageing mining fleet.

Production delays at Skaland in 2023 included mining fleet breakdowns, deferral of mining while the haul road from the mine to the main road was being resurfaced, and breakdown of the Skaland primary ore production drill rig during the September 2023 quarter.

CHIEF EXECUTIVE OFFICER'S REVIEW

A range of corrective actions have since been launched to reduce operational risks and are due for completion in 2024 including:

Skaland

- Purchase of a new production drill rig for Skaland

Tormin

- Evaluating options for replacement and additional trucks, excavators and other mobile equipment
- Introduction of the 3rd PCP
- Improved security and capacity of sea water intake
- Installation of double efficiency cyclones and other process changes to better handle inland strand slimes
- Further work on the design and planning for the tertiary concentration MSP at Tormin to boost product value

ESG

The Company is fully committed to ESG as a way of doing business and maintaining its license to operate.

In South Africa, the ESG emphasis is on procurement and employment equity initiatives put in place in accordance with the recommendations of the Mining Charter 2018 and promoting economic growth through the support of small, medium and micro enterprises and suppliers of mining goods and services. Tormin will also continue to move towards a shared profitability model with its BEE Entrepreneur, employees and the community through its restructure of shareholding in its holding company Mineral Sands Resources (Pty) Ltd. Environmental work will be aimed at identifying and implementing a sustainable mining framework (biodiversity management plan) and effective tailings management. Late in Q1 2024, damage to the process water dam liner saw the Company taking immediate action to prevent further deterioration and protect the environment.

ESG initiatives at Skaland will include investigating methods of minimisation of tailings disposal at Skaland.

Looking ahead

The Company's focus in 2024 and beyond will be developing the battery minerals assets and improving performance at Tormin.

Battery minerals plans include advancing studies and testing of graphite material from Skaland and Munmlinup as part of the active anode material project. Work will also continue to obtain environmental authorisation and a subsequent mining right for Munmlinup.

At Tormin, efforts will concentrate on improving operational performance in mining and the process plant necessary to return to profitability.

In addition to progressing these specific initiatives, MRC has engaged Bacchus Capital Advisors in London to assist the Company with strategic options to enhance value for shareholders.

In conclusion, we have a very clear set of business objectives and priorities that focus on developing the graphite assets, returning the Company to profitability and maintaining an overriding commitment to ESG.

I would like to offer sincere thanks to our valued and supportive shareholders, our dedicated employees, and all MRC's stakeholders.



Scott Lowe

Chief Executive Officer

Mineral Commodities Ltd

ABN 39 008 478 653

Financial Report

31 December 2023

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Contents

- 10 Corporate directory
- 12 Directors' report
- 43 Auditor's Independence Declaration
- 44 Financial statements

The consolidated financial statements are presented in United States Dollars ("\$"), unless otherwise stated, which is the Company's presentation currency.

Corporate directory

DIRECTORS

Brian Moller	Independent Non-Executive Chairman
Russell Gordon Tipper	Independent Non-Executive Director
Debbie Ntombela	Independent Non-Executive Director
Zamile David Qunya	Non-Executive Director
Guy Walker	Non-Executive Director

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AUDITORS

BDO Audit (WA) Pty Ltd
Level 9
Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

BANKERS

Westpac Banking Corporation
Brookfield Place, Tower 2
Level 3, 123 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Link Market Services Limited
Level 12, QV1 Building
250 St Georges Terrace
Perth WA 6000

STOCK EXCHANGE LISTING

The Company's shares are listed on the Australian Securities Exchange ("ASX") under ASX Code MRC
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WEBSITE ADDRESS

www.mineralcommodities.com

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Competent Person 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 AusIMM and an independent consultant to the Company. Mr De Vitry is the Director and Principal Geologist of Manna Hill GeoConsulting Pty Ltd. Mr De Vitry 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 report related to Ore Reserve for Tormin is based on information compiled by Mr Daniel Hastings, who is a member of the Australian Institute of Mining and Metallurgy (“AusIMM”). Mr Hastings is an employee of Quantified Strategies Pty Ltd and a consultant to the Company. He has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person in accordance with the JORC Code (2012). The information from Mr Hastings was prepared under the Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code (2012)”). Mr Hastings consents to the inclusion in the report in the form and context in which it appears.

Xolobeni – The information, if any, in this report which relates to Mineral Resources for Xolobeni is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences (“AIG”), a Corporate Member of AusIMM and independent consultant to the Company. Mr Maynard is the Director and Principal Geologist of AI Maynard & Associates Pty Ltd and has over 40 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves (“JORC Code (2004)”). This information was prepared and first disclosed under the JORC Code (2004). It has not been updated since to comply with the JORC Code (2012) on the basis that the information has not materially changed since it was last reported. Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

Skaland – The information in this report which relates to Mineral Resources for Trælen, is based on information compiled by Mr Daniel Hastings, who is a member of the Australian Institute of Mining and Metallurgy (“AusIMM”). Mr Hastings is an employee of Quantified Strategies Pty Ltd and a consultant to the Company. He has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“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.

The information in this report related to Ore Reserve for Trælen is based on information compiled by Mr Esko Pystynen, who is a member of the Australian Institute of Materials, Minerals and Mining (“IMMM”). Mr Pystynen is a mining engineer and an employee of Skaland. 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 Pystynen was prepared under the Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code (2012)”). Mr Pystynen consents to the inclusion in the report in the form and context in which it appears.

Munglinup – The information, if any, in this report which relates to Mineral Resources for Munglinup is based on information compiled by Mr Chris De Vitry who is a member of AusIMM and an independent consultant to the Company. Mr De Vitry is the Director and Principal Geologist of Manna Hill GeoConsulting Pty Ltd. Mr De Vitry has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined by the JORC Code (2012). Mr De Vitry consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report which relates to the Ore Reserve for Munglinup is based on information compiled by Mr Daniel Hastings, who is a Member of AusIMM. Mr Hastings is an employee of Quantified Strategies Pty Ltd and a consultant to the Company. Mr Hastings has sufficient experience relevant to the type of deposit under consideration to qualify as a Competent Person as defined by the JORC Code (2012). Mr Hastings consents to the inclusion in the report of the matters based on the reviewed information in the form and context in which it appears.



Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as “**MRC**” or the “**Group**”) consisting of Mineral Commodities Ltd (the “**Company**”) and the entities it controlled at the end of, or during, the year ended 31 December 2023. 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 during the whole of the financial year and up to the date of this report, unless otherwise stated:

Brian Moller	Independent Non-Executive Chairman
Russell Gordon Tipper	Independent Non-Executive Director
Guy Walker	Non-Executive Director
Zamile David Qunya	Non-Executive Director
Debbie Ntombela	Independent Non-Executive Director

Principal activities

The principal activities of the Group during the year were:

- mineral sands mining and processing at the Group’s Tormin Mineral Sands Operation (“**Tormin**” or the “**Tormin Operation**”) in the Western Cape province of South Africa;
- graphite mining and processing at the Group’s Skaland Graphite Operation (“**Skaland**” or the “**Skaland Operation**”) in northern Norway on the island of Senja;

- undertaking exploration and evaluation for the future development of the Munglinup Graphite Project (“**Munglinup**” or the “**Munglinup Project**”) in the Great Southern region of Western Australia; and
- undertaking evaluation for the future development of an Active Anode Materials Plant (“**AAMP**”) to produce graphitic anode materials in Australia and Norway.

Review of operations

The Company provides shareholders with an update of the Company's activities during the year ended 31 December 2023. The year was focused on investing in long term income producing assets aimed at returning Tormin to profitability and increasing the asset value of our heavy mineral and battery mineral divisions.

In line with the Company's vision of “enabling a better world through sustainable and responsible production of critical and industrial minerals and products” MRC is highly focused on environmental management, good corporate citizenship and long-term sustainable value for all stakeholders.

The Company's strategy incorporates initiatives aimed at achieving the following goals:

- Return the Heavy Minerals Division to profitability and positive cash flow generation, then increase its scale of operations;
- Advance and develop assets in the Battery Minerals Division to meet the growing global demand of the electric vehicle and battery storage sectors; and
- Continue to focus on Environment, Social and Governance (**ESG**) performance to meet the growing expectations of the global community and stakeholders.

Explanation of results

The lower sales revenue during the 2023 financial year reflects lower Tormin concentrate production due to various production issues outlined below and significant ilmenite and non-mags inventory deferred into 2024. A 48 Kt ilmenite shipment sailed in January 2024 with sale proceeds of \$6.2 million.

The loss after tax of \$10,062,526 includes an \$8,938,322 impairment of assets that includes:

- Prudent write down of the carrying value of the Xolobeni exploration asset, given the moratorium over the asset has not been officially lifted and there is question over the probability of the development and commercial exploitation of this asset in this ongoing environment;
- Intangible mine properties assets at Tormin and Skaland; and
- a long term receivable with our BEE Partner at Tormin, which is expected to be included as an acquisition cost as a part of the proposed Mineral Sands Resources Proprietary Limited (“**MSR**”) Restructure that aims to increase the Company's ownership interest in Tormin from 50% to 69% (refer Growing Tormin Ownership section below).

EBITDA performance in 2023 recognises that while the business did recognise a loss in 2023 it did improve its operating position going into 2024, with a significant increase in inventory on hand as at 31 December 2023, which is available for future cash flows. Impairment expense recognised in 2023 has been excluded from EBITDA. Final 2023 EBITDA recognised of \$1,705,019 is lower than EBITDA recognised the 2023 Preliminary Financial Report of \$3,358,464 due to reclassification of lease costs from interest expense, which is adjusted in the EBITDA reconciliation, to general finance costs.

Tormin profitability

The Company has sought to return Tormin to profitability by focusing on the development of three income producing assets in 2023:

1. Introduction of mining and processing from the Inland Strands after various process changes, including the introduction of crushing, scrubbing and tailings management to the processing circuit. Commissioning of these changes to process Inland Strands feed material into Tormin's various end products was completed on 27 March 2023. These changes increased the throughput feed capacity of Tormin from 2.4 Mtpa to 2.7 Mtpa but importantly also provides the option of limiting beach mining moving forward to 1.5 Mta from previous 2.4 Mtpa, with the remaining 1.2 Mtpa being sourced from Inland Strands material. This option allows mine planning flexibility to optimise the mix of beach and inland material and where practicable, allow for replenishment of Tormin's placer beach deposits. By balancing the feed mix, there is enhanced potential for beach mining at higher grades, improving the long-term profitability of beach mined material;

DIRECTORS' REPORT

2. Adding a third Primary Concentration Plant (**PCP**), which aims to increase the throughput feed capacity of Tormin from 2.7 Mtpa to 3.9 Mtpa. Funding for the third PCP was included in the rights issue that was completed in November 2023. With the completion of Inland Strands plant commissioning, management have turned their attention to adding this key asset by Q4, 2024. The design of the third concentrator has since been upgraded to improve product recoveries with new technology, which has delayed expected implementation to Q4 2024. The benefit of this additional processing capacity is the economies of scale impact on profitability by increasing production, with minimal additional variable operating costs. Management signed the construction contract for PCP3 subsequent to year end and expect completion by the end of Q3 2024; and
3. Adding garnet and ilmenite mineral separation plants (**MSPs**). Tormin has produced concentrate products since inception at reasonable margins. Further processing via MSPs aims to convert these concentrate products into finished products, which are expected to generate better profit margins. This project has been delayed and is now expected to be commissioning during Q4 2024 (previously planned for April 2024). This delay is due to test work and further analysis completed during the current quarter identifying some challenges to the original MSP design and timetable. Addressing these issues will require some further investigation and design work to mitigate risks. In parallel with further investigations, procurement and long lead construction of the MSPs circuit (including water supply and slimes management improvements) has commenced with funding via the GMA Group (GMA) US\$10 million Loan Agreement, that is underpinned by a long-term offtake agreement with GMA. MRC remains focussed on completing the work necessary to deliver MSPs that meet GMA offtake specifications and is collaborating with its partner GMA.

Tormin Garnet Offtake and Loan Agreement

During the 2023 financial year Tormin secured MSP funding and 10-year finished garnet offtake agreements with GMA Group. The contracts included a long term Offtake Agreement and a Loan Agreement to fund the introduction of MSPs. The principal 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 – 80 ktpa;
 - (ii) 2026–2028 – 105 ktpa; and
 - (iii) 2029–2033, subject to renewal at GMA's election – 125 ktpa; and
- GMA Group agrees to provide MSR with US\$10,000,000 in loan funding, repayable over 5 years, on commercial terms to fund the design and construction of an 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 200 ktpa the only specified requirement under the GMA Agreements. MSR intends for all garnet and ilmenite concentrate feedstock to be processed through the MSP.

Tormin Resources and Reserves

The Inland Strands reserve upgrade announced in April 2023 increased the total ore reserve by 177% and by 181% for the ore reserve within the current Expanded Mining Right. This increase provides a foundation for the Company to consider increasing feed production beyond 3.9 Mtpa, subject to stakeholder approvals. The updated total ore reserve is 60.3 million tonnes at 3.7% VHM (14.7% THM) containing 2.21 million tonnes of heavy mineral, while the updated EMR ore reserve is 21.5 million tonnes at 5.4% VHM (21.0% THM) containing 1.17 million tonnes of heavy mineral.

Additionally, the announced De Punt resource (66.1 million tonnes at 7.1% VHM, adjacent to Tormin), provided a 31% increase in total Tormin mineral resource tonnes and a 57% increase in total Tormin mineral resource in situ heavy mineral, increasing resources aimed at significantly increasing the asset value of the Heavy Minerals Division by further increasing potential scale of operations.

Growing Tormin ownership

During 2023 the Company entered into formal agreements (Restructure Agreements) for the restructure of its holding in 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**").

To date MRC has developed and operated the project via its 50% shareholding in MSR through its subsidiary MRC Resources (Pty) Ltd (**MRCR**), with the remaining 50% of MSR owned by the Company's existing empowerment partner, Blue Bantry Investments 255 (Pty) Ltd (**Blue Bantry**). 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. Obtainment of regulatory approval of this transaction is ongoing.

Battery Minerals

The Company's focus in the Battery Minerals Division in 2023 was advancing work on the graphite ore-to-battery anode pilot plant and testwork, required to advance its feasibility study for an active anode materials production plant. The Company completed design of the graphite ore-to-battery anode pilot plant and began procurement, aiming for completed construction before June 2024. Active anode material is the final precursor to commercial scale anode production.

During the year, work also continued on obtaining environmental authorisation for Munglinup (MRC 51% ownership). Looking ahead, the Company would also like to explore increasing its graphite reserves and resources when funding is available.

On 4 July 2023 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 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. The terms of the Settlement Deed are fully executed and MRCGN has obtained 100% ownership of Skaland.

The Battery Minerals division placed additional pressure on MRC cash flows due to the unbudgeted settlement payment, significant dispute legal costs and production delays at Skaland in the second half of 2023. Unplanned delays included mining fleet breakdowns, deferral of mining while the haul road from the mine to the main road was being resurfaced, breakdown of the Skaland primary ore production drill rig and breakdown of the primary AG mill for Skaland ore processing.

Increasing Battery Minerals asset value from 2024 will be aimed at potential expansion of Skaland production and advancing studies on development projects, subject to funding.

Environmental and Social Governance (ESG)

MRC's ESG focus will continue in 2024 with Tormin moving towards a shared profitability model with its BEE Entrepreneur, employees and the community through its restructure of shareholding in MSR and ongoing procurement transformation. Environmental work will prioritise effective management of tailings disposition from Inland Strands at Tormin and regulated deposition of tailings into the nearby fjord at Skaland. Community engagement will remain a priority in all operating areas.

Safety, Environment, Community and Sustainability

The ongoing commitment to developing a safe working environment and culture continues. Encouragingly, this year saw the three-month and the twelve-month rolling TRIFR remain at nil at both operating sites. There were no LTIs during the financial year. Importantly, the Company maintained a no fatality track record across all of its operations since inception. The Group's safety performance is outlined below:

TOTAL RECORDABLE INJURY FREQUENCY (PER MILLION HOURS WORKED)

Year ended 31 December	2023	2022	2021
Group	–	–	4.83
– South Africa	–	–	4.24
– Norway	–	–	12.91
– Australia	–	–	–

LOST TIME INJURIES (LTI) INCIDENTS RECORDED

Year ended 31 December	2023	2022	2021
Group	–	–	1
– South Africa	–	–	–
– Norway	–	–	1
– Australia	–	–	–

DIRECTORS' REPORT

There were no environmental non-compliance or incidents during the year. The Company has moved to investigate further risk mitigation in terms of currently permitted tailings disposal and reducing any detrimental environmental deposition into the environment.

The Company recognises the growing pressure and competition for environmental resources such as land, water and air, which are amplified by the effects of climate change. The Company manages and operates its assets with a clear understanding that the performance and management of these environmental impacts are critical to all operations in the mining sector. The Company has comprehensive risk management policies and procedures that set the guidelines of achieving environmental compliance and is fully cognisant of the importance of a social operating license and its effects on the communities in which we operate.

The Company is pleased to announce that there were no significant environmental incidents during the year. Given the sensitivities of the coastal operating environment at Tormin and the proximity of Skaland's operations to fjords, the Company considers this evidence of its commitment to environmental and operational discipline.

The Company and its subsidiaries source a range of goods and services through a global supply chain. It is recognised that there is a potential for modern slavery to exist in the form of slavery, forced labour, debt bondage, human trafficking and child labour. All forms of modern slavery involve the deprivation of a person's liberty to exploit them for commercial or personal gain and amount to a violation of an individual's fundamental human rights. While there are currently no legal requirements for MRC to report its actions regarding modern slavery, the Company is committed to ensuring open, fair and transparent procurement, logistics and supply functions.

MRC seeks to prevent or mitigate any negative human rights impacts in connection with its operations or activities. MRC also provides safe and fair working conditions for all its employees and ensures that no child labour is employed, in line with minimum age laws. The Company expects the same standards from contractors, suppliers and stakeholders and requires that they hold the same standards throughout their procurement and supply chain processes.

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Under the Company's Social Labour Plan (SLP) at Tormin, the Company has invested circa ZAR5.3 million during the financial year into various learnership, internship and bursary programs to benefit both employees and community students. Initiatives within the local community and workplace include bursaries, scholarships, traineeships, internships, apprenticeships, and adult basic education programs.

Tormin Mineral Sands Operation

Tormin Operational and Financial Performance

2023 saw below expectation operational performance, resulting in negative operating cash flows from Tormin. The Company's financial results for the financial year ended 31 December 2023 highlight the impact of these operational challenges. Production delays at Tormin in 2023 included seawater intake interruption of processing, extended crusher breakdown at the Inland Strand significantly reducing feed rates and sub-optimal fine tailings removal allowing tailings build up in the water circuit and reducing the efficiency of water pumps, reducing plant availability. Management has devised a plan to seek to address these issues. However, the proposed solutions require long lead time items and delayed delivery of components has impacted the plant output, increasing the strain on operating cash flows. The Company's production during the financial year ended 31 December 2023 was below theoretical production rates due to various factors, including:

- Sub-optimal fine tailings removal – Fine tailings from the Inland Strands processing circuit reduces product grades by entraining other minerals and causing significant process plant downtime. Two (2) solutions to this problem have been identified: (i) double efficiency cyclones to increase the removal of fine tailings from ore upon presentation to the PCP; and (ii) a new water circulation circuit including a fresh seawater infeed line to the secondary process plant and a return line. These two solutions are fully funded as part of the Loan Agreement with GMA and are expected to be in operation by 30 June 2024;
- Poor crusher availability – A rental scalping screen has been successfully added to improve feed availability for Inland Strands material processing. This significantly improved production in the December 2023 quarter; and
- Seawater intake interruption – A more permanent seawater intake system solution has been finalised and procured. This solution is being funded through the Loan Agreement with GMA and has been designed to increase volume and reduce risk of storm damage to stabilise production by the end of 2024. Storm water damage greatly impacted operations in 2023.

These production issues, combined with ongoing SARS disputes on cash receivables, meant a need for additional funding, which led to a rights issue in the second half of 2023. The additional A\$8.8 million of capital raised in the rights issue aimed to address accounts payable, immediate working capital needs and necessary further investment aimed at delivering long term positive cash flow generation from the Group's mining operations.

Key production and sales metrics were:

	Full Year to 31 December 2023	Full Year to 31 December 2022
Mining Production		
High Grade Ore Mined – Tonnes (dmt)	1,021,970	3,225,319
% VHM Grade	8.8%	11.2%
Garnet	6.5%	8.0%
Ilmenite	1.5%	2.3%
Zircon	0.5%	0.6%
Rutile	0.3%	0.3%
Low Grade Ore Mined – Tonnes (dmt)	1,290,455	179,035

Tormin reduced total high grade material mined during 2023 to 1.0 million tonnes, with a Valuable Heavy Mineral ("VHM") grade of 8.8% in comparison to the previous year of 11.2%. The decreased VHM grade reflects no Inland Strands ore mining from the high-grade South Pit in comparison to the previous year, given the large stockpiles already in place at the start of 2023. Better than expected tailings dewatering performance means new tailings pits will not need to be mined out as quickly as budgeted, reducing total material mined expectations. Mining will ramp up again in the June 2024 quarter as remaining Inland Strands South pit ore inventory processing becomes fully depleted.

DIRECTORS' REPORT

Tormin year-to-date total material moved is 32% below 2023, with mining deferred into 2024 given the large stockpiles already in place at the start of the financial year and slower than expected processing of South Pit ore.

Significant Inland Strands ROM stockpiles were available at the start of 2023 in anticipation of further optimisation of the primary concentration circuit and tailings discharge facilities, which was commissioned in the March 2023 quarter.

Processing & Production	Full Year to 31 December 2023	Full Year to 31 December 2022
Primary Beach Concentrators		
Tonnes processed (dmt)	1,441,654	2,482,392
Heavy mineral concentrate (dmt)	405,456	513,149
% Heavy mineral grade	42.7%	38.1%
Garnet Stripping Plant/Secondary Concentrator Plant		
Tonnes processed (dmt)	305,340	510,540
Tonnes produced (dmt)		
Garnet concentrate (net)	96,485	178,766
Ilmenite concentrate (net)	67,785	35,256
Zircon/Rutile concentrate	11,202	7,309
% Zircon in concentrate	71.3%	73.8%
% Rutile in concentrate	16.5%	17.5%

ROM feed to the PBCs for the financial year was 1,441,654 tonnes at an average feed rate of 271 tonnes per hour (tph) at 57% plant utilisation, with the throughput 42% below the previous year's 2,482,392 tonnes at an average feed rate of 326 tph at 91% plant utilisation. The Company's lower processing rate of PCPs during the current financial year was due to Inland Strands plant tie-ins, commissioning, optimisation of the GSP to handle varied Inland Strand material and seawater intake issues.

Heavy mineral concentrate (**HMC**) produced was below the previous financial year due to 42% lower tonnes processed during the financial year. Total HMC mineral content however was only 11.4% below the previous financial year due to the significantly higher ore grade processed from the Inland Strands South Pit.

Garnet Stripping Plant/Secondary Concentration Plant (**GSP/SCP**) feed of 305,340 tonnes was below the prior year's 510,540 tonnes. The GSP/SCP operated at 58% utilisation with an infeed throughput rate of 75 tph. Lower production reflects the slowed infeed throughput rate in comparison to the previous year for testing Inland Strands production and then seeks to optimise plant setup for the Inland Strands feedstock, without any significant decrease in grade recoveries.

Total tonnes produced by the GSP/SCP was 175 kt, compared to 221 kt from the previous year. Higher ilmenite and non-mags production, offset by lower garnet production, reflects the transition to Inland Strands ore processing.

Sales (wmt)	Full Year to 31 December 2023	Full Year to 31 December 2022
Garnet concentrate	64,610	144,519
Ilmenite concentrate	33,377	46,678
Zircon/Rutile concentrate	8,896	9,929

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Product sales revenue at Tormin for the financial year was US\$22.1 million for a total 106,883 wet metric tonnes sold, below the prior financial year's revenue of US\$36.5 million for 201,126 wet metric tonnes sold. The lower sales revenue reflects lower concentrate production due to various production issues outlined above and significant ilmenite and non-mags inventory deferred into 2024. A 48 Kt ilmenite shipment sailed in January 2024 with sale proceeds of \$6.2 million.

The following table summarises Tormin's unit costs and revenues for the year to 31 December 2023:

Summary of Unit Costs & Revenues	Full Year to 31 December 2023	Full Year to 31 December 2022
Unit production cash costs per tonne of net final concentrate produced (\$/dmt)	127.22	123.12
Unit cost of goods sold per tonne of final concentrate sold (\$/wmt) ⁽¹⁾	166.06	163.16
Unit revenue per tonne of final concentrate sold (\$/wmt)	206.87	177.53
Revenue to Cost of Goods Sold Ratio	1.25	1.09

(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.

2023 unit production cash costs and unit cost of goods sold are in line with 2022. Higher unit revenue in 2023 in comparison to 2022 reflects a higher proportion of zircon/rutile concentrate sales in the current financial year with the introduction of processing from the high grade Inlands Strands deposit.

Work is underway, aiming to improve plant production rates from the June quarter 2024 including repairs and upgrades to mobile equipment fleet and process plant improvements.

Exploration and Permitting

The Company's successful exploration and initial resource at De Punt was outlined in the Heavy Minerals Division achievements during the financial year, above.

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 16 km 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.

The Company's reported a material increase in its JORC Ore Reserve for the Western Strandline of the Tormin Mineral Sands Operation, which was outlined in the Heavy Minerals Division achievements during the financial year, above.

With the addition of De Punt, MSR's total Tormin JORC 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.



Tormin Resource Activities

The Tormin Mineral Resource review for the Tormin Beaches was completed in April 2023, with results as follows:

Category	Resource (Mt)	HM (%)	Zircon (%)	Garnet (%)	Ilmenite (%)	Rutile (%)
Tonnes Mined – FY2022	1.38	9.12	0.34	7.52	0.86	0.24
Resource – Apr 2023	2.05	5.79	0.25	4.49	0.56	0.13
Tonnes Mined – FY2023	0.11	9.38	0.41	7.96	0.70	0.20

- 2% THM cut-off grade used
- HM includes other valuable heavy minerals e.g., anatase and magnetite

The Company provided its most recent Tormin Beaches Annual Resource Update to the market in April 2023, recognising a resource of 2.05 million tonnes at 10.3% THM (5.52% HM), based on a 2% heavy mineral cut-off grade. The Tormin Beaches deposit is an active placer beach sand deposit limited in extent on its eastern side by coastal cliffs and to depth by bedrock contact. The resource is open towards the ocean and surf zone on its western side, as well as along the coastline towards the north and south.

Total Mineral Resources for the Tormin Beaches Deposit (2% THM cut-off grade)

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (% HM)	Garnet (% HM)	Ilmenite (% HM)	Rutile (% HM)	Anatase (% HM)	Magnetite (% HM)
Measured	1.86	10.3	0.19	2.5	43.1	5.4	1.3	0.1	0.6
Indicated	0.19	10.1	0.02	2.3	48.9	5.0	1.2	0.1	0.7
Total	2.05	10.3	0.21	2.5	43.6	5.4	1.3	0.1	0.7

- Mineral assemblage reported as in situ percentage of THM content

Since commencement of operations at Tormin, the Company has mined in excess of 16.53 million tonnes. The tonnage mined is more than six times the original declared resource tonnage (2.70 million tonnes), which is indicative of the significant replenishing nature of the deposit where resource blocks are mined more than once per year.

The Tormin Mineral Resource review for the Northern Beaches was completed in April 2023, with results as follows:

Category	Resource (Mt)	HM (%)	Zircon (%)	Garnet (%)	Ilmenite (%)	Rutile (%)
Tonnes Mined – FY2022	1.42	10.50	0.47	8.41	1.24	0.26
Resource – Apr 2023	1.72	15.8	0.41	7.68	1.02	0.21
Tonnes Mined – FY2023	0.86	7.83	0.46	5.92	1.13	0.23

The Company provided its most recent Northern Beaches Annual Resource Update to the market in April 2023, recognising a resource estimated at 1.72 million tonnes at 15.8% THM in the category of Measured, Indicated and Inferred, based on a 2% heavy mineral cut-off grade. The Northern Beaches incorporate ten beaches directly north of and adjoining the Tormin Beaches. The areas unite semi-continuous tenements approximately 23.5 kilometres in length, covering an area of 398 hectares of beach sands prospective for zircon, rutile, ilmenite, garnet, leucosene and magnetite. Like the Tormin Beaches, this deposit is located on an active placer beach undergoing continuous replenishment from oceanic storm and wave activity. The heavy minerals in the beach are constantly replenished by the transport of new sediment from deeper waters, much of which has been derived from the erosion of deposits accumulated in the elevated historic beach terraces onto the present beach.

Total Mineral Resources for the Northern Beaches HM Deposit (2% cut-off grade)

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (% HM)	Garnet (% HM)	Ilmenite (% HM)	Rutile (% HM)	Anatase (% HM)	Magnetite (% HM)
Indicated	1.49	17.2	0.26	2.6	49.6	6.8	1.3	0.1	0.6
Inferred	0.23	6.9	0.02	2.2	41.7	4.5	1.3	0.0	0.8
Total	1.72	15.8	0.27	2.6	48.6	6.5	1.3	0.1	0.6

- Mineral assemblage reported as in situ percentage of THM content

The Company provided its Inland Strands Annual Resource Update to the market in April 2023.

The Inland Strands mining areas granted under the Expanded Mining Right (162&163EM) in mid-2020 include two areas approximately 5.6 kilometres in total length, covering 75 hectares of high-grade mineralisation adjacent to the existing mining operations on the Company owned farm, Geelwal Karoo 262. The Inland Strands Mining Right areas are part of the Inland Strands Prospecting Right 10262, which incorporates an area approximately 12 kilometres in length, covering 1,741 hectares.

The JORC compliant Mineral Resource of the Western Strandline was estimated in April 2023 at 193.2 million tonnes at 9.58% THM for 18.5 Mt of contained Heavy Mineral using a 2% cut-off.

Total Mineral Resources for the Western Strandline Deposit (2% cut-off grade)

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (% HM)	Garnet (% HM)	Ilmenite (% HM)	Rutile (% HM)	Anatase (% HM)	Magnetite (% HM)
Measured	32.7	19.21	6.20	1.82	12.49	7.91	1.09	0.21	0.52
Indicated	39.7	9.48	3.70	1.05	14.77	3.80	0.84	0.21	0.74
Inferred	119.2	6.93	8.20	2.60	10.68	18.04	1.44	0.29	0.43
Stockpile	1.60	12.84	0.20	4.21	18.85	25.78	1.95	0.39	0.78
Total	193.2	9.58	18.50	2.16	11.89	13.46	1.26	0.25	0.51

- Mineral assemblage reported as in situ percentage of THM content
- Tonnes and grade numbers may not compute due to rounding.

DIRECTORS' REPORT

The Mineral Resource of Eastern Strandline is estimated at 19.5 million tonnes at 3.36% THM in the categories of Indicated and Inferred using a 2% THM cut-off grade and was reported in April 2023. This maiden Mineral Resource demonstrates the prospectivity of the inland strandline areas and underscores the Company's strategy of growing the resources for mineral processing expansion.

Total Mineral Resources for the Eastern Strandline Deposit (2% cut-off grade)

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (% HM)	Garnet (% HM)	Ilmenite (% HM)	Rutile (% HM)	Anatase (% HM)	Magnetite (% HM)
Indicated	1.90	5.34	0.10	6.12	15.71	35.44	7.73	0.92	0.89
Inferred	17.5	3.13	0.50	6.35	14.39	36.74	6.09	1.19	0.51
Total	19.5	3.36	0.60	6.32	14.52	36.60	6.25	1.16	0.57

- Mineral assemblage reported as in situ percentage of THM content
- Tonnes and grade numbers may not compute due to rounding.

The Inland Strands deposit presents a significant mineral sands asset for the Company which offers material extension of mine life. The opportunity to develop mining in the Western Strandline is an important turning point for the Company in realising the value of the world-class Tormin Mineral Sands Operation.

MSR is considering a final phase-3 drilling program designed to infill the existing targeted resource areas in the known mineralised zones on the Eastern and Western Strandlines as part of a strategy to unlock the full potential of the Prospecting Right.

The development of the Western Strandline is expected to allow the Tormin and Northern Beaches mining area to satisfactorily replenish.

The De Punt Inland Strands mining area was granted under Prospecting Right 10240PR in July 2022, covering 4,495 hectares and potentially hosting southern extensions of the Western and Eastern Strandline deposits. This prospecting area is 13 km long, to the south of the existing Western Strandline deposit and adjacent to the existing mining operations.

The initial Mineral Resource of De Punt is estimated at 66.1 million tonnes at 16.9% THM in the categories of Indicated and Inferred using a 2% THM cut-off grade and was reported in May 2023. This maiden Mineral Resource demonstrates the prospectivity of the inland strandline areas and underscores the Company's strategy of growing the resources for mineral processing expansion.

Total Mineral Resources for the De Punt Strandline Deposit (2% cut-off grade)

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (% HM)	Garnet (% HM)	Ilmenite (% HM)	Rutile (% HM)	Anatase (% HM)	Magnetite (% HM)
Indicated	26.9	15.1	4.06	4.45	21.1	18.2	2.75	0.24	0.90
Inferred	39.2	18.2	7.13	3.25	17.1	14.5	2.1	0.17	1.17
Total	66.1	16.9	11.2	3.74	18.7	16.0	2.36	0.20	1.06

- Mineral assemblage reported as in situ percentage of THM content
- Tonnes and grade numbers may not compute due to rounding.

MRC'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).

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

There is significant potential to increase Mineral Resources given only one of the seven identified De Punt exploration targets has been drilled.

This increase in the overall Mineral Resources at Tormin reflects the Company's focused commitment to its Strategic Plan, which aims 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 strong profitability levels.

The Tormin Beaches, Northern Beaches and Inland Strands Annual Resource Update will be revised for MRC's 2023 annual report.

Total Mineral Resources of Heavy Mineral Sand

Project	Category	Resource (Mt)	THM (%)	In Situ THM (Mt)	Zircon (% HM)	Garnet (% HM)	Ilmenite (% HM)	Rutile (% HM)	Anatase (% HM)	Magnetite (% HM)
Tormin Beaches	Measured	1.86	10.3	0.19	2.5	43.1	5.4	1.3	0.1	0.6
	Indicated	0.19	10.1	0.02	2.3	48.9	5.0	1.2	0.1	0.7
	Total	2.05	10.3	0.21	2.5	43.6	5.4	1.3	0.1	0.7
Northern Beaches	Indicated	1.49	17.2	0.26	2.6	49.6	6.8	1.3	0.1	0.6
	Inferred	0.23	6.9	0.02	2.2	41.7	4.5	1.3	0.0	0.8
	Total	1.72	15.8	0.27	2.6	48.6	6.5	1.3	0.1	0.6
Western Strandline	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
	Total	193.2	9.58	18.5	2.16	11.89	13.46	1.26	0.25	0.51
Eastern Strandline	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
	Total	19.5	3.36	0.6	6.32	14.52	36.60	6.25	1.16	0.57
De Punt	Indicated	26.9	15.1	4.06	4.45	21.1	18.2	2.75	0.24	0.90
	Inferred	39.2	18.2	7.13	3.25	17.1	14.5	2.1	0.17	1.17
	Total	66.1	16.9	11.2	3.74	18.7	16.0	2.36	0.20	1.06
Xolobeni	Measured	224	5.7	12.76			54.5			
	Indicated	104	4.1	4.26			53.7			
	Inferred	18	2.3	0.41			69.4			
	Total	346.0	5.0	17.3			54			
Grand Total		628.57	7.65	48.08			36.72			

- 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).

Skaland Graphite Operation

Skaland Operational and Financial Performance

Management's priority in 2023 was to stabilise operations at Skaland and progress towards profitability. During the financial year the operation experienced delays causing production to fall below an annualised production rate of 10 ktpa, the historical peak performance baseline. The production delays included mining fleet breakdowns, deferral of mining while the haul road from the mine to the main road was being resurfaced, the breakdown of the Skaland primary ore production drill rig and breakdown of the primary mill for ore processing.

Key production and sales metrics were:

Mining	Full Year to 31 December 2023	Full Year to 31 December 2022
Tonnes Mined	30,049	43,891
Ore Mined (t)	21,865	39,434
Waste Mined (t)	8,184	4,457
Ore Grade (%C)	28	28
Development Metres	90	462

Total material moved in 2023 reflects 68% of total material moved in 2022. Ore Mined during the financial year is 55% of 2022. This reflects production delays at Skaland in the second half of 2023 that included mining fleet breakdowns, deferral of mining while the haul road from the mine to the main road was being resurfaced and breakdown of the Skaland primary ore production drill rig.

Graphite concentrate production of 6,483 tonnes is below the annual historical peak of annualised 10,000 tonnes of production and below the prior financial year due to lack of feed availability and the long term breakdown of the primary AG mill. The plant treated 24,408 tonnes of ore, at a grade of 28%C, resulting in 6,483 tonnes of bagged product.

Processing	Full Year to 31 December 2023	Full Year to 31 December 2022
Ore Processed (t)	24,408	33,903
Throughput (tph)	7	6
Ore Grade (%C)	28	28
C Recovery (%)	91	92
Concentrate Grade (%)	93	93
Concentrate Produced (t)	6,483	10,380

Annual graphite concentrates sales of 7,120t are 71% of historical performance expectations.

Product (wmt)	31 December 2023 Year to Date		31 December 2022 Year to Date	
	Sales	PSD %	Sales	PSD %
Coarse/Medium	2,739	38%	3,547	34%
Fine-Medium/Powder	4,381	62%	6,938	66%
Total	7,120		10,485	

Sales revenue for the financial year was US\$6.5 million for a total of 7,120 tonnes sold, compared to the previous financial year US\$7.9 million for a total of 10,485 tonnes sold. Lower sales reflect lower production during the 2023 year, partially offset by an improved coarse/fines ratio from production during the current financial year.



The following table summarises Skaland's unit costs and revenues for the year to 31 December 2023:

Summary of Unit Costs & Revenues	Full Year to 31 December 2023	Full Year to 31 December 2022
Unit production cash costs per tonne of net final concentrate produced (\$/dmt)	905.65	585.94
Unit cost of goods sold per tonne of final concentrate sold (\$/wmt) ⁽¹⁾	877.19	725.91
Unit revenue per tonne of final concentrate sold (\$/wmt)	798.65	750.37
Revenue to Cost of Goods Sold Ratio	0.91	1.03

(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.

2023 unit production cash costs and unit cost of goods sold are above 2022 due to a 37.5% decrease in concentrate production in 2023 resulting from various production issues including long term production drill rig downtime, AG mill availability issues and mining road repairs. The 6.4% increase in unit revenue in 2023 in comparison to 2022 reflects improved coarse/fine fraction in 2023, with a greater proportion of higher value products sold in 2023.

Skaland Resource and Prospecting Activities

The Mineral Resource of 1.79 million tonnes at 23.5% TGC in the Measured, Indicated, and Inferred categories for 420 kt of contained graphite using a 10% cut-off was reported in April 2023 for the Trælen deposit. This will be revised for MRC's 2023 annual report.

DIRECTORS' REPORT

Total mineral resources for the Trælen graphite deposit (10% cut-off)

Category	Tonnes (Mt)	Total Graphitic Carbon (TGC) %	Contained Graphite (Mt)
Measured	0.06	30.2	0.02
Indicated	0.68	25.2	0.17
Inferred	1.05	22.0	0.23
Total	1.79	23.5	0.42

- 10% TGC cut-off grade used for Trælen Mineral Resource estimate.
- Tonnes and grade numbers may not compute due to rounding.

Total Ore Reserves of Trælen Graphite

Category	Tonnes (Mt)	Total Graphitic Carbon (%)	Contained Graphite (Mt)
Proven	0.05	27.8	0.01
Probable	0.55	24.6	0.14
Total	0.60	24.8	0.15

- Ore Reserve was estimated using a 10% TGC cut-off grade
- Ore reserves are a sub-set of Mineral Resources.

There were 21,865 tonnes of ore mined in 2023 at an ore grade of 28%. The Trælen graphite deposit is open at depth beyond the planned development levels and there are also several promising side lenses that require further drilling. It is noteworthy that the operations at 10 ktpa have been considered as a base case and the Company has mining rights to support an increase in the production capacity to 16 ktpa.

Munglinup Graphite Project (51%)

The Munglinup project is on a mining lease granted until 2031 within a designated mining reserve. Obtaining environmental approvals and advancing studies remains the priority for the Munglinup graphite development and is expected to be achieved by the December 2024 quarter. This has been deferred due to additional environmental assessment work requested by the regulator prior to approvals. The Munglinup Graphite Project remains an important asset in the Company's overall goal to supply natural graphite into the key high-demand battery anode markets, with the Definitive Feasibility Study (DFS) (2020) outlining a graphite asset able to produce approximately 52,000tpa over 14 years at an average grade of 12.8%.

A DFS 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 Mineral Resource and Ore Reserve.

The Company retains a right to increase its joint venture interest from 51% to 90% by:

- paying AU\$800,000 to JV partner Gold Terrace; and
- issuing Gold Terrace with 30 million fully paid ordinary shares in MRC.

The Munglinup Graphite Project, for the fourth consecutive year, was recognised by the Australian Government as a Critical Mineral Project and is included in the Australian Critical Minerals Prospectus 2023.

Mineral Resource and Reserve

Total Mineral Resource and Ore Reserve for the Munglinup Graphite Project (10% cut-off)

MINERAL RESOURCE

Category	Tonnes (Mt)	Total Graphitic Carbon (%)
Measured		
Indicated	4.49	13.1
Inferred	3.50	11.0
Total	7.99	12.2

ORE RESERVE

Category	Tonnes (Mt)	Total Graphitic Carbon (%)
Proven		
Probable	4.24	12.8
Total	4.24	12.8

ORE RESERVE

Flake Size	Sieve Size (µm)	Mass (%)	TGC Grade (%)
Jumbo	300–500	6.5%	95%
Large	180–300	16.9%	95%
Medium	150–180	8.0%	95%
Small	75–150	29.8%	95%
Fine	<75	38.8%	95%

IN PIT RESOURCES

Category	Tonnes (Mt)	Total Graphitic carbon (%)
Inferred	2.75	11.1

- Ore Reserve uses a variable cash flow cut-off grade
- Ore Reserve flake size distribution is for recovered graphite product
- In-Pit Resources comprise Inferred material inside the designed pit designs using a variable cash flow cut-off grade and do not constitute part of the Ore Reserves

There has been no change to the Mineral Resource and Ore Reserve since last year.

Battery Minerals Projects

In March 2022, testwork for the Cooperative Research Centres Projects (**CRC-P**) project with Australia's national science agency, CSIRO, was successfully completed with battery grades achieved at increasing scale. The project achieved battery grades (minimum of 99.95% purity) for both Munglinup and Skaland spherical graphite, with typical recoveries to product of 90%.

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 Critical Minerals Acceleration Initiative (**CMAI**) project, announced during 2022 and then confirmed by the new federal government in 2023. The CMAI project targets the development of an integrated ore-to-battery anode materials business based on Munglinup.

Design on the pilot-scale graphite anode pilot plant has been finalised – partly financed by the Australian government CMAI Project. Procurement of long lead items has been completed and the pilot plant is currently under construction. The Company also continues to advance its collaboration with Mitsubishi Chemical Corporation and CSIRO (the Australian government research organisation). In addition to project technical work and studies, the Company has been actively engaging with governments in Australia, Europe and the US regarding potential support for the project.

The Company's objective remains development of these downstream studies with the aim of realising maximum value from its graphite assets in the near to medium term. In this regard, the Company will continue to update shareholders on its vertical integration strategy.

Xolobeni Mineral Sands Project (56%)

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. Given the ongoing moratorium, the Company has decided that the carrying value of this project be written down to nil during the financial year ended 31 December 2023.

MRC Outlook

Looking ahead to 2024, the Company's focus will be in the following key areas:

- Tormin – initiatives will be focused on investing in income enhancing assets (Inland Strands plant upgrade, third primary concentration circuit and finalising design work on the mineral separation plants) for processing operations and improving Tormin profitability;
- Skaland – operational changes will be focused on returning to positive cash flows and improving concentrate quality; and
- Battery Minerals – advancing studies and regulatory approvals.

The expansion and flexibility of the Tormin mining operation capacity, consolidation of Skaland and continued advancement of battery minerals projects are designed to return to stabilised production, profitability and position the Company for value growth.

Significant changes in the state of affairs

Details of the year's operational performance and the resulting financial impact are set out in the operations review.

No event or transaction has arisen in the interval between the end of the financial year and the date of this report of a material and unusual nature, other than what has been disclosed elsewhere in this financial report, in the opinion of the Directors of the Company, to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Company or the Group in future financial years unless otherwise disclosed in this Directors' Report.

Events since the end of the financial year

There have been no material matters arising subsequent to the end of the financial year.

Likely developments and expected results of operations

Likely developments in the operations of the Group that were not finalised at the date of this report are included in the review of operations above and as detailed in the Outlook section.

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The Board continues to review other projects and opportunities in the interests of increasing shareholder value.

Environmental regulation

The Group is subject to various environmental regulations in respect to its exploration, development and production activities.

In the course of its normal mining and exploration activities, the Group adheres to all environmental regulations imposed upon it by the relevant regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna.

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with the National Greenhouse and *Energy Reporting Act 2007* (Cth) which requires entities to report annual greenhouse gas emissions and energy use in Australia. For the measurement period, the Directors have assessed that there are no current reporting requirements but may be required to do so in the future.

External Factors and Risks Affecting the Group Results

The Group operates in an uncertain economic environment but these uncertainties are minimised through the application of a rigorous risk management framework and clearly defined risk appetite, set by the Board. As a consequence, the Group's Board and management monitor these uncertainties and, where possible, mitigate the associated risk of adverse outcomes. The following external factors are all capable of having a material adverse effect on the business and will affect the prospects of the Group for future financial years.

Commodity Prices

The prices that the Group obtains for its products are a key driver of business performance, and fluctuations in these markets affects its results, including cash flows and shareholder returns. The Group's FY23 operating cash flows were sourced from the sale of materials from Tormin and Skaland. Each of these commodities are priced by external markets and, as the Group is not a price maker with respect to the materials it sells, it is susceptible to adverse price movements. Commodity prices experienced volatility in FY23. The Group purchases material amounts of fuel that is subject to global pricing impacts. The Group has not hedged its exposure to fuel price volatility during the 2023 year.

Interest Rates

Interest rate movements affect both returns on funds on deposit as well as the cost of borrowings. The Group may hedge interest rate risk in accordance with its Financial Risk Management Policy in certain circumstances. The Group did not enter into any interest rate hedging during FY23.

Currency Exchange Rates

The Group's functional currency is US Dollars (USD), which is the currency of denominated material sales. With operations in South Africa (Rand), Australia (AUD) and Norway (Krone) the Group's cash inflows may therefore be subject to fluctuations in the exchange rate with respect to sales or expenditures in the various locations. The Group did not enter into any currency exchange hedging during FY23.

Exposure to Economic, Environment and Social Risks

The Group has material exposure to economic, environmental and social risks, including changes in community expectations, and environmental, social and governance legislation (including, for example, those matters related to climate change). The Group employs suitably qualified personnel to assist with the management of its exposure to these risks.

Processing Risks

The Group processes ore at its mine sites and the processing is subject to interruption risk, equipment failure, ore variability, labour risk and other risks associated with mineral extraction and processing. The outcome of this has the potential to materially affect the Group's results and profitability.

Recoverability of receivables

The financial report includes \$3,721,453 (2022: \$2,664,792) of VAT and \$5,721,083 (2022: \$5,282,127) of Diesel Fuel Rebate refundable from the South African Revenue Service. The Group is currently engaged in legal proceedings with the South African Revenue Service to seek to ensure recoverability of these amounts.

Schedule of mining and prospecting tenements

Mining and prospecting tenements currently held or under application by the Group are:

Country	Location	Right/Tenement No.	Type of Right/ Tenement	Status	Registered Interest (Beneficial Interest)
South Africa	Tormin – Expansion	162&163 EM	Mining	Granted	50%
	Tormin – Steenvas	(WC)30/5/1/2/2/162 MR (10108 MR)	Mining	Granted	50%
	Tormin – North and South	(WC)30/5/1/2/2/163 MR (10107 MR)	Mining	Granted	50%
	Tormin – Surf Zone	(WC)30/5/1/1/2/10036 PR (10276 PR)	Prospecting	Granted	50%
	Tormin – Offshore	(WC)30/5/1/1/2/10199 PR (10343 PR)	Prospecting	Granted – subject to renewal application	50%
	Tormin – De Punt	(WC)30/5/1/1/2/10240 PR	Prospecting	Granted	50%
	Tormin – Northern Beaches Graauw Duinen	(WC)30/5/1/1/2/10261 PR	Prospecting	Granted	50%
	Tormin – Geelwal Karoo	(WC)30/5/1/1/2/10262 PR	Prospecting	Granted	50%
	Tormin – Klipvley Karoo Kop	(WC)30/5/1/1/2/10307 PR (10348 PR)	Prospecting	Under application	50%
	Xolobeni – Kwanyana block	EC30/5/1/1/2/10025 PR	Prospecting	Subject to moratorium – Converting to Mining Right Subject to Regional Mining Development and Environmental Committee (REMDEC) appeal decision	56%
	Xolobeni	EC30/5/1/1/2/10025 MR	Mining	Subject to moratorium – Under Application	56%
Australia	Munglinup	M74/245	Mining	Granted	51% (Option to acquire 90%)
	Munglinup	E74/505	Exploration	Granted	51% (Option to acquire 90%)
	Munglinup	E74/565	Exploration	Granted	100%
	Munglinup	E74/702	Exploration	Granted	100%
	Munglinup	E74/752	Exploration	Under application	100%
	Munglinup	E74/753	Exploration	Under application	100%
Norway	Traelen	Gnr./Bnr.5421-306/1,5421-306/2 and 5421-307/1 in Berg	Expropriation of Mining Rights on specified land parcels	Granted	100%
	Mount Bukken	Gnr. 90/Bnr. 2	Exploration	Granted	100%
	Vardfjellet/Hesten	Gnr. 124/Bnr. 1	Exploration	Granted	100%

Information on Directors

Brian Moller

**Independent Non-Executive
Chairman**

Age 65

Experience and expertise

Mr Moller is a solicitor of the Supreme Court of Queensland and Solicitor and Barrister of the Supreme Court of Western Australia. He specialises in capital markets, mergers and acquisitions, and corporate restructuring, and has acted in numerous transactions and capital raisings in both the industrial and resources and energy sectors. He is a partner at the legal firm, HopgoodGanim for over 40 years and leads the firm's Corporate Advisory and Governance practice. Mr Moller acts for many publicly listed companies in both Australia and elsewhere and regularly advises boards of directors on corporate governance and related issues.

Other current directorships

Tempest Minerals Ltd
Platina Resources Ltd
Clara Resources Limited (formerly AusTin Mining Limited)
DGR Global Ltd
New Peak Metals Ltd
Tolu Minerals Ltd

Former directorships in the last 3 years

None

Special responsibilities

Chairman of the Board

Interests in shares and performance rights

Nil ordinary shares in the Company and nil performance rights

Russell Gordon Tipper

**Independent Non-Executive
Director**

Age 69

Experience and expertise

Mr Tipper is a mining engineer with considerable senior executive, mining and project level experience having held a number of senior executive positions with mining companies over the years, including group treasurer for a large miner for four years. He has delivered feasibility studies and project proposals for major mining and infrastructure projects such as the Hope Downs Iron Ore Project and the Karara Magnetite Project. Mr Tipper has also been instrumental in debt restructuring and capital raisings, along with providing leadership in the revision of work practices at mining operations.

Other current directorships

None

Former directorships in the last 3 years

None

Special responsibilities

Chairman of the Remuneration and Nomination Committee and member of the Audit, Compliance and Risk Committee

Chairman of MSR and Skaland

Interests in shares and performance rights

Nil ordinary shares in the Company and 2,300,000 performance rights

DIRECTORS' REPORT

Guy Redvers Walker**Non-Executive Director**

Age 54

Experience and expertise

Mr Walker is a highly accomplished director and senior investment management executive with over 25 years' financial market experience. He has experience on the boards of listed mining companies including exploration, development and production companies. He has extensive experience in capital raising through both traditional banks and alternative lenders.

Other current directorships

Metals Exploration plc

Former directorships in the last 3 years

None

Special responsibilities

Chair of the Audit, Compliance and Risk Committee and member of the Remuneration and Nomination Committee

Interests in shares and performance rights

2,299,516 ordinary shares in the Company and 1,100,000 performance rights

Zamile David Qunya**Non-Executive Director**

Age 55

Experience and expertise

Mr Qunya has been a director of the Company's South Africa subsidiary Mineral Sands Resources (Pty) Ltd, which owns the Tormin Mineral Sands Mine since November 2014. He is also a director and shareholder in Blue Bantry Investments, the Company's Black Economic Empowerment Partner in South Africa. He has extensive experience in South African local government matters having held position as Mayor and Councilor of the MbiZana Municipality and the Wild Coast District Council. He was also regional manager from 1999 to 2004 for Eskom and Shell in the KwaZulu Natal and Eastern Cape responsible predominantly for human resource management.

Other current directorships

None

Former directorships in the last 3 years

None

Special responsibilities

Member of the Audit, Compliance and Risk Committee

Interests in shares and performance rights

Nil ordinary shares in the Company and 1,100,000 performance rights

Debbie Ntombela**Non-Executive Director**

Age 70

Experience and expertise

Ms. Ntombela is a lawyer in South Africa with an in-depth knowledge of the mining sector, specifically regarding regulatory compliance from previously working at, and with, the Department of Mineral Resources and the mining industry in South Africa. She specialises in applications for prospecting rights, mining rights, and mining permits, and all related mining and exploration documentation. Ms. Ntombela is currently a Partner in the law firm Shepstone & Wylie in South Africa.

Other current directorships

None

Former directorships in the last 3 years

None

Special responsibilities

Member of the Audit, Compliance and Risk Committee and member of the Remuneration and Nomination Committee

Interests in shares and performance rights

Nil ordinary shares in the Company and 1,100,000 performance rights

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DIRECTORS' REPORT

Directors and Key Management Personnel Shareholdings

The relevant interest of each Director and key management personnel in the share capital of the Company, shown in the Register of Directors' and Key Management Personnel Shareholding at the date of the Directors' Report is as follows:

	Balance as at 1 January 2023	Received as remuneration	Increase as a result of performance rights exercised	Purchased on market	Balance as at 31 December 2023
Brian Moller	–	–	–	–	–
Debbie Ntombela	–	–	–	–	–
Russell Tipper	–	–	–	–	–
Guy Walker	–	–	–	2,299,516	2,299,516
Zamile Qunya	–	–	–	–	–
Scott Lowe	–	–	–	–	–
Adam Bick	1,000,000	–	–	–	1,000,000

Meetings of Directors

The number of meetings of the Company's Board of Directors and each of the Board committees held during the year ended 31 December 2023, and the number of meetings attended by each Director were:

NAME	MEETINGS OF COMMITTEES					
No. of meetings held A being total of meetings eligible to attend B being total of meetings actually attended	DIRECTORS' MEETINGS		Audit, Compliance & Risk		Remuneration & Nomination	
	A	B	A	B	A	B
Brian Moller	9	9	–	–	–	–
Zamile David Qunya	9	6	2	2	–	–
Guy Redvers Walker	9	9	2	2	2	2
Debbie Ntombela	9	8	2	2	2	2
Russell Gordon Tipper	9	9	2	2	2	2

Other matters of Board business have been resolved by circular resolutions of Directors, which are records of decisions made at a number of informal meetings of the Directors held to control, implement and monitor the Company's activities throughout the year.

Remuneration Report (Audited)

This remuneration report sets out the remuneration information for the Company's non-executive Directors, executive Directors, other key management personnel and the key executives of the Group and the Company. The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Other transactions with key management personnel

A. Principles used to determine the nature and amount of remuneration

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Board reviews the remuneration packages of all key management personnel, if any, on an annual basis and makes recommendations. Remuneration packages are reviewed with due regard to performance and other relevant factors.

Remuneration packages may contain the following key elements:

- (a) Directors' fees;
- (b) Salary and consultancy; and
- (c) Benefits, including the provision of a motor vehicle and superannuation.

Fees payable to non-executive Directors reflect the demands which are made on, and the responsibilities of the Directors. The Board reviews non-executive Directors' fees and payments on an annual basis. The Non-Executive Directors fee pool was set at \$750,000 on 25 May 2023 at the Annual General Meeting. Non-Executive Director fees are paid with an aggregate limit (currently \$750,000) which is approved by the shareholders from time to time. Non-Executive Directors serve in accordance with a standard letter of appointment which sets out the remuneration arrangements.

Executives are offered a competitive base pay which is reviewed annually to ensure the pay is competitive with the market.

There were short term cash incentives provided to the Chief Executive Officer and Chief Financial Officer. Long-term incentives are provided to Directors and other key management personnel to incentivise them to deliver long-term shareholder returns.

These are determined based on what the Board views as reasonable based on market conditions. Any grant of securities to Directors of the Company must be approved by shareholders in a general meeting.

The Directors are not required to hold any shares in the Company under the constitution of the Company; however, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company.

As at 31 December 2023 the short term cash bonus incentives are up to 25% of base pay calculated on Company performance and other key performance indicators. Directors' fees are fixed.

	2023	2022	2021	2020	2019	2018
(Loss)/profit for the year after tax attributable to owners of Mineral Commodities Ltd (USD)	(9,950,737)	(11,177,268)	(3,308,455)	13,754,615	7,828,231	8,823,231
Closing share price (AUD)	2.4 cents	6.9 cents	11.0 cents	37.0 cents	28.0 cents	17.0 cents
Dividends paid (AUD)	–	–	–	–	5,474,790	5,431,140

Voting and comments made at the Company's 2023 Annual General Meeting

At the General Meeting held 25 May 2023, Mr Brian Moller was elected as a Director of the Company, Mr Zamile Qunya and Mr Guy Walker were re-elected as Directors of the Company, adoption of the remuneration report was approved, increase in aggregate non-executive director remuneration from \$500,000 to \$750,000 was granted and a proposed 11.3 million share issue to a related party of Mr Zamile Qunya was approved, which are yet to be issued given the MSR Restructure has not yet been approved by the South African regulatory authority. The 11.3 million share issue to a related party of Mr Zamile Qunya will require new shareholder approval under ASX listing rules.

B. Details of Remuneration

The key management personnel of the Group during the financial year ended 31 December 2023 are:

- the Directors of the Company;
- Mr Scott Lowe, the Chief Executive Officer ("CEO");
- Mr Adam Bick, the Chief Financial Officer ("CFO");

Details of the remuneration of Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of the Company are set out in the following tables. The following fees are applicable to Directors and key management personnel of the Company.

Name	Year	Cash salary (A\$)	Cash bonus (A\$)	Annual & long service leave (A\$)	Post-employment benefits (A\$)	Share-based payments		Share based payments as a percentage of remuneration (%)
						(Options & Performance rights) (A\$)	Percentage performance based (%)	
Directors								
Brian Moller (appointed 28 December 2022)	2023	144,000	–	–	–	–	144,000	–
Russell Tipper	2023	72,398	–	–	7,783	55,230	135,411	40.8
Debbie Ntombela	2023	75,000	–	–	–	26,414	101,414	26.0
Guy Walker	2023	80,000	–	–	–	26,414	106,414	24.8
Zamile Qunya	2023	100,000	10,066	–	7,000	26,414	143,480	18.4
Total Director Remuneration	2023	471,398	10,066	–	14,783	134,472	630,719	21.3
Other Key Management Personnel								
Scott Lowe (appointed 1 September 2023)	2023	165,833	–	7,019	11,410	–	184,262	–
Adam Bick	2023	430,833	–	29,802	27,500	90,164	578,299	15.6
Total Key Management Personnel Remuneration	2023	1,068,064	10,066	36,821	53,693	224,636	1,393,280	16.1

Name	Year	Cash salary (A\$)	Cash bonus (A\$)	Annual & long service leave (A\$)	Post-employment benefits (A\$)	Share-based payments		Share based payments as a percentage of remuneration (%)
						(Options & Performance rights) (A\$)	Percentage based performance (%)	
Directors								
David Baker (resigned as director on 5 January 2022)	2022	–	–	–	–	–	–	–
Russell Tipper (appointed as interim Chairman on 5 January 2022 and resigned as interim Chairman on 28 Dec 2022)	2022	140,590	–	–	14,410	32,987	187,987	17.5
Debbie Ntombela	2022	75,000	–	–	–	15,776	90,776	17.4
Guy Walker	2022	80,000	–	–	–	15,776	95,776	16.5
Zamile Qunya	2022	105,825	7,316	–	–	15,776	128,917	12.2
Jacob Deyssel (appointed Managing Director on 5 Jan 2022 and resigned on 6 January 2023)	2022	497,500	89,250	48,657	27,500	198,899	861,807	23.1
Total Director Remuneration	2022	898,915	96,566	48,657	41,910	279,214	1,365,263	20.5
Other Key Management Personnel								
Adam Bick ⁽²⁾	2022	322,500	124,687	49,228	27,500	146,777	670,692	21.9
Surinder Ghag (resigned on 30 Sept 2022)	2022	204,489	–	40,615	20,511	–	265,615	–
Bahman Rashidi (resigned on 28 Oct 2022)	2022	204,175	–	15,664	20,825	–	240,664	–
Fletcher Hancock ^{(1) (2)} (resigned on 31 Dec 2022)	2022	272,614	104,719	15,665	27,386	103,434	523,818	19.7
Christoph Frey (resigned 30 June 2022)	2022	251,786	–	–	–	–	251,786	–
Total Key Management Personnel Remuneration	2022	2,154,479	325,972	169,829	138,132	529,425	3,317,837	16.0

(1) Resigned as Company Secretary on 28 December 2022 per the ASX release dated 28 December 2022.

(2) Cash bonus was approved on 24 February 2023 and represents 2022 cash bonus payment and 2021 cash bonus that was deferred in 2022.



The CEO, Scott Lowe, was entitled to an annual bonus of 30% of the Base Remuneration, measured against the following criteria:

1. Performance against scope of services set out in the employment contract at the sole discretion of the Board – 75%;
2. Achieving EBITDA against budget taking into account uncontrollable variables at the discretion of the Board – 25%.

Future bonus of the CEO will be at the sole discretion of the Board.

The measurable objectives were chosen to ensure the CEO was incentivised to meet budgeted EBITDA to ensure the CEO performed each of the tasks outlined in his employment contract which are typical of that for a CEO position.

The Board assessed and reviewed the performance of the CEO against the above set of measurable criteria and awarded 0% of the full pro rate bonus of 30% of the Base Remuneration for 2023, on the basis that the current financial position of the Company did not support payment of Executive bonuses.

The CEO, Scott Lowe, is entitled to a retention bonus of \$125,000 as at 31 August 2024, provided that Mr Lowe has provided services until that date, and \$125,000 as at 31 August 2025 provided that Mr Lowe has provided services until that date.

The CFO, Adam Bick, was entitled to an annual bonus of 25% of the Base Remuneration, measured against the following criteria:

1. Performance against scope of services set out in the employment contract at the sole discretion of the CEO – 75%;
2. Achieving EBITDA against budget taking into account uncontrollable variables at the discretion of the Board – 25%.

Future bonus of the CFO will be at the sole discretion of the Board.

The measurable objectives were chosen to ensure the CFO was incentivised to meet budgeted EBITDA to ensure the CFO performed each of the tasks outlined in his employment contract which are typical of that for a CFO position and timely reporting to the Board to ensure business decisions can be made on a timely and informed basis.

The Board assessed and reviewed the performance of the CFO against the above set of measurable criteria and awarded 0% of the full bonus of 25% of the Base Remuneration for 2023, on the basis that the current financial position of the Company did not support payment of Executive bonuses.



The CFO, Adam Bick, is entitled to a retention bonus of \$90,000 as at 31 August 2024, provided that Mr Bick has provided services until that date, and \$90,000 as at 31 August 2025, provided that Mr Bick has provided services until that date.

Relative proportions of fixed versus variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the previous table:

Name	FIXED REMUNERATION		AT RISK – STI		AT RISK – LTI	
	2023	2022	2023	2022	2023	2022
Directors						
Brian Moller	100%	–	–	–	–	–
Debbie Ntombela	74%	83%	–	–	26%	17%
Russell Tipper	59%	82%	–	–	41%	18%
Guy Walker	75%	84%	–	–	25%	16%
Zamile Qunya ⁽¹⁾	77%	82%	5%	6%	18%	12%
Other Key Management Personnel						
Scott Lowe	100%	–	–	–	–	–
Adam Bick	84%	59%	–	19%	16%	22%

(1) Mr Qunya is included in the STI payable to Tormin employees on a quarterly basis, rather than the Executive STI payable annually.

C. Service Agreements

	Scott Lowe	Adam Bick
Commencement date	1 September 2023	5 June 2019
Term	No fixed term	No fixed term
Total Remuneration package	A\$525,000 per annum (inclusive of statutory superannuation) and cash bonus as set out above	A\$375,000 per annum (inclusive of statutory superannuation) and cash bonus as set out above
Termination benefits	Nil unless constructive redundancy in which case 12 months' salary	Nil unless constructive redundancy in which case 12 months' salary

Mr Bick was paid A\$500,000 per annum while acting CEO until 31 August 2023.

There are no other service agreements.

D. Performance Rights

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.

	Grant Date	Vesting Date	Expiry Date	Exercise Price	Barrier Price (A\$)^	Fair Value	No. of Performance Rights
Adam Bick	24 Feb 2022	23 Feb 2023	23 Feb 2026	–	19.0 cents	5.0 cents	1,200,000
Adam Bick	24 Feb 2022	23 Feb 2024	23 Feb 2026	–	19.0 cents	7.6 cents	1,200,000
Adam Bick	24 Feb 2022	23 Feb 2025	23 Feb 2026	–	19.0 cents	8.9 cents	1,200,000

^ Rights will convert to shares if the Company's share price exceeds the Barrier Price for thirty consecutive days. The Barrier Price was set at the time of initial discussions with each relevant Key Management Personnel. Rights without a Barrier Price and subject to non-market measures.

No additional performance rights were offered to key management personnel in 2023.

Details of performance rights over ordinary shares in the Company provided as remuneration to key management personnel are shown below:

	Balance as at 1 January 2023	Cancelled	Received as remuneration	Forfeited #	Performance rights vested & exercised	Balance as at 31 December 2023	Performance rights vested & not exercised
Scott Lowe	–	–	–	–	–	–	–
Adam Bick	3,600,000	–	–	–	–	3,600,000	–
Brian Moller	–	–	–	–	–	–	–
Russell Tipper	2,300,000	–	–	–	–	2,300,000	–
Guy Walker	1,100,000	–	–	–	–	1,100,000	–
Debbie Ntombela	1,100,000	–	–	–	–	1,100,000	–
Zamile Qunya	1,100,000	–	–	–	–	1,100,000	–
Total	9,200,000	–	–	–	–	9,200,000	–

E. Other transactions with key management personnel**(i) Transactions with other related parties**

Shepstone & Wylie, a company associated with Debbie Ntombela, one of the Directors, has provided legal services to the Company during 2023. This amount paid by the Company to Shepstone and Wylie for the year ended 31 December 2023 was \$28,181 (2022: \$174,297).

Zamadiba Trading and Z Square M.P Empowerment, companies associated with Zamile David Qunya, one of the Directors, has provided executive services and manpower to the Company during 2023. This amount paid by the Company to Zamadiba Trading and Z Square M.P Empowerment for the year ended 31 December 2023 was \$301,042 (2022: \$526,263), excluding labour payroll costs of site based Z Square employees.

(ii) Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	31 Dec 2023 \$	31 Dec 2022 \$
Shepstone & Wylie	10,503	8,909
Zamadiba Trading	12,356	–
Z Square M.P Empowerment	7,924	103,418

End of the audited remuneration report

DIRECTORS' REPORT

Insurance of officers

During the financial year, the Group has paid an insurance premium to insure the Directors and secretaries of the Company and its controlled entities. The provision of details in respect to the terms and conditions of the policy are prohibited from disclosure under the terms of the policy.

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit, Compliance and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Compliance and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the current year \$nil fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, BDO Corporate Finance (WA) Pty Ltd and BDO Tax (WA) Pty Ltd, its related practices and related firms.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

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 43 and forms part of this report.

This report has been made in accordance with a resolution of the Directors.



Brian Moller

Chairman

Perth, Western Australia
28 March 2024

Auditor's Independence Declaration



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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF MINERAL COMMODITIES LTD

As lead auditor of Mineral Commodities Ltd for the year ended 31 December 2023, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mineral Commodities Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a light blue horizontal line.

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth
28 March 2024

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Financial statements

Contents

46	Consolidated income statement
47	Consolidated statement of comprehensive income
48	Consolidated balance sheet
49	Consolidated statement of cash flows
50	Consolidated statement of changes in equity
51	Notes to the consolidated financial statements
98	Directors' declaration
100	Independent auditor's report to the members



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Consolidated income statement

For the year ended 31 December 2023

	Notes	31 Dec 2023 \$	31 Dec 2022 \$
Revenue from continuing operations			
Sale of product	2.2	28,264,817	44,310,010
Other revenue	2.2	306,894	149,666
		28,571,711	44,459,676
Expenses			
Mining and processing costs	2.3(i)	(30,475,439)	(48,515,030)
Other expenses from ordinary activities			
Administration expenditure	2.3(ii)	(3,339,706)	(7,634,809)
Impairment charges	2.3(iii)	(8,938,322)	–
Share based payment expense		172,831	(325,577)
Financial expense (net)	5.2	(505,669)	(29,328)
Loss before income tax from continuing operations		(14,514,594)	(12,045,068)
Income tax benefit	2.4(i)	4,452,068	529,367
Loss after income tax from continuing operations		(10,062,526)	(11,515,701)
Loss is attributable to:			
Owners of Mineral Commodities Ltd		(9,950,737)	(11,177,268)
Non-controlling interest		(111,789)	(338,433)
		(10,062,526)	(11,515,701)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	2.5(i)	(1.37)	(2.13)
Diluted earnings per share	2.5(ii)	(1.37)	(2.13)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	31 Dec 2023 \$	31 Dec 2022 \$
Loss for the year	(10,062,526)	(11,515,701)
Other comprehensive expense		
Exchange differences on translation of foreign operations	(4,195,695)	(3,458,576)
Other comprehensive expense for the year, net of tax	(4,195,695)	(3,458,576)
Total comprehensive expense for the year	(14,258,221)	(14,974,277)
Total comprehensive expense for the year is attributable to:		
Owners of Mineral Commodities Ltd	(13,944,413)	(14,425,161)
Non-controlling interest	(313,808)	(549,116)
	(14,258,221)	(14,974,277)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated balance sheet

as at 31 December 2023

	Notes	31 Dec 2023 \$	31 Dec 2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	4.1	1,129,794	1,142,141
Trade and other receivables	4.2	10,851,200	11,451,889
Inventories	4.3	21,533,289	11,849,610
Other investments, including derivatives		23,821	156,529
Total Current Assets		33,538,104	24,600,169
Non-current assets			
Trade and other receivables	4.2	243,877	1,131,868
Inventories	4.3	2,200,672	2,367,296
Exploration expenditure	3.1	14,600,437	17,507,213
Mine development expenditure	3.2	–	4,676,944
Deferred tax asset	2.4(ii)	588,457	–
Property, plant and equipment	3.3	20,047,223	28,266,958
Total Non-Current Assets		37,680,666	53,950,279
Total Assets		71,218,770	78,550,448
LIABILITIES			
Current liabilities			
Trade and other payables	4.4	16,471,760	14,725,208
Unearned revenue	2.2(i)	1,787,802	3,646,486
Borrowings	5.1	4,083,504	4,346,123
Employee benefits	7.1	805,763	582,435
Current tax liabilities		146,263	103,871
Total Current Liabilities		23,295,092	23,404,123
Non-current liabilities			
Provisions	3.5	880,512	951,865
Long term borrowings	5.1	4,133,824	2,905,040
Employee benefits	7.1	18,788	76,500
Deferred tax liabilities	2.4(ii)	–	3,980,832
Total Non-current Liabilities		5,033,124	7,914,237
Total Liabilities		28,328,216	31,318,360
NET ASSETS		42,890,554	47,232,088
Equity			
Contributed equity	5.3(a)	90,914,631	78,925,112
Reserves	5.3(b)	(39,788,707)	(32,810,841)
Retained earnings/(losses)	5.3(c)	(8,235,369)	1,715,369
Parent entity interest		42,890,554	47,829,640
Non-controlling interest	5.3(d)	–	(597,552)
TOTAL EQUITY		42,890,554	47,232,088

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 31 December 2023

	Notes	31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		28,800,522	44,180,415
Payments to suppliers and employees		(35,713,539)	(42,994,339)
Income tax refund/(paid)		–	90,524
Net cash inflow/(outflow) from operating activities	4.1(ii)	(6,913,017)	1,276,600
Cash flows from investing activities			
Payments for exploration expenditure		(1,080,359)	(432,910)
Payments for property, plant and equipment		(1,611,344)	(5,734,007)
Proceeds from property, plant and equipment		234,503	2,442,708
Payments for development expenditure		(296,309)	(181,661)
Acquisition of non-controlling interest in Skaland Graphite AS	5.3	(1,900,000)	–
Interest received		10,284	302
Net cash outflow from investing activities		(4,643,225)	(3,905,568)
Cash flows from financing activities			
Proceeds from issue of new shares (net of costs)		11,989,519	1,211,594
Proceeds from borrowings		5,045,699	2,891,220
Repayment of borrowings		(5,108,835)	(4,339,008)
Interest paid on borrowings		(515,953)	(242,200)
Net cash (outflow)/inflow from financing activities		11,410,430	(478,394)
Net decrease in cash and cash equivalents		(145,812)	(3,107,362)
Cash and cash equivalents at beginning of financial year		1,142,141	4,251,383
Effects of exchange rate changes on cash and cash equivalents		133,465	(1,880)
Cash and cash equivalents at end of financial year	4.1	1,129,794	1,142,141

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Contributed equity \$	Reserves \$	Retained earnings/ (accumulated losses) \$	Totals \$	Non- controlling interest \$	Total equity \$
For the year ended 31 December 2023						
At 1 January 2023	78,925,112	(32,810,841)	1,715,369	47,829,639	(597,552)	47,232,088
Loss for the year	–	–	(9,950,737)	(9,950,737)	(111,789)	(10,062,526)
Other comprehensive income for the year	–	(3,993,676)	–	(3,993,676)	(202,019)	(4,195,695)
Total comprehensive income for the year	–	(3,993,676)	(9,950,737)	(13,944,413)	(313,808)	(14,258,221)
Transaction with owners in their capacity as owners:						
Share Issue, net of costs	11,989,519	–	–	11,989,519	–	11,989,519
Acquisition of non-controlling interest	–	(2,811,359)	–	(2,811,359)	911,360	(1,900,000)
Share based payments	–	(172,831)	–	(172,831)	–	(172,831)
Balance at the end of the year	90,914,631	(39,788,707)	(8,235,369)	42,890,554	–	42,890,554

	Contributed equity \$	Reserves \$	Retained earnings \$	Totals \$	Non- controlling interest \$	Total equity \$
For the year ended 31 December 2022						
At 1 January 2022	77,672,620	(29,847,627)	12,892,636	60,717,629	(48,435)	60,669,194
Loss for the year	–	–	(11,177,267)	(11,177,267)	(338,434)	(11,515,701)
Other comprehensive income for the year	–	(3,247,893)	–	(3,247,893)	(210,683)	(3,458,576)
Total comprehensive income for the year	–	(3,247,893)	(11,177,267)	(14,425,160)	(549,117)	(14,974,277)
Transaction with owners in their capacity as owners:						
Share Issue, net of costs	1,211,594	–	–	1,211,594	–	1,211,594
Conversion of unlisted performance rights	40,898	(40,898)	–	–	–	–
Share based payments	–	325,577	–	325,577	–	325,577
Balance at the end of the year	78,925,112	(32,810,841)	1,715,369	47,829,639	(597,552)	47,232,088

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 overall basis of preparation that is considered to be useful in understanding these financial statements. Accounting policies specific to the various components of the financial statements are located within the relevant section of the 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 nature of the operations and principal activities of the Company and its controlled entities are described in the directors' report and in the segment information in Note 2.1.

The financial report of the Company for the year ended 31 December 2023 was authorised for issue in accordance with a resolution of Directors with effect on 28 March 2024.

1.2 Basis of accounting

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the *Corporations Act 2001*. Mineral Commodities Ltd is a for-profit entity for the purpose of preparing the financial statements. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, for the financial year ended 31 December 2023, the Group incurred a loss before income tax of \$14,514,594 and had net cash outflows from operations of \$6,913,017. The Group has ongoing commitments for the development of its mining and exploration assets and has, subsequent to the financial year end, committed to the purchase of third primary concentration circuit and ongoing development of capital for product mineral separation. The Group has been managing its financial liquidity during the financial year due to the lower than budgeted financial performance of its mining operations.

The ability of the Group to continue as a going concern is dependent upon generating positive cash flows from the Groups mining operations and/or raising additional working capital. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have reviewed the Group's financial position and are of the opinion that there are sufficient funds to meet the entity's working capital requirements as at the date of this report.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group has budgeted for positive future operating cash flows from its mining operations;
- The Company has the ability to issue additional securities to raise further working capital; and
- The Company has the ability to raise additional working capital from entering into new debt facilities.

Budgeted positive future operating cash flows from the mining operations at Tormin and Skaland including the re-introduction of low cost, high-grade production from the Tormin Beaches, currently expected from end of the March quarter 2024, completion of processing of the high grade South pit Inland Strands ore, improved production from Q4 2024 with the introduction of the third primary concentrator into the processing circuit increasing the theoretical capacity of ore processing at Tormin from 2.7 mtpa to 3.9 Mtpa. Management believes Tormin plant reliability will significantly improve in 2024 due to mitigation strategies implemented for seawater intake, water circulation and crusher support via the addition of a scalping screen in Q4 2023, combined with investment in permanent solutions for these issues being implemented in 2024 including double efficiency cyclones, permanent seawater intake solution, and a new water circulation circuit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

(i) *Compliance with IFRS*

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

(ii) *Historical cost convention*

The financial statements have been prepared on a historical cost basis, except for the following:

- financial assets and liabilities recognised at fair value.

(iii) *Presentation currency*

The consolidated financial statements are presented in United States dollars (“USD”), which is the Company’s presentation currency.

1.3 Comparative Information

Certain comparatives have been reclassified to conform to current year presentation.

1.4 Principles of consolidation

The consolidated financial statements include the financial statements of the parent entity, Mineral Commodities Ltd, and its controlled entities (together referred to hereafter as the “Group”). A list of significant controlled entities is presented in Note 6.1.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.



Non-controlling interests in the results and equity of the entities that are not controlled by the Group is shown separately in the Income Statement, Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity respectively.

1.5 Foreign currency

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States dollars, which is the Company's presentation currency.

- Assets and liabilities for each balance sheet presented have been translated at the closing rate at the date of balance sheet;
- Results for the cash flow statement were translated at average daily exchange rates from 1 January 2023 to 31 December 2023; and
- exchange differences on translating income, expenses and movements in equity and reserves at annual average exchange rates and assets and liabilities at closing exchange rates from functional currency to presentation currency are taken to the foreign currency translation reserve in the equity section and under other comprehensive income/(expense) in the statement of comprehensive income.

(ii) *Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets, such as equities classified as financial assets, are recognised in other comprehensive income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.6 Goods and Services Tax ("GST") and Value Added Tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of GST and VAT except where the GST and VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST and VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable and where receivables and payables are stated with the amount of GST and VAT included. The net amount of GST and VAT recoverable from, or payable to, the taxation authority is included as part of receivables in the consolidated balance sheet. Cash flows are included in the statements of cash flows on a gross basis and the GST and VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST and VAT recoverable from, or payable to, the relevant taxation authority.

1.7 Critical accounting estimates and judgements

The Group makes significant estimates and judgements concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are found in the following notes:

Note 2.4: Recognition of deferred taxes

Note 3.1: Exploration and evaluation expenditure

Note 3.2: Development expenditure

Note 3.3: Property, plant and equipment

Note 3.5: Rehabilitation provisions

1.8 Application of new and revised Australian Accounting Standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2. Financial Performance

This section highlights key financial performance of the Group for the reporting period including, where applicable, the accounting policies applied and the key estimates and judgements made.

2.1 Segment information

(i) 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 that makes strategic decisions.

There is no goodwill attaching 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 six reportable segments to its business, being:

1. Mineral sands mining and production (Tormin Mineral Sands project) – South Africa;
2. Mineral sands exploration (Xolobeni Mineral Sands project) – South Africa;
3. Graphite mining and production (Skaland) – Norway;
4. Exploration activities – Australia; and
5. Corporate (management and administration of the Company's projects) – Australia, South Africa, and Norway.

(ii) Segment results, segment assets and segment liabilities

The segment information provided to the chief operating decision maker for the reportable segments for the year ended 31 December 2023 is as follows:

	Tormin Project \$	Xolobeni Project \$	Skaland Project \$	Australia exploration \$	Corporate \$	Consolidation eliminations \$	Total \$
2023							
Total segment revenue	22,099,748	–	6,470,545	–	1,418	–	28,571,711
Revenue from external customers	22,099,748	–	6,470,545	–	1,418	–	28,571,711
Adjusted EBITDA	5,949,072	–	(1,359,127)	–	(2,822,183)	(62,743)	1,705,019
Depreciation and amortisation	4,606,318	–	1,224,554	–	944,749	–	6,775,621
Total segment assets	44,608,834	–	14,682,756	13,024,356	(469,676)	(627,500)	71,218,770
Total segment liabilities	12,326,235	4,015,384	2,761,904	2,270,596	7,036,407	(82,310)	28,328,216

	Tormin Project \$	Xolobeni Project \$	Skaland Project \$	Australia exploration \$	Corporate \$	Consolidation eliminations \$	Total \$
2022							
Total segment revenue	36,494,614	–	7,909,501	–	55,561	–	44,459,676
Revenue from external customers	36,494,614	–	7,909,501	–	55,561	–	44,459,676
Adjusted EBITDA	(297,249)	(263)	762,404	10,182	(4,012,676)	(102,498)	(3,640,098)
Depreciation and amortisation	5,156,141	–	1,359,225	–	996,922	–	7,512,288
Impairment	–	–	–	834,764	–	–	834,764
Total segment assets	138,112,245	4,420,561	16,220,169	12,249,430	317,293,662	(409,745,619)	78,550,448
Total segment liabilities	122,029,229	4,373,830	25,573,912	14,166,802	280,231,881	(415,057,294)	31,318,360

2023 financial year segment assets and liabilities has removed intercompany balances to better highlight underlying financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) *Reconciliation of EBITDA (segment result) to loss before tax*

Adjusted EBITDA reconciles to operating loss before income tax as follows:

	31 Dec 2023 \$	31 Dec 2022 \$
Adjusted EBITDA	1,705,019	(3,640,098)
Interest revenue/(expense)	(505,669)	(29,328)
Depreciation and amortisation	(6,775,621)	(7,512,288)
Impairment charges	(8,938,322)	–
Disposals	–	(863,354)
Operating loss before income tax	(14,514,594)	(12,045,068)

2.2 Revenue

Accounting Policies

Revenue is recognised when the significant control of products has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The timing of the transfer of control varies depending on the individual terms of the sales agreement. Generally for the Group, this is based on free-on-board (“FOB”) sales where transfer of control passes at port of origin or cost, insurance and freight (“CIF”) sales where control passes at port of destination. Sales revenue is recognised for FOB and CIF sales on bill of lading date. Sales revenue comprises gross revenue earned from the provision of product to customers. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metals price, assay, weight and moisture content between the time of delivery and the time of final settlement of sales proceeds.

The majority of the Group's revenue is derived from product sales with revenue recognised at a point in time when control of the goods has transferred to the customer.

	31 Dec 2023 \$	31 Dec 2022 \$
From continuing operations		
Sales revenue		
Sale of product	28,264,817	44,310,010
Other revenue		
Other income	306,894	149,666

(i) *Contract liabilities*

A reconciliation of contract liabilities is below:

	2023 \$	2022 \$
As at 1 January	3,646,486	–
Cash received in advance of performance and not recognised in revenue during the period/(product delivered and earned)	(1,858,684)	3,646,486
As at 31 December	1,787,802	3,646,486

2.3 Expenses

	Note	31 Dec 2023 \$	31 Dec 2022 \$
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This note provides an analysis of expenses by nature.

(i) Mining & processing costs

Mining and processing costs include the following material expenditure items:

Transport of product		3,487,751	6,182,542
Fuel		6,915,178	9,802,845
Wages and salaries		10,250,040	10,853,255
Repairs and maintenance		5,822,872	7,092,291
Depreciation and amortisation – mining and processing assets		5,830,872	6,515,366
Finance costs		2,196,039	2,260,904

(ii) Administration expenses

Administration expenses include the following material expenditure items:

Directors and key management personnel remuneration		1,393,280	3,222,924
Depreciation – corporate assets		944,749	996,922

(iii) Impairment charges

Exploration expenditure	3.1	4,965,717	–
Development expenditure	3.2	2,981,842	–
Advance to Blue Bantry	4.2	990,763	–
		8,938,322	–

Impairment charges include:

- Prudent write down of the carrying value of the Xolobeni exploration asset, given the moratorium over the asset has not been officially lifted and there is question over the probability of the development and commercial exploitation of this asset in this ongoing environment;
- Intangible mine properties assets at Tormin and Skaland; and
- a long term receivable with our BEE Partner at Tormin, which is expected to be included as an acquisition cost as a part of the proposed MSR Restructure that aims to increase the Company's ownership interest in Tormin from 50% to 69%.

2.4 Taxation

Accounting Policies

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Mineral Commodities Ltd is the head entity in the tax-consolidated group. The head entity and the controlled entities in the tax-consolidated group continue to account for their own current and deferred tax amounts. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The Company and the other entities in the tax-consolidated group have entered into a tax funding agreement and a tax sharing agreement.

(i) *Income tax expense/(benefit)*

The following provides an analysis of the Group's income tax expense/(benefit), shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

The components of income tax expense/(benefit) comprise:

	31 Dec 2023 \$	31 Dec 2022 \$
Current tax expense/(benefit)	39,479	126,159
Deferred tax (benefit)/expense	(4,523,414)	(590,111)
Adjustments for current tax (benefit)/expense of prior periods	31,867	(65,415)
	<u>(4,452,068)</u>	<u>(529,367)</u>
Income tax (benefit)/expense is attributable to:		
(Loss)/profit from continuing operations	<u>(4,452,068)</u>	<u>(529,367)</u>
Aggregate income tax (benefit)/expense ⁽¹⁾	<u>(4,452,068)</u>	<u>(529,367)</u>
Deferred income tax (benefit)/expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(2,757,641)	296,778
(Increase)/decrease in deferred tax liabilities	<u>(1,694,426)</u>	<u>(886,889)</u>
	<u>(4,452,068)</u>	<u>(590,111)</u>

(1) The income tax benefit for the financial year is the tax receivable on the current period's taxable expense based on the applicable income tax rate and tax law for each jurisdiction. This has resulted in an effective tax rate for the year ending 31 December 2023 of 31% (2022: 4%).

Numerical reconciliation of income tax expense to prima facie tax expense

	31 Dec 2023 \$	31 Dec 2022 \$
(Loss)/profit from continuing operations before income tax expense	(14,514,594)	(12,045,068)
Prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before at a rate of 30% (2022: 30%)	(4,354,378)	(3,613,520)
Foreign tax rate differential	706,423	394,587
Tax at consolidated amount	(3,647,955)	(3,218,933)
Tax effect of:		
Entertainment	998	819
Foreign exchange	(81,356)	1,373,823
Donations	775	19
Share based payment	(51,849)	97,673
Depreciation on Skaland acquisition assets	–	36
Other non-assessable items	(190,586)	852,073
Other non-deductible items	63,549	–
Gain from disposal of assets	–	13,818
Adjustment for current tax of prior period	36,750	(65,415)
Unrecognised deferred tax asset	(582,395)	416,720
Income tax expense/(benefit)	(4,452,068)	(529,367)

(ii) Deferred tax assets and liabilities*Accounting Policies*

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Significant Judgement – Deferred taxes recognised

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The Group has \$14,234,541 (2022: \$1,702,839) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income. The Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. On this basis, the Group has determined that it can recognise deferred tax assets on the tax losses carried forward.

The Group operates in a number of tax jurisdictions. Transactions between jurisdictions are subject to transfer pricing requirements which can require modification as the Group's operations evolve.



(a) Deferred tax assets

	31 Dec 2023 \$	31 Dec 2022 \$
<i>Recognised deferred tax assets</i>		
Tax losses	3,652,520	1,702,839
Trade and other receivables	152,207	203,828
Financial assets	35,716	–
Lease liability	639,663	1,019,214
Provisions/accrued expenditure	603,937	403,051
Unrealised foreign exchange loss	1,105,776	–
Property, plant and equipment	1,996,575	1,929,526
Business related expenditure and borrowing costs	56,065	109,138
	8,242,459	5,367,596
Set-off against deferred tax liabilities	(7,654,002)	(5,367,596)
	588,457	–

Movements	Tax Losses \$	Trade & other receivables \$	Financial assets \$	Lease liability \$	Provisions/ accrued expenditure \$	Unrealised foreign exchange loss \$	Business related expenditure & borrowing costs \$	Property, plant & equipment \$	Total \$
At 1 January 2023	1,702,839	203,828	–	1,019,214	403,051	–	109,138	1,929,526	5,367,596
(charged)/credited – to profit or loss	1,949,681	(51,621)	35,716	(379,551)	200,886	1,105,776	(53,073)	67,049	2,874,863
At 31 December 2023	3,652,520	152,207	35,716	639,663	603,937	1,105,776	56,065	1,996,575	8,242,459

Movements	Tax Losses \$	Trade & other receivables \$	Financial assets \$	Lease liability \$	Provisions/ accrued expenditure \$	Unrealised foreign exchange loss \$	Business related expenditure & borrowing costs \$	Property, plant & equipment \$	Total \$
At 1 January 2022	1,781,878	358,221	2,091	1,235,636	477,846	59,494	151,471	1,929,526	5,996,163
(charged)/credited – to profit or loss	(79,039)	(154,393)	(2,091)	(216,422)	(74,795)	(59,494)	(42,333)	–	(628,567)
At 31 December 2022	1,702,839	203,828	–	1,019,214	403,051	–	109,138	1,929,526	5,367,596

(b) Deferred tax liabilities

	31 Dec 2023 \$	31 Dec 2022 \$
Recognised deferred tax liabilities		
Unrealised foreign exchange gain	1,708,214	839
Property, plant and equipment	3,201,462	7,039,349
Prepayments	78,239	107,133
Trade and other payables	237,082	13,846
Capital raising cost	116,919	87,824
Exploration Expenditure	2,311,385	2,099,437
	7,654,002	9,348,428
Set-off against deferred tax assets	(7,654,002)	(5,367,596)
	–	3,980,832

Movements	Unrealised foreign exchange gain \$	Property, plant & equipment \$	Prepayments \$	Trade & other payables \$	Capital Raising Cost \$	Exploration expenditure \$	Development Expenditure \$	Total \$
At 1 January 2023	839	7,039,349	107,133	13,846	87,824	2,099,437	–	9,348,428
(charged)/credited – to profit or loss	1,707,375	(3,837,887)	(28,194)	223,236	29,095	211,948	–	(1,694,426)
At 31 December 2023	1,708,214	3,201,462	78,939	237,082	116,919	2,311,385	–	7,654,002

Movements	Unrealised foreign exchange gain \$	Property, plant & equipment \$	Prepayments \$	Trade & other payables \$	Capital Raising Cost \$	Exploration expenditure \$	Development Expenditure \$	Total \$
At 1 January 2022	–	7,097,168	94,858	13,051	62,368	2,434,016	1,100,449	10,801,910
(charged)/credited – to profit or loss	839	(57,819)	12,275	–	25,456	(334,579)	(1,100,449)	(1,453,482)
At 31 December 2022	839	7,039,349	107,133	13,051	87,824	2,099,437	–	9,348,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.5 Earnings per share**(i) Basic earnings per share***Accounting Policies*

Basic earnings per share is determined by dividing the profit after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2023 US Cents	2022 US Cents
From continuing operations attributable to the ordinary equity holders of the Company	(1.37)	(2.13)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(1.37)	(2.13)

(ii) Diluted earnings per share*Accounting Policies*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share would arise from the exercise of options outstanding at the end of the financial year.

	2023 US Cents	2022 US Cents
From continuing operations attributable to the ordinary equity holders of the Company	(1.37)	(2.13)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	(1.37)	(2.13)

Reconciliation of earnings used in the calculation of earnings per share

	2023 \$	2022 \$
Basic earnings per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	(10,062,526)	(11,515,701)
Discontinued operations	–	–
Loss for the year	(10,062,526)	(11,515,701)
Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share:		
From continuing operations	(10,062,526)	(11,515,701)
Discontinued operations	–	–
Loss for the year	(10,062,526)	(11,515,701)

	2023 No.	2022 No.
Weighted average No. of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	736,673,662	540,996,399
Adjustment for calculation of diluted earnings per share:		
Performance rights	—	—
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	736,673,662	540,996,399

2.6 Dividends

Accounting policies

Dividends are recognised as a liability at the time the Directors resolve to pay or declare the dividend.

No dividend was declared for the year ended 31 December 2023.

3. Capital Expenditure, Operating Assets and Rehabilitation Obligations

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

Accounting Policies

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises direct costs and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interests is continuing.

Exploration expenditure is written off when it fails to meet at least one of the conditions outlined above or an area of interest is abandoned.

When a decision is made to develop an area of interest, all carried forward exploration expenditure in relation to the area of interest is transferred to development expenditure.

No amortisation is charged during the exploration and evaluation phase.

Refer to note 3.4 for the Group's accounting policy on impairment of exploration and evaluation assets.

Significant judgement

The carrying value of exploration assets is reviewed on an area of interest basis. Exploration in Australia, excluding Munglinup, is in its infancy stages and is being carried forward on the basis that these areas have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interests is continuing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Note	31 Dec 2023 \$	31 Dec 20212 \$
As at 1 January		17,507,213	19,087,833
Expenditure during the year		1,080,359	432,910
Write-off discontinued projects		–	(834,764)
Re-classification: transfer from property, plant and equipment	3.3	1,424,495	–
Impairment charge		(4,965,717)	–
Exchange differences		(445,913)	(1,178,766)
As at 31 December		14,600,437	17,507,213

The impairment charge during the current financial year reflects the prudent write down of the carrying value of the Xolobeni exploration asset, given the moratorium over the asset has not been officially lifted and there is question over the probability of the development and commercial exploitation of this asset in this ongoing environment.

Discontinued projects in the prior financial year reflect assets disposed in the settlement with the previous CEO.

3.2 Development expenditure

Accounting Policies

Development expenditure

Development expenditure represents the accumulated exploration, evaluation, land and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the development expenditure only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

The estimated recoverable reserves and life of the mine and the remaining useful life of each class of asset are reassessed at least annually. Where there is a change in the reserves/resources amortisation rates are correspondingly adjusted. Refer to the table in Note 3.3 for basis of amortisation rates used.

Refer to Note 3.4 for the Group's accounting policy on impairment of development expenditure.

Significant judgement

Reserves and Resources

In order to calculate ore reserves and mineral resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as revised in 2012 (the JORC code)).

As economic assumptions used to estimate reserves change and as additional geological data is generated during the course of operations, estimates of reserves and mineral resources may vary from period to period. Changes in reported reserves and mineral resources may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charges in profit or loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- Restoration and rehabilitation provision may be affected due to changes in the magnitude of future restoration and rehabilitation expenditure.

	31 Dec 2023 \$	31 Dec 2022 \$
As at 1 January	4,676,944	7,150,293
Additions	296,309	181,661
Amortisation expense	(1,456,056)	(1,493,797)
Impairment charge	(2,981,842)	–
Exchange differences	(535,355)	(1,161,213)
	–	4,676,944

Carrying value assessment

The Company has undertaken an assessment of impairment and take the position to impair its intangible mine properties assets at Tormin and Skaland. Refer Note 3.4.

3.3 Property, plant and equipment

Accounting Policies

Property, plant, and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

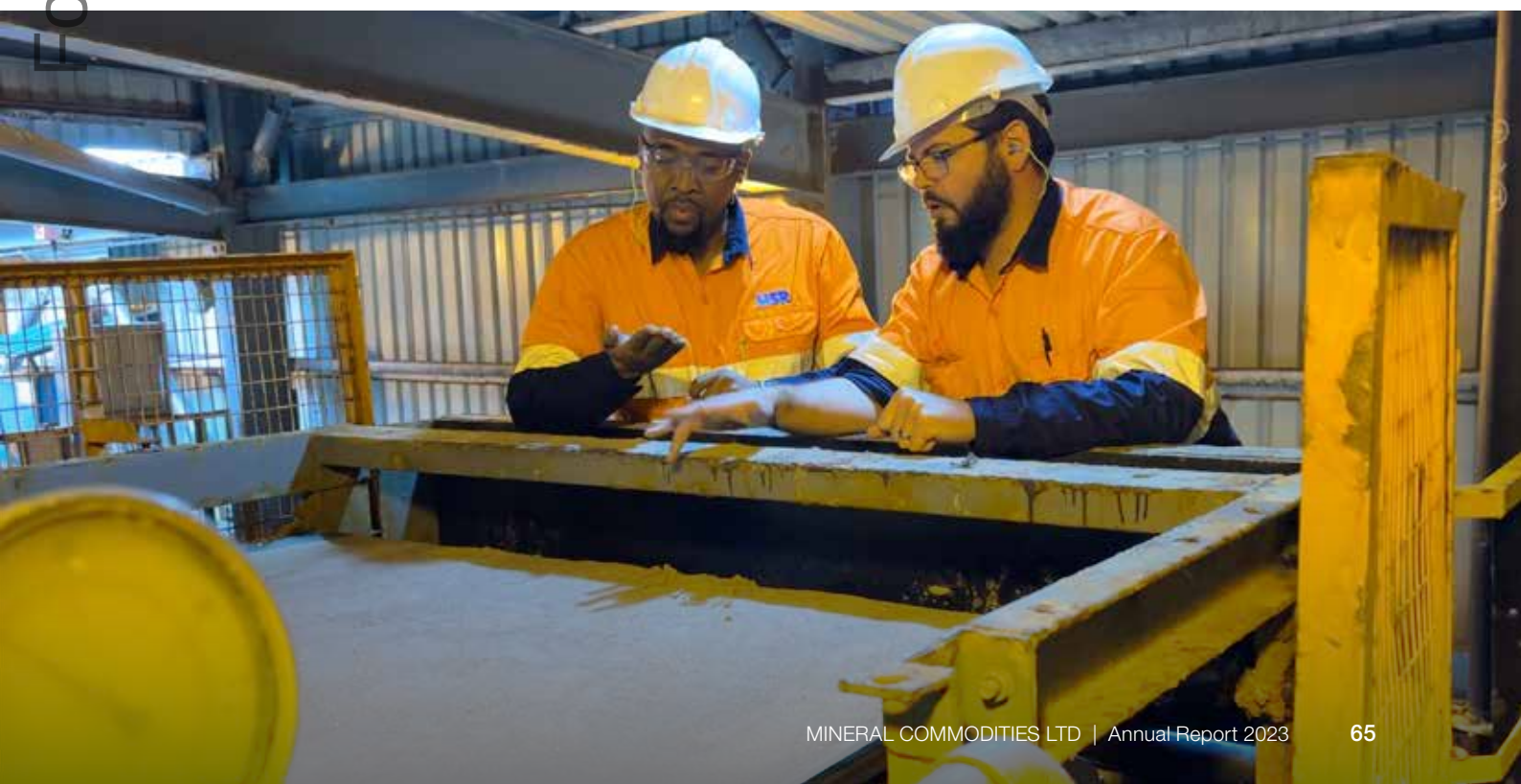
Items of plant and equipment are initially recorded at cost and include any expenditure that is directly attributable to acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate. All other repairs and maintenance are charged to the profit for the year in which they are incurred.

De-commissioning assets relates to capitalised restoration costs expected to be incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation of property, plant, and equipment

Depreciation and amortisation are provided to expense the cost of property, plant and equipment, and de-commissioning assets and development, over its estimated useful life on a straight line or units of usage (activity) basis.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The basis of depreciation and amortisation of each asset is reviewed annually and changes to the basis of depreciation and amortisation are made if the straight line or units of production basis is no longer considered to represent the expected pattern of consumption of economic benefits.

The reserves and life of each mine and the remaining useful life of each class of asset are reassessed at regular intervals and the depreciation and amortisation rates adjusted accordingly on a prospective basis. The estimated useful lives for the main categories of assets are as follows:

Fixed Asset Category	Estimated Useful Life
Mine properties and development	The shorter of applicable mine life or generally 10 years
Land	Not depreciated
Mine buildings	The shorter of applicable mine life or generally 10 years
Excavators and loaders working in significant salt exposed conditions	Generally 12,000 hours operation
All other heavy earth moving vehicles	Generally 18,000 hours operation
Light and other mobile vehicles	Generally 5 years
Mine specific machinery, plant and equipment	The shorter of applicable mine life or generally 10 years
Rights of use asset	Lease term, generally 3 to 5 years
Other machinery, plant and equipment	Generally 10 years
Computer hardware	Generally 4 years
Software acquisitions and development	Generally 3 years
Office leasehold fit-outs	Generally lease term, including extensions
Other office furniture and fittings	Generally 10 years

Note: For assets under a finance lease, if there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term or its useful life.

Note: "Generally" implies that if a specific asset or class of assets' useful life is reasonably able to be determined as less than that stipulated above, then the applicable lower estimated useful life is to be used.

Disposal of assets

The gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in profit for the year of disposal.

Significant judgement

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life mine development assets which requires significant estimation and judgement. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

The estimated recoverable reserves and life of the mine and the remaining useful life of each class of asset is reassessed at least annually based upon latest resource information and replenishment rates. In circumstances where conversion of resources into reserves is expected, applicable resources are included in life of mine assessments and reassessments. In circumstances where there is reasonable evidence of natural replenishment of resources, the applicable natural replenishment resource estimates are included in the life of mine assessments and reassessments.

Where the lives of the assets are shorter than the mine life, their costs are amortised based on the useful life of the assets. Where there is a change in the estimated life of mine, amortisation rates are correspondingly adjusted which may change the depreciation and amortisation charges in the statement of profit or loss and other comprehensive income.

	Freehold land & buildings \$	Furniture, fittings & equipment \$	Plant & machinery \$	Mine vehicles \$	Decommissioning asset \$	Right-of-use asset \$	Capex work in progress \$	Total \$
Year ended 31 December 2023								
Cost at fair value								
As at 1 January 2023	4,674,186	1,291,263	25,274,498	106,168	951,865	13,221,954	7,945,204	53,465,139
Additions	–	–	–	–	–	–	1,611,344	1,611,344
Disposals	–	–	–	–	–	(1,977,623)	–	(1,977,623)
Transfer to exploration expenditure	–	–	–	–	–	–	(1,424,495)	(1,424,495)
Re-classifications	–	–	2,506,284	–	–	–	(2,506,284)	–
Exchange differences	(60,982)	(28,395)	(1,322,939)	(7,472)	(63,492)	(891,655)	(621,585)	(2,996,520)
As at 31 December 2023	4,613,204	1,262,868	26,457,843	98,696	888,373	10,352,676	5,004,183	48,677,843
Accumulated depreciation & amortisation								
As at 1 January 2023	(1,469,048)	(1,107,415)	(15,717,973)	(106,168)	(306,068)	(6,491,509)	–	(25,198,181)
Depreciation and amortisation	(606,373)	(143,802)	(2,408,682)	–	(87,777)	(2,072,932)	–	(5,319,565)
Disposals	–	–	–	–	–	442,914	–	442,914
Exchange differences	11,388	21,356	969,357	7,472	19,344	415,295	–	1,444,212
As at 31 December 2023	(2,064,033)	(1,229,861)	(17,157,298)	(98,696)	(374,501)	(7,706,231)	–	(28,630,620)
Net book amount								
Cost at fair value	4,613,204	1,262,868	26,457,843	98,696	888,373	10,352,676	5,004,183	48,677,843
Accumulated depreciation and amortisation	(2,064,033)	(1,229,861)	(17,157,298)	(98,696)	(374,501)	(7,706,231)	–	(28,630,620)
Net book amount	2,549,171	33,007	9,300,545	–	513,872	2,646,445	5,004,183	20,047,223

	Freehold land & buildings \$	Furniture, fittings & equipment \$	Plant & machinery \$	Mine vehicles \$	Decommissioning asset \$	Right-of-use asset \$	Capex work in progress \$	Total \$
Year ended 31 December 2022								
Cost at fair value								
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	–	–	265,133	–	–	2,891,220	2,577,654	5,734,007
Disposals	–	–	(1,437,774)	–	–	–	(2,128,930)	(3,566,704)
Re-classifications	–	–	–	–	–	–	–	–
Exchange differences	(133,409)	(90,537)	(1,465,840)	(7,153)	(68,732)	(886,586)	(620,326)	(3,272,583)
As at 31 December 2022	4,674,186	1,291,263	25,274,498	106,168	951,865	13,221,954	7,945,204	53,465,139
Accumulated depreciation & amortisation								
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	(616,063)	(199,562)	(2,356,300)	–	(98,755)	(2,747,811)	–	(6,018,491)
Disposals	–	–	217,465	–	–	–	–	217,465
Exchange differences	27,396	65,466	939,439	7,153	18,812	380,479	–	1,434,510
As at 31 December 2022	(1,469,048)	(1,107,415)	(15,717,973)	(106,168)	(306,068)	(6,491,509)	–	(25,198,181)
Net book amount								
Cost at fair value	4,674,186	1,291,263	25,274,498	106,168	951,865	13,221,954	7,945,204	53,465,139
Accumulated depreciation and amortisation	(1,469,048)	(1,107,415)	(15,717,973)	(106,168)	(306,068)	(6,491,509)	–	(25,198,181)
Net book amount	3,205,138	183,848	9,556,525	–	645,797	6,730,445	7,945,204	28,266,958

3.4 Impairment of non-current assets

Accounting Policies

The carrying amounts of the Group's exploration and evaluation assets, development expenditure and property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made.

Indicators of impairment – exploration and evaluation assets

The carrying amounts of the Group's exploration and evaluation assets are reviewed at each reporting date, to determine whether any of the following indicators of impairment exists:

- Tenure over the licence area has expired during the period or will expire in the near future, and is not expected to be renewed; or
- Substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is not budgeted or planned; or
- Exploration for, and evaluation of, resources in the specific area have not led to the discovery of commercially viable quantities of resources, and the Group has decided to discontinue activities in the specific area; or
- Sufficient data exists to indicate that although a development is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or from sale.

Impairment testing – other assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units–CGU).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

External and internal indicators of impairment as at 31 December 2023 included:

- Market capitalisation of the Company is lower than net assets of the Group; and
- Increased costs of production.

Impairment Testing

(i) Methodology

Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount, being the value in use of the CGU, has been estimated using the discounted cashflows method based on the Group's recoverable minerals.

Value in use is estimated based on discounted cash flows using market-based commodity price, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements. When Life of Mine ("LOM") plans fully utilise the existing mineral resource and the Group have demonstrated an ability to replenish resources, an estimated replenishment rate has been applied to unmined resources.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group planning and budgeting process, mill capacity levels and mining plans for the following year. The 2024 budget and mine plan were developed in the context of the current commodities environment.

Significant judgements and assumptions are made by the Group to determine value in use. This includes assessing variable key assumptions such as commodity prices, cost structures, production utilisation and capacity, available minerals and discount rates. Any change in these variable assumptions can cause adverse changes in one or more of the assumptions used to estimate value in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Key Assumptions

The table below summarises the key assumptions used in the 31 December 2023 carrying value assessments.

Assumptions	Tormin (2024–2052)	Skaland (2024–2031)
Pre-tax discount rate (%)	17.4%	13.7%
Inflation rate (5)	4.0%	4.0%
Average unit production cash costs per tonne of net final concentrate produced (US\$/70 dmt)	157	580
Reserve ('M tonnes)	21.8	0.6
Production (tph)	320–520	7–11
Garnet price (USD/t)	120–200	–
Ilmenite price(USD/t)	135–350	–
Non-mag price(USD/t)	836–1,600	–
Avg. Flake price (USD/t)	–	1,191–1,429
Avg. Medium Flake price (USD/t)	–	834–1008
Avg. Fine Medium Flake price (USD/t)	–	693–832
Avg. Powder price (USD/t)	–	503–604

Discount rate

The future cash flows of the CGU are discounted by the estimated real weighted average cost of capital ("WACC"), pursuant to the Capital Asset Pricing Model. The nominal pre-tax WACC has been derived from comparable company analysis, in addition to the WACC rate of the group's mining operations being the primary CGU.

Reserves

Reserves were based on the Group's JORC 2012 compliant Annual Resource and Reserve Update Statement announced to the Australian Securities Exchange in April 2023 adjusted for accrual tonnes mined in 2023.

Production

Life of mine production activity are based on the Group's latest annual budget and the LOM plan. Estimated production is assumed consistent with the capacity constraint of both the plants considered while assuming a constant recovery rate. Discounted cash flows include expected cost improvements and sustaining capital requirements.

Commodity prices

Commodity prices are estimated with reference to external market forecasts and reviewed at least annually. The price applied has taken into account observable market data.

(iii) Impacts

Due to the recoverable amount of the mining operations CGU being greater than the estimated carrying amount, no impairment was required for the year ending 31 December 2023. However, due to the 2023 performance of the mining operations, during the year Management impaired the carrying value of intangible mine property assets at Tormin and Skaland.

Description	Carrying Amount	Impairment	Balance
Tormin			
Mine Development	2,253,278	(2,253,278)	–
Plant & Equipment	9,223,973	–	9,223,973
Total	11,477,251	(2,253,278)	9,223,973
Skaland			
Mine Development	728,565	(728,565)	–
Plant & Equipment	10,792,267	–	10,792,267
Total	11,520,832	(728,565)	10,792,267

3.5 Rehabilitation provisions*Accounting Policies*

Provisions for environmental rehabilitation are recognised when the Group has a present legal or constructive obligation as a result of exploration, development and/or production activities undertaken and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The estimated future obligations include the costs of removing facilities and restoring the affected areas and is the best estimate of the present value of the future expenditure required to settle the environmental rehabilitation at reporting date, based on current legal requirements. Any changes in the estimate are reflected in the present value of the environmental rehabilitation provision at the reporting date, with a corresponding change in the cost of the associated asset.

Significant judgement

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets' retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

	31 Dec 2023 \$	31 Dec 2022 \$
Non-current		
Environmental rehabilitation provision	880,512	951,865



3.6 Commitments for expenditure

The Group has the following commitments for expenditure for which no liabilities have been recorded in the financial statements as the goods or services have not been received, including non-cancellable operating lease rentals:

a) Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:

	31 Dec 2023 \$	31 Dec 2022 \$
Property, plant and equipment	3,565,548	750,684

4. Working Capital Management

This section provides information about the Group's working capital balances and management, including cash flow information.

4.1 Cash and cash equivalents

Accounting Policies

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

The carrying amounts of cash and cash equivalents represent fair value. Bank balances and deposits held at call earn interest at floating rates based upon market rates.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

	31 Dec 2023 \$	31 Dec 2022 \$
Cash assets		
Cash at bank and in hand	1,129,794	1,142,141

(i) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in note 5.4(a)(ii).

(ii) Reconciliation of profit after income tax to cash flow from operating activities

	31 Dec 2023 \$	31 Dec 2022 \$
Loss for the year	(10,062,526)	(11,515,701)
Adjustments for:		
Depreciation and amortisation	6,775,621	7,512,288
Assets written off	–	834,764
Loss/(gain) on disposal of asset	–	906,531
Net finance costs	2,701,710	(26,514)
Share based payments	(172,831)	325,577
Impairment charges	8,938,322	–
Fair value gain on other investments	–	(6,576)
Net exchange differences	(1,536,908)	1,214,663
Change in operating assets and liabilities:		
Decrease/(increase) in trade debtors	306,106	(3,887,785)
Decrease/(increase) in prepayments	294,583	(243,750)
Decrease/(increase) in inventories	(9,683,679)	(675,487)
Increase/(decrease) in trade payables and unearned revenue	(112,132)	8,843,886
Increase/(decrease) in income tax payable	42,392	(1,009,748)
Increase/(decrease) in deferred tax liabilities	(4,569,289)	(824,915)
Increase/(decrease) in employee benefits	165,614	(170,633)
Net cash flows from operating activities	(6,913,017)	1,276,600

(iii) Non-cash investing and financing activities

Plant and equipment acquired by leases in 2023 of \$1,145,700 (2022: \$2,782,734) were receipted by the Company and immediately repatriated to the supplier. These cash inflows and outflows have therefore been recognised in the consolidated statement of cashflows.

(iv) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	31 Dec 2023 \$	31 Dec 2022 \$
Cash and cash equivalents	1,129,794	1,142,141
Borrowings – repayable within one year (including overdraft)	(4,083,504)	(4,346,123)
Borrowings – repayable after one year	(4,133,824)	(2,905,040)
Net debt	(7,087,533)	(6,109,022)
Cash and cash equivalents	1,129,794	1,142,141
Gross debt – variable interest rates	(8,217,328)	(7,251,163)
Net debt	(7,087,533)	(6,109,022)

	Other assets		Liabilities from financing activities			
	Cash \$	Leases due within 1 year \$	Leases due after 1 year \$	Borrowings due within 1 year \$	Borrowings due after 1 year \$	Total \$
Net debt as at 1 January 2022	4,251,383	(2,644,044)	(3,123,395)	(2,320,776)	(1,532,373)	(5,369,205)
Cash flows	(3,107,362)	197,612	936,451	421,086	814,277	(737,936)
Foreign exchange adjustments	(1,880)	–	–	–	–	(1,880)
Net debt as at 31 December 2022	1,142,141	(2,446,432)	(2,186,944)	(1,899,690)	(718,096)	(6,109,021)
Cash flows	(12,347)	537,411	1,173,120	(274,793)	(2,401,904)	(978,513)
Foreign exchange adjustments	–	–	–	–	–	–
Net debt as at 31 December 2023	1,129,794	(1,909,021)	(1,013,824)	(2,174,483)	(3,120,000)	(7,087,533)

4.2 Trade and other receivables

Accounting Policies

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Loans and receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method. They are included within current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

	31 Dec 2023 \$	31 Dec 2022 \$
Current		
Trade receivables	999,670	3,054,499
Less: Provision for impairment of receivables	–	–
	999,670	3,054,499
Other receivables ⁽ⁱ⁾	9,563,228	7,814,505
Prepayments	288,302	582,885
	10,851,200	11,451,889
Non-current		
Security deposits ⁽ⁱⁱ⁾	221,187	237,934
Advance to Blue Bantry ⁽ⁱⁱⁱ⁾	–	869,526
Other receivables	22,690	24,408
	243,877	1,131,868

- (i) Includes \$3,721,453 (2022: \$2,664,792) of VAT and \$5,721,083 (2022: \$5,282,127) of Diesel Fuel Rebate refundable from the South African Revenue Service. The Group is currently engaged in legal proceedings with the South African Revenue Service (Refer to Note 8.1 for further details).
- (ii) A secured deposit of \$221,187 (2022: \$237,934) for an insurance bond with Guardrisk held as security for a performance guarantee issued by Guardrisk in favour of the South African Department of Minerals and Energy in respect of Mineral Sands Resources (Pty) Ltd obligations under the Tormin Mining Rights.
- (iii) An amount of ZAR 14 million (2021: ZAR 14 million) has been advanced to the BEE partner, Blue Bantry (refer note 8.2 for further details). This long term receivable has been reduced to nil in the current financial year as the receivable is expected to be included as an acquisition cost as a part of the proposed MSR Restructure, which aims to increase the Company's ownership interest in Tormin from 50% to 69%.

Impairment of receivables

The Advance to Blue Bantry has been impaired during the year ended 31 December 2023. This asset is expected to be included as an acquisition cost as a part of the proposed MSR Restructure that aims to increase the Company's ownership interest in Tormin from 50% to 69%. Refer to Note 5.4(a)(iv) for impairment & credit losses of receivables.

Fair values and credit risk

Due to the short term nature of these receivables the carrying values represent their respective fair values as at 31 December 2023 and 2022. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables disclosed above. The non-current trade and other receivables have a fair value of \$Nil as at 31 December 2023, compared to a carrying amount of \$Nil (2022: fair value of \$Nil and carrying amount of \$Nil).

The fair values were calculated based on cash flows discounted using a current lending rate. Refer to note 5.4 for more information on the risk management policy of the Group and the credit quality of the entity's receivables.

Foreign exchange and interest rate risk

Information about the Group's exposure to foreign exchange and interest rate risk in relation to trade and other receivables is provided in Note 5.4.

Recoverability of receivables

The Group has amounts due from various counterparties as a result of its operations in a number of jurisdictions. The recoverability of these amounts, which include certain input taxes and rebates, is subject to interpretation of legislation and judgement on the credit risk of the counterparty.

Rebate & Indirect Taxes

The Group is eligible to claim and recover various indirect taxes and rebates from various taxation authorities where it has operations. The estimation of the amounts to which the Group is entitled to receive and will ultimately recover requires interpretation of legislation, compliance with administrative obligations and judgement on the credit risk of the counterparty.

4.3 Inventories*Accounting Policies*

Raw materials, stores, ore stockpiles, work in progress and finished stocks are physically measured or estimated and valued at the lower of cost and net realisable value. Net realisable value less costs to sell is assessed annually based on the amount estimated to be obtained from sale of the item of inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

Weighted average cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure and depreciation and amortisation relating to mining activities, the latter being allocated on the basis of normal operating capacity. As a result of mineral sands or graphite products being co-products from the same mineral separation process, costs are allocated to the various finished products on the basis of the relative sales value of the finished goods produced. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories of consumable supplies and spare parts expected to be used in production are valued at the lower of weighted average cost, which includes the cost of purchase as well as transportation and statutory charges, or net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31 Dec 2023 \$	31 Dec 2022 \$
Current		
Raw materials at cost	13,451,179	4,392,549
Finished product at lower of cost and net realisable value	5,893,528	4,991,709
Spare parts and consumables at cost	2,188,582	2,465,352
	21,533,289	11,849,610
Non-current		
Finished product at lower of cost and net realisable value ⁽ⁱ⁾	2,200,672	2,367,296
	2,200,672	2,367,296

(i) 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.

4.4 Trade and other payables

Accounting Policies

Trade and other payables are recognised originally at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of each reporting period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

	31 Dec 2023 \$	31 Dec 2022 \$
Trade payables	8,308,043	9,493,428
Other payables and accruals	8,163,717	5,231,780
	16,471,760	14,725,208

(i) *Fair values and credit risk*

Due to the short term nature of these payables the carrying values represent their respective fair values as at 31 December 2023 and 2022.

(ii) *Foreign exchange and interest rate risk*

Information about the Group's exposure to foreign exchange and interest rate risk in relation to trade and other payables is provided in Note 5.4.

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 Interest bearing loans and borrowings

Accounting Policies

All loans and borrowings are initially recognised at cost, being fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting periods.

Details of the contractual maturities can be found in Note 5.4.

	31 Dec 2023 \$	31 Dec 2022 \$
Current		
Borrowings – unsecured ⁽⁵⁾	701,636	686,788
Amounts due under equipment acquisition agreements ^{(1), (2), (3), (4)}	1,909,021	2,446,432
Borrowings – secured ^{(6) (7)}	1,472,847	1,212,903
	4,083,504	4,346,123
Non-current		
Borrowings – unsecured ⁽⁵⁾	–	687,560
Amounts due under equipment acquisition agreements ^{(1), (2), (3), (4)}	1,013,824	2,186,944
Borrowings – secured ^{(6) (7)}	3,120,000	30,536
	4,133,824	2,905,040

- (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. The loan is repayable in full by 2024. The loan has an effective rate of 5.46%.
- (7) The Group has drawn down on the Loan Agreement with GMA Group for the development of mineral separation finished products at Tormin. The loan is repayable over five years from 2024. The loan has an effective rate of 9.50%.

(a) Lease liability commitments

Accounting Policies

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Commitments in relation to minimum lease repayments under equipment acquisition agreements:

	31 Dec 2023 \$	31 Dec 2022 \$
Within one year	2,179,118	2,784,369
Later than one year but no later than five years	1,067,389	2,333,394
Greater than 5 years	—	—
Minimum lease payments	3,246,507	5,117,763
Less: Future Finance Charges	(323,662)	(484,801)
	2,922,845	4,632,962

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Lease commitments include contracted amounts for various plant and equipment with a written down value of \$4,246,106 (2022: \$6,730,445) secured under finance leases expiring within one to five years. Under the terms of the leases, the Group will become the owner of the leased assets on the final payment under instalment sale agreements.

5.2 Net finance costs

Accounting Policies

Interest income is recognised as it accrues on a time proportion basis using the effective interest method.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

	31 Dec 2023 \$	31 Dec 2022 \$
Finance income		
Interest Income	10,284	302
Total finance income	10,284	302
Finance costs		
Interest paid to third parties	412,718	242,200
Net change in fair value of financial assets—derivatives	103,235	(212,570)
Total finance costs	515,953	29,630
Net finance costs	(505,669)	(29,328)

5.3 Equity

(a) Contributed equity

Accounting Policies

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(i) Share capital

	2023 No. of shares	2022 No. of shares	2023 \$	2022 \$
Ordinary shares				
Fully paid	984,472,599	558,819,354	90,914,631	78,925,113

(ii) Movements in ordinary share capital

Details	No. of shares	\$
At 1 January 2023	558,819,354	78,925,112
Shares issued, net of costs	425,653,245	11,989,519
At 31 December 2023	984,472,599	90,914,631

(iii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(iv) *Capital risk management*

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets in order to maintain sufficient funds necessary to continue its operations.

(b) **Reserves**

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided in the table below.

	General reserve \$	Financial asset revaluation reserve \$	Foreign currency translation reserve \$	Share based payment reserve \$	Total \$
At 1 January 2022	1,363,393	–	(31,469,683)	258,663	(29,847,627)
Share based payments	–	–	–	325,577	325,577
Conversion of performance rights	–	–	–	(40,898)	(40,898)
Exchange differences on translation of foreign operations	–	–	(3,247,893)	–	(3,247,893)
At 1 January 2023	1,363,393	–	(34,717,576)	543,342	(32,810,841)
Share based payments	–	–	–	(172,831)	(172,831)
Acquisition of non-controlling interest	(2,811,359)	–	–	–	(2,811,359)
Exchange differences on translation of foreign operations	–	–	(3,993,676)	–	(3,993,676)
At 31 December 2023	(1,447,966)	–	(38,711,252)	370,511	(39,788,707)

Nature and purpose of reserves

General reserve

The General reserve in the prior period arose from the issue of shares in MRC Resources Proprietary Limited to an entity outside the economic entity. The \$2,811,359 movement in 2023 relates to acquisition of the non-controlling interest in Skaland Graphite AS for \$1,900,000, offset by \$902,247 to eliminate the non-controlling interest balance in equity (refer clause 5.3(d)).

Financial asset revaluation reserve

The financial asset revaluation reserve arises from the revaluation at reporting date of financial assets.

Foreign currency translation reserve

The foreign currency translation reserve records the unrealised foreign currency differences arising from the translation of operations into the presentation currency of the Group.

Share based payment reserve

Records the amounts received in a prior year together with the amounts amortised for employee options in the current year from the issue of listed options and performance rights.

(c) Retained Earnings/(Accumulated Losses)

	31 Dec 2023 \$	31 Dec 2022 \$
At 1 January	1,715,368	12,892,636
Loss for the year	(9,950,737)	(11,177,268)
At 31 December	(8,235,369)	1,715,368

(d) Non-controlling interest

	31 Dec 2023 \$	31 Dec 2022 \$
At 1 January	(597,552)	(48,435)
Comprehensive loss for the year	(313,808)	(549,117)
Acquisition of non-controlling interest	911,360	–
At 31 December	–	(597,552)

The non-controlling interest accounted for above relates to the equity impact of the non-controlling 10% interest in Skaland held by BSG. On 4 July 2023 MRC entered into an agreement to settle the disputes between MRCGN and minority ~10% shareholder BSG. The settlement resulted in MRCGN obtaining 100% ownership of Skaland by acquiring BSG's ~10% shareholding in Skaland for a total of US\$1,900,000. The terms of the Settlement Deed are fully executed and MRCGN has obtained 100% ownership of Skaland. As part of this transaction the Company therefore acquired the non-controlling interest in Skaland.

5.4 Financial risk management**Accounting Policies**

The Group classifies its financial instruments on initial recognition. The classification depends on the purpose for which the financial instrument was acquired.

(i) Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade date being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(ii) Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and other pricing models.

The Group uses derivative financial instruments such as forward foreign currency contracts to hedge its risk associated with foreign currency fluctuations. Such derivatives are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Changes in the fair value of forward foreign currency contracts are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(iii) Financial Liabilities

Financial liabilities are recognised initially at fair value and subsequently at amortised cost, comprising original debt less principal payments and amortisation of transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iv) Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss. Impairment losses recognised on equity instruments classified as available for sale are not reversed through the income statement.

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit or loss information has been included where relevant to add further context.

The Group's activities expose it to a variety of financial risks, as detailed below:

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange risk	Future commercial transactions Recognised financial assets and liabilities not denominated in USD	Cash flow forecasting Sensitivity analysis	Foreign currency forwards and foreign currency options
Market risk – interest rate risk	The Company's borrowings in South Africa are at variable interest rates, subject to the Prime Lending Rate. The Company's borrowings in Norway are at variable interest rates, subject to NIBOR interest rates.	N/A	N/A
Market risk – price risk	Investments in equity securities	Sensitivity analysis	N/A
Market risk – commodity price risk	Sale of products	Cash flow forecasting Sensitivity analysis	Monitoring the prevailing commodity prices and entering into longer term fixed price sales contracts
Credit risk	Cash and cash equivalents and trade and other receivables	Aging analysis Credit ratings	Credit limits, retention of title over product sold and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Group's risk management is predominantly controlled by the finance department ("Treasury") under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, commodity price risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Market risk*(i) Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

As detailed in Note 1.2(iii), items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States dollars, which is the Company's presentation currency.

Based on the financial instruments held at the reporting date, the sensitivity of the Group's profits after tax for the year and equity at the reporting date to movements in the United States dollar to South African rand (ZAR), United States dollar to Australian dollar (AUD) and United States dollar to Norwegian kroner (NOK) were:

Sensitivity

	Impact on post tax profit		Impact on other components of equity	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
USD/AUD exchange rate – increase 10%	276,761	414,878	–	–
USD/AUD exchange rate – decrease 10%	(276,761)	(414,878)	–	–
USD/ZAR exchange rate – increase 10%	1,530,343	2,853,128	–	–
USD/ZAR exchange rate – decrease 10%	(1,530,343)	(2,853,128)	–	–
USD/NOK exchange rate – increase 10%	666,264	743,703	–	–
USD/NOK exchange rate – decrease 10%	(666,264)	(743,703)	–	–

(ii) Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's floating interest rate cash balance which is subject to movements in interest rates. The Board monitors its cash balance on an ongoing basis and liaises with its financiers regularly to mitigate cash flow interest rate risk. Interest is charged on the loans from the parent company to the South African subsidiaries at rates permitted by the South African Reserve Bank. This interest is eliminated on consolidation. Interest on loans to Skaland Graphite AS are variable and denominated in Norwegian kroner (NOK). Based on the loans with variable interest rates the sensitivity of the Group's profits after tax for the year and equity at the reporting dates were:

Sensitivity

	Impact on post tax profit		Impact on other components of equity	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Interest rate increase of 100 basis points	(93,888)	(60,738)	–	–
Interest rate decrease of 100 basis points	93,888	60,738	–	–

(iii) Price risk

The Group has an exposure to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as at fair value through profit or loss ("FVTPL"). The Group's investment in equity securities at FVTPL is \$23,821 (2022: \$123,863), which is monitored by the Board of Directors. Any investment in equity securities would require approval by the Board of Directors.

Sensitivity

	Impact on post tax profit		Impact on other components of equity	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Price increase of 10%	1,667	8,670	–	–
Price decrease of 10%	(1,667)	(8,670)	–	–

The Group is also exposed to commodity price risk as a result of fluctuations in the market price of commodities, however, the commodities that the Company produces and sells are not quoted on any recognised exchange.

(iv) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures including outstanding receivables and investments in unlisted entities.

All cash balances held at banks are held at internationally recognised institutions. The Group has a strict code of credit and requires the majority of its customers to have letters of credit in place. The maximum exposure to credit risk at the reporting date to trade receivables is the carrying amount, net of any provisions for impairment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of those assets, as disclosed in the balance sheet and notes to the financial statements. The Group does not hold any collateral.

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory; and
- debt investments carried at amortised cost.

Trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2023 was determined as follows for both trade receivables and contract assets:

At 31 December 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount – trade receivables	999,670	–	–	–	999,670
Loss allowance	–	–	–	–	–

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost include loans to Directors and employees of subsidiaries, deposits and other receivables.

(v) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. At the end of the reporting period, the Group held cash and cash equivalents totalling \$2,069,549 (2022: \$1,142,141). Management monitors rolling forecasts of the Group's liquidity reserve (comprising cash and cash equivalents, Note 4.1) on the basis of expected cash flows. This is carried out at the corporate level for all active companies of the Group in accordance with practice and limits set by the Group.

Financing arrangements

On 4 October 2019, the Group acquired Skaland Graphite AS. As part of the consideration, the Group agreed to pay an amount to Leonhard Nilsen & Sønner AS of NOK37,986,514 over 5 years, paid in quarterly instalments. The interest is charged at NIBOR +2%.

On 4 October 2019, the Group acquired Skaland Graphite AS. As part of the acquisition the Group consolidated the fair value of the loans from Innovation Norge. The borrowings at acquisition were NOK2,526,000. Loan 1 of NOK1,326,000 was fully repaid in 2020. Loan 2 of NOK1,200,000 is due in 2024.

On 22 May 2023, GMA agreed to provide MSR with US\$10,000,000 in loan funding, repayable over 5 years from 1 January 2024, on commercial terms to fund the design and construction of a Mineral Separation Plant ("MSP") in the Western Cape Region of South Africa.

Maturity of financial assets

The Group manages liquidity risk by maintaining sufficient cash reserves and through the continuous monitoring of budgeted and actual cash flows. At the reporting date there is no significant liquidity risk. The table below analyses the Group's maturity of financial assets:

	< 6 months \$	6–12 months \$	1–5 years \$	5+ years \$	Total contractual cash flows \$	Carrying amount \$
31 December 2023						
Trade and other receivables	5,130,117	5,721,083	–	–	10,851,200	10,851,200
Trade and other receivables – non current	–	–	243,877	–	243,877	243,877
Total financial assets	5,130,117	5,721,083	243,877	–	11,095,077	11,095,077

	< 6 months \$	6–12 months \$	1–5 years \$	5+ years \$	Total contractual cash flows \$	Carrying amount \$
31 December 2022						
Trade and other receivables	6,169,762	5,282,127	–	–	11,451,889	11,451,889
Trade and other receivables – non current	–	–	1,131,868	–	1,131,868	1,131,868
Derivatives – FVTPL						
Inflow	2,032,666	–	–	–	2,032,666	32,666
(Outflow)	(2,000,000)	–	–	–	(2,000,000)	–
Total financial assets	6,202,428	5,282,127	1,131,868	–	12,616,423	12,616,423

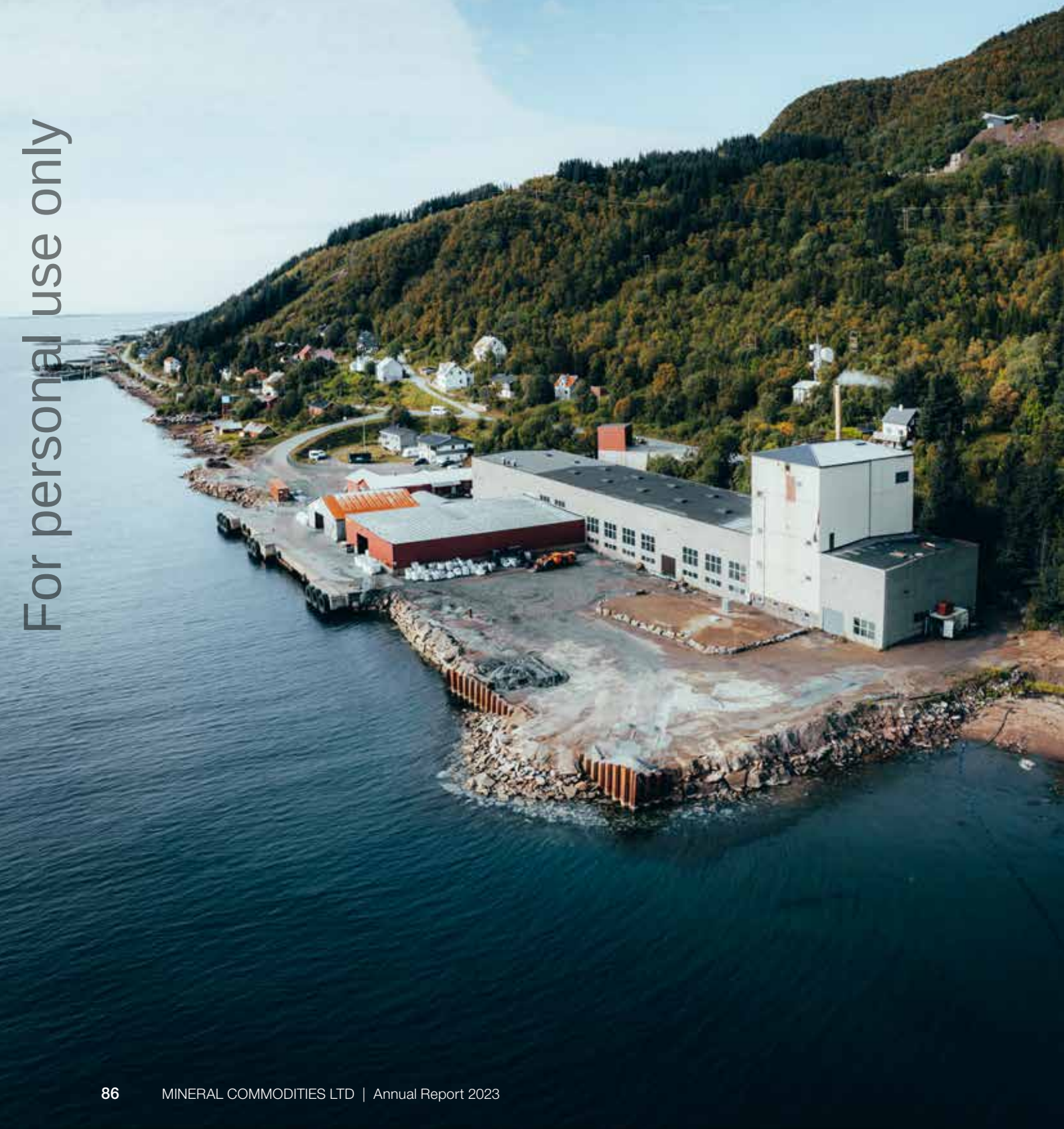
Maturity of financial liabilities

The Group manages liquidity risk by maintaining sufficient cash reserves and through the continuous monitoring of budgeted and actual cash flows. At the reporting date there is no significant liquidity risk. The table below analyses the Group's maturity of financial liabilities:

	< 12 months \$	1–5 years \$	5+ years \$	Total contractual cash flows \$	Carrying amount \$
31 December 2023					
Trade and other payables	16,471,760	–	–	16,471,760	16,471,760
Borrowings excluding finance leases	2,174,483	3,120,000	–	5,294,483	5,294,483
Lease liabilities	1,909,021	1,013,824	–	2,922,845	2,922,845
Total financial liabilities	20,555,264	4,133,824	–	24,689,088	24,689,088

	< 12 months \$	1–5 years \$	5+ years \$	Total contractual cash flows \$	Carrying amount \$
31 December 2022					
Trade and other payables	14,725,208	–	–	14,725,208	14,725,208
Borrowings excluding finance leases	1,899,690	718,096	–	2,617,786	2,617,786
Lease liabilities	2,446,432	2,186,529	–	4,632,961	4,632,961
Total financial liabilities	19,071,330	2,904,625	–	21,975,955	21,975,955

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(vi) *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 underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2023 and 31 December 2022:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2023				
Financial assets				
Listed equity securities – FVTPL	23,821	–	–	23,821
Total financial assets	23,821	–	–	23,821
31 December 2022				
Financial assets				
Derivatives – FVTPL	–	32,666	–	32,666
Listed equity securities – FVTPL	23,857	–	–	23,857
Unlisted equity securities – FVTPL	–	100,006	–	100,006
Total financial assets	23,857	132,672	–	156,529

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity 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.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices 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 forward foreign exchange contracts is determined using forward exchange rates at the reporting date; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

6. Group structure

6.1 Consolidated entities

Accounting Policies

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

The Company, via its wholly owned subsidiary MRC Resources Proprietary Limited ("**MRCR**"), has a 50% interest in the issued capital in Mineral Sands Resources Proprietary Limited ("**MSR**"). Whilst the Group controls 50% of the share voting power, it has been determined that the Group effectively has 100% control due to its control over the relevant activities for accounting purposes, controls the management of MSR, and also controls the Board of MSR due to provisions set out in the Shareholders Agreement entered into between the shareholders of MSR.

Therefore, these financial statements include 100% of the results of MSR. In addition to the holding of the issued capital, the Group also holds Class A and B preference shares in MSR which effectively provides for the repayment of the capital investment and deemed investment by the Company's Black Empowerment partner. Due to the terms attached to these A and B Preference Shares, they are categorised as an equity instrument. As the A preference shares and B preference shares would be redeemed out of distributable profits and net assets of MSR before all other ordinary shareholders, until such time as the net assets exceed the value of the unredeemed A and B preference shares, no value has been attributed to the non-controlling interest. Until that time, the non-controlling interest has no rights to the assets or results of the Company, and therefore has not been allocated any value in these financial statements.

The Company, via its wholly owned subsidiary MRC Graphite (Norway) Pty Ltd ("**MRCGN**"), has a 100% interest in the issued capital in Skaland Graphite AS ("**SKA**") since the Group acquired the remaining 10% non-controlling interest on 4 July 2023. Whilst the Group controlled 90% of the share voting power prior to the acquisition, it has been determined that the Group effectively had 100% control due to its control over the relevant activities for accounting purposes, controls the management of SKA, and also controls the Board of SKA.

(i) Material subsidiaries

The Group's principal subsidiaries at 31 December 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
		2023 %	2022 %	2023 %	2022 %
Rexelle Pty Ltd	Australia	100	100	—	—
MRC Trading (Aust) Pty Ltd	Australia	100	100	—	—
MRC Cable Sands Pty Ltd	Australia	100	100	—	—
Blackhawk Oil and Gas Pty Ltd	Australia	100	100	—	—
Queensland Minex Pty Ltd	Australia	100	100	—	—
Q Smelt Pty Ltd	Australia	90	90	10	10
Mincom Waste Pty Ltd	Australia	100	100	—	—
MRC Graphite Pty Ltd	Australia	100	100	—	—
MRC Exploration Australia Pty Ltd	Australia	100	100	—	—
MRC Graphite (Norway) Pty Ltd	Australia	100	100	—	—
MRC Downstream Pty Ltd	Australia	100	100	—	—
MRC Anode Pty Ltd	Australia	100	100	—	—
Skeleton Coast Resources (Pty) Ltd	Namibia	100	100	—	—
Skaland Graphite A.S.	Norway	100	90	—	10
MRC Resources Proprietary Limited	South Africa	100	100	—	—
Mineral Sands Resources Proprietary Limited ⁽²⁾	South Africa	50	50	50	50
Tormin Mineral Sands Proprietary Limited	South Africa	50	50	50	50
Nyati Titanium Eastern Cape Proprietary Limited ⁽¹⁾	South Africa	—	100	—	—
MRC Metals Proprietary Limited ⁽¹⁾	South Africa	—	100	—	—
Skeleton Coast Mining (Pty) Ltd	South Africa	100	100	—	—
Transworld Energy and Minerals Resources (SA) Proprietary Limited	South Africa	56	56	44	44
Skaland Graphite (Netherlands) BV	Netherlands	100	100	—	—

(1) The Company was dissolved in May 2022.

(2) MSR Restructure Agreement signed with Blue Bantry, increasing the Company's interest in Tormin from 50% to 69% once completed.

6.2 Parent entity financial information

The financial information for the parent entity, Mineral Commodities Ltd, has been prepared on the same basis as the consolidated financial statements, unless stated otherwise.

Accounting Policies

Interests in subsidiaries

Investments in subsidiaries are carried in the Company's financial report at cost less any impairment losses. Dividends and distributions are brought to account in profit when they are declared by the subsidiaries.

The individual financial statements for the parent entity show the following aggregate numbers:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31 Dec 2023 \$	31 Dec 2022 \$
Balance sheet		
Current assets	41,338,400	23,380,792
Non-current assets	709,156	679,125
Total assets	42,047,556	24,059,917
Current liabilities	9,175,237	3,572,922
Non-current liabilities	18,786	76,500
Total liabilities	9,194,023	3,649,422
Net assets	32,853,533	20,410,495
Shareholders' equity		
Issued capital	68,460,579	56,110,429
Reserves	(35,973,892)	(36,244,159)
Accumulated losses	366,846	544,225
Total equity	32,853,533	20,410,495
(Loss)/profit for the year	212,775	(5,114,949)

7. People

This section provides information in relation to the Group employee benefits, share-based payment schemes and related party transactions.

7.1 Employee Benefits

Accounting policies

Provision is made for the Group's liability for employee entitlements arising from services rendered by employees to reporting date. These benefits include annual and long service leave. Sick leave is non-vesting and has not been provided for.

Employee entitlements expected to be settled within one year have been measured at the amounts expected to be paid when the liabilities are settled and are recognised in other payables.

The contributions made to defined contribution superannuation funds by entities within the consolidated entity are charged against profits when due.

	31 Dec 2023 \$	31 Dec 2022 \$
Current		
Annual leave provision	805,763	582,435
Non-current		
Long service leave provision	18,788	76,500

7.2 Share based payments

Accounting policies

Equity-settled share-based compensation benefits are provided to certain senior employees.

Equity-settled transactions are awards of options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value at grant date. The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative change to profit or loss is calculated based on the grant date fair value of the award and then amortised over the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

(a) Employee Options

The issue of employee options was approved by shareholders at a general meeting of the Company held on 21 December 2012. The employee option plan ("the Plan") is designed to provide long-term incentives for senior managers and above (including Directors) to deliver long-term shareholder returns. Options granted under the Plan carry no dividend or voting rights. When exercisable each option is convertible into one ordinary share at the predetermined exercise price.

No options were granted under the Plan in 2023 and 2022.

(b) Performance Rights

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.

On 28 May 2019, the Board approved the issue of 1,000,000 Performance Rights to Executives. These performance rights are exercisable on or before 14 May 2022, with 500,000 vesting on 14 May 2020 and 500,000 vesting on 14 May 2021 and upon the 30 Day Volume Weighted Average Price ("VWAP") being at or above \$0.26. These Performance Rights have all vested and been exercised in prior year.

On 28 May 2019, the Board approved the issue of 150,000 Performance Rights to employees. These performance rights are exercisable on or before 28 February 2023, with 50,000 vesting on 28 February 2020, 50,000 vesting on 28 February 2021 and 50,000 vesting on 28 February 2022 and upon the 30 Day VWAP being at or above \$0.26. 100,000 have been forfeited and 50,000 have been exercised.

On 29 June 2021, the Board approved the issue of 1,000,000 Performance Rights to executives and employees. These performance rights are exercisable on or before 1 September 2023 with 500,000 vesting on 1 September 2021 and 500,000 vesting on 1 September 2022 and upon the 30 Day VWAP being at or above \$0.31 and service condition being achieved. The Barrier Price was set at the time of initial discussions with each relevant Key Management Personnel. 500,000 of these Performance Rights have vested and been exercised. 500,000 have been forfeited.

On 29 June 2021, the Board approved the issue of 1,000,000 Performance Rights to executives and employees. These performance rights are exercisable on or before 25 November 2024 with 1,000,000 vesting on 25 November 2022 and upon the 30 Day VWAP being at or above \$0.31 and service condition being achieved. The Barrier Price was set at the time of initial discussions with each relevant Key Management Personnel. On 24 February 2022 these Performance Rights were voluntarily cancelled by Directors and replaced with alternative Performance Rights.

On 29 June 2021, the Board approved the issue of 1,500,000 Performance Rights to executives and employees. These performance rights are exercisable on or before 25 November 2025, with 1,500,000 vesting on 25 November 2023 and upon non-market measures and service conditions being achieved. The Barrier Price was set at the time of initial discussions with each relevant Key Management Personnel. On 24 February 2022 these Performance Rights were voluntarily cancelled by Directors and replaced with alternative Performance Rights.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

Set out below are summaries of all Performance Rights granted under the Plan and unexpired at 31 December 2023:

Grant date	Expiry date	Exercise price	Fair Value at grant date	Rights at the start of the year	Granted during the year ⁽¹⁾	Exercised during the year	Forfeited during the year	Cancelled during the year	Balance at the end of the year	Vested at the end of the year
24 Feb 2022	23 Feb 2026	Nil	5 cents	2,566,667	–	–	2,566,667	–	–	–
24 Feb 2022	23 Feb 2026	Nil	7.6 cents	2,566,667	–	–	2,566,667	–	–	–
24 Feb 2022	23 Feb 2026	Nil	8.9 cents	2,566,666	–	–	2,566,666	–	–	–
24 Feb 2022	23 Feb 2026	Nil	3.5 cents	2,900,000	–	–	1,700,000	–	1,200,000	–
24 Feb 2022	23 Feb 2026	Nil	6.7 cents	2,900,000	–	–	1,700,000	–	1,200,000	–
24 Feb 2022	23 Feb 2026	Nil	8.1 cents	2,900,000	–	–	1,700,000	–	1,200,000	–
27 May 2022	23 Feb 2026	Nil	9.0 cents	5,600,000	–	–	–	–	5,600,000	–
				22,000,000	–	–	12,800,000	–	9,200,000	–

Set out below are summaries of all Performance Rights granted under the Plan and unexpired at 31 December 2022:

Grant date	Expiry date	Exercise price	Fair Value at grant date	Rights at the start of the year	Granted during the year ⁽¹⁾	Exercised during the year	Forfeited during the year	Cancelled during the year	Balance at the end of the year	Vested at the end of the year
28 May 2019	28 Feb 2023	Nil	13.2 cents	100,000	–	–	100,000	–	–	–
29 June 2021	1 Sept 2023	Nil	12.0 cents	1,000,000	–	500,000	500,000	–	–	–
29 June 2021	25 Nov 2024	Nil	12.0 cents	920,000	–	–	–	920,000	–	–
29 June 2021	25 Nov 2025	Nil	20.0 cents	1,380,000	–	–	–	1,380,000	–	–
24 Feb 2022	23 Feb 2026	Nil	5 cents	–	4,466,667	–	1,900,000	–	2,566,667	–
24 Feb 2022	23 Feb 2026	Nil	7.6 cents	–	4,466,667	–	1,900,000	–	2,566,667	–
24 Feb 2022	23 Feb 2026	Nil	8.9 cents	–	4,466,666	–	1,900,000	–	2,566,666	–
24 Feb 2022	23 Feb 2026	Nil	3.5 cents	–	2,900,000	–	–	–	2,900,000	–
24 Feb 2022	23 Feb 2026	Nil	6.7 cents	–	2,900,000	–	–	–	2,900,000	–
24 Feb 2022	23 Feb 2026	Nil	8.1 cents	–	2,900,000	–	–	–	2,900,000	–
27 May 2022	23 Feb 2026	Nil	9.0 cents	–	5,600,000	–	–	–	5,600,000	–
				3,400,000	27,700,000	500,000	6,300,000	2,300,000	22,000,000	–



Fair value of Performance Rights granted

The assessed fair value at grant date of the Performance Rights offered during the period ended 31 December 2022 was determined using an option pricing model that takes into account the performance conditions (e.g. share price reaching A\$0.19 per share for thirty consecutive days), the term of the Performance Right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the Performance Right and management's assessment of the vesting conditions being met.

The total share based payment expense related to Performance Rights for the period ended 31 December 2023 was -\$172,831 (2022: \$325,577). The amount for the period ended 31 December 2023 includes the fair value of performance rights granted, offset by reversal of the fair value of performance rights forfeited during the year.

The model inputs for Performance Rights granted/offered during the period, as well as prior periods, included:

(a) Number of Rights issued	1,000,000	1,000,000	1,000,000	1,000,000	150,000	1,000,000	1,000,000	1,000,000	1,500,000	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	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents
(c) Share price barrier (AUD)	20.0 cents	20.0 cents	26.0 cents	31.0 cents	31.0 cents	26.0 cents	31.0 cents	31.0 cents	31.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents
(d) 5 day VWAP of underlying security	28.0 cents	17.5 cents	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(e) 30 day VWAP of underlying security	—	—	26.0 cents	31.0 cents	31.0 cents	26.0 cents	31.0 cents	31.0 cents	—	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents
(f) Grant date	22 May 2018	25 Sep 2018	28 May 2019	29 Jun 2021	29 Jun 2021	28 May 2019	29 Jun 2021	29 Jun 2021	29 Jun 2021	24 Feb 2022	24 Feb 2022	24 Feb 2022	27 May 2022	27 May 2022	27 May 2022	27 May 2022
(g) Risk-free interest rate	2.20%	2.15%	1.12%	0.07%	0.07%	1.12%	0.07%	0.07%	0.07%	1.085%	1.085%	1.565%	2.450%	2.450%	2.775%	2.775%
(h) Expiry date	1 Oct 2021	30 Sep 2021	14 May 2022	1 Sep 2023	25 Nov 2024	14 May 2022	1 Sep 2023	25 Nov 2024	25 Nov 2025	23 Feb 2026	23 Feb 2026	23 Feb 2026	23 Feb 2026	23 Feb 2026	23 Feb 2026	23 Feb 2026
(i) Share price at grant date (AUD)	28.0 cents	17.5 cents	19.5 cents	20.0 cents	20.0 cents	19.5 cents	20.0 cents	20.0 cents	20.0 cents	11.5 cents	11.5 cents	11.5 cents	11.0 cents	11.0 cents	11.0 cents	11.0 cents
(j) Expected price volatility of the shares	85%	85%	85%	80%	80%	85%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
(k) Expected dividend yield	5.67%	7.6%	6.67%	Nil	Nil	6.67%	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The expected price volatility is based on the historic volatility and the general trend in share prices of the companies in similar businesses and trading on the ASX over the vesting period.

7.3 Related party transactions

(i) Parent entity

Transactions between the Company and other entities in the Group during the years ended 31 December 2023 and 31 December 2022 consisted of loans advanced and payments received and made on inter-company accounts. These transactions were made on normal commercial terms and conditions and at market rates.

(ii) Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	31 Dec 2023 A\$	31 Dec 2022 A\$
Short-term employee benefits	1,114,951	2,555,367
Post-employment benefits	53,693	138,132
Share-based payments	224,636	529,425
	1,393,280	3,222,924

Detailed remuneration disclosures are provided in the remuneration report in the Director's Report.

Shepstone & Wylie, a company associated with Debbie Ntombela, one of the Directors, has provided legal services to the Company during 2022. This amount paid by the Company to Shepstone and Wylie for the year ended 31 Dec 2023 was \$28,181 (2022: \$174,297).

Zamadiba Trading and Z Square M.P Empowerment, companies associated with Zamile David Qunya, one of the Directors, has provided executive services and manpower to the Company during 2023. This amount paid by the Company to Zamadiba Trading and Z Square M.P Empowerment for the year ended 31 Dec 2023 was \$301,042 (2022: \$526,263), excluding labour payroll costs of site based Z Square employees.

(iii) Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	31 Dec 2023 \$	31 Dec 2022 \$
Shepstone & Wylie	10,503	8,909
Zamadiba Trading	12,356	–
Z Square M.P Empowerment	7,924	103,418

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. 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.

8.1 Contingent assets and contingent liabilities

(a) 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\$224,430) (Dec 2022: ZAR4,102,989 (US\$241,423)).

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\$17,504) (Dec 2022: ZAR320,000 (US\$18,829)).

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\$21,880) (Dec 2022: ZAR400,000 (US\$23,536)).

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\$19,145) (Dec 2022: ZAR350,000 (US\$20,594)).

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\$831,428) (Dec 2022: ZAR15,200,000 (US\$894,380)).

Others

In 2019, the Company received a letter of demand for up to ZAR32,268,000 (US\$1,765,034) (Dec 2022: US\$1,898,674) plus penalty interest of ZAR4,307,083 (US\$235,594) (Dec 2022: US\$253,432), total ZAR36,575,083, relating to diesel fuel rebates claimed from its mining activities over several years. 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. SARS has withheld payment for diesel fuel rebate and VAT claims in order to satisfy this purported cash debt, with the full amount now withheld. 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. There has been no change since 31 December 2022.

Receivables as at 31 December 2023 (note 4.2) includes \$3,721,453 (2022: \$2,664,792) of VAT and \$5,721,083 (2022: \$5,282,127) of Diesel Fuel Rebate refundable from the South African Revenue Service. The Group is currently engaged in legal proceedings with the South African Revenue Service.

Other than those mentioned above, there have been no other changes to contingent assets or liabilities since 31 December 2023.

8.2 Other Commitments

Blue Bantry funding support

The Company, via MRCR, and Blue Bantry are both 50% shareholders in MSR, the entity which 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.

The Advance to Blue Bantry has been impaired during the year ended 31 December 2023. This asset is expected to be included as an acquisition cost as a part of the proposed MSR Restructure that aims to increase the Company's ownership interest in Tormin from 50% to 69%. Refer to Note 5.4(a)(iv) for impairment & credit losses of receivables.

8.3 Events since the end of the financial year

There have been no material matters arising subsequent to the end of the financial year.

8.4 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, BDO Tax (WA) Pty Ltd, and their related practices and related firms:

	31 Dec 2023 \$	31 Dec 2022 \$
Audit services		
<i>Audit and review of financial reports</i>		
BDO Audit (WA) Pty Ltd	110,880	95,579
BDO Johannesburg, South Africa	8,205	16,201
BDO Tromso, Norway	52,721	20,852
	<u>171,806</u>	<u>132,631</u>
Non-audit services		
BDO Corporate Finance (WA) Pty Ltd	–	7,200

Directors' declaration

The Directors of the Company declare that:

1. The financial statements, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* including;
 - (a) complying with Australian Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. 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.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors:



Brian Moller

Chairman

Dated at Perth, Western Australia this 28th day of March 2024

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Independent auditor's report to the members



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INDEPENDENT AUDITOR'S REPORT

To the members of Mineral Commodities Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mineral Commodities Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of material accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1.2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of Mine Assets

Key audit matter	How the matter was addressed in our audit
Notes 3.2, 3.3 and 3.4 of the financial report disclose the carrying value of the Group's mine assets comprising Mine Development Expenditure and Property, Plant and Equipment. The Australian Accounting Standards require the Group to assess whether there are any indicators that these assets may be Impaired. During the year the Group assessed the recoverability of its mine assets and impaired its Mine Development assets at Tormin and Skaland resulting in an impairment expense of \$2,981,842. Determining the impairment of these assets requires Management to make significant judgements and estimates of key assumptions within the mine models including: • Discount rates; • Reserve estimates; • Production; and • Commodity prices. This is a key audit matter due to the quantum of the impairment recognised and the significant judgements and estimates involved in Management's assessment of the recoverable amounts of the assets.	Our work included, but was not limited to the following procedures: • Assessing the appropriateness of the Cash Generating Unit ("CGU's") identification and the allocation of assets and liabilities to the carrying value of each CGU; • Challenging the key inputs used within the discounted cash flows, including the following: In conjunction with our internal Valuation Specialist: - Comparing the commodity pricing data used by Management to current market information; - Comparing the foreign exchange rate data used by Management to current market information; - Evaluating the appropriateness of the discount rates applied; - Challenging the appropriateness of Management's reserve estimates; - Evaluating forecasted mining and processing costs included in Managements models; and - Assessing the adequacy of the related disclosures in the financial report.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Mineral Commodities Limited, for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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, 28 March 2024

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Statement of corporate governance

The Board of Directors (referred to hereafter as the “Board”) of Mineral Commodities Ltd (referred to hereafter as the “Company” or “MRC”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Statement of Corporate Governance was approved by the Board on 10 April 2024.

In accordance with the Australian Securities Exchange (ASX) Corporate Governance Council’s (“CGC”) “principles of Good Corporate Governance and Best practice Recommendations”, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed together with the reasons for the departure.

The Company’s corporate governance practices were in place throughout the year ended 31 December 2023 and are compliant, unless otherwise stated, with the Corporate Governance Council’s principles and recommendations (4th Edition), which are noted below.

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the Board to be effective and add value
- Principle 3. Instill a culture of acting lawfully, ethically and responsibly
- Principle 4. Safeguard the integrity of corporate reports
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of security holders
- Principle 7. Recognise and manage risk
- Principle 8. Remunerate fairly and responsibly

A summary of the corporate governance policies and practices adopted by MRC is set out below.

Role of the Board of Directors

The Board of MRC is responsible for setting the Company’s strategic direction and providing effective governance over MRC’s affairs in conjunction with the overall supervision of the Company’s business with the view of maximising shareholder value. The Board’s key responsibilities are to:

- (a) chart the direction, strategies and financial objectives for MRC and monitor the implementation of those policies, strategies and financial objectives;
- (b) monitor compliance with regulatory requirements, ethical standards and external commitments;
- (c) appoint, evaluate the performance of, determine the remuneration of, plan for the succession of and, where appropriate, remove the Chief Executive Officer (“CEO”) if in place or similar person acting in the executive capacity; and
- (d) ensure that the Board continues to have the mix of skills and experience necessary to conduct MRC’s activities, and that appropriate directors are selected and appointed as required.

In accordance with MRC’s Constitution, the Board delegates responsibility for the day-to-day management of MRC to the CEO (subject to any limits of such delegated authority as determined by the Board from time to time). Management as a whole is charged with reporting to the Board on the performance of the Company.

All directors have unrestricted access to the Company Secretary, all employees of the group, and, subject to the law, access to all Company records and information held by group employees and external advisers. The Board receives regular detailed financial and operational reports from senior management to enable it to carry out its duties.

Each director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the director in the proper exercise of powers and discharge of duties as a director or as a member of a Board Committee. The Company will reimburse the director for the reasonable expense of obtaining that advice.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The role of the Company Secretary includes:

- Advising the Board and its Committees on governance matters;
- Monitoring that Board and Committee policy and procedures are followed;
- Coordinating, in unison with the Company, the timely completion and dispatch of Board and Committee papers;
- Ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- Helping to organise and facilitate the induction and professional development of directors.

Board structure and composition

The Board currently comprises five directors, three of which are independent non-executive directors. Details of each director's skill, expertise and background are contained within the directors' report included with the Company's annual financial statements.

Independence, in this context, is defined to mean a non-executive director who is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of MRC. The definition of independence in ASX Recommendation 2.3 is taken into account for this purpose.

The Board will continue to assess its makeup and will ensure that it continues to have the mix of skills and experience necessary to conduct MRC's activities, and that appropriate directors are selected and appointed as required.

The following tables set out the mix of skills and competencies that the Board currently has:

	No. of Directors
Expertise	
Senior Executive Experience	3
Governance	4
Financially knowledgeable	4
Mining	3
Technical (Geological/Engineering)	1
Mergers and Acquisitions	3
In-Country Experience	3
Resource Development	3
Competencies	
Strategic Leadership	5
Vision and Mission	5
Governance	5

Details of directors' shareholdings are disclosed in the directors' report and financial report. There are no retirement schemes other than the payment of statutory superannuation contributions.

STATEMENT OF CORPORATE GOVERNANCE

Between 1 January 2023 and 31 December 2023

Any equity-based compensation of directors is required to be approved in advance by shareholders.

The roles of Chairman and CEO are separated. The Chair position of the Company is filled by an Independent Non-Executive Director.

The CEO is responsible for supervising the management of the business as designated by the Board.

The Company's non-executive directors may not hold office for a continuous period in excess of three years or past the third annual general meeting following their appointment, whichever is longer, without submitting for re-election. Directors are elected or re-elected, as the case may be, by shareholders in a general meeting. Directors may offer themselves for re-election. A director appointed by the directors (e.g. to fill a casual vacancy) will hold office only until the conclusion of the next annual general meeting of MRC but is eligible for re-election at that meeting.

The process for retirement by rotation and re-election of a director is set down in the Company's Constitution.

If a retiring director nominates for re-election, the Board, through the Remuneration and Nomination Committee, will assess the performance of that director in their absence and determine whether the Board will recommend that a shareholder vote in favour of the re-election, or otherwise.

Details of each director standing for re-election, including their biographical details, relevant qualifications, experience and the skills, and other material directorships they bring to the Board are provided to shareholders to assess prior to voting on their re-election.

For new appointments, the Board, through the Remuneration and Nomination Committee, identifies candidates with the appropriate expertise and experience, having regard to the weighted list of required directors' competencies as maintained by the Company. The Board will appoint the most suitable candidate, but the shareholders at the next annual general meeting of the Company must ratify the appointment. Shareholders are provided with all material information in the Notice of Annual General Meeting relevant to a decision on whether or not to elect or re-elect a director.

The Board will ensure appropriate checks are undertaken prior to making any new Board appointments. These will include checks as to the person's character, experience, education, criminal record and bankruptcy history.

The key terms, conditions and requirements are set out in a standard letter of appointment. New directors will be provided with an induction program specifically tailored to the needs of individual appointees. The program includes meetings with major shareholders, one-on-one meetings with the members of the management team and visits to key sites.

Directors are also encouraged to participate in continual improvement programs and are expected to highlight areas of activity that could potentially be improved.

Under the Company's Constitution, voting requires a simple majority of the Board. The Chairman holds a casting vote.

The Company has procedures enabling any director or committee of the Board to seek external professional advice as considered necessary, at the Company's expense, subject to prior consultation with the Chairman. A copy of any advice sought by a director would be made available to all directors.

Board and management effectiveness

Responsibility for the overall direction and management of the Company, its corporate governance and the internal workings of the Company rests with the Board notwithstanding the delegation of certain functions to the CEO and management generally (such delegation effected at all times in accordance with the Company's Constitution and its corporate governance policies).

An evaluation procedure in relation to the Board, individual directors, Board Committees and Company executives has been adopted by the Board and evaluations are conducted in accordance with it.

The evaluation of the Board as a whole is facilitated through the use of a questionnaire required to be completed by each Board Member, the results of which are summarised and discussed with the Chairman of the Board and tabled for discussion at a Board Meeting. Similarly, each individual director is required to self-assess his/her performance and to discuss the results with the Chairman. The same procedure is undertaken for the Audit, Compliance and Risk Committee and the Remuneration and Nomination Committee.

To ensure management, as well as Board, effectiveness, the Board, through the Remuneration and Nomination Committee, has direct responsibility for evaluating the performance of the CEO. As a new CEO was appointed during the 2023 financial year, no formal evaluation of the CEO's performance was undertaken during that period.

Financial Reporting, Internal Control and Risk Management

The Board has overall responsibility for the Company's systems of internal control. These systems are designed to ensure effective and efficient operations, including financial reporting and compliance with laws and regulation, with a view to managing risk of failure to achieve business objectives. It must be recognised however that internal control systems provide only reasonable and not absolute assurance against the risk of material loss.

The Board reviews the financial position of the Company on a monthly basis. For annual and half yearly financial statements, the CEO and the Chief Financial Officer ("CFO") are required to state in writing that the Company's financial reports:

- present a true and fair view, in all material respects, of the Company's financial condition and operational results in accordance with the relevant accounting standards; and
- are founded on a system of risk management and internal compliance and control and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Management reports to the Board on the effectiveness of the Company's management of material business risk through the provision of regular risk reports to the Board via the Audit, Compliance and Risk Committee. Each reportable risk is discussed ensuring appropriate mitigation strategies are implemented by the Group. Management and the Board interact on a day to day basis and risk is continually considered across the financial, operational and organisational aspects of the Company's business. The Company considers the overall risk framework at each Audit Compliance and Risk Committee Meeting and will continue to monitor, assess and report its business risks.

The following are key risk areas that could have a material impact on the Company and its ability to achieve its objectives. These are not the only risks associated with the Company and there may be others from time to time that may also adversely affect future performance.

- **Country Risk:** The Company's current primary assets are located in South Africa and Norway. Potential changes in fiscal or regulatory regimes in South Africa and Norway may adversely affect the Company. The Company must also comply with local laws and administrative process which are subject to potential amendments from time to time. The Company adopts processes to mitigate these risks and continues to explore other opportunities in other jurisdictions to diversify its asset holdings.
- **Business Continuity Risk:** Various circumstances may arise which may lead to shut downs in operations, including plant failure, industrial action, in-country unrest, natural disasters, pandemics such as COVID-19, and continuance of licenses. Management and the Board continually assess these risks and ensure all appropriate mitigating actions are put in place. This is underpinned by various policies currently in place, and in respect to licences, continued stakeholder engagement.
- **Financial Risks:** Like all mining entities, the Company faces risks relating to movement in interest rates, foreign exchange rates, and access to funds. The Company maintains tight treasury controls and budget processes. Other financial risks are reported in the financial statements.
- **Product Risk:** The pricing of the Company's products are subject to many global factors. The Company actively markets its products itself in order to achieve the maximum possible value based on the prevailing market conditions. The Company is also assessing investment in downstream processing to add value to its concentrate products.
- **Development Risk:** The Company continues to assess other projects. A failure to develop a project or seek alternate projects could impact the long-term profitability and financial position of the Company. The Board continues to assess the progress of the Xolobeni Mineral Sands project, will continue with its intention to develop the Munglinup Graphite project, and will continue to review other opportunities in order to extend the Company's operations beyond the existing assets.

STATEMENT OF CORPORATE GOVERNANCE

The Company does not presently have an internal audit function. This is mitigated by the Board, through the Audit, Compliance and Risk Committee implementing the matters set out above in respect to risk and management, and having a primary responsibility to ensure that:

- The Company presents and publishes accounts, which present a true and fair view of its results and financial position;
- The accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws; and
- The appointment and performance of the external auditor is appropriately monitored to ensure independence and the serving of the interests of shareholders.

This requirement is assisted by the formal sign off from the CEO and CFO as noted above.

Committees of the Board of Directors

The Board has two permanent Board committees to assist the Board in the performance of its functions:

- (a) the Audit, Compliance and Risk Committee; and
- (b) the Remuneration and Nomination Committee.

Each committee has a charter, which sets out the Committee's purpose and responsibilities. The Committees are described further below.

Audit, Compliance and Risk Committee

The purpose of the Audit, Compliance and Risk Committee is to provide assistance to the Board in its review of:

- (a) MRC's financial reporting, internal control structure and risk management systems;
- (b) the internal and external audit functions; and
- (c) MRC's compliance with legal and regulatory requirements in relation to the above.

The Audit, Compliance and Risk Committee has specific responsibilities in relation to MRC's financial reporting process; the assessment of accounting, financial and internal controls; the appointment of external auditor; the assessment of the external audit; the independence of the external auditor; and setting the scope of the external audit.

The Company's external auditor is required to attend to the Company's annual general meeting and make themselves available to answer questions from security holders relevant to the audit.

The Audit, Compliance and Risk Committee Charter provides that the Committee must comprise at least three non-executive directors that have diverse, complementary backgrounds, with two independent non-executive directors.

While the Chairman of the Audit, Compliance and Risk Committee is not technically classified as an independent non-executive director, Mr Walker has the most appropriate competencies, expertise and experience necessary to fulfill the role of Chairman of the Audit, Compliance and Risk Committee.

The members of the Audit, Compliance and Risk Committee are: Mr Walker (Chairman), Mr Tipper, Mr Qunya and Ms Ntombela.

Remuneration and Nomination Committee

The purpose of the Remuneration and Nomination Committee is to discharge the Board's responsibilities relating to the nomination and selection of directors and the compensation of the Company's executives and directors.

The key responsibilities of the Remuneration and Nomination Committee are to:

- (a) ensure the establishment and maintenance of a formal and transparent procedure for the selection and appointment of new directors to the Board; and
- (b) establish transparent and coherent remuneration policies and practices, which will enable MRC to attract, retain and motivate executives and directors who will create value for shareholders and to fairly and responsibly reward executives.

The Remuneration and Nomination Committee Charter provides that the Committee must comprise at least three non-executive directors, two of which must be independent non-executive Directors. The Chairman of the Remuneration and Nomination Committee must be an independent non-executive director.

The members of the Remuneration and Nomination Committee are: Mr Tipper (Chairman), Mr Walker and Ms Ntombela.

The remuneration policy which sets out the terms and conditions for the CEO and other senior executives is set out in the Remuneration Report included in the Directors' Report.

Timely and balanced disclosure

The Company is committed to promoting investor confidence and ensuring that shareholders and the market have equal access to information and are provided with timely and balanced disclosure of all material matters concerning the Company. Additionally, the Company recognises its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Company's shareholders are responsible for voting on the appointment of directors. The Board informs shareholders of all major developments affecting the Company by:

- Preparing half yearly and annual financial reports and making these available to all shareholders;
- Preparing quarterly activity reports;
- Advising the market of matters requiring disclosure under Australian Securities Exchange Continuous Disclosure Rules;
- Maintaining a record of significant ASX announcements on the Company's website;
- Submitting proposed major changes in the Company's affairs to a vote of shareholders, as required by the Corporations Act;
- Reporting to shareholders at annual general meetings on the Company's activities during the year. All shareholders that are unable to attend these meetings are encouraged to communicate issues or ask questions by writing to the Company;
- Security holders are given the option to receive communications from, and send communications to, the Company and its share registry electronically; and
- Undertaking various presentations to discuss the Company's activities, copies of which are released to the ASX ahead of the presentations.

The Company has adopted a formal disclosure policy. The Board and management are aware of their responsibilities in respect of identifying material information and coordinating disclosure of that information where required by the ASX Listing Rules.

The Board receives copies of all material announcements promptly after they have been made and in most instances require the prior consent of the Board ahead of release.

Ethical and responsible decision-making

Code of Conduct

The Board has created a framework for managing the Company including internal controls, business risk management processes and appropriate ethical standards. The Board recognises that our operations have direct and indirect social and environmental impacts.

The Board has adopted practices for maintaining confidence in the Company's integrity including promoting integrity, trust, fairness and honesty in the way employees and directors conduct themselves and MRC's business, avoiding conflicts of interest and not misusing company resources. A formal Code of Conduct has been adopted.

Whistle Blower Policy

The Company is committed to maintaining a high standard of integrity, investor confidence and good corporate governance. The Company has a whistle blower policy which is aimed at implementing these commitments including ensuring compliance with the Corporations Act and details the framework for receiving, investigating and addressing allegations of Reportable Conduct where that Reportable Conduct concerns the activities of the Company, or its current or former directors, officers, agents, employees and contractors.

STATEMENT OF CORPORATE GOVERNANCE

The purpose of the policy is to:

- Encourage the reporting of matters that may cause harm to individuals or financial or non-financial loss to MRC or damage to its reputation;
- Enable the Company to deal with reports from whistleblowers in a way that will protect the identity of the whistleblower;
- Provide for the appropriate infrastructure; and
- Help to ensure the Company maintains the highest standards of ethical behaviour and integrity.

Anti-bribery and corruption policy

The Company has an anti-bribery and corruption policy which assists with the Company's commitment to conducting its business and activities with integrity. A copy of the policy can be viewed on the Company's website under the Corporate Governance section.

Sustainability

The Board is committed to supporting the sustainability of the natural environment, the people who rely on that environment, and to ensuring the health and safety of our workforce and the communities in which we operate.

Our responsibility is to conduct business in a manner that uses best practices to minimise the effects of our operations on the environment, to actively promote the sustainability of local communities, and to provide a safe workplace for all employees, contractors and visitors.

Our goal is to manage these impacts so we can better manage the risks and enhance our company's reputation in environmental sustainability.

Diversity

The Company employs a broad mix of individuals reflecting its philosophy of hiring the best candidate for all positions at all levels irrespective of race, religion or gender. In terms of the composition of the Board and Board nominations, the Board considers the Australian Securities Exchange Corporate Governance principles as part of the overall Board appointment process of determining the composition of the Board that is the most appropriate for the Group.

The Company has implemented a diversity policy. The objective of the policy is for the Company to embrace the diversity of skills, ideas and experiences of an individual and recognise that a workforce is made up of people with differences in age, gender, sexual orientation, disability, religion or national origin or social origin contributes to MRC's success and organisational strength. It ensures all employees are treated with fairness and respect.

MRC is committed to embedding a corporate culture that embraces diversity through:

- Recruitment on the basis of competence and performance and selection of candidates from a diverse pool of qualified candidates;
- Maintaining selection criteria that does not indirectly disadvantage people from certain groups;
- Providing equal employment opportunities through performance and flexible working practices;
- Maintaining a safe working environment and supportive culture by taking action against inappropriate workplace and business behaviour that is deemed as unlawful (discrimination, harassment, bullying, vilification and victimisation);
- Promoting diversity across all levels of the business;
- Undertaking diversity initiatives and measuring their success;
- Regularly surveying our work climate; and
- The Board establishing measurable objectives in achieving gender diversity.

The Company currently employs 321 staff, with 88 females, representing 27%. There is one female director. The Company has not yet set any measurable objectives however it has an extensive social and labour plan in South Africa which addresses these diversity objectives.

The development of people is the fundamental principle, enshrined in the business strategy. The Company provides opportunities and resources for employees to be fully developed in job disciplines that form part of the occupational structures of the operating subsidiaries. These opportunities pervade throughout and are not limited to a specific department or level.

The Company ensures that the highest calibre of management is of great importance to sustain the business.

The Company will assist employees in achieving their potential by supporting and mentoring them in their development. At the same time, meticulous attention is given to the requirements of the legislation applicable thereto.

Regional and local economic development/socio-economic development

The Company's wholly-owned subsidiary, Mineral Sands Resources (Pty) Ltd ("MSR"), is committed to contributing to the socio-economic activities of the immediate community and the region. Although the primary objective is to mine heavy mineral sands from the Tormin Mineral Sands Operation for the international and local markets, the business is managed in a manner that embodies value-added compliance with all relevant legislative requirements and socio-economic responsibilities.

MSR's management will always endeavour to offer job opportunities to the local community and the labour sending area from which labour is sourced, Xolobeni, by the creation of direct and indirect jobs wherever the required skills and experience are present or developed. MSR will continue to afford job opportunities to the members of the local community and the labour sending area where such individuals meet the necessary recruitment criteria.

The promotion of local and Xolobeni sustainable development is a core objective of MSR's Social & Labour plan (SLP) and, as such, may be used as a general indicator of the success of this SLP. This performance indicator should focus particularly on the prevalence of livelihood opportunities for local people and Xolobeni people after mine closure, compared with the situation before the commencement of the operation.

The Company's Skaland Operation has an historical regional operational continuance for over 100 years. The social economic benefits of the mine are integral to the local community's sustainability, as such the Company is committed to investing in local employment and continuous training and upskilling to ensure ongoing balanced viability of the Mine's future operations and the local community.

Securities Trading Policy

A Securities Trading policy has been adopted by the Board to set a standard of conduct, which demonstrates the Company's commitment to ensuring awareness of the insider trading laws, and that employees and directors comply with those laws.

The Securities Trading policy imposes additional share trading restrictions on directors, the Company Secretary, executives and employees involved in monthly financial accounting processes ("specified persons").

Under the Securities Trading policy, specified persons are only permitted to buy and sell securities if they do not possess non-public price sensitive information and trading occurs outside of specified restricted periods. These periods are the periods commencing on the first day of the month before the end of the half-year or full year period and ending on the next business day after the announcement of the results for that period. In addition, before a specified person can deal in the Company's securities they must obtain clearance from the appropriate officer, confirming that there is no reason why they cannot trade.

Other Information

The ASX guidelines also prescribe that the Company should maintain a dedicated corporate governance information section on its website. Such a dedicated information section is available on the Company's website.

Mineral Resource and Ore Reserves statement

The Company reviews its Mineral Resources and Ore Reserves as at 31 December each year.

The Company considers any additional exploration or depletion of its resources that would have a bearing on the total resource and reserve reported.

Mining and Prospecting Rights

The Company holds the following mining and prospecting rights:

Country	Location	Right/Tenement No.	Type of Right/Tenement	Status	Registered Interest (Beneficial Interest)
South Africa	Tormin – expansion	162&163 EM	Mining	Granted	50% ¹
	Tormin – Steenvas	(WC)30/5/1/2/2/162 MR (10108 MR)	Mining	Granted	50% ¹
	Tormin – North and South	(WC)30/5/1/2/2/163 MR (10107 MR)	Mining	Granted	50% ¹
	Tormin – Surf Zone	(WC)30/5/1/1/2/10036 PR (10276 PR)	Prospecting	Granted	50% ¹
	Tormin – Offshore	(WC)30/5/1/1/2/10199 PR (10343 PR)	Prospecting	Granted – subject to renewal application	50% ¹
	Tormin – De Punt	(WC)30/5/1/1/2/10240 PR	Prospecting	Granted	50% ¹
	Tormin – Northern Beaches Graauw Duinen	(WC)30/5/1/1/2/10261 PR	Prospecting	Granted	50% ¹
	Tormin – Geelwal Karoo	(WC)30/5/1/1/2/10262 PR	Prospecting	Granted	50% ¹
	Tormin – Klipvley Karoo Kop	(WC)30/5/1/1/2/10307 PR (10348 PR)	Prospecting	Under application	50% ¹
Australia	Xolobeni – Kwanyana block	EC30/5/1/1/2/10025 PR	Prospecting	Subject to moratorium – Converting to Mining Right Subject to Regional Mining Development and Environmental Committee (REMDEC) appeal decision	56%
	Xolobeni	EC30/5/1/1/2/10025 MR	Mining	Subject to moratorium – Under Application	56%
	Munglinup	M74/245	Mining	Granted	51% (Option to acquire 90%)
	Munglinup	E74/505	Exploration	Granted	51% (Option to acquire 90%)
	Munglinup	E74/565	Exploration	Granted	100%
	Munglinup	E74/702	Exploration	Granted	100%
	Munglinup	E74/752	Exploration	Under application	100%
	Munglinup	E74/753	Exploration	Under application	100%
	Traelen	Gnr./Bnr.5421-306/1,5421-306/2 and 5421-307/1 in Berg	Expropriation of Mining Rights on specified land parcels	Granted	100%
Norway	Mount Bukken	Gnr. 90/Bnr. 2	Exploration	Granted	100%
	Vardfjellet/Hesten	Gnr. 124/Bnr. 1	Exploration	Granted	100%

¹ Increase from 50% to 69% announced in April 2023 is subject to shareholder and regulatory approval

MINERAL RESOURCE AND ORE RESERVES STATEMENT

Mineral Resources

As at 31 December 2023, Group Mineral Resources includes:

- 627 million tonnes at 7.7% THM including 48 million tonnes of in situ heavy mineral across the Tormin Mineral Sands Operation and Xolobeni Mineral Sands project.
- 9.76 million tonnes at 14.2% TGC and contained 1.38 million tonnes of graphite across the Munglinup Graphite project and Skaland Graphite Operation.

Ore Reserves

As at 31 December 2023, Group Ore Reserves includes:

- 59.8 million tonnes at 3.6% VHM (14.5% THM) including 2.2 million tonnes of in situ heavy mineral at the Tormin Mineral Sands Operation.
- 4.83 million tonnes at 14.1% TGC and contained 0.68 million tonnes of graphite across its Munglinup Graphite project and Skaland Graphite Operation.

Mineral Sands Resources

The Tormin Mineral Sands Operation is located on the west coast of South Africa, approximately 360 km north of Cape Town.

- **Tormin Beaches** is a high grade placer beach mineral sands deposit hosting naturally occurring zircon, ilmenite, rutile, magnetite and garnet. The Company is mining a Heavy Mineral Sands ("HMS") deposit located in a dynamic and actively changing coastal beach environment. Due to the constant wave action and high tidal flooding of the mining areas, replenishment of HMS material is taking place in mined and disturbed areas.

Mining has now been ongoing for ten years and a total of 18.5 million tonnes of material has been processed. The tonnage processed is more than the declared resource tonnage, which is indicative of the replenishing nature of the resource where resource blocks are mined more than once. As the mining rate is faster than the replenishment rate, the resource grade has been steadily diminishing over the past ten years.

The Company as at 31 December 2023 is recognising a resource of 1.9 million tonnes at 10.4% THM, using a 2% heavy mineral cut-off grade based on the JORC Code (2012).

- **Northern Beaches** incorporate ten beaches directly north of and adjoining the Tormin Beaches. The areas unite semi-continuous tenements approximately 23.5 kilometres in length, covering an area of 398 hectares of beach sands prospective for zircon, rutile, ilmenite, garnet, leucoxene and magnetite. Like the Tormin Beaches, this deposit is located on an active placer beach undergoing continuous replenishment from oceanic storm and wave activity. The heavy minerals in the beach are constantly replenished by the transport of new sediment from deeper waters, much of which has been derived from the erosion of deposits accumulated in the elevated historic beach terraces onto the present beach.

In 2023, a total of 0.86 Mt of ore was mined out from the Northern Beaches. Total Mineral Resource for the Northern Beaches is estimated at 0.9 million tonnes at 25.4% THM in the category of Indicated and Inferred using a 2% cut-off.

- **Inland Strand** incorporates an area approximately 12 km in length covering 1741 hectares of coastal area immediately adjacent to the existing mining operations on the Company-owned farm Geelwal Karoo 262. The Inland Strand mining areas granted under the Expanded Mining Right (162&163 EMR) in mid-2020 include two areas approximately 5.6 kilometres in total length, covering 75 hectares of high-grade mineralisation. The JORC compliant resource Mineral Resource of western Strandline was estimated in December 2021 at 193.2 million tonnes at 9.58% THM for 18.5 Mt of contained Heavy Mineral using a 2% cut-off and was reported on December 2021. A minor resource change has occurred in 2023 resulting in a reduction of 0.3 million tonnes in the Measured category due to processing of the high grade ROM stockpile material from the southern pits.

The maiden Mineral Resource of Eastern Strandline was estimated at 19.5 million tonnes at 3.3% THM in the categories of Indicated and Inferred using a 2% THM cut-off grade. This Mineral Resource demonstrates the prospectivity of the inland strandline areas and underscores the Company's strategy of growing the resources for mineral processing expansion.

MINERAL RESOURCE AND ORE RESERVES STATEMENT

The Xolobeni Mineral Sands Project is located in the Eastern Cape province of South Africa approximately 300 km north of East London and 200 km south of Durban.

Mineral resource is estimated at 346 million tonnes at 5.0% THM, with 54% ilmenite in THM. The Xolobeni project is currently subject to a Department of Mineral Resources (“DMR”) mandated moratorium in South Africa. Any potential development timetable is unknown and subject to the outcome of this moratorium. No exploration or production activity has been carried out at Xolobeni during the year and mineral resource remain consistent with that reported for the period ending 31 December 2021.

Total Mineral Resources of Heavy Mineral Sand based on mined material reconciliation as at 31 December 2023.

Project	Category	Resource (Mt)	Contained THM		Zircon (% HM)	Garnet (% HM)	Ilmenite (% HM)	Rutile (% HM)	Magnetite (% HM)
			THM (%)	THM (Mt)					
Tormin Beaches	Indicated	1.7	10.4	0.18	2.4	40.9	5.4	1.2	0.6
	Inferred	0.2	10.1	0.02	2.3	49.0	5.0	1.2	0.7
	Total	1.9	10.4	0.20	2.4	41.7	5.3	1.2	0.6
Northern Beaches	Indicated	0.6	32.2	0.20	1.8	42.1	5.0	0.8	0.8
	Inferred	0.2	6.9	0.02	2.2	41.7	4.5	1.3	0.8
	Total	0.9	25.4	0.22	1.9	42.0	4.9	0.9	0.8
Western Strandline	Measured	31.9	19.5	6.2	1.8	12.5	7.6	1.1	0.5
	Indicated	39.7	9.5	3.7	1.1	15.0	3.8	0.8	0.7
	Inferred	119.2	6.9	8.2	2.6	11.0	18.0	1.4	0.4
	Stockpile	2.05	12.3	0.3	2.2	17.7	26.1	3.4	1.2
	Total	192.9	9.6	18.4	2.1	12.1	13.5	1.3	0.5
Eastern Strandline	Indicated	1.9	5.3	0.1	6.1	16.6	35.4	7.7	0.9
	Inferred	17.5	3.1	0.5	6.4	15.6	36.7	6.1	0.5
	Total	19.5	3.4	0.6	6.3	15.7	36.6	6.2	0.6
De Punt	Indicated	26.9	15.1	4.1	4.5	21.3	18.2	2.8	0.9
	Inferred	39.2	18.2	7.1	3.3	17.3	14.5	2.1	1.2
	Total	66.1	16.9	11.2	3.7	18.9	16.0	2.4	1.1
Sub Total		281	10.9	30.6	2.8	14.3	15.6	1.9	0.7
Xolobeni	Measured	224	5.7	12.8	–	–	54.5	–	–
	Indicated	104	4.1	4.3	–	–	53.7	–	–
	Inferred	18	2.3	0.4	–	–	69.4	–	–
	Total	346	5.0	17.4	–	–	55.0	–	–
Grand Total		627	7.7	48.0	–	–	37.3	–	–

- 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 Deposits.
- 1% THM cut-off grade used for Xolobeni.

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MINERAL RESOURCE AND ORE RESERVES STATEMENT

Mineral Sands Reserves

As at 31 December 2023, Group Ore Reserves of Mineral Sands is estimated to contain 59.8 million tonnes of 3.6% VHM. This represents 2.2 million tonnes of valuable heavy.

Total Ore Reserves of Valuable Mineral Sands as at 31 December 2023.

Project	Category	Reserves (Mt)	VHM (%)	Contained	Zircon (%)	Garnet (%)	Ilmenite (%)	Rutile (%)	Magnetite (%)	THM (%)
				VHM (Mt)						
Proven		21.0	5.3	1.15	0.4	2.7	1.8	0.3	0.1	20.6
Probable		38.8	2.7	1.05	0.2	1.7	0.6	0.1	0.1	11.2
Total		59.8	3.6	2.20	0.2	2.1	1.1	0.2	0.1	14.5

- Tonnes and grade numbers may not compute due to rounding.
- Ore Reserve uses a variable cut-off grade.
- Ore Reserves are a sub-set of Mineral Resources.

Graphite Resources

The Skaland Graphite Operation is located on the Island of Senja in northern Norway. The updated JORC Code (2012) compliant resource of 1.77 million tonnes at 23.4% TGC in the categories of Measured, Indicated and Inferred for 0.41 Mt of contained graphite using a 10% cut-off for the Trælen deposit.

The Munglinup Graphite Project is located in the South Coast region of western Australia, approximately 107 km west of Esperance. On 8 January 2020, a JORC Code (2012) compliant Mineral Resource of 7.99 million tonnes at 12.2% TGC in the category of Indicated and Inferred using a 5% cut-off was reported. The Mineral Resource of Munglinup remains unchanged since the release in January 2020.

Total Mineral Resources of Graphite based on mined material reconciliation as at 31 December 2023.

Project	Category	Resource (Mt)	Total Graphitic	Contained Graphite (Mt)
			Carbon (%)	
Munglinup	Indicated	4.49	13.1	0.58
	Inferred	3.50	11.0	0.38
	Total	7.99	12.2	0.97
Skaland	Measured	0.05	30.4	0.02
	Indicated	0.66	25.1	0.17
	Inferred	1.05	22.0	0.23
	Total	1.77	23.4	0.41
Grand Total		9.76	14.2	1.38

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

Graphite Reserves

As at 31 December 2023, Group Ore Reserves of graphite is estimated to contain 4.83 million tonnes of 14.1% TGC. This represents 0.68 million tonnes of graphite ore.

The Munglinup Ore Reserve was reported in January 2020 and contains 4.24 million tonnes of 12.8% TGC. Also reported are in-pit resources (inferred resources that will be mined as part of the design but do not constitute part of the ore reserves) of 2.75 million tonnes @ 11.1% TGC. The Munglinup Ore Reserve remains unchanged since 2020.

Total Ore Reserves of Graphite as at 31 December 2023.

Project	Category	Reserves (Mt)	Total Graphitic Carbon (%)	Contained Graphite (Mt)
Munglinup	Proven	—	—	—
	Probable	4.24	12.8	0.54
	Total	4.24	12.8	0.54
Skaland	Proven	0.04	27.5	0.01
	Probable	0.55	23.8	0.13
	Total	0.59	24.1	0.14
Grand Total		4.83	14.1	0.68

- Tonnes and grade numbers may not compute due to rounding.
- Ore Reserve uses a variable cut-off grade.
- Ore Reserves are a sub-set of Mineral Resources.

Mineral Resource and Ore Reserve Governance

Mineral Resources and, where applicable, Ore Reserves, are estimated by suitably qualified persons in accordance with the JORC Code and the ASX Listing Rules, using industry standard techniques. Mineral Resource estimates and supporting documentation are reviewed by external Competent persons. Any amendments to the Mineral Resources and Ore Reserves Statement to be included in the Annual Report are reviewed by suitably qualified Competent persons. All Competent persons have sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which they are undertaking to qualify as a Competent person in accordance with the JORC Code (2012). Each Competent person consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

Shareholder information

Additional information required by the Australian Securities Exchange Ltd Listing Rules and not disclosed elsewhere in this report. This information is current as at 11 April 2024.

Twenty Largest Shareholders

Rank	Name	11 Apr 2024	% IC
1	AU MINING LIMITED	401,863,619	40.82
2	CITICORP NOMINEES PTY LIMITED	184,633,331	18.75
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	173,603,805	17.63
4	SIMTO RESOURCES PTY LTD	33,628,177	3.42
5	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	14,959,654	1.52
6	REGIONAL MANAGEMENT PTY LTD	10,046,540	1.02
7	MR ANTHONY JOHN ANDREWS	5,549,900	0.56
8	MRS KATHRYN ELIZABETH STRICKLAND	5,299,983	0.54
9	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	4,014,410	0.41
10	TASMANIAN OUTSTANDING PROPERTY INVESTMENTS PTY LTD	3,962,625	0.40
11	CHETAN ENTERPRISES PTY LTD	3,909,181	0.40
12	KENSINGTON CAPITAL MANAGEMENT PTY LTD	3,500,000	0.36
13	MR JONATHAN COLVILE	3,349,219	0.34
14	MR RICHARD ARTHUR LOCKWOOD	3,070,989	0.31
15	MR BARTON THOMAS WARE	2,430,000	0.25
16	MR LAWRENCE WING MING HO & MRS YING HO	2,300,000	0.23
17	MR GUY WALKER	2,299,516	0.23
18	MR GUY MICHAEL LINDLEY OSBORNE & MRS PAULA-JANE OSBORNE	2,215,159	0.23
19	MR CHRISTOPHER JOHN EAGLES	2,002,537	0.20
20	MR ROGER WILLIAM DOBSON	2,000,000	0.20
Total		864,638,654	87.83
Balance of register		119,833,954	12.17
Grand total		984,472,599	100.00

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Distribution of equity security holders

Range	Securities	%	No. of holders
100,001 and Over	956,213,243	97.13	259
10,001 to 100,000	24,625,689	2.50	674
5,001 to 10,000	2,209,771	0.22	274
1,001 to 5,000	1,387,412	0.14	408
1 to 1,000	36,484	0.00	154
Total	984,472,599	100.00	1,769

Marketable Parcels

Number of shareholders holding less than a marketable parcel of ordinary shares is 1,123.

Voting Rights

Every ordinary shareholder present in person or by proxy at meetings of shareholders shall have one vote for every share held.

Option and performance Rights holders have the right to attend meetings but have no voting rights until the options or performance rights are exercised.

Substantial shareholders

The following shareholders are substantial shareholders of MRC:

• Au Mining Limited	401,863,619	40.82%
• Tormin Holdings Limited	164,375,619	16.70%
• Mr & Mrs Anthony C Lowrie	76,951,674	7.82%

Restricted securities

There are no restricted securities.

Share buy backs

There is no current on market share buyback.

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