Mineral Commodities

Quarterly Activities Report – June 2024

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Key Matters

Tormin:

- **Sales revenue US$5.4 million - Mostly garnet, zircon / rutile, with small volume ilmenite sales**
- **Lower than planned production due to delays in mine and plant**
- **Due diligence and discussions regarding GMA potentially acquiring MRC's interest in Tormin**

Skaland:

- **Production above Q1 but 75% of budget**

Munglinup:

- **Non-binding agreement reached to settle dispute and increase interest in Munglinup Project to 100%**

Subsequent to quarter end:

- **Binding A$4 million convertible loan executed. However, no draw down due to a subsequent materially adverse event. Discussions underway with the lender, Au Mining about Company funding.**
- **Major storm and maritime incident post quarter end significantly impacting business**
- **MRC advises MSR it will no longer provide funding**
- **MSR enters "business rescue" in accordance with South African law**
- **Agreement reached with GMA to take no action on MRC parent guarantee for GMA loan for 1 month**

Corporate and Cash

- **Available Cash**: US$0.6 million as at 30 June 2024 (US$1.1 million as at 31 March 2024).
- **Borrowings**: US$9.25million as at 30 June 2024 (US$9.5 million as at 31 March 2024).
- **Securities**: 984.5 million shares and 32.9 million performance rights as at the date of this report.

Mineral Commodities Ltd ("**MRC**" or "**Company**") recently advised shareholders that the major storm and maritime incident that occurred at Tormin subsequent to the end of the quarter has had a material impact on the mineral sands business and led to the difficult decision for MRC to no longer provide funding. Mineral Sands Resources (Pty) Ltd ("**MSR**") is the owner of Tormin. MRC currently holds 50% of MSR. MRC is aware MSR recently appointed a business rescue practitioner in accordance with South African law.

The Board is currently in discussions with Au Mining Limited ("**Au Mining**"), the Company's largest shareholder, regarding the convertible loan facility announced 4 July 2024 and the implications of the decision for MRC to cease funding Tormin as noted above. Discussions with other potential investors are also underway.

Once outcomes have been reached regarding funding, the Company will advise the market.

Advancing Battery Mineral Projects and Assets

The Company remains committed to building the asset value of the Battery Minerals Division. Achievements during the quarter and up to the date of this report include:

- Continued negotiation and engagement with Mitsubishi Chemical Corporation on its technical collaboration;
- Commissioning of the pilot scale battery anode plant is underway, with encouraging preliminary results; and
- Progress towards securing 100% of the Munglinup Graphite Project.

Munglinup (51%)

During the quarter end the Company announced that its wholly owned subsidiary MRC Graphite Pty Ltd ("**MRCG**") has reached an in-principle agreement with Gold Terrace Pty Ltd ("**Gold Terrace**"), its joint venture partner in the Munglinup Graphite Project ("**Munglinup**"), to settle a dispute and acquire the remaining 49% interest in Munglinup. The Company holds an existing 51% interest in Munglinup. Upon acquiring the remaining 49% interest, the Company will become the 100% owner of Munglinup.

The Company and Gold Terrace are currently negotiating a formal sale agreement ("**Formal Agreement**") to document the sale of Munglinup and the settlement of the dispute. Gold Terrace has agreed to not pursue any legal claims in respect of the joint venture agreement until completion of the Formal Agreement.

The total consideration to be paid to Gold Terrace in exchange for its 49% interest in Munglinup is $A7.5M in cash payable in three (3) tranches as detailed in the announcement dated 25 June 2024.

Completion is subject to market standard conditions precedent to completion including regulatory approvals such as Foreign Investment Review Board Approval and ministerial consent, Gold Terrace agreeing to withdraw certain caveats against the Company's tenements, and any shareholder approval associated with the potential provision of funding from another party to the Company (if required).

Upon completion, the joint venture agreement between the Company and Gold Terrace will terminate and Gold Terrace will release the Company from claims in relation to the joint venture agreement on a no-fault basis.

Obtaining environmental approvals and advancing studies remain the priorities for the Munglinup graphite development and are expected to be achieved by the June 2025 quarter following some delays in the process.

The Munglinup Graphite Project remains a crucial asset in the Company's overall goal to supply natural graphite into the key high-demand battery anode markets, with the DFS (2020) outlining a graphite asset able to produce approximately 52,000tpa of ore over 14 years at an average grade of 12.8%.

Active Anode Plant Project (100%)

Commissioning of the pilot-scale graphite anode pilot plant has delivered encouraging preliminary results with the achievement of battery grade overall purity in a single pass (without optimization) using 898 flake material. The pilot plant is partly financed by the Australian government Critical Minerals Acceleration Initiative ("**CMAI**") Project.

The Company also continues to advance its collaboration with Mitsubishi Chemical Corporation and CSIRO (the Australian government research organization).

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.

Tormin

Throughout the period, management continued to focus on work necessary to overcome operating challenges at the Tormin Mineral Sands Project ("**Tormin**") that have significantly impacted production during the first half of the

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year. These have included low mobile equipment availability, plant delays and damage to the main water supply storage dam.

Discussions continued with major customer and lender GMA to potentially acquire MRC's interest in Tormin. Tormin is owned by MSR. MRC currently holds 50% of MSR.

Major maritime incident impacting Tormin business

Maritime incident

Subsequent to end of the quarter on 10 July 2024, a major maritime incident occurred close to Tormin operations. The ship the MV Ultra Galaxy ("**Ship**") ran aground close to the operating beaches of Tormin. The Ship and its contents have no connection to Tormin or its operations. The incident and the major storm event that caused it significantly impacted operations and created increased risks to the business.

Oil spill incident

Early Monday 29 July 2024 the Company was informed that more extreme weather caused major damage to the Ship that resulted in oil being spilled into the ocean that reached the shoreline including areas to be mined by MSR.

While the government authority South African Maritime Safety Authority ("**SAMSA**") had been working since the original incident on 10 July 2024 to reduce the risk of an oil spill by draining of oil and fuel from the Ship, this was unfortunately not completely successful.

SAMSA remains onsite at Tormin along with spill management contractors to coordinate emergency incident response and ultimately ship recovery operations. Tormin staff continue to provide shore-based assistance including access to the beach area at Tormin.

Effect on Tormin production and resources

Interruption to seawater intake essential for production

While the spill began where the Ship ran aground opposite the beach mining area #4, it then drifted south approaching the area where seawater is pumped from the ocean for minerals processing. Site management ceased drawing seawater at the time to prevent process water contamination.

In addition to the risk of oil contamination of the water supply, the heavy seas and extreme conditions tore away the pipelines, further impacting production.

When water supply is reduced or interrupted, production from the process plant is limited by the amount of water available in the mine storage dam until full water supply can be restored.

Beach mineral resource contamination

The potential to economically mine the beach sand in the future will depend on a range of factors including the extent and concentration of the contamination.

While there has been some immediate oil contamination, it is too early to assess the extent and impact on the mineral resources and mining areas on the Tormin beaches, a length of coastline that extends over 10km.

Road access

Heavy rainfall associated with the storms that caused the Ship to run aground in the area where the mine is located resulted in flooding that impacted revenues by temporarily cutting off deliveries of saleable product.

While the road currently remains open, any additional heavy rainfall has the potential to cause further interruption to product deliveries.

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MSR business impact and funding

The oil spill and its impact on production, coming so soon after the initial extreme weather event that caused the Ship to run aground, placed financial pressure on the Tormin business.

Given MSR's financial outlook, MRC made the difficult decision to cease funding.

MSR has now appointed a business recue practitioner in accordance with South African law.

GMA's potential acquisition of MRC's interest in Tormin

GMA conducted due diligence activities and discussions continued between MRC and GMA regarding GMA's potential acquisition of MRC's interest in Tormin during the quarter. These activities occurred during the agreed exclusivity period that includes a standstill in relation to the GMA loan. No decision regarding an acquisition by GMA was reached. The oil spill post quarter end raised questions regarding beach mining that would need to be considered as part of any detailed due diligence.

Discussions with GMA have continued since the major maritime incident.

Safety, Environment and Community Q2 2024

The Company's 12-month Total Recordable Injury Frequency Rate (**TRIFR**) remained at nil in the June 2024 quarter.

Tormin

Tormin had no recordable injuries during the June 2024 quarter.

The maritime incident that occurred 10 July 2024 close to and opposite the Tormin beach mining area caused contamination of the Tormin beaches including oil from the wreck. The government agency responsible is overseeing the response and clean-up operations.

Skaland

Skaland had no recordable injuries during the June 2024 quarter.

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Tormin Operations Q2 2024

Tomin Mine production improved from Q1 lows during the June 2024 quarter due to a refined mining schedule and beach primary processing being back online. However, overall production remained below target for the following reasons:

- ongoing seawater intake damage and repair;
- repairing breakdown of the storage dam liner previous quarter / low operational dam level;
- scrubber mechanical breakdowns for Inland Strand material; and
- electrical failure of the tailings pump to thickener significantly reducing feed rates

Tormin Mining

Mining	30-Jun-24 Quarter	31-Mar-24 Quarter	30-Jun-23 Quarter	Year to Date 30-Jun-24	Year to Date 30-Jun-23
Material Mined – Tonnes (dmt)	**279,754**	210,841	606,969	**490,595**	1,727,264
High Grade Ore Mined – Tonnes (dmt)	**144,322**	99,421	232,202	**243,743**	675,607
Low Grade Ore Mined – Tonnes (dmt)	**135,432**	111,420	374,767	**246,852**	1,051,657
High Grade Ore Mined (VHM)	**13.7%**	10.8%	6.4%	**12.52%**	8.5%
- Garnet	**9.60%**	6.7%	5.0%	**8.42%**	5.4%
- Ilmenite	**2.56%**	2.5%	0.9%	**2.53%**	1.5%
- Zircon	**1.05%**	0.8%	0.3%	**0.93%**	0.4%
- Rutile	**0.4%**	0.3%	0.2%	**0.36%**	0.2%

Mining achieved 0.28 million tonnes mined in June 2024 quarter inclusive of low grade and high-grade ore. High grade ore mined was higher than the prior quarter at an average Valuable Heavy Mineral (VHM) grade of 13.7% in comparison to the previous quarter of 10.8%.

Tormin Processing

Primary processing

ROM feed tonnes to PCP-1 and PCP-2 were higher than the previous quarter at 250kt, representing an average feed rate of 148tph and 79% plant utilization.

Secondary processing

Total tonnes processed by the secondary concentrator (GSP/SCP) were 94kt, compared to 63kt from the previous quarter, due to an increase in plant availability from 82% to 91% as well as retreating of the contaminated garnet material.

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Finished concentrate product

Final concentrate production for the period was 42,914 tonnes.

GSP/SCP Production & Processing	30-Jun-24 Quarter	31-Mar-24 Quarter	30-Jun-23 Quarter	Year to Date 30-Jun-24	Year to Date 30-Jun-23
Tonnes processed (gross dmt)	**94,097**	63,438	61,127	**157,535**	110,384
Tonnes produced (dmt)					
- Garnet concentrate	**31,569**	7,361	14,989	**38,930**	35,801
- Ilmenite concentrate	**8,871**	9,811	15,575	**18,682**	24,736
- Zircon/Rutile concentrate	**2,474**	1,586	2,731	**4,060**	3,985
- Zircon in concentrate	**71.5%**	72.3%	69.6%	**71.9%**	69.8%
- Rutile in concentrate	**16.1%**	16.1%	17.4%	**16.1%**	16.7%

Tormin Sales

Sales (wmt)	30-Jun-24 Quarter	31-Mar-24 Quarter	30-Jun-23 Quarter	Year to Date 30-Jun-24	Year to Date 30-Jun-23
- Garnet concentrate	**25,834**	2,682	9,257	**28,516**	33,080
- Ilmenite concentrate	**784**	49,880	32,537	**50,664**	32,957
- Zircon/Rutile concentrate	**1,792**	3,388	1,960	**5,180**	2,380

Tormin shipments/sales were 1,792 wet metric tonnes of zircon/rutile concentrate, below quarterly production as inventory stocks were rebuilt after being run down in the March Quarter. Ilmenite sales were minor due to the bulk nature of the shipping schedule. Garnet sales tonnes delivered to GMA during the quarter reflected the re-processing of off-spec stockpiles.

Product sales revenue was US$5.4 million, representing a total of 28,410 wet metric tonnes sold, compared to prior period revenue of US$9.9 million for 55,950 wet metric tonnes sold. The decrease in revenue reflects that only two (2) revenue streams were realized during the quarter (no bulk ilmenite shipment compared to Q1).

Tormin Unit Costs & Revenues

Summary of Unit Costs & Revenues	30-Jun-24 Quarter	31-Mar-24 Quarter	30-Jun-23 Quarter	Year to Date 30-Jun-24	Year to Date 30-Jun-23
Unit production cash costs per tonne of net final concentrate produced (US$/dmt)	**394.02**	374.02	168.65	**383.27**	176.39
Unit cost of goods sold per tonne of final concentrate sold (US$/wmt) (1)	**186.26**	157.94	193.55	**166.86**	176.50
Unit revenue per tonne of final concentrate sold (US$/wmt)	**190.80**	175.49	202.09	**180.64**	198.13
Revenue to Cost of Goods Sold Ratio	**1.02**	1.11	1.02	**1.07**	1.12

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

Unit production cash costs were higher in the June quarter, based on volume related metrics reflecting the high % of fixed costs and the cost increases associated with hiring a larger mining fleet.

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Skaland Operations Q2 2024

The June 2024 quarter production performance returned to normal levels.

Graphite concentrate sales during the quarter of 2,217 tonnes were well above the previous quarter of 1,068 tonnes. The operating target remains achieving annualized production levels of 10ktpa.

Skaland Mining

Mining	30-Jun-24 Quarter	31-Mar-24 Quarter	30-Jun-23 Quarter	Year to Date 30-Jun-24	Year to Date 30-Jun-23
Material Mined	**10,000**	5,502	6,945	**15,502**	19,267
Ore Mined	**10,000**	4,890	4,825	**14,890**	14,219
Waste Mined	**0**	612	2,120	**612**	5,048
Ore Grade (%C)	**29**	29	29	**29**	28
Development Metres	**-**	-	23	**-**	73

Total ore mined for the quarter returned to historical norms after a reduced March quarter and grade remains in line with budget, reflecting the consistent nature of the ore body.

Skaland Processing

ROM feed to the processing plant for the March 2024 quarter was 7,011 tonnes compared with 5,120 tonnes in the prior quarter.

Quarterly graphite concentrate production increased to 1,890 tonnes, which is 75% of the historical 10ktpa expectation as improvement measures taken early in the quarter did not take effect until April. The September quarter production will be affected by a 3-week shut down for the European summer holidays. However, plant maintenance will be performed during the downtime aiming to improve plant reliability for the rest of the year.

Processing	30-Jun-24 Quarter	31-Mar-24 Quarter	30-Jun-23 Quarter	Year to Date 30-Jun-24	Year to Date 30-Jun-23
Ore Processed (t)	**7,011**	5,120	5,100	**12,131**	14,511
Throughput (tph)	**7**	8	6	**7**	7
Ore Grade (%C)	**29**	28	29	**29**	28
C Recovery (%)	**92**	90	90	**92**	90
Concentrate Grade (%)	**91**	91	98	**91**	95
Concentrate Produced (t)	**1,890**	1,282	1,435	**3,172**	3,959

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Skaland Sales

Graphite sales increased to 2,217 tonnes of graphite concentrate during the June 2024 quarter, compared to 1,068 tonnes in the March 2024 quarter.

Product (wmt)	30-Jun-24 Quarter		31-Mar-24 Quarter		30-Jun-23 Quarter		Year to Date 30-Jun-24		Year to Date 30-Jun 23	
	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %
Coarse/Medium	**937**	**42%**	489	46%	936	48%	**1,426**	**43%**	1,825	43%
Fine-Medium/Powder	**1,280**	**58%**	579	54%	1,003	52%	**1,859**	**57%**	2,455	57%
Total	**2,217**		1,068		1,939		**3,285**		4,280	

Sales revenue for the June 2024 quarter increased to US$1.8 million for a total of 2,217 tonnes sold.

Skaland Unit Costs & Revenues

Summary of Unit Costs & Revenues	30-Jun-24 Quarter	31-Mar-24 Quarter	30-Jun-23 Quarter	Year To Date 30-Jun-24	Year To Date 30-Jun-23
Unit production cash costs per tonne of net final concentrate produced (US$/dmt)	**941.35**	1,508.36	884.78	**1,170.51**	789.87
Unit cost of goods per tonne of final concentrate sold (US$/wmt) (1)	**1,046.82**	1,656.44	710.09	**1,245.02**	711.97
Unit revenue per tonne of final concentrate sold (US$/wmt)	**833.74**	917.01	783.75	**860.81**	766.36
Revenue to Cost of Goods Sold Ratio sold	**0.80**	0.55	1.10	**0.67**	1.08

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

Unit production cash costs improved significantly in the June quarter due to increased plant and equipment availability.

These metrics will continue to improve when planned Capital investments continue to increase both mining volumes and processing capacity.

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Corporate finance

Funding

The A$4 million convertible loan facility (referred to below) can no longer be drawn down due to materially adverse event, including the grounding of the Ship. The Company is in discussions with Au Mining to provide an amended or new facility to enable drawdown and provide funding to the Company..

The Company is also in active discussions with other potential investors.

GMA

GMA and MRC recently executed a binding agreement ("**Standstill Agreement**") that provides that GMA will take no action in relation to the parent guarantee granted by MRC in relation to a loan between GMA and MSR entered into in May 2023.

The standstill period is for the period ending the earlier of 6 September 2024 or GMA giving written notice of termination of the standstill period if:

- MRC breaches an undertaking or makes a misrepresentation under the Standstill Agreement which is not capable of remedy to GMA's satisfaction;
- MRC becomes insolvent;
- there is a change of control of MRC; or
- it becomes reasonably apparent to GMA based on the information provided to it by MRC that there is no longer a reasonable prospect that not less than A$12m funding being available, either at all or prior to 31 October 2024.

During the standstill period, MRC will provide information relating to funding and GMA will decide whether or not it wishes to extend the standstill beyond this date.

ATO

Subsequent to the quarter end, the Company approached the Australian Tax Office ("**ATO**") and voluntarily initiated discussions regarding PAYG liabilities identified following a review of the reporting systems including BAS reporting going back as far as the commencement of Covid in 2021. The Company has engaged in active discussions with the ATO and will continue to do so.

Munglinup

Subject to confirming its corporate funding arrangements, MRC intends to proceed with the transaction to secure 100% of the Munglinup Graphite Project as detailed below.

It is MRC's strategy to reposition the Company as being focused on graphite only, with integrated assets.

MRC secured binding A$4 million convertible loan

Subsequent to the quarter end, on 4 July 2024 the Company announced it had entered into a binding convertible loan term sheet ("**Term Sheet**") with substantial shareholder Au Mining for a maximum of A$4M.

To date no funds have been drawn down under the loan facility and MRC is in discussions with Au Mining as noted above.

The material terms of the Term Sheet were reached following arm's length commercial agreement and include:

- 1% establishment fee (deducted from the loan amount);
- 15% interest per annum accrued over the period of the loan;
- subject to shareholder approval, 200M options to be granted to Au Mining with an exercise price of A$0.03 each, expiring after three (3) years from the date of issue;

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- subject to shareholder approval, conversion of the amount owed under the loan into ordinary shares in MRC at a conversion price of A$0.03 per share; and
- 1st ranking security on MRC's assets to secure repayment. MRC has obtained a waiver from ASX Listing Rule 10.1, which permits MRC to grant security to the Lender without shareholder approval.

The loan will mature and become repayable along with accrued interest on the earlier of the following (collectively), ("**Maturity Date**"):

- two (2) years from first drawdown;
- if MRC raises additional funds of not less than A$12M, the loan will become payable upon completion of the minimum A$12M raising); and
- if MRC's shareholders do not approve of any or all of the Shareholder Resolutions (as outlined in the announcement dated 4 July 2024), the loan will be repayable within twenty (20) business days after the relevant meeting.

Funds from the loan will be used to:

- purchase a new drill rig for MRC's Skaland graphite mine;
- advance MRC's graphite and active anode projects (including pilot plant, studies and permits at MRC's Munglinup graphite project)
- meet costs associated with MRC's proposed divestment of its Tomin mineral sands mine; and
- pay corporate expenses and provide general working capital.

MRC will require the written consent of the Au Mining to undertake an equity capital raising whilst there is an outstanding loan amount, unless it is (1) a pro-rata rights issue or (2) an accelerated entitlement offer with an upfront placement. The Lender's consent cannot be unreasonably withheld or delayed.

Officeholder changes

On 1 June 2024, Mr Trevor Harris was appointed Chief Financial Officer of the Company, replacing Mr Adam Bick.

Annual General Meeting

The Company's Annual General Meeting was held on 30 May 2024. All resolutions put to shareholders were duly passed on a poll conducted at the meeting.

Securities on Issue

A total of 23,700,000 Performance Rights with various vesting dates and expiring on 11 March 2028 were issued during the quarter. A total of 3,600,000 Performance Rights lapsed subsequent to the quarter end.
Issued securities at the date of this report comprise:

- 984,472,599 fully paid ordinary shares listed on the ASX.
- 5,600,000 Performance Rights vesting upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A$0.19, expiring on 23 February 2026.
- 7,900,000 Performance Rights vesting on 11 March 2025 upon the 30-day VWAP being at or above A$0.038 in the period prior to 11 March 2025, expiring on 11 March 2028.
- 7,900,000 Performance Rights vesting on 11 March 2026 upon the 30-day VWAP being at or above A$0.038 in the period prior to 11 March 2026, expiring on 11 March 2028.
- 7,900,000 Performance Rights vesting on 11 March 2027 upon the 30-day VWAP being at or above A$0.038 in the period prior to 11 March 2027, expiring on 11 March 2028.

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ENDS

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Cautionary Statement

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

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

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