Mineral Commodities

Quarterly Activities Report –December 2024

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Key Matters

Tormin:

- South African business rescue process continuing.

Skaland:

- Share purchase agreement entered into for sale of 100% of Skaland Graphite AS to Norge Mineraler Holding AS.
- Saleable production 1,381 tonnes.

Munglinup:

- Discussions continued with JV partner regarding a formal agreement for binding transaction to settle the dispute and increase interest in Munglinup Project to 100%.

Corporate:

- Agreement reached with GMA to vary the conditions of a standstill agreement to take no action on MRC parent guarantee for GMA loan to MSR.
- A$2.4 million in convertible shareholder loan facilities executed.

Corporate and Cash

- **Available Cash**: US$1.2 million as at 31 December 2024 (US$0.4 million as at 30 September 2024).
- **Borrowings**: US$6.9 million as at 31 December 2024 (US$6.1 million as at 30 September 2024).
- **Securities**: 984.5 million shares and 25.6 million performance rights as at the date of this report.

During the quarter, Mineral Commodities Ltd ("**MRC**" or "**Company**") advised shareholders that it has entered into secured loan facilities with existing shareholders for up to A$2,400,000 of funding. The funding is being provided by five lenders, including the Company's largest shareholder, Au Mining Limited ("**Au Mining**") (A$2,000,000) and four other shareholders (A$100,000 each).

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 engagement with Mitsubishi Chemical Corporation on its technical collaboration;
- Commissioning of the pilot scale battery anode plant has continued, including minor electrical repairs, with encouraging preliminary results; and
- Progress towards securing 100% of the Munglinup Graphite Project.

Munglinup (51%)

During the quarter, the Company continued negotiations for a formal sale agreement ("**Formal Agreement**") between MRC Graphite Pty Ltd ("**MRCG**") and Gold Terrace Pty Ltd ("**Gold Terrace**"), its joint venture partner in the Munglinup Graphite Project ("**Munglinup**"), to settle a dispute and for MRCG to acquire the remaining 49% interest in Munglinup. The Company currently holds an existing 51% interest in Munglinup. Upon acquiring the remaining 49% interest, the Company will become the 100% owner of Munglinup.

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.

Payment terms (originally based on three (3) tranches as announced 25 June 2024) are currently the subject of good faith discussions between the parties regarding timing and other conditions, taking account of MRC's changed circumstances and potential funding arrangements.

The Formal Agreement has not yet been executed.

Completion will be 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 of the sale, 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 September 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%.

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

Active Anode Plant Project (100%)

As previously advised, 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.

Subsequent to the commissioning process, there was an electrical fault in the pilot plant and repairs are

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continuing. Necessary parts have been ordered with delivery now expected late January / early February 2025. The repairs are considered to be minor in nature with the recommencement of the pilot plant expected in February 2025.

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

Tormin

The Company previously reported that Mineral Sands Resources (Pty) Ltd ("**MSR**"), the owner of Tormin appointed a business rescue practitioner shortly after the major maritime incident that occurred in July 2024.

All decisions regarding the operation of Tormin, dealing with its creditors and the future of the business, including ownership, are being made by the business rescue practitioners in accordance with South African law. The Company understands the creditors of MSR agreed to an extension of time for the publication of a "business rescue plan" to 31 January 2025.

MRC continues to hold 50% of MSR and is also a major creditor of MSR as a result of intercompany loans between MSR and other entities in the wider MRC Group.

Safety, Environment and Community Q4 2024

The Company has experienced one (1) Recordable Injury for the year to date following a lost time injury at Skaland during the period.

Skaland

On 30 October 2024, a lost time injury occurred at Skaland when an employee was checking a submersible pump with the help of a loader operator. While lifting the pump from the sump, the little finger of the employee was caught between the sling and the loader scoop. The employee was transported to a medical facility where a small dislocation was found in his little finger.

Skaland management has taken appropriate corrective action.

Sale of Skaland

On 16 December 2024, the Company announced that its wholly owned subsidiary MRC Graphite Norway Pty Ltd ("**MRCGN**") entered into a binding, conditional share purchase agreement ("**SPA**") with Norge Mineraler Holding AS ("**Norge Mineraler**"), for the sale of 100% of its shares in Skaland Graphite AS ("**Skaland**") to Norge Mineraler ("**Transaction**").

Norge Mineraler is a Norwegian mineral exploration company headquartered in Norway and a 100% subsidiary of the UK based Norge Mining Ltd. and has no relation to the Company.

Skaland is the owner and operator of the Skaland Graphite Project ("**Skaland Project**").

Key terms

The key terms of the SPA are as follows:

- Total purchase price of USD$11.75 million comprising:
    - USD$250k non-refundable exclusivity fee, already received;
    - USD$1 million refundable deposit; and
    - USD$10.5 million to be paid at completion.
- Norge Mineraler takes on all liability exposure in relation to Skaland, except intercompany loans.

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- Standard conditions precedent for a transaction of this nature, including that:
    - Skaland has repaid or converted all intercompany loans to equity prior to completion;
    - all third party consents have been received (including Company shareholder approval); and
    - no material adverse change in Skaland.
- The Company is restricted from competing with the business of Skaland in Norway for 3 years.

The SPA otherwise contains terms including representations and warranties that are usual for an agreement of this nature.

Use of proceeds

The proceeds of the Transaction will be applied to:

- payment of creditors of the Company; and
- general working capital.

A notice of general meeting to seek MRC shareholder approval will be released shortly.

Consistent with the Company's business objectives and strategy, if completed, the Transaction will allow the Company to focus its efforts and its capital on its high-quality Munglinup project and downstream active anode plans in Australia.

Skaland Operations

Graphite concentrate production during the quarter was 1,106 tonnes. Production was suspended in November due to the lack of available ore.

Skaland Mining and Processing

Additional ore was not produced from stoping operations during the quarter due to a delay in securing a replacement for the drill rig that failed in September 2023.

A new rig was ordered at that time and has been manufactured. Delivery of the new rig to Skaland is subject to funding.

While October achieved above budget concentrate production of 1,040 tonnes, November and December 2024 failed to produce any significant concentrate due to a delay in securing a replacement drill rig.

A rental rig has since been sourced and is in operation with concentrate production expected to resume during January 2025.

Processing	31-Dec-24 Quarter	30-Sep-24 Quarter	30-Jun-24 Quarter	31-Mar-24 Quarter	Year end total
Ore Processed (t)	**3,560**	**4,685**	**7,011**	**5,120**	**20,376**
Throughput (tph)	**7**	**7**	**7**	**8**	**7**
Ore Grade (%C)	**28**	**26**	**29**	**28**	**28**
C Recovery (%)	**91**	**90**	**92**	**90**	**91**
Concentrate Grade (%)	**90**	**94**	**91**	**91**	**91**
Concentrate Produced (t)	**1,016**	**1,151**	**1,890**	**1,282**	**5,339**

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Skaland Sales

Graphite sales were 1,392 tonnes of graphite concentrate during the December 2024 quarter, substantially down compared to 2500 tonnes budgeted. This was directly impacted by the lack of available ore in November and December. Sales revenue for the December 2024 quarter was US$0.99 million.

Product (wmt)	31-Dec-24 Quarter		30-Sep-24 Quarter		30-Jun-24 Quarter		31-Mar-24 Quarter		Year end total	
	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %
Coarse/Medium	615	45%	610	43%	937	42%	489	46%	2,651	45%
Fine-Medium/Powder	766	55%	576	57%	1,280	58%	579	54%	3,201	55%
Total	1,381		1,186		2,217		1,068		5,852	

Skaland Unit Costs & Revenues

The quarterly variances in the metrics below primarily reflect variances in production and sales volumes over a cost base that has a significant fixed cost component.

Core fixed costs remain under control, however the plant shutdown in the second half of the quarter was used to undertake maintenance on the plant as well as annual certification of mining equipment.

Summary of Unit Costs & Revenues	31-Dec-24 Quarter	30-Sep-24 Quarter	30-Jun-24 Quarter	31-Mar-24 Quarter	Year end total
Unit production cash costs per tonne of net final concentrate produced (US$/dmt)	2,174.74	1,434.27	941.35	1,508.36	1,418.86
Unit cost of goods per tonne of final concentrate sold (US$/wmt) (1)	1,977.48	1,422.84	1,046.82	1,656.44	1,453.91
Unit revenue per tonne of final concentrate sold (US$/wmt)	739.23	879.83	833.74	917.01	835.99
Revenue to Cost of Goods Sold Ratio sold	0.37	0.62	0.8	0.55	0.57

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.

Corporate and finance

GMA

During the quarter, Garnet International Resources Pty Ltd ("**GMA**") agreed to an amendment to extend the standstill arrangement (refer announcements dated 19 August 2024 and 9 September 2024 and 3 October 2024) ("**Standstill Agreement**").

The Standstill Agreement 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. GMA will have a right to terminate the Standstill Agreement if the sale of Skaland has not completed by 5pm (AWST) on 3 March 2025 or any later date agreed to by GMA (in its absolute discretion).

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MRC secured A$2.4 million funding in convertible loan facilities

On 17 October 2024, the Company announced it had entered into convertible loan facility agreements with existing shareholders for a maximum of A$2.4M. The funding was provided by five lenders, including the Company's largest shareholder, Au Mining Limited (Au Mining) (A$2,000,000) and four other shareholders (A$100,000 each).

The terms and conditions of the loans are set out in the announcements dated 17 October 2024, 18 October 2024 and 29 October 2024.

Use of funds

The loan funds are being used for the following purposes:

- A$250k was paid to GMA in accordance with the provisions of the standstill agreement (see announcement 9 September 2024);
- Skaland working capital; and
- Corporate costs / general working capital.

Discussions are also continuing with Gold Terrace regarding a non-refundable deposit to be paid to Gold Terrace for MRC to acquire 49% of the Munglinup Project (see announcement 25 June 2024). The timing and conditions relating to this deposit are currently being discussed with Gold Terrace along with discussions in relation to finalisation of a binding agreement.

Half yearly accounts and audit

Half yearly accounts for 30 June 2024 remain under audit review and are expected to be completed and lodged in the March quarter.

Securities on Issue

3,733,334 Performance Rights lapsed during the quarter.

Issued securities at the date of this report comprise:

1) 984,472,599 fully paid ordinary shares listed on the ASX.
2) 1,866,664 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 30 June 2025.
3) 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.
4) 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.
5) 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.

ENDS

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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.

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