



ASX: MRC

31 August 2023

2023 HALF YEAR RESULTS SUMMARY

Mineral Commodities (ASX: MRC) provides highlights of its results for the half-year ended 30 June 2023:

Heavy Minerals

- Tormin Ore Reserve increased from 21.8Mt to 60.3Mt: ¹
 - The Company has significantly upgraded its overall Inland Strands reserves by 177% (41% increase in contained heavy mineral) and its Inland Strands reserves within its current EMR by 181% (57% increase in contained heavy mineral).
 - The Ore Reserve within the current EMR increased to 21.5 million tonnes at 5.4% VHM (21.0% THM) containing 1.17 million tonnes of heavy mineral in comparison to the Maiden Ore Reserve for the current EMR of 7.9 million tonnes of ore with an average VHM grade of 9.4% resulting in 0.74 million tonnes of in-situ Heavy Minerals.
- The Company announced a significant maiden mineral resource at De Punt of 66.1 million tonnes at 16.9% THM (7.1% VHM), containing 11.19 mineral tonnes of total heavy mineral. 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).²
- Inland Strands commercial production and commissioning was completed in March.³
- Tormin secured MSP funding and 10-year finished garnet offtake agreements: ⁴
 - Offtake Agreement to supply GMA Group with finished garnet product in the following volumes:
 - (i) 2024-2025 – 80ktpa;
 - (ii) 2026-2028 – 105ktpa; and
 - (iii) 2029-2033, subject to renewal at GMA's election – 125ktpa; and
 - GMA Group agrees to provide MSR with US\$10,000,000 in loan funding, repayable over 5 years from 1 January 2024, on commercial terms to fund the design and construction of an MSP in the Western Cape Region of South Africa.
- First bulk shipment from Inlands Strands ore sailed in June 2023.

¹ ASX Announcement entitled 'Significant [Ore Reserve Increase for Tormin Inland Strands](#)', dated 5 April 2023.

² ASX Announcement entitled '[Maiden Mineral Resource at De Punt](#)', dated 24 May 2023.

³ ASX Announcement entitled '[Commissioning Complete for Inland Strands Ore](#)', dated 27 March 2023.

⁴ ASX Announcement entitled '[Tormin Secures MSP Funding and Finished Garnet Offtake](#)', dated 22 May 2023.

Battery Minerals

- Management finalised design of the pilot-scale graphite anode pilot plant within the Critical Minerals Acceleration Initiative (CMAI) Project, with procurement of long lead items underway. This plant is aimed to finalise the commercial scale anode plant design and continue to establish customer support for battery anode production from Skaland and Munglinup graphite.
- EU Horizon funding. Skaland is a member of the DINAMINE (“Digital and Innovative Mine of the Future”) project consortium that has been successful in a European Union €12.3 million grant application.⁵
- Skaland operating results continue to show stability. The quality of Skaland concentrate has also been substantially improved post-acquisition from below 90% TGC to daily averages of up to 97%.

Financial

Total revenue of US\$15.2 million

EBITDA of US\$1.9 million

NPBT of US\$0.8 million

Cash balance of US\$5.6 million

Working capital of US\$7.9 million

- This improved EBITDA performance and return to after-tax profitability reflects the introduction of high-grade production from the Inland Strands, recognition of the carrying value of low grade stockpiles previously expensed and improved cost management particularly at Tormin.
- Management is seeking to improve the profitability at Tormin through:
 - The stabilisation and optimisation of production from the Inland Strands, which will be the catalyst for improved beach mining grades through replenishment with the Strategic Plan providing for the two placer beach deposits being sustainably mined at 1.4-1.5 million tonnes respectively every two years from that point onwards. This plant upgrade is targeted to increase ore processing at Tormin from 2.4mtpa to 2.7Mtpa;
 - A third Primary Concentration Plant (PCP), PCP-3 is also planned for Inland Strands material, targeting a further increase in ore processing from 2.7Mtpa to 3.9Mtpa. PCP-3 is planned to be in production by December quarter 2023; and
 - Construction of mineral separation plant(s) at Tormin, aimed for completion by March 2024, which will transition MSR from a concentrate only business to higher value garnet and ilmenite finished products.
- Management is seeking to improve profitability at Skaland through revenue and cost optimisation strategies.

⁵ ASX Announcement entitled ‘[Skaland Graphite AS successful with EU Horizon Funding](#)’, dated 18 January 2023.

Corporate

- MSR Restructure Agreement signed with Blue Bantry, increasing the Company's interest in Tormin from 50% to 69% once completed.⁶
- The Company has appointed Scott Lowe as Chief Executive Officer (with effect from 1 September 2023). Scott is a senior mining executive with extensive experience in the industry spanning more than 35 years in a wide range of commodities and countries. His current role is Managing Director with Firefinch Ltd (ASX:FFX) until 31 August 2023, and in recent years he has worked with South32 in Australia and as CEO of ArcelorMittal's West African mining business in Liberia. His career has included being CEO of publicly listed mining exploration and development companies and senior management positions in BHP and Peabody Pacific.⁷
- Subsequent to half-year end 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 parties have agreed to a confidential settlement of all disputes between them on a no admission as to liability basis and executed a Settlement Deed in that regard. The details of the Settlement Deed are included in the Review of Operations.⁸

Interim Chief Executive Officer Adam Bick commented: "*The first half of 2022 was focused on establishing the foundation for Tormin returning to historical profitability and increasing the asset value of our heavy mineral and battery mineral divisions, in line with our Five Year Strategic Plan 2022-2026 (Strategic Plan). The Strategic Plan incorporates new vision, values and goals for success and aims to return the Company to solid profitability through maximising profitability from existing assets, while expanding its resources and reserves to increase its scale of operations.*

With the commissioning and ongoing optimisation of Inland Strands production MRC has set the foundations of the Company for the foreseeable future. Combined with future capital to increase production and introduce higher margin finished products from mineral separation plants we are confident we will return Tormin to strong profitability.

Our battery minerals division will continue to show graphite production credentials and develop and battery-to-anode processing capabilities.

We would like to thank our shareholders for their continued support as we continue to execute the Strategic Plan."

⁶ ASX Announcement entitled '[MRC to Increase Ownership Interest in Tormin](#)', dated 12 April 2023.

⁷ ASX Announcement entitled '[Appointment of Chief Executive Officer](#)', dated 27 July 2023.

⁸ ASX Announcement entitled '[MRC to Take 100% Ownership of Skaland: BSG Matter Settled](#)', dated 3 July 2023.

ENDS

Issued by Mineral Commodities Ltd ACN 008 478 653 www.mineralcommodities.com

Authorised by the Interim Chief Executive Officer and Company Secretary, Mineral Commodities Ltd

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About Mineral Commodities Ltd:

Mineral Commodities Ltd is a global mining and development company with a primary focus on the production of high-grade Mineral Sands and Natural Flake Graphite from operations in South Africa and Norway.

The Company is a leading producer of zircon, rutile, garnet, magnetite, and ilmenite concentrates through its Tormin Mineral Sands Operation, located on the Western Cape of South Africa.

The Company owns and operates the Skaland Graphite Operation in Norway, the world's highest-grade operating flake graphite mine and is the only producer in Europe. The planned development of the Munglinup Graphite Project, located in Western Australia, builds on the Skaland acquisition and is a further step toward an integrated, downstream value-adding strategy which aims to capitalise on the fast-growing demand for sustainably manufactured lithium-ion batteries.

In April 2022, the Company released its Five-Year Strategic Plan 2022-2026⁹ to delineate and implement its aspiration to become a leading vertically integrated diversified producer of graphitic anode materials and value added mineral products with a commitment to operate with a focus on the Environment, Sustainability and Governance.

⁹ ASX Announcement entitled '[MRC Unveils Five Year Strategic Plan 2022-2026](#)', dated 29 April 2022.

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.

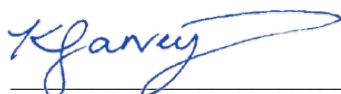
RESULTS FOR ANNOUNCEMENT TO THE MARKET

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period: Half-year ended 30 June 2023

Previous Corresponding Period: Half-year ended 30 June 2022

For and on behalf of the Directors



KATHERINE GARVEY
COMPANY SECRETARY

Dated: 31 August 2023

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit		USD'000's
Revenue from ordinary activities	down 41% to	15,219
Net Profit for the period attributable to members	up 121% to	893

DIVIDENDS

No dividends have been paid or declared during the interim period. The Directors do not recommend the payment of a dividend in respect of the interim period.

COMMENTARY

The directors report accompanying this preliminary final report contains a review of operations and commentary on the results for the half year ended 30 June 2023.

NET TANGIBLE ASSET BACKING

	30 June 2023 US\$'000's	30 June 2022 US\$'000's
Net Assets	50,634	53,541
Net tangible assets of the Company	50,634	53,541
Fully paid ordinary shares on issue at Balance Date	691,455,941	535,490,634
Net tangible asset backing per issued ordinary share as at Balance Date	0.07	0.10

AUDIT DETAILS

The accompanying half yearly financial report has been reviewed. A signed copy of the review report is included in the financial report.

Mineral Commodities Ltd

ABN 39 008 478 653

Half-Year Financial Report

30 June 2023

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by Mineral Commodities Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act, 2001.

DIRECTOR'S REPORT

The Directors present their report on the Consolidated Entity ("the Group"), consisting of Mineral Commodities Ltd ("MRC" or "the Company") and the entities it controlled at the end of or during the half-year ended 30 June 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 in office during the half-year, and up to the date of this report:

Brian Moller	Independent Non-Executive Chairman
Jacob Deyssel	Managing Director (resigned on 6 January 2023)
Russell Gordon Tipper	Independent Non-Executive Director
Guy Walker	Non-Executive Director
Zamile David Qunya	Non-Executive Director
Debbie Ntombela	Independent Non-Executive Director

REVIEW OF OPERATIONS

The Company provides shareholders with an update of the Company's activities during the half-year ended 30 June 2023. 2023 will be focused on returning Tormin to historical profitability and increasing the asset value of our heavy mineral and battery mineral divisions, in line with our Five Year Strategic Plan 2022-2026 (**Strategic Plan**). 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 returns for all stakeholders.

The Strategic Plan incorporates new vision, values and goals for success and aims to return the Company to solid profitability through maximising profitability from existing assets, while expanding its resources and reserves to increase its scale of operations. Our goals are clear:

- Return the Heavy Minerals Division to historical profitability and cash flow generation, then increase its scale of operations;
- Transition the Battery Minerals Division into a commercial battery anode producer, then increase its scale of operations to meet the growing global demand of the electric vehicle and battery storage sectors; and
- Significantly improve our focus on our Environment, Social and Governance (**ESG**) performance to meet the expectations of the global community.

The Company has sought to insulate and return Tormin towards historical profitability levels, the historical average of US\$16 million, aiming for historical profitability levels from 2024 onwards by implementing three income producing assets in 2023:

1. Introduction of mining and processing from the Inland Strands after various plant upgrades, including the introduction of crushing, scrubbing and tailings management to the processing circuit. Commissioning of these plant upgrades to process Inland Strands feed material into Tormin's various end products was completed on 27 March 2023. The importance of this milestone cannot be overstated. The plant upgrade increases the throughput feed capacity of Tormin from 2.4Mtpa to 2.7Mtpa but more importantly it limits beach mining moving forward to 1.5Mta from 2.4Mtpa, with the remaining 1.2Mtpa from Inland Strands material. This enables sustainable replenishment of Tormin's placer beach deposits, meaning that future beach mining is expected at sustainable higher grades, improving the long-term profitability of beach mined material;
2. Adding a third Primary Concentration Circuit (**PCP**), which aims to increase the throughput feed capacity of Tormin from 2.7Mtpa to 3.9Mtpa. Funding for the third PCP was included in the rights issue that was completed on 4 January 2023. With the completion of Inland Strands plant commissioning, management have turned their attention to adding this key asset by Q1, 2024. This asset design has been upgraded to improve

REVIEW OF OPERATIONS (CONTINUED)

product recoveries with new technology, which has delayed expected implementation to Q1 2024. The benefit of this asset is the economies of scale impact on profitability of increasing production, with minimal additional variable operating cost requirements to run this plant. This element is planned for completion in the March 2024 quarter; and

3. Adding garnet and ilmenite mineral separation plants (**MSPs**) from Q1 2024. Tormin has produced concentrate products since inception at reasonable margins. Further processing via MSPs will convert these concentrate products into finished products, which are expected to generate better profit margins. During the half-year MRC completed final contracts with GMA Group. The contracts included a long-term Offtake Agreement and a Loan Agreement to fund the introduction of MSPs.

Improving profitability improves cash flow generation at Tormin when combined with disciplined capital management.

The Inland Strands reserve upgrade announced in April 2023, increasing total ore reserve by 177% and by 181% for the ore reserve within the current Expanded Mining Right, provides a foundation for the Company to consider increasing feed production beyond 3.9 Mtpa, subject to stakeholder approvals. This, combined with the recently announced De Punt (adjacent to Tormin) resource, that provided a 31% increase in total Tormin mineral resource tonnes and a 57% increase in total Tormin mineral resource in situ heavy mineral, aims to significantly increase the asset value of the Heavy Minerals Division by further increasing its scale of operations.

The scale of Tormin has also been increased after the Company entered into formal agreements (**Restructure Agreements**) for the restructure of its holding in Mineral Sands Resources (Pty) Ltd (**MSR**) in order to align with the recommendations of the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (as amended) (the "**2018 Mining Charter**"). 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.

The Company's focus in the Battery Minerals Division in 2023 is successful completion of the graphite ore-to-battery anode piloting, subject to funding, for anode materials production from Skaland and Munglinup, which is the final precursor to commercial scale anode production and obtaining environmental authorisation and a subsequent mining right for Munglinup, leading to an FID decision on development of the asset. Subject to funding, the Company would also like to explore increasing its reserves and resources at Skaland and Munglinup as and when appropriate. During the half-year the Company completed design of the graphite ore-to-battery anode pilot plant and began procurement, aiming for completed construction before the end of 2023.

Increasing asset value from 2024 will be aimed at the development of Munglinup, potential expansion of Skaland production, and commercial anode production from Skaland and then Munglinup after development and increasing its reserves and resources through further exploration.

The dispute with the minority (< 10%) shareholder at Skaland was resolved subsequent to the half-year, enabling potential value-accretive investment at Skaland in the second half of 2023.

Our ESG focus will continue to be enhanced in 2023 with Tormin moving 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, procurement transformation at Tormin ongoing, environmental work at Tormin aimed at identifying and implementing a sustainable mining framework (biodiversity management plan and strategic environmental assessment), effectively managing tailings disposition from Inland Strands material processing, improving community engagement in operating areas, assessing environmentally friendly power alternatives at Tormin, testwork seeking minimisation of tailings disposition at Skaland and an ongoing commitment to compliance and strategic partnerships with regulators.

REVIEW OF OPERATIONS (CONTINUED)

A review of MRC's objectives of the Strategic Plan is outlined below:



The key elements of the Strategic Plan are:

Environment, Social and Governance (ESG)

1. MRC to re-brand as a larger, diversified, sustainable and responsible critical and industrial minerals producer.
2. Improve our Social Licence - align with best practice sustainability frameworks.
3. Align to ASX Corporate Governance Council Principles & Recommendations.
4. Obtain ISO certification of our operations and best practice health, safety and environmental standards.

Achievements during the half-year:

- Alignment to ASX Corporate Governance Council Principles & Recommendations:
 - The Statement of Corporate Governance in MRC's 2022 annual report outlines MRC's continued alignment with ASX Corporate Governance Council Principles & Recommendations;
- Improving our Social Licence in South Africa in procurement and employment equity;
 - The Company has continued to engage with stakeholders in South Africa to improve its performance in terms of the involvement of historically disadvantaged persons (**HDP**) owned entities in the procurement programmes and employment equity for HDP. MRC executive and management of Mineral Sands Resources (**MSR**) continued to execute the agreed MSR Procurement Transformation Strategy, aimed at ensuring compliance with the recommendations of the Mining Charter 2018 and promoting economic growth through the development or nurturing of small, medium and micro enterprises and suppliers of mining goods and services. Employment equity is being actively monitored;

REVIEW OF OPERATIONS (CONTINUED)

- MSR's ownership structure work has been completed to ensure compliance with the recommendations of the Mining Charter 2018;
 - Considerable work was completed during the half-year with our BEE Entrepreneur, Blue Bantry, in restructuring MSR's ownership structure and compensatory measures to ensure more appropriate commercial outcomes for our stakeholders and compliance with the Mining Charter 2018;
 - The Company entered into Restructure Agreements during the half-year whereby MSR's ownership structure will change from 50% owned by Blue Bantry and MRCR to being 69% owned by MRCR, 21% owned by Blue Bantry, 5% owned by employees and 5% owned by the community;
 - In consideration for the reduction of Blue Bantry's interests in MSR from 50% to 21%, MRCR has agreed to forgive long term loans and other amounts owed to it by Blue Bantry, and the parties have agreed that Blue Bantry will be entitled to receive 11.3M fully paid ordinary shares in the capital of MRC (Consideration Shares). There is also a minimum annual dividend set at US\$10,000 per 1% interest in MSR aimed at ensuring the flow of regular dividends, or equity equivalent benefits, to the respective B-BBEE participants;
 - Completion of the restructure of MSR by the transactions outlined above is subject to the satisfaction of a number of conditions precedent including the receipt of all required regulatory approvals;
- Improved environmental management in South Africa:
 - The Company submitted a Biodiversity Management Plan ("BMP") in terms of section 43 of the National Environmental Management Biodiversity Act to the Minister of Environment, Forestry and Fisheries for consideration;
 - The Company also submitted a motivation for a Strategic Environmental Assessment (**SEA**) to the Minister of Environment, Forestry and Fisheries proposing that the Minister facilitate the initiation of an environmental management framework in terms of Regulation 2 of the Environmental Framework Regulations;
- MRC signed the Participation and Heritage Engagement Agreement (**PHE Agreement**) for the Munghlinup Graphite Project with the Esperance Tjaltjraak Native Title Aboriginal Corporation (**ETNTAC**):
 - In accordance with the Company's ESG focus, we look forward to the opportunity to provide economic, social, and environmental benefits to ETNTAC and the local community. The Agreement is one of the key precursors to obtaining environmental authorisation and a mining right for the Project. The Agreement includes standard commercial terms, warranties and undertakings for contracts of this nature and includes a royalty payable to ETNTAC of 0.5% of the gross proceeds derived from the sale or other disposal of graphite concentrate extracted from the Project by the Company each year, commencing on the production commencement date;

Targeted developments in the next twelve months:

- The Company will be rebranded and refocused to align with its strong ESG focus, having empathy for its impact on communities, achieving best practice compliance with sustainability frameworks and good corporate citizenship. This focus supports the European battery storage and EV market expectation requiring a low carbon footprint through the entire supply chain;
- Continue execution of the MSR Procurement Transformation Strategy;
- Completion of the restructure of MSR's ownership structure;
- Improve sustainability action plans and reporting through the development of sustainability frameworks guided by the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals; and
- Continuous improvement in health, safety and environmental standards.

REVIEW OF OPERATIONS (CONTINUED)

Battery Minerals

1. Position MRC's Battery Minerals Division as a sustainable, vertically integrated graphitic anode supplier in Europe, leveraging off the operating European based Skaland graphite mine.
2. Subject to funding, return Skaland to profitability, complete expansion study and a Final Investment Decision (**FID**) for potential expansion beyond current mining right of 16Ktpa, targeted for Q4 2023.
3. Subject to funding, accelerate Munglinup development, with an FID targeted for Q2 2024, intended to significantly increase graphite concentrate production.
4. Subject to funding, downstream graphitic anode product qualification targeted for Q4 2023. Commercial scale plants targeted to be in operation by the end of 2024.
5. Increase graphite resources from existing 9.83 million tonnes through active organic and inorganic resource and reserve growth.

Achievements during the half-year:

- EU Horizon funding;
 - Skaland is a member of the DINAMINE ("Digital and Innovative Mine of the Future") project consortium that has been successful in a European Union €12.3 million grant application. Skaland is one of two European mining operations in the project consortium where developed technologies will be scaled-up and tested. The project represents a step-change in process management at Skaland from the current, essentially manual operations. Beneficial applications for Skaland will include mine to port optimisation of the production process using: sensors, models and process control algorithms developed by the consortium to optimise plant production rates; semi-automated drilling and remote geotechnical monitoring at Trælen mine to reduce mining costs and improve mine safety; and evaluation of alternative tailings options aimed at reducing Skaland's environmental footprint even further. This will allow Skaland Graphite to maximise graphite concentrate production and support future certification requirements for graphite concentrate supply into the Lithium-ion battery supply chain;
- Management finalised design of the pilot-scale graphite anode pilot plant within the Critical Minerals Acceleration Initiative (**CMAI**) Project, with procurement of long lead items underway. This plant is aimed to finalise the commercial scale anode plant design and continue to establish customer support for battery anode production from Skaland and Munglinup graphite;
- Skaland operating results continue to improve:
 - One of the objectives of management is to stabilise operations at Skaland and return Skaland to profitability. The half-year results reflect that Skaland production has remained stable. The quality of Skaland concentrate has also been substantially improved post-acquisition from below 90% TGC to daily averages of up to 97%. Cost and revenue optimisation is ongoing;

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

REVIEW OF OPERATIONS (CONTINUED)

Battery Minerals (continued)

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

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

MRCGN completed the First Tranche payment on 5 July 2023. MRCGN is now the registered 100% owner of Skaland. The settlement allows MRC to achieve 100% control of Skaland, a potentially value-accretive investment. Skaland is a critical asset in our Battery Minerals Division strategy and a critical operating asset in Europe. MRC will continue its focus in 2023 towards the successful completion of the graphite ore-to-battery anode piloting for anode materials production from Skaland and Munglinup, which is the final precursor to commercial scale graphitic anode production aimed for 2024.

With the First Tranche payment having been made, Mr Nania has resigned as a Skaland director, the Shareholders Deed has been terminated and mutual releases, including any and all legal matters between the Parties, have been completed.

Targeted developments in the next twelve months, subject to funding, include:

- Downstream pilot plant construction in Australia for the Munglinup Graphite Project, which can also utilise Skaland concentrate. This plant will provide the next round of anode materials qualification samples for customers and the design blueprint for a DFS study of commercial-scale graphite anode plants;
- Further development of a collaboration agreement with MCC;
- Obtain environmental authorisation that complements the current mining right for Munglinup;
- Further drilling, tailings optimisation and expansion studies for Skaland, targeting extension of the current reserve, which may underpin the feasibility of increased production. Management is targeting 25ktpa, if reserve drilling and permitting extensions support that rate;
- Accelerate Munglinup development, including further drilling at Munglinup and the adjacent exploration permit, targeting extension of the current resource and reserve, prior to FID decision in Q2 2024;
- Vardfjellet exploration drilling, targeting an initial resource for the prospecting area; and
- Upgrade corporate European positioning to support anode sales focus on Europe.

REVIEW OF OPERATIONS (CONTINUED)

Heavy Minerals

1. Reposition MRC's Heavy Minerals Division as a larger, sustainable, vertically integrated heavy minerals supplier.
2. Tormin mine improvements in efficiency, flexibility and scale.
3. Intention to transition into higher value finished products targeted for Q1 2024.
4. Increase Tormin mineral resources from existing circa 216.2 million tonnes through active organic and inorganic resource and reserve growth, with studies and additional permitting intended to significantly increase production.

Achievements during the half-year:

- Tormin Ore Reserve increased from 21.8Mt to 60.3Mt:
 - The Company has significantly upgraded its overall Inland Strands reserves by 177% (41% increase in contained heavy mineral) and its Inland Strands reserves within its current EMR by 181% (57% increase in contained heavy mineral). The updated total ore reserve is 60.3 million tonnes at 3.7% VHM (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;
 - The Ore Reserve within the current EMR increased to 21.5 million tonnes at 5.4% VHM (21.0% THM) containing 1.17 million tonnes of heavy mineral in comparison to the Maiden Ore Reserve for the current EMR of 7.9 million tonnes of ore with an average VHM grade of 9.4% resulting in 0.74 million tonnes of in-situ Heavy Minerals. This represents an increase of 13.6 million tonnes (181% increase) at 3.1% VHM for an additional 0.42 million tonnes of heavy mineral (57% increase) since the previous Ore Reserve announcement;
 - This extremely significant Ore Reserve upgrade, both within and outside the EMR, will underpin the long term profitability of Tormin and significantly enhance the asset value of our Heavy Minerals Division. The Inland Strands provides flexibility for Tormin to sustainably mine its two producing, replenishable placer beach deposits over the long term and also provides another long term profitability source in its own right. Further, given the size of the Ore Reserve we now have the strategic advantage of being able to consider further increasing the scale of Tormin in the near term beyond 3.9Mtpa;
- The Company announced a significant maiden mineral resource at De Punt of 66.1 million tonnes at 16.9% THM (7.1% VHM), containing 11.19 mineral tonnes of total heavy mineral. 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).
 - This represents a 31% increase in total Tormin mineral resource tonnes and a 57% increase in Tormin mineral resource in situ heavy mineral. These spectacular results are even more impressive due to the significant potential to increase Mineral Resources, given only one of the seven identified De Punt exploration targets has been drilled;
 - This increase to the overall Mineral Resources at Tormin reflects the Company's focused commitment to its Strategic Plan aiming to increase Tormin's asset value by expanding mineral resources and reserves through organic growth with the aim of significantly increasing production and returning Tormin to historical profitability levels;

REVIEW OF OPERATIONS (CONTINUED)

Heavy Minerals (continued)

- Inland Strands commercial production and commissioning was completed in March:
 - Inland Strands production will substitute some annual beach mining. MSR's complete processing circuit has been commissioned and continues to be optimised to produce heavy mineral concentrate stocks and commercial production of garnet, ilmenite and non-magnetic (zircon and rutile) saleable concentrate products at theoretical production and historical recovery rates. Primary Concentration Plant (**PCP**) PCP-1 will process Inland Strands material and PCP-2 will process beach mined material. The production schedule enables sustainable beach mining with beach mining rotating annually between Tormin Beaches and Northern Beaches production. It is expected that this will result in more sustainable beach mining grades, with each placer beach deposit being given replenishment time of 12 out of every 24 months, complemented by PCP-1 processing Inland Strands ore;
 - PCP upgrades, completed during the half-year, mean that each PCP can process 1.5Mtpa of beach material or 1.2Mtpa of Inland Strands, up from 1.2Mtpa of beach material or 0.8Mtpa of Inland Strands historically. In total, management is targeting processing 2.7Mtpa of ore with two PCPs, up from historical rates of circa 2.4Mtpa;
- Tormin secured MSP funding and 10-year finished garnet offtake agreements:
 - Final contracts with GMA Group were completed during the half-year. The contracts included a long term Offtake Agreement and a Loan Agreement to fund the introduction of MSPs. The terms of the Agreements are outlined below:
 - Mineral Sands Resources (Pty) Ltd ("MSR") agrees to supply GMA Group with finished garnet product in the following volumes:
 - (i) 2024-2025 – 80ktpa;
 - (ii) 2026-2028 – 105ktpa; and
 - (iii) 2029-2033, subject to renewal at GMA's election – 125ktpa; and
 - GMA Group agrees to provide MSR with US\$10,000,000 in loan funding, repayable over 5 years from 1 January 2024, 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 200ktpa the only specified requirement under the GMA Agreements. MSR intends for all garnet and ilmenite concentrate feedstock to be processed through the MSP.
- PCP-3 testwork and design work ongoing during the half-year.

Targeted developments in the next twelve months, subject to funding, include:

- Stabilisation of production from the Inland Strands plant upgrade. This plant upgrade is targeted to increase ore processing at Tormin from 2.4Mtpa to 2.7Mtpa;
- Further Inland Strands drilling targeting to extend and expand the current Inland Strands reserve;
- Construction and commissioning of PCP-3, aimed at increasing production capacity from 2.7Mtpa to 3.9Mtpa;
- Construction and/or acquisition of mineral separation plant(s) to transition to higher value finished products by the March 2024 quarter; and
- Drilling options are being considered to expand resources or delineate an initial reserve at De Punt.

REVIEW OF OPERATIONS (CONTINUED)

Corporate

1. Consider funding options to further progress near-term cash generating projects at Tormin and to advance MRC's Battery Minerals Division in Europe by prioritising the development of Skaland, a fully permitted operating graphite mine in Europe; development of Munglinup and MRC's associated downstream anode business.
2. Continue discussions with European, North American and Asian downstream players in the anode market and pursue opportunities with strategic partners.
3. Consider strategic M&A opportunities.

Achievements during the half-year:

- MSR Restructure Agreement signed with Blue Bantry, increasing the Company's interest in Tormin from 50% to 69% once completed;
- Tormin secured MSP funding and 10-year finished garnet offtake agreements, underpinning Tormin's transition from concentrate only sales to finished product sales; and
- Successful negotiation and conclusion to the dispute with the minority owner of Skaland, resulting in the Company taking 100% ownership of Skaland subsequent to the half-year.

Targeted developments in the next twelve months:

- Secure debt and/or equity funding of the development opportunities for the Battery and Heavy Minerals Division; and
- Rebranding of the Company.

REVIEW OF OPERATIONS (CONTINUED)

Safety, Environment and Community

The ongoing commitment to developing a safe working environment and culture continues. Encouragingly, this half-year saw the three-month and the twelve-month rolling TRIFR at nil at both operating sites. There were no LTIs during the half-year.

Under the Company's Social Labour Plan (**SLP**) at Tormin, the Company has invested circa ZAR2.6 million in the first half of 2023 into various learnership, internship and bursary programs to benefit both employees and community students. Initiatives within the local community and workplace included bursaries, scholarships, traineeships, internships, apprenticeships, and adult basic education programs.

Tormin Mineral Sands Operation

Tormin Operational and Financial Performance

The Company delivered a solid operating performance during the first half of 2023. The following key production and sales metrics were achieved:

Mining Production	Half-Year to 30 June 2023	Half-Year to 30 June 2022
Ore Mined – High Grade Tonnes (dmt)	675,607	1,452,762
%VHM Grade	7.49%	11.02%
Garnet	5.39%	8.93%
Ilmenite	1.46%	1.32%
Zircon	0.42%	0.50%
Rutile	0.22%	0.27%
Ore Mined – Low Grade Tonnes (dmt) (> 2% VHM)	1,051,657	5,293

Tormin reduced total high grade material mined during the half-year to 0.68 million tonnes, with a Valuable Heavy Mineral ("VHM") grade of 7.49% in comparison to the previous half-year of 11.02%. The decreased VHM grade reflects no Inland Strands ore mining from the high-grade South Pit in comparison to the previous half-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 September 2023 quarter as Inland Strands processing accelerates in the second half of 2023.

Tormin year-to-date total material moved is significantly ahead of 2022, with mining focusing on mining low grade stockpiles to expose the high-grade strandline ore in the second half of 2023.

The Company maintained total ore mining production rates during the half-year at an annualised rate of 3.4 million tonnes per annum (**Mtpa**) (2.9Mtpa as at 30 June 2022).

REVIEW OF OPERATIONS (CONTINUED)

Tormin Mineral Sands Operation (continued)

Significant Inland Strand ROM stockpiles remain in anticipation of further optimisation of the primary concentration circuit and tailings discharge facilities, to be completed in the second half of 2023.

Processing and Production	Half-Year to 30 June 2023	Half-Year to 30 June 2022
Primary Beach Concentrators		
Tonnes processed (dmt)	775,260	1,280,098
Heavy mineral concentrate (dmt)	163,728	260,982
% Heavy mineral grade	43.00%	41.40%
Garnet Stripping Plant/Secondary Concentrator Plant		
Tonnes processed (dmt)	110,384	293,460
Tonnes produced (dmt)		
Garnet concentrate (net)	35,801	96,584
Ilmenite concentrate (net)	24,736	20,757
Zircon/Rutile concentrate	3,985	4,311
% Zircon in concentrate	69.80%	74.78%
% Rutile in concentrate	16.70%	17.55%

ROM feed to the PCPs for the half-year was 775,260 tonnes at an average feed rate of 282 tonnes per hour (**tph**) at 61% plant utilisation, with the throughput 31% below the previous half-year's 1,280,098 tonnes at an average feed rate of 337tph at 88% plant utilisation. The Company's lower processing rate of PCPs during the half-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 produced was 62.7% below the previous half-year, reflecting 60.6% lower feed into the PCPs.

Garnet Stripping Plant/Secondary Concentration Plant (**GSP/SCP**) feed of 110,384 tonnes was below the prior half-year's 293,460 tonnes. The GSP/SCP operated at 56% utilisation with an infeed throughput rate of 76 tph. Lower production reflects the slowed infeed throughput rate in comparison to the previous half-year for test Inland Strands production and then to seek to optimise plant setup for the Inland Strands feedstock, without any significant decrease in grade recoveries.

Total tonnes processed by the secondary concentrator (GSP/SCP) were 65kt, compared to 122kt from the previous half-year.

Sales (wmt)	Half-Year to 30 June 2023	Half-Year to 30 June 2022
Garnet concentrate	33,080	113,887
Ilmenite concentrate	32,957	5,745
Zircon/Rutile concentrate	2,380	5,682

MRC and GMA Group executed a garnet offtake agreement for 100,000 tonnes of garnet concentrate per annum commencing 1 January 2021. The offtake agreement with GMA Group forms the foundation of the revenue base at Tormin, with GMA's commitment being fully delivered during the first half of 2022 in the comparative. Due to lower garnet production in 2023 and optimisation work to produce higher spec garnet from Inland Strands feed material, GMA deliveries are behind schedule in 2023. The Company intends to meet its annual commitment to GMA in the second half of 2023, reflecting expected higher revenues in the second half of 2023.

Ilmenite revenue reflects 32Kt of ilmenite bulk sales during the half-year, the result of higher ilmenite production from Inland Strands material. The Company expects a 55Kt ilmenite shipment in the second half of 2023 from expected increased Inland Strands production.

REVIEW OF OPERATIONS (CONTINUED)

Tormin Mineral Sands Operation (continued)

Non-mags sales are below last half-year due to lower non-mags production in 2023. Again, the Company expects increased sales in the second half of 2023 from expected increased Inland Strands production.

Product sales revenue at Tormin for the half-year was US\$12 million for a total 68,417 wet metric tonnes sold, below the prior half-year's revenue of US\$22 million for 125,314 wet metric tonnes sold. The lower sales revenue reflects lower concentrate production during the half-year.

The following table summarises Tormin's unit costs and revenues for the half-year to 30 June 2023:

Summary of Unit Costs & Revenues	Half-year to 30 June 2023	Half-year to 30 June 2022
Unit production cash costs per tonne of net final concentrate produced (\$/dmt)	176.39	113.08
Unit cost of goods sold per tonne of final concentrate sold (\$/wmt) ⁽¹⁾	176.50	138.70
Unit revenue per tonne of final concentrate sold (\$/wmt)	198.13	171.02
Revenue to Cost of Goods Sold Ratio	1.12	1.23

(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 for the 2023 half-year was US\$176.39/t for 64,522 final concentrate tonnes produced, above the prior period's US\$113.08/t for 121,652 final concentrate tonnes produced. Unit production cash costs in 2023 are 56% higher than the previous half-year due to a 53% decrease in concentrate production and higher road transport costs with increased demand for road transport in the market.

Total unit cost of goods sold of US\$176.50/t for the half-year for 68,417 final concentrate tonnes sold again reflects lower concentrate sales from lower production.

Unit revenue per tonne of final concentrate sold for the half-year of US\$198.13/t is above the US\$171.02/t for the previous half-year. This reflects increased pricing obtained for non-mags and garnet products in 2023.

Revenue to Cost of Goods Sold Ratio for the half-year is 1.12 compared to the prior period's 1.23. The result reflects higher unit cost of goods sold.

Exploration and Permitting

The Company's successful exploration and initial resource at De Punt was outlined in the Heavy Minerals Division achievements during the half-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 16km 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.

REVIEW OF OPERATIONS (CONTINUED)

Tormin Mineral Sands Operation (continued)

Tormin Resource and Prospecting Activities

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 half-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.

Skaland Graphite Operation

Safety, Environment and Community

This half-year saw the three-month and the twelve-month rolling TRIFR remain at nil. There were no LTIs during the half-year.

Skaland Operational and Financial Performance

One of the objectives of management was to stabilise operations at Skaland and return Skaland to profitability. The half-year reflects Skaland production just below an annualised production rate of 10ktpa, which is the historical peak performance baseline for Skaland. Management expectation is to recover the annualised production rate of 10ktpa in the second half of 2023. Cost and revenue optimisation is ongoing.

The Company focused on operational efficiencies at the Trælen mine. The following key production and sales metrics have been achieved during the half-year:

Mining	Half-Year to 30 June 2023	Half-Year to 30 June 2022
Tonnes Mined	19,267	20,537
Ore Mined (t)	14,219	19,338
Waste Mined (t)	5,048	1,200
Ore Grade (%C)	28%	25%
Development Metres	73	233

Total material moved in 2023 reflects 94% of total material moved in 2022. This reflects higher fleet breakdowns in 2023 in comparison to the previous half-year.

Ore Mined during the half-year is 74% of 2022, reflecting higher fleet breakdowns at Skaland. It should also be noted that the single entry road to the mine was repaired in June 2023, meaning no new production was able to be transported to the plant.

Waste Mined increased in comparison to the prior half-year due to the increased stoping, whereas last year focused on the productivity of the down-dip development by a mining contractor, completed in November 2021. This work provides access to circa 3-5 years of ore production based on long term production at Skaland, which has been mined at circa 40 Kt of ore annually to produce circa 10 Ktpa of graphite.

REVIEW OF OPERATIONS (CONTINUED)

Skaland Graphite Operation (continued)

Graphite concentrate production of 3,959 tonnes is below the historical peak of annualised 10,000 tonnes of production due to lower ore production as a result of various operational downtimes during the previous half-year. The plant treated 14,511 tonnes of ore, grading 28%C resulting in 3,959 tonnes of bagged product.

Processing	Half-Year to 30 June 2023	Half-Year to 30 June 2022
Ore Processed (t)	14,511	17,614
Throughput (tph)	7	6
Ore Grade (%C)	28	25
C Recovery (%)	90	93
Concentrate Grade (%)	95	91
Concentrate Produced (t)	3,959	5,268

The Company has recently invested in restoring the mine access road and the primary AG mill in the plant was overhauled in the July summer shut, aimed at improving production in the second half of 2023.

Half-yearly graphite concentrates sales of 4,280t is slightly below historical performance, however, there has been a significant improvement in the production of higher value coarse/medium products.

Product (wmt)	Half-Year to 30 June 2023		Half-Year to 30 June 2022	
	Sales	PSD %	Sales	PSD %
Coarse/Medium	1,825	43%	1,755	35%
Fine-Medium/Powder	2,455	57%	3,323	65%
Total	4,280		5,078	

Sales revenue for the half-year was US\$3.2 million for a total of 4,280 tonnes sold, compared to the previous half-year US\$3.8 million for a total of 5,078 tonnes sold. Lower sales reflect lower production during the 2023 half-year, partially offset by an improved coarse/fines ratio from production during the current half-year.

REVIEW OF OPERATIONS (CONTINUED)

Skaland Graphite Operation (continued)

The following table summarises Skaland's unit costs and revenues for the half-year to 30 June 2023 and compares against the half-year to 30 June 2022:

Summary of Unit Costs & Revenues	Half-year to 30 June 2023	Half-year to 30 June 2022
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	539.72	661.67
Unit cost of goods sold per tonne of final concentrate sold (US\$/dmt) (1)	564.54	769.24
Unit revenue per tonne of final concentrate sold (US\$/dmt)	779.39	744.63

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 in 2023 were lower than 2022 due to lower labour consultancy of ex-pats as site employees maintain stabilised operations. With operations stabilised since the December 2021 quarter, this ex-pat labour is being released, with the final ex-pat contractor leaving Skaland in Q3 2023.

Importantly unit revenue pricing has materially improved, reflecting the improved coarse/fine fraction achieved during the half-year.

Exploration and Permitting

Minimal activity was undertaken during the half-year

Munglinup Graphite Project

Exploration and Permitting

The project is on a mining lease granted until 2031 within a designated mining reserve. The Company had ongoing dialogue with the Western Australian Environmental Protection Authority (**EPA**) and the Department of Water and Environmental Regulation (**DWER**) during the half-year. Final environmental permits are expected in the March 2024 quarter.

MRC signed the PHE Agreement for the Munglinup Graphite Project with ETNTAC. In accordance with the Company's ESG focus, we look forward to the opportunity to provide economic, social, and environmental benefits to ETNTAC and the local community. The Agreement is one of the key precursors to obtaining environmental authorisation and a mining right for the Project. The Agreement includes standard commercial terms, warranties and undertakings for contracts of this nature and includes a royalty payable to ENTAC of 0.5% of the gross proceeds derived from the sale or other disposal of graphite concentrate extracted from the Project by the Company each year, commencing on the production commencement date.

The Company is working with its independent consultants to form a strategic exploration program for Munglinup and the surrounding areas, aiming to identify increased graphite resources in the area.

REVIEW OF OPERATIONS (CONTINUED)

Munglinup Graphite Project (continued)

The figure below shows the prioritised target areas in Munglinup including the Priority 1 targets between the known graphite ore bodies, highlighting the potential upside.

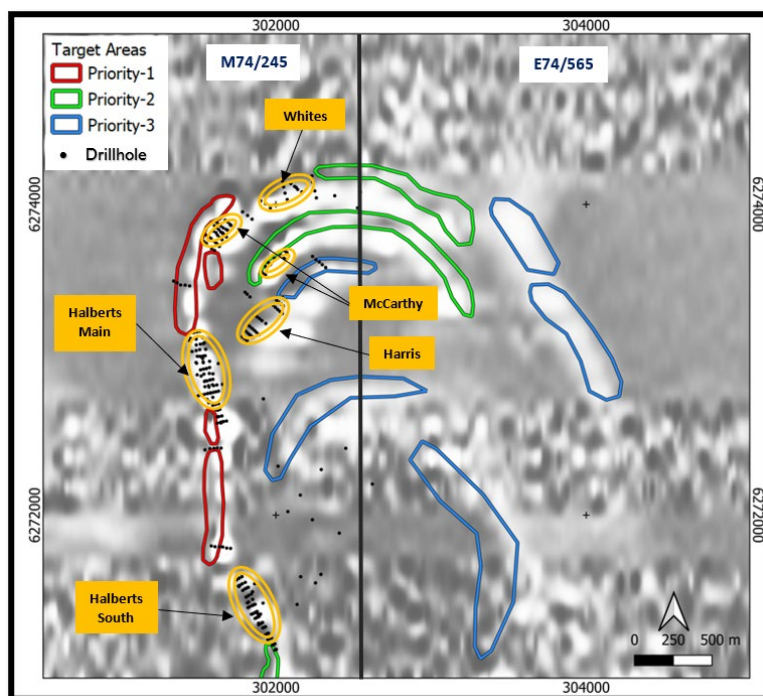


Figure: Prioritised target areas at Munglinup

A Definitive Feasibility Study 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 Ore Reserve.

As announced to the ASX on 8 January 2020, the Company presently intends in due course to exercise its right to increase its joint venture interest from 51% to 90% by:

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

REVIEW OF OPERATIONS (CONTINUED)

Downstream Graphite Projects

The Company remains committed to building the asset value of the Battery Minerals Division. A FID review of the Munglinup graphite development is expected in the March 2024 quarter, subsequent to final environmental approvals, mining rights and updating of the Definitive Feasibility Study (DFS) previously completed in January 2020. The Munglinup Graphite Project remains a crucial asset in the Company's overall ambition to supply natural graphite into the key high-demand battery anode markets, with the DFS outlining a graphite asset able to produce approximately 52,000tpa over 14 years at an average grade of 12.8%. The Munglinup deposit formed the majority of the Pre-Feasibility Study valuation for battery anode production from Skaland and Munglinup. The NPV attributed to the Battery Materials division was US\$1.0 billion.

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

Xolobeni Mineral Sands Project

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. The Company continues to consider that the Xolobeni Mineral Sands Project has compelling socio-economic benefits for the area and can be developed in conjunction with the eco-tourism and agricultural initiatives that are being put forward by various stakeholders.

Corporate

During the half-year Mr Jacob Deysel resigned as CEO and Managing Director of the Company for personal reasons.

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

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

The Company's management has focused this half-year on returning its Heavy Minerals Division to historical profitability and increasing its asset value, while also prioritising long lead work on increasing the asset value of the Battery Minerals Division.

Heavy Minerals achievements during the half-year and up to the date of this report include:

- Ongoing plant optimisation and commercial production from Inland Strands material. This is critical to sustainable beach mining operations at higher grades in the long term;
- Significant upgrade in Inland Strands ore reserves to 60.3Mt, underpinning proposed production upgrades and the targeted long term profitability of Tormin;

REVIEW OF OPERATIONS (CONTINUED)

Corporate (continued)

- Increasing the Company's stake in its heavy minerals production assets from 50% to 69%, expected to materially increase the net present value of the Company's stake in these assets;
- De Punt initial high grade resource announced of 66.1Mt;
- Finalisation of design for the PCP-3 asset, aimed at increasing production from 2.7Mtpa to 3.9Mtpa; and
- Finalisation of contracts with GMA Group funding MSPs, up to US\$10 million, that is underpinned by a long term offtake agreement with GMA Group. MSPs remain targeted for production from March quarter 2024.

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

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

Consolidated Results and Financial Position

Earnings before interest, tax, depreciation and amortisation ("EBITDA") of \$1.9 million and a net profit after income tax ("NPAT") of \$0.8 million for the 2023 half-year are above 2022 comparative performance (2022 EBITDA \$0.1 million and NPAT of \$4.6 million). This improved EBITDA performance and return to after-tax profitability reflects the introduction of high-grade production from the Inland Strands, recognition of the carrying value of low grade stockpiles previously expensed and improved cost management particularly at Tormin. Management believes profit performance will continue to improve in the second half of 2023 with the optimisation of Inland Strands production. However, the Company continues to face challenges with an aging plant, fleet and potential ongoing seawater intake issues that will need to be actively managed.

Management is seeking to improve the profitability at Tormin through:

- The stabilisation and optimisation of production from the Inland Strands, which will be the catalyst for improved beach mining grades through replenishment with the Strategic Plan providing for the two placer beach deposits being sustainably mined at 1.4-1.5 million tonnes respectively every two years from that point onwards. This plant upgrade is targeted to increase ore processing at Tormin from 2.4Mtpa to 2.7Mtpa;
- A third Primary Concentration Plant (**PCP**), PCP-3 is also planned for Inland Strands material, targeting a further increase in ore processing from 2.7Mtpa to 3.9Mtpa. PCP-3 is planned to be in production by December quarter 2023; and
- Construction of mineral separation plant(s) at Tormin, aimed for completion by March 2024, which will transition MSR from a concentrate only business to higher value garnet and ilmenite finished products.

Management is seeking to improve profitability at Skaland through revenue and cost optimisation strategies.

At 30 June 2023, the Company had \$5.5M in cash, increased from \$3.8M as at 31 December 2022. The Company's working capital position, inclusive of diesel fuel receivables in South Africa, at 30 June 2023 is \$7.9 million, increased from \$5.4 million as at 31 December 2022.

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to half-year end 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 Parties have agreed to a confidential settlement of all disputes between them on a no admission as to liability basis and executed a Settlement Deed in that regard. The details of the Settlement Deed are included in the Review of Operations.

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

There have been no other material matters arising subsequent to balance date and up until the date of signing these Financial Statements.

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 39.

Signed in accordance with a resolution of the Directors.



Brian Moller

Chairman

Dated at Perth, Western Australia

This 31st day of August 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2023

	Notes	Half-Year to 30 Jun 23 \$	Half-Year to 30 Jun 22 \$
Revenue from continuing operations			
Revenue from contracts with customers	2.2 (i)	14,945,257	25,828,923
Other revenue	2.2 (ii)	273,979	79,807
		15,219,236	25,908,730
Expenses			
Mining and processing costs	2.3 (i)	(14,668,490)	(25,994,474)
Administration expenses	2.3 (ii)	(2,665,591)	(3,610,089)
Exploration and evaluation expenditure written off	3.1	(99,699)	(851,371)
Share payment expense / (revenue)		250,181	(23,337)
Finance (costs)/income		(268,253)	76,829
Loss before income tax from continuing operations		(2,232,616)	(4,493,712)
Income tax benefit/ (expense)	6	3,013,650	(102,241)
Profit/ (loss) after income tax from continuing operations		781,034	(4,595,953)
Discontinued Operations			
Loss for the period from discontinued operations		-	-
Profit/ (loss) for the period		781,034	(4,595,953)
Other comprehensive expense items			
Exchange differences on translation of foreign operations		(3,733,098)	(2,555,388)
Total comprehensive loss for the period		(2,952,064)	(7,151,341)
Loss is attributable to:			
Owners of Mineral Commodities Ltd		892,823	(4,256,953)
Non-controlling interest		(111,789)	(339,000)
		781,034	(4,595,953)
Total comprehensive loss for the half-year is attributable to:			
Owners of Mineral Commodities Ltd		(2,638,256)	(6,602,914)
Non-controlling interest		(313,808)	(548,427)
		(2,952,064)	(7,151,341)
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic profit/ (loss) per share		0.12	(0.86)
Diluted profit/ (loss) earnings per share		0.12	(0.86)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 Jun 23 \$	31 Dec 22 \$
Current assets			
Cash and cash equivalents		5,555,380	1,142,141
Trade and other receivables	4.1	9,617,950	11,451,889
Inventories	4.2	16,991,517	11,849,610
Other investments, including derivatives	5.3	23,236	156,529
Total current assets		32,188,083	24,600,169
Non-current assets			
Trade and other receivables	4.1	1,048,261	1,131,868
Inventories	4.2	2,136,887	2,367,296
Exploration and evaluation assets	3.1	16,859,012	17,507,213
Mine development expenditure	3.2	3,239,898	4,676,944
Property, plant and equipment	3.3	22,537,310	28,266,958
Total non-current assets		45,821,368	53,950,279
Total assets		78,009,451	78,550,448
Current liabilities			
Trade and other payables	4.3	14,169,844	14,725,208
Unearned revenue		4,762,375	3,646,486
Borrowings	5.1	4,447,951	3,646,486
Financial Liability	5.3	202,523	-
Employee benefits		675,073	582,435
Current tax provision	6	-	103,871
Total current liabilities		24,257,766	23,404,123
Non-current liabilities			
Provisions		852,857	951,865
Borrowings	5.1	1,402,467	2,905,040
Employee benefits		13,714	76,500
Deferred tax liabilities	6	848,496	3,980,832
Total non-current liabilities		3,117,534	7,914,237
Total liabilities		27,375,300	31,318,360
Net assets		50,634,151	47,232,088
Equity			
Contributed equity	5.2(i)	85,529,421	78,925,112
Reserves	5.2(ii)	(36,592,101)	(32,810,841)
Retained earnings		2,608,191	1,715,369
Parent entity interest		51,545,510	47,829,640
Non-controlling interest		(911,359)	(597,552)
Total equity		50,634,151	47,232,088

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 30 June 2023

	Half-Year to 30 Jun 23 \$	Half-Year to 30 Jun 22 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	18,658,453	21,039,943
Payments to suppliers and employees	(20,539,073)	(20,669,428)
Tax paid	-	(192,351)
Net cash(outflow)/inflow from operating activities	(1,880,620)	178,164
Cash flows from investing activities		
Payments for exploration expenditure	(125,810)	(78,691)
Payments for plant and equipment	(689,568)	(1,599,152)
Payments for development expenditure	(298,934)	(66,526)
Proceeds from sale of property, plant and equipment	1,390,206	2,854,509
Interest received	57	15
Net cash inflow from investing activities	275,951	1,110,155
Cash flows from financing activities		
Repayment of borrowings	(2,110,910)	(1,614,806)
Proceeds from borrowings	800,000	-
Proceeds from grants	719,857	-
Proceeds from issue of new shares (net of costs)	6,604,309	-
Interest paid	(70,631)	(103,091)
Net cash inflow/(outflow) from financing activities	5,942,625	(1,717,897)
Net increase/(decrease) in cash and cash equivalents held	4,337,956	(429,578)
Cash and cash equivalents at the beginning of the half-year	1,142,141	4,251,383
Effects of exchange rate changes on cash and cash equivalents	75,283	13,396
Cash and cash equivalents at the end of the half-year	5,555,380	3,835,201

Non-cash financing and investing activities

In the Consolidated Statement of Cash Flows, leases of plant and equipment have been disclosed on a net basis.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2023

	Contributed equity \$	Reserves \$	Retained Earnings \$	Total \$	Non- Controlling interest \$	Total equity \$
Balance at 1 January 2023	78,925,112	(32,810,841)	1,715,369	47,829,640	(597,552)	47,232,088
Profit/ (loss) for the half-year	-	-	892,823	892,823	(111,789)	781,034
Other comprehensive loss for the half-year	-	(3,531,079)	-	(3,531,079)	(202,019)	(3,733,098)
Total comprehensive income for the half-year	78,925,112	(36,341,920)	2,608,191	45,191,384	(911,359)	44,280,025
Transactions with owners in their capacity as owners						
Share placement	6,604,309	-	-	6,604,309	-	6,604,309
Share-based payment expenses	-	(250,181)	-	(250,181)	-	(250,181)
Balance at 30 June 2023	85,529,421	(36,592,101)	2,608,191	51,545,510	(911,359)	50,634,151
Balance at 1 January 2022	77,672,620	(29,847,627)	12,892,636	60,717,629	(48,435)	60,669,194
Loss for the half-year	-	-	(4,256,953)	(4,256,953)	(339,000)	(4,595,953)
Other comprehensive loss for the half-year	-	(2,345,961)	-	(2,345,961)	(209,427)	(2,555,388)
Total comprehensive income for the half-year	77,672,620	(32,193,588)	8,635,684	54,114,716	(596,863)	53,517,853
Transactions with owners in their capacity as owners						
Conversion of unlisted performance rights	41,346	(41,346)	-	-	-	-
Share-based payment expenses	-	23,337	-	23,337	-	23,337
Balance at 30 June 2022	77,713,966	(32,211,597)	8,635,684	54,138,053	(596,863)	53,541,190

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 basis of preparation of the half-year financial 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 condensed consolidated financial report of the Company for the six months ended 30 June 2023 (**the half-year financial report**) comprises the Company and its controlled entities (**the Group**). Mineral Commodities Ltd is the ultimate parent entity in the Group.

The half-year financial report was authorised for issue in accordance with a resolution of the Directors, effective 31 August 2023.

1.2 Basis of preparation

The financial report for the half-year ended 30 June 2023 is a condensed general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated financial statements have been prepared on a going concern basis 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 period ended 30 June 2023, the Group incurred a loss before income tax of \$2,232,616 and had net cash outflows from operations of \$1,880,620. The Group has ongoing commitments for the development of its mining and exploration assets and has subsequent to the half year end, committed to the purchase of the minority interests shareholding in its Skaland operations for an amount of US\$1.9 million. The Group has been managing its financial liquidity during the half 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.

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.

The half-year financial report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. Except as disclosed below, the accounting policies are the same as those adopted in the most recent annual financial report.

Notes to the Consolidated Financial Statements

1. Basis of Preparation (continued)

1.3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the half-year report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Group.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The AASB amended AASB 101 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is material accounting policy information and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to AASB 112 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

Notes to the Consolidated Financial Statements

2. Financial Performance

This section highlights key financial performance of the Group for the reporting period, including disclosures of segmental financial information and dividends.

2.1 Segment information

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, which makes strategic decisions.

There is no goodwill attached 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 four reportable segments to its business, being:

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

Notes to the Consolidated Financial Statements

2. Financial Performance (continued)

2.1 Segment information (continued)

Segment results, segment assets and segment liabilities

The segment information provided to the chief operating decision maker for the reportable segments for the period ended 30 June 2023 is as follows:

	Tormin Project \$	Xolobeni Project \$	Skaland Project \$	Australia Exploration \$	Corporate \$	Consolidation Eliminations \$	Totals \$
Half-Year 2023							
Revenue from operations							
Total segment revenue	11,654,125	-	3,565,111	-	-	-	15,219,236
Revenue from external customers	11,654,125	-	3,565,111	-	-	-	15,219,236
EBITDA	2,700,415	-	1,355,538	-	(2,174,677)	-	1,881,275
Depreciation and amortisation	2,638,003	-	630,936	-	477,000	-	3,745,939
Total segment assets	41,680,335	3,988,929	14,548,312	12,054,492	6,638,681	(901,298)	78,009,451
Total segment liabilities	16,709,241	3,899,001	2,678,259	2,180,223	5,686,142	(3,777,566)	27,375,300
Half-Year 2022							
Revenue from operations							
Total segment revenue	22,095,756	-	3,765,155	-	47,819	-	25,908,730
Revenue from external customers	22,095,756	-	3,765,155	-	47,819	-	25,908,730
Adjusted EBITDA	4,986,371	-	(263,478)	17,624	(4,085,931)	(605,372)	49,214
Depreciation and amortisation	2,566,656	-	710,734	-	501,994	-	3,768,384
Exploration and evaluation expenditure written off	-	-	-	851,371	-	-	851,371
Total segment assets	45,852,214	4,613,985	16,231,396	12,201,466	18,716,241	(10,977,963)	86,637,339
Total segment liabilities	23,095,627	4,563,031	5,052,912	2,293,585	3,758,173	(5,667,179)	33,096,149

Notes to the Consolidated Financial Statements

2. Financial Performance (continued)

2.1 Segment information (continued)

(i) *Segment results, segment assets and segment liabilities (continued)*

Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") reconciles to operating profit before income tax as follows:

	30 Jun 2023	30 Jun 2022
	\$	\$
EBITDA	1,881,275	49,214
Exploration and evaluation expenditure written off	(99,699)	(851,371)
Finance income /(expense)	(268,253)	76,829
Depreciation and amortisation	(3,745,939)	(3,768,384)
Profit/ (loss) before income tax	(2,232,616)	(4,493,712)

2.2 Revenue from contracts with customers

(i) *Revenue from contracts with customers*

14,945,257 25,828,923

(ii) *Other Revenue*

273,979 79,807

2.3 Expenses

(i) *Mining and processing costs*

Mining and processing costs include the following material expenditure items:

	30 Jun 2023	30 Jun 2022
	\$	\$
Transport and shipping of product	2,170,101	3,787,951
Fuel	3,280,843	4,908,846
Wages and salaries	5,107,431	6,057,386
Repairs and maintenance	2,699,528	3,095,157
Depreciation and amortisation – mining and processing assets	3,268,939	3,266,390

(ii) *Administration expenses*

Administration expenses include the following material expenditure items:

Wages and salaries	732,540	1,421,283
Depreciation – corporate assets	477,000	501,994

Notes to the Consolidated Financial Statements

3. Capital Expenditure and Operating Assets

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

	30 Jun 2023 \$	31 Dec 2022 \$
As at beginning of the period	17,507,213	19,087,833
Expenditure during the period	125,810	432,910
Write-off discontinued projects	(99,699)	(834,764)
Exchange difference	(674,312)	(1,178,766)
As at end of the period	16,859,012	17,507,213

3.2 Mine development expenditure

As at beginning of the period	4,676,944	7,150,293
Amortisation expense	(765,849)	(1,493,797)
Additions	298,934	181,661
Exchange difference	(970,130)	(1,161,213)
As at end of the period	3,239,898	4,676,944

Notes to the Consolidated Financial Statement

3. Capital Expenditure and Operating Assets (continued)

3.3 Property, plant and equipment

	Freehold land and buildings	Furniture, fittings and equipment	Plant and machinery	Mine vehicles	Decommissioning asset	Right-of-use asset \$	Capex work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 31 December 2022								
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
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
Half-year ended 30 June 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	-	-	-	-	-	-	689,568	689,568
Disposals	-	-	-	-	-	(2,003,534)	-	(2,003,534)
Re-classifications	-	-	1,882,007	-	-	-	(1,882,007)	-
Exchange differences	(119,878)	(63,945)	(1,998,523)	(10,333)	(91,567)	(1,203,613)	(556,118)	(4,043,977)
As at 30 June 2023	4,554,308	1,227,318	25,157,982	95,835	860,298	10,014,807	6,196,577	48,107,195
Accumulated depreciation and 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	(303,621)	(76,614)	(1,172,082)	-	(44,444)	(1,383,329)	-	(2,980,090)
Disposals	-	-	-	-	-	448,717	-	448,717
Exchange differences	31,775	55,535	1,377,865	10,333	30,869	653,292	-	2,159,669
As at 30 June 2023	(1,740,894)	(1,128,494)	(15,512,190)	(95,835)	(319,643)	(6,772,829)	-	(25,569,885)
Net book amount								
Cost at fair value	4,554,308	1,227,318	25,157,982	95,835	860,298	10,014,807	6,196,577	48,107,195
Depreciation and amortisation	(1,740,894)	(1,128,494)	(15,512,190)	(95,835)	(319,643)	(6,772,829)	-	(25,569,885)
Net book amount	2,813,414	98,824	9,645,861	-	540,655	3,241,979	6,196,577	22,537,310

Notes to the Consolidated Financial Statements

4. Working Capital Management

This section provides information about the Group's working capital balances and management.

4.1 Trade and other receivables

	30 Jun 2023	31 Dec 2022
	\$	\$
Current		
Trade receivables	564,372	3,054,499
Other receivables	8,502,795	7,814,505
Prepayments	550,783	582,885
	9,617,950	11,451,889
Non-current		
Security deposits	214,776	237,934
Advance to Blue Bantry	811,452	869,529
Other receivables	22,033	24,408
	1,048,261	1,131,868

4.2 Inventories

Current

Raw materials at cost	11,684,199	4,392,549
Finished product at lower of cost and net realisable value	2,748,527	4,991,709
Spare parts and consumables at cost	2,558,791	2,465,352
	16,991,517	11,849,610

Non-current

Finished product at lower of cost and net realisable value	2,136,887	2,367,296
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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.

4.3 Trade and other payables

	30 Jun 2023	31 Dec 2022
	\$	\$
Trade payables	6,545,415	9,493,428
Other payables	7,624,429	5,231,780
	14,169,844	14,725,208

Notes to the Consolidated Financial Statements

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 Borrowings

	30 Jun 2023	31 Dec 2022
	\$	\$
Current		
Borrowings – unsecured ⁽⁵⁾	2,500,678	686,788
Amounts due under equipment acquisition agreements ^{(1), (2), (3), (4)}	1,263,867	2,446,432
Long term borrowings – secured ⁽⁶⁾	683,407	1,212,903
	4,447,951	4,346,123
Non-current		
Borrowings – unsecured ⁽⁵⁾	-	687,560
Amounts due under equipment acquisition agreements ^{(1), (2), (3), (4)}	1,103,374	2,186,944
Long term borrowings – secured ⁽⁶⁾	299,093	30,536
	1,402,467	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 with an effective rate of 5.05% and has a working capital facility with Standard Bank of South Africa.

Notes to the Consolidated Financial Statements

5. Funding and Risk Management (continued)

5.2 Equity

(i) Contributed Equity

	30 Jun 2023 Number of shares	31 Dec 2022 Number of shares	30 Jun 2023 \$	31 Dec 2022 \$
Ordinary shares				
Fully paid	691,455,941	558,819,354	85,529,421	78,925,113

(ii) Reserves

	General Reserve \$	Foreign Currency Translation Reserve \$	Share-based Payment Reserve \$	Total Reserves \$
2023				
Balance at 1 January	1,363,393	(34,717,576)	543,342	(32,810,841)
Share-based payment expenses	-	-	(250,181)	(250,181)
Exchange differences on translation of foreign operations	-	(3,531,079)	-	(3,531,079)
Balance at 30 June	1,363,393	(38,248,655)	293,161	(36,592,101)

	General Reserve \$	Foreign Currency Translation Reserve \$	Share-based Payment Reserve \$	Total Reserves \$
2022				
Balance at 1 January	1,363,393	(31,469,683)	258,663	(29,847,627)
Share-based payment expenses	-	-	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)
Balance at 31 December	1,363,393	(34,717,576)	543,342	(32,810,841)

Notes to the Consolidated Financial Statements

5. Funding and Risk Management (continued)

5.3 Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

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:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale 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.

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices, recent transactions 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 foreign currency forwards is determined using forward exchange rates at the balance sheet date.

All of the resulting fair value estimates are included in level 2 except for listed equity securities.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2023 and 31 December 2022 on a recurring basis:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2023				
<i>Financial assets</i>				
Derivatives – FVTPL	-	(202,523)	-	(202,523)
Listed equity securities – FVTPL	23,236	-	-	23,236
Unlisted equity securities – FVTPL	-	-	-	-
Total Financial Assets	23,236	(202,523)	-	(179,287)

Notes to the Consolidated Financial Statements

5. Funding and Risk Management (continued)

5.3 Fair value measurement of financial instruments (continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2022				
<i>Financial assets</i>				
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

The Group's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

6. Taxation

The income tax benefit for the half-year period is the tax payable on the current period's taxable income based on the applicable income tax rate and tax law for each jurisdiction. This has resulted in an effective tax rate for the half-year period of -134% (30 June 2022: 2%). The change in the effective tax rate is due to the permanent differences for foreign exchange, the tax benefit of losses not previously being recognised in South Africa, share based payments and amortisation and in addition net foreign exchange gains on inter-company loans not recognised in the consolidated accounts.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The change in the deferred tax liability balance to US\$848,496 at 30 June 2023 from US\$3,980,832 at 31 December 2022 materially relates to the deferred tax benefit on the taxable loss in the Australian Tax Group.

The current tax provision balance for the half-year of US\$nil (31 December 2022: US\$103,871) has decreased due to the nil current income tax expense for the Australian Tax Group and for the South African entities.

Notes to the Consolidated Financial Statements

7. 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.

7.1 Contingent assets and contingent liabilities

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\$217,925) (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\$16,996) (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\$21,245) (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\$18,590) (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\$807,330) (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\$1,713,876) (Dec 2022: ZAR32,268,000 (US\$1,898,674)) plus penalty interest of ZAR 4,307,083 (US\$228,765) (Dec 2022: ZAR4,307,083 (US\$253,432)), totalling ZAR36,575,083, relating to diesel fuel rebate 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.

Other than those mentioned above, there have been no other changes to contingent assets or liabilities since 31 December 2022.

Notes to the Consolidated Financial Statements

7. Other(continued)

7.1 Contingent assets and contingent liabilities (continued)

Other Commitments

Blue Bantry funding support

The Company, via MRC Resources (Pty) Ltd, and Blue Bantry are both 50% shareholders in Mineral Sands Resources (Pty) Ltd, the entity that 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.

Events occurring after the reporting period

Subsequent to half-year end 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 Parties have agreed to a confidential settlement of all disputes between them on a no admission as to liability basis and executed a Settlement Deed in that regard. The details of the Settlement Deed are included in the Review of Operations.

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

There have been no other material matters arising subsequent to balance date and up until the date of signing these Financial Statements.

7.2 Share Based Payments

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.

Since 31 December 2022 no performance rights have been issued to Directors, Key Management Personnel and employees.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The consolidated financial statements, comprising the Consolidated Income Statement and Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes:
 - (a) Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) Give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the half-year ended on that date.
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the Directors by:



Brian Moller

Chairman

Dated at Perth, Western Australia

This 31st day of August 2022

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

As lead auditor for the review of Mineral Commodities Ltd for the half-year ended 30 June 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

BDO Audit (WA) Pty Ltd



Glyn O'Brien

Director

Perth,

31 August 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mineral Commodities Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mineral Commodities Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1.2 Basis of preparation, 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd



Glyn O'Brien

Director

Perth,

31 August 2023