



Highlights

- **Tormin – Key environmental approval received at Tormin for Expanded Mining Rights and Downstream Processing**
- **Tormin - Prospecting Rights for Northern Beaches and Inland Strand granted and registered**
- **Tormin - Resource drilling underway with up to 62% THM⁽¹⁾ intersected at Inland Strandline along with new Eastern Strandline discovery**
- **Skaland Graphite – Maiden JORC resource of Indicated and Inferred 1.78 million tonnes at 22% TGC announced**
- **Munglinup DFS⁽²⁾ completed, demonstrating robust outcomes that enable MRC to move to 90% ownership:**
 - **Post-tax - Net Present Value (“NPV⁷”) US\$111M (AU\$160M)**
 - **Post-tax project - IRR 30%**
 - **Capex - US\$61M (AU\$88M)**
 - **Opex - US\$491/tonne (FOB) (AU\$720/tonne)**
- **Munglinup/Skaland downstream purification testwork progressing well with results due for release in Q2 2020**
- **NPBT 2019 full year results - Revenue of US\$61.8M up 12%, EBITDA US\$16.5M up 12%, NPBT US\$11.9M up 14% and NPAT US\$7.8M down 11%**

(1) ASX release High Grade Results and New Discovery at Tormin – 8 April 2020

(2) ASX release Robust Munglinup DFS Results Allow MRC to Move to 90% Ownership of Munglinup Graphite Project – 8 January 2020, and Addendum to Munglinup DFS Results Announcement – 17 January 2020

COVID-19

- **Proactive measures established to ensure the health and safety of employees and contractors**
- **Skaland - no material impacts to operations with access to key European markets and supply chains largely unaffected**
- **Tormin Mineral Sands Operation suspended for 18 days as a result of nationwide lockdown with operations resumed on 13 April 2020**
- **MRC withdraw 2020 production guidance due to the uncertainty surrounding the economic environment and possible disruption from COVID-19 outbreak**
- **Board resolves to not declare a final dividend in respect to 31 December 2019 year end**

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Corporate and Cash

Cash: US\$4.8m as at 31 March 2020 , plus US\$14.3m in trade and other receivables

Debt: Borrowings as at 31 March 2020 of US\$6.3m

Securities: 421.2 million shares and 4.75 million performance rights as at 31 March 2020

Amidst the unprecedented challenges resulting from the COVID-19 global pandemic, Mineral Commodities Ltd (“MRC” or “the Company”) has introduced control measures and protocols to ensure the risks to both its employees and operations are minimised. The financial and social impacts of COVID-19 are under constant review by our Executive Management and Board, and the Company continues to monitor the advice of governments within its operating jurisdictions and update protocols and people accordingly.

Mineral Commodities Ltd is pleased to report on its activities during the quarter ended March 2020.

The Company’s 50% owned subsidiary, Mineral Sands Resources (Pty) Ltd (“MSR”), received the appeal decision regarding the granting of an Integrated Environmental Authorisation (“IEA”) in respect to its Section 102 Expanded Mining Right application (“Section 102 Application”) to amend (expand) the footprint of mining at Tormin in the Western Cape province of South Africa. MRC was pleased to report that the majority of grounds under the appeals were dismissed or in the case of one appellant, dealt with by slight variation to the IEA. The decision concludes the appeal process and affirms the original decision by the Department of Mineral Resources and Energy (“DMRE”) to grant the IEA to the Company. The IEA final approval is a condition precedent to the grant of expanded mining rights at Tormin.

The Company anticipates that the DMRE will finalise the Section 102 application in the June quarter 2020. The Section 102 Application and associated mining programs incorporate the Inland Strand deposits located on the Company-owned freehold farmland and the adjacent Northern Beaches.

Additionally, MSR was granted two prospecting permits (10261PR and 10262PR) over part of the tenure that is also subject to the Section 102 Application. The permits allowed MSR to immediately commence resource drilling programs at these highly prospective areas located directly north of, and adjacent to, the existing Tormin mining operations (see Figure 1). The Company commenced JORC compliant resource definition drilling programs, targeting an Indicated Resource at the Northern Beaches and a Measured and Indicated Resource over the Inland Strand areas (refer ASX release 30 January 2020) with results expected to be reported in the June quarter 2020.

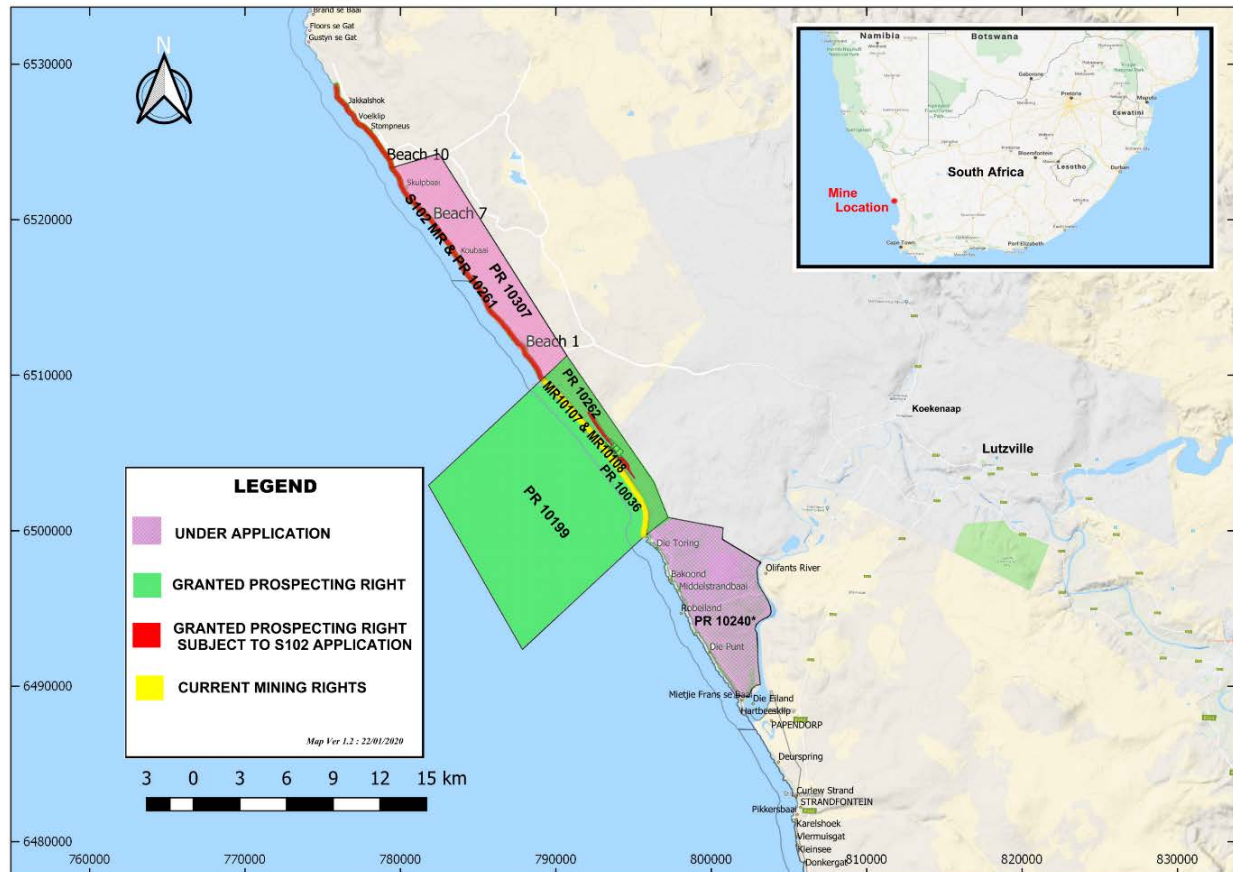


Figure 1 – Tenements under application and granted, Tormin, South Africa

MRC completed the Munghlinup Graphite Project Definitive Feasibility Study (“DFS”) during the December 2019 quarter with final acceptance of the study received from the Joint Venture partner and subsequent release of the study on 8 January 2020 (refer ASX release 8 January 2020). The DFS demonstrated robust economic outcomes of a concentrate only production scenario and confirmed the Company’s view that Munghlinup will become a crucial asset in its overall strategy to manufacture and supply natural battery anode material to meet the fast-growing demand in the lithium-ion battery sector.

The Company finished the quarter with US\$4.8 million in cash after recognising payments to suppliers and employees and repayments of borrowings, partially offset by lower receipts from sales of product for the quarter with bulk sales deferred due to the global impact of the COVID-19 pandemic. Trade and other receivables increased to US\$14.3 million and borrowings decreased to US\$6.3 million.

SAFETY, ENVIRONMENT AND COMMUNITY

Tormin

Since the commencement of operations in late 2013, the Company has incurred only one Lost Time Injury, in April 2017. The Total Recordable Injury Frequency Rate (“TRIFR”) 12-month rolling average was affected by three medically treated cases (“MTC”) in the March 2020 quarter.

The Company continues to implement its Social Labour Plan (“SLP”) commitments, highlighted this quarter by the investment of circa ZAR3.5 million into various learnerships and bursary programs for the benefit both employees and community students.

Skaland

No lost-time injuries or medically treated cases occurred during the quarter, with the Company’s TRIFR rate remaining at zero since acquisition in October 2019.

TORMIN OPERATIONS

The Company maintained strong mining and processing production rates during the quarter, to an equivalent mining rate of 2.5Mtpa and processing of 2.3Mtpa, producing 33,763 tonnes of final concentrates.

Processing

GSP/SCP Production & Processing	31-Mar-20 Quarter	31 Dec-19 Quarter	31-Mar-19 Quarter	Year to Date 31-Mar-20	Year to Date 31-Mar-19
Tonnes processed (gross dmt)	118,471	126,798	180,629	118,471	180,629
Tonnes produced (dmt)					
- Garnet concentrate	20,260	36,634	56,122	20,260	56,122
- Ilmenite concentrate	11,697	10,050	16,701	11,697	16,701
- Zircon/Rutile concentrate	1,806	2,754	3,151	1,806	3,151
- zircon in concentrate	67.85%	65.89%	67.97%	67.85%	67.97%
- rutile in concentrate	15.74%	14.64%	15.97%	15.74%	15.97%

Finished concentrates production was aligned with expected lower mined ore grades and rescheduled Garnet Stripping Plant/Secondary Concentration Plant (“GSP/SCP”) feed rates. Total final concentrates production was 33,763 tonnes, due to the combined impact of reduced mined grades on Heavy Mineral Concentrates (“HMC”) production, partially offset by improved ilmenite recoveries.

Mining

Mining	31-Mar-20 Quarter	31-Dec-19 Quarter	31-Mar-19 Quarter	Year to Date 31-Mar-20	Year to Date 31-Mar-19
Tonnes (dmt)	615,751	638,158	742,587	615,751	742,587
Grade	7.68%	10.50%	13.29%	7.68%	13.29%
- Garnet	5.57%	7.64%	8.23%	5.57%	8.23%
- Ilmenite	1.56%	2.07%	2.02%	1.56%	2.02%
- Zircon	0.35%	0.50%	0.41%	0.35%	0.41%
- Rutile	0.13%	0.17%	0.25%	0.13%	0.25%
- Leucoxene	0.07%	0.12%	2.38%	0.07%	2.38%

Run of Mine ("ROM") volumes have been adjusted to a mining rate of circa 2.5Mtpa in an effort to increase ROM stockpile inventory buffer stocks and increase HMC production. The increased mining production has been achieved while maintaining an average of 5.5 days per week working roster implemented in June 2019.

ROM feed to the Primary Beach Concentrators ("PBCs") for the quarter was 569,329 tonnes at an average feed rate of 338tphr at 77.2% plant utilisation, with the throughput aligned with management expectations based on an average of 5.5 days per week working roster.

HMC production from the PBCs produced 120,567 tonnes, compared to the prior quarter's 126,798 tonnes. Mineral processing recoveries from the PBCs remained strong, with the plants recovering 86% zircon, 86% ilmenite, 87% garnet and 75% rutile.

Sales

Sales (wmt)	31-Mar-20 Quarter	31-Dec-19 Quarter	31-Mar-19 Quarter	Year to Date 31-Mar-20	Year to Date 31-Mar-19
- Garnet concentrate	53,288	53,288	53,288	53,288	53,288
- Ilmenite concentrate	-	54,310	53,610	-	53,610
- Zircon/Rutile concentrate	2,576	2,492	2,772	2,576	2,772

Sales revenue for the quarter was US\$7.3 million for a total 55,864 wet metric tonnes sold, compared to the prior quarter's revenue of US\$14.3 million for 110,090 wet metric tonnes sold. The reduction in revenue in the March 2020 quarter reflects deferral of bulk shipments as a result of the COVID-19 pandemic.

Unit Costs & Revenues

Summary of Unit Costs & Revenues	31-Mar-20 Quarter	31-Dec-19 Quarter	31-Mar-19 Quarter	31-Mar-20 Year to Date	31-Mar-19 Year to Date
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	125.62	98.58	71.81	125.62	71.81
Unit cost of goods sold per tonne of final concentrate sold (US\$/wmt) ⁽¹⁾	65.27	91.59	87.00	65.27	87.00
Unit revenue per tonne of final concentrate sold (US\$/wmt)	120.00	122.33	132.39	120.00	132.39
Revenue to Cost of Goods Sold Ratio	1.84	1.34	1.52	1.84	1.52

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 for the March quarter reflect the decline in production of product during the current quarter.

Total unit cost of goods sold for the quarter was lower than the previous quarter (US\$65.27/t vs US\$91.59/t) in part due to no bulk shipping costs being incurred during the March quarter.

Unit revenue per tonne of final concentrate sold for the quarter of US\$120.00 aligns with US\$122.33/t for the previous quarter.

Revenue to Cost of Goods Sold Ratio for the quarter of 1.84 is above the prior quarter's 1.34 with lower unit cost of goods sold only partially offset by lower unit revenues.

Permitting - Tormin

MSR received the appeal decision regarding the granting of an IEA in respect to its' Section 102 Application to amend (expand) the mining footprint at Tormin in terms of Section 102 of the Mineral and Petroleum Resources Development Act 49 of 2008 ("MPRDA"). The majority of grounds under the appeals were dismissed and in the case of one appellant, dealt with by slight variation to the IEA. The decision concludes the appeal process and affirms the original decision by the DMRE to grant the IEA to MSR. The IEA was the final stage in the regulatory process before the competent authority, the DMRE, can approve the Section 102 Application. On granting, the Company will have mining access to the highly prospective Northern Beaches and Inland Strandline application areas.

In January, MSR was also pleased to register granted prospecting rights over the Northern Beaches and Inland Strandline Section 102 application areas. The prospecting rights allow the Company to commence crucial resource definition drilling programs at the beaches directly north and on the Inland Strand adjacent to the existing Tormin mining operations.

In addition, the Company completed a supplementary Basic Assessment Report filing for prospecting permit 10240PR which covers the highly prospective area directly to the South of the existing Inland Strand area that is currently being drilled. This is the final requirement to allow the DMRE to assess the permit for granting.

The Section 102 Application area is within the Prospecting Rights area that has been granted. In April, subsequent to the March quarter 2020, the Company released encouraging drilling results from the Inland Strandline, including intersections of up to 62% THM along with the discovery of a new Eastern Strandline (refer ASX release High Grade Results and New Discovery at Tormin – 8 April 2020).

Resource Update - Tormin

The Company provided its Tormin Annual Resource Update to the market on 28 February 2020, recognising a resource of 2.4 million tonnes at 8.68% total heavy mineral concentrate, based on a 2% heavy mineral cut-off grade. The Tormin beach deposit is an active placer beach sand deposit limited in extent on its eastern side by coastal cliffs and to depth by bedrock contact. The resource is open towards the ocean and surf zone on its western side, as well as along the coastline towards the north and south.

Due to the unstable nature of the resource, the deposit was again classified into the Inferred Resource category. The inferred mineral resource was estimated based on limited geological evidence and sampling as well as the six years of experience in mining the deposit.

Table 1 – Resource and Production Summary Data

Category	Resource Million Tonnes	Total Heavy Mineral ⁽¹⁾ (% in Resource)	Ilmenite (% in HM)	Zircon (% in HM)	Rutile (% in HM)	Garnet (% in HM)
Indicated Resource – Dec 2013	2.70	49.40%	21.46%	6.88%	1.42%	51.21%
Tonnes Mined – FY2014	1.07	53.83%	32.06%	8.84%	1.21%	57.89%
Inferred Resource – Dec 2014	2.70	38.14%	26.35%	5.79%	1.21%	66.12%
Tonnes Mined – FY2015	1.62	49.57%	32.58%	7.83%	1.21%	58.38%
Inferred Resource – Dec 2015	2.70	28.01%	24.88%	5.57%	1.96%	66.19%
Tonnes Mined – FY2016	1.81	45.97%	28.21%	6.05%	1.33%	63.54%
Inferred Resource – Dec 2016	1.80	28.08%	21.90%	5.88%	1.89%	67.63%
Tonnes Mined – FY2017	2.05	27.57%	21.07%	3.99%	1.81%	70.37%
Inferred Resource – Dec 2017	1.80⁽²⁾	15.92%	17.09%	4.96%	2.70%	71.92%
Tonnes Mined – FY2018	2.65	17.35%	18.10%	3.17%	2.19%	72.33%
Inferred Resource – Dec 2018	2.27⁽²⁾	14.16%	16.24%	3.03%	1.34%	55.79%
Tonnes Mined – FY2019	2.51	11.21%	16.14%	3.74%	1.87%	67.17%
Inferred Resource – Dec 2019	2.40⁽³⁾	8.68%	11.86%	2.88%	1.15%	77.18%

(1) Includes other valuable heavy minerals e.g. leucoxene and magnetite

(2) 5% Heavy Mineral ("HM") cut-off grade used

(3) 2% Heavy Mineral ("HM") cut-off grade used

The current 2019 Inferred Resource of 2.40 Mt (Table 1) is in line with the actual production figures for 2019 of 2.51 Mt. It should be noted that the overall grade of the resource continues to drop with Total Heavy Mineral ("THM") content falling from an estimated 14.16% in 2018 and an actual mined grade of 11.21% to an estimated 8.68% in December 2019.

The cut-off grade used was 2% THM content. Cut-off grade is based on the economic criteria established by the ongoing mining operations. No modifying factors outside the cut-off grade were applied as the whole resource is actively being mined and the inferred resource cannot be converted to a mineral reserve.

SKALAND OPERATIONS

The Company achieved a record of 3,736t of graphite concentrate sales for the quarter as it focused on operational efficiencies at the Traelen mine and maintained production under COVID-19 restrictions in Norway.

Mining

Mining	Quarter ended 31-Mar-2020	Quarter ended 31-Dec-2019	Year to Date 31-Mar-20
Tonnes Mined	11,886	13,900	11,886
Waste Mined	2,144	4,900	2,144
Ore Mined	9,742	9,000	9,742
Ore Grade (%C)	28	28	28
Development Metres	95	57	95

Mine development was affected by anticipated drilling equipment availability due to the mechanical condition and age of the on-site production drilling equipment, which was the key driver of low development rates in 2019 and early January, resulting in delayed access to ore at the next level of the stope. A fleet replacement strategy has been initiated to replace legacy mining equipment, commencing with a replacement jumbo drill and road haul truck commissioned in the quarter. An experienced underground mining operations consultant has been engaged to optimise operational efficiencies which, together with the fleet replacement strategy, is anticipated to lead to significant improvement in production and utilisation efficiencies.

A planned process plant maintenance shutdown occurred in January, to allow mining development and ore supply to regain synchronisation with ore demand from the plant.

ROM feed to the processing plant for the quarter was 5,658 tonnes.

Processing

Graphite concentrate production of 1,656t was below the quarterly budget of 1,841t by 10%. Production was below the previous quarter due to the planned shutdown in January. The plant treated 5,658t of ore, grading 28%C, relative to a 6,502t budget.

Processing	Quarter ended 31-Mar-2020	Quarter ended 31-Dec-2019	Year to Date 31-Mar-20
Ore Processed (t)	5,658	10,112	5,658
Throughput (tph)	6	7	6
Ore Grade (%C)	28	28	28
C Recovery (%)	94	93	94
Concentrate Grade (%)	90	91	90
Concentrate Produced (t)	1,656	2,945	1,656

Sales

Quarterly graphite concentrate sales of 3,736t were a record for Skaland as the business focused on reducing product inventory accumulated in 2019. Drawdown of product inventory offset the impact of lower production in the quarter. Previously identified optimisation initiatives, to increase the proportion of coarse flake in concentrate and improve the grade of the finer fractions in concentrate, are advancing on schedule.

Product (wmt)	31-Mar-20 Quarter		31-Dec-19 Quarter		31-Mar-20 Year to Date		31-Dec-19 Year to Date	
	Sales	PSD %	Sales	PSD %	Sales	PSD %	Sales	PSD %
Coarse/Medium	1,264	34%	776	39%	1,264	34%	2,467	34%
Fine-Medium/Powder	2,472	66%	1,231	61%	2,472	66%	4,808	66%
Total	3,736		2,007		3,736		7,275	

Sales revenue for the quarter was US\$2.0 million for a total of 3,736 tonnes sold.

Unit Costs & Revenues

Summary of Unit Costs & Revenues	31-Mar-20 Quarter	31-Dec-19 Quarter	31-Mar-20 Year to Date
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	771.37	405.18	771.37
Unit cost of goods sold per tonne of final concentrate sold (US\$/wmt) ⁽¹⁾	558.41	356.50	558.41
Unit revenue per tonne of final concentrate sold (US\$/wmt)	544.80	582.48	544.80

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 for the March quarter were higher due to lower production than the previous period and higher production costs. Lower production was due to planned maintenance to the processing plant in the month of January. The Company used the January shutdown to focus on mine development and improve future ore supply to the plant as well as reduce product inventory. Higher production costs in the quarter reflect additional maintenance costs resulting from the scheduled shutdown.

Unit cost of goods sold for the quarter was higher than the prior quarter, reflecting increasing production cash costs and the expensing of high December quarter inventory values this quarter. Higher inventory values last quarter reflected lower product sales and transitional support costs after the Skaland acquisition. Unit cost of goods sold is anticipated to reduce next quarter with no planned shutdown and production returning to normal.

Unit revenue per tonne of final concentrate sold for the quarter of US\$544.80 compares to the prior quarter US\$582.48 reflecting increased lower value product sales this quarter, with 66% Fine-Medium/Powder product sales mix this quarter compared to 61% in the prior quarter.

Unit cost of goods sold in the current quarter exceeded unit revenue, with higher prior quarter inventory values being expensed in this quarter when also the product sales mix included higher Fine-Medium/Powder sales, which represent lower value product sales. Management anticipate unit cost of goods sold to return to lower levels in the next quarter, reflecting the overall profitability of Skaland operations.

The Company continued to see demand for its Skaland graphite concentrate, which is sold directly into the European market, with sales remaining strong given the current global COVID-19 pandemic.

Maiden Resource – Skaland

The Company announced during the March quarter the maiden resource at Skaland's underground Trælen Graphite Mine in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code (2012)").

The Skaland Graphite Operation is located in northern Norway on the island of Senja, with Tromsø the nearest major town, with a population of around 65,000, some 70km to the northeast.

Since the acquisition of Skaland Graphite AS on 4 October 2019, MRC has undertaken a re-evaluation of the mineral resources in the Trælen Graphite Mine by re-logging, re-sampling, and re-assaying of drilling core to build a 3D block model of the deposit. No previous JORC Resource estimation was undertaken for the Skaland or Trælen deposits. Wardell Armstrong International, an independent consultant, has completed an audit of the Mineral Resource Estimate of the Trælen deposit, prepared by MRC in accordance with the JORC Code (2012).

The Mineral Resource has been prepared in accordance with the JORC Code (2012) and is estimated at 1.78 million tonnes at 22% TGC in the category of Indicated and Inferred for 397Kt of contained graphite using a 10% cut-off. ⁽¹⁾

Total Mineral Resources for the Trælen Graphite Deposit (10% cut-off grade)

Classification	Tonnes Kt	Total Graphitic Carbon (TGC)	Tonnes Contained Graphite Kt
Indicated	409	26%	106
Inferred	1,376	21%	291
Total	1,785	22%	397

1 – ASX Release Maiden JORC Resource Estimation for Skaland Graphite Project 12 March 2020

This maiden JORC resource at Skaland, the highest grade resource for any operating graphite mine in the world, not only becomes the foundation of the Company's plan to build the existing graphite concentrate business, but also underwrites a strategy to become Europe's first vertically integrated producer of natural graphite anode material.

DEVELOPMENT

Munglinup Graphite Project

Mondium, BatteryLimits and MRC completed the DFS on a concentrate only production scenario at the Munglinup Graphite Project in the December 2019 quarter, with outcomes released to the ASX on 8 January 2020. The DFS confirms the Company's view that Munglinup will become a crucial asset in its overall ambition to supply natural graphite concentrate into the key high-demand battery anode market.

Key Investment Findings

NPV (at a discount rate of 7%), post tax, real	US\$ millions	111
<i>NPV (at a discount rate of 7%), pre-tax, real</i>	<i>US\$ millions</i>	<i>172</i>
IRR post-tax, real	%	30
<i>IRR pre-tax, real</i>	%	<i>36</i>
Development Capex	US\$ millions	61
Capital Payback Period	Years	2.7
LOM Operating Costs (FOB Fremantle)	US\$/t ore	491
LOM Revenue	US\$ millions	853
LOM EBITDA	US\$ millions	426
LOM post-tax net cash flow	US\$ millions	240
Average annual EBITDA	US\$ millions	31

Key Project Parameters

LOM (Life of Mine)	Years	14
Ore Reserve (<i>Probable</i>)	Mt	4.24
Process throughput (years 1-6)	Ktpa	400
Process throughput (year 7 onwards)	Ktpa	500
Average Feed Grade	% TGC	12.8
Recovery rate of graphite concentrate	%	88
Nominal concentrate grade	% TGC	>95
Average annual concentrate production	Ktpa	52
Average basket price	US\$/t	1,144

Mineral Resource and Reserve ⁽¹⁾

Mineral Resource and Ore Reserve Statement as at 8 January 2020					
Mineral Resource ²			Ore Reserve ³		
Category	Mt	TGC (%)	Category	Mt	TGC (%)
Measured			Proven		
Indicated	4.49	13.1	Probable	4.24	12.8
Inferred	3.50	11.0			
Total	7.99	12.2	Total	4.24	12.8

Ore Reserve ⁴			
Flake Size	Sieve Size (µm)	Mass (%)	TGC Grade (%)
Jumbo	300 – 500	6.5%	95%
Large	180 - 300	16.9%	95%
Medium	150 - 180	8.0%	95%
Small	75 - 150	29.8%	95%
Fine	< 75	38.8%	95%

In Pit Resources ⁵		
Category	Mt	TGC (%)
Inferred	2.75	11.1

1. Refer to ASX Release Robust DFS Allows MRC to move to 90% ownership of Munglinup 8 January 2020
2. Mineral Resource estimated at a 5% TGC cut-off
3. Ore Reserve uses a variable cash flow cut-off grade
4. Ore Reserve flake size distributions are for recovered graphite product
5. In-Pit Resources comprise Inferred material inside the designed pit designs using a variable cash flow cut-off grade and do not constitute part of the Ore Reserves

The Company intends 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.

Supplementary environmental studies to be conducted at the request of the Western Australian Environmental Protection Authority ("EPA") have been ongoing throughout the period and are on schedule for completion in June quarter 2020. The EPA and Federal Department of Environment and Energy will review each of the respective environmental studies prior to a four week public consultation period in the second half of 2020.

Downstream Graphite Projects

The Cooperative Research Centres Project ("CRC-P") project on the development of an environmentally friendly purification process for graphite continues to progress, with CSIRO advancing on optimisation of its reagents and process conditions for the production of battery grade graphite concentrate (>99.95%). The Company is pleased with the thoroughness of the CSIRO development program for purification of Munghlinup graphite. A program to optimise conditions for Skaland will be developed and commenced next quarter.

Within the CRC-P project, but outside the CSIRO component, a key technical constraint on the alternate process route has been successfully overcome. Testwork will continue in parallel on the two processes to ensure selection of a fit-for-purpose solution for the Company's Skaland operation and Munghlinup project.

Interim results on the purification program will be released in the June quarter 2020. The Company has also received the results of external evaluation of purification and coin-cell tests on the performance of spherical graphite produced from Skaland concentrate as an anode material, reinforcing the Company's position that Skaland graphite has the potential to be a high quality anode material.

Planning is underway to conduct vendor testing on micronisation and spheronisation on Skaland concentrate to select a single vendor for piloting. These tests will be conducted next quarter, with the results expected thereafter. The spherical graphite produced will be purified in the Company's proprietary processes and coin-cell tests conducted to provide baseline performance data for further engagement with customers.

Australian Exploration

Vanadium: Harvey

The dieback management plan and environmental management document was approved and Disease Risk Area Permit issued by the Department of Biodiversity, Conservation and Attractions on 10 February 2020.

Exploration drilling is expected to commence in the December 2020 quarter.

Channel Iron: Glen Florrie

The Company was granted Exploration Licence E08/2963 on 4 March 2020.

MRC has a planned exploration programme, including surface mapping of the Channel Iron deposits, followed by drilling to delineate the identified historical resource.

IRAN

As noted in the Company's Financial Statements for the year ended 31 December 2020, the Company moved to divest its exploration interests in Iran. The Company's Iranian interests, which were considered immaterial to the Company with a total carrying value as at 31 December 2019 of approximately \$381k, were divested to an unrelated third party for nominal consideration in March 2020.

CORPORATE

Cash and Debt

At 31 March 2020, the Company had US\$4.8 million in cash on hand compared to US\$8.1 million at 31 December 2019. The movement in cash reflects ongoing operations during the quarter, deferral of bulk shipping due to the uncertainty surrounding the COVID-19 pandemic and general capital spend. It should also be noted that increased operating cash flow spend during the quarter largely reflects timing of payments and receipts, with receivables increasing by US\$4.2 million while the creditors' balance remained in line with the prior quarter (US\$4.2 million net impact).

Trade and other receivables at 31 December 2019 increased to US\$14.3 million from US\$10.1 million for the prior quarter. Borrowings as at 31 December 2019 were US\$6.3 million compared to US\$7.8 million in the previous quarter.

Outlook

In light of the current COVID-19 pandemic, management have deferred providing production guidance until there is greater certainty regarding international economic outlook and the requisite impact this has on the Company's suppliers and customers. Whilst refraining from giving guidance, the Company takes encouragement that delivery of non-mags concentrate into the Chinese market and bulk garnet concentrates remain intact. It is encouraged by the strong sales recorded at Skaland for graphite concentrate, which appears to be a direct result of supply restriction from China and other major supply centres in Africa.

Securities on Issue

Issued securities at the date of this report comprise:

- 421,191,571 fully paid ordinary shares listed on the ASX.
- 100,000 remaining Performance Rights exercisable on or before 31 May 2021, vesting at a rate of 150,000 per annum on 31 May 2019 to 2020 inclusive, and the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of five consecutive trading days.
- 500,000 vested Performance Rights exercisable on or before 31 May 2020.
- 1,000,000 Performance Rights exercisable on or before 1 October 2021, vesting on the 30 day Volume Weighted Average Price ("VWAP") of the Company's Shares trading on the ASX being at or above A\$0.20 post issue, and 333,333 vested on 1 October 2018, 333,333 vesting on 1 October 2019 and 333,334 vesting on 1 October 2020.
- 1,000,000 Performance Rights exercisable on or before 31 May 2021, vesting on the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of 5 consecutive days, 500,000 vesting on 25 June 2019 and 500,000 vesting on 25 June 2020, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable.
- 1,000,000 Performance Rights exercisable on or before 30 September 2021, vesting on the closing share price reaching A\$0.20 and remaining at or above A\$0.20 for a period of 5 consecutive days, 500,000 vesting on 11 October 2019 and 500,000 vesting on 11 October 2020, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable.
- 1,000,000 Performance Rights exercisable on or before 14 May 2022, vesting on the VWAP being at or above A\$0.26 and remaining at or above A\$0.26 for a period of 30 consecutive days, 500,000 vesting on 14 May 2020 and 500,000 vesting on 14 May 2021, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable.
- 150,000 Performance Rights exercisable on or before 28 February 2023, vesting on the 30 day Volume Weighted Average Price of the Company's Shares trading on the ASX being A\$0.26 post issue, and 50,000 vested on 28 February 2020, 50,000 vesting on 28 February 2021 and 50,000 vesting on 28 February 2022.

- ENDS -

Issue by: Mineral Commodities Ltd ACN 008 478 653

Authorised by: The Executive Chairman and Company Secretary, Mineral Commodities Ltd

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COMPETENT PERSONS STATEMENT

Tormin-The information in this statement which relates to Exploration Results, Mineral Resources or Ore Reserves for Tormin is based on information compiled by Mr Bahman Rashidi, who is a member of the Australian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"). Mr Rashidi is the Exploration Manager and a full-time employee of the Company and has over 22 years of exploration and mining experience in a variety of mineral deposits and styles. Mr Rashidi has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person in accordance with the JORC Code (2012). The information from Mr Bahman Rashidi was prepared under the JORC Code (2012). Mr Rashidi consents to inclusion in this report of the matters based on this information in the form and context in which it appears.

Skaland - The information if any, in this statement that relates to Mineral Resources is based on information compiled by Mr Ché Osmond, who is a Chartered Geologist (CGeol) of Geological Society of London and Fellow of the Geological Society (FGS) a Recognised Professional Organisation (RPO). Mr Osmond is Technical Director of Wardell Armstrong International ("WAI") an independent consultant to Mineral Commodities Ltd. Mr Osmond has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person in accordance with the JORC Code (2012). Mr Osmond consents to the inclusion in this report in the form and context in which it appears.

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

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