COVID-19 AND MARKET UPDATE

Mineral Commodities Ltd ("MRC" or "the Company") provides the following update on its global operations.

Tormin
The Company is pleased to announce that the Section 102 Expanded Mining Rights application has progressed to the Department of Mines Resources and Energy ("DMRE") in Pretoria for granting. The Company advises that the delays experienced to date have been due to closures of DMRE offices as a result of the nationwide lockdown measures resulting from COVID-19.

Mining and processing operations resumed on Monday 13 April 2020 after the nationwide lockdown requiring all South Africans to stay at home in response to the COVID-19 pandemic. Operations have returned to normal, with mining and processing tonnes in May 2020 being the highest recorded performance for the year.

The Company delivered a Measured and Indicated Resource of the Northern Beach mining areas (see ASX release dated 19 May, 2020). Exploration on the Inland Strand continues with drilling completed on the Section 102 Expanded Mining Rights area, with a Measured and Indicated resource expected to be reported by mid-July. In addition, the Company has completed extensional drilling to the north and east of the existing resource definition areas and is awaiting analysis of the results.

Skaland
The Company’s Norwegian mining operations and downstream program continued without major interruption arising from COVID-19. The Company continues to assess options to develop processing capabilities.

Sales
The Company has seen unabated demand and continues to sell all production of its high-grade non-magnetic zircon rutile concentrates to China.

As outlined on 26 March 2020 in ASX Announcement – "Update on Impact of COVID-19", the Company reported reduced demand from customers of bulk ilmenite concentrate due to the COVID-19 pandemic and withdrew FY2020 guidance. Whilst no sales for ilmenite concentrate had been secured up until mid June, the Company has now secured firm sales of bulk Ilmenite concentrate for the second half of FY2020. MRC has observed improving market conditions with most Chinese tertiary mineral sands processing facilities returning to production. The Company is seeking to diversify its customer base but is seeing demand from its existing Chinese customers for ilmenite concentrates and expects to start shipping ilmenite concentrates by as early as July 2020.
Graphite sales at Skaland have continued uninterrupted with the Company recording record sales in the first quarter as product inventory accumulated in 2019 was sold down.

**GMA Garnet**
The Company continues to produce and meet minimum contract deliveries of 210,000tpa under its Life of Mine Garnet Offtake Agreement with Garnet International Resources Pty Ltd and GMA Garnet (USA) Corporation (“GMA Group”).

A technical dispute has arisen with GMA Group regarding stockpiled inventory quantities. Despite MRC’s best endeavours to reach a resolution, both parties have reverted to a formal Dispute Resolution Process that is provided for within the Offtake Agreement. The Dispute Resolution Process provides *inter alia* for the appointment of an Independent Expert, whose determination decision will be binding on the parties. The Company expects the Dispute Resolution Process to be concluded in accordance with the prescribed timelines within the Agreement of 60 days. For avoidance of doubt, the Company considers that it continues to meet its contractual obligations under the Agreement and that GMA must continue to pay for Delivered Product throughout any Dispute.

**Finance**
The Company’s balance sheet consists of US$18.6M in current account receivables, including US$11.7M owing from GMA Group, with US$8.6M past due for payment, and other diesel fuel rebate and VAT receivables from the South African Revenue Service. The Company has a carrying value of US$18.3M of stockpiled garnet inventory to be delivered under the GMA Life of Mine contract.

As a result of the disruption to normal garnet and ilmenite sales, factors that are outside of the Company’s control, budgeted revenue and operating cash inflows have been adversely effected.

The Company is continually assessing its financial position and considering various funding options to mitigate the impact of these factors on short term operating cash flows and to ensure that budgeted growth initiatives remain financed and can be undertaken in a timely manner. The Company looks forward to providing further updates in due course.

Executive Chairman Mark Caruso said, “The Company’s business remains sound and on track to deliver the growth profile at Tormin and Skaland, however unforeseen circumstances have ensued, compounded by the COVID-19 pandemic, which require Management and the Board to undertake contingency planning to ensure that the business successfully navigates these challenges.”

ENDS

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Authorised by the Board, Mineral Commodities Ltd
About Mineral Commodities Ltd:

Mineral Commodities Ltd (ASX: MRC) is a global mining and development company with a primary focus on the development of high-grade deposits within the Mineral Sands and Battery Minerals sectors.

The Company is a leading producer of zircon, rutile, garnet and ilmenite concentrates through its Tormin Mineral Sands Operation, located on the Western Cape of South Africa. In October 2019, the Company completed the acquisition of Skaland Graphite AS, the owner of the world's highest-grade operating flake graphite mine and one of the only producers 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.

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