



ASX: MRC

19 February 2024

PRODUCTION DELAYS - TORMIN MINERAL SANDS

Mineral Commodities Ltd (“**MRC**” or “**the Company**”) (ASX:MRC) wishes to provide an update regarding delays to operations at the Tormin Mine in South Africa held by the Company’s 50% owned subsidiary, Mineral Sands Resources (Pty) Ltd (“**MSR**”).

Tormin so far in the March quarter 2024 has performed below expectations. This announcement includes a summary of key factors limiting production performance and sets out the management response and action plan aimed at restoring production to target levels and achieving sustained performance through enhance availability and reliability of critical plant and equipment.

Production performance YTD

While December 2023 quarter production was a substantial improvement on previous quarters, unfortunately this performance has not been sustained so far in the March 2024 quarter with unplanned delays in both mine and plant, impacting production.

The primary concentration plant for Inland Strand material and the secondary GSP plant have continued production throughout this period. However, beach mining and primary processing has not been in production due to lack of availability of mining equipment. Beach production is expected to resume by beginning of March 2024.

Factors impacting YTD performance

i) Feed reduced due to mobile equipment in service failures

Mobile equipment availability is below target. Excavator fleet failure in particular has had the greatest impact in January and February 2024, which has meant that beach mining is currently not in production. To address this, a brand-new excavator has now been sourced and is expected to be delivered by end of February 2024.

The mobile fleet at Tormin (trucks, loaders, excavators and dozers) operates in harsh coastal / saltwater conditions. The majority of mobile equipment machines are past their expected life (operating hours) for this environment.

To achieve production targets and maintain reliable performance, new or second-hand mobile equipment will be required to replace mobile equipment that is near term end of life or that cannot economically be repaired or rebuilt.

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Strategy to establish a more reliable mobile fleet

The Company is currently accelerating its fleet replacement strategy and is evaluating two (2) options to source and replace mobile equipment. Quotations for the costs associated with these two alternatives are expected by the end of February 2024 with a decision on the most cost-effective solution to be made soon thereafter.

Mine plan optimisation

Along with making a decision regarding the lowest cost fleet replacement strategy, work is also underway to optimise the mine plan and schedule to minimise haulage distances and other factors impacting on total fleet requirements.

ii) Garnet Separation Plant delays

From late January to mid-February 2024, the plant operation was interrupted by below expectation availability and delays in establishing additional tailing storage facility capacity.

The primary concentration plant for Inland Strand material and the secondary GSP plant have been in production. However, it is anticipated that the primary concentration plant for Inland Strand material may be unavailable for a period after a breakdown shaft failure on the pre-concentration de-agglomeration (“scrubber”) unit on 17 February 2024. The Company has managed to urgently source a second-hand shaft. Inland Strand material processing will re-commence once this scrubber unit is repaired.

Beach material processing will re-commence by beginning March 2024 after introduction of a new, recently procured excavator.

Looking ahead MRC will be implementing changes to improve efficiency and reliability of processing. These important changes include:

- Process plant changes to better manage “slimes” material inherent in the inland material (including but not limited to double efficiency cyclones and improved water circulation quality);
- Increasing sea water supply capacity along with changes to secure critical spare pipes and reduce risk of storm damage;
- Introduction of a third primary concentrator, which will increase theoretical processing capacity and improve plant reliability; and
- Enhanced maintenance systems and procedures.

Sales impact

Deliveries of saleable product continued in the March 2024 quarter, including delivery of a 50kt ilmenite shipment in January 2024. Currently one shipment of zircon / rutile (“non-mags”) is at the port awaiting loading with another shipment at site ready for transportation. Garnet production and delivery has been hampered by process plant delays. June 2024 quarter deliveries may be impacted by reduced stocks of finished product and ramping up of replacement mobile equipment.

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The Company's Chief Executive Officer, Mr Scott Lowe commented: *"It is unfortunate that after such an encouraging final quarter in 2023, we have begun 2024 below target. Our focus going forward is to find cost effective solutions to meet production targets."*

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

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About Mineral Commodities Ltd

Mineral Commodities Ltd is a mining and development company with a primary focus on the production of high-grade Natural Flake Graphite Mineral Sands and Mineral Sand from operations in Norway and South Africa, along with a down-stream graphite project.

The Company is a 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.

The Company's aspiration is 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.

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