

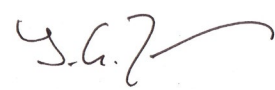
RESULTS FOR ANNOUNCEMENT TO THE MARKET

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 2024

Previous Corresponding Period: Half-year ended 30 June 2023

For and on behalf of the Directors



TREVOR HARRIS
CFO AND JOINT COMPANY SECRETARY

Dated: 29 January 2025

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit		USD'000's
Revenue from ordinary activities	up 19% to	18,136
Net Loss for the period attributable to members	down 7,392% to	(65,119)

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 2024.

NET TANGIBLE ASSET BACKING

	30 June 2024 US\$'000's	30 June 2023 US\$'000's
Net (liabilities)/Assets	(25,056)	50,634
Net tangible assets of the Company	(25,056)	50,634
Fully paid ordinary shares on issue at Balance Date	865,312,891	691,455,941
Net tangible asset backing per issued ordinary share as at Balance Date	(.02)	0.07

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 2024

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 2023 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 2024. 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
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 on the company's activities during the half-year ended 30 June 2024.

Safety, Environment and Community

The Company's 12-month Total Recordable Injury Frequency Rate (TRIFR) remained nil for the half year.

Tormin

Tormin had no recordable injuries during the half-year

Skaland

Skaland had no recordable injuries during the Half Year.

Tormin Operations

Management from both MRC and Tormin continued to seek operational improvements during the half-year, however production was continually impacted by operational shutdowns and limited equipment availability. Critical events limiting production were:

- Relocation of the primary beach concentration plant to access renewed, high grade beaches from March 2024.
- Ongoing seawater intake damage and repair;
- Failure of the storage dam liner and its repair;
- Scrubber mechanical breakdowns for Inland Strand material;
- Electrical failure of the tailings pump to thickener significantly reducing feed rates; and
- Equipment breakdowns reducing the availability of the mobile fleet.

REVIEW OF OPERATIONS (Continued)

Tormin Operations (continued)

Tormin Mining

Mining	Year to Date 30-Jun-24	Year to Date 30-Jun-23
Material Mined – Tonnes (dmt)	490,595	1,727,264
High Grade Ore Mined – Tonnes (dmt)	243,743	675,607
Low Grade Ore Mined – Tonnes (dmt)	246,852	1,051,657
High Grade Ore Mined (VHM)	12.52%	8.5%
- Garnet	8.42%	5.4%
- Ilmenite	2.53%	1.5%
- Zircon	0.93%	0.4%
- Rutile	0.36%	0.2%

Mining for the half-year remained primarily confined to renewed beaches and Inland Strand ROM while mobile plant availability remained a bottleneck issue.

Tormin Processing

GSP/SCP Production & Processing	Year to Date 30-Jun-24	Year to Date 30-Jun-23
Tonnes processed (gross dmt)	157,535	110,384
Tonnes produced (dmt)		
- Garnet concentrate	38,930	35,801
- Ilmenite concentrate	18,682	24,736
- Zircon/Rutile concentrate	4,060	3,985
- Zircon in concentrate	71.9%	69.8%
- Rutile in concentrate	16.1%	16.7%

Processing tonnes increased significantly over the prior year, however tonnes produced remained relatively constant, reflecting the processing of low grade Inland Strand ROM stockpiles.

Tormin Sales

Sales (wmt)	Year to Date 30-Jun-24	Year to Date 30-Jun-23
- Garnet concentrate	28,516	33,080
- Ilmenite concentrate	50,664	32,957
- Zircon/Rutile concentrate	5,180	2,380

The processing of inland strand stockpiles provided a slightly different product mix available for sale in the first half of 2024 when compared to the prior period. Garnet sales for the half year were slightly down, however Zircon production increased significantly, and 50,000 tonnes of prior period Ilmenite inventory was sold in January 2024.

Refer to events subsequent to balance date below for matters that have since materially impacted the Tormin operations.

REVIEW OF OPERATIONS (Continued)

Skaland Operations

The appointment of a new General Manager at Skaland in early 2024 has resulted in significant improvement in the management of the Skaland mine, but ongoing equipment availability limited the impact on production levels until the second quarter of 2024

Skaland Mining

Mining	Year to Date 30-Jun-24	Year to Date 30-Jun-23
Material Mined	15,502	19,267
Ore Mined	14,890	14,219
Waste Mined	612	5,048
Ore Grade (%C)	29	28
Development Metres	-	73

Skaland Mining operations were impacted by limited drill rig availability in Q1 but rebounded strongly in the June quarter and are expected to return to budgeted levels for the remainder of the year.

Skaland Processing

Limited stockpiles in hand at the end of 2023 meant that the ROM feed to the processing plant was impacted by the reduced mining tonnes early in 2024. Improved feed volumes resulted in a 50% increase in concentrate production in Q2 and proved the ability of the operation to produce 10,000/t per year when equipment availability allows

Processing	Year to Date 30-Jun-24	Year to Date 30-Jun-23
Ore Processed (t)	12,131	14,511
Throughput (tph)	7	7
Ore Grade (%C)	29	28
C Recovery (%)	92	90
Concentrate Grade (%)	91	95
Concentrate Produced (t)	3,172	3,959

The September quarter production will be affected by a 3-week shut down for the European summer holidays. Plant maintenance will be performed during the downtime aiming to improve plant reliability for the rest of the year.

REVIEW OF OPERATIONS (Continued)

Skaland Operations (Continued)

Skaland Sales

Inventory on hand at Skaland rarely exceeds 700t, so sales in any given period are directly reflective of mining and processing results in the short term.

In this case, sales for the first half of 2024 reflects the operational difficulties experienced in early in 2024, before improving towards the end of the half-year as product availability grade and pricing remained consistent with 2023.

Product (wmt)	Year to Date 30-Jun-24		Year to Date 30-Jun-23	
	Sales	PSD %	Sales	PSD %
Coarse/Medium	1,426	43%	1,825	43%
Fine-Medium/Powder	1,859	57%	2,455	57%
Total	3,285		4,280	

Sales revenue for the June 2024 quarter increased to US\$1.8 million for a total of 2,217 tonnes sold.

Skaland Unit Costs & Revenues

<u>Summary of Unit Costs & Revenues</u>	<u>Year To Date 30-Jun-24</u>	<u>Year To Date 30-Jun-23</u>
Unit production cash costs per tonne of net final concentrate produced (US\$/wmt)	1,170.51	789.87
Unit cost of goods per tonne of final concentrate sold (US\$/wmt) (1)	1,245.02	711.97
Unit revenue per tonne of final concentrate sold (US\$/wmt)	860.81	766.36
Revenue to Cost of Goods Sold Ratio sold	0.67	1.08

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.

The Skaland operating cost base remained consistent over the first 6 months of 2024 compared to previous periods. Unit production cash costs reflect a high level of fixed costs and the operational metrics for the quarter.

These metrics will continue to improve when planned capital investments increase both mining volumes and processing capacity.

Exploration and Permitting

Minimal activity was undertaken during the half-year

Refer to events subsequent to balance date below for further matters relating to the Skaland project.

REVIEW OF OPERATIONS (Continued)

Munglinup Graphite Project (51%)

During the first half year, negotiations were undertaken to secure terms for the Company to increase its share in the Munglinup Graphite Project. As a result, the Company announced on 25 June 2024 that its wholly owned subsidiary MRC Graphite Pty Ltd ("MRCG") had reached an in-principle agreement with Gold Terrace Pty Ltd, its joint venture partner in Munglinup, to settle a dispute and acquire the remaining 49% interest in Munglinup. The Company holds an existing 51% interest in Munglinup.

The Company and Gold Terrace are currently negotiating a formal sale agreement (Formal Agreement) to document the sale of Munglinup and the settlement of the dispute. Gold Terrace has agreed to not pursue any legal claims in respect of the joint venture agreement until completion of the Formal Agreement.

The total consideration to be paid to Gold Terrace in exchange for its 49% interest in Munglinup is \$A7.5M in cash.

Completion is subject to market standard conditions precedent to completion including regulatory approvals such as Foreign Investment Review Board Approval and ministerial consent, Gold Terrace agreeing to withdraw certain caveats against the Company's tenements, and any shareholder approval associated with the potential provision of funding from another party to the Company (if required).

Upon completion, the joint venture agreement between the Company, MRCG and Gold Terrace will terminate and Gold Terrace will fully release the Company from claims in relation to the joint venture agreement.

Obtaining environmental approvals and advancing studies remain the priorities for the Munglinup graphite development and are expected to be achieved by the September 2025 quarter following some delays in the process.

The Munglinup Graphite Project remains a crucial asset in the Company's overall goal to supply natural graphite into the key high-demand battery anode markets, with the DFS (2020) outlining a graphite asset able to produce approximately 52,000tpa of ore over 14 years at an average grade of 12.8%.

Active Anode Plant Project (100%)

Commissioning of the pilot-scale graphite anode pilot plant has delivered encouraging preliminary results with the achievement of battery grade overall purity in a single pass (without optimization) using 898 flake material. The pilot plant is partly financed by the Australian government Critical Minerals Acceleration Initiative ("CMAI") Project.

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

In addition to project technical work and studies, the Company has been actively engaging with governments in Australia, Europe and the US regarding potential support for the project.

Corporate

The Company's Management has focused this half-year on efforts to support both Tormin and Skaland Operations through periods of challenging operational events, as well as progressing the Company's interest in the Munglinup Graphite Project. Refer note 7.3 of the interim report for the events after the balance sheet date.

Consolidated Results and Financial Position

Loss before interest, tax, depreciation and amortisation ("EBITDA") of \$20.0 million and a net loss after income tax ("NLAT") of \$65.1 million for the 2024 half-year are below 2023 comparative performance (2023 EBITDA \$1.9 million and NPAT of \$0.8 million).

Included in the loss for the half year ended 30 June 2024 are related impairment losses of \$38.5 million. These relate to the Board's assessment of subsequent events relating to the Tormin mine on the carrying value of the Groups Assets as at 30 June 2024. For further information see note 2.4 of the interim report.

Also included in the loss for the half year are inventory adjustments to the value of \$18.5 million relating to a historical stockpile agreement with GMA. For more information see note 2.3 of the interim report.

The Management has assessed the deferred tax asset and decided to derecognise US\$588,457 from the consolidated statement of financial position as the recognition criteria is no longer satisfied.

At 30 June 2024, the Company had \$0.9 million in cash, decreased from \$1.1 million as at 31 December 2023.

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to half-year end, the Tormin Mine was directly affected by a maritime incident involving the stranding and eventual breakup of a container ship on high grade mining beaches. Refer note 7.2 of the interim report.

Unfortunately, the financial impact of these events rendered continuing operations at Tormin unviable and the Board of Mineral Commodities Limited resolved to cease funding the Tormin Operations. This resulted in the Board of Mineral Sands Resources Proprietary Limited (MSR), the owner of the Tormin Mine, resolving to appoint a Business Rescue Practitioner on 5 August 2024 in line with South African Law.

All decisions regarding the operation of Tormin, dealing with its creditors and the future of the business, including ownership, are being made by the business rescue practitioners in accordance with South African law. The Company understands a "business rescue plan" will be put to MSR's creditors in late January 2025.

GMA Standstill

On 9 September 2024, MRC advised the market a binding agreement (Standstill Agreement) had been executed that provided Garnet International Resources Pty Ltd ("GMA") would take no action in relation to the parent guarantee granted by MRC ("Guarantee") in relation to a loan between GMA and Mineral Sands Resources Proprietary Limited entered into in May 2023.

The original Standstill Agreement was amended in October 2023. The revised Standstill Agreement provided that GMA will take no action in relation to the Guarantee. GMA will have a right to terminate the Standstill Agreement if:

- a term sheet for a transaction that will ultimately allow for the parent guarantee amount to be funded ("Proposed Transaction") is not executed by 15 October 2024;
- it becomes reasonably apparent to GMA based on the information provided to it by MRC that there is no longer a reasonable prospect that any of the following will occur (or has not occurred by the relevant date specified below):
- A\$800,000 of shareholders/investor financing is not received by MRC by no later than 23 October 2024;
- confirmation of the consideration for the Proposed Transaction (Confirmation Receipt) is not received no later than 31 October 2024;
- A\$500,000 of shareholders/investor financing is not received by MRC by no later than 6 business days after the earlier of the date of Confirmation Receipt and 31 October 2024;
- the Proposed Transaction has or will not complete by 13 December 2024; or
- such funding referred to above has ceased to be committed or is otherwise unavailable.
- MRC agreed to contribute A\$250K to GMA's Costs

Subsequently, on 23 December 2024, the Standstill Agreement was amended such that GMA will have a right to terminate the Standstill Agreement if the sale of Skaland has not completed by 5pm (AWST) on 3 March 2025 or any later date agreed to by GMA (in its absolute discretion). The balance of the conditions were met by MRC prior to this date.

Interim Funding

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

Key Terms of the loans are as follows:

- Interest Rate: 20%;
- Security: MRC has entered into a first ranking general security deed with each lender;
- Subject to the receipt of shareholder approval, MRC will issue the following facility options:
 - Au Mining : 200,000,000 options with an exercise price of A\$0.015, expiring 3 years from date of issue
 - Other lenders : 10,000,000 options (for each lender) with an exercise price of A\$0.015, expiring 3 years from date of issue;
- The loan is repayable on the Maturity Date (defined below);

EVENTS SUBSEQUENT TO BALANCE DATE (Continued)

Interim Funding (Continued)

- The Maturity Date means the earlier of:
 - Two years from the first drawdown; or
 - If Skaland Graphite AS is sold, 31 March 2025; and
 - (For the Au Mining Loan only) 20 business days of the failure of MRC shareholders to approve the resolutions necessary to allow the conversion of the loan, the issue of the facility options to Au Mining, and approval of the grant of security to Au Mining;
- Conversion of the loans is at the election of the relevant lender at an issue price of A\$0.015 per conversion share. Conversion by Au Mining is subject to receipt of shareholder approval.

Sale of Skaland Graphite

On 16 December 2024, the Company announced it had entered into a binding share purchase agreement ("SPA") for the sale of 100% of the Skaland Graphite AS ("Skaland") to Norge Mineraler Holding AS ("Norge Mineraler"). Key terms of the SPA are as follows:

- Total purchase price of USD\$11.75 million comprising:
 - USD\$250k non-refundable exclusivity fee, already received;
 - USD\$1 million refundable deposit, which has since been received; and
 - USD\$10.5 million to be paid at completion;
- Norge Mineraler takes on all liability exposure in relation to Skaland, except intercompany loans;
- Standard conditions precedent for a transaction of this nature, including that:
 - Skaland has repaid or converted all intercompany loans to equity prior to completion;
 - all third party consents have been received (including MRC shareholder approval); and
 - no material adverse change in Skaland;
- The Company is restricted from competing with the business of Skaland in Norway for 3 years.

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 31.

Signed in accordance with a resolution of the Directors.



Brian Moller

Chairman

Dated at Perth, Western Australia

This 29th of January 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2024

	Notes	Half-Year to 30 Jun 24 \$	Half-Year to 30 Jun 23 \$
Revenue from continuing operations			
Revenue from contracts with customers		18,086,587	14,945,257
Other revenue		49,700	273,979
		18,136,287	15,219,236
Expenses			
Mining and processing costs	2.2 (i)	(19,819,832)	(14,668,490)
Administration expenses	2.2 (ii)	(1,877,887)	(2,665,591)
Inventory adjustments	2.3	(18,450,887)	-
Impairment charges	2.4	(38,520,308)	-
Exploration and evaluation expenditure written off		-	(99,699)
Share payment (expense) / revenue	7.4	(85,598)	250,181
Finance costs		(379,035)	(268,253)
Loss before income tax from continuing operations		(60,997,260)	(2,232,616)
Income tax (expense)/ benefit	6	(4,121,929)	3,013,650
(Loss)/ Profit after income tax from continuing operations		(65,119,189)	781,034
Other comprehensive expense items			
Exchange differences on translation of foreign operations		(2,913,203)	(3,733,098)
Total comprehensive loss for the period		(68,032,392)	(2,952,064)
(Loss)/ profit is attributable to:			
Owners of Mineral Commodities Ltd		(65,119,189)	892,823
Non-controlling interest		-	(111,789)
		(65,119,189)	781,034
Total comprehensive loss for the half-year is attributable to:			
Owners of Mineral Commodities Ltd		(68,032,392)	(2,638,256)
Non-controlling interest		-	(313,808)
		(68,032,392)	(2,952,064)
(Loss)/ Earnings per share from continuing operations attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic (loss)/ earning per share		(6.61)	0.12
Diluted (loss)/ earning per share		(6.61)	0.12

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 2024

	Notes	30 Jun 24 \$	31 Dec 23 \$
Current assets			
Cash and cash equivalents		872,225	1,129,794
Trade and other receivables	4.1	2,007,500	10,851,200
Inventories	4.2	1,515,915	21,533,289
Other investments	5.2	23,277	23,821
Total current assets		4,418,917	33,538,104
Non-current assets			
Trade and other receivables	4.1	2,712	243,877
Inventories	4.2	-	2,200,672
Exploration and evaluation assets	3.1	12,643,670	14,600,437
Deferred tax asset		-	588,457
Property, plant and equipment	3.3	10,113,882	20,047,223
Total non-current assets		22,760,264	37,680,666
Total assets		27,179,181	71,218,770
Current liabilities			
Trade and other payables	4.3	18,945,671	16,471,760
Unearned revenue	4.4	2,198,484	1,787,802
Inventory liabilities	2.3	18,450,887	-
Borrowings	5.1	7,577,565	4,083,504
Employee benefits		339,406	805,763
Current tax liabilities	6	31,974	146,263
Total current liabilities		47,543,987	23,295,092
Non-current liabilities			
Provisions		870,066	880,512
Borrowings	5.1	211,183	4,133,824
Employee benefits		-	18,788
Deferred tax liability	6	3,610,184	-
Total non-current liabilities		4,691,433	5,033,124
Total liabilities		52,235,420	28,328,216
Net (liabilities)/assets		(25,056,239)	42,890,554
Equity			
Contributed equity		90,914,631	90,914,631
Reserves		(42,616,312)	(39,788,707)
Accumulated losses		(73,354,558)	(8,235,369)
(Deficiency of Total Assets to Total Liabilities)/Total equity		(25,056,239)	42,890,554

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 2024

	Half-Year to 30 Jun 24 \$	Half-Year to 30 Jun 23 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	20,992,073	18,658,453
Payments to suppliers and employees	(20,640,696)	(20,539,073)
Tax paid	-	-
Net cash inflow/(outflow) from operating activities	351,377	(1,880,620)
Cash flows from investing activities		
Payments for exploration expenditure	-	(125,810)
Payments for plant and equipment	(425,653)	(689,568)
Payments for development expenditure	-	(298,934)
Proceeds from sale of property, plant and equipment	-	1,390,206
Interest received	246	57
Net cash (outflow)/inflow from investing activities	(425,407)	275,951
Cash flows from financing activities		
Repayment of borrowings	(2,508,601)	(2,110,910)
Proceeds from borrowings	1,300,000	800,000
Proceeds from grants	1,142,570	719,857
Proceeds from issue of new shares (net of costs)	-	6,604,309
Interest paid	(100,601)	(70,631)
Net cash (outflow)/ inflow from financing activities	(166,632)	5,942,625
Net (decrease)/increase in cash and cash equivalents	(240,662)	4,337,956
Cash and cash equivalents at the beginning of the half-year	1,129,794	1,142,141
Effects of exchange rate changes on cash and cash equivalents	(16,907)	75,283
Cash and cash equivalents at the end of the half-year	872,225	5,555,380

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 2024

	Contributed equity \$	Reserves \$	Accumulated Losses \$	Total \$	Non- Controlling interest \$	Total equity \$
Balance at 1 January 2024	90,914,631	(39,788,707)	(8,235,369)	42,890,555	-	42,890,555
Loss for the half-year	-	-	(65,119,189)	(65,119,189)	-	(65,119,189)
Other comprehensive loss for the half-year	-	(2,913,203)	-	(2,913,203)	-	(2,913,203)
Total comprehensive loss for the half-year	-	(2,913,203)	(65,119,189)	(68,032,392,)	-	(68,032,392)
Transactions with owners in their capacity as owners						
Share-based payment expenses	-	85,598	-	85,598	-	85,598
Balance at 30 June 2024	90,914,631	(42,616,312)	(73,354,558)	(25,056,239)	-	(25,056,239)
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	-	(3,531,079)	892,823	(2,638,256)	(313,808)	(2,952,064)
Transactions with owners in their capacity as owners						
Share placement	6,604,309	-	-	6,604,309	-	6,604,309
Share-based payment income	-	(250,181)	-	(250,181)	-	(250,181)
Balance at 30 June 2023	85,529,421	(36,592,101)	2,608,192	51,545,512	(911,360)	50,634,152

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 2024 ("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 29 January 2025.

1.2 Basis of accounting

The financial report for the half-year ended 30 June 2024 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 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 2023. Except as disclosed below, the accounting policies are the same as those adopted in the most recent annual financial report.

Presentation currency

The consolidated financial statements are presented in United States dollars ("USD"), which is the Company's presentation currency.

1.3 Going concern

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 2024, the Group incurred a loss before income tax of US\$60,997,260 and had net cash inflows from operations of US\$351,377. At 30 June 2024, the Group had a working capital deficiency of US\$43,125,070 and an overall deficiency of assets to liabilities of US\$25,056,239.

The Group has ongoing commitments for the development of its mining and exploration as disclosed in Note 7.1. The Group has been managing its financial liquidity during the half year due to the lower than budgeted financial performance of its mining operations and the subsequent maritime incident that negatively impacted its South African Tormin minerals sands project as disclosed in Note 7.3. As a direct result of the business interruption and environmental impact of the maritime incident, the Board of MRC ceased all further funding of MSR, and this entity was placed into business rescue on 6 August 2024.

The group has continued to manage its creditors. Further it also currently has a standstill agreement in place with GMA for principal amounts due totalling US\$5.4 million. Final settlement value will be subject to confirmation. This standstill agreement expires on 3 March 2025. Further details are disclosed in Note 7.3.

As announced on 17 October 2024, the group entered into secured convertible loan facilities with existing shareholders for up to AUD\$2.4 million (US\$1.6 million). The loans are repayable at the earlier of two years from drawdown, if Skaland is sold, 31 March 2025 (refer below) or, (for the Au Mining loan only) 20 business days following the failure of MRC shareholders to approve the resolutions necessary to allow the conversion of the loans, the issue of the facility options to Au Mining and approval of the grant of security to Au Mining. Further details are disclosed in Note 7.3.

Further, as announced by the group on 16 December 2024, the group entered into a binding, conditional agreement to sell 100% of MRC's interest in the Skaland Project in Norway to Norge Mineraler for US\$11.75 million. The sale transaction is expected to settle around 3 March 2025. The sale is subject to shareholder approval. Further details are disclosed in Note 7.3.

Notes to the Consolidated Financial Statements

1 Basis of Preparation (continued)

1.3 Going concern (Continued)

The ability of the group to continue as a going concern is dependent upon managing its creditors and overheads in line with available cash resources, generating positive cash flows from the sale of the groups Skaland mining operations and 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:

- Cash proceeds from the sale and shipment of graphite from its Skaland operations to the date of sale of the Skaland operations;
- The funds from the sale of Skaland project described above and detailed further in Note 7.3;
- The settlement of MRC creditors from the proceeds of this sale;
- On 6 August 2024, MSR was placed into business rescue with net liabilities of US\$4.7 million. MRC has issued no Parent Company Guarantee's to MSR creditors other than to GMA in relation to the loan of US\$5.4 million. Final amounts owing will be subject to confirmation on settlement;
- Once the company's suspension of trading on ASX is lifted, 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 report. 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.

1.4 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 2023, except for the adoption of new standards effective as of 1 January 2024. 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 2024, but do not have an impact on the interim condensed financial statements of the Group.

AASB 101 Presentation of Financial Statements – Amendments for classifying liabilities as current or non-current

There are three main changes to the classification requirements within AASB 101 Presentation of Financial Statements:

- The right to defer settlement must exist at the end of the reporting period;
- Classification is based on the right to defer settlement; and
- If a liability could be settled by an entity transferring its own equity instruments prior to maturity.

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.

The chief operating decision maker has identified five 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 2024 is as follows:

	Tormin Project \$	Xolobeni Project \$	Skaland Project \$	Australia Exploration \$	Corporate \$	Consolidation Eliminations \$	Totals \$
Half-Year 2024							
Revenue from operations							
Total segment revenue	15,229,627	-	2,906,660	-	-	-	18,136,287
Revenue from external customers	15,229,627	-	2,906,660	-	-	-	18,136,287
EBITDA	(18,332,476)	-	615,964	-	(2,258,393)	(14,757)	(19,989,662)
Depreciation and amortisation	1,537,241	-	283,851	-	287,163	-	2,108,255
Impairment	38,520,308	-	-	-	-	-	38,520,308
Total segment assets	604,924	-	6,819,513	12,884,545	7,498,539	(628,340)	27,179,181
Total segment liabilities	36,595,195	3,982,252	1,719,793	238,382	9,859,335	(159,537)	52,235,420
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	-	(2,174,678)	-	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

Notes to the Consolidated Financial Statements

2. Financial Performance (continued)

2.1 Segment information (continued)

Segment results, segment assets and segment liabilities (continued)

Earnings before interest, tax, depreciation and amortisation ("EBITDA") reconciles to operating loss before income tax as follows:

	30 Jun 2024	30 Jun 2023
	\$	\$
EBITDA	(19,989,662)	1,881,275
Exploration and evaluation expenditure written off	-	(99,699)
Impairment of assets	(38,520,308)	-
Finance income /(expense)	(379,035)	(268,253)
Depreciation and amortisation	(2,108,255)	(3,745,939)
Loss before income tax	(60,997,260)	(2,232,616)

2.2 Expenses

(i) Mining and processing costs

Mining and processing costs include the following material expenditure items:

	30 Jun 2024	30 Jun 2023
	\$	\$
Transport and shipping of product	2,595,352	2,170,101
Fuel	2,600,267	3,280,843
Wages and salaries	4,439,258	5,107,431
Repairs and maintenance	1,949,517	2,699,528
Depreciation and amortisation – mining and processing assets	1,821,091	3,268,939

(ii) Administration expenses

Administration expenses include the following material expenditure items:

Wages and salaries	730,653	732,540
Depreciation – corporate assets	287,164	477,000

Notes to the Consolidated Financial Statements

2. Financial Performance (continued)

2.3 Inventory adjustments

	30 Jun 2024 \$	30 Jun 2023 \$
Stockpile Liability	13,471,071	-
Grade Disparity Liability	4,979,816	-
	18,450,887	-

Stockpile adjustment

On 31 March 2021 Mineral Sands Resources Pty Ltd (MSR) entered into an agreement with Garnet International Resources Pty Ltd (GMA) to purchase a Garnet stockpile at Tormin surveyed to contain 635,958t of Garnet. Delivery of this stockpile was completed in May 2024, and the delivered tonnes amount to 498,606t as per truck weighbridge data. MSR has recognised a liability as at 30 June 2024 for the remaining 137,352 tonnes due under the agreement, to the value of \$13,471,071.

Grade Disparity adjustment

Garnet sales to GMA between October 2023 and February 2024 were assayed by the customer as the shipments were delivered and MSR was advised of the bulk average result in Q2 2024. The result of these assays indicated average quartz levels of 6.4%, exceeding the 5% limit prescribed under a 2021 Mineral Sands Agreement. Consequently, MSR has incurred a penalty requiring the delivery of a further 50,773 WMT of Garnet. The Company has recognised this liability effective 30 June 2024 at a valuation of \$98.08 per tonne.

2.4 Impairment charges

	30 Jun 2024 \$	31 Dec 2023 \$
Trade and other receivables (Note 4.1)	9,335,621	-
Inventories (Note 4.2)	19,990,583	-
Exploration and evaluation assets (Note 3.1)	1,821,229	-
Property, plant and equipment (Note 3.3)	7,798,206	-
As at end of the period	38,520,308	-

Recognition & Measurement

Assets are reviewed for impairment whenever events for changes in circumstances indicate that the carrying value may not be recoverable. An Impairment charge is recognised for the amount which the assets carrying value exceeds the recoverable amount. For the purposes of assessing impairment, operating assets are grouped at the lowest levels for which there are separately identifiable cashflows (Cash Generating Units – CGU's). Where indicators of impairment exist, the recoverable amount was determined by calculating the higher of fair value less cost of disposal (FVLCD) and value in use (VIU).

Notes to the Consolidated Financial Statements

2. Financial Performance (continued)

2.4 Impairment charges (continued)

Indicators of impairment can exist at an individual asset level due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable time frame. Other indicators of impairment can exist where there is a deterioration of financial performance of cash-generating units (CGUs) against their respective budgets and forecasts.

Summary of impairments taken and method used to assess impairment

Subsequent to 30 June 2024, the Company has made the decision to cease funding MSR as advised to the market on 6 August 2024 and appointed a Business Rescue Practitioner (Note 7.2). As a result, the Board of Mineral Commodities Ltd has evaluated the recoverable amounts of the Group's Cash Generating Units on a liquidations basis of accounting at 30 June 2024.

Key Assumptions used fair value less costs of disposal

The board considered a market approach to the valuation of the cash generating units ("CGU's") to establish fair value less costs of disposal.

Impairment indicator assessment

The Group assessed all CGUs for the presence of impairment indicators at the reporting date. Management considered the following external and internal factors as indicators for possible impairment:

- The negative cashflow position of the Tormin CGU for the reporting period;
- The negative cashflow position for the Tormin CGU subsequent to the reporting date;
- The estimated capital requirements to sustain future operations;
- The announcement made to the market on 6 August 2024 regarding withdrawal of further funding by MRC; and
- MSR resolved to appoint a Business Rescue Practitioner on 5 August 2024.

Impairment testing

Assets tested for impairment included the Tormin Mineral Sands project and Xolobeni Mineral Sands project.

Following the impairment indicators identified above, the Group estimated the recoverable amount of the Tormin and Xolobeni on the liquidation basis of accounting. As a result, these projects have been fully impaired, except for the inventories that were sold subsequent to the reporting period until the market announcement. Related assets in MRC were also fully impaired.

No impairment indications noted for Skaland Graphite Project.

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 2024 \$	31 Dec 2023 \$
As at beginning of the period	14,600,437	17,507,213
Expenditure during the period	-	1,080,359
Re-classification: transfer from property, plant and equipment	-	1,424,495
Impairment charge (Note 2.4)	(1,821,229)	(4,965,717)
Exchange difference	(135,538)	(445,913)
As at end of the period	12,643,670	14,600,437

3.2 Mine development expenditure

As at beginning of the period	-	4,676,944
Additions	-	296,309
Amortisation expense	-	(1,456,056)
Impairment charge	-	(2,981,842)
Exchange difference	-	(535,355)
As at end of the period	-	-

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 2023								
Net book amount								
Cost at fair value	4,613,204	1,262,868	26,457,843	98,696	888,373	10,352,676	5,004,183	48,677,843
Depreciation and amortisation	(2,064,033)	(1,229,861)	(17,157,298)	(98,696)	(374,501)	(7,706,231)	-	(28,630,620)
Net book amount	2,549,171	33,007	9,300,545	-	513,872	2,646,445	5,004,183	20,047,223
Half-year ended 30 June 2024								
Cost at fair value								
As at 1 January 2024	4,613,204	1,262,868	26,457,843	98,696	888,373	10,352,676	5,004,183	48,677,843
Additions	-	-	-	-	-	-	425,653	425,653
Impairment	-	-	-	-	-	-	(1,919,349)	(1,919,349)
Exchange differences	(47,676)	(26,826)	(306,829)	(815)	(16,929)	(155,630)	(181,052)	(735,757)
As at 30 June 2024	4,565,528	1,236,042	26,151,014	97,881	871,444	10,197,046	3,329,435	46,448,390
Accumulated depreciation and amortisation								
As at 1 January 2024	(2,064,033)	(1,229,861)	(17,157,298)	(98,696)	(374,501)	(7,706,231)	-	(28,630,620)
Depreciation and amortisation	(211,800)	(17,260)	(597,893)	-	(37,720)	(1,243,582)	-	(2,108,255)
Impairment	(302,196)	(1,059)	(4,218,280)	-	(416,502)	(940,820)	-	(5,878,857)
Exchange differences	16,240	25,432	151,960	815	4,087	84,690	-	283,224
As at 30 June 2024	(2,561,789)	(1,222,748)	(21,821,511)	(97,881)	(824,636)	(9,805,943)	-	(36,334,508)
Net book amount								
Cost at fair value	4,565,528	1,236,042	26,151,014	97,881	871,444	10,197,046	3,329,435	46,448,390
Depreciation and amortisation	(2,561,789)	(1,222,748)	(21,821,511)	(97,881)	(824,636)	(9,805,943)	-	(36,334,508)
Net book amount	2,003,739	13,294	4,329,503	-	46,808	391,103	3,329,435	10,113,882

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 2024	31 Dec 2023
	\$	\$
Current		
Trade receivables	1,572,119	999,670
Other receivables	9,158,150	9,563,228
Prepayments	373,698	288,302
	11,103,967	10,851,200
Impairment charge (Note 2.4)	(9,096,467)	-
	2,007,500	10,851,200
Non-current		
Security deposits	219,362	221,187
Other receivables	22,504	22,690
	241,866	243,877
Impairment charge (Note 2.4)	(239,154)	-
	2,712	243,877

4.2 Inventories

Current		
Raw materials at cost	16,170,177	13,451,179
Finished product at lower of cost and net realisable value	924,037	5,893,528
Spare parts and consumables at cost	1,921,683	2,188,582
	19,015,897	21,533,289
Impairment charge (Note 2.4)	(17,499,982)	-
	1,515,915	21,533,289
Non-current		
Finished product at lower of cost and net realisable value	2,200,672	2,200,672
Impairment charge (Note 2.4)	(2,200,672)	-
	-	2,200,672

The non-current finished product on 31 December 2023 represented a garnet stockpile that included an expected component sitting below ground level due to compaction over time. On completion of stockpile deliveries from above ground level during the half year it became evident that no material existed below ground level. As a result, the remaining garnet stock value was impaired.

Notes to the Consolidated Financial Statements

4. Working Capital Management (Continued)

4.3 Trade and other payables

	30 Jun 2024	31 Dec 2023
	\$	\$
Trade payables	10,964,607	8,308,043
ATO Liability	2,297,236	2,059,089
Other payables and accruals	5,683,828	6,104,628
	18,945,671	16,471,760

The ATO liability refers to pay-as-you-go withholding tax that is subject to a payment plan.

4.4 Unearned revenue

	30 Jun 2024	31 Dec 2023
	\$	\$
Government Grant ⁽¹⁾	2,163,474	1,033,150
Advance receipt from customers	35,010	754,652
	2,198,484	1,787,802

- (1) The Government Grant relates to a Critical Minerals Accelerator Initiative grant provided by the Department of Industry, Science, Energy and Resources. The project is aimed to accelerate the commercialisation of a new, innovative graphite purification technology in conjunction with research scientists at the CSIRO, aiming to produce battery grade graphite anode material. Graphite raw material to support a commercial scale processing plant is to be supplied by MRC's Munglinup Project.

Key Conditions of the Grant are:

- MRC provides financial support to the project in amounts equal to the Grant Funds;
- Funds should be spent for the purpose of performing the specified activities by 31 March 2025; and
- MRC to provide with an independent audited financial acquittal report on completion verifying that the Grant has been spent in accordance with the agreement.

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 2024	31 Dec 2023
	\$	\$
Current		
Borrowings – unsecured	1,587,998	701,636
Amounts due under equipment acquisition agreements ^{(1), (2), (3), (4)}	203,063	1,909,021
Short term borrowings – secured ^{(5), (6), (7), (8)}	5,786,504	1,472,847
	7,577,565	4,083,504
Non-current		
Borrowings – unsecured	-	-
Amounts due under equipment acquisition agreements ^{(1), (2), (3), (4)}	211,183	1,013,824
Long term borrowings – secured ^{(5), (6), (7), (8)}	-	3,120,000
	211,183	4,133,824

- (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) In 2019, Skaland Graphite AS entered into a Loan Agreement with the previous owners as a part of the Group's acquisition of Skaland Graphite AS. The interest rate is NIBOR +2% per annum, and is repaid quarterly. Mineral Commodities Limited gave a parent guarantee in favour of the lender.
- (6) The Group acquired two loans payable to Innovasjon Norge for the Acquisition of Skaland Graphite AS with an effective rate of 5.05%. The loan has been fully settled during the first half of the year 2024.
- (7) The Group obtained a working capital facility from Standard Bank of South Africa and secured by the trade receivables of MSR.
- (8) The Group has drawn down US\$5.4 million on the Loan Agreement with GMA. The loan is repayable no later than 31 December 2028. The loan has an effective rate of 9.50%. It was secured by the trade receivables of MSR and a parent guarantee by the Company. A standstill agreement was executed that GMA would take no action in relation to the parent guarantee granted by the Company for this loan. Refer note 7.3.

Notes to the Consolidated Financial Statements

5. Funding and Risk Management (continued)

5.2 Fair value measurement of financial instruments

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2024 and 31 December 2023 on a recurring basis:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2024				
<i>Financial assets</i>				
Listed equity securities – FVTPL	23,277	-	-	23,277
Total Financial Assets	23,277	-	-	23,277
31 December 2023				
<i>Financial assets</i>				
Listed equity securities – FVTPL	23,821	-	-	23,821
Total Financial Assets	23,821	-	-	23,821

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 expense 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 7% (30 June 2023: -134%). 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 intercompany 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\$3,610,184 at 30 June 2024 from deferred tax asset balance of US\$588,457 at 31 December 2023 materially relates to the deferred tax liability on the taxable temporary differences in the Australian Tax Group and the Management decided to derecognise the deferred tax asset due to the recognition criteria no longer being satisfied.

The current tax provision balance for the half-year of US\$31,974 (31 December 2023: US\$146,263) has decreased due to the nil current income tax expense for the Australian Tax Group.

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 and share based payments.

7.1 Commitments

The group's commitment for the Munglinup Graphite Project for the 12 months from the reporting date is US\$153,075.

7.2 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\$219,350) (Dec 2023: ZAR4,102,989 (US\$224,430)).

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\$17,108) (Dec 2023: ZAR320,000 (US\$17,504)).

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\$21,384) (Dec 2023: ZAR400,000 (US\$21,880)).

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\$18,711) (Dec 2023: ZAR350,000 (US\$19,145)).

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\$1,746,083) (Dec 2022: ZAR15,200,000 (US\$831,428)).

Others

In 2019, MSR received a letter of demand from the South African Revenue Service (SARS) for up to ZAR32,268,000 (US\$1,725,082) (Dec 2023: ZAR32,268,000 (US\$1,765,034)) plus penalty interest of ZAR 4,307,083 (US\$230,261) (Dec 2023: ZAR4,307,083 (US\$235,082)), totalling ZAR36,575,083, relating to diesel fuel rebate claimed from its mining activities over several years.

MSR is of the view, based upon independent legal advice obtained, that MSR has been compliant with the respective legislation and therefore MSR 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 and the directors have assessed there is no liability at 30 June 2024 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. MSR 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. MSR is pursuing legal proceedings and is confident in its claim. There has been no change since 31 December 2023. However, after the loss of control on MSR, these receivables have now been fully impaired in the group financial statements.

Other than those mentioned above, there have been no other changes to contingent assets or liabilities since 31 December 2023.

Notes to the Consolidated Financial Statements

7 Other (Continued)

7.3 Events occurring after the reporting period

Subsequent to end of the half-year on 10 July 2024, a major maritime incident occurred close to Tormin operations. The MV Ultra Galaxy ("Ship") ran aground close to the operating beaches of Tormin. The Ship and its contents have no connection to Tormin or its operations. The incident and the major storm event that caused it significantly impacted operations and created increased risks to the business.

Oil spill incident

Early Monday 29 July 2024 the Company was informed that more extreme weather caused major damage to the Ship that resulted in oil being spilled into the ocean that reached the shoreline including areas to be mined by MSR.

While the government authority South African Maritime Safety Authority ("SAMSA") had been working since the original incident on 10 July 2024 to reduce the risk of an oil spill by draining of oil and fuel from the Ship, this was unfortunately unsuccessful, and the Beaches were contaminated by various petroleum products leaking from the ship.

SAMSA remains onsite at Tormin along with spill management contractors to coordinate emergency incident response and ultimately ship recovery operations. Tormin staff continue to provide shore-based assistance including access to the beach area at Tormin.

Effect on Tormin production and resources

Interruption to seawater intake essential for production

While the spill began where the Ship ran aground opposite the beach mining area #4, it then drifted south approaching the area where seawater is pumped from the ocean for minerals processing. Site management ceased drawing seawater at the time to prevent process water contamination.

In addition to the risk of oil contamination of the water supply, the heavy seas and extreme conditions tore away the pipelines, further impacting production.

When water supply is reduced or interrupted, production from the process plant is limited by the amount of water available in the mine storage dam until full water supply can be restored.

Beach mineral resource contamination

The potential to economically mine the beach sand in the future will depend on a range of factors including the extent and concentration of the contamination.

While there has been some immediate oil contamination, it is too early to assess the extent and impact on the mineral resources and mining areas on the Tormin beaches, a length of coastline that extends over 10km.

Road access

Heavy rainfall associated with the storms that caused the Ship to run aground in the area where the mine is located resulted in flooding that impacted revenues by temporarily cutting off road deliveries of saleable product.

7 Other

7.3 Events occurring after the reporting period (Continued)

MSR business impact and funding

The oil spill and its impact on production, coming so soon after the initial extreme weather event that caused the Ship to run aground, placed financial pressure on the Tormin business.

Given MSR's financial outlook, MRC made the difficult decision to cease funding.

MSR has now appointed a Business Rescue Practitioner in accordance with South African law.

Tormin is currently on care and maintenance.

All decisions regarding the operation of Tormin, dealing with its creditors and the future of the business, including ownership, are being made by the business rescue practitioners in accordance with South African law. The Company understands a "business rescue plan" will be put to MSR's creditors in late January 2025.

Control Event

The appointment of a Business Rescue Practitioner to MSR on 6 August 2024 is likely to constitute a Loss of Control under AASB 10. Subject to independent confirmation the Group will deconsolidate the assets and liabilities of Mineral Sands Resources Proprietary Limited at that date. The assets of MSR have been fully impaired on 30 June 2024 except for the inventories sold subsequent to the reporting period until the appointment of Business Rescue Practitioner.

GMA standstill

On 9 September 2024, MRC advised the market the Standstill Agreement had been executed that provided GMA would take no action in relation to the guarantee granted by MRC in relation to a loan between GMA and MSR entered into in May 2023.

The original Standstill Agreement was amended in October 2023. The revised Standstill Agreement provided that GMA will take no action in relation to the Guarantee. GMA will have a right to terminate the Standstill Agreement if:

- a term sheet for a transaction that will ultimately allow for the parent guarantee amount to be funded (Proposed Transaction) is not executed by 15 October 2024;
- it becomes reasonably apparent to GMA based on the information provided to it by MRC that there is no longer a reasonable prospect that any of the following will occur (or has not occurred by the relevant date specified below):
- A\$800,000 of shareholders/investor financing is not received by MRC by no later than 23 October 2024;
- confirmation of the consideration for the Proposed Transaction (Confirmation Receipt) is not received no later than 31 October 2024;
- A\$500,000 of shareholders/investor financing is not received by MRC by no later than 6 business days after the earlier of the date of Confirmation Receipt and 31 October 2024;
- the Proposed Transaction has or will not complete by 13 December 2024; or
- such funding referred to above has ceased to be committed or is otherwise unavailable; and
- MRC to Contribute A\$250K to GMA's Costs.

Subsequently, on 23 December 2024, the Standstill Agreement was amended such that GMA will have a right to terminate the Standstill Agreement if the sale of Skaland has not completed by 5pm (AWST) on 3 March 2025 or any later date agreed to by GMA (in its absolute discretion). The balance of the conditions were met by MRC prior to this date.

7 Other (Continued)

7.3 Events occurring after the reporting period (Continued)

Interim Funding

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

Key Terms:

- Interest Rate : 20%;
- Security : MRC has entered into a first ranking security deed with each Lender;
- Facility Options :
 - Au Mining : 200,000,000 Options with an exercise price of A\$0.015, expiring 3 years from date of issue; and
 - Other Shareholders : 10,000,000 options(each) with an exercise price of A\$0.015, expiring 3 years from date of issue;
- The Maturity Date is the earlier of:
 - 2 Years from the first Drawdown; or
 - If Skaland is sold, 31 March 2025; or
 - (For the AU Mining Loan only) 20 business days of the failure of MRC shareholders to approve the resolutions necessary to allow the conversion of the loans, the issue of the facility options to Au Mining, and approval of the grant of security to Au Mining; and
- Conversion of the loans is at the election of the relevant Lender. Conversion by Au Mining is subject to receipt of shareholder approval.

Sale of Skaland Graphite

On 16 December 2024, the Company announced it had entered into a binding agreement for the sale of 100% of the Skaland Graphite project to Norge Mineraler.

The key terms of the SPA are as follows:

- Total purchase price of USD\$11.75 million comprising:
 - USD\$250k non-refundable exclusivity fee, already received;
 - USD\$1 million refundable deposit;
 - USD\$10.5 million to be paid at completion; and
 - Norge Mineraler takes on all liability exposure in relation to Skaland, except intercompany loans.
- Standard conditions precedent for a transaction of this nature, including that:
 - Skaland has repaid or converted all intercompany loans to equity prior to completion;
 - all third party consents have been received (including Company shareholder approval); and
 - no material adverse change in Skaland.
- The Company is restricted from competing with the business of Skaland in Norway for 3 years.

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

Notes to the Consolidated Financial Statements

7 Other (Continued)

7.4 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.

On 30 May 2024, the Board approved the issue of 7,900,000 Performance Rights vesting on 11 March 2025 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.038, expiring on 11 March 2028.

On 30 May 2024, the Board approved the issue of 7,900,000 Performance Rights vesting on 11 March 2026 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.038, expiring on 11 March 2028.

On 30 May 2024, the Board approved the issue of 7,900,000 Performance Rights vesting on 11 March 2027 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.038, expiring on 11 March 2028.

The fair value of the equity-settled performance rights granted was estimated as at the grant date using a Black Scholes model for performance rights with non-market conditions and a barrier-up trinomial pricing model was used for performance rights with market vesting conditions, taking into account the terms and conditions upon which the performance rights and share rights were granted.

7.5 Related party Transactions

During the first half year of 2024, the Group entered into the following related party transactions.

On 30 May 2024, the Board approved the issue of 7,900,000 Performance Rights to Mr Scott Lowe vesting on 11 March 2025 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.038 in the period prior to 11 March 2025, expiring on 11 March 2028.

On 30 May 2024, the Board approved the issue of 7,900,000 Performance Rights to Mr Scott Lowe vesting on 11 March 2026 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.038 in the period prior to 11 March 2026, expiring on 11 March 2028.

On 30 May 2024, the Board approved the issue of 7,900,000 Performance Rights to Mr Scott Lowe vesting on 11 March 2027 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.038 in the period prior to 11 March 2027, expiring on 11 March 2028.

An expense of US\$25,593 was recognised during the first half year of 2024 relating to these performance rights to Scott Lowe.

7.6 Key Management Personnel

During the first half year of 2024, the following changes occurred to Key Management Personnel Appointments:

- On 31 May 2024, Mr Adam Bick left the group as Group Chief Financial Officer; and
- On 1 June 2024, Mr Trevor Harris was appointed as the Group Chief Financial Officer.

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 2024 and of its performance for the half-year ended on that date.
2. Subject to matters in note 1.3, 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 29th day of January 2025

For personal use only

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF MINERAL COMMODITIES LTD

As lead auditor for the review of Mineral Commodities Ltd for the half-year ended 30 June 2024, 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.



Neil Smith

Director

BDO Audit Pty Ltd

Perth

29 January 2025

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 2024, 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, material accounting policy information 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 2024 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 1.3 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 true and fair and 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 2024 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 Pty Ltd

A handwritten signature in black ink, appearing to read 'Neil Smith', is written over a small, faint BDO logo.

Neil Smith

Director

Perth, 29 January 2025