ASX RELEASE

ASX: MRC

Quarterly Activities Report - September 2020

Highlights

- **Tormin – Approvals granted for Expanded Mining Rights and Downstream Processing[1] with mining commencing during the quarter**
- **Tormin – Massive increase in mineral resources with maiden resource of 106 million tonnes at 12.4% THM at the Western Strandline [2]**
- **Tormin – MRC agrees settlement terms with major customer GMA Garnet[3]**
- **Skaland – Signed landowner agreement over Bukken Graphite Prospect, largest known graphite anomaly in Norway[4]**
- **MRC completes Pre-Feasibility Study for Active Anode Material Plant in Norway, with an NPV of US$1.00-1.07 billion[5]**
- **COVID-19 – No material impact to Norwegian and South African operations. Supply chain logistics and markets largely unaffected**

(1) ASX release MRC Granted Approvals to Expand Mining and Processing at Tormin – 2 July 2020.
(2) ASX release Massive Increase in Mineral Resources at Tormin with Maiden Resource at Western Strandline – 27 August 2020.
(3) ASX release MRC agrees Settlement Terms with GMA Garnet – 14 September 2020.
(4) ASX release Highly prospective Graphite Project 20km from Skaland – 15 July 2020.
(5) ASX release MRC Completes Pre-Feasibility Study for Active Anode Material Plant in Norway, Addressing the Fast Growing Battery Market – 21 September 2020.

Corporate and Cash

Cash: US$15.7 million as at 30 September 2020, plus US$7.6 million in trade and other receivables

Debt: Borrowings as at 30 September 2020 of US$5.9 million

Securities: 455.1 million shares and 3.75 million performance rights as at 30 September 2020

Although the COVID-19 global pandemic has continued to present challenges for Mineral Commodities Ltd ("MRC" or "the Company"), the Company has ensured the risks to both its employees and operations were minimised. No employee has tested positive for COVID-19 at Skaland, however five employees tested positive at Tormin and were isolated and contact traced to identify and limit the risk of spreading the infection. All employees have subsequently returned to work after completing their period of isolation and a subsequent negative COVID-19 test. Skaland and Tormin have experienced no material impacts to operations or sales during the quarter.

South Africa also lifted restrictions which allowed the Company's expatriates to return to the country in the first week of October.

The financial and social impacts of COVID-19 are under constant review by Executive Management and the Board, and the Company continues to monitor the advice of governments within its operating jurisdictions and update protocols and people accordingly.

The Company is pleased to report on its activities during the quarter ended September 2020.

The Company's 50% owned subsidiary, Mineral Sands Resources (Pty) Ltd ("MSR"), was granted approvals on 30 June 2020 in respect to its Section 102 Mining Right application ("Section 102 Mining Right") to amend (expand) the footprint of mining at Tormin in the Western Cape province of South Africa (ASX release on 2 July 2020). The Section 102 Mining Right allows access to the adjoining high-grade Northern Beaches and Inland Strand adjacent to the existing Tormin mining area on the MSR owned freehold farm, Geelwal Karoo 262. The Company commenced mining at the Western Strandline in September and aims to begin mining from the Northern Beaches in October 2020.

During the quarter the Company announced a high-grade maiden JORC resource at the Western Strandline of Tormin of 106 million tonnes at 12.4% Total Heavy Minerals ("THM"), which included as a subset 22.8 million tonnes at 20.9% THM located within the expanded Section 102 Mining Right area of the Western Strandline (22% of the total estimated resource). Mining of the Inland Strand commenced in September by conventional open pit mining, accessing mineralisation from near surface.

The Company has settled its dispute with GMA Garnet (USA) Corporation and its related entities ("GMA Group") with GMA Group agreeing to pay MRC US$16.7 million, being US$15.3 million paid upon settlement and US$1.4 million that is included in trade receivables as at 30 September 2020. The US$1.4 million trade receivables balance will be received upon shipment of 80,000 tonnes of Product stockpiled at the Saldanha Port holding area, expected to be shipped in the December 2020 quarter. The settlement tonnage, after final reconciliation, of 715,958 wet metric tonnes (705,338 dry metric tonnes) is in accordance with the recently terminated GMA Offtake Agreement and represents payment in full for 175,185 wet metric tonnes (173,604 dry metric tonnes - refer to Tormin Sales section below) of Product delivered during 2020 and prior period 540,773 fully and partially paid wet metric tonnes (531,734 dry metric tonnes), which the Company had been remunerated for in prior years. An additional 28,289 dry metric tonnes of wind erosion tonnes was also settled.

The parties also agreed to enter into a new non-exclusive Offtake Agreement commencing in 2021 for the supply of 100,000 tonnes per annum of garnet concentrate for three years with automatic annual renewals thereafter. Automatic annual renewals are subject to a six-month termination clause.

During the quarter, the Company signed a landowner agreement over the Bukken Graphite Prospect, the largest know graphite anomaly in Norway. The tenement is located approximately 20km east of MRC's existing Skaland Graphite Operation. The agreement will provide MRC with exclusive exploration rights for 10 years.

The Company completed a Pre-Feasibility Study ("PFS") during the quarter, which investigated the optimal approach to producing active anode material for batteries in electric vehicles and stationary storage uses. The study included two alternative low CO_2 emission, environmentally friendly methods of purification – a caustic roast process and a carbochlorination process – that do not use highly toxic hydrofluoric acid ("HF"). The PFS produced two highly compelling economic outcomes; integrated post-tax pre-finance of caustic process NPV_7 US$1.0 billion, IRR 67% and the carbochlorination process NPV_7 US$1.07 billion, IRR 58%.

The Company finished the quarter with US$15.7 million in cash after settlement of the GMA dispute, offset by payments to suppliers and employees and repayments of borrowings during the quarter. Trade and other receivables decreased significantly to US$7.6 million, including US$1.4 million owing from GMA Group and US$4.3 million owing from the South African Revenue Service. Borrowings remained steady at US$5.9 million.

The Company is well advanced with its planned expansion mining and processing initiatives. Significant test work was completed in the quarter on the high grade Inland Strand ore horizons. The Company anticipates significant savings to operational costs as a result of this work, which has identified the cheaper option of scrubbing rather than crushing the high grade strand material, prior to primary concentration, as being the most cost effective processing method. Engineering and design work continued on the new 3.5-4.0Mtpa PBC circuit and downstream MSP and associated infrastructure.

The Company identified the recently shut down Goondicum processing plant in Monto, Queensland and opportunistically purchased the plant at a significant discount to new replacement cost. The plant includes the entire Mobile Feed Unit (MFU) including feed hoppers, scrubbing plants, conveying equipment and associated electric MCC equipment. The equipment has been disassembled and moved to Gladstone, Queensland ready for shipment towards the end of the December 2020 quarter for installation in the first half of 2021. In addition, the Company has purchased, at a heavy discount, a large number of new unused heavy mineral separation spirals that will be used in the upgraded PBC circuit. This initiative has not only reduced up front capital but will reduce the project delivery timeline. Updated capital costs for the Phase 2 PBC 3.5-4.0Mtpa upgrade and mineral separation plant should be available in the December 2020 quarter. The Eskom Siri Wind Farm connection work scopes are in the final stage of tender award.

SAFETY, ENVIRONMENT AND COMMUNITY

Tormin

The safety and wellbeing of the Company's staff remain a central focus for its operations with again no injuries recorded in the September 2020 quarter, with the 12-month rolling total recordable injury frequency rate decreasing from 11.71 to 6.76 during the quarter.

In line with the Company's Code of Practice and Operating Procedures for managing COVID-19 all employees are temperature screened at all entrances of the Tormin mine site by security. Five employees tested positive for COVID-19 at Tormin and were isolated and contact traced to identify and limit the risk of spreading the infection. All employees have subsequently returned to work after completing their period of isolation and a subsequent negative COVID-19 test.

The Company continues to implement its Social Labour Plan ("SLP") commitments, highlighted this quarter by the investment of circa ZAR1.3 million into various learnerships, internships and bursary programs for the benefit of both employees and community students. SLP spend was in line with the prior quarter with the impact of the COVID-19 pandemic resulting in the deferral of spending into the final quarter of 2020. The Company has already invested ZAR6.0 million on SLP initiatives in the nine months ended 30 September 2020.

Skaland

Skaland safety performance continues to be challenging with two lost-time injuries occurring during the quarter, the first since MRC's acquisition of Skaland in October 2019. The incidents occurred in the processing plant area of the operations and were directly related to the prolonged shutdown maintenance works, which resulted from failures to the milling circuits. Both employees returned to work within 3 days of the incidents. Given these incidents the 12-month rolling total recordable injury frequency rate increased from nil to 7.29 during the quarter.

An extenuating circumstance of the safety performance at Skaland is the inability of the General Manager and Executive Management to attend site due to COVID-19 travel restrictions and delayed employment of a new site safety officer who was ultimately deployed to site towards the end of the quarter. This illustrates the challenges international mining companies face during the global COVID-19 pandemic.

The Company continues to strive for world best practice safety operating standards, and has implemented a full independent safety audit to identify risk in the workplace and enhance safety awareness of its employees.

TORMIN OPERATIONS

The Company maintained strong mining and processing production rates during the quarter, at an equivalent mining rate of 2.7Mtpa and processing rate of 2.4Mtpa, producing 65,892 tonnes of final concentrates. Production of final concentrates was 34.3% above the previous period's results. Mining rate is 10.6% above prior quarter results and excludes an additional 225Kt of waste material removed at the Inland Strand during the current quarter. Processing rates were aligned with prior quarter results.

The Company has planned for the movement of one of the primary beach concentrator circuits to the Northern Beach to be completed by October in the December 2020 quarter, with mining and processing to commence shortly thereafter.

The Company is looking at other fast tracking initiatives and anticipates to be in a position to commence processing the Inland Strand in the early March 2021 quarter.

Mining

Mining	**30-Sep-20 Quarter**	30-Jun-20 Quarter	30-Sep-19 Quarter	**Year to Date 30-Sep-20**	Year to Date 30-Sep-19
Tonnes (dmt)	**667,781**	610,215	527,405	**1,893,747**	1,871,820
Grade	**11.41%**	6.74%	10.01%	**8.67%**	11.38%
- Garnet	**9.25%**	5.57%	7.84%	**6.84%**	7.49%
- Ilmenite	**1.48%**	0.77%	1.61%	**1.30%**	1.71%
- Zircon	**0.50%**	0.30%	0.37%	**0.39%**	0.39%
- Rutile	**0.18%**	0.10%	0.19%	**0.14%**	0.23%
Waste Tonnes (dmt)	**225,501**	-	-	**225,501**	-

Run of Mine ("ROM") volumes have increased to a mining rate of circa 2.7Mtpa to maximise Heavy Minerals Concentrate ("HMC") production. Total material moved operated at a mining rate of circa 3.6Mtpa, with waste material removed opening initial Inland Strand pits. This mining production rate has been achieved while maintaining an average of 5.5 days per week working roster implemented in June 2019.

Mining grade improved in the September 2020 quarter in comparison to the previous quarter due to the onset of winter storm surges and sourcing of additional ore from blocks with additional replenishment time. The Company also mobilised part of its new excavator mining fleet. Mining also included initial ore tonnes from the recently approved Section 102 Mining Right areas, including 7,643 tonnes from the Northern Beaches at 34.51% valuable heavy mineral and 39,770 tonnes from the Inland Strand at 23.60% valuable heavy mineral.

ROM feed to the Primary Beach Concentrators ("PBC") for the quarter was 578,368 tonnes at an average feed rate of 317tphr at 81.7% 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 152,951 tonnes, compared to the prior quarter's 125,504 tonnes, driven by the increased mining production and higher mined grade after winter storm surges onto the beach.

Processing

GSP/SCP Production & Processing	30-Sep-20 Quarter	30 Jun-20 Quarter	30-Sep-19 Quarter	Year to Date 30-Sep-20	Year to Date 30-Sep-19
Tonnes processed (gross dmt)	**156,573**	113,760	139,005	**388,804**	462,675
Tonnes produced (dmt)					
- Garnet concentrate	**50,473**	43,426	47,196	**114,151**	142,423
- Ilmenite concentrate	**13,193**	3,978	10,631	**28,868**	39,887
- Zircon/Rutile concentrate	**2,019**	1,651	1,717	**5,477**	7,185
- zircon in concentrate	**67.80%**	67.52%	65.39%	**67.73%**	67.07%
- rutile in concentrate	**15.95%**	16.50%	15.19%	**16.05%**	15.64%

Total final concentrate production was 65,685 tonnes, a 33.9% increase in comparison to the June quarter 2020. This is attributed to increased mining production and feed availability, improved garnet grade infeed from higher mined grades, better garnet recovery and optimisation of ilmenite concentrate grade produced, to better align with improved market conditions.

Sales

Sales (wmt)	30-Sep-20 Quarter	30-Jun-20 Quarter	30-Sep-19 Quarter	Year to Date 30-Sep-20	Year to Date 30-Sep-19
- Garnet concentrate	**278,839**	53,288	53,288	**385,414**	159,863
- Ilmenite concentrate	**54,249**	-	53,921	**54,249**	162,306
- Zircon/Rutile concentrate	**2,184**	1,316	1,876	**6,076**	7,952

Product sales revenue for the quarter was US$33.3 million for a total 335,272 wet metric tonnes sold, compared to the prior quarter's revenue of US$6.3 million for 54,604 wet metric tonnes sold. The increase in revenue for the current quarter reflects the outcome of the settlement with GMA Group (US$26.1 million) and the first ilmenite shipment for 2020 in August (US$5.4 million) following the delays caused by the COVID-19 pandemic.

Garnet product revenue recognised of US$26.1 million in the September quarter reflects 274,718 dry metric tonnes sold (278,028 wet metric tonnes) and year-to-date revenue of US$35.3 million reflects 379,728 dry metric tonnes sold (384,823 wet metric tonnes). A reconciliation of year-to-date revenue recognised of US$35.3 million to the GMA cash settlement amount of US$16.7 million is included below:

	Revenue			Cash Settlement		
Description	**Tonnes (dmt)**	**Rate (US$/t)**	**Total (US$M)**	**Tonnes (dmt)**	**Rate (US$/t)**	**Total (US$M)**
2020 Product delivered at Tormin to GMA	93,604	87.66 (1)	8.2	93,604	87.66 (1)	8.2
Prior period wind erosion settlement (2)	-	-	-	28,289	40 (4)	1.1 (2)
2020 Product delivered to Saldanha Port	80,000	112.66 (1)	9.0	80,000	92.22 (3)	7.4 (3)
December 2019 Contract Liability of prepaid tonnes by GMA	206,124	87.66 (1)	18.1	-	-	-
30 September 2020 YTD	**379,728**	**92.93**	**35.3**	**201,893**	**82.79**	**16.7**
Less: Revenue recognised for the six months ended 30 June 2020	105,000	87.66	9.2			
30 September 2020 quarterly	**274,728**	**94.94**	**26.1**			

Note (1) - Rates reflect the agreed 2020 garnet pricing in line with the recently terminated Amended and Restated Garnet Offtake Agreement ("GMA Offtake Agreement").

Note (2) - The Company has been maintaining material garnet stockpiles for GMA Group at Tormin since 2015. As part of the settlement GMA Group agreed to pay US$1.1 million for an agreed 28,289 tonnes lost to wind erosion since 2015. This amount has been included in other income rather than product income in our accounts and therefore is not included in the product revenue reconciliation above.

Note (3) - GMA paid US$1.6 million in February 2020 as an initial payment towards the final sales value of this product, therefore only US$7.4 million remained owing as at the date of settlement. US$1.4 million of this US$7.4 million is included in trade receivables as at 30 September 2020 and is expected to be paid in the December quarter 2020.

Note (4) - Wind erosion tonnes were charged to GMA at US$40 per tonne, which reflects the GMA stockpiling cost in line with the recently terminated GMA Offtake Agreement. GMA would have paid for stockpiling costs of these tonnes before they were lost to wind erosion, therefore this value reflects full value for these tonnes.

A reconciliation of the final settlement tonnage that has been delivered to the GMA Group is included below:

Description	**Tonnes (dmt)**	**Tonnes (wmt)**
2020 Product delivered at Tormin to GMA	93,604	95,185
2020 Product delivered to Saldanha Port	80,000	80,000 (5)
2020 Product delivered	173,604	175,185
December 2019 Contract Liability of prepaid tonnes by GMA	206,124	209,628
December 2019 fully paid tonnes already owned by GMA	325,610	331,145
Total Settlement	**705,338**	**715,958**

Note (5) – Product delivered to Saldanha is paid by the GMA Group on dry tonnes only.

The principal difference between year-to-date revenue recognised of US$35.3 million to the GMA cash settlement amount of US$16.7 million is the US$18.1 million contract liability. Under the recently terminated GMA Offtake Agreement, contract liabilities represent revenue that has been received in part by the Group but control of the Product has not yet been transferred. The contract liabilities are recognised as at 31 December 2019 in the

Company's annual accounts for amounts already paid in prior periods by the GMA Group. Contract liabilities are recognised in accordance with the Group's revenue recognition policy and are only recognised as revenue when control is transferred. As part of the GMA settlement, control over 206,124 equivalent tonnes (valued at US$87.66 per tonne for US$18.1 million) was transferred to the GMA Group, which resulted in the contract liability being released to be recognised as revenue during the current quarter.

Under the settlement with GMA, the Company is now able to also sell garnet concentrate to third parties from both its Northern Beaches, Inland Strand, and existing Tormin Beach operations. The Company has received significant interest for its concentrates and is also advanced in securing an early entry into processing of its garnet concentrates into finished downstream garnet products.

Higher non-mags sales revenue in the quarter reflects deferral of two non-mags shipments in the June 2020 quarter to the September 2020 quarter due to port issues in South Africa.

Unit Costs & Revenues

Summary of Unit Costs & Revenues	**30-Sep-20 Quarter**	30-Jun-20 Quarter	30-Sep-19 Quarter	**Year to Date 30-Sep-20**	Year to Date 30-Sep-19
Unit production cash costs per tonne of net final concentrate produced (US$/dmt)	**57.66**	67.45	74.02	**76.36**	80.70
Unit cost of goods sold per tonne of final concentrate sold (US$/wmt)(1)	**66.10**	(7.28) (2)	109.45	**57.00**	96.60
Unit revenue per tonne of final concentrate sold (US$/wmt)	**99.42**	103.42	138.78	**102.49**	135.39
Revenue to Cost of Goods Sold Ratio	**1.50**	(14.20) (3)	1.27	**1.80**	1.40

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.

Note (2) - The total unit cost of goods sold for the previous quarter is negative (-7.28/t) due to a material positive garnet inventory adjustment during the June 2020 quarter. The adjustment came as a result of a detailed survey of garnet inventory, arising from a requirement under the dispute resolution process with the GMA Group. The main mechanisms for calculating inventory as agreed by the parties was via independent survey, with final reconciliation at the end of the contract. The large quantity of production of ~1.9 million tonnes of garnet concentrate produced under the GMA contract since its inception in 2014 and delays in GMA's contracted shipping schedules has caused a large inventory build-up of stockpiles to contracted limits. This has impacted the Company's ability to survey stockpile basement levels and compounded inventory variances. As a result of the independent garnet inventory survey during the current quarter, the Company was able to identify 156Kt of additional inventory tonnes in comparison to the 31 December 2019 survey. The main contributing factors were settlement of the stockpile areas and production during the period. This increase in garnet inventory previously expensed through the income statement has been reversed back to the balance sheet as a one-off adjustment, resulting in a negative cost of goods sold balance for the quarter. Without this adjustment, unit cost of goods sold per tonne of final concentrate sold would have been US$74.63/t.

Note (3) - Revenue to Cost of Goods Sold Ratio for the June 2020 quarter is negative (-14.20) due to the material positive garnet inventory adjustment during the previous quarter, as outlined in Note 2 above. Unit revenue per tonne of final concentrate sold, without the adjustment is 1.39.

Unit production cash costs for the September quarter are 14.5% lower than the prior quarter, reflecting a 34.0% increase in production, partially offset by a 14.5% increase in production costs. The increase in production is attributed to increased mining production increasing feed available, improved garnet grade infeed from higher mined grades, better garnet recovery and optimisation of ilmenite concentrate grade produced, to better align with improved market conditions. The increase in production costs during the quarter reflects increased ore mining in comparison to the previous quarter and the introduction of Inland Strand waste mining costs during the quarter.

The total unit cost of goods sold for the quarter is US$66.10/t in comparison to the underlying total unit cost of goods sold for the previous quarter of US$74.63/t (Note 2 above) but are aligned with the March 2020 quarter of US$65.27/t. Underlying unit cost of US$74.63/t was higher in the June 2020 quarter, in comparison to the March and September 2020 quarters of US$65.27/t and US$66.10/t respectively, due to the higher adjusted cost of goods sold from higher garnet inventory unit costs combined with slightly lower non-mags sales during the June quarter in comparison to the March and September 2020 quarters.

Unit revenue per tonne of final concentrate sold for the quarter of US$99.42/t is 3.9% below US$103.42/t for the previous quarter.

Revenue to Cost of Goods Sold Ratio for the quarter is 1.50 in comparison to the underlying revenue to cost of goods sold ratio for the previous quarter of 1.39 (Note 3 above), reflecting the lower unit cost of goods sold this quarter.

Permitting - Tormin

MSR was granted approvals on 30 June 2020 in respect to its Section 102 Mining Right application to amend (expand) the footprint of mining at Tormin in the Western Cape province of South Africa. The Section 102 Mining Right allows access to the adjoining high-grade Northern Beaches and Inland Strand adjacent to the existing Tormin mining area on the MSR owned freehold farm, Geelwal Karoo 262, in the Western Cape province of South Africa. The Company commenced mining at the Western Strandline in September and aim to begin mining from the Northern Beaches in October 2020.

For further details of the Section 102 Mining Right approval, refer to the ASX Release - MRC Granted Approvals to Expand Mining and Processing at Tormin – 2 July 2020 and the MRC June 2020 Quarterly Report.

During the quarter MRC received notification that two applications have been lodged against the recent permitting of MSR's Section 102 Mining Right. The first application was brought under the appeal provisions of the Mineral and Petroleum Resources Development Act ("MRPDA") and disputes the ministerial decision to grant the Section 102 Mining Right and additionally seeks to suspend that decision pending the resolution of the appeal. The second application is brought to review and set aside the decision to issue MSR with the Integrated Environmental Authorisation ("IEA") in respect of the Section 102 Mining Right areas. These applications are limited in scope to the recently granted Section 102 Mining Right areas and do not affect the Company's pre-existing mining areas, which were recently renewed for a period of 10 years.

The approved Section 102 Mining Right remains on foot pending the determination of these applications. Accordingly, mining operations will continue as normal pending the determination of the supervision application.

The Company has applied for and been granted all permits in accordance with the relevant regulatory processes, including any appeal processes. The Company believes that the recent decisions of the regulatory authorities in relation to these matters will be upheld and any risk to suspension of its operations is minimal.

Appeals against the decision to grant an Environmental Authorisation ('EA") in terms of Section 24G of the National Environmental Management Act have been dismissed. The appeals, premised on four grounds relating to a granted EA on the remaining extent of the company's farm, Geelwal Karoo 262, were all dismissed by the relevant authority the Minister of Forestry, Fisheries and the Environment.

Resource Update - Tormin

During the quarter, the Company announced on 27 August 2020 a high-grade maiden JORC resource at the Tormin Western Strandline of 106 million tonnes at 12.4% THM, which included as a subset, 22.8 million tonnes at 20.9% THM, located within the expanded Section 102 Mining Right area of the Western Strandline (22% of the total estimated resource) that is immediately available for mining.

The Western Strandline spans the Section 102 Mining Right (WC 30/5/1/2/2/10108MR) and Prospecting Right (WC 30/5/1/1/2/10262PR).

The Mineral Resource was prepared in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code (2012)") and independently peer reviewed by Wardell Armstrong International.

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon % HM)	Garnet (% HM)	Ilmenite (% HM)	Rutile (% HM)	Anatase (% HM)	Magnetite (% HM)	Slimes (%)
Measured	**10.0**	19.13	1.9	2.45	14.90	15.02	1.15	0.23	0.66	13.40
Indicated	**33.3**	16.20	5.4	1.08	12.62	4.90	0.68	0.12	0.27	10.11
Inferred	**62.6**	9.29	5.8	1.25	15.57	5.84	0.84	0.18	0.29	10.30
Total	**105.9**	**12.40**	**13.1**	**1.35**	**14.26**	**6.80**	**0.82**	**0.16**	**0.34**	**10.53**

Table 1 – Total Mineral Resources for the Western Strandline Deposit (2% THM cut-off grade)
Mineral assemblage reported as in situ percentage of THM content

The Mineral Resource (Table 1) demonstrates the high-grade nature of the deposit, with over 40% of the total resource classified as Measured and Indicated.

The updated resource area comprises two areas totalling approximately 5.5km in total length and covering 75 hectares, is located adjacent to the existing plant and is approved for immediate mining operation as part of the recently granted Section 102 Mining Right. The majority (85%) of the Mineral Resource that is within the Section 102 Mining Right is classified as Measured and Indicated (Table 2).

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (%HM)	Garnet (%HM)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)	Slimes (%)
Measured	**6.4**	21.25	1.4	2.49	15.16	15.63	1.15	0.24	0.65	12.66
Indicated	**13.1**	23.12	3.0	1.09	12.41	5.09	0.67	0.11	0.28	12.10
Inferred	**3.3**	11.60	0.4	3.17	17.99	16.81	1.56	0.33	0.74	22.13
Total	**22.8**	**20.92**	**4.8**	**1.66**	**13.65**	**9.04**	**0.88**	**0.17**	**0.42**	**13.71**

Table 2 – Mineral Resources for the Western Strandline Deposit inside Section 102 Mining Right Area (2% THM cut-off grade)
Mineral assemblage reported as in situ percentage of THM content

The Company is now completing finalisation of JORC compliant Proven and Probable ore reserves. Development at the Western Strandline has been expedited, with material from the Western Strandline already processed during the September quarter, with full production expected to start from January 2021. The resource is transformative and demonstrates the true potential of what the Company believes is a world class mineral sands asset discovery that will underpin the long-term sustainability of the Company's mining operations.

The Company has planned to undertake a horizontal gradient fixed wing airborne magnetic and radiometric survey over the Inland Strand Prospecting Rights. It is intended that data processing and anomaly maps will be delivered in the December 2020 quarter. The Company designed a 10,000 metre drilling campaign for the remaining Northern Beaches resource drilling and drilling in the Western Strandline including existing target resource areas and step out the current resource along the extent of the known mineralised zones on the northern and southern extensions of the Western Strandline, as well as the Eastern Strandline.

For further details of the maiden JORC resource at the Western Strandline, refer to the ASX Release – Massive Increase in Mineral Resources at Tormin with Maiden Resource at Western Strandline – 27 August 2020.

SKALAND OPERATIONS

Skaland's financial and operating performance was affected by planned and unplanned maintenance in the September 2020 quarter, with limited sales revenue. Production was shut down for most of the quarter with increased costs driven by the extensive maintenance work done on the plant mills to bring them back into production.

The majority of the planned work relates to several of the pebble grinding mills and floatation circuit. The opportunity was taken to independently investigate and inspect the mechanical condition of the entire milling circuit, including the remaining 3 pebble mills and the AG Mill. The assessment revealed significant work was required to bring the mills up to an acceptable operating condition to avoid critical failure that would result in a much longer down time. The repairs were exacerbated by the age of the equipment and sourcing of parts, which required individual manufacture. These repairs were completed in early October 2020 and the plant will restart when management is comfortable with plant safety management procedures, given the two LTI's during the current quarter.

COVID-19 has severely impacted the ability to integrate the Skaland operations effectively into the Company's planned operating regime. COVID has restricted deployment of senior international technical personnel that were earmarked to enhance aspects of the key management roles. This has resulted in the Company having to re-assess its recruitment strategy in terms of accessing European based mining personnel who have exemptions to work in Norway. The Company is advanced in securing those key personnel with a view to deployment in the December 2020 quarter, which will allow it to confidently continue its mining and processing operations.

The Company sold 1,088 tonnes of graphite concentrate during the quarter, reflecting anticipated softer sales performance during the European summer and the Company's focus on major capital repairs at the Skaland processing plant.

Mining

Mining	Quarter ended 30-Sep-2020	Quarter ended 30-Jun-2020	Year to Date 30-Sep-20
Tonnes Mined	5,682	8,099	25,667
Waste Mined	1,912	612	8,516
Ore Mined	3,770	7,487	17,151
Ore Grade (%C)	28	28	27
Development Metres	8	96	199

Total tonnes mined for the quarter were 29.8% lower than the previous quarter with operations shut down for four weeks for the Norwegian summer holiday period. Ore mined tonnes for the quarter were 49.6% lower than the previous quarter with operations shut down for the Norwegian summer holiday period and increased waste mined this quarter to open the new ore stope level. Limited development of only eight metres during the quarter is due to breakdown of the scaler carrier and delays in sourcing another scaler carrier.

Ore mined during the quarter has built ore buffer stocks during the quarter prior to a restart of the Skaland processing plant in the December 2020 quarter. ROM feed to the processing plant for the quarter was 581 tonnes in comparison to 8,086 tonnes for the prior quarter due to Norwegian summer holiday period and extended plant maintenance shutdown explained below.

Mine planning has advanced for the commencement of the development of the new decline to access higher grade ore resources.

Processing

As highlighted, post the plant shutdown for the Norwegian summer holiday period, a process plant maintenance shutdown occurred for nearly all of the September 2020 quarter. The shutdown was for repairs of deficiencies found in the grinding mills and other scheduled maintenance on the floatation circuits and general processing plant repairs.

Graphite concentrate production of 328 tonnes was below the prior quarter of 2,354 tonnes given the plant shutdown during the quarter.

Processing	Quarter ended 30-Sep-2020	Quarter ended 30-Jun-2020	Year to Date 30-Sep-20
Ore Processed (t)	581	8,086	14,325
Throughput (tph)	7	7	7
Ore Grade (%C)	25	28	27
C Recovery (%)	93	94	94
Concentrate Grade (%)	88	89	89
Concentrate Produced (t)	328	2,354	4,338

Sales

Quarterly graphite concentrate sales of 1,088 tonnes slowed in comparison to the prior quarter (2,775 tonnes), reflecting the anticipated impact of the European summer and the Company's focus on major capital repairs at the Skaland processing plant. The coarse/medium fraction achieved in the quarter is in line with year-to-date performance.

Product (wmt)	Quarter ended 30-Sep-20		Quarter ended 30-Jun-20		Year to Date 30-Sep-20	
	Sales	PSD %	**Sales**	PSD %	**Sales**	PSD %
Coarse/Medium	426	39%	1,200	43%	2,890	38%
Fine-Medium/Powder	662	61%	1,575	57%	4,689	62%
Total	1,088		2,775		7,579	

Sales revenue for the quarter was US$0.6 million for a total of 1,088 tonnes sold.
The Company expects to see strengthening of the global graphite market pricing as a result of the washout of oversupply and the curtailing of production due to the shutdown of Syrah Resources Mozambique operations and the impending shutdown of Chinese large graphite mines for the winter.

Unit Costs & Revenues

The Company notes that as a result of the shutdown of operations at Skaland for nearly the entire quarter the quarter on quarter unit cost ratios will not be reported for the quarter. The abnormal unit production cash costs and unit cost of goods sold for the September 2020 quarter are the result of a largely fixed operating cost base offset by very low production and sales during the quarter due to the shutdown and European summer holidays.

Permitting - Skaland

The Company entered into a landowner agreement to explore the south of Bukken Graphite Prospect on the island of Senja, Norway. The tenement is located approximately 20km east of MRC's existing Skaland Graphite Operation. The agreement will provide MRC with exclusive exploration rights for 10 years. The discovery of an economic graphite resource at Bukken would further add to the Company's strategy to make Skaland an integral part of Europe's plan to secure supply of critical battery raw materials.

For further details refer to the ASX Release – Highly Prospective Graphite Exploration Project Secured 20km from Skaland – 15 July 2020.

DEVELOPMENT

Active Anode Materials Plant Pre-Feasibility Study

The Company completed a Pre-Feasibility Study ("PFS") during the quarter, which investigated for producing active anode material for batteries in EVs and stationary uses, investigating two alternative low CO_2 emission, environmentally friendly methods of purification – a caustic roast process and a carbochlorination process – that do not use highly toxic hydrofluoric acid ("HF"). The PFS produced two highly compelling economic outcomes;

integrated post-tax pre-finance of caustic process NPV_7 US$1.0 billion, IRR 67% and the carbochlorination process NPV_7 US$1.07 billion, IRR 58%.

The study adopted an integrated approach incorporating the following key components:

- Skaland Life of Mine ("LOM") Plan;
- Munglinup Graphite Project ("MGP") Definitive Feasibility Study (DFS); and
- Active Anode Materials Plant ("AAMP") metallurgy, process engineering design and cost estimation.

The PFS takes a modular approach to AAMP production of purified spherical graphite and fines, commencing with a single 20ktpa module to process Skaland concentrate in the first stage, before expansion through two additional modules to process Munglinup concentrate. The dedicated AAMP is expected to be constructed in Norway, powered by low cost, renewable energy in the fastest growing battery manufacturing region globally.

The PFS outcomes are outlined below:

Outcome	Unit	Skaland	Munglinup	Downstream (Caustic)	Downstream (Carbo)
Average Graphite Production	(ktpa)	15	52	0	0
Mine Life	(years)	15	14	17	17
Operating Cost	(US$/t sold)	396	538	1,610	1,206
Development Capex	(US$M)	21	61	237	306
Accuracy level[1]	(%)	+/-20%	+15%/ -5%	+/-25%	+/-25%
LOM Revenue	(US$M)	262	867	4,679	4,679
LOM Net Cashflow*	(US$M)	90	264	1,666	1,835
LOM EBITDA	(US$M)	158	466	2,483	2,803
Annual average EBITDA	(US$M)	8	33	172	194
Pre-tax project NPV_7*	(US$M)	71	186	1,093	1,188
Pre-tax project IRR*	%	-	42%	72%	63%
Post-tax project NPV_7*	(US$M)	52	124	821	891
Post-tax project IRR*	%	66%	33%	67%	58%
Payback period[2]	(years)	NA	2.7	1.58	1.84
Average annual EBIT *	(US$M)	6	27	150	166

* Real, unlevered, discounted from anticipated Downstream Project construction commencement date of 1 July 2022
1- Development Capital Expenditure, Operating Cost Expenditure
2- Post construction

Key Project Parameters

Parameter	Unit	Skaland	Munglinup	Downstream
Process throughput (initial)	K tpa	37	400	8
Process throughput (capacity)	K tpa	67	500	57
Average feed grade	% TGC	24	13	95
Recovery rate from graphite	%	92	88	93
Nominal grade	% TGC	94.93	95.00	99.95
Nominal production	Ktpa	15	52	51
▪ Coated Purified Spherical Graphite	Ktpa	-	-	25.4
▪ Unpurified Micronised Fines	Ktpa	-	-	5.9
▪ Purified Micronised Fines	Ktpa	-	-	19.7

The Cooperative Research Centres Project ("CRC-P") to develop an environmentally sustainable purification process for graphite supported the technical purification elements of the PFS, with the testwork now progressing to small-scale piloting. The PFS was further supported by micronisation and spheronisation testwork at a number of vendor facilities. The production of significant quantities of spherical graphite from this testwork will further support the development of a fit for purpose purification process.
For further details of the PFS, refer to the ASX Release – MRC Completes Pre-Feasibility Study for Active Anode Material Plant in Norway, Addressing the Fast Growing Battery Market – 21 September 2020.

Supporting activities for site selection in Norway have been impacted by COVID-19 travel restrictions. Studies on on-site micronisation continued during the quarter, with testwork and circuit design expected to be completed next quarter.

Munglinup Graphite Project

Supplementary studies to address the Western Australian Environmental Protection Authority ("EPA") questions about the project have been completed. The final supplemental documents were compiled and submitted on 14 July 2020. The six final Environmental Management Plan documents were approved and signed by MRC's CEO. The feedback on EPA Supplementary Reports and Studies was received on 4 September 2020. A feedback clarification meeting with EPA and the Department of Agriculture, Water and the Environment ("DAWE") was held on 24 September 2020 and document editing and updating to suit the EPA feedback are in progress.

The response to the EPA feedback will be submitted by the end of October 2020. The 4-week public consultation period (PER) is therefore anticipated to start around mid-November to early December 2020 if the EPA is satisfied with the feedback.

Australian Exploration

A field visit to Doolgunna has been carried out during the quarter to collect bulk samples from free gold mineralisation in the Revere System for crush liberate and gravity recoverable gold (GRG) test works and processing recoveries. Also, an application for the Exploration Incentive Scheme to co-fund deep drilling was submitted to the Department of Mines, Industry Regulations and Safety on 18 September 2020.

CORPORATE

Cash and Debt

At 30 September 2020, the Company had US$15.7 million in cash on hand compared to US$5.7 million at 30 June 2020. The movement in cash reflects the GMA settlement of US$15.3 million and an ilmenite shipment sale of US$5.4 million, partially offset by ongoing operations during the quarter including ilmenite shipment costs, net decrease of accounts payable during the quarter of US$1.6 million and increased capital spend developing new mining areas of the Section 102 Mining Right at Tormin.

The GMA settlement and return to normal ilmenite sales in the quarter materially stabilises the financial position of MRC. Subsequent to the equity capital raising in June 2020 the fiscal scenario analysis indicated that either a material GMA settlement or additional equity capital raising, as outlined in the 2020 Notice of Annual General Meeting, was required to maintain cash reserves, sustain operations and fund development (including development of the Section 102 Mining Right areas). The settlement achieved with GMA provides a strong platform to maintain operations and fund budgeted growth initiatives in the medium term. The Company will continue to consider future funding options and will make assessments having regard to factors such as timing, dilution and cost of capital.

As outlined in the 2020 Notice of Annual General Meeting, the Company, in consultation with two leading Nordic Investment Banks is undertaking a process for a secondary listing of the Company's securities on a Norwegian regulated market. The capital raising and listing process in Norway progressed during the quarter. Delays in this process have occurred due in part to the impact of COVID-19 on regulatory markets and international travel, and the traditional summer holiday period in Europe. The Company is assessing the timing for completion of this process in light of shareholder and regulatory approval timeframes and will keep the market informed accordingly.

Trade and other receivables at 30 September 2020 decreased to US$7.6 million from US$21.4 million with the GMA settlement during the quarter (net reduction in GMA receivable during the quarter of US$13.1 million). Included in trade receivables is US$1.45 million owing from GMA upon shipment of 80,000 tonnes of Saldanha Product, which is expected to be shipped in the December 2020 quarter, and US$4.3 million owing from the South African Revenue Service. Borrowings as at 30 September 2020 were US$5.9 million compared to US$5.7 million in the previous quarter.

Outlook

In light of the current COVID-19 pandemic, management has deferred production guidance until there is greater certainty regarding the international economic outlook and the consequential impact on the Company's suppliers and customers. Whilst refraining from giving guidance, the Company takes encouragement that delivery of non-mags concentrate continues into China, ilmenite sales restarted in August 2020, and sales are ongoing at Skaland for graphite concentrate. Should market conditions continue to improve, the Company expects to be able to provide 2021 production guidance in the December 2020 quarterly report.

The Company expects to move into mining and the production of concentrates from the Northern Beaches by October 2020 and expects the ramp up of mining and the production of concentrates from the Inland Strand to be completed by January 2021. The Company anticipates the restart of Skaland on or around November in the December 2020 quarter.

Securities on Issue

Issued securities at the date of this report comprise:

- 455,091,571 fully paid ordinary shares listed on the ASX.
- 100,000 remaining Performance Rights exercisable on or before 31 May 2021, originally 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. The remaining 100,000 Performance Rights are fully vested.
- 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 vested on 1 October 2019 and 333,334 vesting on 1 October 2020. 666,666 Performance Rights are fully vested.
- 1,000,000 Performance Rights exercisable on or before 31 May 2021, originally 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 vested on 25 June 2019 and 500,000 vested on 25 June 2020, vesting upon satisfaction of performance criteria based on Key Result Areas and Key Performance Indicators applicable. The 1,000,000 Performance Rights are fully vested.
- 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 vested 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 are fully vested.
- 500,000 Performance Rights exercisable on or before 14 May 2022, vesting on the VWAP being at or above AU$0.26 and remaining at or above A$0.26 for a period of 30 consecutive days, 500,000 vest 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. Nil Performance Rights are fully vested.
- 150,000 Performance Rights exercisable on or before 28 February 2023, vesting on the 30 day VWAP 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. 50,000 Performance Rights are fully vested.

- ENDS –

Issue by: Mineral Commodities Ltd ACN 008 478 653
Authorised by: The Chief Executive Officer 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.