



Annual Report

The Board of Mineral Commodities Ltd (ASX: MRC or “the Company”) is pleased to provide the attached Annual Report to Shareholders for the year ended 31 December 2021.

ENDS

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

Authorised by the Board of Mineral Commodities Ltd.

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About Mineral Commodities Ltd:

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

The Company is a leading producer of zircon, rutile, garnet, and ilmenite concentrates through its Tormin Heavy Minerals Operation, located on the Western Cape of South Africa.

In October 2019, the Company completed the acquisition of Skaland Graphite AS, the owner of the world’s highest-grade operating flake graphite mine and a significant producer in Europe.

The planned development of the Munglinup Graphite Project, located in Western Australia, builds on the Skaland acquisition and is a further step toward an integrated, downstream value-adding strategy which aims to capitalise on what the Company anticipates will be fast-growing demand for sustainably manufactured Lithium-Ion Batteries.



ANNUAL REPORT

2021





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The consolidated financial statements are presented in United States Dollars ("\$\$"), unless otherwise stated, which is the Company's presentation currency.

Corporate directory

DIRECTORS

Russell Gordon Tipper	Independent Non-Executive Chairman
Jacob Deysel	Managing Director
Debbie Ntombela	Independent Non-Executive Director
Zamile David Qunya	Non-Executive Director
Guy Walker	Non-Executive Director

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Perth WA 6000	Sandton Johannesburg 2196	0201 Oslo
Australia	South Africa	Norway

BANKERS

Westpac Banking Corporation
Brookfield Place, Tower 2
Level 3, 123 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Link Market Services Limited
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250 St Georges Terrace
Perth WA 6000

STOCK EXCHANGE LISTING

The Company's shares are listed on the Australian Securities Exchange ("ASX") under ASX Code MRC
Website address: www.mineralcommodities.com

Competent Person statement

Tormin – The information in this report which relates to Mineral Resources for Tormin, including Tormin Beaches, Northern Beaches, and Inland Strands, 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 Group Exploration Manager and a fulltime employee of the Company. Mr Rashidi is also a shareholder of Mineral Commodities Ltd. He 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code (2012)”). The information from Mr Bahman Rashidi was prepared under the JORC Code (2012). Mr Rashidi consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

Xolobeni – The information, if any, in this report which relates to Mineral Resources for Xolobeni is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences (“AIG”), a Corporate Member of AusIMM and independent consultant to the Company. Mr Maynard is the Director and Principal Geologist of AI Maynard & Associates Pty Ltd and has over 40 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves (“JORC Code (2004)”). This information was prepared and first disclosed under the JORC Code (2004). It has not been updated since to comply with the JORC Code (2012) on the basis that the information has not materially changed since it was last reported. Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

Skaland – The information in this report which relates to Mineral Resources for Trælen, 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 Group Exploration Manager and a fulltime employee of the Company. Mr Rashidi is also a shareholder of Mineral Commodities Ltd. He 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code (2012)”). The information from Mr Bahman Rashidi was prepared under the JORC Code (2012). Mr Rashidi consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this Announcement related to Ore Reserve for Trælen is based on information compiled and approved for release by Mr Eero Tommila, who is a member of the Institute of Materials, Minerals, and Mining (“IMMM”) a Recognised Professional Organisation (“RPO”). Mr Tommila is Principal Mine Engineer of Skaland Graphite AS and a fulltime employee of the Company. He 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 Tommila was prepared under the Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code (2012)”). Mr Tommila consents to the inclusion in the report in the form and context in which it appears.

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

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

Chairman's review

Dear Shareholders,

I am pleased to provide our Annual Report for FY2021.

COVID-19 now seems to be an integral part of the environment in which we operate. It continues to impact our employees, our communities, our customers and the logistics of producing and selling our products. Through the challenges it has presented, we have learnt to modify our procedures and processes to operate safely and efficiently within the restrictions it has imposed. With the progressive opening of State and National borders, it will be a relief for management and the Board to be able to visit the sites as required.

Sound safety and environmental management has been a major focus during 2021 and will be core to the Company's strategy as it seeks to maximise the value of its assets. Environment, Sustainability and Governance (ESG) are core components of our "Licence to Operate" and will be fundamental Key Performance Indicators of our future success. We remain committed to generating value for our shareholders, employees, customers and the local communities in which we operate.

Our budget for 2022 is focussed on a return to mining the Inland Strand at Tormin, to boost cash flows and to allow for sustainable replenishment of our beach deposits. The plan for Skaland is to consolidate the improved performance seen in the latter part of 2021 and provide a sound base for increased production in 2022.

The Company continues to review the optimal structure within which we can develop a vertically integrated battery anode strategy by advancing the environment-friendly graphite purification process developed in conjunction with the CSIRO. This strategy will be based on the existing Skaland operations and the development of the larger Munglinup Graphite Project, currently in the environmental approval stage.

During the year, we entered a new phase following the departure of Mark Caruso as the foundation CEO of the Company. We also lost the services of Peter Torre, who resigned as Director and co-Company Secretary.



The Board acknowledges their contribution to the Company over the many years of their service. Whilst I served as acting CEO following the departure of Mark Caruso, the Company was able to secure the services of Jacob Deysel as CEO, who brings extensive mineral sands experience to the Company, as well as an extensive background in operations management, project development and business turnaround. Subsequent to year end, we received the resignation of David Baker as Chairman and Non-Executive Director. David was at the forefront of assisting the Board to manage the leadership transition for the Company, providing a reassuring point of communication with shareholders during this phase. The Company also acknowledges his important contribution.

I am looking forward to the new Board and CEO guiding the development of a revitalised strategy to grow both our mineral sands and graphite businesses during 2022. All staff accepted the challenges of the corporate changes during the last year and finished the year with the ambition to improve on their strong contribution during 2021.

As always, thank you for your continued support of the Company.



Russell Tipper
Acting Chairman





Chief Executive Officer's review

Dear Shareholders,

I am excited to take this opportunity to report to you for the first time as MRC's Managing Director and CEO and look back on the 2021 financial year and more exciting, to share with you our strategy and future outlook.

2021 was a transitional year for MRC. We expanded our underlying value through increasing our resource base at Tormin and announcing maiden reserves at the Tormin Inland Strands and Skaland. We also moved closer to finalising our environmentally friendly, non-HF anode purification process through successful electrochemical testing with a view to achieving graphitic anode offtake qualification.

2022 will be a transformational year for MRC and our stakeholders as we execute our New Vision, Values and Five Year Strategic Plan 2022–2026 (Strategic Plan). This year will see the Company transformed and repositioned with a focused purpose and strategy to become a Larger Diversified, Sustainable and Responsible Critical and Industrial Minerals producer.

Our Strategic Plan aims to return MRC to strong profitability through maximising value delivery from our existing assets, while expanding our resources and reserves footprint. These building blocks will advance our goals of seeing the Company become a sustainable, vertically integrated graphitic anode supplier in Europe and becoming a larger sustainable, vertically integrated heavy minerals supplier.

2021 Review

COVID-19 has touched all of us. Our operations have adapted our procedures and processes to operate safely and efficiently and I want to use this opportunity to commend our management team for guiding the operations through the challenges arising from the pandemic. The proactive approach taken to mitigate impacts to our operation and ensure the well-being of our people, partners and customers is what sets us apart. I am truly grateful that to date, all infected employees have made a full recovery and returned to work after testing negative and completing a period of isolation. My heartfelt gratitude goes out to our teams at both our South African Heavy Minerals and our Norwegian Graphite operations who worked tirelessly towards our goal of being a sustainable source of supply to our supportive customers.

Zero harm to our people, the environment, and communities in which we operate continue to be the core of MRC's operating practices. As a group it is encouraging to see our 12-month rolling TRIFR reduce in 2021 to 4.83 from 10.24. Zero Harm is a key Strategic Pillar supporting our "Licence to Operate".

Leading on from Zero Harm, a Deliberate, Sustainable and Responsible Environmental, Social and Governance (ESG) focus forms the foundation for a sustainable and responsible MRC moving forward. We are pleased to confirm that we continue to implement comprehensive risk management policies and procedures that set the guidelines to ensure environmental compliance.

We remain on track to deliver on the 2019–2023 Social Labour plan (SLP).

The total committed expenditure over five years is ZAR36.8 million, with more than ZAR6.5 million committed for 2021 and ZAR8.0 million budgeted for 2022, reinforcing our commitment to upliftment of the community we operate within. These projects, including human resource development, community-based enterprise, infrastructure support projects and local enterprise development that are fundamental to our sustainable and responsible contribution from our operations. Further to this, our BEE preferential procurement expenditure in 2021 was ZAR408 million, exceeding all targets set under the South African Mining Charter.

CHIEF EXECUTIVE OFFICER'S REVIEW

2021 was not without its financial challenges with earnings below historical performance due to operating losses at Skaland impacted by an unplanned incident shutting the plant and various operational downtimes combined with declining beach grades and higher operating costs at Tormin. Skaland's performance stabilised in the second half of 2021, while significant optimisation work is underway at Tormin to improve profitability. Across the group, a rationalisation of corporate overheads has been undertaken.

Operational performance from Tormin resulted in a 30% increase in ore mined compared to 2020. Although the total HMC production was 0.5% lower, the HMC quality was increased by 29% resulting in a 7% uplift in final concentrate output. We have seen strong market support for our products with price increases across our product suite during 2021.

At our Skaland operation, completion of the down-dip mine development works to level -55m RL enables access to up to 5 years of ore production based on circa 10 Kt of graphite production per annum. Performance at Skaland was below historical levels due to a fire incident earlier in the year, noting that operational performance has since stabilised. Several optimisation projects are being reviewed for 2022. I am particularly pleased to report on increasing our graphite footprint in Norway during 2021 by securing the Hesten and Vardfjellet graphite prospects, located 15 km from the existing Skaland Graphite Operations and only 4 km west of our Bukken prospect.

We are pleased to report that our Munmlinup Graphite project, for the second consecutive year, was recognised by the Australian Government as a Critical Minerals project and is included in the Australian Critical Minerals prospectus 2021. Additionally, following the completion of supplementary environmental surveys in December 2021, we anticipate the grant of environmental approvals in Q4 2022.

We continued to advance the development of a new environmentally sustainable graphite purification process developed with Australia's National Science Agency, CSIRO. This is the key enabling technology for producing high-value anode materials from natural graphite concentrate. The process achieved purities of up to 99.98% and 99.99% respectively for Skaland and Munmlinup spherical graphite, exceeding the battery grade target of 99.95%. Successful electrochemical results demonstrated that the Skaland Anode Material performed comparably to commercially available reference material in key performance benchmarks of initial efficiency and capacity.

2022 and Beyond

MRC is entering 2022 with a clear strategy, leveraging our competitive advantages, our talent, and our assets, which gives us a "Licence to be Extraordinary". Our decisions and actions going forward will be guided by our Vision, Mission, Values, Strategic Pillars and our Strategic Plan.

Our Vision – Enabling a better world through sustainable and responsible production of critical and industrial minerals and products.

The Company's vision statement represents a clear intent to be held accountable for responsible, sustainable mining practises. This will require strong leadership to drive a cultural shift towards accountability, collaboration and cooperation to engender an understanding of the impact of our operations on our various stakeholders.

Our Mission – To be a leader in the transformation of mining and industrial operations generating a positive contribution to a sustainable world.

The Company's mission has clearly shifted towards a focus on long-term value aligned with generating sustainable returns for all our stakeholders. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Our Values – zero harm, respect, integrity, innovation and inclusion will align our corporate culture with our Vision, Mission and Strategic Goals:

Zero Harm – our people are central to our operations, and it is crucial to our continued success that every member of our team returns home from work unharmed physically and mentally;

Respect – creating trusted and enduring relationships with our colleagues, our communities and other stakeholders to achieve mutual goals;

Integrity – we are committed to honesty and accountability being the foundations for all our actions;

Innovation – we strive to continually develop new technologies, improve mining and processing methods and find better ways to operate, to support our vision and to maximise returns to all our stakeholders;

Inclusion – we promote diversity in all aspects, encourage personal development and reward performance as investments in our future success;

Our Strategic Goals – In 2022 we will set in motion steps to meet three strategic goals:

1. A larger diversified, sustainable and responsible critical and industrial minerals producer;
2. A sustainable, vertically integrated graphitic anode supplier in Europe; and
3. Larger sustainable, vertically integrated heavy minerals supplier.

Goal 1 – A larger diversified, sustainable and responsible critical and industrial minerals producer

This goal pivots MRC away from the previously announced Ascent demerger strategy and repositions the Company as a larger diversified, sustainable and responsible critical and industrial minerals producer, lowers investment risk and is intended to attract a larger potential investor target market.

The Company will be rebranded to align with its strong ESG focus, having a strong empathy for its impact on communities, achieving best practice compliance with sustainability frameworks and good corporate citizenship. This focus supports the European battery storage and EV market expectation requiring a low carbon footprint through the entire supply chain.

Throughout the Company's portfolio MRC will seek vertical integration, from mining and associated processing to value-added downstream products. This involves transitioning its heavy minerals and graphite businesses from concentrates production to downstream finished products (heavy minerals finished products and graphitic anodes). The Company will have a secondary focus to look for growth by diversifying into other critical and industrial minerals and technologies.

The Company is investigating the possibility of dual listing in Europe, which will support the Company's second goal to become a sustainable, vertically integrated graphite anode supplier in Europe and an enabler of the decarbonisation transition. The Board and Executive management may be augmented to support the transition.

Goal 2 – A sustainable, vertically integrated graphitic anode supplier in Europe

Europe is seeing unprecedented increases in planned Li-ion battery production capacity, driving the demand for increased graphitic anode manufacturing capacity within Europe. The Company is well positioned to take advantage of the green transition and to responsibly contribute to global demand for battery minerals. The Company will combine its world class graphite assets in Europe and Australia to achieve economies of scale.

MRC's Skaland graphite operation was acquired in October 2019 as the highest grade flake graphite operation in the world and largest producing mine in Europe at the time. The near-term value catalysts of Skaland are maximising value through improved efficiency, process flexibility and providing a stable platform for future expansion. Skaland is strategically positioned in Europe, currently permitted to produce 16ktpa with studies and permitting commencing later in 2022 to allow a significant increase in production. Mo I Rana in Norway has been identified as a strategic location for MRC's active anode material production plant (AAMP) to support the European market, with Kwinana and Esperance identified as potential Australian AAMP sites.

The acceleration of the Munglinup development, with a Final Investment Decision targeted for Q2 2023, is intended to significantly increase graphite concentrate production. The combination of anode materials production from Munglinup and Skaland provides the potential to be able to supply significant volumes to meet the needs of the European market.

Business development will focus on organic and inorganic growth of the Company's graphite resources. Work will continue with a view to seeking to upgrade reserves at Skaland and Munglinup. The Company will look to undertake further work on potential targets for increased resources at Skaland at depth and Munglinup along strike, as identified by the recently conducted electromagnetic surveys. The Company believes further exploration upside potential exists through the recent positive surface sampling and mapping results, as well as magnetic and electromagnetic interpretations from the highly prospective Bukken, Hesten and Vardfjellet prospects near Skaland. Management is also actively exploring strategic acquisitions to increase the resource base available to supply European battery customers.

MRC is exploring alternative downstream Anode Purification Technology routes through ongoing discussions with several potential technology partners.

The Company's active anode material process is progressing well with the CSIRO project completed at the end of March 2022. Following the scale-up of the process to pilot plant, enabled by the recently successful Critical Minerals Acceleration Initiative grant, the Company's goal is to achieve commercial scale production taking into account learnings from the pilot plant phase. MRC considers its anode material will be environmentally sustainable with a low carbon footprint.

CHIEF EXECUTIVE OFFICER'S REVIEW

The Company has a well-developed execution strategy to advance the development and qualification of its anode products by Q2 2023, attract quality industry partners, strengthen its OEM customer base, and solidify its plans for commercialisation and long-term sustainable growth. This work builds on the excellent electrochemical results announced in December 2021.

Funding options are being explored to further progress MRC's Battery Minerals Division in Europe by prioritising the development of Skaland, a fully permitted operating graphite mine in Europe; development of Munglinup and MRC's associated downstream anode business.

Goal 3 – Larger sustainable, vertically integrated heavy minerals supplier

The Tormin renewed development strategy aims to provide a solid cashflow base. MRC will support the downstream transition of its heavy minerals operation into a vertically integrated finished mineral products operation.

The strategy is premised on three essential aspects; maximising value from existing operations, increasing resource and reserves and diversifying the heavy minerals footprint beyond Tormin.

Maximising value from existing operations is intended to see MRC: (a) improve the efficiency, flexibility, and scale of the Inland Strands operation; (b) sustainably mine the two placer beach deposits; (c) reduce costs to lowest quartile against comparable operations; and (d) maximise final product value through transitioning from mixed concentrates to finished garnet and ilmenite mineral products.

The Company believes there is significant production upside potential from identifying, expanding, and upgrading resources for the Western and Eastern Strandlines. The Company also sees potential to unlock resources from the current De Punt and Klipvley Karoo Inland Strands prospecting applications. Resource and reserve growth may be further supported by an active diversification strategy through global acquisitions.

Our Strategic Pillars – Our strategy will rest on Five Strategic pillars: zero harm, a deliberate, sustainable and responsible ESG focus, people, superior operational performance and profitable growth.

- Zero Harm – ensure visibly felt leadership at all levels of the business, and set clear accountability for maintaining a safety supportive culture;
- ESG – focused on adherence to Global Reporting Initiative standards and United Nations' Sustainable Development Goals, community engagement, good corporate citizenship and empathy for our footprint in our communities;
- People – focus on leadership and culture, inclusion, involvement and empowerment ensuring buy-in, accountability and ownership;
- Superior Operational Performance – a well designed, efficient, effectively managed value chain that is process driven is necessary to deliver world class results;
- Profitable Growth – business practises focus on strategic growth levers of revenue optimisation, cost optimisation and product market development, organic and inorganic resource and reserve expansion;

In conclusion, we have a "Licence to be Extraordinary" and the Strategic Plan focuses on returning the Company to solid profitability while expanding resources and reserves. The strategy aims to see the Company become a vertically integrated graphitic anode supplier in Europe and a larger diversified, vertically integrated heavy minerals producer.

I am looking forward to working with the team over the coming years to deliver on the Company's full potential.

A heartfelt thank you to our valued and supportive shareholders, our dedicated employees, and stakeholders.



Jacob Deysel
Chief Executive Officer

Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as “MRC” or the “Group”) consisting of Mineral Commodities Ltd (the “Company”) and the entities it controlled at the end of, or during, the year ended 31 December 2021. 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 during the whole of the financial year and up to the date of this report, unless otherwise stated:

Russell Gordon Tipper
 Jacob Deysel (Appointed on 5 January 2022)
 Debbie Ntombela
 Guy Redvers Walker (Appointed on 29 June 2021)
 Zamile David Qunya (Appointed on 16 April 2021)
 David Lewis Baker (Resigned on 5 January 2022)
 Peter Patrick Torre (Resigned on 13 September 2021)

Principal activities

The principal activities of the Group during the year were:

- mineral sands mining and processing at the Group’s Tormin Mineral Sands Operation (“Tormin” or the “Tormin Operation”) in the Western Cape province of South Africa;
- graphite mining and processing at the Group’s Skaland Graphite Operation (“Skaland” or the “Skaland Operation”) in northern Norway on the island of Senja;
- undertaking exploration and evaluation for the future development of the Munglinup Graphite Project (“Munglinup” or the “Munglinup Project”) in the Great Southern region of Western Australia;
- undertaking evaluation for the future development of an Active Anode Materials Plant (“AAMP”) to produce active anode materials in Australia and Norway; and
- investigations into other mineral resources, particularly through MRC Exploration Australia Pty Ltd, focused on several tenements within Western Australia.

Review of operations

The Company provides shareholders with an update of its activities during the year ended 31 December 2021. The Company achieved record mining production rates at Tormin, commenced a new stage of mining at the Trælen graphite mine with the commencement and completion of down-dip development for the first time in the mine’s operational history and announced significant increases in Tormin Inland Strand and the Trælen Graphite deposit mineral resources followed by initial reserves.

During the year, the Company continued to contend with the challenges presented by the COVID-19 global pandemic. The challenges of COVID-19 warranted the Company’s strict internal protocols, with any affected employee afforded medical care, isolated and contact traced to identify and limit the risk of further infection transmission. The Company is grateful that to date, all infected employees have made a full recovery and returned to work after testing negative and completing a period of isolation. Operations and sales at both Tormin and Skaland remained largely unaffected by COVID-19 for the year, except for the inability to get head office technical personnel to site, and global shipping challenges.

The welfare of personnel and the pandemic’s financial and social impacts are under constant review by Executive Management and the Board. The Company continues to monitor governments’ advice within each operating jurisdiction and to update people and procedures accordingly.

DIRECTORS' REPORT

The ongoing commitment to developing a safe working environment and culture continues. Importantly, the Company maintained a no fatality track record across all of its operations since inception. Encouragingly, this year saw the 12-month rolling TRIFR reduce to 4.83 from 10.24. The Company's historical safety record was impacted by one lost-time injury in 2021 at Skaland in the processing plant area. The employee returned to work after two days absence from work. The Group's safety performance is outlined below:

TOTAL RECORDABLE INJURY FREQUENCY (PER MILLION HOURS WORKED)

Year ended 31 December	2021	2020	2019
Group	4.83	10.24	3.43
– South Africa	4.24	8.55	4.36
– Norway	12.91	33.88	–
– Australia	–	–	–

LOST TIME INJURIES (LTI) INCIDENTS RECORDED

Year ended 31 December	2021	2020	2019
Group	1	3	–
– South Africa	–	1	–
– Norway	1	2	–
– Australia	–	–	–

The Company recognises the growing pressure and competition for environmental resources such as land, water and air, which are amplified by the effects of climate change. The Company manages and operates its assets with a clear understanding that the performance and management of these environmental impacts are critical to its ongoing existence in the mining sector. The Company has comprehensive risk management policies and procedures that set the guidelines of achieving environmental compliance and is fully cognisant of the importance of a social operating license and its effects on the communities in which we operate. The Company is pleased to announce that there were no significant environmental incidents during the year. Given the sensitivities of the coastal operating environment at Tormin and the proximity of Skaland's operations to fjords, the Company considers this testament to its commitment to self-imposed environmental, operational discipline.

Mineral Commodities Ltd and its subsidiaries source a range of goods and services through a global supply chain. It is recognised that there is a potential for modern slavery to exist in the form of slavery, forced labour, debt bondage, human trafficking and child labour. All forms of modern slavery involve the deprivation of a person's liberty to exploit them for commercial or personal gain and amount to a violation of an individual's fundamental human rights. While there are currently no legal requirements for MRC to report its actions regarding modern slavery, the Company is committed to ensuring open, fair and transparent procurement, logistics and supply functions.

MRC seeks to prevent or mitigate any negative human rights impacts in connection with its operations or activities. MRC also provides safe and fair working conditions for all its employees and ensures that no child labour is employed, in line with minimum age laws. The Company expects the same standards from contractors, suppliers and stakeholders and requires that they hold the same standards throughout their procurement and supply chain processes.

The Company continued its strong operating performance at Tormin during the year ended 31 December 2021 with 4,321,709 tonnes of material mined, reflecting record ore and overburden production during the year. This performance reflects the ability to mine Expanded Mining Rights areas combined with Tormin Beaches, whereby the Company was able to mine multiple areas at any moment, the return to 24/7 mining operations in the first half of 2021 and minimal COVID-19 impact. Mining also produced and has available nearly 600 Kt of inventory as at 31 December 2021, including nearly 450 Kt of high grade South Pit Inland Strand material for processing that will provide low cost positive cash flow in 2022.

A drilling program was completed in 2021 that focused on resource definition outside the 162 and 163 Expanded Mining Right area in the Western Strandline as well as the Eastern Strandline. As announced in December 2021, this resulted in a significant increase in Tormin Inland Strand's mineral resources to 212 million tonnes at 9% THM containing 19 million tonnes in situ heavy mineral, comprising Western Strandline resources expanded to 193 million tonnes at 9.5% THM (representing an increase of 82% of the mineral resources) and maiden mineral resources for the Eastern Strandline of 19.5 million tonnes at 3.3% THM. This represents an overall 100% increase in the Tormin Inland Strands' Mineral Resources in comparison to the maiden Inland Strands' resource of 106 million tonnes at 12.4% THM announced in August 2020 and an increase of 82% of the Western Strandline Mineral Resources. The resource upgrades outline the significant potential for expanding the Company's mineral sands operations in the Western Cape region of South Africa. The Company further announced on 18 February 2022 a maiden ore reserve for the Tormin Inland Strand of 21.8 million tonnes at 31% THM containing 6.7 million tonnes heavy mineral. The current mining plan is for a staged development targeting an initial 1.2 Mtpa Inland Strand operation on existing mining rights followed by expansion to 2.4 Mtpa on grant of additional mining rights. The ore reserve located is adjacent to existing processing infrastructure.

A new stage of mining at the Trælen graphite mine began with down-dip decline development for the first time in the mine's operational history. The down-dip development provides access to graphite resources below the mine access level to support continued processing operations at Skalands. It also enables further exploration and infill drilling to target expanded resources and the statement of mineral reserves.

The Company was pleased to report an update of the JORC Mineral Resource and a maiden Ore Reserve at the Trælen Graphite deposit, the underground ore source for the Skalands Graphite Operation ("Skalands") in Norway. The Mineral Resource is estimated at 1.84 million tonnes at 23.6% TGC in the category of Measured, Indicated and Inferred for 434 kt of contained graphite at a 10% cut-off. This represented a 10.9% increase in contained graphite when compared to the maiden Skalands JORC Mineral Resource announced in March 2020. A maiden Ore Reserve



DIRECTORS' REPORT

of 640 kt at 24.8% TGC in the category of proven and probable, for 159 kt of contained graphite was also announced arising from the improved categorisation of mineral resources following the recently completed drilling program. The initial ore reserve supports long term production at Skaland, which has been mined at circa 40 Kt of ore annually to produce circa 10 Ktpa of graphite concentrates. The Company is targeting further resource drilling in 2022 to target deeper inferred resources and down-dip resource expansion, aiming to further increase the ore reserves.

During the year, the Company secured AU\$10.6 million from a placement and fully underwritten rights issue. The Company completed the placement to existing and new sophisticated and institutional shareholders of 22,850,000 fully paid ordinary shares to raise AU\$3.2 million. Following completion of the placement, the Company completed a fully underwritten non-renounceable rights issue that raised AU\$7.4 million. This resulted in 53,399,063 fully paid shares being issued. The funding complemented existing cash reserves to continue with the Company's planned appraisal and development activities at Skaland and Tormin as well as providing general working capital.

The Company reported successful electrochemical results on Skaland Anode Material that had been purified using a new environmentally sustainable process developed with Australia's National Science Agency, CSIRO. The results demonstrated that the Skaland Anode Material performed comparably to commercially available reference material in key performance benchmarks of efficiency and capacity. The purification process developed by CSIRO uses standard industrial reagents and avoids the use of toxic Hydrofluoric Acid. This is the key enabling technology for producing higher margin anode materials from natural graphite concentrates.

With the laboratory scale purification testwork for both processes expected to be completed in the March 2022 quarter, the Company is planning the supply of qualification samples and advancing larger pilot-scale studies and qualification samples delivery in 2022. Progressing these two alternative pathways will allow MRC to develop a fit-for-purpose process for the development of the Active Anode Materials Plant ("AAMP") in Australia and Norway.

Tormin Mineral Sands Operation

Safety, Environment, Community and Sustainability

The ongoing commitment to maintaining a safe working environment and culture continues. Tormin recorded nil LTIs in the year. The Company has worked over 700,000 person-hours since the previous LTI incident at site in 2020. More than 4.5 million person-hours have been worked at Tormin since commencement. Tormin's safety performance is outlined below:

TOTAL RECORDABLE INJURY FREQUENCY (PER MILLION HOURS WORKED)

Year ended 31 December	2021	2020	2019
South Africa	4.24	8.55	4.36

LOST TIME INJURIES (LTI) INCIDENTS RECORDED

Year ended 31 December	2021	2020	2019
South Africa	–	1	–

The impacts of COVID-19 were managed in accordance with jurisdictional government restrictions and Company introduced measures. COVID-19 continues to present a health and safety risk to employees. Employees testing positive are isolated with contact tracing carried out immediately to limit the risk of further transmission. COVID-19 temperature testing of all employees by site security remains in place. The Company is pleased to report that all infected employees have since returned a negative COVID-19 test and are back at work, having completed a period of isolation. The welfare of personnel and the pandemic's financial and social impacts are under constant review by Executive Management and the Board. The Company continues to monitor governments' advice and to update people and procedures accordingly.

The Company continued to implement its Social Labor Plan ("SLP") programs. During the year, in excess of ZAR6.5 million was committed to these programs. Initiatives within the local Tormin community and workplace included bursaries, scholarships, traineeships, internships, apprenticeships and adult basic education programs. The Company's learnership programs have seen participants advance their careers through education in engineering and business management courses. Bursaries support Tormin staff and community participants in furthering their education with courses such as IT engineering, mechanical engineering, safety management, business management, law, mathematics and community development.

The Company also contributes to community-based enterprise and infrastructure support development, sponsoring full-time teachers at local schools, distributing food parcels with non-perishable foodstuffs delivered to elderly persons across the eight wards of the Matzikama municipal region and sponsorships in the form of attire, equipment and transport to local sporting clubs.

The Company is committed to local enterprise development and the funding of Small, Medium Micro Enterprise development programs; however, the impact of the COVID-19 pandemic has meant these projects have largely been deferred.

Further to this, the Company's BEE preferential procurement expenditure in 2021 was ZAR408 million, exceeding all targets set under the South African Mining Charter.

The Company remains on track for its future 2019–2023 Social Labour Plan, agreed with the Department of Mineral Resources and Energy, which underpins the Company's commitment to local enterprise development, education and infrastructure projects and initiatives. The total committed expenditure over five years is ZAR36.8 million.

Tormin Operational and Financial Performance

In the context of a global interruption caused by COVID-19, the Company continued its strong operating performance during the year ended 31 December 2021. The following key production and sales metrics were achieved:

Mining Production	Full Year to 31 December 2021	Full Year to 31 December 2020
Material Mined – Tonnes (dmt)	4,321,709	2,828,312
Ore Mined – Tonnes (dmt)	3,077,087	2,367,851
Waste Mined – Tonnes (dmt)	1,244,622	460,461
Grade	13.1%	9.9%
Garnet	8.5%	7.5%
Ilmenite	3.4%	1.7%
Zircon	0.8%	0.5%
Rutile	0.4%	0.2%

During the period MRC optimised mining operations at Tormin to manage the THM beach grade and replenishment cycle. Total ore mined was 30% above 2020 due to the minimal COVID-19 impact and a full 12 months of mining the Northern Beaches in conjunction with the Inland Strand or Tormin Beaches.

Mining production in 2021 represented 104% of the Tormin Beaches December 2020 Inferred Resource, with VHM grades in line with the resource model. Mining production from the Northern Beaches in 2021 represented 44.6% of the May 2020 announced resource, with total VHM grade 11.2% higher than the resource model. Mining production from the Inland Strand in 2021 represented 2.4% of the August 2020 announced resource available within the approved Section 102 Western Strandline, with total VHM grade 160% higher than the resource model.

Production and grade from each area are included below.

Mining Production	31 DECEMBER 2021		
	Northern Beaches	Tormin Beaches	Inland Strand
Ore Mined – Tonnes (dmt)	1,348,849	1,174,122	554,116
Grade	13.3%	8.8%	13.8%
– Garnet	9.8%	7.2%	5.0%
– Ilmenite	2.4%	1.0%	7.2%
– Zircon	0.7%	0.4%	1.1%
– Rutile	0.4%	0.2%	0.5%

DIRECTORS' REPORT

Phased expansion at the Inland Strand mining areas was completed in April 2021 with upgrades in primary concentration processing via the existing PBC/TSP module 2 to enable capacity of 800,000tpa. The upgrades incorporated:

- 225t mobile scrubbing plant and primary crushing circuit;
- Deslime cyclone and pumps retrofitted to PBC/TSP 2;
- Overland piping for disposal of tailings into the mining void;
- Initial Inland Strand concentrate processing rate of 0.8 Mtpa; and
- Purchase of additional mining fleet, haulage, and dozing equipment to facilitate overburden and mining of the Inland Strand increase production requirements.

Mining from the Inland Strand halted in August 2021, whilst management is undertaking an optimisation review of the Inland Strand processing strategy. This optimisation includes expanding each PBC/TSP module capacity to 1,200,000tpa for Inland Strand material or 1,500,000tpa for beach material and enhanced Inland Strand tailings discharge facilities. Management expects mining and processing from the Inland Strand to recommence in the September quarter 2022.

The year's Primary Beach Concentrator ("PBC") ROM feed was 2,234,222 tonnes at an average feed rate of 318 tph and 89.6% plant utilisation, with the throughput 0.6% above the previous year's 2,221,060 feed tonnes.

Processing & Production

Full Year to 31 December 2021

Full Year to 31 December 2020

Primary Beach Concentrator (PBC)

Tonnes processed (dmt)	2,234,222	2,221,060
Heavy mineral concentrate (dmt)	545,862	548,484
% Heavy mineral	41.8%	32.2%

Garnet Stripping Plant/Secondary Concentrator Plant

Tonnes processed (dmt)	599,326	542,990
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Tonnes produced (dmt)

Garnet concentrate (net)	144,874	153,743
Ilmenite concentrate (net)	89,013	67,460
Zircon/rutile concentrate	13,677	10,090
% Zircon in concentrate	72.1%	67.6%
% Rutile in concentrate	19.1%	16.0%

Heavy Mineral Concentrate ("HMC") production from the PBCs produced 545,862 tonnes, 0.5% below the prior year's 548,484 tonnes. Importantly, the % of heavy mineral in the HMC improved in 2021 from 32.2% to 41.8%, representing a 29% increase in heavy mineral production in 2021. Mineral processing recoveries from the PBCs remained strong and in line with 2020 recoveries.

Garnet Separation Plant ("GSP")/Secondary Concentration Plant ("SCP") feed of 599,326 tonnes was 10.4% above the prior year's 542,990 tonnes. The GSP/SCP operated at 86.4% utilisation with an infeed throughput rate of 83 tonnes per hour to optimise product recoveries.

Finished concentrate production was improved by higher mined VHM ore grades and increased GSP/SCP feed. Total final concentrates produced were 247,564 tonnes for the year, which were 7% above the prior year's 231,293 tonnes.

Sales (wmt)

Full Year to 31 December 2021

Full Year to 31 December 2020

Zircon/rutile concentrate	14,968	9,072
Ilmenite concentrate	92,191	109,249
Garnet concentrate	118,340	387,121

Product sales revenue for the year was US\$41.5 million for a total 225,499 wet metric tonnes sold, below the prior year's revenue of US\$54.9 million for 505,442 wet metric tonnes sold. Wet metric tonnes sold in 2021 are 22,065 tonnes below production during the year, reflecting 91.1% of 2021 production and available inventory for sale in 2022.

The decreased sales revenue and tonnes compared to the previous period reflect the deferred shipments due to global shipping challenges due to the COVID-19 pandemic and the GMA Settlement of garnet tonnes in 2020. The GMA Settlement in 2020 resulted in recognition of garnet sales tonnes 252% higher than annual production. The prior period sales tonnes include 2020 opening inventory sold to GMA during the year and 206,124 additional tonnes, reflecting the December 2019 contract liability of prepaid tonnes delivered in prior periods and GMA taking ownership of these tonnes as part of the settlement.

MRC and GMA Group executed a garnet offtake agreement for 100,000 tonnes per annum of garnet concentrate per annum commencing 1 January 2021 for 3 years with automatic renewals after that subject to a minimum six month termination period. The offtake agreement with GMA Group forms the foundation of the revenue base at Tormin, with GMA's annual commitment representing 69% of 2020 garnet production.

The decrease in revenue was mostly due to the GMA Settlement in 2020 and deferred shipments, offset by higher pricing in 2021 and final concentrates production in 2021 being 7% above the prior year.

The following table summarises unit costs and unit revenues from Tormin for the year to 31 December 2021:

Summary of Unit Costs & Revenues	Full Year to 31 December 2021	Full Year to 31 December 2020
Unit production cash costs per tonne of net final concentrate produced (\$/dmt)	101.73	71.15
Unit cost of goods sold per tonne of final concentrate sold (\$/wmt) ⁽¹⁾	151.40	63.28
Unit revenue per tonne of final concentrate sold (\$/wmt)	180.61	108.43
Revenue to Cost of Goods Sold Ratio	1.19	1.71

(1) Cost of goods sold includes production cash costs, product handling, transport and selling costs, royalties, stock movements, and depreciation and amortisation. Excludes corporate and financing costs.

Unit production cash costs were impacted by the change in mined tonnes, grades, and mining areas, with the year's US\$101.73/t for 247,564 final concentrate tonnes produced higher than the prior period's US\$71.15/t for 231,293 final concentrate tonnes produced. Higher unit costs were the direct result of higher production cash costs that were partially offset by higher final concentrate produced. Higher cash costs reflect an appreciation of the Rand against the US dollar for the majority of 2021, the transition of mining and processing staff back to 24/7 production during the year, higher diesel prices, the higher cost of mining Inland Strand material that includes overburden removal in comparison to standard beach mining, higher transport costs of trucking HMC material produced at the Northern Beaches back to the GSP for processing and higher global shipping costs.

Total unit cost of goods sold of US\$151.40/t for the year for 225,499 final concentrate tonnes sold reflects the higher proportion of non-magnetic concentrate sales and higher production costs. The prior period comparative was significantly below underlying performance due to the GMA Settlement and a material positive garnet inventory adjustment during the previous year.

Unit revenue per tonne of final concentrate sold for the year of US\$180.61/t is above US\$108.43/t for the previous year reflecting the higher proportion of higher value non-magnetic concentrate sales this year and higher garnet and ilmenite pricing, partly due to the higher 2021 shipping rates included in CIF pricing.

Revenue to Cost of Goods Sold Ratio for the year is 1.19 compared to the prior period's 1.71. The prior period comparative was significantly above underlying performance due to a material positive garnet inventory adjustment and GMA Settlement during the previous year. The ratio at 1.19 reflects the higher proportion of non-magnetic concentrate sales in the current year, partially offset by higher production costs and higher product shipping costs, reflecting global shipping challenges due to the COVID-19 pandemic.

Permitting

Mineral Sands Resources (Pty) Ltd ("MSR"), the Company's 50% owned South African subsidiary operating the Tormin mine, received notice from the Department of Mineral Resources and Energy ("DMRE") under Section 93(1)(a) of the Mineral and Petroleum Resources Development Act, 2002 ("the Act") concerning alleged non-compliance with the Act and the conditions of the mining rights for 10107MR and 10108MR ("Tormin Beaches") for the period up to the beginning of March 2021. The purported legacy operational issues reflect not publishing the approved Social and Labour Plan ("SLP"), non-compliance with the Employment Equity target of 40% historically disadvantaged persons ("HDP") participation in management, non-compliance regarding the involvement of HDP owned entities in the Procurement Programs (40% – Capital Goods and 70% – Services) and our Career Progression Program.

Zamile David Qunya, a director of MSR and MRC, and Debbie Ntombela, also a director of MRC, undertook a review of the matters and prior management practices, with the assistance of MSR management, in responding to the notice and formulating remedial plans, including measurable deliverables. The DMRE confirmed in October 2021 of its decision to set aside the Section 93 Notice and that MSR has addressed all of the matters raised in the Section 93 Notice concerning administrative and operational compliance with the conditions of MSR's mining rights and the Act more generally.

The Company cumulatively holds a continuous inland prospecting tenure (either granted or under application), of approximately 41.4 km in length and covering approximately 6,634 hectares. The Company has two Prospecting Rights under application or re-application, both adjoining PR10262 on the Company owned farm, Geelwal Karoo 262:

- PR10348 – Klipvley, immediately to the north, covers an area approximately 16 km in length and 3,970 hectares, and
- PR10240 – De Punt, which adjoins immediately to the south, covering an area of approximately 13.4 km in length and 4,495 hectares. In November 2021, MSR has received the confirmation that the appeal against granting of an Integrated Environmental Authorisation ("IEA") has been dismissed.

Both Prospecting Right application areas are highly prospective for the continuation of Western and Eastern Inland Strandlines due to the nature of constant mineralisation along the coastal zone. Drilling conducted to the northern and southern extremities of PR10262 intersected the Western Inland Strandline open in both directions and continuing north and south of the delineated ore body.

Tormin Resource Activities

The annual Tormin Mineral Resource review for the Tormin Beaches was completed in February 2021, with results as follows:

Category	Resource (Mt)	HM (%)	Zircon (%)	Garnet (%)	Ilmenite (%)	Rutile (%)
Tonnes Mined – FY2020	2.16	8.74	0.40	6.86	1.23	0.14
Resource – Dec 2020	1.13	8.27	0.47	6.47	1.13	0.15
Tonnes Mined – FY2021	1.17	8.86	0.41	7.02	1.02	0.23
Resource – Dec 2021	1.17	5.79	0.28	4.70	0.64	0.12

- 2% THM cut-off grade used
- HM includes other valuable heavy minerals e.g., anatase and magnetite

The Company provided its current Tormin Beaches Annual Resource Update to the market on 28 February 2022, recognising a resource of 1.17 million tonnes at 9.0% THM (5.79% HM), based on a 2% heavy mineral cut-off grade. The Tormin Beaches deposit is an active placer beach sand deposit limited in extent on its eastern side by coastal cliffs and to depth by bedrock contact. The resource is open towards the ocean and surf zone on its western side, as well as along the coastline towards the north and south.



Total Mineral Resources for the Tormin Beaches Deposit (2% THM cut-off grade) at 31 December 2021

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (%HM)	Garnet (%HM)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)
Measured	1.1	9.11	0.10	3.18	52.36	7.14	1.32	0.22	0.33
Indicated	0.07	7.13	<0.01	3.23	50.91	5.61	1.40	0.28	0.42
Total	1.17	8.98	0.10	3.12	52.34	7.13	1.34	0.22	0.33

- Mineral assemblage reported as in situ percentage of THM content

Since commencement of operations at Tormin, the Company has mined in excess of 15.04 million tonnes. The tonnage mined is more than the original declared resource tonnage (2.70 million tonnes), which is indicative of the significant replenishing nature of the deposit where resource blocks are mined more than once per year.

The Company is confident that the development of the additional identified Western Strandline will allow the Tormin and Northern Beaches mining area to satisfactorily replenish in 2022.

The annual Tormin Mineral Resource review for the Northern Beaches was completed in February 2021, with results as follows:

Category	Resource (Mt)	HM (%)	Zircon (%)	Garnet (%)	Ilmenite (%)	Rutile (%)
Resource – Dec 2020	3.02	14.99	0.83	11.8	1.96	0.24
Tonnes Mined – FY2021	1.35	13.30	0.74	9.83	2.37	0.35
Resource – Dec 2021	2.43	16.46	0.75	13.1	2.15	0.26

The Company provided its Northern Beaches Annual Resource Update to the market on 28 February 2022, recognising a resource estimated at 2.4 million tonnes at 21.6% THM in the category of Measured, Indicated and Inferred, based on a 2% heavy mineral cut-off grade. The Northern Beaches incorporate ten beaches directly north of and adjoining the Tormin Beaches. The areas unite semi-continuous tenements approximately 23.5 kilometres in length, covering an area of 398 hectares of beach sands prospective for zircon, rutile, ilmenite, garnet, leucosene and magnetite. Like the Tormin Beaches, this deposit is located on an active placer beach undergoing continuous replenishment from oceanic storm and wave activity. The heavy minerals in the beach are constantly replenished by the transport of new sediment from deeper waters, much of which has been derived from the erosion of deposits accumulated in the elevated historic beach terraces onto the present beach.

Total Mineral Resources for the Northern Beaches HM Deposit (2% cut-off grade) at 31 December 2021

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (%HM)	Garnet (%HM)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)
Measured	1.48	22.83	0.34	3.55	55.98	10.42	1.36	0.26	0.57
Indicated	0.75	20.80	0.15	3.29	69.75	9.05	1.34	0.28	0.37
Inferred	0.20	15.58	0.03	3.12	60.54	5.89	0.99	0.22	0.41
Total	2.43	21.61	0.52	3.48	60.62	9.94	1.35	0.26	0.51

- Mineral assemblage reported as in situ percentage of THM content

The updated Tormin Mineral Resource review for the Inland Strands was reported in December 2021. The Inland Strand mining areas granted under the Expanded Mining Right (162&163EM) in mid-2020 include two areas approximately 5.6 kilometres in total length, covering 75 hectares of high-grade mineralisation adjacent to the existing mining operations on the Company owned farm, Geelwal Karoo 262. The Inland Strand Mining Right areas are part of the Inland Strand Prospecting Right 10262, which incorporates an area approximately 12 kilometres in length, covering 1,741 hectares.

The updated JORC compliant resource Mineral Resource of Western Strandline was estimated in December 2021 at 193.2 million tonnes at 9.5% THM for 18.5 Mt of contained Heavy Mineral using a 2% cut-off was reported on December 2021.

Total Mineral Resources for the Western Strandline Deposit (2% cut-off grade) at 31 December 2021

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (%HM)	Garnet (%HM)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)
Measured	32.7	19.21	6.20	1.82	12.49	7.91	1.09	0.21	0.52
Indicated	39.7	9.48	3.70	1.05	14.77	3.80	0.84	0.21	0.74
Inferred	119.2	6.93	8.20	2.60	10.68	18.04	1.44	0.29	0.43
Stockpile	1.60	12.84	0.20	4.21	18.85	25.78	1.95	0.39	0.78
Total	193.2	9.58	18.50	2.16	11.89	13.46	1.26	0.25	0.51

- Mineral assemblage reported as in situ percentage of THM content
- Tonnes and grade numbers may not compute due to rounding.

A maiden Mineral Resource of Eastern Strandline is estimated at 19.5 million tonnes at 3.4% THM in the categories of Indicated and Inferred using a 2% THM cut-off grade and was reported in December 2021. This maiden Mineral Resource demonstrates the prospectivity of the inland strandline areas and underscores the Company's strategy of growing the resources for mineral processing expansion.

Total Mineral Resources for the Eastern Strandline Deposit (2% cut-off grade) at 31 December 2021

Category	Tonnes (Mt)	THM (%)	In Situ THM (Mt)	Zircon (%HM)	Garnet (%HM)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)
Indicated	1.90	5.34	0.10	6.12	15.71	35.44	7.73	0.92	0.89
Inferred	17.5	3.13	0.50	6.35	14.39	36.74	6.09	1.19	0.51
Total	19.5	3.36	0.60	6.32	14.52	36.60	6.25	1.16	0.57

- Mineral assemblage reported as in situ percentage of THM content
- Tonnes and grade numbers may not compute due to rounding.

The Inland Strands deposit presents a significant mineral sands asset for the Company which offers material extension of mine life. The opportunity to develop mining in the Western Strandline is an important turning point for the Company in realising the value of the world-class Tormin Mineral Sands Operation.

MSR is planning a final phase-3 drilling program designed to infill the existing targeted resource areas in the known mineralised zones on the Eastern and Western Strandlines as part of a strategy to unlock the full potential of the Prospecting Right.

Skaland Graphite Operation

Skaland Safety, Environment and Community

COVID-19 continues to present a health and safety risk to employees. No employee at Skaland has been diagnosed with COVID-19.

In late January, a fire broke out in the exhaust pipe of the processing plant building. The fire was quickly extinguished and there were no injuries. The fire was caused during repairs to the exhaust pipe whereby heat or spark from an angle grinder ignited a built-up sulphur layer inside the pipe. The damage was repaired, and the processing plant returned to operations in the June quarter. Site has reviewed its risk assessment procedures as a result of this incident.

The 12-month rolling TRIFR reduced from 33.88 to 12.91. Skaland had one lost-time injury occur during 2021 in the processing plant area. The employee returned to work after two days absence from work. The Company continues to strive for world best practice safety operating standards, including identifying risk in the workplace and enhancing the safety awareness of its employees. Skaland's safety performance is outlined below:

Total recordable injury frequency (per million hours worked)

Year ended 31 December	2021	2020	2019
Norway	12.91	33.88	–

Lost time injuries (LTI) incidents recorded

Year ended 31 December	2021	2020	2019
Norway	1	2	–

There were no environmental non-compliance or incidents during the year. The Company has moved to investigate further risk mitigation in terms of currently permitted tailings disposal and reducing any detrimental environmental deposition into the surrounding fjord environment.

Operational and Financial Performance

During the year, a new stage of mining at Trælen graphite mine began with the commencement of down-dip decline development for the first time in the mine's operational history. The down-dip development provides access to graphite resources below the mine access level to support continued processing operations at Skaland. It also enables further exploration and infill drilling to target expansion of mineral resources and conversion into ore reserves.

Production shut down for several months in 2021 as a result of the fire and breakdowns in the plant.

The following key production and sales metrics have been achieved during the year:

Mining	Full Year to 31 December 2021	Full Year to 31 December 2020
Tonnes Mined	148,346	28,893
Waste Mined	118,337	10,765
Ore Mined	30,009	18,128
Ore Grade (%C)	25	28
Development Metres	1,357	223

Tonnes Mined, Ore Mined and Waste Mined are all higher than the prior year due to the productivity of the down-dip development performed by a mining contractor alongside the current mining operation. Development metres for the year are 1,357 metres compared to the 223 metres of the prior year. Higher waste mined reflects higher development metres and higher ore mined reflects ore exposed by the down-dip development operation. The development contractor, Flage Maskin demobilised in November 2021 after completion of the down-dip mine development works to level -55m RL. This work provides access to circa 3–5 years of ore production based on long term production at Skaland, which has been mined at circa 40 Kt of ore annually to produce circa 10 Ktpa of graphite.

Graphite concentrate production of 6,293 tonnes was above the prior year, but remains below historical performance of circa 10 Ktpa, due to an unplanned incident shutting the plant and various operational downtimes. The plant treated 23,021 tonnes of ore, grading 25%C, reflecting the plant downtime, resulting in 6,293 tonnes of bagged product.

Processing	Full Year to 31 December 2021	Full Year to 31 December 2020
Ore Processed	23,021	18,321
Throughput (tph)	6	7
Ore Grade (%C)	25	27
C Recovery (%)	91	91
Concentrate Grade (%)	91	90
Concentrate Produced (t)	6,293	5,549

2021 graphite concentrate sales of 6,646t are below historical performance reflecting the reduced production and product inventory in the period.

Product Category (wmt)	31-DEC-21 YEAR TO DATE		31-DEC-20 YEAR TO DATE	
	Sales	%	Sales	%
Flake/Medium	2,062	31%	3,152	35%
Fine-Medium/Powder	4,584	69%	5,741	65%
Total	6,646		8,893	

Sales revenue for the year was US\$4.9 million for a total of 6,646 tonnes sold.

As a result of the shutdowns of operations at Skaland, the unit cost ratios are not reported for the year. The abnormal unit production cash costs and unit cost of goods sold for the year result from a primarily fixed operating cost base offset by low production and sales during the year because of the shutdowns.

Skaland Resource and Prospecting Activities

In March 2021, the Company commenced a 3,000m drilling program, including 17 holes from the existing development on level +25m RL. The drill program targeted the conversion of significant inferred resources down to -100m RL to support an updated Mineral Resources Estimate and the first JORC compliant Ore Reserve Statement at Trælen.

The Updated Mineral Resource of 1.84 million tonnes at 23.6% TGC in the Measured, Indicated, and Inferred categories for 434 kt of contained graphite using a 10% cut-off was reported in November 2021 for the Trælen deposit. The Updated Mineral Resource represents an increase of 92% in the total Measured and Indicated resources to 786 kt, from 409 kt in the maiden Mineral Resource in 2020, with 377 kt of inferred resources upgraded.

Total Mineral Resources for the Trælen graphite deposit (10% cut-off)

Category	Tonnes (kt)	Total Graphitic Carbon (TGC) (%)	Contained Graphite (kt)
Measured	67	30.2	20
Indicated	719	25.2	181
Inferred	1,058	22.0	233
Total	1,844	23.6	434

- 10% TGC cut-off grade used for Trælen Mineral Resource estimate.
- Tonnes and grade numbers may not compute due to rounding.

Maiden Ore Reserves are estimated at 0.64 million tonnes at 24.8% TGC in the category of proven and probable containing 159 kt of contained graphite by using 10% TGC cut-off grade.



Total Maiden Ore Reserves of Trælen Graphite

Category	Tonnes (kt)	Total Graphitic Carbon (%)	Contained Graphite (kt)
Proven	55	27.8	15
Probable	585	24.6	144
Total	640	24.8	159

- Ore Reserve was estimated using a 10% TGC cut-off grade
- Ore reserves are a sub-set of Mineral Resources.



DIRECTORS' REPORT

The Trælen graphite deposit is open at depth beyond the planned development levels and there are also several promising side lenses that require further drilling. The Company intends to commence the next drilling program in 2022 aiming to upgrade the JORC Code (2012) compliant Mineral Resource and Ore Reserve. It is noteworthy that the operations at 10 ktpa have been considered as a base case and the Company has mining rights to support an increase of the production capacity to 16 ktpa.

Skaland Graphite AS entered into a landowner's agreement for exclusive exploration rights at Bukken, Vardfjellet and Hesten in 2020. Hesten and Vardfjellet are situated about 4 km west of the Bukken exploration prospect that is approximately 15 km southeast of MRC's existing Skaland Graphite Mining Operation.

MRC will be undertaking an extensive, high-resolution, Unmanned Aerial Vehicle ("UAV") Magnetic and Electromagnetic survey over all three graphite prospects in 2022. The UAV Magnetic and Electromagnetic survey will be conducted along the flight lines for 50m traverse line spacing for the Magnetic survey and 100m traverse line spacing for the Electromagnetic survey, flying at a height of 20–25 m above ground level to better understand the geological structural framework and drilling target delineation.

Munglinup Graphite Project

The project is on a mining lease granted until 2031 within a designated mining reserve. Final environmental permits are expected in 2022. The Environmental Protection Authority ("EPA") public review period started on 12 April 2021 and ended on 10 May 2021. The public response submissions were received from Department of Water and Environmental Regulation ("DWER") on 10 June 2021. The Summary of Submission document was forwarded to the EPA on 24 June 2021, and it was formally agreed on 9 July 2021. MRC undertook additional ecological, fauna and flora surveys and updated the EPA documents in the December 2021 quarter to respond to the submission document during the March 2022 quarter. Final EPA approvals are expected by the September 2022 quarter.

A Definitive Feasibility Study was completed in 2020, which outlined a robust and economically justifiable project. Additional drilling has been planned to expand the resource base and convert inferred resources into higher categories for an updated Mineral Resource and Ore Reserve.

As announced to the ASX on 8 January 2020 and subject to environmental approval, the Company intends to exercise its right to increase its joint venture interest from 51% to 90% by:

- paying AU\$800,000 to Gold Terrace; and
- issuing Gold Terrace with 30 million fully paid ordinary shares in MRC.

The Munglinup Graphite Project, for the second consecutive year, was recognised by the Australian Government as a Critical Mineral Project and is included in the Australian Critical Minerals Prospectus 2021.

The Company continues to work closely with the Esperance Tjaltjraak Native Title Aboriginal Corporation ("ETNTAC") to progress opportunities for mutual benefit in heritage, cultural awareness, training and job creation.

An application for a new mining tenement adjoining E74/656 was submitted to the Department of Mines, Industry Regulation and Safety (DMIRS) on 17 November 2021 (E74/702) and approved on 19 January 2022.

Mineral Resource and Reserve

Total Mineral Resource & Ore Reserve for the Munglinup Graphite Project (10% cut-off) at 31 December 2021

MINERAL RESOURCE

Category	Tonnes (Mt)	Total Graphitic Carbon (%)
Measured		
Indicated	4.49	13.1
Inferred	3.50	11.0
Total	7.99	12.2

ORE RESERVE

Category	Tonnes (Mt)	Total Graphitic Carbon (%)
Proven		
Probable	4.24	12.8
Total	4.24	12.8

ORE RESERVE

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

IN PIT RESOURCES

Category	Tonnes (Mt)	Total Graphitic carbon (%)
Inferred	2.75	11.1

- Ore Reserve uses a variable cash flow cut-off grade
- Ore Reserve flake size distribution is for recovered graphite product
- In-Pit Resources comprise Inferred material inside the designed pit designs using a variable cash flow cut-off grade and do not constitute part of the Ore Reserves

Downstream Graphite Projects

During the year, MRC has continued with the development of its caustic-based and carbochlorination purification processes, with the part Australian government funded CRC-P project with Australia's national science agency, CSIRO, focused on the caustic based process. The project is expected to be completed in the March quarter 2022. Testwork also continued on the carbochlorination process during the year to resolve technical issues, with an update on results expected in the March quarter 2022.

The first coin cell electrochemical testing results on Skaland Uncoated Purified Spherical Graphite purified by the environmentally sustainable process developed by CSIRO were announced during the December quarter 2021. The results demonstrated:

- High first cycle efficiency of 90.6% – The first cycle efficiency is an important industry performance indicator. It measures the loss of lithium in forming a protective layer on the graphite anode known as the Solid Electrolyte Interface ("SEI"). It is expected to improve further on coating of the graphite.
- Steady-state capacity of 369 mAh/g – close to theoretical maximum (372 mAh/g) for graphite.

Fundamentally, the Skaland Anode material performed comparably to commercially available natural graphite anode material in key performance benchmarks of efficiency and capacity, showing that the Skaland material and the sustainable purification process developed by CSIRO, using standard industrial reagents, produces good quality product. Further process development and testwork, including Munglinup material and coatings, is in progress.

The Board of the Company completed a strategic review process ("Review") aimed at optimising the Company's corporate and capital structure. The Review's scope sought options to fund future growth and accelerate shareholder value, including targeting the development of anode production from a dedicated Active Anode Materials Plant ("AAMP") in Norway. The review process concluded that a focused graphite battery anode material business segment centred on European "Sustainable Anode" development principles made strategic, value accretive and operational sense.

With the laboratory scale purification testwork for both processes expected to be completed in the March 2022 quarter, the Company is planning the supply of qualification samples and advancing larger pilot-scale studies and qualification samples delivery in 2022. Progressing these two alternative pathways will allow MRC to develop a fit-for-purpose process for the development of the Active Anode Materials Plant ("AAMP") in Australia and Norway.

The Company remains confident that the continued development of these downstream processes will allow it to realise maximum value from the development of its graphite assets in the near to medium term. In this regard, the Company will provide an update to shareholders on its vertical integration strategy in due course.

Australian Exploration

Minimal work was undertaken during the year, with the Company focusing on its operational assets and AAMP downstream projects.

The Company's exploration assets in Australia are greenfield exploration projects, located in Western Australia's midwest regions. These tenements are non-core business of the Company. During 2021, the Harvey Vanadium (M70/888) and Glen Florrie (E08/2963) tenements were assessed as low prospectively and surrendered. MRC through its wholly owned subsidiary, MRC Exploration Pty Ltd ("MRCE") has been exploring the following tenements:

Mount Edon Tenement

The Mount Edon pegmatite field hosts numerous lithium-cesium-tantalum ("LCT") pegmatites. The mining lease area has proven lithium-rich zones associated with the pegmatites, also historical mining for tantalum. Fieldwork was undertaken and a total of 80 rock samples were taken from 17 different locations and outcrops of pegmatites were also mapped. Lithium pegmatite pathfinder elements Rubidium and Tin were detected with a handheld XRF instrument. The best two pegmatite target zones are approximately 1.2 km and 1.4 km along the strike. Fractionated pods of LCT-type pegmatites were sampled with a trend of lepidolite-rich zones along the identified pegmatites.

A Program of Work ("POW") for drilling was compiled and submitted to Department of Mines, Industry Regulation and Safety (DMIRS).

Doolgunna Tenement

Doolgunna is a complex stockwork of gold lodes hosted within a 300m wide greenschist facies alteration system and 5 km length. Resource drilling indicated a mesothermal alteration zone carried gold bearing fluids. A Program of Work ("POW") approval for a 36,000 tonne bulk sampling program at Doolgunna was issued by the DMIRS.

Xolobeni Mineral Sands Project

The Company's Xolobeni Mineral Sands Project on the Eastern Cape of South Africa remains a world-class mineral sands deposit with a JORC compliant resource of 346 Mt at 5% THM. The Xolobeni permitting process remains under a DMRE mandated moratorium with minimal activity undertaken. The Company has entered into an agreement to divest its interest to its project BEE partners, which is currently under suspension due to the moratorium. The Company continues to consider that the Xolobeni Mineral Sands Project has compelling socio-economic benefits for the area and can be developed in conjunction with the eco-tourism and agricultural initiatives that are being put forward by various stakeholders.

Consolidated Results and Financial Position

Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Group were \$3.8 million (2020: \$21.3 million). Earnings were below historical performance due to operating losses at Skaland impacted by an unplanned incident shutting the plant, various operational downtimes and higher operating costs at Tormin. Higher operating costs at Tormin reflect an appreciation of the Rand against the US dollar for the majority of 2021, the transition of mining and processing staff back to 24/7 production during the year, higher diesel prices, the higher cost of mining Inland Strand material that includes overburden removal in comparison to standard beach mining, higher transport costs of trucking HMC material produced at the Northern Beaches back to the GSP for processing and higher global shipping costs.

It should be noted that EBITDA in 2020 included the value of the one-off GMA Settlement and EBITDA in 2019 included the value of significant prior period ilmenite inventory being sold in that year.

Revenue for the year was \$50.5 million (2020: \$63.5 million), a 20% decrease on the prior year and reflects lower Tormin revenue. Lower Tormin revenue was due to the lower tonnes of finished product sold with the prior year including the GMA Settlement of garnet tonnes. The prior period sales tonnes include 2020 opening inventory sold to GMA during the year and 206,124 additional tonnes, reflecting the December 2019 contract liability of prepaid tonnes delivered in prior periods and GMA taking ownership of these tonnes as part of the settlement. To illustrate solid underlying revenue performance in 2021, total final concentrates produced were 247,564 tonnes (sales: 225,499 tonnes, increasing product inventory for 2022) for the year, which were 7% above the prior year's 231,293 tonnes (sales: 505,442 tonnes).

Gross profit margins were lower at Tormin, with the Revenue to Cost of Goods Sold Ratio for the year of 1.19 (2020: 1.71). The prior period comparative was significantly above underlying performance due to a material positive garnet inventory adjustment and GMA Settlement during the previous year. The ratio at 1.19 reflects higher production costs and higher product shipping costs, reflecting global shipping challenges due to the COVID-19 pandemic, partially offset by higher non-magnetic concentrate pricing in 2021.

Corporate administration and share incentive expenses for the year of \$8.4 million (2020: \$5.8 million) were incurred, with the increase over the prior year due to increased legal costs and salaries and wages, offset by lower travel costs due to the global COVID-19 pandemic. Management is focused on significant reductions in corporate salaries and wages in 2022.

The loss before income tax expense/(benefit) ("NLBT") was \$4.8 million loss (2020: \$15.6 million profit), reflecting lower EBITDA performance explained above and significantly higher depreciation and amortisation costs in 2021, reflecting increased capital investments at Tormin and Skaland during the year.

The loss after income tax from continuing operations ("NLAT") for 2021 was \$3.8 million (2020: \$13.9 million profit). The 2021 loss was offset by the 2021 income tax benefit available. The increase in the effective tax rate in 2021 to 22% from 11% in the prior year is due to the positive tax effect of foreign exchange movements during the year offset by unused capital losses applied against the gain on sale of investments.

At 31 December 2021, the Company had \$4.3 million in cash (2020: \$5.6 million), with trade and other receivables of \$9.3 million (2020: \$15.7 million). The decrease in receivables is due to the timing of receipts from a bulk ilmenite shipment departing in Dec 2020 which was receipted in early Jan 2021.

Net working capital as at 31 December 2021 was \$7.5 million (2020: \$14.9 million). The decrease in 2021 is due to lower EBITDA achieved and significant capital expenditure spend during the year, including down-dip development costs at Skaland, resource/reserve drilling at Skaland and Tormin, Inland Strand tailings discharge and related infrastructure capital and the 4th stage cleaner circuit construction for Skaland.

Borrowings as at 31 December 2021 were \$9.7 million (2020: \$6.0 million). The increased borrowings reflect new lease liabilities for equipment at both operations, partially offset by repayment of debt.

DIRECTORS' REPORT

Net assets of the Group as at 31 December 2021 were \$60.7 million (2020: \$61.2 million). The decrease in reported net assets reflects Group losses in 2021 and exchange differences on foreign exchange translation of foreign operations, offset by a capital raising of AU\$10.6 million (before costs), from a placement and fully underwritten rights issue.

Cash inflow from operating activities for the year of \$4.4 million (2020: \$3.2 million) remained positive but reflected higher operating costs offset by higher receipts from customers in 2021 due to an ilmenite sale in Dec 2020 receipted in 2021 and higher pricing for 2021.

Net cash investments in exploration, mine development, property, plant and equipment during 2021 totaled \$10.2 million (2020: \$6.4 million). This included the down-dip development costs at Skaland, resource/reserve drilling at Skaland and Tormin, Inland Strand tailings discharge and related infrastructure capital and the 4th stage cleaner circuit construction for Skaland.

No final dividend will be declared for the year ended 31 December 2021.

The Company continues to actively pursue business development opportunities in the industrial minerals, base metals and precious metals sectors, in accordance with the Company's strategy to diversify both in commodities and jurisdictions.

Outlook

The focus at Tormin will be on continued optimisation of mining and processing operations and to deliver results that improve on 2021 figures with increased production from the Western Strandline.

Skaland's 2022 operations will be focused on stabilising operations and improving concentrate quality. The Company plans to invest in mining equipment and additional development to ensure continued ore supply and plant optimisation to improve concentrate grade and coarse/fine fraction product distribution.

After delivering the DFS for the Munmlinup Graphite Project on 8 January 2020, management continues to expedite the requisite studies and regulatory approvals to fast-track project development.

The expansion and flexibility of the Tormin mining operation capacity, consolidation of Skaland, continued progress of the tier 1 jurisdiction Munmlinup Graphite Project towards a decision to mine in 2022 and Downstream initiatives aimed at anode product customer qualification see the Company well-positioned in 2022 to deliver on its stated expansion and diversification strategy.





Significant changes in the state of affairs

Details of the year's operational performance and the resulting financial impact are set out in the operations review.

No event or transaction has arisen in the interval between the end of the financial year and the date of this report of a material and unusual nature, other than what has been disclosed elsewhere in this financial report, in the opinion of the Directors of the Company, to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Company or the Group in future financial years unless otherwise disclosed in this Directors' Report.

Events since the end of the financial year

The Company's Chairman, Mr David Baker resigned on 5 January 2022 and Non-Executive Director, Mr Russell Tipper was appointed as the Company's acting Chairman on 5 January 2022. The Company's CEO, Mr Jacob Deysel was appointed as a director on 5 January 2022.

Other than disclosed above and in the review of operations above, there have been no other material matters arising subsequent to the end of the financial year.

Likely developments and expected results of operations

Likely developments in the operations of the Group that were not finalised at the date of this report are included in the review of operations above and as detailed in the Outlook section.

The Board continues to review other projects and opportunities in the interests of increasing shareholder value.

Environmental regulation

The Group is subject to various environmental regulations in respect to its exploration, development and production activities.

In the course of its normal mining and exploration activities, the Group adheres to all environmental regulations imposed upon it by the relevant regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna.

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use in Australia. For the measurement period, the Directors have assessed that there are no current reporting requirements but may be required to do so in the future.

Schedule of mining and prospecting tenements

Mining and prospecting tenements currently held or under application by the Group are:

Country	Location	Right/Tenement Number	Type of Right/ Tenement	Status	Registered Interest (Beneficial Interest)
South Africa	Tormin – Expansion	162&163 EM	Mining	Granted	50%
	Tormin – Steenvas	(WC)30/5/1/2/2/162 MR (10108 MR)	Mining	Granted	50%
	Tormin – North and South	(WC)30/5/1/2/2/163 MR (10107 MR)	Mining	Granted	50%
	Tormin – Surf Zone	(WC)30/5/1/1/2/10036 PR (10276 PR)	Prospecting	Granted – subject to renewal application	50%
	Tormin – Offshore	(WC)30/5/1/1/2/10199 PR (10343 PR)	Prospecting	Granted – subject to renewal application	50%
	Tormin – De Punt	(WC)30/5/1/1/2/10240 PR	Prospecting	EA granted	50%
	Tormin – Northern Beaches Graauw Duinen	(WC)30/5/1/1/2/10261 PR	Prospecting	Granted	50%
	Tormin – Geelwal Karoo	(WC)30/5/1/1/2/10262 PR	Prospecting	Granted	50%
	Tormin – Klipvley Karoo Kop	(WC)30/5/1/1/2/10307 PR (10348 PR)	Prospecting	Under application	50%
	Xolobeni – Kwanyana block	EC30/5/1/1/2/10025 PR	Prospecting	Subject to moratorium – Converting to Mining Right Subject to Regional Mining Development and Environmental Committee (REMDEC) appeal decision	56%
	Xolobeni	EC30/5/1/1/2/10025 MR	Mining	Subject to moratorium – Under Application	56%
Australia	Doolgunna	E51/1766	Exploration	Granted	0% (Option to earn-in to 90%)
	Doolgunna – Bone	E51/1770	Exploration	Granted	0% (Option to earn-in to 90%)
	Paynes Find	M59/714	Mining	In Transfer	0% (Option to earn-in to 90%)
	Munglinup	M74/245	Mining	Granted	51% (Option to acquire 90%)
	Munglinup	E74/505	Exploration	Granted	51% (Option to acquire 90%)
	Munglinup	E74/565	Exploration	Granted	100%
	Munglinup	E74/702	Exploration	Granted	100%
Norway	Traelen	Gnr./Bnr.5421-306/1, 5421-306/2 and 5421-307/1 in Berg	Expropriation of Mining Rights on specified land parcels	Granted	90%
	Mount Bukken	Gnr. 90/Bnr. 2	Exploration	[Registration pending]	90%
	Vardfjellet/Hesten	Gnr. 124/Bnr. 1	Exploration	[Registration pending]	90%

Russell Gordon Tipper

**Independent Non-Executive
Chairman (Appointed
on 5 January 2022) and
Non-Executive Director**

**Chief Executive Officer
(Appointed 25 March 2021 and
Resigned on 4 October 2021)**

Age 68

Experience and expertise

Mr Tipper is a mining engineer with considerable senior executive, mining and project level experience having held a number of senior executive positions with mining companies over the years, including group treasurer for a large miner for four years. He has delivered feasibility studies and project proposals for major mining and infrastructure projects such as the Hope Downs Iron Ore Project and the Karara Magnetite Project. Mr Tipper has also been instrumental in debt restructuring and capital raisings, along with providing leadership in the revision of work practices at mining operations.

Other current directorships

None

Former directorships in the last 3 years

None

Special responsibilities

Acting Chairman of the Board

Chairman of the Remuneration and Nomination Committee and member of the Audit, Compliance and Risk Committee

Interests in shares and performance rights

Nil ordinary shares in the Company

Jacob Deysel

**Executive Director (Appointed
on 5 January 2022)**

Age 46

Experience and expertise

Jacob has substantial executive, mining, and project development experience, having held senior executive positions in the mining industry across numerous commodities in Africa, South America, Europe and Australia. Importantly, he has close to 20 years' experience in the heavy minerals industry and was formerly the Vice President of the Titanium division of Uranium Energy Corp, Operations Director and Chief Operations Officer of Kenmare Resources plc, one of the world's largest mineral sands producers and General Manager of Rio Tinto's Richards Bay Minerals, the world's largest single producer of titanium feedstocks. Jacob has recently held senior positions within Newmont Gold in Australia and previously with Gold Fields Ltd in South Africa. He is a member of the Southern African Institute of Mining and Metallurgy and the Australian Institute of Company Directors.

Jacob Deysel holds a BSc in Mining Engineering and an MBA, both from the University of the Witwatersrand in South Africa.

Other current directorships

None

Former directorships in the last 3 years

None

Special responsibilities

None

Interests in shares and performance rights

Nil ordinary shares in the Company

Guy Redvers Walker

Non-Executive Director
(Appointed on 29 June 2021)

Age 52

Experience and expertise

Mr Walker is a highly accomplished director and senior investment management executive with over 25 years' financial market experience. He has experience on the boards of listed mining companies including exploration, development and production companies. He has extensive experience in capital raising through both traditional banks and alternative lenders.

Other current directorships

Metals Exploration plc

Former directorships in the last 3 years

None

Special responsibilities

Chair of the Audit, Compliance and Risk Committee and member of the Remuneration and Nomination Committee

Interests in shares and performance rights

Nil ordinary shares in the Company

Zamile David Qunya

Non-Executive Director
(Appointed on 15 April 2021)

Age 53

Experience and expertise

Mr Qunya has been a director of the Company's South Africa subsidiary Mineral Sands Resources (Pty) Ltd, which owns the Tormin Mineral Sands Mine since November 2014. He is also a director and shareholder in Blue Bantry Investments, the Company's Black Economic Empowerment Partner in South Africa. He has extensive experience in South African local government matters having held position as Mayor and Councilor of the MbiZana Municipality and the Wild Coast District Council. He was also regional manager from 1999 to 2004 for Eskom and Shell in the KwaZulu Natal and Eastern Cape responsible predominantly for human resource management.

Other current directorships

None

Former directorships in the last 3 years

None

Special responsibilities

Member of the Audit, Compliance and Risk Committee

Interests in shares and performance rights

Nil ordinary shares in the Company

Debbie Ntombela

Non-Executive Director

Age 68

Experience and expertise

Ms Ntombela is a lawyer in South Africa with an in-depth knowledge of the mining sector, specifically regarding regulatory compliance from previously working at, and with, the Department of Mineral Resources and the mining industry in South Africa. She specialises in applications for prospecting rights, mining rights, and mining permits, and all related mining and exploration documentation. Ms Ntombela is currently a Partner in the law firm Shepstone & Wylie in South Africa.

Other current directorships

None

Former directorships in the last 3 years

None

Special responsibilities

Member of the Audit, Compliance and Risk Committee and member of the Remuneration and Nomination Committee

Interests in shares and performance rights

Nil ordinary shares in the Company

David Lewis Baker

Independent Non-Executive Chairman (Resigned on 5 January 2022) and Independent Non-Executive Director (Resigned on 5 January 2022)

Age 65

Experience and expertise

Mr Baker is an investment banker and corporate lawyer with extensive experience in governance, leadership, asset financing, acquisitions and divestments. His governance and corporate leadership experience includes roles as the Chair, Non-Executive and Executive Director and Managing Director of two ASX listed companies and a major independent private school in Sydney. He has also held management roles in developing, financing, managing and operating resource projects in new technologies (magnesium, coal seam gas extraction) and emerging and remote mining jurisdictions (Philippines, Eritrea).

Other current directorships

None

Former directorships in the last 3 years

None

Special responsibilities

Chairman of the Board

Chairman of the Audit, Compliance and Risk Committee and member of the Remuneration and Nomination Committee

Interests in shares and performance rights

719,314 ordinary shares in the Company

Peter Patrick Torre
CA, AGIA, MAICD

Non-Executive Director
(Resigned on 10 September
2021) and Company Secretary
(Resigned on 15 October 2021)

Age 50

Experience and expertise

Mr Torre was appointed Company Secretary of the Company in July 2006, and as a Director of the Company on 1 April 2010. He is a Chartered Accountant, a Chartered Secretary and a member of the Australian Institute of Company Directors. He was previously a partner of an internationally affiliated firm of Chartered Accountants. Mr Torre is the Company Secretary of several ASX listed companies.

Other current directorships

Volt Power Group Limited
 VEEM Ltd
 Connexion Telematics Ltd
 Former directorships in the last 3 years
 Zenith Energy Ltd

Special responsibilities

Company Secretary

Interests in shares and performance rights

1,805,557 ordinary shares in the Company

Directors and Key Management Personnel Shareholdings

The relevant interest of each Director and key management personnel in the share capital of the Company, shown in the Register of Directors' and Key Management Personnel Shareholding at the date of the Directors' Report is as follows:

	Balance as at 1 January 2021	Received as remuneration	Increase as a result of performance rights exercised	Purchased on market	Balance as at 31 December 2021
Peter Torre	1,625,000	—	—	180,557	1,805,557
David Baker	250,000	—	—	469,314	719,314
Debbie Ntombela	—	—	—	—	—
Russell Tipper	—	—	—	—	—
Adam Bick	1,000,000	—	—	—	1,000,000
Surinder Ghag	—	—	1,000,000	—	1,000,000
Bahman Rashidi	—	—	1,000,000	—	1,000,000
Fletcher Hancock	500,000	—	500,000	—	1,000,000

Meetings of Directors

The number of meetings of the Company's Board of Directors and each of the Board committees held during the year ended 31 December 2021, and the number of meetings attended by each Director were:

NAME	MEETINGS OF COMMITTEES					
	DIRECTORS' MEETINGS		Audit, Compliance & Risk		Remuneration & Nomination	
	A	B	A	B	A	B
Number of meetings held A being total of meetings eligible to attend B being total of meetings actually attended						
David Lewis Baker	13	13	4	4	2	2
Zamile David Qunya	8	8	1	1	–	–
Guy Redvers Walker	5	5	1	1	–	–
Peter Patrick Torre	10	10	–	–	–	–
Debbie Ntombela	13	13	4	4	2	2
Russell Gordon Tipper	13	13	4	4	2	2

Other matters of Board business have been resolved by circular resolutions of Directors, which are records of decisions made at a number of informal meetings of the Directors held to control, implement and monitor the Company's activities throughout the year.



Remuneration Report (Audited)

This remuneration report sets out the remuneration information for the Company's non-executive Directors, executive Directors, other key management personnel and the key executives of the Group and the Company. The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Other transactions with key management personnel

A. Principles used to determine the nature and amount of remuneration

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Board reviews the remuneration packages of all key management personnel, if any, on an annual basis and makes recommendations. Remuneration packages are reviewed with due regard to performance and other relevant factors.

Remuneration packages may contain the following key elements:

- (a) Directors' fees;
- (b) Salary and consultancy; and
- (c) Benefits, including the provision of a motor vehicle and superannuation.



DIRECTORS' REPORT

Fees payable to non-executive Directors reflect the demands which are made on, and the responsibilities of the Directors. The Board reviews Non-Executive Directors' fees and payments on an annual basis. The Non-Executive Directors fee pool was set at \$500,000 on 30 May 2008 at the Annual General Meeting. Non-Executive Director fees are paid with an aggregate limit (currently \$500,000) which is approved by the shareholders from time to time. Non-Executive Directors serve in accordance with a standard letter of appointment which sets out the remuneration arrangements.

Executives are offered a competitive base pay which is reviewed annually to ensure the pay is competitive with the market.

There were short term cash incentives provided to the Chief Executive Officer, Chief Financial Officer, Group Technical Services Manager, Exploration Manager, Group Legal Counsel and Chief Operating Officer of Graphite and Anode Materials (Europe). Long-term incentives are provided to Directors and other key management personnel to incentivise them to deliver long-term shareholder returns.

These are determined based on what the Board views as reasonable based on market conditions. Any grant of securities to Directors of the Company must be approved by shareholders in a general meeting.

The Directors are not required to hold any shares in the Company under the constitution of the Company; however, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company.

As at 31 December 2021, the short term cash bonus incentives are up to 25% of base pay calculated on Company performance and other key performance indicators. Directors' fees are fixed.

	2021	2020	2019	2018	2017
(Loss)/profit for the year after tax attributable to owners of Mineral Commodities Ltd (USD)	(3,308,455)	13,754,615	7,828,231	8,823,231	9,932,930
Closing share price (AUD)	11.0 cents	37.0 cents	28.0 cents	17.0 cents	13.0 cents
Dividends paid (AUD)	–	–	5,474,790	5,431,140	6,884,012

Voting and comments made at the Company's 2021 Annual General Meeting

At the General Meeting held 29 June 2021, Mr David Baker and Mr Zamilé David Qunya were re-elected as Directors of the Company, Mr Guy Walker was elected as a Director of the Company and approval to adopt the remuneration report and the incentive performance rights and options plan was granted. The spill resolution was withdrawn due to less than 25% of the votes cast voting against the adoption of the remuneration report.

B. Details of Remuneration

The key management personnel of the Group are:

- the Directors of the Company;
- Mr Jacob Deysel, the Chief Executive Officer ("CEO"), (appointed 4 October 2021);
- Mr Adam Bick, the Chief Financial Officer ("CFO");
- Mr Surinder Ghag, the Chief Technology Officer ("CTO");
- Mr Bahman Rashidi, the Group Exploration Manager ("EM");
- Mr Fletcher Hancock, the Group Legal Counsel ("GLC"); and
- Mr Christoph Frey, Chief Operating Officer of Graphite and Anode Materials (Europe) ("COO – GAM").

Details of the remuneration of Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of the Company are set out in the following tables. Non-cash benefits in the form of performance rights were provided to the CFO, CTO and EM in 2018, the GLC in 2019 and to the CFO and CTO in 2020. The following fees are applicable to Directors and key management personnel of the Company.

Name	Year	Cash salary (A\$)	Cash bonus (A\$)	Annual & long service leave (A\$)	Post-employment benefits (A\$)	Share-based payments (Options & Performance rights) (A\$)	Totals (A\$)	Percentage performance based (%)	Share based payments as a percentage of remuneration (%)
Directors									
David Baker (appointed as Chairman on 2 Oct 2020)	2021	140,000	–	–	–	–	140,000	–	–
	2020	80,000	–	–	–	–	80,000	–	–
Mark Caruso (resigned as Executive Chairman on 2 Oct 2020 and terminated as CEO on 25 March 2021)	2021	95,662	–	1,852	4,338	–	101,852	–	–
	2020	573,973	953,082	24,757	26,027	–	1,577,839*	60.4	–
Peter Torre (resigned on 10 September 2021)	2021	156,250	–	–	–	–	156,250	–	–
	2020	150,000	–	–	–	–	150,000	–	–
Joseph Caruso (resigned on 2 December 2020)	2020	58,600	–	–	5,567	–	64,167	–	–
	2021	75,000	–	–	–	–	75,000	–	–
Debbie Ntombela	2020	75,000	–	–	–	–	75,000	–	–
	2021	293,763	–	–	19,570	–	313,333	–	–
Russell Tipper (appointed as interim CEO on 25 March 2021 and resigned as interim CEO on 4 October 2021)	2020	73,059	–	–	6,941	–	80,000	–	–
	2021	37,500	–	–	–	–	37,500	–	–
Guy Walker (appointed 29 June 2021)	2020	–	–	–	–	–	–	–	–
	2021	63,117	5,631	–	–	–	68,747	8.2	–
Zamile Qunya (appointed 15 April 2021)	2020	–	–	–	–	–	–	–	–
	2021	861,292	5,631	1,852	23,908	–	892,683	0.6	–
Total Director Remuneration		1,010,632	953,082	24,757	38,535	–	2,027,006	47.0	–
Other Key Management Personnel									
Jacob Deyzel (appointed as CEO on 4 October 2021)	2021	124,375	–	1,896	6,875	–	133,146	–	–
	2020	–	–	–	–	–	–	–	–
Adam Bick	2021	299,578	–	44,001	25,422	62,909	431,910	–	14.6
	2020	228,311	57,813	18,041	21,689	50,360	376,214	15.4	13.4
Surinder Ghag	2021	273,864	–	19,325	26,136	62,909	382,234	–	16.5
	2020	273,973	60,750	5,750	26,027	43,911	410,411	14.8	10.7
Bahman Rashidi	2021	239,166	–	21,510	23,334	–	284,010	–	–
	2020	182,648	46,500	6,429	17,352	29,741	282,670	16.5	10.5
Fletcher Hancock	2021	257,625	–	16,056	24,875	12,522	311,077	–	4.0
	2020	210,046	53,475	5,590	19,954	59,897	348,962	15.3	17.2
Christoph Frey	2021	259,843	–	–	–	–	259,843	–	–
	2020	40,528	–	–	–	–	40,528	–	–
Total Key Management Personnel Remuneration		2,315,741	5,631	104,639	130,551	138,340	2,694,903	0.2	5.1
	2020	1,946,138	1,171,620	60,567	123,557	183,909	3,485,791	33.6	5.3

DIRECTORS' REPORT

Other short and long term benefits forming part of the service agreements are detailed below:

Cash bonus

Given the Company's financial loss in 2021 its Executives have chosen to forgo their annual bonus entitlements this year.

The CEO, Jacob Deyssel, was entitled to an annual bonus of 25% of the Base Remuneration, measured against the following criteria:

1. Achieving budget EBITDA taking into account uncontrollable variables at the discretion of the Board – 25%;
2. Performance, against qualitative KPIs to be agreed, at the discretion of the Board – 75%;

Future bonus of the CEO will be at the sole discretion of the Board.

The CFO, Adam Bick, was entitled to an annual bonus of 25% of the Base Remuneration, measured against the following criteria:

1. Performance against scope of services set out in the employment contract at the sole discretion of the CEO – 80%;
2. Achieving EBITDA against budget taking into account uncontrollable variables at the discretion of the Board – 20%.

Future bonus of the CFO will be at the sole discretion of the Board.

The measurable objectives were chosen to ensure the CFO was incentivised to meet budgeted EBITDA to ensure the CFO performed each of the tasks outlined in his employment contract which are typical of that for a CFO position and timely reporting to the Board to ensure business decisions can be made on a timely and informed basis.

The Group Technical Services Manager, Surinder Ghag, was entitled to an annual bonus of 25% of the Base Remuneration, measured against the following criteria:

1. Performance against scope of services set out in the employment contract at the sole discretion of the CEO – 80%;
2. Achieving EBITDA against budget taking into account uncontrollable variables at the discretion of the Board – 20%.

Future bonus of the Chief Technology Officer will be at the sole discretion of the CEO.

The measurable objectives were chosen to ensure the Chief Technology Officer was incentivised to meet budgeted production and EBITDA, to progress the Company's strategy of diversifying from its mineral sands projects in South Africa and to ensure the Chief Technology Officer performed each of the tasks outlined in his employment contract which are typical of that for Chief Technology Officer.

The Group Legal Counsel, Fletcher Hancock, was entitled to an annual bonus of 25% of the Base Remuneration, measured against the following criteria:

1. Legal project progress against agreed project plan and deliverables – 80%;
2. Achieving EBITDA against budget taking into account uncontrollable variables at the discretion of the Board – 20%.

Future bonus of the Group Legal Counsel will be at the sole discretion of the CEO.

The measurable objectives were chosen to ensure the Group Legal Counsel was incentivised to ensure legal and statutory compliance and EBITDA, and to ensure the Group Legal Counsel performed each of the tasks outlined in his employment contract which are typical of that for a Group Legal Counsel position.

The Chief Operating Officer of Graphite and Anode Materials (Europe), Christoph Frey, was entitled to an annual bonus of 25% of the Base Remuneration, measured against the following criteria:

1. Performance against scope of service set out in the employment contract at the sole discretion of the CEO – 80%;
2. Achieving EBITDA against budget taking into account uncontrollable variables at the discretion of the Board – 20%.

Future bonus of the Chief Operating Officer of Graphite and Anode Materials (Europe) will be at the sole discretion of the CEO.

The measurable objectives were chosen to ensure the Chief Operating Officer of Graphite and Anode Materials (Europe) was incentivised to ensure legal and statutory compliance and EBITDA, and to ensure the Chief Operating Officer of Graphite and Anode Materials (Europe) performed each of the tasks outlined in his employment contract which are typical of that for a Chief Operating Officer of Graphite and Anode Materials (Europe) position.

Relative proportions of fixed versus variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the previous table:

Name	FIXED REMUNERATION		AT RISK – STI		AT RISK – LTI	
	2021	2020	2021	2020	2021	2020
Directors						
Mark Caruso (resigned as Executive Chairman 2 October 2020 and terminated as CEO on 25 March 2021)	100%	40%	–	60%	–	–
Joseph Caruso (resigned 2 Dec 2020)	–	100%	–	–	–	–
Peter Torre (resigned 10 September 2021)	100%	100%	–	–	–	–
David Baker	100%	100%	–	–	–	–
Debbie Ntombela	100%	100%	–	–	–	–
Russell Tipper	100%	100%	–	–	–	–
Guy Walker (appointed 29 June 2021)	100%	–	–	–	–	–
Zamile Qunya (appointed 15 April 2021)	92%	–	8%	–	–	–
Other Key Management Personnel						
Jacob Deysel	100%	–	–	–	–	–
Adam Bick	85%	72%	–	15%	15%	13%
Surinder Ghag	84%	74%	–	15%	16%	11%
Bahman Rashidi	100%	73%	–	16%	–	11%
Fletcher Hancock	96%	68%	–	15%	4%	17%
Christoph Frey	100%	100%	–	–	–	–

Mr Qunya is included in the STI payable to Tormin employees on a quarterly basis, rather than the Executive STI payable annually.

C. Service Agreements**Jacob Deysel**

Commencement date	4 October 2021
Term	No fixed term
Total Remuneration package	A\$525,000 per annum (inclusive of statutory superannuation) and cash bonus as set out above
Termination benefits	Nil unless constructive redundancy in which case 6 months' salary

Adam Bick

Commencement date	5 June 2019
Term	No fixed term
Total Remuneration package	A\$350,000 per annum (inclusive of statutory superannuation) and cash bonus as set out above
Termination benefits	Nil unless constructive redundancy in which case 12 months' salary

Surinder Ghag

Commencement date	1 October 2019
Term	No fixed term
Total Remuneration package	A\$300,000 per annum (inclusive of statutory superannuation) and cash bonus as set out above
Termination benefits	Nil unless constructive redundancy in which case 12 months' salary

Bahman Rashidi

Commencement date	1 October 2017
Term	No fixed term
Total Remuneration package	A\$270,000 per annum (inclusive of statutory superannuation)
Termination benefits	Nil unless constructive redundancy in which case 12 months' salary

Fletcher Hancock

Commencement date	11 May 2018
Term	No fixed term
Total Remuneration package	A\$300,000 per annum (inclusive of statutory superannuation) and cash bonus as set out above
Termination benefits	Nil unless constructive redundancy in which case 12 months' salary

Christoph Frey

Commencement date	1 November 2020
Term	No fixed term
Total Remuneration package	Euro180,000 per annum
Termination benefits	Nil

There are no other service agreements.

D. Share Based Compensation

Grant of Performance Rights

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.

The following performance rights were offered to the key management personnel during 2020 and issued in 2021:

	Grant Date	Expiry Date	Barrier Price (A\$) [^]	No of Performance Rights
Adam Bick	29 June 2021	25 Nov 2024	31.0 cents	400,000
Adam Bick	29 June 2021	25 Nov 2025	—	600,000
Surinder Ghag	29 June 2021	25 Nov 2024	31.0 cents	400,000
Surinder Ghag	29 June 2021	25 Nov 2025	—	600,000

[^] Rights will convert to shares if the Company's share price exceeds the Barrier Price for thirty consecutive days. The Barrier Price was set at the time of initial discussions with each relevant Key Management Personnel. Rights without a Barrier Price and subject to non-market measures.

400,000 performance rights issued to Mr Bick were valued at A\$0.335, vesting on 25 November 2022 and upon the share price exceeding the Barrier Price for thirty consecutive days. 600,000 performance rights issued to Mr Bick were valued at A\$0.12, vesting on 25 November 2023 and upon meeting non-market measures.

400,000 performance rights issued to Mr Ghag were valued at A\$0.335, vesting on 25 November 2022 and upon the share price exceeding the Barrier Price for thirty consecutive days. 600,000 performance rights issued to Mr Ghag were valued at A\$0.12, vesting on 25 November 2023 and upon meeting non-market measures.

Details of performance rights over ordinary shares in the Company provided as remuneration to key management personnel are shown below:

	Balance as at 1 January 2021	Received as remuneration ⁽¹⁾	Performance rights vested & exercised	Balance as at 31 December 2021	Performance rights vested & not exercised
Adam Bick	1,000,000	—	—	1,000,000	—
Bahman Rashidi	1,000,000	—	1,000,000	—	—
Surinder Ghag	2,000,000	—	1,000,000	1,000,000	—
Fletcher Hancock	500,000	—	500,000	—	—
Christoph Frey	—	—	—	—	—
Total	4,500,000	—	2,500,000	2,000,000	—

(1) The performance rights were offered to the key management personnel during 2020 and issued in 2021.

E. Other transactions with key management personnel

Mine Site Construction Services ("MSCS"), a company associated with Mr Mark Caruso has provided the followings services to the Company during 2021:

- Provision of executive services
The amount paid or payable by the Company to MSCS for the year ended 31 December 2021 was \$23,395 (2020: \$258,900). This is considered to be an arm's length commercial consultancy contract at normal commercial rates. This amount is included in Mark Caruso's salary in the Remuneration Report.
- Provision of office space
The amount paid by the Company to MSCS for the year ended 31 December 2021 was \$26,535 (2020: \$141,682). This is considered to be an arm's length commercial rent, and the lease was terminated during the year.
- Provision of technical staff
The amount paid by the Company to MSCS for the year ended 31 December 2021 was \$19,513 (2020: \$144,189). The amounts payable have been in respect to the provision of technical staff at the Groups' head office and at the Tormin project and have been reimbursed on an arms-length basis at normal commercial rates.
- Others
The amount paid by the Company to MSCS for the year ended 31 December 2021 was \$11,692 (2020: \$102,896). The amounts payable have been in respect of telecommunication charges and miscellaneous payments made by MSCS on behalf of the Company. The amounts have been reimbursed on an arms-length basis at normal commercial rates.

Shepstone & Wylie, a company associated with Debbie Ntombela, one of the Directors, has provided legal services to the Company during 2021. This amount paid by the Company to Shepstone and Wylie for the year ended 31 Dec 2021 was \$362,591 (2020: \$40,739).

Zamadiba Trading and Z Square M.P Empowerment, companies associated with Zamile David Qunya, one of the Directors, has provided executive services and manpower to the Company during 2021. This net amount paid by the Company to Zamadiba Trading and Z Square M.P Empowerment for the year ended 31 Dec 2021 was \$140,573, excluding labour payroll costs of site based Z Square employees.

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	31 Dec 2021 \$	31 Dec 2020 \$
MSCS	–	82,994
Shepstone & Wylie	68,659	15,877
Zamadiba Trading	48,208	–
Z Square M.P Empowerment	40,923	–

End of the audited remuneration report

Insurance of officers

During the financial year, the Group has paid an insurance premium to insure the Directors and secretaries of the Company and its controlled entities. The provision of details in respect to the terms and conditions of the policy are prohibited from disclosure under the terms of the policy.

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit, Compliance and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Compliance and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the current and prior financial year no fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd and BDO Tax (WA) Pty Ltd, its related practices and related firms.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

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 50 and forms part of this report.

This report has been made in accordance with a resolution of the Directors.



Russell Tipper
Chairman

Perth, Western Australia
25 February 2022

Auditor's Independence Declaration



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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF MINERAL COMMODITIES LIMITED

As lead auditor of Mineral Commodities Limited for the year ended 31 December 2021, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mineral Commodities Ltd and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', is written over a light blue horizontal line.

Glyn O'Brien

Partner

BDO Audit (WA) Pty Ltd

Perth, 25 February 2022

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

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Consolidated income statement

For the year ended 31 December 2021

	Notes	31 Dec 2021 \$	31 Dec 2020 \$
Revenue from continuing operations			
Sale of product	2.2	45,380,671	59,764,235
Other revenue	2.2	5,104,400	3,784,174
		50,485,071	63,548,409
Expenses			
Mining and processing costs	2.3(i)	(46,853,863)	(43,391,211)
Other expenses from ordinary activities			
Administration expenditure	2.3(ii)	(8,232,696)	(5,637,413)
Share based payment expenses		(162,149)	(152,058)
Gain on bargain purchase	6.3	—	1,247,443
Financial (expense)/income	5.2	(56,409)	15,205
(Loss)/profit before income tax from continuing operations		(4,820,046)	15,630,375
Income tax benefit (expense)	2.4(i)	1,069,192	(1,756,807)
(Loss)/profit after income tax from continuing operations		(3,750,854)	13,873,568
Discontinued Operations			
Loss for the year from discontinued operations	6.4	—	(431,020)
(Loss)/profit for the year		(3,750,854)	13,442,548
(Loss)/profit is attributable to:			
Owners of Mineral Commodities Ltd		(3,308,455)	13,754,615
Non-controlling interest		(442,399)	(312,067)
		(3,750,854)	13,442,548
		Cents	Cents
Earnings per share for (loss)/profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	2.5 (i)	(0.77)	3.16
Diluted earnings per share	2.5 (ii)	(0.77)	3.15

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	31 Dec 2021 \$	31 Dec 2020 \$
(Loss)/profit for the year	(3,750,854)	13,442,548
Other comprehensive expense		
Exchange differences on translation of foreign operations	(4,499,380)	(3,625,531)
Other comprehensive expense for the year, net of tax	(4,499,380)	(3,625,531)
Total comprehensive (expense)/income for the year	(8,250,234)	9,817,017
Total comprehensive (expense)/income for the year is attributable to:		
Owners of Mineral Commodities Ltd	(7,759,948)	10,221,550
Non-controlling interest	(490,286)	(404,533)
	(8,250,234)	9,817,017

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

as at 31 December 2021

	Notes	31 Dec 2021 \$	31 Dec 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	4.1	4,251,383	5,643,139
Trade and other receivables	4.2	8,082,971	13,637,806
Inventories	4.3	11,174,123	8,241,583
Other investments, including derivatives		152,019	1,489,993
Total Current Assets		23,660,496	29,012,521
Non-current assets			
Trade and other receivables	4.2	1,208,126	2,079,619
Inventories	4.3	2,745,855	2,745,855
Exploration expenditure	3.1	19,087,833	19,907,653
Mine development expenditure	3.2	7,150,293	3,873,209
Property, plant and equipment	3.3	33,734,519	28,058,223
Total Non-Current Assets		63,926,626	56,664,559
Total Assets		87,587,122	85,677,080
LIABILITIES			
Current liabilities			
Trade and other payables	4.4	9,527,809	7,750,477
Borrowings	5.1	4,964,820	2,487,039
Employee benefits	7.1	659,185	779,669
Current tax liabilities		1,113,619	2,998,805
Total Current Liabilities		16,265,433	14,015,990
Non-current liabilities			
Provisions	3.5	1,020,597	1,103,000
Long term borrowings	5.1	4,655,768	3,548,749
Employee benefits	7.1	170,383	185,028
Deferred tax liabilities	2.4(ii)	4,805,747	5,614,512
Total Non-current Liabilities		10,652,495	10,451,289
Total Liabilities		26,917,928	24,467,279
NET ASSETS		60,669,194	61,209,801
Equity			
Contributed equity	5.3(a)	77,672,620	69,774,435
Reserves	5.3(b)	(29,847,627)	(25,207,576)
Retained earnings	5.3(c)	12,892,636	16,201,091
Parent entity interest		60,717,629	60,767,950
Non-controlling interest	5.3(d)	(48,435)	441,851
TOTAL EQUITY		60,669,194	61,209,801

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 31 December 2021

	Notes	31 Dec 2021 \$	31 Dec 2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		52,559,194	39,794,429
Payments to suppliers and employees		(46,509,176)	(33,805,653)
Income tax paid		(1,681,468)	(2,830,207)
Net cash inflow from operating activities	4.1(ii)	4,368,550	3,158,569
Cash flows from investing activities			
Net cash disposed in discontinued operation		–	(107,316)
Payments for exploration expenditure		(850,306)	(1,394,420)
Payments for property, plant and equipment		(10,614,887)	(4,044,293)
Payments for development expenditure		(4,447,306)	(877,793)
Proceeds from disposal of financial assets		4,686,928	–
Interest received		712	18,457
Net cash outflow from investing activities		(11,224,859)	(6,405,365)
Cash flows from financing activities			
Proceeds from issue of new shares (net of costs)		7,547,478	4,182,831
Proceeds from borrowings		2,470,313	–
Repayment of borrowings		(3,746,021)	(2,906,898)
Interest paid on borrowings		(804,271)	(427,622)
Net cash inflow from financing activities		5,467,499	848,311
Net decrease in cash and cash equivalents		(1,388,810)	(2,398,485)
Cash and cash equivalents at beginning of financial year		5,643,139	8,092,614
Effects of exchange rate changes on cash and cash equivalents		(2,946)	(50,990)
Cash and cash equivalents at end of financial year	4.1	4,251,383	5,643,139

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Contributed equity \$	Reserves \$	Retained earnings/ (accumulated losses) \$	Totals \$	Non- controlling interest \$	Total equity \$
For the year ended 31 December 2021						
At 1 January 2021	69,774,435	(25,207,576)	16,201,091	60,767,950	441,851	61,209,801
Loss for the year	–	–	(3,308,455)	(3,308,455)	(442,399)	(3,750,854)
Other comprehensive income for the year	–	(4,451,493)	–	(4,451,493)	(47,887)	(4,499,380)
Total comprehensive income for the year	–	(4,451,493)	(3,308,455)	(7,759,948)	(490,286)	(8,250,234)
Transaction with owners in their capacity as owners:						
Share Issue, net of costs	7,547,478	–	–	7,547,478	–	7,547,478
Conversion of unlisted performance rights	350,707	(350,707)	–	–	–	–
Share based payments	–	162,149	–	162,149	–	162,149
Balance at the end of the year	77,672,620	(29,847,627)	12,892,636	60,717,629	(48,435)	60,669,194

	Contributed equity \$	Reserves \$	Retained earnings \$	Totals \$	Non- controlling interest \$	Total equity \$
For the year ended 31 December 2020						
At 1 January 2020	64,927,687	(21,499,253)	2,446,476	45,874,910	113,639	45,988,549
Profit for the year	–	–	13,754,615	13,754,615	(312,067)	13,442,548
Other comprehensive income for the year	–	(3,533,065)	–	(3,533,065)	(92,466)	(3,625,531)
Total comprehensive income for the year	–	(3,533,065)	13,754,615	10,221,550	(404,533)	9,817,017
Transaction with owners in their capacity as owners:						
Share Issue, net of costs	4,519,432	–	–	4,519,432	–	4,519,432
Acquisition of subsidiary	–	–	–	–	732,745	732,745
Conversion of unlisted performance rights	327,316	(327,316)	–	–	–	–
Share based payments	–	152,058	–	152,058	–	152,058
Balance at the end of the year	69,774,435	(25,207,576)	16,201,091	60,767,950	441,851	61,209,801

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 overall basis of preparation that is considered to be useful in understanding these financial statements. Accounting policies specific to the various components of the financial statements are located within the relevant section of the report.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts the coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respects to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the coronavirus (COVID-19) pandemic.

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 nature of the operations and principal activities of the Company and its controlled entities are described in the directors’ report and in the segment information in Note 2.1.

The financial report of the Company for the year ended 31 December 2021 was authorised for issue in accordance with a resolution of Directors with effect on 25 February 2022.

1.2 Basis of accounting

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the *Corporations Act 2001*. Mineral Commodities Ltd is a for-profit entity for the purpose of preparing the financial statements. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period. This is based on positive operating cash flow financial results during the year, the strong working capital position as at 31 December 2021, availability of debt and equity funding, and expected future positive cash flows from the mining operations of Tormin and Skaland.

(i) *Compliance with IFRS*

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

(ii) *Historical cost convention*

The financial statements have been prepared on a historical cost basis, except for the following:

- financial assets and liabilities recognised at fair value.

(iii) *Presentation currency*

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

1.3 Comparative Information

Certain comparatives have been reclassified to conform to current year presentation.

1.4 Principles of consolidation

The consolidated financial statements include the financial statements of the parent entity, Mineral Commodities Ltd, and its controlled entities (together referred to hereafter as the “Group”). A list of significant controlled entities is presented in Note 6.1.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Non-controlling interests in the results and equity of the entities that are not controlled by the Group is shown separately in the Income Statement, Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity respectively.

1.5 Foreign currency

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States dollars, which is the Company's presentation currency.

- Assets and liabilities for each balance sheet presented have been translated at the closing rate at the date of balance sheet;
- Results for the cash flow statement were translated at average daily exchange rates from 1 January 2021 to 31 December 2021; and
- exchange differences on translating income, expenses and movements in equity and reserves at annual average exchange rates and assets and liabilities at closing exchange rates from functional currency to presentation currency are taken to the foreign currency translation reserve in the equity section and under other comprehensive income/(expense) in the statement of comprehensive income.

(ii) *Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets, such as equities classified as financial assets, are recognised in other comprehensive income.

(iii) *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.6 Goods and Services Tax (“GST”) and Value Added Tax (“VAT”)

Revenues, expenses and assets are recognised net of the amount of GST and VAT except where the GST and VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST and VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable and where receivables and payables are stated with the amount of GST and VAT included. The net amount of GST and VAT recoverable from, or payable to, the taxation authority is included as part of receivables in the consolidated balance sheet. Cash flows are included in the statements of cash flows on a gross basis and the GST and VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST and VAT recoverable from, or payable to, the relevant taxation authority.

1.7 Critical accounting estimates and judgements

The Group makes significant estimates and judgements concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are found in the following notes:

- Note 2.2: Revenue recognition
- Note 2.4: Recognition of deferred taxes
- Note 3.1: Exploration and evaluation expenditure
- Note 3.2: Development expenditure
- Note 3.3: Property, plant and equipment
- Note 3.5: Rehabilitation provisions
- Note 4.2: Trade and other receivables
- Note 4.3: Inventories net realisable value
- Note 7.2: Share Based Payments

1.8 Application of new and revised Australian Accounting Standards

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to AASB 2020-8 *Amendments to AASs – Interest Rate Benchmark Reform (Phase 2)*

The second phase of the project in addressing the financial reporting effects of IBOR reform has been completed recently. This phase focuses on issues that might affect financial reporting upon replacement of existing interest rate benchmarks, and amends the requirements in AASB 9, AASB 139, AASB 7, AASB 4 Insurance Contracts and AASB 16 Leases.

The objective of the amendments is to minimise financial reporting consequences of a change in benchmark interest rates that Australian Accounting Standards may otherwise require, such as the derecognition or remeasurement of financial instruments, and the discontinuation of hedge accounting.

Provided that the interest rate will be substantially similar before and after the replacement, the amendments:

- Require changes to future cash flows that are directly required by the IBOR reform to be treated as if they were changes to a floating interest rate. Applying this expedient would not affect the carrying amount of the financial instrument. It also relieves entities of the need to assess whether modification or derecognition accounting applies under AASB 9 and AASB 139.
- Require changes to lease payments that are directly required by the IBOR reform to be accounted for as a remeasurement of lease liability using the original discount rate with a corresponding adjustment to the right-of-use asset. This expedient exempts entities from remeasuring the lease liability using a new discount rate under AASB 16.

Entities would not have to discontinue hedge accounting due to IBOR reform, provided that the hedge continues to meet other hedge accounting criteria. These amendments had no impact on the consolidated financial statements for the Group.

- AASB 2020-4 *Amendments to AASs – COVID-19 Related Rent Concessions*

Due to the COVID-19 pandemic, many lessors have granted rent concessions to lessees that impact lease payments. Rent concessions granted by a lessor can take many forms, including any combination of:

- A rent payment holiday;
- A reduction in lease payments for a period of time;
- A deferral of payments to a later date; or
- Other arrangements providing rent relief.

A concession might also include a change to the lease term. From the lessee's perspective, a change in lease payments that was contemplated in the original terms and conditions of the lease would not be accounted for as a lease modification. For example, it might be treated as a variable lease payment, with the effect of the rent concession recognised in profit or loss. In contrast, accounting for a lease modification generally requires a lessee to remeasure the lease liability by discounting the revised lease payments using a new discount rate. Concerns were raised that assessing whether COVID-19 rent concessions are lease modifications could be challenging, compounding the AASB 16 implementation work lessees have recently undertaken.

Consequently, AASB 16 was amended, allowing lessees to not account for rent concessions as lease modifications, provided certain conditions are met.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

Once elected, the practical expedient is required to be applied consistently to all lease contracts with similar characteristics and in similar circumstances. These amendments had no impact on the consolidated financial statements for the Group.

2. Financial Performance

This section highlights key financial performance of the Group for the reporting period including, where applicable, the accounting policies applied and the key estimates and judgements made.

2.1 Segment information

(i) 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 that makes strategic decisions.

There is no goodwill attaching to any of the segments. There has been no impact on the measurement of the assets and liabilities reported for each segment.

The chief operating decision maker has identified six reportable segments to its business, being:

1. Mineral sands mining and production (Tormin Mineral Sands project) – South Africa;
2. Mineral sands exploration (Xolobeni Mineral Sands project) – South Africa;
3. Graphite mining and production (Skaland) – Norway;
4. Exploration activities – Australia; and
5. Corporate (management and administration of the Company's projects) – Australia, South Africa, and Norway.



(ii) Segment results, segment assets and segment liabilities

The segment information provided to the chief operating decision maker for the reportable segments for the year ended 31 December 2021 is as follows:

2021	Tormin Project \$	Xolobeni Project \$	Skaland Project \$	Australia exploration \$	Corporate \$	Consolidation eliminations \$	Total \$
Total segment revenue	41,540,750	–	4,931,047	–	4,013,274	–	50,485,071
Revenue from external customers	41,540,750	–	4,931,047	–	4,013,274	–	50,485,071
Adjusted EBITDA	6,294,495	(7,894)	(2,756,089)	(135,765)	(2,633,232)	2,992,257	3,753,772
Depreciation and amortisation	5,902,119	–	1,636,693	2,784	975,813	–	8,517,409
Total segment assets	150,098,756	4,722,644	18,347,029	13,259,042	310,251,742	(409,092,091)	87,587,122
Total segment liabilities	128,085,374	4,672,145	25,797,255	14,698,379	271,727,892	(418,063,117)	26,917,928
2020	Tormin Project \$	Xolobeni Project \$	Skaland Project \$	Australia exploration \$	Corporate \$	Consolidation eliminations \$	Total \$
Total segment revenue	57,129,179	–	4,997,593	–	1,421,637	–	63,548,409
Revenue from external customers	57,129,179	–	4,997,593	–	1,421,637	–	63,548,409
Adjusted EBITDA	8,687,081	(31,390)	(2,076,823)	(114,333)	4,628,887	10,238,814	21,332,236
Depreciation and amortisation	4,007,376	–	1,027,928	5,158	676,604	–	5,717,066
Total segment assets	149,278,659	5,130,891	11,487,895	12,971,603	294,862,829	(388,054,797)	85,677,080
Total segment liabilities	125,445,483	5,064,080	14,608,295	14,479,123	261,759,097	(396,888,799)	24,467,279

(iii) *Reconciliation of EBITDA (segment result) to profit before tax*

Adjusted EBITDA reconciles to operating profit before income tax as follows:

	31 Dec 2021 \$	31 Dec 2020 \$
Adjusted EBITDA	3,753,772	21,332,236
Interest income	(56,409)	15,205
Depreciation and amortisation	(8,517,409)	(5,717,066)
Operating (loss)/profit before income tax	(4,820,046)	15,630,375

2.2 Revenue*Accounting Policies*

Revenue is recognised when the significant control of products has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue is measured net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The timing of the transfer of control varies depending on the individual terms of the sales agreement. Generally for the Group, this is based on free-on-board ("FOB") sales where transfer of control passes at port of origin or cost, insurance and freight ("CIF") sales where control passes at port of destination. Sales revenue is recognised for FOB and CIF sales on bill of lading date. Sales revenue comprises gross revenue earned from the provision of product to customers. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metals price, assay, weight and moisture content between the time of delivery and the time of final settlement of sales proceeds.

The majority of the Group's revenue is derived from product sales with revenue recognised at a point in time when control of the goods has transferred to the customer.

	31 Dec 2021 \$	31 Dec 2020 \$
From continuing operations		
Sales revenue		
Sale of product	45,380,671	59,764,235
Other revenue		
Stockpile area maintenance fee	–	753,219
Other income	5,104,400	3,030,955
	5,104,400	3,784,174

2.3 Expenses

31 Dec 2021 31 Dec 2020
\$ \$

This note provides an analysis of expenses by nature.

(i) Mining and processing costs

Mining and processing costs include the following material expenditure items:

Transport of product	10,833,857	8,215,337
Fuel	6,970,922	4,361,101
Wages and salaries	10,927,768	7,144,252
Repairs and maintenance	5,769,591	4,266,034
Depreciation and amortisation – mining and processing assets	7,538,811	5,625,725

(ii) Administration expenses

Administration expenses include the following material expenditure items:

Directors and key management personnel remuneration	2,694,903	3,485,791
Depreciation – corporate assets	978,598	91,341

2.4 Taxation

(i) Income tax expense/(benefit)

Accounting Policies

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Mineral Commodities Ltd is the head entity in the tax-consolidated group. The head entity and the controlled entities in the tax-consolidated group continue to account for their own current and deferred tax amounts. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The Company and the other entities in the tax-consolidated group have entered into a tax funding agreement and a tax sharing agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following provides an analysis of the Group's income tax expense/(benefit), shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

The components of income tax expense/(benefit) comprise:

	31 Dec 2021 \$	31 Dec 2020 \$
Current tax (benefit)/expense	(119,043)	1,422,044
Deferred tax (benefit)/expense	(348,633)	43,023
Deferred tax on gain from a bargain purchase ¹	—	(594,021)
Adjustments for current tax (benefit)/expense of prior periods	(601,516)	885,761
	(1,069,192)	1,756,807
Income tax (benefit)/expense is attributable to:		
(Loss)/profit from continuing operations	(1,069,192)	1,756,807
Aggregate income tax (benefit)/expense ²	(1,069,192)	1,756,807
Deferred income tax (benefit)/expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(688,469)	1,679,554
Decrease/(increase) in deferred tax liabilities	220,793	(1,636,531)
	(467,676)	43,023

1 The deferred tax impact has been included in the recognised gain from a bargain purchase recognised in the income statement. It is therefore not included in the income tax expenses in accordance with AASB 112 *Income Taxes*.

2 The income tax benefit for the financial year is the tax receivable on the current period's taxable expense based on the applicable income tax rate and tax law for each jurisdiction. This has resulted in an effective tax rate for the year ending 31 December 2021 of 22% (2020: 11%).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Numerical reconciliation of income tax expense to prima facie tax expense

	31 Dec 2021 \$	31 Dec 2020 \$
(Loss)/profit from continuing operations before income tax expense	(4,820,046)	15,630,375
Prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before at a rate of 30% (2020: 30%)	(1,446,014)	4,689,113
Foreign tax rate differential	452,925	254,076
Tax at consolidated amount	(993,089)	4,943,189
Tax effect of:		
Entertainment	363	738
Foreign exchange	35,959	(4,647,916)
Donations	471	3,524
Share based payment	48,645	45,617
Depreciation on Skaland acquisition assets	239,350	177,127
Gain from a bargain purchase	–	(594,021)
Other non-assessable items	358,913	230,145
Gain from disposal of assets	(140,983)	–
Adjustment for current tax of prior period	(451,715)	885,761
Unrecognised deferred tax asset	(167,106)	712,643
Income tax expense/(benefit)	(1,069,192)	1,756,807

(ii) Deferred tax assets and liabilities

Accounting Policies

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Significant Judgement – Deferred taxes recognised

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The Group has \$1,781,878 (2020: \$1,402,428) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income. The Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. On this basis, the Group has determined that it can recognise deferred tax assets on the tax losses carried forward.

The Group operates in a number of tax jurisdictions. Transactions between jurisdictions are subject to transfer pricing requirements which can require modification as the Group's operations evolve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Deferred tax assets

	31 Dec 2021 \$	31 Dec 2020 \$
Recognised deferred tax assets		
Tax losses	1,781,878	1,402,428
Trade and other receivables	358,221	31,322
Financial assets	2,091	–
Lease liability	1,235,636	619,253
Provisions/accrued expenditure	477,846	475,030
Unrealised foreign exchange loss	59,494	2,710
Property, plant and equipment	1,929,526	1,977,539
Business related expenditure and borrowing costs	151,471	71
	5,996,163	4,508,353
Set-off against deferred tax liabilities	(5,996,163)	(4,508,353)
	–	–

Movements	Tax Losses \$	Trade & other receivables \$	Financial assets \$	Lease liability \$	Provisions/ accrued expenditure \$	Unrealised foreign exchange loss \$	Business related expenditure & borrowing costs \$	Property, plant & equipment \$	Total \$
At 1 January 2021	1,402,428	31,322	–	619,253	475,030	2,710	71	1,977,539	4,508,353
(charged)/credited									
– to profit or loss	379,450	326,899	2,091	616,383	2,816	56,784	151,400	(48,013)	1,487,810
At 31 December 2021	1,781,878	358,221	2,091	1,235,636	477,846	59,494	151,471	1,929,526	5,996,163

Movements	Tax losses \$	Trade & other receivables \$	Financial assets \$	Lease liability \$	Provisions/ accrued expenditure \$	Unrealised foreign exchange loss \$	Business related expenditure & borrowing costs \$	Property, plant & equipment \$	Total \$
At 1 January 2020	6,411	–	–	675,174	534,659	2,352	68,493	–	1,287,089
(charged)/credited									
– to profit or loss	1,396,017	31,322	–	(55,921)	(59,629)	358	(68,422)	1,977,539	3,221,264
At 31 December 2020	1,402,428	31,322	–	619,253	475,030	2,710	71	1,977,539	4,508,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Deferred tax liabilities

	31 Dec 2021 \$	31 Dec 2020 \$
Recognised deferred tax liabilities		
Unrealised foreign exchange gain	–	91,411
Property, plant and equipment	7,097,168	7,018,886
Prepayments	94,858	63,833
Trade and other payables	13,051	13,051
Capital raising cost	62,368	29,652
Development Expenditure	1,100,449	656,968
Exploration Expenditure	2,434,016	2,249,064
	10,801,910	10,122,865
Set-off against deferred tax assets	(5,996,163)	(4,508,353)
	4,805,747	5,614,512

Movements	Unrealised foreign exchange gain \$	Property, plant & equipment \$	Prepayments \$	Trade & other payables \$	Capital Raising Cost \$	Exploration expenditure \$	Development Expenditure \$	Total \$
At 1 January 2021	91,411	7,018,886	63,833	13,051	29,652	2,249,064	656,968	10,122,865
(charged)/credited								
– to profit or loss	(91,411)	78,282	31,025	–	32,716	184,952	443,481	679,045
At 31 December 2021	–	7,097,168	94,858	13,051	62,368	2,434,016	1,100,449	10,801,910

Movements	Unrealised foreign exchange gain \$	Property, plant & equipment \$	Prepayments \$	Trade & other payables \$	Provisions \$	Capital Raising Cost \$	Exploration expenditure \$	Development Expenditure \$	Total \$
At 1 January 2020	–	3,997,621	71,984	–	3,500	–	2,085,840	781,633	6,940,578
(charged)/credited									
– to profit or loss	91,411	3,021,265	(8,151)	13,051	(3,500)	29,652	163,224	(124,665)	3,182,287
At 31 December 2020	91,411	7,018,886	63,833	13,051	–	29,652	2,249,064	656,968	10,122,865

2.5 Earnings per share

(i) Basic earnings per share

Accounting Policies

Basic earnings per share is determined by dividing the profit after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2021 US Cents	2020 US Cents
From continuing operations attributable to the ordinary equity holders of the Company	(0.77)	3.16
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.77)	3.06

(ii) Diluted earnings per share

Accounting Policies

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share would arise from the exercise of options outstanding at the end of the financial year.

	2021 US Cents	2020 US Cents
From continuing operations attributable to the ordinary equity holders of the Company	(0.77)	3.15
Total diluted earnings per share attributable to the ordinary equity holders of the Company	(0.77)	3.05

Reconciliation of earnings used in the calculation of earnings per share

Basic earnings per share

(Loss)/profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:

	2021 \$	2020 \$
From continuing operations	(3,750,854)	13,873,568
Discontinued operations	—	(431,020)
(Loss)/profit for the year	(3,750,854)	13,442,548

Diluted earnings per share

(Loss)/profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share:

	2021 \$	2020 \$
From continuing operations	(3,750,854)	13,873,568
Discontinued operations	—	(431,020)
(Loss)/profit for the year	(3,750,854)	13,442,548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Weighted average number of shares used as the denominator	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	489,449,582	438,443,352
Adjustment for calculation of diluted earnings per share:		
Performance rights	550,000	2,000,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	489,999,582	440,443,352

The table below details the number of performance rights that have been granted and are on issue as at 31 December 2021 that have been included in the determination of dilutive earnings per share as vesting conditions have been met. The remaining 2,850,000 outstanding granted/offered performance rights as at 31 December 2021 are excluded from the determination of dilutive earnings as vesting conditions have not been met.

Number	Type of Security	Exercise price	Expiry date
50,000	Performance Right	AUD \$nil	14 May 2022
500,000	Performance Right	AUD \$nil	1 September 2023

2.6 Dividends

Accounting policies

Dividends are recognised as a liability at the time the Directors resolve to pay or declare the dividend.

No dividend was declared for the year ended 31 December 2021.

3. Capital Expenditure, Operating Assets and Rehabilitation Obligations

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

Accounting Policies

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises direct costs and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interests is continuing.

Exploration expenditure is written off when it fails to meet at least one of the conditions outlined above or an area of interest is abandoned.

When a decision is made to develop an area of interest, all carried forward exploration expenditure in relation to the area of interest is transferred to development expenditure.

No amortisation is charged during the exploration and evaluation phase.

Refer to note 3.4 for the Group's accounting policy on impairment of exploration and evaluation assets.

Significant judgement

The carrying value of exploration assets is reviewed on an area of interest basis. Exploration in Australia, excluding Munglinup, is in its infancy stages and is being carried forward on the basis that these areas have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interests is continuing.

	Note	31 Dec 2021 \$	31 Dec 2020 \$
As at 1 January		19,907,653	18,271,033
Expenditure during the year		850,306	1,336,269
Write-off discontinued projects		(149,554)	(431,020)
Re-classification: transfer to mine development expenditure	3.2	(204,522)	(226,745)
Exchange differences		(1,316,050)	958,116
As at 31 December		19,087,833	19,907,653

3.2 Development expenditure*Accounting Policies**Development expenditure*

Development expenditure represents the accumulated exploration, evaluation, land and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the development expenditure only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

The estimated recoverable reserves and life of the mine and the remaining useful life of each class of asset are reassessed at least annually. Where there is a change in the reserves/resources amortisation rates are correspondingly adjusted. Refer to the table in Note 3.3 for basis of amortisation rates used.

Refer to Note 3.4 for the Group's accounting policy on impairment of development expenditure.

*Significant judgement**Reserves and Resources*

In order to calculate ore reserves and mineral resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as revised in 2012 (the JORC code).

As economic assumptions used to estimate reserves change and as additional geological data is generated during the course of operations, estimates of reserves and mineral resources may vary from period to period. Changes in reported reserves and mineral resources may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charges in profit or loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- Restoration and rehabilitation provision may be affected due to changes in the magnitude of future restoration and rehabilitation expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Note	31 Dec 2021 \$	31 Dec 2020 \$
As at 1 January		3,873,209	10,412,610
Acquisition of a subsidiary	6.3	–	(6,032,998)
Additions		4,447,306	877,793
Reclassification: transfer from exploration and evaluation asset	3.1	204,522	226,745
Reclassification: transfer from property, plant and equipment	3.3	1,365,709	89,201
Amortisation expense		(2,090,436)	(1,275,741)
Exchange differences		(650,017)	(424,401)
		7,150,293	3,873,209

Carrying value assessment

The Company has undertaken an assessment of impairment indicators and concluded that there are no indicators of impairment of the Tormin and Skaland assets as at 31 December 2021.

In the measurement period of the Skaland acquisition, the fair value of development expenditure was adjusted.

3.3 Property, plant and equipment

Accounting Policies

Property, plant, and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Items of plant and equipment are initially recorded at cost and include any expenditure that is directly attributable to acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate. All other repairs and maintenance are charged to the profit for the year in which they are incurred.

De-commissioning assets relates to capitalised restoration costs expected to be incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation of property, plant, and equipment

Depreciation and amortisation is provided to expense the cost of property, plant and equipment, and de-commissioning assets and development, over its estimated useful life on a straight line or units of usage (activity) basis.

The basis of depreciation and amortisation of each asset is reviewed annually and changes to the basis of depreciation and amortisation are made if the straight line or units of production basis is no longer considered to represent the expected pattern of consumption of economic benefits.

The reserves and life of each mine and the remaining useful life of each class of asset are reassessed at regular intervals and the depreciation and amortisation rates adjusted accordingly on a prospective basis. The estimated useful lives for the main categories of assets are as follows:

Fixed Asset Category	Estimated Useful Life
Mine properties and development	The shorter of applicable mine life or generally 10 years
Land	Not depreciated
Mine buildings	The shorter of applicable mine life or generally 10 years
Excavators and loaders working in significant salt exposed conditions	Generally 12,000 hours operation
All other heavy earth moving vehicles	Generally 18,000 hours operation
Light and other mobile vehicles	Generally 5 years
Mine specific machinery, plant and equipment	The shorter of applicable mine life or generally 10 years
Rights of use asset	Lease term, generally 3 to 5 years
Other machinery, plant and equipment	Generally 10 years
Computer hardware	Generally 4 years
Software acquisitions and development	Generally 3 years
Office leasehold fit-outs	Generally lease term, including extensions
Other office furniture and fittings	Generally 10 years

Note: For assets under a finance lease, if there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term or its useful life.

Note: "Generally" implies that if a specific asset or class of assets' useful life is reasonably able to be determined as less than that stipulated above, then the applicable lower estimated useful life is to be used.

Disposal of assets

The gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in profit for the year of disposal.

Significant judgement

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life mine development assets which requires significant estimation and judgement. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

The estimated recoverable reserves and life of the mine and the remaining useful life of each class of asset is reassessed at least annually based upon latest resource information and replenishment rates. In circumstances where conversion of resources into reserves is expected, applicable resources are included in life of mine assessments and reassessments. In circumstances where there is reasonable evidence of natural replenishment of resources, the applicable natural replenishment resource estimates are included in the life of mine assessments and reassessments.

Where the lives of the assets are shorter than the mine life, their costs are amortised based on the useful life of the assets. Where there is a change in the estimated life of mine, amortisation rates are correspondingly adjusted which may change the depreciation and amortisation charges in the statement of profit or loss and other comprehensive income.

Year ended 31 December 2021	Freehold land & buildings \$	Furniture, fittings & equipment \$	Plant & machinery \$	Mine vehicles \$	Decommissioning asset \$	Right-of-use asset \$	Capex work in progress \$	Total \$
Cost at fair value								
As at 1 January 2021	4,878,460	1,239,483	29,092,369	123,135	1,103,001	5,155,716	6,609,665	48,201,829
Additions	–	–	403,322	–	–	5,984,975	10,211,566	16,599,863
Disposals	–	(44,908)	(3,467,290)	–	–	(1,352,613)	(593,063)	(5,457,874)
Re-classifications	–	230,426	3,793,816	–	–	2,244,652	(7,634,603)	(1,365,709)
Exchange differences	(70,865)	(43,201)	(1,909,238)	(9,814)	(82,404)	(815,410)	(476,758)	(3,407,690)
As at 31 December 2021	4,807,595	1,381,800	27,912,979	113,321	1,020,597	11,217,320	8,116,807	54,570,419
Accumulated depreciation and amortisation								
As at 1 January 2021	(403,462)	(809,018)	(15,767,441)	(118,196)	(134,060)	(2,911,429)	–	(20,143,606)
Depreciation and amortisation	(488,683)	(229,147)	(2,899,809)	(4,893)	(109,342)	(2,695,099)	–	(6,426,973)
Disposals	–	13,534	2,932,156	–	–	1,204,816	–	4,150,506
Exchange differences	11,764	51,312	1,216,517	9,768	17,277	277,535	–	1,584,173
As at 31 December 2021	(880,381)	(973,319)	(14,518,577)	(113,321)	(226,125)	(4,124,177)	–	(20,835,900)
Net book amount								
Cost at fair value	4,807,595	1,381,800	27,912,979	113,321	1,020,597	11,217,320	8,116,807	54,570,419
Accumulated depreciation and amortisation	(880,381)	(973,319)	(14,518,577)	(113,321)	(226,125)	(4,124,177)	–	(20,835,900)
Net book amount	3,927,214	408,481	13,394,402	–	794,472	7,093,143	8,116,807	33,734,519

Year ended 31 December 2020	Freehold land & buildings \$	Furniture, fittings & equipment \$	Plant & machinery \$	Mine vehicles \$	Decommissioning asset \$	Right-of-use asset	Capex work in progress \$	Total \$
Cost at fair value								
As at 1 January 2020	1,531,954	760,347	24,625,009	128,438	253,968	4,344,178	3,306,483	34,950,377
Acquisition of a subsidiary ⁽¹⁾	3,338,143	–	5,134,582	–	–	–	–	8,472,725
Additions	–	–	4,031	–	766,909	901,982	4,862,915	6,535,837
Disposals	–	–	(1,225,950)	–	–	–	–	(1,225,950)
Re-classifications	–	401,008	1,446,414	–	–	–	(1,936,623)	(89,201)
Exchange differences	8,363	78,128	(891,717)	(5,303)	82,124	(90,444)	376,890	(441,959)
As at 31 December 2020	4,878,460	1,239,483	29,092,369	123,135	1,103,001	5,155,716	6,609,665	48,201,829
Accumulated depreciation and amortisation								
As at 1 January 2020	(52,795)	(669,739)	(14,619,918)	(111,544)	(99,943)	(1,565,834)	–	(17,119,773)
Depreciation and amortisation	(318,994)	(103,116)	(2,686,352)	(10,020)	(34,277)	(1,288,566)	–	(4,441,325)
Disposals	–	–	1,082,985	–	–	–	–	1,082,985
Exchange differences	(31,673)	(36,163)	455,844	3,368	160	(57,029)	–	334,507
As at 31 December 2020	(403,462)	(809,018)	(15,767,441)	(118,196)	(134,060)	(2,911,429)	–	(20,143,606)
Net book amount								
Cost at fair value	4,878,460	1,239,483	29,092,369	123,135	1,103,001	5,155,716	6,609,665	48,201,829
Accumulated depreciation and amortisation	(403,462)	(809,018)	(15,767,441)	(118,196)	(134,060)	(2,911,429)	–	(20,143,606)
Net book amount	4,474,998	430,465	13,324,928	4,939	968,941	2,244,287	6,609,665	28,058,223

(1) In 2019 the acquisition of Skaland Graphite AS was valued provisionally, subject to a fair value assessment. In December 2020, the fair value assessment on the Skaland Graphite AS acquisition was completed and the fair value of the land and buildings was adjusted in 2020 to reflect this assessment. Refer to Note 6.3 for more details.

3.4 Impairment of non-current assets

Accounting Policies

The carrying amounts of the Group's exploration and evaluation assets, development expenditure and property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made.

Indicators of impairment – exploration and evaluation assets

The carrying amounts of the Group's exploration and evaluation assets are reviewed at each reporting date, to determine whether any of the following indicators of impairment exists:

- (iii) Tenure over the licence area has expired during the period or will expire in the near future, and is not expected to be renewed; or
- (iv) Substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is not budgeted or planned; or
- (v) Exploration for, and evaluation of, resources in the specific area have not led to the discovery of commercially viable quantities of resources, and the Group has decided to discontinue activities in the specific area; or
- (vi) Sufficient data exists to indicate that although a development is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or from sale.

Impairment testing – other assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Refer note 3.2 – Carrying value assessment for further details of the assessment of Tormin and Skaland assets.

3.5 Rehabilitation provisions

Accounting Policies

Provisions for environmental rehabilitation are recognised when the Group has a present legal or constructive obligation as a result of exploration, development and/or production activities undertaken and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The estimated future obligations include the costs of removing facilities and restoring the affected areas and is the best estimate of the present value of the future expenditure required to settle the environmental rehabilitation at reporting date, based on current legal requirements. Any changes in the estimate are reflected in the present value of the environmental rehabilitation provision at the reporting date, with a corresponding change in the cost of the associated asset.

Significant judgement

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets' retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

	31 Dec 2021 \$	31 Dec 2020 \$
Non-current		
Environmental rehabilitation provision	1,020,597	1,103,000

3.6 Commitments for expenditure

The Group has the following commitments for expenditure for which no liabilities have been recorded in the financial statements as the goods or services have not been received, including non-cancellable operating lease rentals:

(a) Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:

Property, plant and equipment	–	750,684
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4. Working Capital Management

This section provides information about the Group's working capital balances and management, including cash flow information.

4.1 Cash and cash equivalents*Accounting Policies*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

The carrying amounts of cash and cash equivalents represent fair value. Bank balances and deposits held at call earn interest at floating rates based upon market rates.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

	31 Dec 2021 \$	31 Dec 2020 \$
Cash assets		
Cash at bank and in hand	4,251,383	5,643,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(i) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in note 5.4(a)(ii).

(ii) Reconciliation of profit after income tax to cash flow from operating activities

	31 Dec 2021 \$	31 Dec 2020 \$
(Loss)/profit for the year	(3,750,854)	13,442,548
Adjustments for:		
Depreciation and amortisation	8,517,409	5,717,066
Assets written off	732,716	29,680
(Gain)/loss on disposal of asset	(450,926)	431,020
Gain from a bargain purchase	—	(1,247,443)
Net finance costs	308	(18,457)
Share based payments	162,149	152,058
Fair value gain on other investments	(3,784,180)	—
Net exchange differences	(323,522)	(5,335,302)
Change in operating assets and liabilities:		
Decrease/(Increase) in trade debtors	6,513,870	(5,546,987)
(Increase)/decrease in prepayments	(87,542)	11,349
(Increase)/decrease in inventories	(2,932,540)	10,955,893
(Decrease)/Increase in trade payables and unearned revenue	1,777,332	(15,039,506)
(Decrease)/increase in income tax payable	(1,885,186)	(569,986)
(Decrease)/increase in employee benefits	(120,484)	176,636
	<u>4,368,550</u>	<u>3,158,569</u>

(iii) Non-cash investing and financing activities

Plant and equipment acquired by leases in 2021 of \$5,984,975 were receipted by the Company and immediately repatriated to the supplier. These cash inflows and outflows have therefore been recognised in the consolidated statement of cashflows.

(iv) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	31 Dec 2021 \$	31 Dec 2020 \$
Cash and cash equivalents	4,251,383	5,643,139
Borrowings – repayable within one year (including overdraft)	(4,964,820)	(2,487,039)
Borrowings – repayable after one year	(4,655,768)	(3,548,749)
Net debt	(5,369,205)	(392,649)
Cash and cash equivalents	4,251,383	5,643,139
Gross debt – variable interest rates	(9,620,588)	(6,035,788)
Net debt	(5,369,205)	(392,649)

	Other assets		Liabilities from financing activities			
	Cash \$	Leases due within 1 year \$	Leases due after 1 year \$	Borrowings due within 1 year \$	Borrowings due after 1 year \$	Total \$
Net debt as at 1 January 2020	8,092,614	(1,422,824)	(1,067,240)	(2,188,954)	(3,047,977)	365,619
Cash flows	(2,398,485)	(154,567)	(92,398)	1,279,306	658,866	(707,278)
Foreign exchange adjustments	(50,990)	–	–	–	–	(50,990)
Net debt as at 31 December 2020	5,643,139	(1,577,391)	(1,159,638)	(909,648)	(2,389,111)	(392,649)
Cash flows	(1,388,810)	(1,066,653)	(1,963,757)	(1,411,128)	856,738	(4,973,610)
Foreign exchange adjustments	(2,946)	–	–	–	–	(2,946)
Net debt as at 31 December 2021	4,251,383	(2,644,044)	(3,123,395)	(2,320,776)	(1,532,373)	(5,369,205)

4.2 Trade and other receivables

Accounting Policies

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Loans and receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method. They are included within current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

	31 Dec 2021 \$	31 Dec 2020 \$
Current		
Trade receivables	773,192	7,417,672
Less: Provision for impairment of receivables	—	—
	773,192	7,417,672
Other receivables ⁽ⁱ⁾	6,970,644	5,968,541
Prepayments	339,135	251,593
	8,082,971	13,637,806
Non-current		
Security deposits ⁽ⁱⁱ⁾	253,964	310,080
Advance to Blue Bantry ⁽ⁱⁱⁱ⁾	928,108	1,008,484
Other receivables	26,054	761,055
	1,208,126	2,079,619

(i) Includes \$881,077 (2020: \$1,913,134) of VAT and \$4,575,637 (2020: \$3,529,103) of Diesel Fuel Rebate refundable from the South African Revenue Service. The Group is currently engaged in legal proceedings with the South African Revenue Service (Refer to Note 8.1 for further details).

(ii) A secured deposit of \$253,964 (2020: \$310,080) for an insurance bond with Guardrisk held as security for a performance guarantee issued by Guardrisk in favour of the South African Department of Minerals and Energy in respect of Mineral Sands Resources (Pty) Ltd obligations under the Tormin Mining Rights.

(iii) An amount of ZAR 14 million (2020: ZAR 14 million) has been advanced to the BEE partner, Blue Bantry (refer note 8.2 for further details).

Impairment of receivables

No impairment of receivables has been recognised by the Group for the year ended 31 December 2021. Refer to Note 5.4(a)(iv) for impairment and credit losses of receivables.

Fair values and credit risk

Due to the short term nature of these receivables the carrying values represent their respective fair values as at 31 December 2021 and 2020. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables disclosed above. The non-current trade and other receivables have a fair value of \$Nil as at 31 December 2021, compared to a carrying amount of \$Nil (2020: fair value of \$Nil and carrying amount of \$Nil).

The fair values were calculated based on cash flows discounted using a current lending rate. Refer to note 5.4 for more information on the risk management policy of the Group and the credit quality of the entity's receivables.

Foreign exchange and interest rate risk

Information about the Group's exposure to foreign exchange and interest rate risk in relation to trade and other receivables is provided in Note 5.4.

Recoverability of receivables

The Group has amounts due from various counterparties as a result of its operations in a number of jurisdictions. The recoverability of these amounts, which include certain input taxes and rebates, is subject to interpretation of legislation and judgement on the credit risk of the counterparty.

Rebate and Indirect Taxes

The Group is eligible to claim and recover various indirect taxes and rebates from various taxation authorities where it has operations. The estimation of the amounts to which the Group is entitled to receive and will ultimately recover requires interpretation of legislation, compliance with administrative obligations and judgement on the credit risk of the counterparty.

4.3 Inventories**Accounting Policies**

Raw materials, stores, ore stockpiles, work in progress and finished stocks are physically measured or estimated and valued at the lower of cost and net realisable value. Net realisable value less costs to sell is assessed annually based on the amount estimated to be obtained from sale of the item of inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

Weighted average cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure and depreciation and amortisation relating to mining activities, the latter being allocated on the basis of normal operating capacity. As a result of mineral sands or graphite products being co-products from the same mineral separation process, costs are allocated to the various finished products on the basis of the relative sales value of the finished goods produced. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories of consumable supplies and spare parts expected to be used in production are valued at the lower of weighted average cost, which includes the cost of purchase as well as transportation and statutory charges, or net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified.

	31 Dec 2021 \$	31 Dec 2020 \$
Current		
Raw materials at cost	2,988,219	821,699
Finished product at lower of cost and net realisable value	5,660,342	4,985,268
Spare parts and consumables at cost	2,525,562	2,434,616
	11,174,123	8,241,583
Non-current		
Finished product at lower of cost and net realisable value ⁽ⁱ⁾	2,745,855	2,745,855
	2,745,855	2,745,855

(i) The non-current finished product represents garnet stockpile below the third-party stockpile at the Tormin mine site, which will be accessible once the third-party stockpile is removed from the site, expected to occur beyond one year from the reporting date.

The individual items of inventory are carried at lower of cost and net realisable value.

4.4 Trade and other payables

Accounting Policies

Trade and other payables are recognised originally at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of each reporting period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

	31 Dec 2021 \$	31 Dec 2020 \$
Trade payables	4,871,217	4,271,444
Other payables and accruals	4,656,592	3,479,033
	9,527,809	7,750,477

(i) Fair values and credit risk

Due to the short term nature of these payables the carrying values represent their respective fair values as at 31 December 2021 and 2020.

(ii) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign exchange and interest rate risk in relation to trade and other payables is provided in Note 5.4.

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 Interest bearing loans and borrowings

Accounting Policies

All loans and borrowings are initially recognised at cost, being fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting periods.

Details of the contractual maturities can be found in Note 5.4.

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	31 Dec 2021 \$	31 Dec 2020 \$
Current		
Borrowings – unsecured ⁽⁵⁾	2,218,634	789,583
Amounts due under equipment acquisition agreements ^{(1),(2),(3),(4)}	2,644,044	1,577,391
Borrowings – secured ⁽⁶⁾	102,142	120,065
	4,964,820	2,487,039
Non-current		
Borrowings – unsecured ⁽⁵⁾	1,532,373	2,368,749
Amounts due under equipment acquisition agreements ^{(1),(2),(3),(4)}	3,123,395	1,159,638
Borrowings – secured ⁽⁶⁾	–	20,362
	4,655,768	3,548,749

- (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) The Group entered into a Loan Agreement with the previous owners as a part of the acquisition of Skaland Graphite AS. The interest rate is NIBOR +2% and is repaid quarterly.
- (6) The Group acquired two loans payable to Innovasjon Norge for the Acquisition of Skaland Graphite AS. The first loan was fully repayable in 2020 with an effective interest rate of 3.30%. The second loan is repayable in full by 2024. The loan has an effective rate of 4.01%.

(a) Lease liability commitments

Accounting Policies

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Commitments in relation to minimum lease repayments under equipment acquisition agreements:

	31 Dec 2021 \$	31 Dec 2020 \$
Within one year	3,023,394	1,722,329
Later than one year but no later than five years	3,344,667	1,245,040
Greater than 5 years	—	—
Minimum lease payments	6,368,061	2,967,369
Less: Future Finance Charges	(600,622)	(230,340)
	5,767,439	2,737,029

Lease commitments include contracted amounts for various plant and equipment with a written down value of \$7,093,143 (2020: \$2,244,287) secured under finance leases expiring within one to five years. Under the terms of the leases, the Group will become the owner of the leased assets on the final payment under instalment sale agreements.

5.2 Net finance costs

Accounting Policies

Interest income is recognised as it accrues on a time proportion basis using the effective interest method.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

	31 Dec 2021 \$	31 Dec 2020 \$
Finance income		
Interest Income	712	18,457
Total finance income	712	18,457
Finance costs		
Interest paid to third parties	336,330	267,213
Net change in fair value of financial assets – derivatives	(279,209)	(263,961)
Total finance costs	57,121	3,252
Net finance (costs)/income	(56,409)	15,205

5.3 Equity

(a) Contributed equity

Accounting Policies

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(i) Share capital

	2021 Number of shares	2020 Number of shares	2021 \$	2020 \$
Ordinary shares				
Fully paid	534,990,634	456,241,571	77,672,620	69,774,435

(ii) Movements in ordinary share capital

Details	Number of shares	\$
At 1 January 2021	456,241,571	69,774,435
Share issued net of costs	76,249,063	7,547,478
Conversion of performance rights	2,500,000	350,707
At 31 December 2021	534,990,634	77,672,620

(iii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iv) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets in order to maintain sufficient funds necessary to continue its operations.

(b) Reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided in the table below.

	General reserve \$	Financial asset revaluation reserve \$	Foreign currency translation reserve \$	Share based payment reserve \$	Total \$
At 1 January 2020	1,363,393	–	(23,485,125)	622,479	(21,499,253)
Share based payments	–	–	–	152,058	152,058
Conversion of performance rights	–	–	–	(327,316)	(327,316)
Exchange differences on translation of foreign operations	–	–	(3,533,065)	–	(3,533,065)
At 1 January 2021	1,363,393	–	(27,018,190)	447,221	(25,207,576)
Share based payments	–	–	–	162,149	162,149
Conversion of performance rights	–	–	–	(350,707)	(350,707)
Exchange differences on translation of foreign operations	–	–	(4,451,493)	–	(4,451,493)
At 31 December 2021	1,363,393	–	(31,469,683)	258,663	(29,847,627)

Nature and purpose of reserves

General reserve

The General reserve arose from the issue of shares in MRC Resources Proprietary Limited to an entity outside the economic entity.

Financial asset revaluation reserve

The financial asset revaluation reserve arises from the revaluation at reporting date of financial assets.

Foreign currency translation reserve

The foreign currency translation reserve records the unrealised foreign currency differences arising from the translation of operations into the presentation currency of the Group.

Share based payment reserve

Records the amounts received in a prior year together with the amounts amortised for employee options in the current year from the issue of listed options and performance rights.

(c) Retained Earnings

	31 Dec 2021 \$	31 Dec 2020 \$
At 1 January	16,201,091	2,446,476
Profit for the year	(3,308,455)	13,754,615
At 31 December	12,892,636	16,201,091

(d) Non-controlling interest

	31 Dec 2021 \$	31 Dec 2020 \$
At 1 January	441,851	113,639
Acquisition of subsidiary (6.3)	–	871,350
Gain from a bargain purchase (6.3)	–	(138,605)
Comprehensive loss for the year	(490,286)	(404,533)
At 31 December	(48,435)	441,851

5.4 Financial risk management**Accounting Policies**

The Group classifies its financial instruments on initial recognition. The classification depends on the purpose for which the financial instrument was acquired.

(i) Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade date being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(ii) Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and other pricing models.

The Group uses derivative financial instruments such as forward foreign currency contracts to hedge its risk associated with foreign currency fluctuations. Such derivatives are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Changes in the fair value of forward foreign currency contracts are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(iii) Financial Liabilities

Financial liabilities are recognised initially at fair value and subsequently at amortised cost, comprising original debt less principal payments and amortisation of transaction costs.

(iv) Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss. Impairment losses recognised on equity instruments classified as available for sale are not reversed through the income statement.

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit or loss information has been included where relevant to add further context.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's activities expose it to a variety of financial risks, as detailed below:

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange risk	Future commercial transactions Recognised financial assets and liabilities not denominated in USD	Cash flow forecasting Sensitivity analysis	Foreign currency forwards and foreign currency options
Market risk – interest rate risk	The Company's borrowings in South Africa are at variable interest rates, subject to the Prime Lending Rate. The Company's borrowings in Norway are at variable interest rates, subject to NIBOR interest rates.	N/A	N/A
Market risk – price risk	Investments in equity securities	Sensitivity analysis	N/A
Market risk – commodity price risk	Sale of products	Cash flow forecasting Sensitivity analysis	Monitoring the prevailing commodity prices and entering into longer term fixed price sales contracts
Credit risk	Cash and cash equivalents and trade and other receivables	Aging analysis Credit ratings	Credit limits, retention of title over product sold and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Group's risk management is predominantly controlled by the finance department ("Treasury") under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, commodity price risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

The Group manages foreign exchange risk through hedging the South African rand and Australian dollar using foreign currency forwards and foreign currency options in line with its Treasury Policy. The mark-to-market position of the Group's hedged position as at 31 December 2021 was:

At 31 December 2021	Value of Hedges contracted US\$	Mark-to-market value of hedges US\$	Mark-to-market hedge position US\$
South African rand (ZAR)	6,000,000	6,029,870	29,870
Total position	6,000,000	6,029,870	29,870

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

As detailed in Note 1.2(iii), items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States dollars, which is the Company's presentation currency.

Based on the financial instruments held at the reporting date, the sensitivity of the Group's profits after tax for the year and equity at the reporting date to movements in the United States dollar to South African rand (ZAR), United States dollar to Australian dollar (AUD) and United States dollar to Norwegian kroner (NOK) were:

Sensitivity	Impact on post tax profit		Impact on other components of equity	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
USD/AUD exchange rate – increase 10%	501,404	464,010	–	–
USD/AUD exchange rate – decrease 10%	(501,404)	(464,010)	–	–
USD/ZAR exchange rate – increase 10%	2,708,035	2,419,474	–	–
USD/ZAR exchange rate – decrease 10%	(2,708,035)	(2,419,474)	–	–
USD/NOK exchange rate – increase 10%	686,146	547,489	–	–
USD/NOK exchange rate – decrease 10%	(686,146)	(547,489)	–	–

(ii) *Interest rate risk*

The Group's exposure to interest rate risk relates primarily to the Group's floating interest rate cash balance which is subject to movements in interest rates. The Board monitors its cash balance on an ongoing basis and liaises with its financiers regularly to mitigate cash flow interest rate risk. Interest is charged on the loans from the parent company to the South African subsidiaries at rates permitted by the South African Reserve Bank. This interest is eliminated on consolidation. Interest on loans to Skaland Graphite AS are variable and denominated in Norwegian kroner (NOK). Based on the loans with variable interest rates the sensitivity of the Group's profits after tax for the year and equity at the reporting dates were:

Sensitivity	Impact on post tax profit		Impact on other components of equity	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Interest rate increase of 100 basis points	(23,485)	(20,644)	–	–
Interest rate decrease of 100 basis points	23,485	20,644	–	–

(iii) *Price risk*

The Group has an exposure to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as at fair value through profit or loss ("FVTPL"). The Group's investment in equity securities at FVTPL is \$122,149 (2020: \$1,261,198), which is monitored by the Board of Directors. Any investment in equity securities would require approval by the Board of Directors.

Sensitivity	Impact on post tax profit		Impact on other components of equity	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Price increase of 10%	8,550	88,284	–	–
Price decrease of 10%	(8,550)	(88,284)	–	–

The Group is also exposed to commodity price risk as a result of fluctuations in the market price of commodities, however, the commodities that the Company produces and sells are not quoted on any recognised exchange.

(iv) *Credit risk*

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures including outstanding receivables and investments in unlisted entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All cash balances held at banks are held at internationally recognised institutions. The Group has a strict code of credit and requires the majority of its customers to have letters of credit in place. The maximum exposure to credit risk at the reporting date to trade receivables is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Group does not hold any collateral.

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory; and
- debt investments carried at amortised cost.

Trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2021 was determined as follows for both trade receivables and contract assets:

At 31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount – trade receivables	641,388	22	20	131,762	773,192
Loss allowance	–	–	–	–	–

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost include loans to Directors and employees of subsidiaries, deposits and other receivables.

(v) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. At the end of the reporting period, the Group held cash and cash equivalents totalling \$4,251,383 (2020: \$5,643,139). Management monitors rolling forecasts of the Group's liquidity reserve (comprising cash and cash equivalents, Note 4.1) on the basis of expected cash flows. This is carried out at the corporate level for all active companies of the Group in accordance with practice and limits set by the Group.

Financing arrangements

On 2 February 2016, the Company announced debt funding arrangements for its expansion initiatives relating to a GSP at its Tormin mine. Under the terms of the agreement, the borrowing is charged at Libor + 2% and repaid over three years from the repayment commencement date. The borrowings are secured by a special notarial bond over the GSP. Principal repayments of USD 0.125 million per month plus interest charges against the facility commenced in June 2017.

On 4 October 2019, the Group acquired Skaland Graphite AS. As part of the consideration, the Group agreed to pay an amount to Leonhard Nilsen & Sønner AS of NOK37,986,514 over 5 years, paid in quarterly instalments. The interest is charged at NIBOR +2%.

On 4 October 2019, the Group acquired Skaland Graphite AS. As part of the acquisition the Group consolidated the fair value of the loans from Innovation Norge. The borrowings at acquisition was NOK2,526,000. NOK1,326,000 was paid in 2020, NOK1,200,000 is due in 2024.

Maturity of financial assets

The Group manages liquidity risk by maintaining sufficient cash reserves and through the continuous monitoring of budgeted and actual cash flows. At the reporting date there is no significant liquidity risk. The table below analyses the Group's maturity of financial assets:

	< 6 months \$	6–12 months \$	1–5 years \$	5+ years \$	Total contractual cash flows \$	Carrying amount \$
31 December 2021						
Trade and other receivables	8,082,971	–	–	–	8,082,971	8,082,971
Trade and other receivables – non current	–	–	1,208,126	–	1,208,126	1,208,126
Derivatives – FVTPL						
Inflow	6,029,870	–	–	–	6,029,870	29,870
(Outflow)	(6,000,000)	–	–	–	(6,000,000)	–
Total financial assets	8,112,841	–	1,208,126	–	9,320,967	9,320,967
	< 6 months \$	6–12 months \$	1–5 years \$	5+ years \$	Total contractual cash flows \$	Carrying amount \$
31 December 2020						
Trade and other receivables	13,637,806	–	–	–	13,637,806	13,637,806
Trade and other receivables – non current	–	–	2,079,619	–	2,079,619	2,079,619
Derivatives – FVTPL						
Inflow	2,128,795	–	–	–	2,128,795	228,795
(Outflow)	(1,900,000)	–	–	–	(1,900,000)	–
Total financial assets	13,866,601	–	2,079,619	–	15,946,220	15,946,220

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Maturity of financial liabilities

The Group manages liquidity risk by maintaining sufficient cash reserves and through the continuous monitoring of budgeted and actual cash flows. At the reporting date there is no significant liquidity risk. The table below analyses the Group's maturity of financial liabilities:

	< 12 months \$	1–5 years \$	5+ years \$	Total contractual cash flows \$	Carrying amount \$
31 December 2021					
Trade and other payables	9,527,809	–	–	9,527,809	9,527,809
Borrowings excluding finance leases	2,320,776	1,532,373	–	3,853,149	3,853,149
Lease liabilities	2,644,044	3,123,395	–	5,767,439	5,767,439
Total financial liabilities	14,492,629	4,655,768	–	19,148,397	19,148,397
	< 12 months \$	1–5 years \$	5+ years \$	Total contractual cash flows \$	Carrying amount \$
31 December 2020					
Trade and other payables	7,750,477	–	–	7,750,477	7,750,477
Borrowings excluding finance leases	909,648	2,389,111	–	3,298,759	3,298,759
Lease liabilities	1,577,391	1,159,638	–	2,737,029	2,737,029
Total financial liabilities	10,237,516	3,548,749	–	13,786,265	13,786,265

(vi) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2021 and 31 December 2020:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2021				
Financial assets				
Derivatives – FVTPL	–	29,870	–	29,870
Listed equity securities – FVTPL	25,414	–	–	25,414
Unlisted equity securities – FVTPL	–	96,735	–	96,735
Total financial assets	25,414	126,605	–	152,019
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2020				
Financial assets				
Derivatives – FVTPL	–	228,795	–	228,795
Listed equity securities – FVTPL	26,974	–	–	26,974
Unlisted equity securities – FVTPL	–	1,234,224	–	1,234,224
Total financial assets	26,974	1,463,019	–	1,489,993

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

6. Group structure

6.1 Consolidated entities

Accounting Policies

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

The Company, via its wholly owned subsidiary MRC Resources Proprietary Limited ("MRCR"), has a 50% interest in the issued capital in Mineral Sands Resources Proprietary Limited ("MSR"). Whilst the Group controls 50% of the share voting power, it has been determined that the Group effectively has 100% control due to its control over the relevant activities for accounting purposes, controls the management of MSR, and also controls the Board of MSR due to provisions set out in the Shareholders Agreement entered into between the shareholders of MSR.

Therefore, these financial statements include 100% of the results of MSR. In addition to the holding of the issued capital, the Group also holds Class A and B preference shares in MSR which effectively provides for the repayment of the capital investment and deemed investment by the Company's Black Empowerment partner. Due to the terms attached to these A and B Preference Shares, they are categorised as an equity instrument. As the A preference shares and B preference shares would be redeemed out of distributable profits and net assets of MSR before all other ordinary shareholders, until such time as the net assets exceed the value of the unredeemed A and B preference shares, no value has been attributed to the non-controlling interest. Until that time, the non-controlling interest has no rights to the assets or results of the Company, and therefore has not been allocated any value in these financial statements.

The Company, via its wholly owned subsidiary MRC Graphite (Norway) Pty Ltd ("MRCGN"), has a 90% interest in the issued capital in Skaland Graphite AS ("SKA"). Whilst the Group controls 90% of the share voting power, it has been determined that the Group effectively has 100% control due to its control over the relevant activities for accounting purposes, controls the management of SKA, and also controls the Board of SKA.

(i) *Material subsidiaries*

The Group's principal subsidiaries at 31 December 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
		2021 %	2020 %	2021 %	2020 %
Rexelle Pty Ltd	Australia	100	100	–	–
MRC Trading (Aust) Pty Ltd	Australia	100	100	–	–
MRC Cable Sands Pty Ltd	Australia	100	100	–	–
Blackhawk Oil and Gas Pty Ltd	Australia	100	100	–	–
Queensland Minex Pty Ltd	Australia	100	100	–	–
Q Smelt Pty Ltd	Australia	90	90	10	10
Mincom Waste Pty Ltd	Australia	100	100	–	–
MRC Graphite Pty Ltd	Australia	100	100	–	–
MRC Exploration Australia Pty Ltd	Australia	100	100	–	–
MRC Graphite (Norway) Pty Ltd	Australia	100	100	–	–
MRC Downstream Pty Ltd	Australia	100	100	–	–
MRC Anode Pty Ltd	Australia	100	100	–	–
Skeleton Coast Resources (Pty) Ltd	Namibia	100	100	–	–
Skaland Graphite A.S.	Norway	90	90	10	10
MRC Resources Proprietary Limited	South Africa	100	100	–	–
Mineral Sands Resources Proprietary Limited	South Africa	50	50	50	50
Tormin Mineral Sands Proprietary Limited	South Africa	50	50	50	50
Nyati Titanium Eastern Cape Proprietary Limited	South Africa	100	100	–	–
MRC Metals Proprietary Limited	South Africa	100	100	–	–
Skeleton Coast Mining (Pty) Ltd	South Africa	100	100	–	–
Transworld Energy and Minerals Resources (SA) Proprietary Limited	South Africa	56	56	44	44
Mineral Commodities (UK) Ltd ⁽¹⁾	United Kingdom	–	100	–	–
Skaland Graphite (Netherlands) BV	Netherlands	100	100	–	–

(1) The Company was dissolved on 1 June 2021.

6.2 Parent entity financial information

The financial information for the parent entity, Mineral Commodities Ltd, has been prepared on the same basis as the consolidated financial statements, unless stated otherwise.

Accounting Policies

Interests in subsidiaries

Investments in subsidiaries are carried in the Company's financial report at cost less any impairment losses. Dividends and distributions are brought to account in profit when they are declared by the subsidiaries.

The individual financial statements for the parent entity show the following aggregate numbers:

	31 Dec 2021 \$	31 Dec 2020 \$
Balance sheet		
Current assets	27,313,144	21,113,345
Non-current assets	1,250,913	1,696,542
Total assets	28,564,057	22,809,887
Current liabilities	2,941,042	2,036,388
Non-current liabilities	170,383	185,028
Total liabilities	3,111,425	2,221,416
Net assets	25,452,632	20,588,471
Shareholders' equity		
Issued capital	58,436,048	53,642,101
Reserves	(33,266,524)	(33,560,068)
Accumulated losses	283,108	506,438
Total equity	25,452,632	20,588,471
(Loss)/profit for the year	(1,706,173)	4,374,781

6.3 Business combinations during the prior period

On 4 October 2019, the Group acquired 100% of the voting equity instruments of Skaland Graphite AS, a company whose principal activity is mining and producing graphite. Post acquisition, 10% of the interest in Skaland is to be transferred to the facilitator of the transaction, BSG Mining LLC, an unrelated party to the Group, with the proportionate acquisition cost expected to be recouped by the Group. The purpose of the acquisition is to fast-track MRC to be the largest graphite miner in Europe, improving the Company's understanding of traditional graphite markets. Skaland also offers excellent geostrategic positioning to capitalise on the fastest growing electric vehicle market globally.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The accounting for this acquisition in the 31 December 2019 financial statements was provisional pending the finalisation of the fair values of the assets and liabilities acquired. Details of the provisional fair value and final fair values in the 31 December 2020 financial statements are as follows:

	Provisional Fair value \$	Final Fair value \$
Cash	86,689	86,689
Trade and other receivables	127,603	23,198
Inventories	1,681,936	1,681,936
Other investments	12,919	12,919
Land and buildings	982,987	4,321,130
Plant and equipment	1,083,064	6,217,646
Mine development	6,032,998	–
Trade and other payables	(686,598)	(1,219,361)
Deferred tax liabilities	–	(594,021)
Borrowings	(430,341)	(430,341)
Employee benefits	(177,510)	–
Total net assets	8,713,747	10,099,795

Fair value of consideration paid:

	Provisional \$	Final \$
Cash	4,544,086	4,544,086
Loan to Leonhard Nilsen & Sonner AS	4,169,661	4,169,661
Sub total consideration	8,713,747	8,713,747
Gain from a bargain purchase	–	1,386,048
Total	–	10,099,795
Gain from a bargain purchase – attributed to Owners of Mineral Commodities Limited	–	1,247,443
Gain from a bargain purchase – attributed to Non-Controlling interest	–	138,605
Total	–	1,386,048

In December 2020, the valuation of the Skaland Graphite AS asset was completed and the acquisition date fair value of the land and buildings and plant and equipment was \$9,787,560, an increase of \$1,688,511 over the provisional value. Adjustments were also made on the receivable and payable as a result of management finalising the review of assets and liabilities acquired in 2019. There was also a corresponding recognition of gain from a bargain purchase of US\$1,386,048 arising from the acquisition.

The revenue and loss contributions to the Group over 15 months from date of acquisition of 4 October 2019 to 31 December 2020 were \$6,023,345 and \$3,171,816 respectively.

6.4 Discontinued operations

On 11 March 2020, the Group divested its exploration interests in Iran. The Iran exploration division was classified as a discontinued operation and is no longer presented in the segment note. The consolidated results of the Iran exploration division for the period are presented below:

	31 Dec 2021 \$	31 Dec 2020 \$
Remeasurement to fair value less costs to sell	–	(431,020)
Profit/(loss) before tax from discontinued operations	–	(431,020)
Tax (expense)/benefit:	–	–
Post-tax profit/(loss) of discontinued operations	–	(431,020)

7. People

This section provides information in relation to the Group employee benefits, share-based payment schemes and related party transactions.

7.1 Employee Benefits

Accounting policies

Provision is made for the Group's liability for employee entitlements arising from services rendered by employees to reporting date. These benefits include annual and long service leave. Sick leave is non-vesting and has not been provided for.

Employee entitlements expected to be settled within one year have been measured at the amounts expected to be paid when the liabilities are settled and are recognised in other payables.

The contributions made to defined contribution superannuation funds by entities within the consolidated entity are charged against profits when due.

	31 Dec 2021 \$	31 Dec 2020 \$
Current		
Annual leave provision	659,185	779,669
Non-current		
Long service leave provision	170,383	185,028

7.2 Share based payments

Accounting policies

Equity-settled share-based compensation benefits are provided to certain senior employees.

Equity-settled transactions are awards of options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value at grant date. The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative change to profit or loss is calculated based on the grant date fair value of the award and then amortised over the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

(a) Employee Options

The issue of employee options was approved by shareholders at a general meeting of the Company held on 21 December 2012. The employee option plan ("the Plan") is designed to provide long-term incentives for senior managers and above (including Directors) to deliver long-term shareholder returns. Options granted under the

Plan carry no dividend or voting rights. When exercisable each option is convertible into one ordinary share at the predetermined exercise price.

No options were granted under the Plan in 2021 and 2020.

(b) Performance Rights

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 16 August 2017, the Board approved the issue of 500,000 Performance Rights to senior managers. These performance rights are exercisable on or before 31 May 2020, vesting on 31 May 2018 and upon the closing share price reaching \$0.20 and remaining at or above \$0.20 for a period of 5 consecutive trading days. These Performance Rights have all vested and been exercised.

On 16 August 2017, the Board approved the issue of 450,000 Performance Rights to employees. These performance rights are exercisable on or before 31 May 2021, vesting at a rate of 150,000 per annum on 31 May 2018 to 2020 inclusive and upon the closing share price reaching \$0.20 and remaining at or above \$0.20 for a period of 5 consecutive trading days. 350,000 of these Performance Rights have vested and been exercised and 100,000 have been forfeited.

On 22 May 2018, the Board approved the issue of 1,000,000 Performance Rights to Executives. These performance rights are exercisable on or before 25 June 2020, with 500,000 vesting on 25 June 2019 and 500,000 vesting on 25 June 2020 and upon the closing share price reaching \$0.20 and remaining at or above \$0.20 for a period of 5 consecutive trading days. These Performance Rights have all vested and been exercised.

On 22 May 2018, the Board approved the issue of 1,000,000 Performance Rights to Executives. These performance rights are exercisable on or before 1 October 2021, vesting at a rate of 333,333 per annum on 1 October 2018 to 2020 inclusive and upon the closing share price reaching \$0.20 and remaining at or above \$0.20 for a period of 30 consecutive trading days. These Performance Rights have all vested.

On 25 September 2018, the Board approved the issue of 1,000,000 Performance Rights to Executives. These performance rights are exercisable on or before 30 September 2021, with 500,000 vesting on 11 October 2019 and 500,000 vesting on 11 October 2020 and upon the closing share price reaching \$0.20 and remaining at or above \$0.20 for a period of 5 consecutive trading days. These Performance Rights have all vested and been exercised.

On 28 May 2019, the Board approved the issue of 1,000,000 Performance Rights to Executives. These performance rights are exercisable on or before 14 May 2022, with 500,000 vesting on 14 May 2020 and 500,000 vesting on 14 May 2021 and upon the 30 Day Volume Weighted Average Price ("VWAP") being at or above \$0.26. These Performance Rights have all vested and been exercised.

On 28 May 2019, the Board approved the issue of 150,000 Performance Rights to employees. These performance rights are exercisable on or before 28 February 2023, with 50,000 vesting on 28 February 2020, 50,000 vesting on 28 February 2021 and 50,000 vesting on 28 February 2022 and upon the 30 Day VWAP being at or above \$0.26. 100,000 of these Performance Rights have vested and 50,000 have been exercised.

On 29 June 2021, the Board approved the issue of 1,000,000 Performance Rights to executives and employees. These performance rights are exercisable on or before 1 September 2023 with 500,000 vesting on 1 September 2021 and 500,000 vesting on 1 September 2022 and upon the 30 Day VWAP being at or above \$0.31 and service condition being achieved. The Barrier Price was set at the time of initial discussions with each relevant Key Management Personnel. 500,000 of these Performance Rights have vested.

On 29 June 2021, the Board approved the issue of 1,000,000 Performance Rights to executives and employees. These performance rights are exercisable on or before 25 November 2024 with 1,000,000 vesting on 25 November 2022 and upon the 30 Day VWAP being at or above \$0.31 and service condition being achieved. The Barrier Price was set at the time of initial discussions with each relevant Key Management Personnel.

On 29 June 2021, the Board approved the issue of 1,500,000 Performance Rights to executives and employees. These performance rights are exercisable on or before 25 November 2025, with 1,500,000 vesting on 25 November 2023 and upon non-market measures and service conditions being achieved. The Barrier Price was set at the time of initial discussions with each relevant Key Management Personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Set out below are summaries of all Performance Rights granted under the Plan and unexpired at 31 December 2021:

Grant date	Expiry date	Exercise price	Fair Value at grant date	Rights at the start of the year	Granted during the year ⁽¹⁾	Exercised during the year	Forfeited during the year	Lapsed during the year	Balance at the end of the year	Vested at the end of the year
22 May 2018	1 Oct 2021	Nil	28.0 cents	1,000,000	–	1,000,000	–	–	–	–
25 Sept 2018	30 Sept 2021	Nil	13.6 cents	1,000,000	–	1,000,000	–	–	–	–
28 May 2019	14 May 2022	Nil	13.4 cents	500,000	–	500,000	–	–	–	–
28 May 2019	28 Feb 2023	Nil	13.2 cents	100,000	–	–	–	–	100,000	50,000
29 June 2021	1 Sept 2023	Nil	12.0 cents	1,000,000	–	–	–	–	1,000,000	500,000
29 June 2021	25 Nov 2024	Nil	12.0 cents	1,000,000	–	–	80,000	–	920,000	–
29 June 2021	25 Nov 2025	Nil	20.0 cents	1,500,000	–	–	120,000	–	1,380,000	–
				6,100,000	–	2,500,000	200,000	–	3,400,000	550,000

Set out below are summaries of all Performance Rights granted under the Plan and unexpired at 31 December 2020:

Grant date	Expiry date	Exercise price	Fair Value at grant date	Rights at the start of the year	Granted during the year ⁽¹⁾	Exercised during the year	Forfeited during the year	Lapsed during the year	Balance at the end of the year	Vested at the end of the year
16 Aug 2017	31 May 2020	Nil	11.8 cents	500,000	–	500,000	–	–	–	–
16 Aug 2017	31 May 2021	Nil	11.8 cents	100,000	–	100,000	–	–	–	–
22 May 2018	31 May 2021	Nil	28.0 cents	1,000,000	–	1,000,000	–	–	–	–
22 May 2018	1 Oct 2021	Nil	28.0 cents	1,000,000	–	–	–	–	1,000,000	1,000,000
25 Sept 2018	30 Sept 2021	Nil	13.6 cents	1,000,000	–	–	–	–	1,000,000	1,000,000
28 May 2019	14 May 2022	Nil	13.4 cents	1,000,000	–	500,000	–	–	500,000	–
28 May 2019	28 Feb 2023	Nil	13.2 cents	150,000	–	50,000	–	–	100,000	–
29 June 2021	1 Sept 2023	Nil	12.0 cents	–	1,000,000	–	–	–	1,000,000	–
29 June 2021	25 Nov 2024	Nil	12.0 cents	–	1,000,000	–	–	–	1,000,000	–
29 June 2021	25 Nov 2025	Nil	20.0 cents	–	1,500,000	–	–	–	1,500,000	–
				4,750,000	3,500,000	2,150,000	–	–	6,100,000	2,000,000

(1) The performance rights were offered in 2020 and issued in 2021.

Fair value of Performance Rights granted

The assessed fair value at grant date of the Performance Rights offered during the period ended 31 December 2021 was determined using an option pricing model that takes into account the performance conditions (e.g. share price reaching A\$0.31 per share for thirty consecutive days), the term of the Performance Right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the Performance Right and management's assessment of the vesting conditions being met. The total share based payment expense related to performance rights for the period ended 31 December 2021 was \$162,149 (2020: \$152,058).

The model inputs for Performance Rights granted/offered during the period, as well as prior periods, included:

(a) Number of Rights issued	2,000,000	500,000	450,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,500,000
(b) Exercise price (AUD)	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents	0 cents
(c) Share price barrier (AUD)	20.0 cents	20.0 cents	20.0 cents	20.0 cents	20.0 cents	20.0 cents	26.0 cents	26.0 cents	31.0 cents	31.0 cents	31.0 cents	—
(d) 5 day VWAP of underlying security	13.5 cents	13.5 cents	13.5 cents	28.0 cents	28.0 cents	17.5 cents	—	—	—	—	—	—
(e) 30 day VWAP of underlying security	—	—	—	—	—	—	26.0 cents	26.0 cents	31.0 cents	31.0 cents	31.0 cents	—
(f) Grant date	16 Aug 2017	16 Aug 2017	16 Aug 2017	22 May 2018	22 May 2018	25 Sept 2018	28 May 2019	28 May 2019	29 June 2021	29 June 2021	29 June 2021	29 June 2021
(g) Risk-free interest rate	1.98%	1.98%	1.98%	2.20%	2.20%	2.15%	1.12%	1.12%	0.07%	0.07%	0.07%	0.07%
(h) Expiry date	31 May 2020	31 May 2020	31 May 2021	1 Oct 2021	30 Sept 2021	14 May 2022	14 May 2022	14 May 2022	1 Sept 2023	25 Nov 2024	25 Nov 2024	25 Nov 2025
(i) Share price at grant date (AUD)	13.5 cents	13.5 cents	13.5 cents	28.0 cents	28.0 cents	17.5 cents	19.5 cents	19.5 cents	20.0 cents	20.0 cents	20.0 cents	20.0 cents
(j) Expected price volatility of the shares	90%	90%	90%	85%	85%	85%	85%	85%	80%	80%	80%	80%
(k) Expected dividend yield	8%	8%	8%	5.67%	5.67%	7.6%	6.67%	6.67%	Nil	Nil	Nil	Nil

The expected price volatility is based on the historic volatility and the general trend in share prices of the companies in similar businesses and trading on the ASX over the vesting period.

7.3 Related party transactions

(i) Parent entity

Transactions between the Company and other entities in the Group during the years ended 31 December 2021 and 31 December 2020 consisted of loans advanced and payments received and made on inter-company accounts. These transactions were made on normal commercial terms and conditions and at market rates.

(ii) Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	31 Dec 2021 \$	31 Dec 2020 \$
Short-term employee benefits	2,426,012	3,178,325
Post-employment benefits	130,551	123,557
Share-based payments	138,340	183,909
	2,694,903	3,485,791

Detailed remuneration disclosures are provided in the remuneration report in the Director's Report.

(iii) Transactions with other related parties

Mine Site Construction Services ("MSCS"), a company associated with Mr Mark Caruso has provided the followings services to the Company during 2021:

- Provision of executive services

The amount paid or payable by the Company to MSCS for the year ended 31 December 2021 was \$23,395 (2020: \$258,900). This is considered to be an arm's length commercial consultancy contract at normal commercial rates. This amount is included in Mark Caruso's salary in the Remuneration Report.

- Provision of office space

The amount paid by the Company to MSCS for the year ended 31 December 2021 was \$26,535 (2020: \$141,682). This is considered to be an arm's length commercial rent, and the lease was terminated during the year.

- Provision of technical staff

The amount paid by the Company to MSCS for the year ended 31 December 2021 was \$19,513 (2020: \$144,189). The amounts payable have been in respect to the provision of technical staff at the Groups' head office and at the Tormin project and have been reimbursed on an arms-length basis at normal commercial rates.

- Others

The amount paid by the Company to MSCS for the year ended 31 December 2021 was \$11,692 (2020: \$102,896). The amounts payable have been in respect of telecommunication charges and miscellaneous payments made by MSCS on behalf of the Company. The amounts have been reimbursed on an arms-length basis at normal commercial rates.

Shepstone & Wylie, a company associated with Debbie Ntombela, one of the Directors, has provided legal services to the Company during 2021. This amount paid by the Company to Shepstone and Wylie for the year ended 31 Dec 2021 was \$362,591 (2020: \$40,739).

Zamadiba Trading and Z Square M.P Empowerment, companies associated with Zamile David Qunya, one of the Directors, has provided executive services and manpower to the Company during 2021. This amount paid by the Company to Zamadiba Trading and Z Square M.P Empowerment for the year ended 31 Dec 2021 was \$140,573, excluding labour payroll costs of site based Z Square employees.

(iii) Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	31 Dec 2021 \$	31 Dec 2020 \$
MSCS	–	82,994
Shepstone & Wylie	68,659	15,877
Zamadiba Trading	48,208	–
Z Square M.P Empowerment	40,923	–

8. 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, remuneration of auditors and changes to accounting policies and procedures.

8.1 Contingent assets and contingent liabilities**(a) 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\$257,668) (Dec 2020: ZAR4,102,989 (US\$280,004)).

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\$20,098) (Dec 2020: ZAR320,000 (US\$21,838)).

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\$25,122) (Dec 2020: ZAR400,000 (US\$27,298)).

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\$21,982) (Dec 2020: ZAR350,000 (US\$23,885)).

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\$954,636) (Dec 2020: ZAR15,200,000 (US\$1,037,309)).

Others

In 2019, the Company received a letter of demand for up to ZAR32,268,000 (US\$2,026,592) (Dec 2020: US\$2,202,098) plus penalty interest of ZAR4,307,083 (US\$270,506) (Dec 2020: US\$293,933), total ZAR36,575,083, relating to diesel fuel rebates claimed from its mining activities over several years. The Company is of the view, based upon independent legal advice obtained, that the Company has been compliant with the respective legislation and therefore the Company 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 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. The Group 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. The Company is pursuing legal proceedings and is confident in its claim. There has been no change since 31 December 2021.

The Company acknowledges that there is a dispute with the former Chief Executive Officer, Mark Caruso (together with an associated entity) which is subject to legal proceedings (consistent with ASX disclosure) to which the company is defending the matter and does not anticipate a material liability.

Other than those mentioned above, there have been no other changes to contingent assets or liabilities since 31 December 2021.

8.2 Other Commitments

Blue Bantry funding support

The Company, via MRCR, and Blue Bantry are both 50% shareholders in MSR, the entity which owns the Tormin Project.

The Company agreed to provide Blue Bantry access to an amount of funding to support the original Tormin Project objectives by advancing through a loan, certain benefits Blue Bantry would expect to receive from the Tormin Project. Blue Bantry will repay the ZAR14,000,000 loan from dividend distributions that it will receive in the future from MSR.

8.3 Events since the end of the financial year

The Company's Chairman, Mr David Baker resigned on 5 January 2022 and Non-Executive Director, Mr Russell Tipper was appointed as the Company's Chairman on 5 January 2022. The Company's CEO, Mr Jacob Deysel was appointed as a director on 5 January 2022.

There have been no other material matters arising subsequent to the end of the financial year.

8.4 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, BDO Tax (WA) Pty Ltd, and their related practices and related firms:

	31 Dec 2021 \$	31 Dec 2020 \$
Audit services		
<i>Audit and review of financial reports</i>		
BDO Audit (WA) Pty Ltd	70,672	86,176
BDO Johannesburg South Africa	44,884	22,555
	115,556	108,731

8.5 Accounting Policies

(a) New standards and interpretations not yet adopted

The Group has not elected to apply any pronouncements before their effective date for the annual reporting period ended 31 December 2021.

A number of new standards, amendments to standards and interpretations are effective for annual period beginning on or after 1 January 2022 and have not been applied in preparing these consolidated financial statements.

The most significant of these are:

- AASB 2020-3 Amendment to AASB 9 – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Part of Annual Improvements 2018–2020 Cycle)
- AASB 2014-10 Amendments to AASs – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2021-5 Amendments to AASs – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- AASB 17 *Insurance Contracts*
- AASB 2020-3 Amendments to AASB 3 – *Reference to the Conceptual Framework*
- AASB 2020-1 Amendments to AASs – *Classification of Liabilities as Current or Non-current*

No other standards, interpretations or amendments which have been issued are expected to have an impact on the Group.



Directors' declaration

The Directors of the Company declare that:

1. The financial statements, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* including;
 - (a) complying with Australian Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
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.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors:



Russell Tipper
Chairman

Dated at Perth, Western Australia this 25th day of February 2022

Independent auditor's report to the members



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INDEPENDENT AUDITOR'S REPORT

To the members of Mineral Commodities Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mineral Commodities Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Mine Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Note 3.2 and 3.3 of the financial report discloses the carrying value of the Group's mine assets, including mine development expenditure and property, plant and equipment, respectively.</p> <p>Mine assets were identified as a key audit matter due to the quantum of the assets and the judgements by management in determining:</p> <ul style="list-style-type: none"> • reserves and resources estimations, including life of mines; • estimation of useful lives of the assets; and • assessment of indicators of impairment at reporting date. 	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • evaluating the Group's amortisation and depreciation policies in accordance with Australian Accounting Standards and relevant accounting interpretations; • testing the mathematical accuracy and application of the amortisation and depreciation rates applied to the carrying values of all mine assets in commercial production and in use, by recalculating amortisation and depreciation for the year; • evaluating the Group's assessment whether there were any indicators of impairment under the Australian Accounting Standards; and • assessing the adequacy of the related disclosures in Note 3.2 and 3.3 the financial report.



Existence and Valuation of Inventory

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Note 4.3 of the financial report discloses the carrying value of the Group's inventory.</p> <p>Inventory was identified as a key audit matter due to the judgements by management in allocating costs to various products of the mining process and the significant balance of spares and consumables at the Tormin mine site.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • performing inventory sighting activities at the Tormin mine site and verifying a sample of inventory items and comparing the quantities/volumes counted to the quantities/volumes recorded; • observing for potential obsolete or damaged items; • obtaining and reviewing third party survey reports of stockpiled finished goods and comparing to volumes recorded. This included assessing the competence and objectivity of the expert used and the adequacy of their work; • reviewing management's inventory model which allocates mining costs to finished product and assessing the methodology and comparing to the accounting policy adopted by the Group; • re-performing the calculation and reconciling inputs used in the inventory model to survey results, production reports, mining costs and sales contracts; • testing a sample of finished product to assess whether they were recorded at the lower of cost and net realisable value; and • assessing the adequacy of the related disclosures in Note 4.3 of the financial report.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 35 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Mineral Commodities Ltd, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in dark ink, appearing to read 'Glyn O'Brien', is written over a faint, light blue BDO logo.

Glyn O'Brien

Director

Perth, 25 February 2022

Statement of corporate governance

The Board of Directors (referred to hereafter as the “Board”) of Mineral Commodities Ltd (referred to hereafter as the “Company” or “MRC”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Statement of Corporate Governance was approved by the Board on 8 April 2022.

In accordance with the Australian Securities Exchange (ASX) Corporate Governance Council’s (“CGC”) “Principles of Good Corporate Governance and Best Practice Recommendations”, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed together with the reasons for the departure.

The Company’s corporate governance practices were in place throughout the year ended 31 December 2021 and are compliant, unless otherwise stated, with the Corporate Governance Council’s principles and recommendations (4th Edition), which are noted below.

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the Board to be effective and add value
- Principle 3. Instill a culture of acting lawfully, ethically and responsibly
- Principle 4. Safeguard the integrity of corporate reports
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of security holders
- Principle 7. Recognise and manage risk
- Principle 8. Remunerate fairly and responsibly

A summary of the corporate governance policies and practices adopted by MRC is set out below.



Role of the Board of Directors

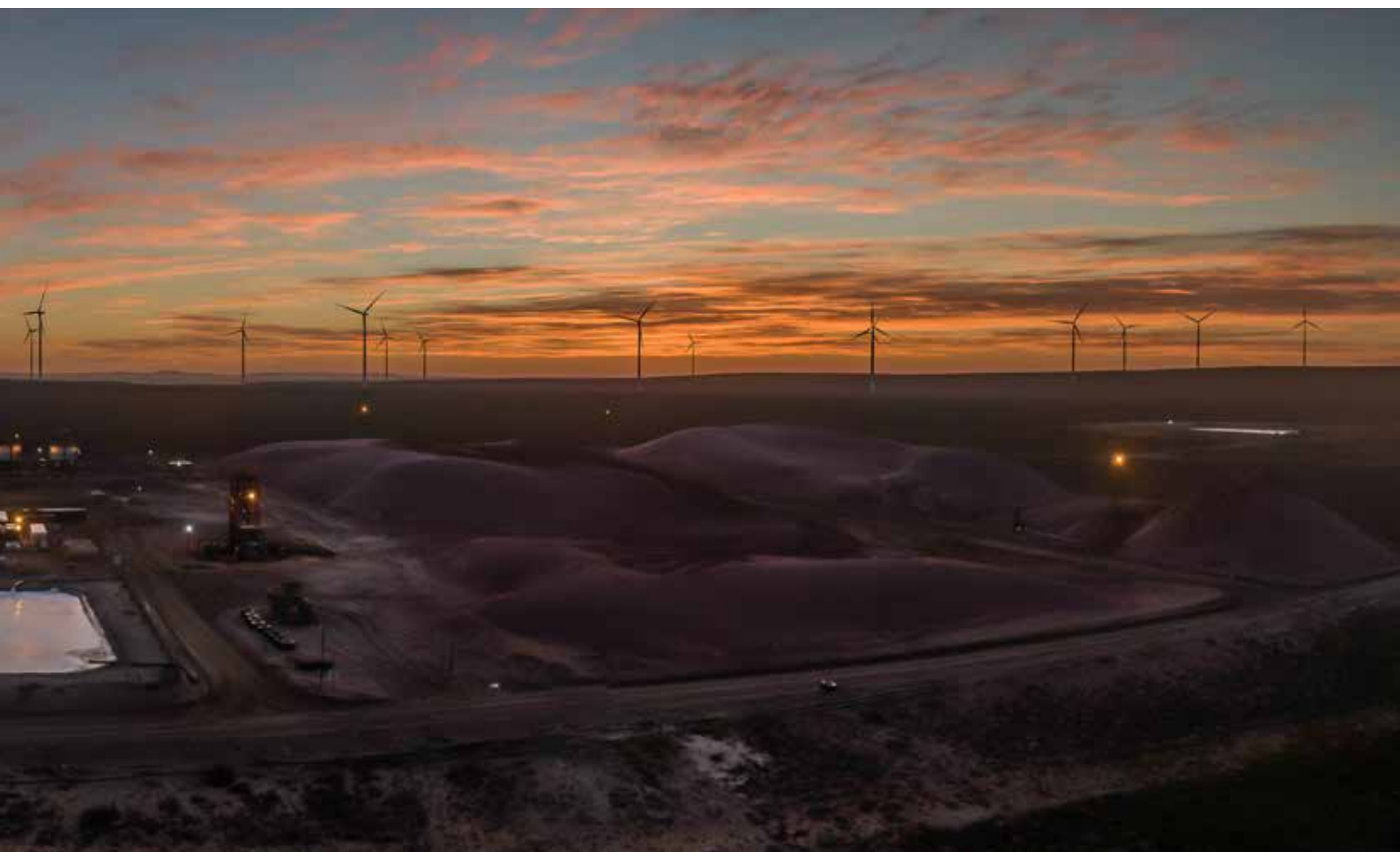
The Board of MRC is responsible for setting the Company's strategic direction and providing effective governance over MRC's affairs in conjunction with the overall supervision of the Company's business with the view of maximising shareholder value. The Board's key responsibilities are to:

- (a) chart the direction, strategies and financial objectives for MRC and monitor the implementation of those policies, strategies and financial objectives;
- (b) monitor compliance with regulatory requirements, ethical standards and external commitments;
- (c) appoint, evaluate the performance of, determine the remuneration of, plan for the succession of and, where appropriate, remove the Chief Executive Officer ("CEO") if in place or similar person acting in the executive capacity; and
- (d) ensure that the Board continues to have the mix of skills and experience necessary to conduct MRC's activities, and that appropriate directors are selected and appointed as required.

In accordance with MRC's Constitution, the Board delegates responsibility for the day-to-day management of MRC to the CEO (subject to any limits of such delegated authority as determined by the Board from time to time). Management as a whole is charged with reporting to the Board on the performance of the Company.

All directors have unrestricted access to the Company Secretary, all employees of the group, and, subject to the law, access to all Company records and information held by group employees and external advisers. The Board receives regular detailed financial and operational reports from senior management to enable it to carry out its duties.

Each director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the director in the proper exercise of powers and discharge of duties as a director or as a member of a Board Committee. The Company will reimburse the director for the reasonable expense of obtaining that advice.



STATEMENT OF CORPORATE GOVERNANCE

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The role of the Company Secretary includes:

- Advising the Board and its Committees on governance matters;
- Monitoring that Board and Committee policy and procedures are followed;
- Coordinating, in unison with the Company, the timely completion and despatch of Board and Committee papers;
- Ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- Helping to organise and facilitate the induction and professional development of directors.

Board structure and composition

The Board currently comprises 5 directors, two of which are independent non-executive directors. Details of each director's skill, expertise and background are contained within the directors' report included with the Company's annual financial statements.

Independence, in this context, is defined to mean a non-executive director who is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of MRC. The definition of independence in ASX Recommendation 2.3 is taken into account for this purpose.

The Board will continue to assess its makeup and will ensure that it continues to have the mix of skills and experience necessary to conduct MRC's activities, and that appropriate directors are selected and appointed as required.

The following tables set out the mix of skills and competencies that the Board currently has:

Board Members' Expertise Analysis

Expertise Areas	No. of Directors – Expert	No. of Directors – General	No. of Directors – Limited
Board and Governance	1	4	0
Executive Experience	4	1	0
Strategic Leadership	5	0	0
Resources Industry Experience	3	2	0
Mineral Sands Industry Experience	1	4	0
Technical – Geological/Engineering	1	1	3
Technical – Processing/Downstream	1	2	2
Finance	1	3	1
Acquisitions and Mergers	0	2	3
Capital Management	2	1	2
Legal	1	4	0
Health and Safety	3	2	0
Environment and Sustainability	3	1	1
Marketing	1	2	2
Sustainable Development	2	1	2
Project Management	4	1	0

Board Members' Key Competencies Analysis

Key Competency Areas	No. of Directors – Expert	No. of Directors – General	No. of Directors – Limited
Managing People and Achieving Change	4	1	0
Government Relations	3	1	1
Public Policy	2	1	2
Community Relations	3	1	1
African Business	2	2	1
Contracting	0	3	2
Risk Management	2	2	1
Audit/Reporting	1	3	1
Remuneration	1	3	1

Description and Definition of Expertise and Competency Areas

Expertise/Competency	Definition
Previous Board Experience and Governance	Serving on boards of varying size and composition, in varying industries and for a range of organisations. Implementing high standards of governance in a major organisation that is subject to rigorous governance standards and identifying key issues for an organisation and developing appropriate policy parameters within which the organisation should operate.
Board and Governance	The essential governance knowledge and understanding all directors should possess or develop if they are to be effective board members. Includes some specific technical competencies as applied at board level.
Executive Leadership	Experience in evaluating the performance of senior management, overseeing strategic human capital planning, industrial relations, organisational change management and sustainable success in business at a senior level.
Strategic Leadership	Identifying and critically assessing strategic opportunities and threats to an organisation and developing and implementing successful strategies in context to the organisation's policies and business objectives.
Resources Industry Experience	Experience in the resources industry, including broad knowledge of exploration, operations, project development, markets, shipping and competitors.
Mineral Sands Industry Experience	Specific experience in the mineral sands industry, including an in-depth knowledge of exploration, operations, project development, markets, shipping, competitors and relevant technology.
Technical Experience– Geological/Engineering	Experience in the development and exploration of geological potential, ore body interpretation, mine viability and mining engineering-related fields more generally.
Technical Experience– Processing/Downstream	Experience in managing processing and downstream value-adding strategies for concentrate materials within the anode materials or mineral sands sectors.
Finance	Senior executive or other relevant experience in financial accounting and reporting, internal financial and risk controls, corporate finance and restructuring corporate transactions and project financing.
Mergers & Acquisitions	Experience managing, directing or advising on mergers, acquisitions, divestments and portfolio optimisations.

STATEMENT OF CORPORATE GOVERNANCE

Expertise/Competency	Definition
Capital Management	Experience with companies and projects involving contractual negotiations, project management, significant capital outlays and long investment horizons.
Legal	The board's responsibility involves overseeing compliance with numerous laws as well as understanding an individual director's legal duties and responsibilities.
Health and Safety	Experience in identifying health and safety issues, developing solutions, implementing processes, policies and procedures and verifying deliverables.
Sustainable Development	Senior management or equivalent experience in workplace health and safety, environmental and social responsibility, community relations and organisational governance.
Marketing	Experience in marketing and the development, coordination and implementation of strategic marketing plans and opportunities, including pricing, promotion, branding, product design and distribution.
Project Management	Project management experience relating to construction and development projects within the mining sector, both in Australia and internationally.
Managing People and Achieving Change	Including experience as either a CEO or senior member of a management team in a similar or larger sized organisation.
Government Relations	Senior management or equivalent experience working in diverse international political, cultural, regulatory and business environments.
Public Policy	Demonstrated multidisciplinary understanding of the role of government in economic activity and public administration and governance.
Community Relations	Experience managing the community relations for the purpose of building effective communication, enhancing relationships and ensuring high quality community service to achieve agreed goals.
African Business Experience	Experience in the successful development and operation of reputable businesses in Africa.
Risk Management	Experience working with and applying broad risk management frameworks in various jurisdictions, regulatory or business environments, identifying key risks to an organisation, monitoring risks and compliance, and knowledge of legal and regulatory requirements.
Audit/Reporting	Experience in comprehending the company accounts, financial material presented to the board, financial reporting and audit requirements.
Remuneration	Remuneration and/or nomination committee membership or management experience in relation to succession planning, remuneration, talent management (including incentive programs and superannuation) and the legislative and contractual framework governing remuneration.

Details of directors' shareholdings are disclosed in the directors' report and financial report. There are no retirement schemes other than the payment of statutory superannuation contributions.

Between 1 January 2021 and 31 December 2021

Any equity-based compensation of directors is required to be approved in advance by shareholders.

The roles of Chairman and CEO are separated. The Chair position of the Company is filled by an Independent Non-Executive Director.

The CEO is responsible for supervising the management of the business as designated by the Board.

The Company's non-executive directors may not hold office for a continuous period in excess of three years or past the third annual general meeting following their appointment, whichever is longer, without submitting for re-election. Directors are elected or re-elected, as the case may be, by shareholders in a general meeting. Directors may offer themselves for re-election. A director appointed by the directors (e.g. to fill a casual vacancy) will hold office only until the conclusion of the next annual general meeting of MRC but is eligible for re-election at that meeting.

The process for retirement by rotation and re-election of a director is set down in the Company's Constitution. If a retiring director nominates for re-election, the Board, through the Remuneration and Nomination Committee, will assess the performance of that director in their absence and determine whether the Board will recommend that a shareholder vote in favour of the re-election, or otherwise.

Details of each director standing for re-election, including their biographical details, relevant qualifications, experience and the skills, and other material directorships they bring to the Board are provided to shareholders to assess prior to voting on their re-election.

For new appointments, the Board, through the Remuneration and Nomination Committee, identifies candidates with the appropriate expertise and experience, having regard to the weighted list of required directors' competencies as maintained by the Company. The Board will appoint the most suitable candidate, but the shareholders at the next annual general meeting of the Company must ratify the appointment. Shareholders are provided with all material information in the Notice of Annual General Meeting relevant to a decision on whether or not to elect or re-elect a director.

The Board will ensure appropriate checks are undertaken prior to making any new Board appointments. These will include checks as to the person's character, experience, education, criminal record and bankruptcy history.

The key terms, conditions and requirements are set out in a standard letter of appointment. New directors will be provided with an induction program specifically tailored to the needs of individual appointees. The program includes meetings with major shareholders, one-on-one meetings with the members of the management team and visits to key sites.

Directors are also encouraged to participate in continual improvement programs and are expected to highlight areas of activity that could potentially be improved.

Under the Company's Constitution, voting requires a simple majority of the Board. The Chairman holds a casting vote.

The Company has procedures enabling any director or committee of the Board to seek external professional advice as considered necessary, at the Company's expense, subject to prior consultation with the Chairman. A copy of any advice sought by a director would be made available to all directors.

Board and management effectiveness

Responsibility for the overall direction and management of the Company, its corporate governance and the internal workings of the Company rests with the Board notwithstanding the delegation of certain functions to the CEO and management generally (such delegation effected at all times in accordance with the Company's Constitution and its corporate governance policies).

An evaluation procedure in relation to the Board, individual directors, Board Committees and Company executives has been adopted by the Board. An evaluation procedure took place immediately following the year-end. The evaluation of the Board as a whole is facilitated through the use of a questionnaire required to be completed by each Board Member, the results of which are summarised and discussed with the Chairman of the Board and tabled for discussion at a Board Meeting. Similarly, each individual director is required to self-assess his/her performance and to discuss the results with the Chairman. The same procedure is undertaken for the Audit, Compliance and Risk Committee and the Remuneration and Nomination Committee.

To ensure management, as well as Board, effectiveness, the Board, through the Remuneration and Nomination Committee, has direct responsibility for evaluating the performance of the CEO. An evaluation of the CEO was undertaken in respect to the 2021 financial year to consider their performance against short term incentives. The review was undertaken by the Chairman of the Remuneration and Nomination Committee and involved the review of the CEO's performance against set criteria and discussed with the CEO. The results of the review were then tabled at a meeting of the Remuneration and Nomination Committee and a summary provided to the Board of the Company.

Financial Reporting, Internal Control and Risk Management

The Board has overall responsibility for the Company's systems of internal control. These systems are designed to ensure effective and efficient operations, including financial reporting and compliance with laws and regulation, with a view to managing risk of failure to achieve business objectives. It must be recognized however that internal control systems provide only reasonable and not absolute assurance against the risk of material loss.

The Board reviews the financial position of the Company on a monthly basis. For annual and half yearly financial statements, the CEO and the Chief Financial Officer ("CFO") are required to state in writing that the Company's financial reports:

- present a true and fair view, in all material respects, of the Company's financial condition and operational results in accordance with the relevant accounting standards; and
- are founded on a system of risk management and internal compliance and control and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Management reports to the Board on the effectiveness of the Company's management of material business risk through the provision of regular risk reports to the Board via the Audit, Compliance and Risk Committee. Each reportable risk is discussed ensuring appropriate mitigation strategies are implemented by the Group. Management and the Board interact on a day to day basis and risk is continually considered across the financial, operational and organisational aspects of the Company's business. The Company considers the overall risk framework at each Audit Compliance and Risk Committee Meeting and will continue to monitor, assess and report its business risks.

The following are key risk areas that could have a material impact on the Company and its ability to achieve its objectives. These are not the only risks associated with the Company and there may be others from time to time that may also adversely affect future performance.

- **Country Risk:** The Company's current primary assets are located in South Africa and Norway. Potential changes in fiscal or regulatory regimes in South Africa and Norway may adversely affect the Company. The Company must also comply with local laws and administrative process which are subject to potential amendments from time to time. The Company adopts processes to mitigate these risks and continues to explore other opportunities in other jurisdictions to diversify its asset holdings.
- **Business Continuity Risk:** Various circumstances may arise which may lead to shut downs in operations, including plant failure, industrial action, in-country unrest, natural disasters, pandemics such as COVID-19, and continuance of licenses. Management and the Board continually assess these risks and ensure all appropriate mitigating actions are put in place. This is underpinned by various policies currently in place, and in respect to licences, continued stakeholder engagement.
- **Financial Risks:** Like all mining entities, the Company faces risks relating to movement in interest rates, foreign exchange rates, and access to funds. The Company maintains tight treasury controls and budget processes. Other financial risks are reported in the financial statements.
- **Product Risk:** The pricing of the Company's products are subject to many global factors. The Company actively markets its products itself in order to achieve the maximum possible value based on the prevailing market conditions. The Company is also assessing investment in downstream processing to add value to its concentrate products.
- **Development Risk:** The Company continues to assess other projects. A failure to develop a project or seek alternate projects could impact the long-term profitability and financial position of the Company. The Board continues to assess the progress of the Xolobeni Mineral Sands Project, will continue with its intention to develop the Munglinup Graphite Project, and will continue to review other opportunities in order to extend the Company's operations beyond the existing assets.

The Company does not presently have an internal audit function. This is mitigated by the Board, through the Audit, Compliance and Risk Committee implementing the matters set out above in respect to risk and management, and having a primary responsibility to ensure that:

- The Company presents and publishes accounts, which present a true and fair view of its results and financial position;
- The accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws; and
- The appointment and performance of the external auditor is appropriately monitored to ensure independence and the serving of the interests of shareholders.

This requirement is assisted by the formal sign off from the CEO and CFO as noted above.

Committees of the Board of Directors

The Board has two permanent Board committees to assist the Board in the performance of its functions:

- (a) the Audit, Compliance and Risk Committee; and
- (b) the Remuneration and Nomination Committee.

Each committee has a charter, which sets out the Committee's purpose and responsibilities. The Committees are described further below.

Audit, Compliance and Risk Committee

The purpose of the Audit, Compliance and Risk Committee is to provide assistance to the Board in its review of:

- (a) MRC's financial reporting, internal control structure and risk management systems;
- (b) the internal and external audit functions; and
- (c) MRC's compliance with legal and regulatory requirements in relation to the above.

The Audit, Compliance and Risk Committee has specific responsibilities in relation to MRC's financial reporting process; the assessment of accounting, financial and internal controls; the appointment of external auditor; the assessment of the external audit; the independence of the external auditor; and setting the scope of the external audit.

The Company's external auditor is required to attend to the Company's annual general meeting and make themselves available to answer questions from security holders relevant to the audit.

The Audit, Compliance and Risk Committee Charter provides that the Committee must comprise at least three non-executive directors that have diverse, complementary backgrounds, with two independent non-executive directors.

While the Chairman of the Audit, Compliance and Risk Committee is not technically classified as an independent non-executive director, Mr Walker has the most appropriate competencies, expertise and experience necessary to fulfill the role of Chairman of the Audit, Compliance and Risk Committee.

The members of the Audit, Compliance and Risk Committee are: Mr Walker (Chairman), Mr Tipper, Mr Qunya and Ms Ntombela.

Remuneration and Nomination Committee

The purpose of the Remuneration and Nomination Committee is to discharge the Board's responsibilities relating to the nomination and selection of directors and the compensation of the Company's executives and directors.

The key responsibilities of the Remuneration and Nomination Committee are to:

- (a) ensure the establishment and maintenance of a formal and transparent procedure for the selection and appointment of new directors to the Board; and
- (b) establish transparent and coherent remuneration policies and practices, which will enable MRC to attract, retain and motivate executives and directors who will create value for shareholders and to fairly and responsibly reward executives.

The Remuneration and Nomination Committee Charter provides that the Committee must comprise at least three non-executive directors, two of which must be independent non-executive Directors. The Chairman of the Remuneration and Nomination Committee must be an independent non-executive director.

The members of the Remuneration and Nomination Committee are: Mr Tipper (Chairman), Mr Walker and Ms Ntombela.

The remuneration policy which sets out the terms and conditions for the CEO and other senior executives is set out in the Remuneration Report included in the Directors' Report.

Timely and balanced disclosure

The Company is committed to promoting investor confidence and ensuring that shareholders and the market have equal access to information and are provided with timely and balanced disclosure of all material matters concerning the Company. Additionally, the Company recognises its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Company's shareholders are responsible for voting on the appointment of directors. The Board informs shareholders of all major developments affecting the Company by:

- Preparing half yearly and annual financial reports and making these available to all shareholders;
- Preparing quarterly activity reports;
- Advising the market of matters requiring disclosure under Australian Securities Exchange Continuous Disclosure Rules;
- Maintaining a record of significant ASX announcements on the Company's website;
- Submitting proposed major changes in the Company's affairs to a vote of shareholders, as required by the Corporations Act;
- Reporting to shareholders at annual general meetings on the Company's activities during the year. All shareholders that are unable to attend these meetings are encouraged to communicate issues or ask questions by writing to the Company;
- Security holders are given the option to receive communications from, and send communications to, the Company and its share registry electronically; and
- Undertaking various presentations to discuss the Company's activities, copies of which are released to the ASX ahead of the presentations.

The Company has adopted a formal disclosure policy. The Board and management are aware of their responsibilities in respect of identifying material information and coordinating disclosure of that information where required by the ASX Listing Rules.

The Board receives copies of all material announcements promptly after they have been made and in most instances require the prior consent of the Board ahead of release.

Ethical and responsible decision-making

Code of Conduct

The Board has created a framework for managing the Company including internal controls, business risk management processes and appropriate ethical standards. The Board recognises that our operations have direct and indirect social and environmental impacts.

The Board has adopted practices for maintaining confidence in the Company's integrity including promoting integrity, trust, fairness and honesty in the way employees and directors conduct themselves and MRC's business, avoiding conflicts of interest and not misusing company resources. A formal Code of Conduct was adopted in February 2013.

Whistle Blower Policy

The Company is committed to maintaining a high standard of integrity, investor confidence and good corporate governance. The Company has a whistle blower policy which is aimed at implementing these commitments including ensuring compliance with the Corporations Act and details the framework for receiving, investigating and addressing allegations of Reportable Conduct where that Reportable Conduct concerns the activities of the Company, or its current or former directors, officers, agents, employees and contractors.

The purpose of the policy is to:

- Encourage the reporting of matters that may cause harm to individuals or financial or non-financial loss to MRC or damage to its reputation;
- Enable the Company to deal with reports from Whistleblowers in a way that will protect the identity of the Whistleblower;
- Provide for the appropriate infrastructure; and
- Help to ensure the Company maintains the highest standards of ethical behaviour and integrity

STATEMENT OF CORPORATE GOVERNANCE

Anti-bribery and corruption policy

The Company has an anti-bribery and corruption policy which assists with the Company's commitment to conducting its business and activities with integrity. A copy of the policy can be viewed on the Company's website under the Corporate Governance section.

Sustainability

The Board is committed to supporting the sustainability of the natural environment, the people who rely on that environment, and to ensuring the health and safety of our workforce and the communities in which we operate.

Our responsibility is to conduct business in a manner that uses best practices to minimise the effects of our operations on the environment, to actively promote the sustainability of local communities, and to provide a safe workplace for all employees, contractors and visitors.

Our goal is to manage these impacts so we can better manage the risks and enhance our company's reputation in environmental sustainability.

Diversity

The Company employs a broad mix of individuals reflecting its philosophy of hiring the best candidate for all positions at all levels irrespective of race, religion or gender. In terms of the composition of the Board and Board nominations, the Board considers the Australian Securities Exchange Corporate Governance Principles as part of the overall Board appointment process of determining the composition of the Board that is the most appropriate for the Group.

The Company has implemented a diversity policy. The objective of the policy is for the Company to embrace the diversity of skills, ideas and experiences of an individual and recognise that a workforce is made up of people with differences in age, gender, sexual orientation, disability, religion or national origin or social origin contributes to MRC's success and organisational strength. It ensures all employees are treated with fairness and respect.

MRC is committed to embedding a corporate culture that embraces diversity through:

- Recruitment on the basis of competence and performance and selection of candidates from a diverse pool of qualified candidates;
- Maintaining selection criteria that does not indirectly disadvantage people from certain groups;
- Providing equal employment opportunities through performance and flexible working practices;
- Maintaining a safe working environment and supportive culture by taking action against inappropriate workplace and business behaviour that is deemed as unlawful (discrimination, harassment, bullying, vilification and victimisation);
- Promoting diversity across all levels of the business;
- Undertaking diversity initiatives and measuring their success;
- Regularly surveying our work climate; and
- The Board establishing measurable objectives in achieving gender diversity.

The Company currently employs 378 staff, with 76 females, representing 20%. There is one female director. The Company has not yet set any measurable objectives however it has an extensive social and labour plan in South Africa which addresses these diversity objectives.

The development of people is the fundamental principle, enshrined in the business strategy. The Company provides opportunities and resources for employees to be fully developed in job disciplines that form part of the occupational structures of the operating subsidiaries. These opportunities pervade throughout and are not limited to a specific department or level.

The Company ensures that the highest calibre of management is of great importance to sustain the business.

The Company will assist employees in achieving their potential by supporting and mentoring them in their development. At the same time, meticulous attention is given to the requirements of the legislation applicable thereto.

Regional and local economic development/socio-economic development

The Company's wholly-owned subsidiary, Mineral Sands Resources (Pty) Ltd ("MSR"), is committed to contributing to the socio-economic activities of the immediate community and the region. Although the primary objective is to mine heavy mineral sands from the Tormin Mineral Sands Operation for the international and local markets, the business is managed in a manner that embodies value-added compliance with all relevant legislative requirements and socio-economic responsibilities.

MSR's management will always endeavour to offer job opportunities to the local community and the labour sending area from which labour is sourced, Xolobeni, by the creation of direct and indirect jobs wherever the required skills and experience are present or developed. MSR will continue to afford job opportunities to the members of the local community and the labour sending area where such individuals meet the necessary recruitment criteria.

The promotion of local and Xolobeni sustainable development is a core objective of MSR's Social & Labour Plan (SLP) and, as such, may be used as a general indicator of the success of this SLP. This performance indicator should focus particularly on the prevalence of livelihood opportunities for local people and Xolobeni people after mine closure, compared with the situation before the commencement of the operation.

The Company's Skaland Operation and has a historical regional operational continuance for over 100 years. The social economic benefits of the mine are integral to the local community's sustainability, as such the Company is committed to investing in local employment and continuous training and upskilling to ensure ongoing balanced viability of the Mine's future operations and the local community.

Securities Trading Policy

A Securities Trading Policy has been adopted by the Board to set a standard of conduct, which demonstrates the Company's commitment to ensuring awareness of the insider trading laws, and that employees and directors comply with those laws.

The Securities Trading Policy imposes additional share trading restrictions on directors, the Company Secretary, executives and employees involved in monthly financial accounting processes ("specified persons").

Under the Securities Trading Policy, specified persons are only permitted to buy and sell securities if they do not possess non-public price sensitive information and trading occurs outside of specified restricted periods. These periods are the periods commencing on the first day of the month before the end of the half-year or full year period and ending on the next business day after the announcement of the results for that period. In addition, before a specified person can deal in the Company's securities they must obtain clearance from the appropriate officer, confirming that there is no reason why they cannot trade.

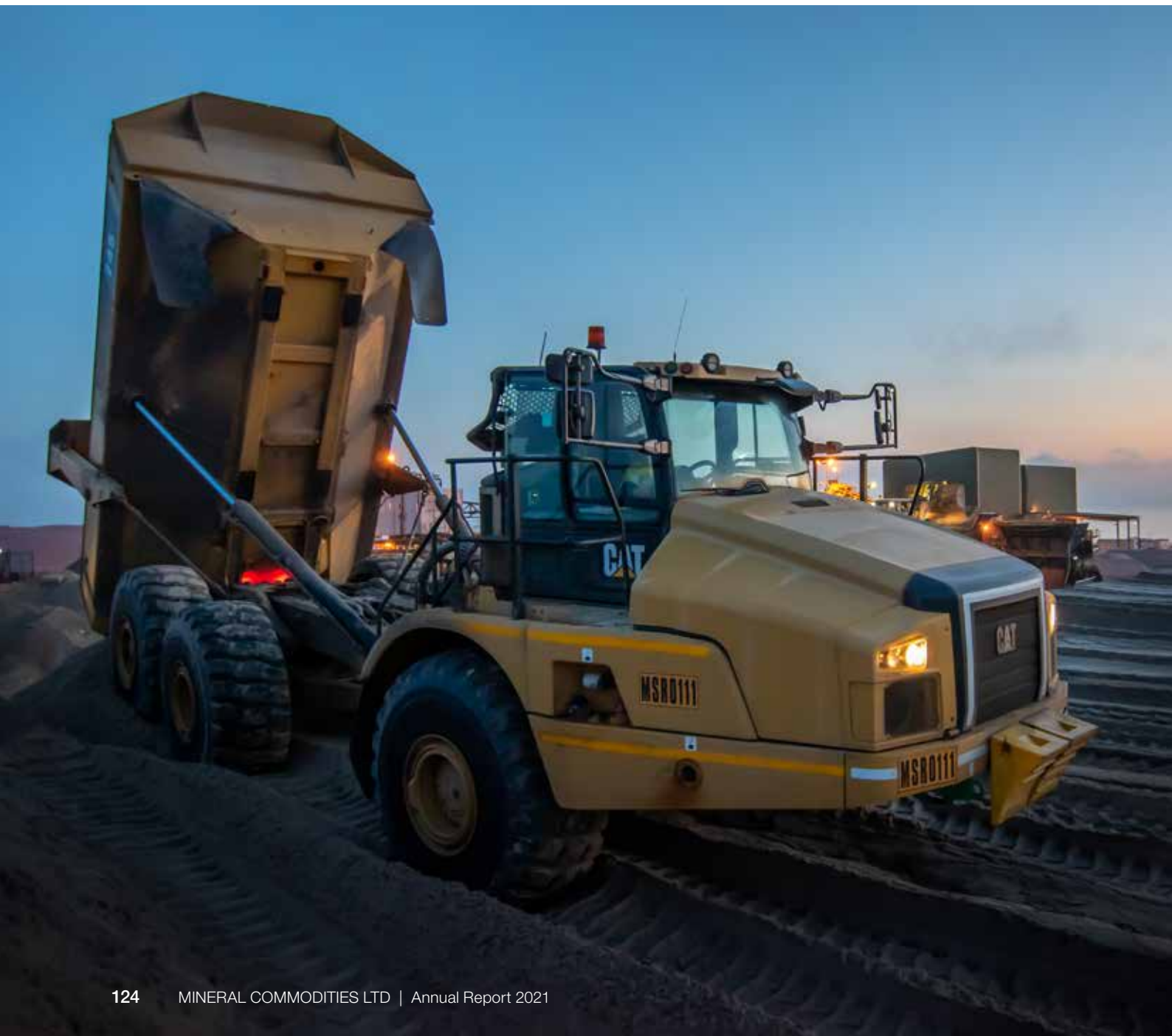
Other Information

The ASX guidelines also prescribe that the Company should maintain a dedicated corporate governance information section on its website. Such a dedicated information section is available on the Company's website.

Mineral Resource and Ore Reserves statement

The Company reviews its Mineral Resources and Ore Reserves as at 31 December each year.

The Company considers any additional exploration or depletion of its resources that would have a bearing on the total resource and reserve reported. The 2021 Annual Resource and Ore Reserve Statement was included in the Company's ASX release on 28 February 2022.



MINING AND PROSPECTING RIGHTS

The Company holds the following mining and prospecting rights:

Country	Location	Right/Tenement Number	Type of Right/ Tenement	Status	Registered Interest (Beneficial Interest)
South Africa	Tormin – expansion	162&163 EM	Mining	Granted	50%
	Tormin – Steenvas	(WC)30/5/1/2/2/162 MR (10108 MR)	Mining	Granted	50%
	Tormin – North and South	(WC)30/5/1/2/2/163 MR (10107 MR)	Mining	Granted	50%
	Tormin – Surf Zone	(WC)30/5/1/1/2/10036 PR (10276 PR)	Prospecting	Granted – subject to renewal application	50%
	Tormin – Offshore	(WC)30/5/1/1/2/10199 PR (10343 PR)	Prospecting	Granted	50%
	Tormin – De Punt	(WC)30/5/1/1/2/10240 PR	Prospecting	EA granted	50%
	Tormin – Northern Beaches Graauw Duinen	(WC)30/5/1/1/2/10261 PR	Prospecting	Granted	50%
	Tormin – Geelwal Karoo	(WC)30/5/1/1/2/10262 PR	Prospecting	Granted	50%
	Tormin – Klipvley Karoo Kop	(WC)30/5/1/1/2/10307 PR (10348 PR)	Prospecting	Under application	50%
	Tormin – Geelwal Karoo & De Punt	(WC)30/5/1/1/2/10308 PR (10349 PR)	Prospecting	Under application	50%
Australia	Xolobeni – Kwanyana block	EC30/5/1/1/2/10025 PR	Prospecting	Subject to moratorium – Converting to Mining Right	56%
	Xolobeni	EC30/5/1/1/2/10025 MR	Mining	Subject to moratorium – Under Application	56%
	Doolgunna	E51/1766	Exploration	Granted	0% (Option to earn-in to 90%)
	Doolgunna – Bone	E51/1770	Exploration	Granted	0% (Option to earn-in to 90%)
	Paynes Find	M59/714	Mining	Granted	100% (90%)
	Munglinup	M74/245	Mining	Granted	51% (Option to acquire 90%)
	Munglinup	E74/505	Exploration	Granted	51% (Option to acquire 90%)
	Munglinup	E74/565	Exploration	Granted	100%
	Munglinup	E74/702	Exploration	Granted	100%
	Traelen	Gnr./Bnr.5421-306/1,5421-306/2 and 5421-307/1 in Berg	Expropriation of Mining Rights on specified land parcels	Granted	90%
Norway	Mount Bukken	Gnr. 90/Bnr. 2	Exploration	[Registration pending]	90%
	Vardfjellet/Hesten	Gnr. 124/Bnr. 1	Exploration	[Registration pending]	90%

MINERAL RESOURCE AND ORE RESERVES STATEMENT

MINERAL RESOURCES

As at 31 December 2021, Group Mineral Resources includes:

- 562 million tonnes at 6.6% THM including 37 million tonnes of in situ heavy mineral across its Tormin Mineral Sands Operation and Xolobeni Mineral Sands Project.
- 9.83 million tonnes at 14.3% TGC and contained 1.4 million tonnes of graphite across its Munglinup Graphite Project and Skaland Graphite Operation.

This represents an increase of approximately 106 million tonnes of heavy mineral resources and a 0.08 million tonnes of graphite resources compared with the estimate at the same time last year. Mineral Resources are reported inclusive of Ore Reserves.

MINERAL SANDS RESOURCES

The Tormin Mineral Sands Operation is located on the west coast of South Africa, approximately 360 km north of Cape Town.

- **Tormin Beaches** is a high grade placer beach mineral sands deposit hosting naturally occurring zircon, ilmenite, rutile, magnetite and garnet. The Company is mining a Heavy Mineral Sands (“HMS”) deposit located in a dynamic and actively changing coastal beach environment. Due to the constant wave action and high tidal flooding of the mining areas, replenishment of HMS material is taking place in mined and disturbed areas.

Mining has now been ongoing for eight years and a total of 15 million tonnes of material has been processed. The tonnage processed is more than the declared resource tonnage, which is indicative of the replenishing nature of the resource where resource blocks are mined more than once. As the mining rate is faster than the replenishment rate, the resource grade has been steadily diminishing over the past eight years.

The Company provided its Tormin Beaches Annual Resource Update to the market on 28 February 2022, recognising a resource of 1.1 million tonnes at 8.98 % THM, using a 2% heavy mineral cut-off grade based on the JORC Code (2012).

- **Northern Beaches** incorporate ten beaches directly north of and adjoining the Tormin Beaches. The areas unite semi-continuous tenements approximately 23.5 kilometres in length, covering an area of 398 hectares of beach sands prospective for zircon, rutile, ilmenite, garnet, leucoxene and magnetite. Like the Tormin Beaches, this deposit is located on an active placer beach undergoing continuous replenishment from oceanic storm and wave activity. The heavy minerals in the beach are constantly replenished by the transport of new sediment from deeper waters, much of which has been derived from the erosion of deposits accumulated in the elevated historic beach terraces onto the present beach.

In 2021, beaches 7 and 10 were mined and a total of 1.34 Mt of ore mined out from the Northern Beaches. For the annual mineral resource audit, a total of 130 holes (345.5m) were drilled in beaches 7 and 10 on a regular 50m x 25m grid. Total Mineral Resource for the Northern Beaches is estimated at 2.4 million tonnes at 21.61% THM in the category of Measured, Indicated and Inferred using a 2% cut-off.

- **Inland Strand** incorporates an area approximately 12 km in length covering 1741 hectares of coastal area immediately adjacent to the existing mining operations on the Company-owned farm Geelwal Karoo 262. The Inland Strand mining areas granted under the Expanded Mining Right (162&163 EMR) in mid-2020 include two areas approximately 5.6 kilometres in total length, covering 75 hectares of high-grade mineralisation.

The updated JORC compliant resource Mineral Resource of Western Strandline was estimated in December 2021 at 193.2 million tonnes at 9.58% THM for 18.5 Mt of contained Heavy Mineral using a 2% cut-off and was reported on December 2021. Mining commenced in the Western Strandline in September 2020 with 1.6 Mt mined from the Southern pit and 0.45 Mt has been stockpiled by the end of 2021 but not processed. This material was depleted from the mineral resources and reported as a stockpile.

Moreover, a maiden Mineral Resource of Eastern Strandline is estimated at 19.5 million tonnes at 3.3% THM in the categories of Indicated and Inferred using a 2% THM cut-off grade. This maiden Mineral Resource demonstrates the prospectivity of the inland strandline areas and underscores the Company’s strategy of growing the resources for mineral processing expansion

MINERAL RESOURCE AND ORE RESERVES STATEMENT

The Xolobeni Mineral Sands Project is located in the Eastern Cape province of South Africa approximately 300 km north of East London and 200 km south of Durban.

Mineral resource is estimated at 346 million tonnes at 5.0% THM, with 54% ilmenite in THM. The Xolobeni project is currently subject to a Department of Mineral Resources (“DMR”) mandated moratorium in South Africa. Any potential development timetable is unknown and subject to the outcome of this moratorium. No exploration or production activity has been carried out at Xolobeni during the year and mineral resource remain consistent with that reported for the period ending 31 December 2020.

Total Mineral Resources of Heavy Mineral Sand based on mined material reconciliation as at 31 December 2021.

Project	Category	Resource (Mt)	THM (%)	In Situ THM (Mt)	Zircon (%HM)	Garnet (%HM)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)
Tormin Beaches	Measured	1.1	9.11	0.1	3.18	52.36	7.14	1.32	0.22	0.33
	Indicated	0.07	7.13	<0.01	3.23	50.91	5.61	1.40	0.28	0.42
	Total	1.1	8.98	0.1	3.12	52.34	7.13	1.34	0.22	0.33
Northern Beaches	Measured	1.48	22.83	0.34	3.55	55.98	10.42	1.36	0.26	0.57
	Indicated	0.75	20.80	0.15	3.29	69.75	9.05	1.34	0.28	0.37
	Inferred	0.2	15.58	0.03	3.12	60.54	5.89	0.99	0.22	0.41
	Total	2.4	21.61	0.5	3.48	60.62	9.94	1.35	0.26	0.51
Western Strandline	Measured	32.7	19.21	6.2	1.82	12.49	7.91	1.09	0.21	0.52
	Indicated	39.7	9.48	3.7	1.05	14.77	3.80	0.84	0.21	0.74
	Inferred	119.2	6.93	8.2	2.60	10.68	18.04	1.44	0.29	0.43
	Stockpile	1.6	12.84	0.2	4.21	18.85	25.78	1.95	0.39	0.78
	Total	193.2	9.58	18.5	2.16	11.89	13.46	1.26	0.25	0.51
Eastern Strandline	Indicated	1.9	5.34	0.1	6.12	15.71	35.44	7.73	0.92	0.89
	Inferred	17.5	3.13	0.5	6.35	14.39	36.74	6.09	1.19	0.51
	Total	19.5	3.36	0.6	6.32	14.52	36.60	6.25	1.16	0.57
Xolobeni	Measured	224	5.7	12.76			54.5			
	Indicated	104	4.1	4.26			53.7			
	Inferred	18	2.3	0.41			69.4			
	Total	346.0	5.0	17.3			54			
Grand Total		562.2	6.6	37			39.1			

- Mineral assemblage reported as in situ percentage of THM content.
- Tonnes and grades numbers may not compute due to rounding.
- 2% THM cut-off grade used for Tormin Beaches, Northern Beaches and Western and Eastern Strandline.
- 1% THM cut-off grade used for Xolobeni.

MINERAL RESOURCE AND ORE RESERVES STATEMENT

GRAPHITE RESOURCES

The Skaland Graphite Operation is located on the Island of Senja in northern Norway. The updated JORC Code (2012) compliant resource of 1.84 million tonnes at 23.6% TGC in the categories of Measured, Indicated and Inferred for 434 kt of contained graphite using a 10% cut-off was reported in November 2021 for the Trælen deposit.

The Munmlinup Graphite Project is located in the South Coast region of Western Australia, approximately 107 km west of Esperance. On 8 January 2020, a JORC Code (2012) compliant Mineral Resource of 7.99 million tonnes at 12.2% TGC in the category of Indicated and Inferred using a 5% cut-off was reported. The Mineral Resource of Munmlinup remain unchanged since the release in January 2020.

Total Mineral Resources of Graphite based on mined material reconciliation at 31 December 2021.

Project	Category	Resource (Mt)	Total Graphitic Carbon (%)	Contained Graphite (Mt)
Skaland	Measured	0.06	30.2	0.02
	Indicated	0.71	25.2	0.18
	Inferred	1.05	22.0	0.23
	Total	1.84	23.6	0.43
Munmlinup	Indicated	4.49	13.1	0.58
	Inferred	3.50	11.0	0.38
	Total	7.99	12.2	0.97
Grand Total		9.83	14.3	1.40

- Tonnes and grade numbers may not compute due to rounding.
- 10% THM cut-off grade used for Skaland.
- 5% THM cut-off grade used for Munmlinup.

ORE RESERVES

As at 31 December 2021, Group Ore Reserves of graphite is estimated to contain 4.88 million tonnes of 14.3% TGC. This represents an increase of 0.64 million tonnes of graphite ore compared with the estimate at the same time last year.

Ore Reserve of Munglinup was reported in January 2020, contain 4.24 million tonnes of 12.8% TGC. Also reported are in-pit resources (inferred resources that will be mined as part of the design but do not constitute part of the ore reserves) of 2.75 million tonnes @ 11.1% TGC. Ore Reserve of Munglinup remain unchanged since 2020.

In November 2021, Maiden Ore Reserve of Skaland is estimated at 0.64 million tonnes at 24.8% TGC in the category of proven and probable.

Total Ore Reserves of Graphite at 31 December 2021.

Project	Category	Tonnes (Mt)	Total Graphitic Carbon (%)
Skaland	Proven	0.05	27.8
	Probable	0.58	24.6
	Total	0.64	24.8
Munglinup	Proven		
	Probable	4.24	12.8
	Total	4.24	12.8
Grand Total		4.88	14.3

- Ore Reserve uses a variable cut-off grade.
- Ore Reserves are a sub-set of Mineral Resources.

MINERAL RESOURCE AND ORE RESERVE GOVERNANCE

Mineral Resources and where applicable, Ore Reserves, are estimated by suitably qualified persons in accordance with the JORC Code and the ASX Listing Rules, using industry standard techniques. Mineral Resource estimates and supporting documentation are reviewed by external Competent Persons. Any amendments to the Mineral Resources and Ore Reserves Statement to be included in the Annual Report are reviewed by suitably qualified Competent Persons. All Competent Persons have sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person in accordance with the JORC Code (2012). Each Competent Person consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

Shareholder information

Additional information required by the Australian Securities Exchange Ltd Listing Rules and not disclosed elsewhere in this report. This information is current as at 12 April 2022.

Twenty Largest Shareholders

Rank	Name	12 Apr 2022	%IC
1	AU MINING LIMITED	150,674,160	28.14
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	117,883,318	22.02
3	CITICORP NOMINEES PTY LIMITED	81,163,089	15.16
4	SIMTO RESOURCES PTY LTD	55,401,497	10.35
5	MRS KATHRYN ELIZABETH STRICKLAND	5,499,307	1.03
6	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	5,443,436	1.02
7	ZURICH BAY HOLDINGS PTY LTD	3,855,988	0.72
8	MR JONATHAN COLVILE	3,349,219	0.63
9	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	3,255,375	0.61
10	BNP PARIBAS NOMINEES PTY LTD	3,139,179	0.59
11	MR ANTHONY JOHN ANDREWS	2,700,000	0.50
12	MR BARTON THOMAS WARE	2,600,000	0.49
13	MR RICHARD ARTHUR LOCKWOOD	1,780,658	0.33
14	MR ANTHONY DAVID SHEARD	1,673,012	0.31
15	REGIONAL MANAGEMENT PTY LTD	1,546,540	0.29
16	MR JOSEPH ANTHONY CARUSO	1,480,107	0.28
17	RCUMINS PTY LTD	1,288,662	0.24
18	MR MICHAEL ERNEST GRANATA	1,200,000	0.22
19	CHETAN ENTERPRISES PTY LTD	1,199,101	0.22
20	MR GRANT MENHENNETT	1,172,728	0.22
Total		446,310,376	83.35
Balance of register		89,180,258	16.65
Grand total		535,490,634	100.00

Distribution of equity security holders

Range	Securities	%	No. of holders
100,001 and Over	504,648,876	94.24	197
10,001 to 100,000	26,833,768	5.01	732
5,001 to 10,000	2,332,046	0.44	294
1,001 to 5,000	1,638,481	0.31	480
1 to 1,000	37,463	0.01	164
Total	535,490,634	100.00	1,867

Marketable Parcels

Number of shareholders holding less than a marketable parcel of ordinary shares is 501.

Voting Rights

Every ordinary shareholder present in person or by proxy at meetings of shareholders shall have one vote for every share held.

Option and Performance Rights holders have the right to attend meetings but have no voting rights until the options or performance rights are exercised.

Substantial shareholders

The following shareholders have lodged substantial shareholder notices on the ASX with information as per their most recent disclosures:

• Au Mining Limited	150,674,160	28.2%
• Zurich Bay Holdings Pty Ltd	64,607,485	12.10%
• Tormin Holdings Limited	69,062,674	12.9%
• M&G Investment Management Limited	34,901,038	7.26%

Restricted securities

There are no restricted securities.

Share buy backs

There is no current on market share buyback.



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MFRC ANNUAL REPORT 2021