



FINANCIAL REPORT

31 DECEMBER 2022

MINERAL COMMODITIES LTD ABN 39 008 478 653



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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

Brian Moller	Independent Non-Executive Chairman
Russell Gordon Tipper	Independent Non-Executive Director
Debbie Ntombela	Independent Non-Executive Director
Zamile David Qunya	Non-Executive Director
Guy Walker	Non-Executive Director

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Level 9
Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

SOLICITORS

Steinepreis Paganin	ENSafrica	Advokatfirmaet Schjodt AS
16 Milligan Street	150 West Street	Ruselokkveien 14
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
Level 12, QV1 Building
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 Chris De Vitry, who is a member of the Australian Institute of Mining and Metallurgy (“AusIMM”) and an independent consultant to the Company. Mr De Vitry is the Director and principal Geologist of Manna Hill GeoConsulting Pty 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 De Vitry was prepared under the JORC Code (2012). Mr De Vitry 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 Reserves is based on information compiled and has been approved for release by Mr Daniel Hastings, who is a member of the Australian Institute of Mining and Metallurgy (“AusIMM”). Mr Hastings is a Principal Consultant at Quantified Strategies Pty Ltd and has over 25 years of mining experience in a variety of mineral deposits and styles. Mr Hastings has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person in accordance with the JORC Code (2012). The information from Mr Hastings was prepared under the JORC Code (2012). Mr Hastings 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 Al 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 Daniel Hastings, who is a member of AusIMM. Mr Hastings is an employee of Quantified Strategies Pty Ltd and a consultant to 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code (2012)”). The information from Mr Hastings was prepared under the JORC Code (2012). Mr Hastings 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 report 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 Quantified Strategies 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 FY2022.

This financial year saw the end of COVID-19 travel restrictions in South Africa, Norway and Australia, enabling MRC's Board and Executive management to travel to our operations for the first time since 2019. The MRC Board travelled to South Africa and Norway in 2022, highlighting the Board's commitment to sound corporate governance and operational oversight. Management continues to monitor COVID-19 across all operations, as it remains an integral part of the environment in which we operate and we recognise the residual impacts of the pandemic are still being felt, particularly in higher cost and sporadic shipping of our exported products from South Africa.

MRC has had a busy year, raising further funds, advancing work on its key projects and exploring other opportunities to deliver value to shareholders.

Sound safety and environmental management remain a major focus during 2022 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 remain fundamental Key Performance Indicators of our future success. MRC remains focused on seeking a positive impact with customers, suppliers and the local communities in which we operate.

Our budget for 2023 is focused on a return to mining the Inland Strand at Tormin, which has been fully commissioned in March 2023, and a return to historical profitability and cash flows through investing in income producing assets such as the third Primary Concentration Circuit and mineral separation plants. The plan for Skaland is to consolidate the return to historical performance and provide a sound base to consider increasing production in 2023/24.

The Company continues to review the optimal structure within which we can develop a vertically integrated battery anode strategy. The pilot plant next phase will be funded through an Australian government grant and Tormin operating cash flows.



This will advance MRC's environment-friendly graphite purification process, developed in conjunction with the CSIRO, with the aim of transitioning to commercial plant construction in 2024. 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 with approval expected in Q3 2023.

The Board acknowledges the contribution to the Company of Jacob Deysel as CEO in 2022. Jacob brought extensive mineral sands experience to the Company, implemented the Five-Year Strategic Plan 2022–2026 that continues to be the focus of the Board and management today. After year end, we received the resignation of Jacob as CEO due to personal issues and we wish him well for the future. I would also like to thank Russell Tipper who took the role of Acting Chairperson throughout 2022 for his contribution at a transitional stage for the Company.

I would like to extend my thanks to Adam Bick, the Company's interim CEO and also to our wonderful global MRC team for their unwavering support and commitment to our Company. I look forward to being able to update all shareholders with the progress on our projects over the course of the coming year.

I am looking forward to the Board and new Interim CEO guiding the development of the revitalised strategy to grow the profitability and cash generation of our mineral sands and the asset value of our graphite businesses during 2023.

On behalf of the Board, I thank you for your continued support of the Company and look forward to bringing you further news as our operations and development efforts continue.



Brian Moller
Chairman





Chief Executive Officer's review

Dear Shareholders,

It is a privilege to provide comments on the 2022 financial year and more importantly, to share with you the outlook for MRC as we seek to rebound the Company in 2023. It is my firm belief that MRC is significantly undervalued by the market and our commitment to shareholders is that we will work hard to illuminate that value in the next 12 months.

The announcement of our Five Year Strategic Plan 2022-2026 (Strategic Plan) in April 2022 provided a clear roadmap outlining the future evolution of the Company. The Strategic Plan incorporated new vision, values and goals for success and aims to return the Company to solid profitability through maximising profitability from existing assets, while expanding its resources and reserves to increase its scale of operations. Our goals are clear:

- Return the heavy minerals division to historical profitability and cash flow generation, then increase its scale of operations;
- Transition the battery minerals division into a commercial battery anode producer, then increase its scale of operations to meet the growing global demand of the electric vehicle and battery storage sectors; and
- Significantly improve our focus on our ESG performance to meet the expectations of the global community.

The Company has made significant strides towards these goals in 2022, including:

- Strong Tormin operating performance with mining and processing throughput achieved above budget expectations, then enhancing asset value with the announcement of the maiden Inland Strandline ore reserve of 21.8 million tonnes at 31% THM and prospecting rights being granted to the De Punt area, adjacent to the Geelwal Karoo area. Further developments included Inland Strands testwork, design, and construction of required plant upgrades to process this feed material effectively and with environmental sensitivity from 2023 and signing an MOU with GMA, which will transition MSR from a concentrate only business to higher value finished products through GMA agreeing to provide MRC with US\$10,000,000 in loan funding to fund the design and construction of a 250-300ktpa Garnet and Ilmenite MSPs and a supporting five year garnet finished product offtake agreement (with GMA having an option for a further five year extension);
- Stabilising Skaland operating performance in line with historical performance, then enhancing asset value with exploration targets identified at Munglinup, Bukken, Hesten and Vardfjellet. Developments towards transitioning the battery minerals division into a commercial battery anode producer included successful completion of the Cooperative Research Centres Projects (CRC-P) project with battery grades achieved for both Munglinup and Skaland spherical graphite using the CSIRO-development environmentally friendly purification process, successful grant application of AU\$3.94M to advance commercialisation in 2023 of a new graphite ore-to-battery anode business including process piloting for anode materials production and signing an MOU with global anode producer Mitsubishi Chemical Corporation (MCC) as the Company's technology partner;
- Improving our Social Licence in South Africa in procurement and employment equity, aimed at ensuring compliance with the Mining Charter 2018 and promoting economic growth through the development or nurturing of small, medium and micro enterprises and suppliers of mining goods and services. I am extremely proud that no MRC employee lost their job due to the COVID-19 pandemic and its significant negative impact on the Company's financial performance and global markets generally over the last few years.

However, 2022 was financially another challenging year for MRC. The 2022 financial year saw Tormin profitability below the historical average of US\$16 million due to the continued uncertainty from the COVID-19 pandemic maintaining high global shipping costs combined with a 75% increase in power costs at Tormin in comparison to the prior year due to the Ukraine war. The Company has therefore sought to insulate and return Tormin towards historical profitability levels in 2023 and in line with historical profitability levels from 2024 onwards by implementing three income producing assets in 2023:

1. Introduction of mining and processing from the Inland Strands after various plant upgrades, including the introduction of crushing, scrubbing and tailings management to the processing circuit. Commissioning of these plant upgrades to process Inland Strands feed material into Tormin's various end products was completed on 27 March 2023. The importance of this milestone cannot be overstated. The plant upgrade increases the throughput feed capacity of Tormin from 2.4Mtpa to 2.7mtpa but more importantly it limits beach mining moving forward to 1.5Mta from 2.4Mtpa, with the remaining 1.2Mtpa from Inland Strands material. This enables sustainable replenishment of Tormin's placer beach deposits, meaning that future beach mining is expected at sustainable higher grades, improving the long term profitability of beach mined material;

CHIEF EXECUTIVE OFFICER'S REVIEW

2. Adding a third Primary Concentration Circuit (PCP), which aims to increase the throughput feed capacity of Tormin from 2.7Mtpa to 3.9mtpa. Funding for the third PCP was included in the rights issue that was completed on 4 January 2023. With the completion of Inland Strands plant commissioning, management have turned their attention to adding this key asset by Q4, 2023. This asset is a simple replication of the two PCPs already at Tormin, meaning minimal technology or commissioning risk. The benefit of this asset is the economies of scale impact on profitability of increasing production, with minimal additional variable operating cost requirements to run this plant; and
3. Adding garnet and ilmenite mineral separation plants (MSPs) from Q1 2024. Tormin has produced concentrate products since inception at reasonable margins. Further processing via MSPs will convert these concentrate products into finished products, which are expected to generate better profit margins.

The Inland Strands reserve upgrade announced in April 2023, increasing total ore reserve by 177% and by 181% for the ore reserve within the current Expanded Mining Right, provides a foundation for the Company to consider increasing feed production beyond 3.9 Mtpa, subject to stakeholder approvals. This, combined with a further review of the mining method at Tormin and work being done towards the delineation of a De Punt (adjacent to Tormin) resource, aims to significantly increase the asset value of the heavy minerals division.

The Company's focus in the battery minerals division in 2023 is successful completion of the graphite ore-to-battery anode piloting for anode materials production from Skaland and Munmlinup, which is the final precursor to commercial scale anode production and obtaining environmental authorisation and a subsequent mining right for Munmlinup, leading to an FID decision on development of the asset. Subject to funding, the Company would also like to explore increasing its reserves and resources at Skaland and Munmlinup as and when appropriate.

Increasing asset value from 2024 will be aimed at the development of Munmlinup, potential expansion of Skaland production, commercial anode production from Skaland and then Munmlinup after development and increasing its reserves and resources through further exploration.

The current dispute with the minority (< 10%) shareholder at Skaland remains an unnecessary distraction and could delay potentially value-accretive investment at Skaland. The Company continues to be in discussions with the minority shareholder to reach a mutually agreeable outcome on this matter.

Our ESG focus will continue to be enhanced in 2023 with Tormin moving towards a shared profitability model with its BEE Entrepreneur, employees and the community through its restructure of shareholding in its holding company Mineral Sands Resources (Pty) Ltd, procurement transformation at Tormin ongoing, environmental work at Tormin aimed at identifying and implementing a sustainable mining framework (biodiversity management plan and strategic environmental assessment), effectively managing tailings disposition from Inland Strands material processing, improving community engagement in operating areas, assessing environmentally friendly power alternatives at Tormin, testwork seeking minimisation of tailings disposition at Skaland and an ongoing commitment to compliance and strategic partnerships with regulators.

In conclusion, we have a clear Strategic Plan that focuses on returning the Company to solid profitability, expanding resources and reserves, and improving our social Licence to Operate. The strategy aims to see the Company become a sustainable and responsibly vertically integrated graphitic anode supplier in Europe and a larger vertically integrated heavy minerals producer.

A heartfelt thank you to our previous CEO Jacob Deysel, our valued and supportive shareholders, our dedicated employees, and stakeholders.



Adam Bick

Interim 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 2022. 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:

Brian Moller	Independent Non-Executive Chairman (appointed as Chairman on 28 December 2022)
Russell Gordon Tipper	Independent Non-Executive Director (appointed as Interim Chairman 5 January 2022 and resigned as Interim Chairman on 28 December 2022)
David Lewis Baker	Independent Non-Executive Chairman (resigned 5 January 2022)
Jacob Deysel	Managing Director (appointed 5 January 2022 and resigned on 6 January 2023)
Guy Walker	Non-Executive Director
Zamile David Qunya	Non-Executive Director
Debbie Ntombela	Independent Non-Executive Director





Principal activities

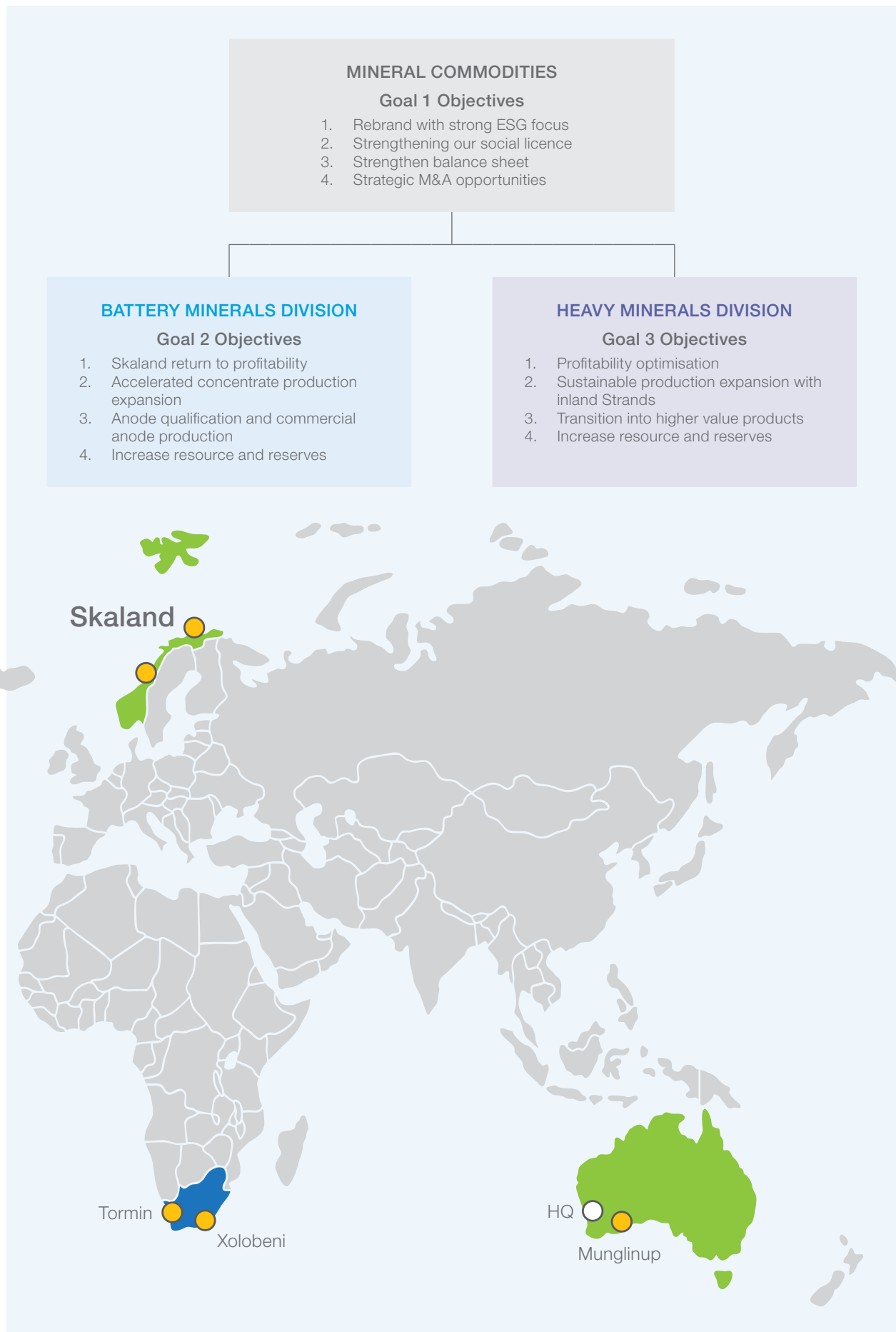
The principal activities of the Group during the year were:

- 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; and
- undertaking evaluation for the future development of an Active Anode Materials Plant ("**AAMP**") to produce graphitic anode materials in Australia and Norway.

Review of operations

The Company provides shareholders with an update of the Company's activities during the year ended 31 December 2022. 2022 was a transitional year for MRC and our stakeholders as we execute our New Vision and Values as part of our Five Year Strategic Plan 2022 – 2026 (**Strategic Plan**). The Strategic Plan incorporates new vision, values and goals for success. The Company's vision of "enabling a better world through sustainable and responsible production of critical and industrial minerals and products" represents a clear intent for responsible and sustainable mining and industrial practices. MRC's vision is highly focused on good corporate citizenship and on long-term sustainable returns for all stakeholders. MRC is committed to strong core values: zero harm, respect, integrity, innovation and inclusion as the foundations for all of its actions.

The Strategic Plan aims to return the Company to solid profitability through maximising profitability from existing assets, while expanding its resources and reserves, and presenting a platform to achieve our vision and first goal of becoming a larger diversified, sustainable and responsible critical and industrial minerals producer. These building blocks are advancing our second goal of making the Company a sustainable, vertically integrated graphitic anode supplier in Europe, whilst achieving our third goal of becoming a larger sustainable, vertically integrated heavy minerals supplier.



The key elements of the Strategic Plan are:

Environment, Social and Governance (ESG)

1. MRC to re-brand as a larger diversified, sustainable and responsible critical and industrial minerals producer.
2. Improve our Social Licence – align with best practice sustainability frameworks.
3. Align to ASX Corporate Governance Council Principles & Recommendations.
4. Obtain ISO certification of our operations and best practice health, safety and environmental standards.

Achievements during the financial year:

- During the financial year, the Company continued to contend with the challenges presented by the COVID-19 global pandemic. These challenges warranted the Company's implementation of strict internal protocols, with any affected employee afforded medical care, isolated and contact traced to identify and limit the risk of further infection transmission. While global controls have largely been lifted the Company will remain diligent to ensure operations and our people remain well protected. The Company is grateful that to date, all infected employees have made a full recovery and returned to work after completing a period of isolation and testing negative. Operations and sales at both Tormin and Skaland remained largely unaffected by COVID-19 for the financial year. 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.
- Alignment to ASX Corporate Governance Council Principles & Recommendations:
 - The Statement of Corporate Governance in MRC's 2021 annual report outlines MRC's continued alignment with ASX Corporate Governance Council Principles & Recommendations. This has been revised for MRC's 2022 annual report;
- Improving our Social Licence in South Africa in procurement and employment equity;
 - The Company has continued to engage with stakeholders in South Africa to improve its performance in terms of the involvement of historically disadvantaged persons (**HDP**) owned entities in the procurement programmes and employment equity for HDP. MRC executive and management of Mineral Sands Resources (**MSR**) have met with regulators and outlined the MSR Procurement Transformation Strategy, aimed at ensuring compliance with the Mining Charter 2018 and promoting economic growth through the development or nurturing of small, medium and micro enterprises and suppliers of mining goods and services. Employment equity is being actively monitored after considerable restructuring in the second half of 2021. The strengthening social bonds in South Africa is further illustrated by the issuance of the De Punt prospecting right in July 2022;
 - The Company has engaged Zastrocode Pty Ltd, a specialist consulting firm, to support the expansion of our small to medium enterprise (**SMME**) program in South Africa and improve our connectivity with the local community;
 - Subsequent to year end the Company engaged WNS (Holdings) Limited, a specialist business process management company, to support our contract sourcing efforts in order to further enhance our procurement transformation strategy;
- MSR's ownership structure work underway to ensure compliance with the recommendations of the Mining Charter 2018;
 - Considerable work has also been undertaken with our BEE Entrepreneur, Blue Bantry Investments 255 (Pty) Ltd (**Blue Bantry**), in restructuring MSR's ownership structure and compensatory measures to ensure more appropriate commercial outcomes for our stakeholders and compliance with the Mining Charter 2018;
- The Company reported the agreed resolution which resulted in the staying of the outstanding appeals against the permitting of its Section 102 Mining Right Areas;
 - Specifically, the High Court of South Africa has ordered a stay in each of the following applications and appeals brought by the Centre for Environmental Rights: an appeal against the ministerial decision to grant the Section 102 Mining Right and the related application to suspend that decision pending the resolution of the appeal and an application to review and set aside the decision to issue MSR with the Integrated Environmental Authorisation in respect of the Section 102 Mining Right areas. The resolution of the appeals confirms MSR's permitting over the Section 102 Mining Right Areas including the Northern Beaches and Inland Strands mining areas and is in keeping with our global drive and focus from an ESG perspective. The security of permitting over the Section 102 Mining Right supports the Five Year Strategic Plan objective to transition towards sustainable production expansion with Inland Strands.

Targeted developments in the next twelve months:

- The Company will be rebranded and refocused to align with its strong ESG focus, having 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;
- Submit a draft Biodiversity Management Plan ("**BMP**") for our Tormin operations in terms of section 43 of the National Environmental Management Biodiversity Act to the Minister of Environment, Forestry and Fisheries for consideration;
- Submit a motivation for a Strategic Environmental Assessment ("**SEA**") for our Tormin operations to the Minister of Environment, Forestry and Fisheries proposing that this Minister facilitate the initiation of an environmental management framework in terms of Regulation 2 of the Environmental Framework Regulations;
- Continue execution of the MSR Procurement Transformation Strategy;
- Completion of the restructure of MSR's ownership structure;
- Improve sustainability action plans and reporting through the development of sustainability frameworks guided by the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals;
- Continuous improvement in health, safety and environmental standards; and
- ISO certification at Skaland will be sought.

Battery Minerals

1. Position MRC's Battery Minerals Division as a sustainable, vertically integrated graphitic anode supplier in Europe, leveraging off the operating European based Skaland graphite mine.
2. Skaland returned to profitability, complete expansion study and a Final Investment Decision (FID) for potential expansion beyond current mining right of 16 Ktpa.
3. Accelerate Munglinup development, with an FID targeted for Q2 2023, intended to significantly increase graphite concentrate production.
4. Downstream graphitic anode product qualification targeted for Q3 2023. Commercial scale plants targeted to be in construction by 2024.
5. Increase graphite resources from existing 9.83 million tonnes through active organic and inorganic resource and reserve growth.

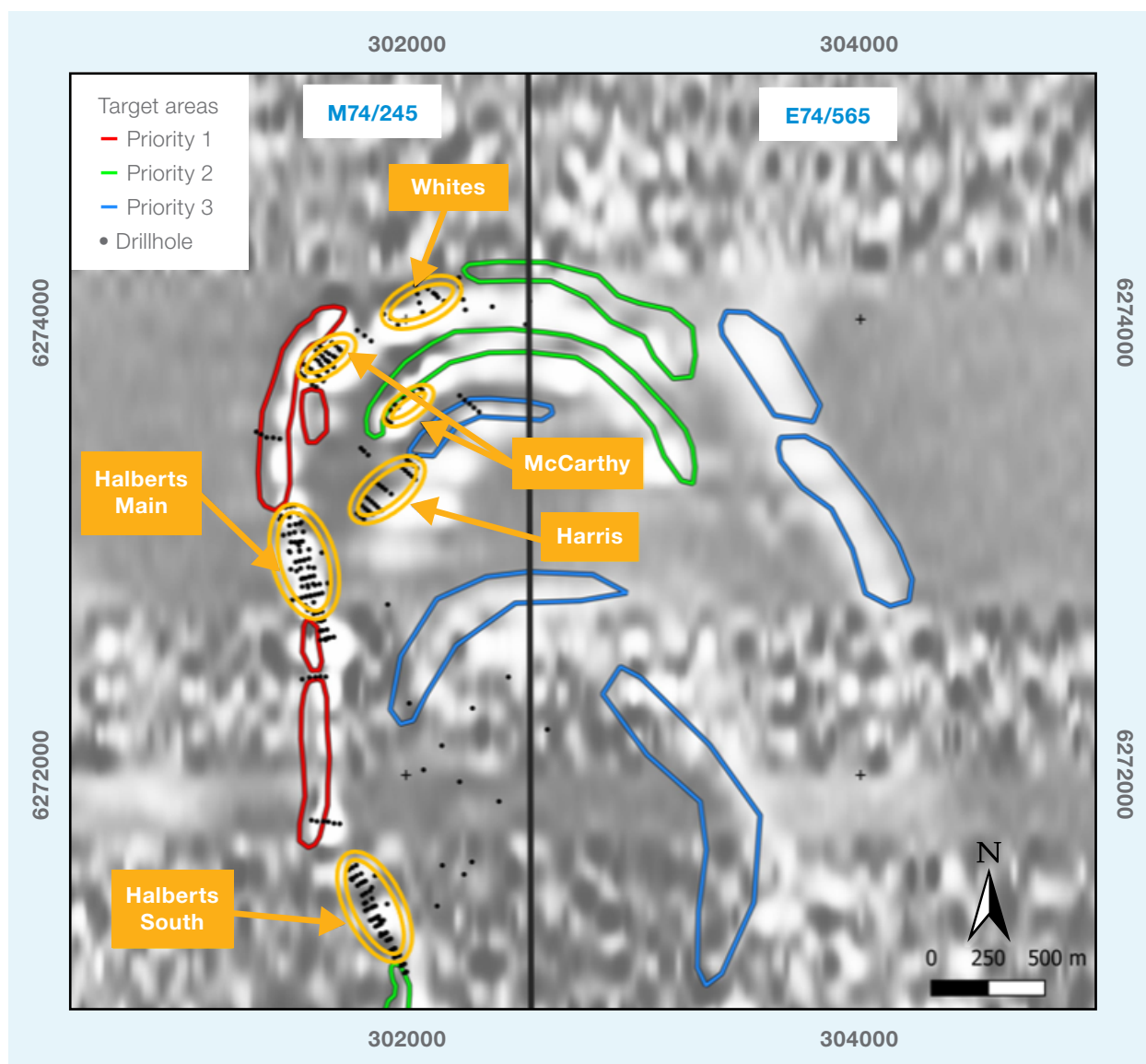
Achievements during the financial year:

- The Company provided its Annual Resource Statement, including 9.83 million tonnes at 14.3% TGC, containing 1.4 million tonnes of graphite across its Munglinup Graphite Project and Skaland Graphite Operation;
- MOU signed with technology partner Mitsubishi Chemical Corporation (**MCC**) to collaborate on graphitic anode materials supply in Europe:
 - MRC signed a non-binding memorandum of understanding (**MOU**) with MCC. MCC is a global leader in anode materials manufacturing and provides a strong technology partner to MRC. The MOU includes a collaboration agreement to produce and sell active anode materials in Europe manufactured using MRC's purified graphitic materials and MCC's active anode materials technologies and experience in material qualification, marketing and sales. The collaboration allows MRC to accelerate its transition to a vertically integrated natural graphite-based anode materials supplier in Europe, based on its natural graphite;
 - MCC's technologies include:
 - a natural graphite-based anode material that has comparable performance with synthetic graphite with respect to long cycle life and low swelling;
 - a higher-grade product that prevents batteries from swelling and adversely affecting battery life, and surpasses artificial graphite-based materials in performance; and
 - a natural graphite-based anode material with a chemical coating to reduce greenhouse gases emissions relative to conventional pitch coating processes.
- Cooperative Research Centres Projects (**CRC-P**) project successfully completed with battery grades achieved for both Munglinup and Skaland spherical graphite, using the CSIRO-developed environmentally friendly purification process;

DIRECTORS' REPORT

- The CRC-P project with Australia's national science agency, CSIRO, MRC and Doral Fused Materials was completed during the financial year. The laboratory-scale CRC-P project, which successfully achieved lithium-ion battery grade purities for both Munglinup and Skaland spherical graphite, provides the foundation for larger-scale graphite purification piloting in the Critical Minerals Acceleration Initiative (**CMAI**) project, also announced during the financial year. The CSIRO-developed process avoids the use of environmentally harmful HF acid. The process has been developed from first principles independently by CSIRO in sixteen stages of development including optimisation, scale-up and associated reporting;
- Successful grant application of AU\$3.94M to advance commercialisation of a new graphite ore-to-battery anode business based on the Munglinup graphite project including process piloting for anode materials production:
 - MRC was successful in its funding application under the Australian Commonwealth government's CMAI. The grant will support MRC's mine to battery anodes business development including: process optimisation and pilot scale processing of Munglinup ore to deliver concentrate for the downstream pilot plant; development, commissioning and operations of a downstream pilot plant; supply of larger-scale customer qualification samples to secure offtake agreements; and delivery of an integrated ore-to anodes definitive feasibility study based on Munglinup. The CMAI project will de-risk our commercial-scale plant development. The downstream pilot plant operations and testing on Munglinup concentrate will support the acceleration of the Munglinup development, a key objective of the Strategic Plan; and
 - MRC has two world class graphite projects in the Munglinup Graphite Project in Western Australia, and the Skaland Graphite operations in Norway. We are actively transitioning these projects into integrated mine-to-anode materials operations to diversify into natural graphite-based anode materials supply with lower environmental impacts and enhanced shareholder value. The CMAI project supports the Strategic Plan objective toward anode qualification and commercial anode production for the Battery Minerals division;
- MRC executed an equity and licence agreement with Green Graphite Technologies for pilot-scale development of the GraphPure™ process. With GraphPure™ and the CSIRO purification process, MRC has access to two natural graphite purification technologies advancing into pilot-scale testing and qualification materials supply, further de-risking this key enabling technology for natural graphite anode materials and supporting our strategic plan for vertically integrated ore-to-anode materials production.
- Priority targets identified at Bukken, Hesten and Vardfjellet graphite prospects near Skaland:
 - The geology and mineralogy of the graphite bearing rocks at the Bukken, Hesten, and Vardfjellet graphite prospects are very similar to that observed at the Skaland Graphite Mining Operation and Trælen mine. Assay results from surface rock chip samples returned up to 8% TGC at Bukken, 4.8% TGC at Hesten and 26.6% TGC at Vardfjellet. The primary target areas for graphite bearing structures, exhibited in the magnetic anomalies are approximately 500m × 100m at Vardfjellet, 650m × 150m at Hesten, and 300m × 150m at Bukken. Drilling is necessary to better understand the geometry, grades, and tonnage of any mineralisation. The exploration potential at Bukken, Hesten, and Vardfjellet supports the Strategic Plan objective to increase resources and reserves for the Battery Minerals division;
- Skaland operating results improved since 2021:
 - One of the objectives of management is to stabilise operations at Skaland and return Skaland to profitability. The financial year results reflect that Skaland production has been above an annualised production rate of 10 ktpa, which is the historical peak performance baseline for Skaland. The quality of Skaland concentrate has also been substantially improved post-acquisition from below 90% TGC to daily averages of up to 97%. Cost and revenue optimisation is ongoing;
- Electromagnetic survey results indicate excellent new targets at the Munglinup Graphite Project:
 - The anomaly maps show that the known graphite bearing structures in M74/245 extend to the adjoining 100% MRC owned E74/565 tenement to the east of the Munglinup deposit. As a result, twelve new priority targets have been identified, seven targets adjacent to previously drilled mineralisation and five new zones of potential mineralisation. The Company intends to commence a 3,000m RC drilling program by the December 2023 quarter, targeted to expand the resource base, convert inferred resources into higher categories, and drill the new geophysical anomalous areas. The plan will target delineating a JORC Code (2012) compliant updated Mineral Resource Estimate and updated Ore Reserves. The exploration potential identified at Munglinup supports the Strategic Plan objective to accelerate concentrate production expansion and increase resources and reserves for the Battery Minerals division;

- The figure below shows the prioritised target areas in Munmlinup and shows the targets between the known graphite ore bodies, highlighting the potential upside identified by this survey.



Prioritised target areas at Munmlinup

Targeted developments in the next twelve months include:

- Downstream pilot plant construction in Australia for the Munmlinup graphite project, which can also utilise Skaland concentrate. This plant will provide the next round of anode materials qualification samples for customers and the design blueprint for a DFS study of commercial-scale graphite anode plants;
- Further development of collaboration agreement with MCC;
- Obtain environmental authorisation that complement the current mining right for Munmlinup;
- Further drilling, tailings optimisation and expansion studies for Skaland, targeting extension of the current reserve, which may underpin the feasibility of increased production. Management is targeting 25 ktpa, if reserve drilling and permitting extensions support this; and
- Upgrade corporate European positioning to support anode sales focus on Europe.

Heavy Minerals

1. Reposition MRC's Heavy Minerals Division as a larger sustainable, vertically integrated heavy minerals supplier.
2. Tormin mine improvements in efficiency, flexibility and scale, including the commissioning of the Inland Strands operation, targeted for Q1 2023.
3. Intention to transition into higher value finished products targeted for Q1 2024.
4. Increase Tormin mineral resources from existing circa 216.2 million tonnes through active organic and inorganic resource and reserve growth, with studies and additional permitting intended to significantly increase production.

Achievements during the financial year:

- Maiden Inland Strandline ore reserve of 21.8 million tonnes at 31% THM:
 - The Company reported a maiden JORC Ore Reserve for the Western Strandline of the Tormin Mineral Sands Operation in South Africa of 21.8 million tonnes of ore with an average THM grade of 31% resulting in 6.7 Mt of in-situ Heavy Minerals in Proven and Probable categories;
- The Company provided its Annual Resource Statement that stated a combined estimate of 562 million tonnes at 6.6% Total Heavy Minerals ("THM"), containing 37 million tonnes in situ heavy mineral:
 - The Company provided its Annual Resource Statement on 28 February 2022, representing a substantial increase of approximately 106 million tonnes of heavy mineral resources and stable graphite resources compared with the estimate at the same time last year. At 31 December 2021, MRC's total Mineral Resources of heavy mineral sands contained a combined estimate of 562 million tonnes at 6.6% THM, containing 37 million tonnes of heavy minerals across its Tormin Mineral Sands Operation and Xolobeni Mineral Sands Project;
- Tormin mining and processing throughput achieved above budget expectations;
 - Tormin's operating performance remains strong and above budget expectations, with annualised mining rates at circa 3.2 million tonnes and annualised processing rates of more than 2.5 million tonnes. Recoveries remain in line with historical performance, with grade being the key driver in production variability. The re-introduction of production from the Inland Strands, planned for the March 2023 quarter, will be the catalyst for improved beach mining grades through replenishment with the Strategic Plan providing for the two placer beach deposits being sustainably mined at 1.4–1.5 million tonnes respectively every two years from that point onwards;
- Inland Strands testwork, design, construction and commissioning work ongoing during the financial year and has been completed subsequent to year end;
- Significant work undertaken assessing the optimal strategy for adding mineral separation plant(s) at Tormin, which will transition MSR from a concentrate only business to higher value finished products:
 - the Company entered into a non-binding Offtake and Funding agreement with GMA Group whereby:
 - (a) MRC agrees to supply GMA Group with finished garnet product in the following volumes:
 - (i) 2024–2025 – 80 ktpa;
 - (ii) 2026–2028 – 105 ktpa; and
 - (iii) 2029–2033, subject to renewal at GMA's election – 125 ktpa; and
 - (b) GMA Group agrees to provide MRC with US\$10,000,000 in loan funding, repayable over 5 years from 1 January 2024, on commercial terms to fund the design and construction of a 250–300 ktpa Garnet and Ilmenite MSPs in the Western Cape Region of South Africa.

GMA also has first right of refusal on any finished garnet product produced in excess of the mandated minimum offtake volumes referred to above.

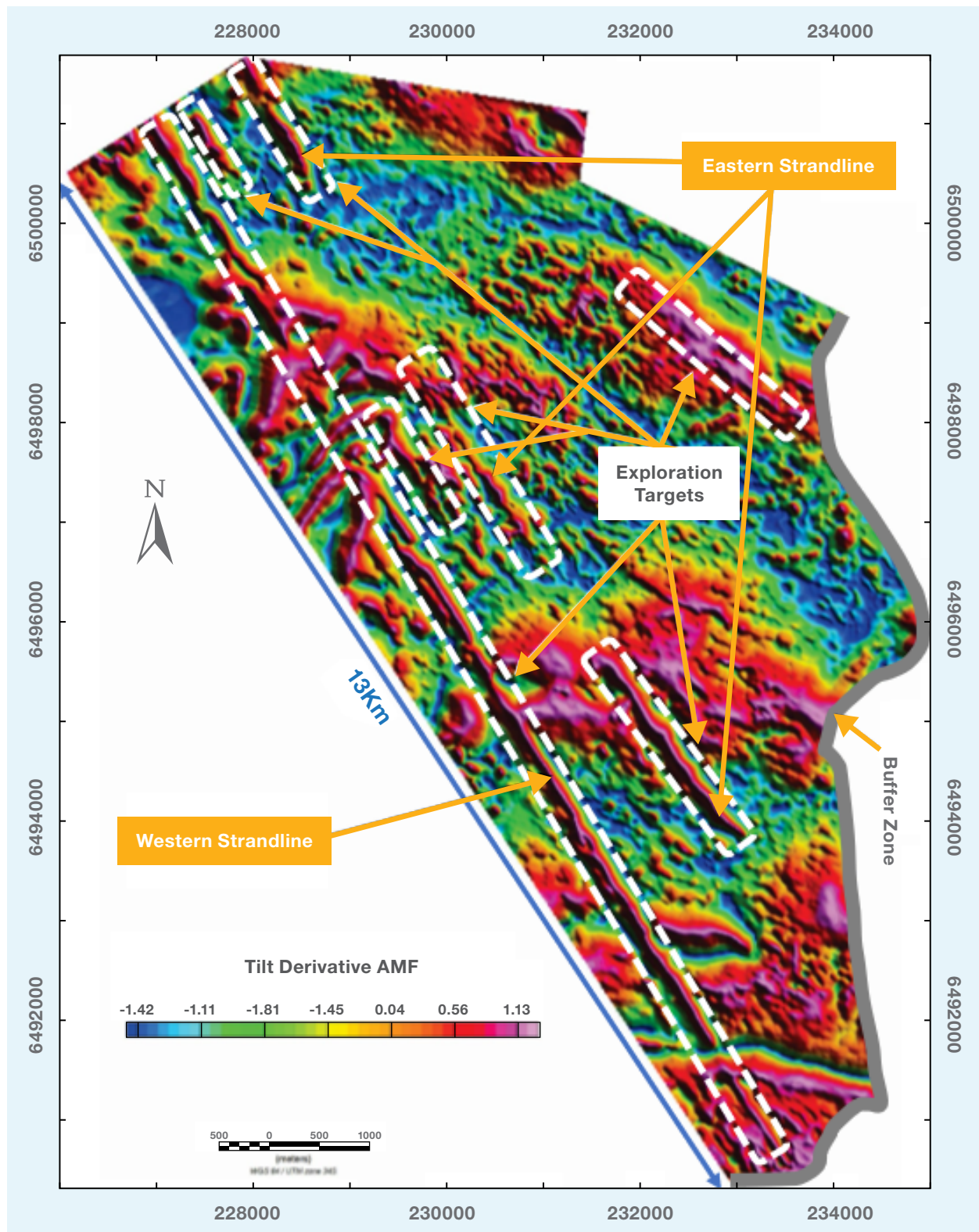
This offtake agreement will form the foundation of expanding our revenue base and profitability at Tormin. To provide context, the Tormin operation produced 178 kt of garnet concentrate in 2022 (2021: 145 Kt), highlighting that this minimum offtake agreement will cover most of the available finished garnet produced from current operations. The GMA funding agreement also allows construction of an ilmenite MSP, with ilmenite finished product to be sold into the lucrative, well established finished ilmenite market.

These agreements align with MRC's Strategic Plan to transition into higher value finished products, with construction of the MSPs aiming to be completed by the December 2023 quarter. The Company's implementation of the Strategic Plan aims to maximise the value of our mineral sands operations by maximising final product value through transitioning from mixed concentrates to finished garnet and ilmenite mineral products;

The Company is targeting transition to higher value garnet and ilmenite finished products from December quarter 2023. To facilitate this the Company is targeting completion of a binding Offtake and Funding Agreement with GMA in the March 2023 quarter;

- MSR was granted prospecting rights to the De Punt area, adjacent to the Geelwal Karoo area:
 - The permit allows MSR to commence prospecting activities, including a resource definition drilling program, on the Inland Strands areas contiguous to the south of the existing Western and Eastern Strand deposits adjacent to the Tormin mining operations, in the Western Cape province of South Africa. De Punt aligns with our Strategic Plan targeting larger scale and diversified operations by increasing mineral resources beyond the existing Western and Eastern strandlines, with the aim of significantly increasing production. The Company sees potential to unlock resources from the De Punt prospecting right;
 - Extension of Western and Eastern Inland Strandlines to the De Punt exploration lease detected by Airborne Magnetic and Radiometric survey, with seven major drilling targets in De Punt identified along magnetic anomalies;
 - In October 2022, MSR commenced a 6,000 metres of air core drilling resource definition program targeting the areas along strike of the identified Inland Strands in airborne geophysical anomalies. The plan will target delineating a JORC Code compliant maiden Mineral Resource; and
 - De Punt aligns with our Strategic Plan targeting larger scale and diversified operations by increasing mineral resources beyond the existing Western and Eastern strandlines, with the aim of significantly increasing production.





Anomalous Magnetic Field (AMF) generated from airborne survey over De Punt tenement shows predicted magnetic signatures of two main semi-parallel heavy mineral sand strandlines in the shallow subsurface

Targeted developments in the next twelve months:

- Completion of construction and commissioning of plant to provide production from the Inland Strands, currently expected from March quarter 2023. This plant upgrade is targeted to increase ore processing at Tormin from 2.4 Mtpa to 2.7 Mtpa. Inland Strands production substitutes some annual beach mining. The production schedule with the introduction of Inland Strands material enables sustainable beach mining with beach mining rotating annually between Tormin Beaches and Northern Beaches production. It is expected that this will result in more sustainable beach mining grades, with each placer beach deposit being given replenishment time of 12 out of every 24 months, complemented by the first Primary Concentration Plant (**PCP, PCP-1**) processing Inland Strands ore;
- PCP upgrades mean that each PCP can process 1.5 Mtpa of beach material or 1.2 Mtpa of Inland Strands, up from 1.2 Mtpa of beach material or 0.8 Mtpa of Inland Strands historically. In total, management is targeting processing 2.7 Mtpa of ore with two PCPs, up from historical rates of circa 2.4 Mtpa;
- The third PCP (**PCP-3**) is also aimed for Inland Strands material, targeting a further increase in ore processing from 2.7 Mtpa to 3.9 Mtpa. The third PCP is aimed to be in production by December quarter 2023; and
- It is anticipated that concentrate product produced will then be transitioned into higher value finished products, with the introduction of mineral separation plants after finalising commercial agreements with GMA. The Mineral Separation Plant(s) are aimed to be in production by March quarter 2024.

Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
↑ Inland Strands 2.7 Mtpa Concentrate Product			↑ 3rd PCP 3.9 Mtpa Concentrate Product	↑ MSP's 3.9 Mtpa Finished Product

- Further works targeting to extend and expand the current Inland Strands reserve; and
- De Punt completion of exploration drilling, targeting an initial resource for the prospecting area.

Corporate

1. Consider funding options to further progress near-term cash generating projects at Tormin and to advance 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.
2. Continue discussions with European, North American and Asian downstream players in the anode market and pursue opportunities with strategic partners.
3. Consider strategic M&A opportunities.

Achievements during the financial year:

- The Company achieved funding support of A\$11.7 million through a Placement and subsequent Rights Issue at an issue price of \$0.075 per share. This successful result highlights the strong support the Company has from its shareholders and is a clear endorsement of the Company's growth strategy as outlined in its Strategic Plan.
- Proceeds of the Placement and Rights Issue will be applied to near term cash flow generative and future growth strategies within the Company's Heavy Minerals Division as follows:
 - PCP-3, increasing overall ore processing capacity to support an increase in final concentrates production. There are currently two PCPs at site, each having a targeted production rate of 1.5 Mtpa of beach material or 1.2 Mtpa of Inland Strands material after recent plant upgrades. Primary concentration, to produce intermediate Heavy Mineral Concentrate (HMC), presents the production bottleneck at Tormin whereas the secondary concentrator (GSP/SCP) to produce final concentrates has sufficient spare processing capacity for PCP-3 feed. Adding PCP-3, which will replicate PCP-1 and PCP-2, will enable a significant increase in production capacity of 1.5 Mtpa of beach material or 1.2 Mtpa of Inland Strands material. PCP-3 is aimed to be in production by December quarter 2023;
 - Downstream integration transitioning into higher value finished products, targeting enhanced profitability, utilising GMA Group negotiated funding. The Rights Issue included funding towards Tormin downstream production development;
 - Studies for a future bulk mining unit, targeting a significant increase in production aimed at ensuring all available minerals are mined. This study is aimed to be completed June quarter 2023;

DIRECTORS' REPORT

- Resource and reserve expansion targeted to support a larger production footprint. Drilling results at the recently granted exploration permit at De Punt, based on the extension targets identified, are expected in the June quarter 2023; and
- This funding supports the key catalysts targeting returning Tormin to historical profitability (during years 2015–2021 Tormin produced an average EBITDA of US\$16M).
- Significant other work undertaken to achieve increased debt and equity funding for the Company;
- MOU signed with technology partner MCC to collaborate on graphitic anode materials supply in Europe (refer Battery Minerals section above); and
- Successful grant application of AU\$3.94M to advance commercialisation of a new graphite ore-to-battery anode business on the Munglinup graphite project including process piloting for anode materials production (refer Battery Minerals section above).

Targeted developments in the next twelve months:

- Consider strategic M&A opportunities; and
- Rebranding of the Company.

Safety, Environment, Community and Sustainability

The ongoing commitment to developing a safe working environment and culture continues. Encouragingly, this year-end saw the three-month and the twelve-month rolling TRIFR at nil at both operating sites. There were no LTIs during the financial year. Importantly, the Company maintained a no fatality track record across all of its operations since inception. The Group's safety performance is outlined below:

TOTAL RECORDABLE INJURY FREQUENCY (PER MILLION HOURS WORKED)

Year ended 31 December	2022	2021	2020
Group	–	4.83	10.24
– South Africa	–	4.24	8.55
– Norway	–	12.91	33.88
– Australia	–	–	–

LOST TIME INJURIES (LTI) INCIDENTS RECORDED

Year ended 31 December	2022	2021	2020
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.

The Company 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.

Under the Company's Social Labour Plan (SLP) at Tormin, the Company has invested circa ZAR6.2 million in the financial year into various learnership, internship and bursary programs to benefit both employees and community students. Initiatives within the local community and workplace included bursaries, scholarships, traineeships, internships, apprenticeships, and adult basic education programs.

Tormin Mineral Sands Operation

Tormin Operational and Financial Performance

The Company delivered a solid operating performance during 2022. The following key production and sales metrics were achieved:

Mining Production	Full Year to 31 December 2022	Full Year to 31 December 2021
Material Mined – Tonnes (dmt)	3,404,354	4,321,709
Ore Mined – Tonnes (dmt)	3,225,319	3,077,087
Waste Mined – Tonnes (dmt)	179,035	1,244,622
% VHM Grade	11.2%	13.1%
Garnet	8.0%	8.5%
Ilmenite	2.3%	3.4%
Zircon	0.6%	0.8%
Rutile	0.3%	0.4%

The Company ore mining production rates exceeded plant feed capacity during the financial year largely due to Inland Strands ROM stockpiled during the year. Mineral grades were lower than 2021 due to beach depletion and the deferral of high-grade Inland Strands mining in 2022 until the first quarter of 2023.



Production and grade from each area are included below.

31 DECEMBER 2022

Mining Production	Northern Beaches	Tormin Beaches	Inland Strands
Ore Mined – Tonnes (dmt)	1,417,166	1,380,084	428,069
Grade	10.5%	9.1%	21.2%
– Garnet	8.4%	7.5%	6.8%
– Ilmenite	1.2%	0.9%	11.7%
– Zircon	0.5%	0.3%	0.6%
– Rutile	0.3%	0.2%	0.4%

31 DECEMBER 2021

Mining Production	Northern Beaches	Tormin Beaches	Inland Strands
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%



Significant Inland Strands ROM stockpiles remain in anticipation of further optimisation of the primary concentration circuit and tailings discharge facilities, to be completed in the March 2023 quarter.

	Full Year to 31 December 2022	Full Year to 31 December 2021
Processing & Production		
Primary Beach Concentrators		
Tonnes processed (dmt)	2,482,392	2,234,222
Heavy mineral concentrate (dmt)	513,149	545,862
% Heavy mineral grade	38.1%	41.8%
Garnet Stripping Plant/ Secondary Concentrator Plant		
Tonnes processed (dmt)	510,540	599,326
Tonnes produced (dmt)		
Garnet concentrate (net)	178,766	144,874
Ilmenite concentrate (net)	35,256	89,013
Zircon/Rutile concentrate	7,309	13,677
% Zircon in concentrate	73.8%	72.1%
% Rutile in concentrate	17.5%	19.1%

DIRECTORS' REPORT

ROM feed to the PBCs for the financial year was 2,482,392 tonnes at an average feed rate of 326 tonnes per hour (tph) at 91% plant utilisation, with the throughput 11% above the previous year's 2,234,222 tonnes at an average feed rate of 318 tph at 90% plant utilisation, reflecting the lower feed rate of PCP-2 in 2021 to accommodate the initial test feed from the Inland Strands ROM in 2021. Mining from the Inland Strands halted in August 2021, whilst management undertook an optimisation review of the Inland Strands processing strategy. Processing of Inland Strands material is to re-commence in the March 2023 quarter.

Heavy mineral concentrate produced was below the previous financial year due to lower grades mined without Inland Strands material processed during the financial year.

Garnet Stripping Plant/Secondary Concentration Plant (**GSP/SCP**) feed of 510,540 tonnes was below the prior financial year's 599,326 tonnes. The GSP/SCP operated at 87% utilisation with an infeed throughput rate of 96 tph. Lower production reflects lower HMC feed produced and minimal HMC opening inventory available in 2022.

Total final concentrate production decreased 11% to 221,331 tonnes, compared to the previous financial year, reflecting lower HMC feed produced and minimal HMC opening inventory available in 2022.

Sales (wmt)	Full Year to 31 December 2022	Full Year to 31 December 2021
Garnet concentrate	144,519	118,340
Ilmenite concentrate	46,678	92,191
Zircon/Rutile concentrate	9,929	14,968

Product sales revenue at Tormin for the financial year was US\$36.5 million for a total 201,126 wet metric tonnes sold, below the prior financial year's revenue of US\$41.5 million for 225,499 wet metric tonnes sold. The lower sales revenue reflects lower ilmenite and non-magnetic concentrate sales from lower concentrate production due to reduced beach grades and opening inventory available.

MRC and GMA Group executed a garnet offtake agreement for 100,000 tonnes of garnet concentrate per annum commencing 1 January 2021. The offtake agreement with GMA Group forms the foundation of the revenue base at Tormin for the financial year, with GMA taking 130,000 tonnes in 2022. Ilmenite revenue reflects bagged ilmenite sales and one bulk shipment during the financial year, with a bulk 38,500 tonne shipment delivered in July 2022. Non-mags sales are below last financial year due to higher non-mags production in 2021 as it included production from higher zircon grade Inland Strands areas.

The following table summarises Tormin's unit costs and revenues for the year to 31 December 2022:

Summary of Unit Costs & Revenues	Full Year to 31 December 2022	Full Year to 31 December 2021
Unit production cash costs per tonne of net final concentrate produced (\$/dmt)	123.12	101.73
Unit cost of goods sold per tonne of final concentrate sold (\$/wmt) ⁽¹⁾	163.16	151.40
Unit revenue per tonne of final concentrate sold (\$/wmt)	177.53	180.61
Revenue to Cost of Goods Sold Ratio	1.09	1.19

(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 for the 2022 financial year was US\$123.12/t for 221,331 final concentrate tonnes produced, higher than the prior period's US\$101.73/t for 247,564 final concentrate tonnes produced. Production cash costs in 2022 were impacted by higher global diesel costs, global shipping costs and higher transport costs of trucking greater HMC material produced at the Northern Beaches back to the GSP for processing in 2022. This was partially offset by reduced mining of Inland Strands overburden in 2022 (179,035 tonnes) in comparison to 2021 (1,244,622 tonnes).

Total unit cost of goods sold of US\$163.16/t for the financial year for 201,126 final concentrate tonnes sold reflects higher cash costs.

Unit revenue per tonne of final concentrate sold for the financial year of US\$177.53/t is in line with US\$180.61/t for the previous year. This reflects increased pricing obtained for non-mags and ilmenite products in 2022, which offset the higher proportion of lower priced garnet sales in 2022.

Revenue to Cost of Goods Sold Ratio for the financial year is 1.09 compared to the prior period's 1.19. This reflects higher unit cost of goods sold.

Permitting

The Company has one Prospecting Right under application, adjoining PR10262 on the Company owned farm, Geelwal Karoo 262:

- PR10348 – Klipvley, immediately to the north, covers an area approximately 16km in length and 3,970 hectares.

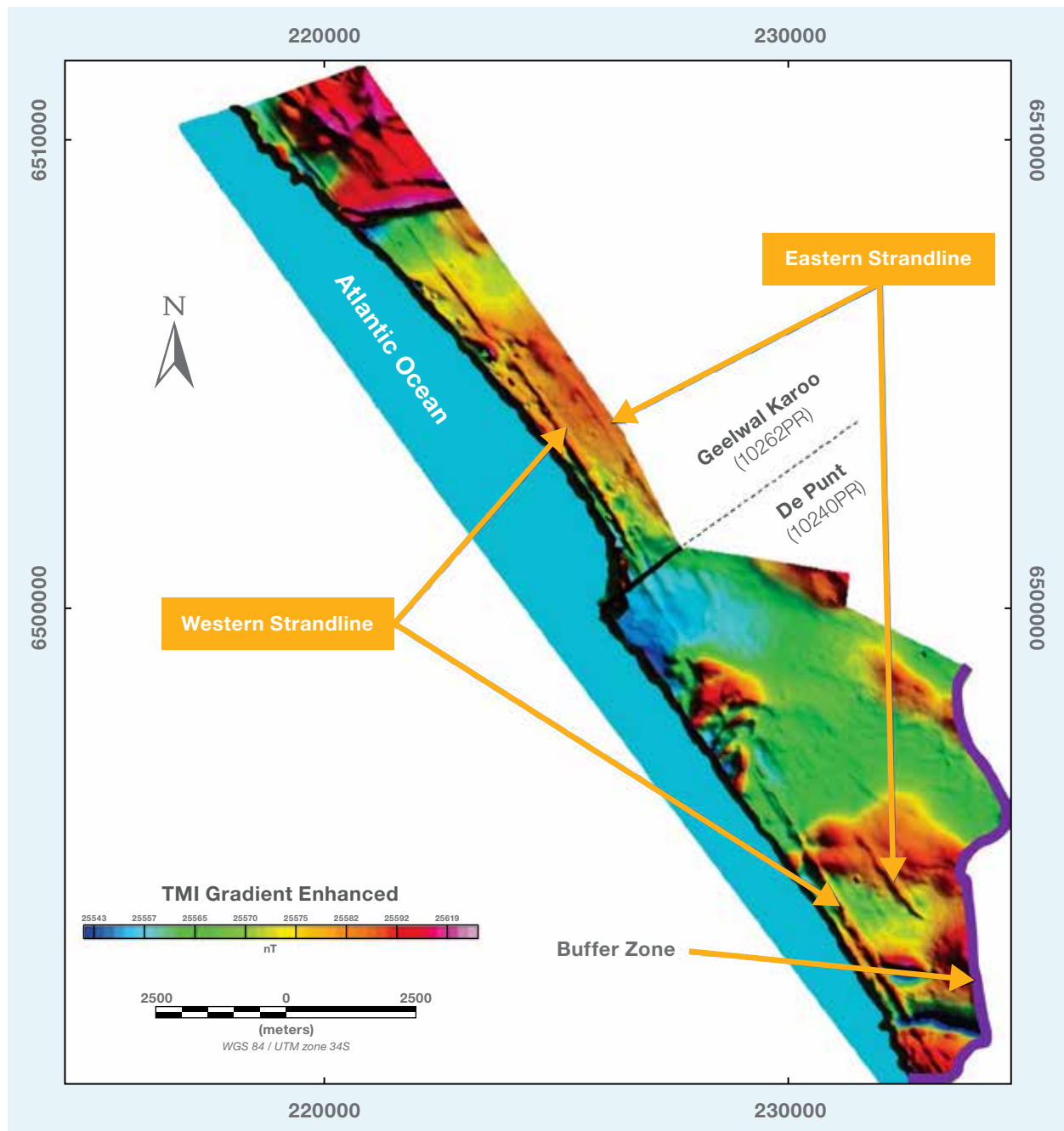
The area is highly prospective for the continuation of Western and Eastern Inland Strandlines due to the nature of constant mineralisation along the coastal zone. Drilling conducted to the northern extremity of PR10262 intersected the Western Inland Strandline open and continuing north of the delineated ore body.

PR10240 for the De Punt area was granted in July 2022, with exploration activities immediately commencing once these prospecting rights were issued. Management is targeting a resource update to shareholders before the end of the March quarter 2023.

On 25 August, the Company announced results of data processing of 564-line kilometres of high-resolution airborne magnetic and radiometric survey over De Punt Prospecting Rights, which indicates:

- Two main linear magnetic trends within the De Punt tenement. The Western linear trend is 13 km long and the Eastern linear trend has an aggregate length of 8 km;
- The magnetic trends appear to be geologically aligned and extend the reported 212.7 Mt Mineral Resources and 21.8 Mt maiden Ore Reserves of the Tormin Western and Eastern Strandlines;
- The assumption is that similar mineralisation should extend within the De Punt prospecting right, as shown in Total Magnetic Intensity map (below); and
- Seven major drilling targets (identified along strong magnetic anomalies) have been identified over strike of the Western and Eastern Strandlines extensions in De Punt, covering an area of approximately 700 hectares.





Total Magnetic Intensity Gradient Enhanced Aeromagnetic anomaly map of De Punt and Geelwal Karoo indicates the Western and Eastern Strandlines.

Mineral Sands Resources (Pty) Ltd (**MSR**) began a 6,000 metre air core drilling resource definition program prior to year-end at the De Punt area, targeting the areas along strike of the identified Inland Strands in airborne geophysical anomalies. The plan will target delineating a JORC Code compliant maiden Mineral Resource.

De Punt aligns with our Strategic Plan targeting larger scale and diversified operations by increasing mineral resources beyond the existing Western and Eastern strandlines, with the aim of significantly increasing production.

The Tormin Mineral Resource review for the Tormin Beaches was completed in February 2022, with results as follows:

Category	Resource (Mt)	HM (%)	Zircon (%)	Garnet (%)	Ilmenite (%)	Rutile (%)
Tonnes Mined – FY2021	1.17	8.86	0.41	7.02	1.02	0.23
Resource – Feb 2022	1.17	5.79	0.28	4.70	0.64	0.12
Tonnes Mined – FY2022	1.38	9.12	0.34	7.52	0.86	0.24

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

The Company provided its most recent Tormin Beaches Annual Resource Update to the market in 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)

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 16.42 million tonnes. The tonnage mined is more than six times 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 2023.

The Tormin Mineral Resource review for the Northern Beaches was completed in February 2022, with results as follows:

Category	Resource (Mt)	HM (%)	Zircon (%)	Garnet (%)	Ilmenite (%)	Rutile (%)
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
Tonnes Mined – FY2022	1.42	10.50	0.47	8.41	1.24	0.26

The Company provided its most recent Northern Beaches Annual Resource Update to the market in 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, 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.

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

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 Company provided its Inland Strands Annual Resource Update to the market in February 2022. The Inland Strands 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 Strands Mining Right areas are part of the Inland Strands Prospecting Right 10262, which incorporates an area approximately 12 kilometres in length, covering 1,741 hectares.

The JORC compliant resource Mineral Resource of Western Strandline was estimated in February 2022 at 193.2 million tonnes at 9.5% THM for 18.5 Mt of contained Heavy Mineral using a 2% cut-off.

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

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.

The 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 February 2022. 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.

There has been no processing of Inland Strands ore in 2022 (since the Mineral Resource was released in February 2022).

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

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.

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 2023.

The Tormin Beaches, Northern Beaches and Inland Strands Annual Resource Update will be revised for MRC's 2022 annual report.

Table 1 – Total Mineral Resources of Heavy Mineral Sand

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 and Northern Beaches, Western and Eastern Strandlines.
- 1% THM cut-off grade used for Xolobeni.

The Mineral Resources Estimate and Ore Reserve were prepared in accordance with the JORC Code (2012).

Skaland Graphite Operation

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.

Encouragingly, this financial year saw the three-month and the twelve-month rolling TRIFR at nil. There were no LTIs during the financial year.

The 12-month rolling TRIFR reduced from 12.91 to nil. 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	2022	2021	2020
Norway	–	12.91	33.88

LOST TIME INJURIES (LTI) INCIDENTS RECORDED

Year ended 31 December	2022	2021	2020
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.



Skaland Operational and Financial Performance

One of the objectives of management was to stabilise operations at Skaland and return Skaland to profitability. The financial year reflects Skaland production above an annualised production rate of 10 ktpa, which is the historical peak performance baseline for Skaland. Cost and revenue optimisation is ongoing.

The Company focused on operational efficiencies at the Trælen mine and maintained production. The following key production and sales metrics have been achieved during the financial year:

Mining	Full Year to 31 December 2022	Full Year to 31 December 2021
Tonnes Mined	43,891	148,346
Ore Mined (t)	39,434	30,009
Waste Mined (t)	4,457	118,337
Ore Grade (%C)	28	25
Development Metres	462	1,357

Ore Mined during the financial year is 31% above 2021, reflecting significantly improved operating conditions at Skaland, with low production during the previous financial year due to plant shutdowns and various operational downtimes.

Waste Mined and Development Metres are lower than the prior financial year due to the productivity of the down-dip development performed by a mining contractor that was performed during the previous financial year and completed in November 2021. 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. Higher waste mined reflects higher development metres.



DIRECTORS' REPORT

Higher ore mined in 2022 reflects ore exposed by the down-dip development operation and improved operating conditions at Skaland during the current financial year.

Graphite concentrate production of 10,380 tonnes is above historical peak of annualised 10,000 tonnes of production and was above the prior financial year due to an unplanned incident shutting the plant and various operational downtimes during the previous year. The plant treated 33,903 tonnes of ore, grading 28%C resulting in 10,380 tonnes of bagged product.

	Full Year to 31 December 2022	Full Year to 31 December 2021
Processing		
Ore Processed (t)	33,903	23,021
Throughput (tph)	6	6
Ore Grade (%C)	28	25
C Recovery (%)	92	91
Concentrate Grade (%)	93	91
Concentrate Produced (t)	10,380	6,293

Annual graphite concentrates sales of 10,485 t are above historical performance.

	31 December 2022 Year To Date		31 December 2021 Year To Date	
Product (wmt)	Sales	PSD %	Sales	PSD %
Coarse / Medium	3,547	34%	2,062	31%
Fine-Medium / Powder	6,938	66%	4,584	69%
Total	10,485		6,646	

Sales revenue for the financial year was US\$7.9 million for a total of 10,485 tonnes sold, compared to the previous financial year US\$4.9 million for a total of 6,646 tonnes sold. Higher sales reflect higher production during the 2022 year and an improved coarse/fines ratio from production during the current financial year.

As a result of the prior year shutdown of operations at Skaland, the unit cost ratios are not reported for the financial year ended 31 December 2021. The abnormal unit production cash costs and unit cost of goods sold for the previous financial year result from a primarily fixed operating cost base offset by low production and sales during the previous financial year because of the shutdowns.

The following table summarises Skaland's unit costs and revenues for the financial year ended 31 December 2022:

Summary of Unit Costs & Revenues	31-Mar-22 Quarter	30-Jun-22 Quarter	30-Sep-22 Quarter	31-Dec-22 Quarter	31-Dec-2022 Year To Date
Unit production cash costs per tonne of net final concentrate produced (US\$/dmt)	679.98	648.25	564.10	549.72	585.94
Unit cost of goods sold per tonne of final concentrate sold (US\$/dmt) ⁽¹⁾	803.80	754.06	752.09	564.54	725.91
Unit revenue per tonne of final concentrate sold (US\$/dmt)	754.37	733.05	737.49	779.39	750.37
Revenue to Cost of Goods Sold Ratio	0.94	0.97	0.98	1.38	1.03

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

Unit production cash costs reduced in the second half of 2022 due to the removal of labour consultancy of expatriates during the first half of 2022 that were brought in during 2021 to stabilise operations. With operations stabilised since the December 2021 quarter, this expatriate labour was no longer considered required.

Skaland Operational and Financial Performance

Importantly unit revenue pricing has materially improved against prior years, reflecting improved graphite market conditions. Higher unit cost of goods sold reflects higher unit revenue.

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 a Mineral Resources Estimate and the first JORC compliant Ore Reserve Statement at Trælen.

The 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. This has been revised for MRC's 2022 annual report.

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.

Total 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

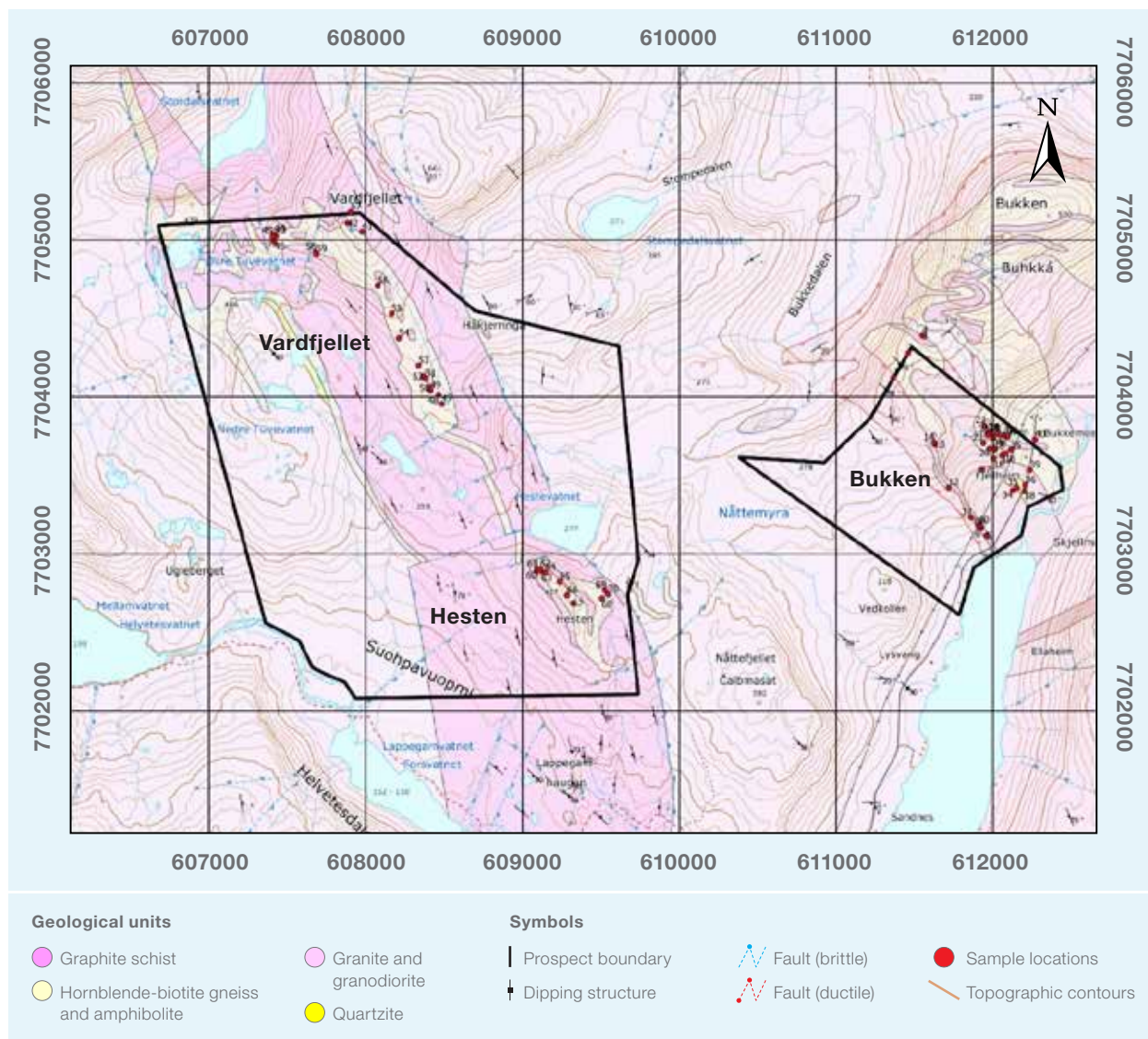
- Ore Reserve was estimated using a 10% TGC cut-off grade
- Ore reserves are a sub-set of Mineral Resources.

There was 39,434 tonnes of ore mined in 2022 at an ore grade of 28%. 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. 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.

The Company announced exploration results over the Bukken, Hesten and Vardfjellet graphite prospects on 26 April 2022, including:

- 26 line-kilometres of ultra-high resolution Drone Magnetic and Electromagnetic surveys completed over prospects; and
- Surface mapping/sampling results and strong geophysical anomalies indicate high prospectivity of Bukken, Hesten and Vardfjellet.

The geology and mineralogy of the graphite bearing rocks at the Bukken, Hesten, and Vardfjellet are very similar to that observed at the Skaland Graphite Mining Operation and Trælen mine. Assay results from surface rock chip samples returned up to 8% TGC at Bukken, 4.8% TGC at Hesten and 26.6% TGC at Vardfjellet. The primary target areas for graphite bearing structures, exhibited in the magnetic anomalies are approximately 500m × 100m at Vardfjellet, 650m × 150m at Hesten, and 300m × 150m at Bukken. Drilling is necessary to better understand the geometry, grades, and tonnage of any mineralisation. The exploration potential at Bukken, Hesten, and Vardfjellet supports the Strategic Plan objective to increase resources and reserves for the Battery Minerals division.



Geological map and sample locations at Hesten and Vardfjellet (left), and Bukken (right) prospects in Senja.

Munglinup Graphite Project

The project is on a mining lease granted until 2031 within a designated mining reserve. The Company undertook an additional ecological impact assessment, fauna, and flora surveys to update the Western Australian Environmental Protection Authority (EPA) documents, and supplementary documents were submitted to the Department of Water and Environmental Regulation (DWER) during the year. Final environmental permits are expected in the June 2023 quarter.

MRC continues to work closely with the Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC) to finalise a Heritage and Community Engagement Agreement for the Munglinup Graphite Project. The execution of the Agreement will provide economic, social, and environmental benefits to ETNTAC and the local community with opportunities for the locals to be directly involved in the Project through employment, training, and community engagement.

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 third consecutive year, was recognised by the Australian Government as a Critical Mineral Project and is included in the Australian Critical Minerals Prospectus 2022.

Mineral Resource and Reserve

Total Mineral Resource and Ore Reserve for the Munglinup Graphite Project (10% cut-off)

MINERAL RESOURCE			ORE RESERVE		
Category	Tonnes (Mt)	Total Graphitic Carbon (%)	Category	Tonnes (Mt)	Total Graphitic Carbon (%)
Measured			Proven		
Indicated	4.49	13.1	Probable	4.24	12.8
Inferred	3.50	11.0			
Total	7.99	12.2	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

There has been no change to the Mineral Resource and Ore Reserve since last year.

Exploration and Permitting

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.

Helicopter-borne magnetic and electromagnetic survey over the Munglinup tenements was reported in April 2022. Electromagnetic survey results indicate excellent new targets at the Munglinup Graphite Project. The anomaly maps show that the known graphite bearing structures in M74/245 extend to the adjoining E74/565 tenement to the east of the Munglinup deposit. As a result, twelve new priority targets have been identified, seven targets adjacent to previously drilled mineralisation and five new zones of potential mineralisation. The strong electromagnetic conductor zones covering an area of approximately 120 hectares, while the known graphite deposits include an aggregate area of 35 hectares.

The Company intends to commence a 3,000m RC drilling program by the end of 2023, targeted to expand the resource base, convert inferred resources into higher categories, and drill the new geophysical anomalous areas. The plan will target delineating a JORC Code (2012) compliant updated Mineral Resource Estimate and updated Ore Reserves. The exploration potential identified at Munglinup supports the Strategic Plan objective to accelerate concentrate production expansion and increase resources and reserves for the Battery Minerals division.

Downstream Graphite Projects

In March 2022, testwork for the CRC-P project with Australia's national science agency, CSIRO, was successfully completed with battery grades achieved at increasing scale. CSIRO conducted 534 purification tests in the CRC-P project at increasing scale, including 84 lock cycle tests to simulate industrial processing. The project achieved battery grades (minimum of 99.95% purity) for both Munglinup and Skaland spherical graphite, with typical recoveries to product of 90%. Final results and reporting for the CRC-P project was completed during the first half of 2022.

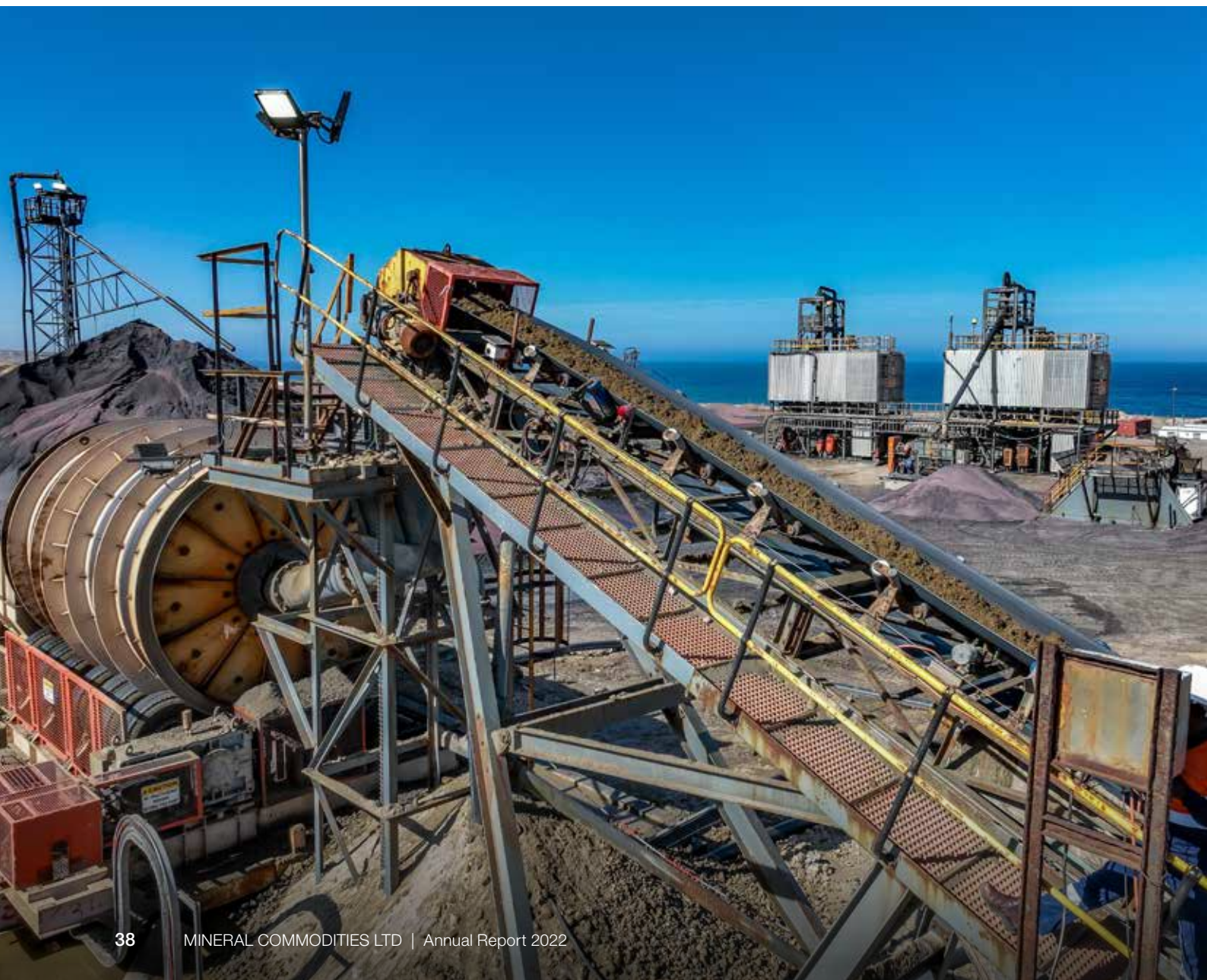
The laboratory scale CRC-P project provides the foundation for larger-scale piloting in the Company's successful \$3.94M grant application under the Commonwealth Government's CMAI project, announced during 2022. The CMAI project targets the development of an integrated ore-to-battery anode materials business based on Munglinup.

The CSIRO mini-pilot plant developed in the CRC-P project is currently generating samples for customer evaluation, with initial samples already shipped.

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 continue to update shareholders on its vertical integration strategy.

Other Australian Exploration

The Group's other Australian exploration tenements were relinquished in April 2022 as part of the settlement with the former CEO.



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 million tonnes @ 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.

Outlook

The focus at Tormin will be on investing in income producing assets in 2023 (Inland Strands plant upgrade, third primary concentration circuit and mineral separation plants) for processing operations and returning Tormin to historical profitability (during years 2015–2021 Tormin produced an average EBITDA of US\$16M).

Skaland's 2023 operations will be focused on maintaining positive cash flows and improving concentrate quality.

After delivering the DFS for the Munglinup Graphite Project on 8 January 2020, management continues to expedite the requisite 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 Munglinup Graphite Project towards a decision to mine in 2023 and Downstream initiatives aimed at anode product customer qualification see the Company well-positioned in 2023 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 Chief Executive Officer, Mr Jacob Deysel, resigned on 6 January 2023 and Chief Financial Officer, Mr Adam Bick, was appointed as the Interim Chief Executive Officer.

Rights issue announced on 7 October 2022 was completed on 30 December 2022 with A\$10 million received in early January 2023

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 (Cth) 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	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	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	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%
	Munglinup	E74 / 752	Exploration	Under application	100%
	Munglinup	E74 / 753	Exploration	Under application	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	Granted	90%
	Vardfjellet / Hesten	Gnr. 124 / Bnr. 1	Exploration	Granted	90%

Information on Directors

Brian Moller

**Independent Non-Executive
Chairman (Appointed on
28 December 2022)**

Age 64

Experience and expertise

Mr Moller is a solicitor of the Supreme Court of Queensland and Solicitor and Barrister of the Supreme Court of Western Australia. He specialises in capital markets, mergers and acquisitions, and corporate restructuring, and has acted in numerous transactions and capital raisings in both the industrial and resources and energy sectors. He is a partner at the legal firm, HopgoodGanim for over 30 years and leads the firm's Corporate Advisory and Governance practice. Mr Moller acts for many publicly listed companies in both Australia and elsewhere and regularly advises boards of directors on corporate governance and related issues.

Other current directorships

Tempest Minerals Ltd
Platina Resources Ltd
Clara Resources Limited (formerly AusTin Mining Limited)
DGR Global Ltd
New Peak Metals Ltd

Former directorships in the last 3 years

None

Special responsibilities

Chairman of the Board

Interests in shares and performance rights

Nil ordinary shares in the Company

Russell Gordon Tipper

**Independent Non-Executive
Director**

**(Appointed Independent
Non-Executive Chairman on
5 January 2022, resigned from
that role 28 December 2022)**

Age 69

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

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 and 2,300,000 performance rights

Guy Redvers Walker

Non-Executive Director

Age 53

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

1,333,333 ordinary shares in the Company and 1,100,000 performance rights

Zamile David Qunya

Non-Executive Director

(Appointed on 15 April 2021)

Age 54

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 and 1,100,000 performance rights

Debbie Ntombela**Non-Executive Director**

Age 69

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 and 1,100,000 performance rights

Jacob Deysel

Executive Director (Appointed on 5 January 2022 and resigned on 6 January 2023)

Age 47

Experience and expertise

Mr Deysel 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. He 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.

Mr 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 and 8,700,000 performance rights (which lapsed upon resignation)

DIRECTORS' REPORT

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 2022	Received as remuneration	Increase as a result of performance rights exercised	Purchased on market	Balance as at 31 December 2022
Brian Moller	–	–	–	–	–
Debbie Ntombela	–	–	–	–	–
Russell Tipper	–	–	–	–	–
Guy Walker	–	–	–	–	–
Zamile Qunya	–	–	–	–	–
Adam Bick	1,000,000	–	–	–	1,000,000
Bahman Rashidi	1,000,000	–	–	–	1,000,000
Fletcher Hancock	1,000,000	–	–	–	1,000,000

Note that Guy Walker purchased 1,333,333 shares subsequent to year end as underwriter of the Rights Issue that was completed 30 December 2022.

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 2022, and the number of meetings attended by each Director were:

NAME	MEETINGS OF COMMITTEES					
	DIRECTORS' MEETINGS		Audit, Compliance & Risk		Remuneration & Nomination	
	Number of meetings held A being total of meetings eligible to attend B being total of meetings actually attended		A		A	
	A	B	A	B	A	B
Brian Moller	1	1	–	–	–	–
Zamile David Qunya	8	13	3	5	–	–
Guy Redvers Walker	13	13	5	5	4	4
Jacob Deysel	12	12	–	–	–	–
Debbie Ntombela	13	13	5	5	3	4
Russell Gordon Tipper	13	13	5	5	4	4

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.

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:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- 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.

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 and Group Legal Counsel. 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 2022 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.

	2022	2021	2020	2019	2018	2017
(Loss) / profit for the year after tax attributable to owners of Mineral Commodities Ltd (USD)	(11,177,268)	(3,308,455)	13,754,615	7,828,231	8,823,231	9,932,930
Closing share price (AUD)	6.9 cents	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 2022 Annual General Meeting

At the General Meeting held 27 May 2022, Mr Russell Tipper and Ms Debbie Ntombela were re-elected as Directors of the Company, and approval to adopt the remuneration report and issue of performance rights to directors was granted. The replacement of constitution resolution was not put to the meeting.

B. Details of Remuneration

The key management personnel of the Group during the financial year ended 31 December 2022 are:

- the Directors of the Company;
- Mr Jacob Deysel, the Chief Executive Officer ("**CEO**");
- 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 CEO, CFO, CTO, EM and GLC in 2022, the CFO, CTO and EM in 2021, the CFO and CTO in 2020 and to the GLC in 2019. 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 (resigned as director on 5 Jan 2022)	2022	-	-	-	-	-	-	-	-
Russell Tipper (appointed as interim Chairman on 5 Jan 2022 and resigned as interim Chairman on 28 Dec 2022)	2022	140,590	-	-	14,410	32,987	187,987	-	17.5
Debbie Ntombela	2022	75,000	-	-	-	15,776	90,776	-	17.4
Guy Walker	2022	80,000	-	-	-	15,776	95,776	-	16.5
Zamile Qunya	2022	105,825	7,316	-	-	15,776	128,917	4.6	12.2
Jacob Deyssel (appointed Managing Director on 5 Jan 2022 and resigned on 6 January 2023)	2022	497,500	89,250	48,657	27,500	198,899	861,807	10.4	23.1
Total Director Remuneration	2022	898,915	96,566	48,657	41,910	279,214	1,365,263	7.1	20.5
Other Key Management Personnel									
Adam Bick ⁽²⁾	2022	322,500	124,687	49,228	27,500	146,777	670,692	18.6	21.9
Surinder Ghag (resigned on 30 Sep 2022)	2022	204,489	-	40,615	20,511	-	265,615	-	-
Bahman Rashidi (resigned on 28 Oct 2022)	2022	204,175	-	15,664	20,825	-	240,664	-	-
Fletcher Hancock ^{(1) (2)}	2022	272,614	104,719	15,665	27,386	103,434	523,818	20.0	19.7
Christoph Frey	2022	251,786	-	-	-	-	251,786	-	-
Total Key Management Personnel Remuneration	2022	2,154,479	325,972	169,829	138,132	529,425	3,317,837	9.8	16.0

(1) Resigned as Company Secretary on 28 December 2022 per the ASX release dated 28 December 2022.

(2) Cash bonus was approved on 24 February 2023 and represents 2022 cash bonus payment and 2021 cash bonus that was deferred in 2022.

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	-	-
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	-	-
Peter Torre (resigned on 10 September 2021)	2021	156,250	-	-	-	-	156,250	-	-
Debbie Ntombela	2021	75,000	-	-	-	-	75,000	-	-
Russell Tipper (appointed as interim CEO on 25 March 2021 and resigned as interim CEO on 4 Oct 2021)	2021	293,763	-	-	19,570	-	313,333	-	-
Guy Walker (appointed 29 June 2021)	2021	37,500	-	-	-	-	37,500	-	-
Zamile Qunya (appointed 15 April 2021)	2021	63,117	5,631	-	-	-	68,747	8.2	-
Total Director Remuneration	2021	861,292	5,631	1,852	23,908	-	892,683	0.6	-
Other Key Management Personnel									
Jacob Deyssel (appointed as CEO on 4 Oct 2021)	2021	124,375	-	1,896	6,875	-	133,146	-	-
Adam Bick	2021	299,578	-	44,001	25,422	62,909	431,910	-	14.6
Surinder Ghag	2021	273,864	-	19,325	26,136	62,909	382,234	-	16.5
Bahman Rashidi	2021	239,166	-	21,510	23,334	-	284,010	-	-
Fletcher Hancock	2021	257,625	-	16,056	24,875	12,522	311,077	-	4.0
Christoph Frey	2021	259,843	-	-	-	-	259,843	-	-
Total Key Management Personnel Remuneration	2021	2,315,741	5,631	104,639	130,551	138,340	2,694,903	0.2	5.1

DIRECTORS' REPORT

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

Cash bonus

The CEO, Jacob Deysel, 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 Chairman of the Remuneration and Nomination Committee assessed and reviewed the performance of the CEO against the above set of measurable criteria and awarded 68% of the full bonus of 25% of the Base Remuneration.

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 CEO assessed and reviewed the performance of the CFO against the above set of measurable criteria and awarded 77% and 70% of the full bonus of 25% of the Base Remuneration for 2022 and 2021 respectively.

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%.

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 CEO assessed and reviewed the performance of the GLC against the above set of measurable criteria and awarded 69% and 75% of the full bonus of 25% of the Base Remuneration for 2022 and 2021 respectively.

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	
	2022	2021	2022	2021	2022	2021
Directors						
Mark Caruso (terminated as CEO on 25 March 2021)	–	100%	–	–	–	–
Peter Torre (resigned 10 September 2021)	–	100%	–	–	–	–
David Baker (resigned as director on 5 January 2022)	–	100%	–	–	–	–
Debbie Ntombela	83%	100%	–	–	17%	–
Russell Tipper	82%	100%	–	–	18%	–
Guy Walker	84%	100%	–	–	16%	–
Zamile Qunya ⁽¹⁾	82%	92%	6%	8%	12%	–
Jacob Deyssel	67%	100%	10%	–	23%	–
Other Key Management Personnel						
Adam Bick	59%	85%	19%	–	22%	15%
Surinder Ghag	100%	84%	–	–	–	16%
Bahman Rashidi	100%	100%	–	–	–	–
Fletcher Hancock	60%	96%	20%	–	20%	4%
Christoph Frey	100%	100%	–	–	–	–

(1) 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

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.

Performance Rights (termed "series 1") were granted to key management personnel on 29 June 2021. These performance rights had market based and non-market based conditions attached.

Subsequent to grant date, these performance rights were voluntarily cancelled by Directors on 24 February 2022 and replaced with alternative performance rights (termed "series 2").

The alternative performance rights were formalised and granted following approval at the Board meeting held on 24 February 2022. These performance rights have market and non-market based conditions attached.

Series 1 Performance Rights:

	Grant Date	Vesting Date	Expiry Date	Exercise Price	Barrier Price (A\$) [^]	Fair Value	No of Performance Rights
Adam Bick	29 Jun 2021	25 Nov 2022	25 Nov 2024	–	31.0 cents	1.5 cents	400,000
Adam Bick	29 Jun 2021	25 Nov 2023	25 Nov 2025	–	–	1.5 cents	600,000
Surinder Ghag	29 Jun 2021	25 Nov 2022	25 Nov 2024	–	31.0 cents	1.5 cents	400,000
Surinder Ghag	29 Jun 2021	25 Nov 2023	25 Nov 2025	–	–	1.5 cents	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.

The total fair value of series 1 as at the date of modification was A\$75,000.

Series 2 Performance Rights:

	Grant Date	Vesting Date	Expiry Date	Exercise Price	Barrier Price (A\$) [^]	Fair Value	No of Performance Rights
Adam Bick	24 Feb 2022	23 Feb 2023	23 Feb 2026	–	19.0 cents	5.0 cents	1,200,000
Adam Bick	24 Feb 2022	23 Feb 2024	23 Feb 2026	–	19.0 cents	7.6 cents	1,200,000
Adam Bick	24 Feb 2022	23 Feb 2025	23 Feb 2026	–	19.0 cents	8.9 cents	1,200,000
Surinder Ghag	24 Feb 2022	23 Feb 2023	23 Feb 2026	–	19.0 cents	5.0 cents	1,033,333
Surinder Ghag	24 Feb 2022	23 Feb 2024	23 Feb 2026	–	19.0 cents	7.6 cents	1,033,333
Surinder Ghag	24 Feb 2022	23 Feb 2025	23 Feb 2026	–	19.0 cents	8.9 cents	1,033,334

[^] 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.

DIRECTORS' REPORT

The following additional performance rights were offered to key management personnel in 2022:

	Grant Date	Vesting Date	Expiry Date	Exercise Price	Barrier Price (A\$)^	Fair Value	No of Performance Rights
Bahman Rashidi	24 Feb 2022	23 Feb 2023	23 Feb 2026	—	19.0 cents	5.0 cents	866,667
Bahman Rashidi	24 Feb 2022	23 Feb 2024	23 Feb 2026	—	19.0 cents	7.6 cents	866,667
Bahman Rashidi	24 Feb 2022	23 Feb 2025	23 Feb 2026	—	19.0 cents	8.9 cents	866,666
Fletcher Hancock	24 Feb 2022	23 Feb 2023	23 Feb 2026	—	19.0 cents	5.0 cents	1,033,333
Fletcher Hancock	24 Feb 2022	23 Feb 2024	23 Feb 2026	—	19.0 cents	7.6 cents	1,033,333
Fletcher Hancock	24 Feb 2022	23 Feb 2025	23 Feb 2026	—	19.0 cents	8.9 cents	1,033,334
Jacob Deysel	27 May 2022	23 Feb 2023	23 Feb 2026	—	19.0 cents	3.5 cents	2,900,000
Jacob Deysel	27 May 2022	23 Feb 2024	23 Feb 2026	—	19.0 cents	6.7 cents	2,900,000
Jacob Deysel	27 May 2022	23 Feb 2025	23 Feb 2026	—	19.0 cents	8.1 cents	2,900,000
Russell Tipper	27 May 2022	23 Feb 2026	23 Feb 2026	—	19.0 cents	9.0 cents	2,300,000
Guy Walker	27 May 2022	23 Feb 2026	23 Feb 2026	—	19.0 cents	9.0 cents	1,100,000
Debbie Ntombela	27 May 2022	23 Feb 2026	23 Feb 2026	—	19.0 cents	9.0 cents	1,100,000
Zamile Qunya	27 May 2022	23 Feb 2026	23 Feb 2026	—	19.0 cents	9.0 cents	1,100,000

^ 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.

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 2022	Cancelled	Received as remuneration	Forfeited [#]	Performance rights vested & exercised	Balance as at 31 December 2022	Performance rights vested & not exercised
Adam Bick	1,000,000	1,000,000	3,600,000	—	—	3,600,000	—
Surinder Ghag	1,000,000	1,000,000	3,100,000	3,100,000	—	—	—
Bahman Rashidi	—	—	2,600,000	2,600,000	—	—	—
Fletcher Hancock	—	—	3,100,000	—	—	3,100,000	—
Jacob Deysel	—	—	8,700,000	—	—	8,700,000	—
Russell Tipper	—	—	2,300,000	—	—	2,300,000	—
Guy Walker	—	—	1,100,000	—	—	1,100,000	—
Debbie Ntombela	—	—	1,100,000	—	—	1,100,000	—
Zamile Qunya	—	—	1,100,000	—	—	1,100,000	—
Total	2,000,000	2,000,000	26,700,000	5,700,000	—	21,000,000	—

Forfeited shares relate to resignations during the period

E. Other transactions with key management personnel

Mine Site Construction Services ("**MSCS**"), a company associated with former CEO Mr Mark Caruso 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 2022 was \$Nil (2021: \$23,395). 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 2022 was \$Nil (2021: \$26,535). 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 2022 was \$Nil; (2021: \$19,513). 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 2022 was \$Nil (2021: \$11,692). 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.

(ii) Transactions with other related parties (continued)

Shepstone & Wylie, a company associated with Debbie Ntombela, one of the Directors, has provided legal services to the Company during 2022. This amount paid by the Company to Shepstone and Wylie for the year ended 31 December 2022 was \$174,297 (2021: \$362,591).

Zamadiba Trading and Z Square M.P Empowerment, companies associated with Zamille David Qunya, one of the Directors, has provided executive services and manpower to the Company during 2022. This amount paid by the Company to Zamadiba Trading and Z Square M.P Empowerment for the year ended 31 December 2022 was \$526,263 (2021: \$140,573), excluding labour payroll costs of site based Z Square employees.

(ii) 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 2022 \$	31 Dec 2021 \$
Shepstone & Wylie	8,909	68,659
Zamadiba Trading	—	48,208
Z Square M.P Empowerment	103,418	40,923

Zamadiba Trading has \$49,125 in accounts receivable as at 31 December 2022.

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

31 Dec 2022
A\$

Non-audit services

BDO Corporate Finance (WA) Pty Ltd

7,200

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 55 and forms part of this report.

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



Brian Moller

Chairman

Perth, Western Australia

28 February 2023

Auditor's Independence Declaration



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

As lead auditor of Mineral Commodities Ltd for the year ended 31 December 2022, 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 black ink, appearing to read 'Glyn O'Brien', is written over a light blue horizontal line.

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth
28 February 2023

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 2022

	Notes	31 Dec 2022 \$	31 Dec 2021 \$
Revenue from continuing operations			
Sale of product	2.2	44,310,010	45,380,671
Other revenue	2.2	149,666	5,104,400
		44,459,676	50,485,071
Expenses			
Mining and processing costs	2.3(i)	(48,515,030)	(46,853,863)
Other expenses from ordinary activities			
Administration expenditure	2.3(ii)	(7,634,809)	(8,232,696)
Share based payment expense		(325,577)	(162,149)
Financial expense (net)	5.2	(29,328)	(56,409)
Loss before income tax from continuing operations		(12,045,068)	(4,820,046)
Income tax benefit	2.4(ii)	529,367	1,069,192
Loss after income tax from continuing operations		(11,515,701)	(3,750,854)
Loss is attributable to:			
Owners of Mineral Commodities Ltd		(11,177,268)	(3,308,455)
Non-controlling interest		(338,433)	(442,399)
		(11,515,701)	(3,750,854)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	2.5 (i)	(2.13)	(0.77)
Diluted earnings per share	2.5 (ii)	(2.13)	(0.77)

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 2022

	31 Dec 2022 \$	31 Dec 2021 \$
Loss for the year	(11,515,701)	(3,750,854)
Other comprehensive expense		
Exchange differences on translation of foreign operations	(3,458,576)	(4,499,380)
Other comprehensive expense for the year, net of tax	(3,458,576)	(4,499,380)
Total comprehensive expense for the year	(14,974,277)	(8,250,234)
Total comprehensive expense for the year is attributable to:		
Owners of Mineral Commodities Ltd	(14,425,161)	(7,759,948)
Non-controlling interest	(549,116)	(490,286)
	(14,974,277)	(8,250,234)

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

Consolidated balance sheet**As at 31 December 2022**

	Notes	31 Dec 2022 \$	31 Dec 2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	4.1	1,142,141	4,251,383
Trade and other receivables	4.2	11,451,889	8,082,971
Inventories	4.3	11,849,610	11,174,123
Other investments, including derivatives		156,529	152,019
Total Current Assets		24,600,169	23,660,496
Non-current assets			
Trade and other receivables	4.2	1,131,868	1,208,126
Inventories	4.3	2,367,296	2,745,855
Exploration expenditure	3.1	17,507,213	19,087,833
Mine development expenditure	3.2	4,676,944	7,150,293
Property, plant and equipment	3.3	28,266,958	33,734,519
Total Non-Current Assets		53,950,279	63,926,626
Total Assets		78,550,448	87,587,122
LIABILITIES			
Current liabilities			
Trade and other payables	4.4	14,725,208	9,527,809
Unearned revenue	2.2 (i)	3,646,486	—
Borrowings	5.1	4,346,123	4,964,820
Employee benefits	7.1	582,435	659,185
Current tax liabilities		103,871	1,113,619
Total Current Liabilities		23,404,123	16,265,433
Non-current liabilities			
Provisions	3.5	951,865	1,020,597
Long term borrowings	5.1	2,905,040	4,655,768
Employee benefits	7.1	76,500	170,383
Deferred tax liabilities	2.4(ii)	3,980,832	4,805,747
Total Non-current Liabilities		7,914,237	10,652,495
Total Liabilities		31,318,360	26,917,928
NET ASSETS		47,232,088	60,669,194
Equity			
Contributed equity	5.3(a)	78,925,112	77,672,620
Reserves	5.3(b)	(32,810,841)	(29,847,627)
Retained earnings	5.3(c)	1,715,369	12,892,636
Parent entity interest		47,829,640	60,717,629
Non-controlling interest	5.3(d)	(597,552)	(48,435)
TOTAL EQUITY		47,232,088	60,669,194

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 2022

	Notes	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		44,180,415	52,559,194
Payments to suppliers and employees		(42,994,339)	(46,509,176)
Income tax refund / (paid)		90,524	(1,681,468)
Net cash inflow from operating activities	4.1(ii)	1,276,600	4,368,550
Cash flows from investing activities			
Payments for exploration expenditure		(432,910)	(850,306)
Payments for property, plant and equipment		(5,734,007)	(10,614,887)
Proceeds from property, plant and equipment		2,442,708	–
Payments for development expenditure		(181,661)	(4,447,306)
Proceeds from disposal of financial assets		–	4,686,928
Interest received		302	712
Net cash outflow from investing activities		(3,905,568)	(11,224,859)
Cash flows from financing activities			
Proceeds from issue of new shares (net of costs)		1,211,594	7,547,478
Proceeds from borrowings		2,891,220	2,470,313
Repayment of borrowings		(4,339,008)	(3,746,021)
Interest paid on borrowings		(242,200)	(804,271)
Net cash (outflow) / inflow from financing activities		(478,394)	5,467,499
Net decrease in cash and cash equivalents		(3,107,362)	(1,388,810)
Cash and cash equivalents at beginning of financial year		4,251,383	5,643,139
Effects of exchange rate changes on cash and cash equivalents		(1,880)	(2,946)
Cash and cash equivalents at end of financial year	4.1	1,142,141	4,251,383

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 2022

	Contributed equity \$	Reserves \$	Retained earnings / (accumulated losses) \$	Totals \$	Non- controlling interest \$	Total equity \$
For the year ended 31 December 2022						
At 1 January 2022	77,672,620	(29,847,627)	12,892,636	60,717,629	(48,435)	60,669,194
Loss for the year	–	–	(11,177,267)	(11,177,267)	(338,434)	(11,515,701)
Other comprehensive income for the year	–	(3,247,893)	–	(3,247,893)	(210,683)	(3,458,576)
Total comprehensive income for the year	–	(3,247,893)	(11,177,267)	(14,425,160)	(549,117)	(14,974,277)
Transaction with owners in their capacity as owners:						
Share Issue, net of costs	1,211,594	–	–	1,211,594	–	1,211,594
Conversion of unlisted performance rights	40,898	(40,898)	–	–	–	–
Share based payments	–	325,577	–	325,577	–	325,577
Balance at the end of the year	78,925,112	(32,810,841)	1,715,369	47,829,639	(597,552)	47,232,088

	Contributed equity \$	Reserves \$	Retained earnings \$	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

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 2022 was authorised for issue in accordance with a resolution of Directors with effect on 28 February 2023.

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 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 available working capital and finance facilities and expected positive cash flows from the mining operations at Tormin and Skaland including the re-introduction of high-grade production from the Inland Strands, currently expected from March quarter 2023, which will be the catalyst for improved beach mining grades and increasing ore processing at Tormin from 2.4mtpa to 2.7 Mtpa. A A\$10 million rights issue was completed during December 2022, with funds receipted in early January 2023. This will materially strengthen the balance sheet and provide funding for various cash flow generative projects at Tormin.

(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 2022 to 31 December 2022; 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 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- AASB 2020–3 Amendments to Australian Accounting Standards – *Annual Improvements 2018–2020 and Other Amendments*

No other standards, interpretations or amendments which have been issued are expected to have an impact on 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 2022 is as follows:

2022	Tormin Project \$	Xolobeni Project \$	Skaland Project \$	Australia exploration \$	Corporate \$	Consolidation eliminations \$	Total \$
Total segment revenue	36,494,614	–	7,909,501	–	55,561	–	44,459,676
Revenue from external customers	36,494,614	–	7,909,501	–	55,561	–	44,459,676
Adjusted EBITDA	(297,249)	(263)	762,404	10,182	(4,012,676)	(102,498)	(3,640,098)
Depreciation and amortisation	5,156,141	–	1,359,225	–	996,922	–	7,512,288
Impairment	–	–	–	834,764	–	–	834,764
Total segment assets	138,112,245	4,420,561	16,220,169	12,249,430	317,293,662	(409,745,619)	78,550,448
Total segment liabilities	122,029,229	4,373,830	25,573,912	14,166,802	280,231,881	(415,057,294)	31,318,360
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Reconciliation of EBITDA (segment result) to loss before tax

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

	31 Dec 2022 \$	31 Dec 2021 \$
Adjusted EBITDA	(3,640,098)	3,753,772
Interest expense	(29,328)	(56,409)
Depreciation and amortisation	(7,512,288)	(8,517,409)
Disposals	(863,354)	–
Operating loss before income tax	(12,045,068)	(4,820,046)

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 2022 \$	31 Dec 2021 \$
From continuing operations		
Sales revenue		
Sale of product	44,310,010	45,380,671
Other revenue		
Other income	149,666	5,104,400

(i) Contract liabilities

A reconciliation of contract liabilities is below:

	2022 \$	2021 \$
As at 1 January	–	–
Cash received in advance of performance and not recognised in revenue during the period	3,646,486	–
As at 31 December	3,646,486	–

2.3 Expenses

31 Dec 2022
\$

31 Dec 2021
\$

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	6,182,542	10,833,857
Fuel	9,802,845	6,970,922
Wages and salaries	10,853,255	10,927,768
Repairs and maintenance	7,092,291	5,769,591
Depreciation and amortisation – mining and processing assets	6,515,366	7,538,811
Lease interest costs	2,260,904	1,911,519

(ii) Administration expenses

Administration expenses include the following material expenditure items:

Directors and key management personnel remuneration	3,222,924	2,694,903
Depreciation – corporate assets	996,922	978,598

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 2022 \$	31 Dec 2021 \$
Current tax expense/(benefit)	126,159	(119,043)
Deferred tax (benefit)/expense	(590,111)	(348,633)
Adjustments for current tax (benefit)/expense of prior periods	(65,415)	(601,516)
	(529,367)	(1,069,192)
Income tax (benefit)/expense is attributable to:		
(Loss)/profit from continuing operations	(529,367)	(1,069,192)
Aggregate income tax (benefit)/expense ⁽¹⁾	(529,367)	(1,069,192)
Deferred income tax (benefit)/expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	296,778	(688,469)
(Increase)/decrease in deferred tax liabilities	(886,889)	220,793
	(590,111)	(467,676)

1 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 2022 of 4% (2021: 22%).

Numerical reconciliation of income tax expense to prima facie tax expense

	31 Dec 2022 \$	31 Dec 2021 \$
(Loss)/profit from continuing operations before income tax expense	(12,045,068)	(4,820,046)
Prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before at a rate of 30% (2021: 30%)	(3,613,520)	(1,446,014)
Foreign tax rate differential	394,587	452,925
Tax at consolidated amount	(3,218,933)	(993,089)

Tax effect of:

Entertainment	819	363
Foreign exchange	1,373,823	35,959
Donations	19	471
Share based payment	97,673	48,645
Depreciation on Skaland acquisition assets	36	239,350
Other non-assessable items	852,073	358,913
Gain from disposal of assets	13,818	(140,983)
Adjustment for current tax of prior period	(65,415)	(451,715)
Unrecognised deferred tax asset	416,720	(167,106)
Income tax expense/(benefit)	(529,367)	(1,069,192)

(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 \$1,702,839 (2021: \$1,781,878) 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.

(a) *Deferred tax assets*

	31 Dec 2022 \$	31 Dec 2021 \$
Recognised deferred tax assets		
Tax losses	1,702,839	1,781,878
Trade and other receivables	203,828	358,221
Financial assets	–	2,091
Lease liability	1,019,214	1,235,636
Provisions/ accrued expenditure	403,051	477,846
Unrealised foreign exchange loss	–	59,494
Property, plant and equipment	1,929,526	1,929,526
Business related expenditure and borrowing costs	109,138	151,471
	5,367,596	5,996,163
Set-off against deferred tax liabilities	(5,367,596)	(5,996,163)
	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2022	1,781,878	358,221	2,091	1,235,636	477,846	59,494	151,471	1,929,526	5,996,163
(charged) / credited – to profit or loss	(79,039)	(154,393)	(2,091)	(216,422)	(74,795)	(59,494)	(42,333)	–	(628,567)
At 31 December 2022	1,702,839	203,828	–	1,019,214	403,051	–	109,138	1,929,526	5,367,596

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 – 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

(b) Deferred tax liabilities

	31 Dec 2022 \$	31 Dec 2021 \$
Recognised deferred tax liabilities		
Unrealised foreign exchange gain	839	–
Property, plant and equipment	7,039,349	7,097,168
Prepayments	107,133	94,858
Trade and other payables	13,846	13,051
Capital raising cost	87,824	62,368
Development Expenditure	–	1,100,449
Exploration Expenditure	2,099,437	2,434,016
	9,348,428	10,801,910
Set-off against deferred tax assets	(5,367,596)	(5,996,163)
	3,980,832	4,805,747

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movements	Unrealised foreign exchange gain \$	Property, plant & equipment \$	Prepayments \$	Trade & other payables \$	Capital Raising Cost \$	Exploration expenditure \$	Development Expenditure \$	Total \$
At 1 January 2022	–	7,097,168	94,858	13,051	62,368	2,434,016	1,100,449	10,801,910
(charged) / credited								
– to profit or loss	839	(57,819)	12,275	795	25,456	(334,579)	(1,100,449)	(1,453,482)
At 31 December 2022	839	7,039,349	107,133	13,846	87,824	2,099,437	–	9,348,428

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

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.

	2022 US Cents	2021 US Cents
From continuing operations attributable to the ordinary equity holders of the Company	(2.13)	(0.77)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(2.13)	(0.77)

(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.

	2022 US Cents	2021 US Cents
From continuing operations attributable to the ordinary equity holders of the Company	(2.13)	(0.77)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	(2.13)	(0.77)

Reconciliation of earnings used in the calculation of earnings per share

	2022 \$	2021 \$
Basic earnings per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	(11,515,701)	(3,750,854)
Discontinued operations	–	–
Loss for the year	(11,515,701)	(3,750,854)
Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share:		
From continuing operations	(11,515,701)	(3,750,854)
Discontinued operations	–	–
Loss for the year	(11,515,701)	(3,750,854)
	2022 Number	2021 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	540,996,399	489,449,582
Adjustment for calculation of diluted earnings per share:		
Performance rights	–	550,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	540,996,399	489,999,582

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 2022.

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 interest 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 interest is continuing.

	Note	31 Dec 2022 \$	31 Dec 2021 \$
As at 1 January		19,087,833	19,907,653
Expenditure during the year		432,910	850,306
Write-off discontinued projects		(834,764)	(149,554)
Re-classification: transfer to mine development expenditure	3.2	–	(204,522)
Exchange differences		(1,178,766)	(1,316,050)
As at 31 December		17,507,213	19,087,833

Discounted projects reflect assets disposed in the settlement with the previous CEO during the year.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

	Note	31 Dec 2022 \$	31 Dec 2021 \$
As at 1 January		7,150,293	3,873,209
Additions		181,661	4,447,306
Reclassification: transfer from exploration and evaluation asset	3.1	–	204,522
Reclassification: transfer from property, plant and equipment	3.3	–	1,365,709
Amortisation expense		(1,493,797)	(2,090,436)
Exchange differences		(1,161,213)	(650,017)
		4,676,944	7,150,293

Carrying value assessment

The Company has undertaken an assessment of impairment indicators and concluded that there are indicators of impairment of the Tormin and Skaland assets as at 31 December 2022. The Company undertook an assessment of the recoverable amount which resulted in no impairment. Refer to note 3.4 for further discussion.

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 2022	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 2022	4,807,595	1,381,800	27,912,979	113,321	1,020,597	11,217,320	8,116,807	54,570,419
Additions	–	–	265,133	–	–	2,891,220	2,577,654	5,734,007
Disposals	–	–	(1,437,774)	–	–	–	(2,128,930)	(3,566,704)
Re-classifications	–	–	–	–	–	–	–	–
Exchange differences	(133,409)	(90,537)	(1,465,840)	(7,153)	(68,732)	(886,586)	(620,326)	(3,272,583)
As at 31 December 2022	4,674,186	1,291,263	25,274,498	106,168	951,865	13,221,954	7,945,204	53,465,139
Accumulated depreciation and amortisation								
As at 1 January 2022	(880,381)	(973,319)	(14,518,577)	(113,321)	(226,125)	(4,124,177)	–	(20,835,900)
Depreciation and amortisation	(616,063)	(199,562)	(2,356,300)	–	(98,755)	(2,747,811)	–	(6,018,491)
Disposals	–	–	217,465	–	–	–	–	217,465
Exchange differences	27,396	65,466	939,439	7,153	18,812	380,479	–	1,434,510
As at 31 December 2022	(1,469,048)	(1,107,415)	(15,717,973)	(106,168)	(306,068)	(6,491,509)	–	(25,198,181)
Net book amount								
Cost at fair value	4,674,186	1,291,263	25,274,498	106,168	951,865	13,221,954	7,945,204	53,465,139
Accumulated depreciation and amortisation	(1,469,048)	(1,107,415)	(15,717,973)	(106,168)	(306,068)	(6,491,509)	–	(25,198,181)
Net book amount	3,205,138	183,848	9,556,525	–	645,797	6,730,445	7,945,204	28,266,958

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

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:

- 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
- Substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is not budgeted or planned; or
- 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
- 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 – CGU).

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.

External and internal indicators of impairment as at 31 December 2022 included:

- Market capitalisation of the Company is lower than net assets of the Group; and
- Increased costs of production.

Impairment Testing

(i) Methodology

Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount, being the value in use of the CGU, has been estimated using the discounted cashflows method based on the Group's recoverable minerals.

Value in use is estimated based on discounted cash flows using market-based commodity price, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements. When Life of Mine ("LOM") plans fully utilise the existing mineral resource and the Group have demonstrated an ability to replenish resources, an estimated replenishment rate has been applied to unmined resources.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group planning and budgeting process, mill capacity levels and mining plans for the following year. The 2023 budget and mine plan were developed in the context of the current commodities environment.

Significant judgements and assumptions are made by the Group to determine value in use. This includes assessing variable key assumptions such as commodity prices, cost structures, production utilisation and capacity, available minerals and discount rates. Any change in these variable assumptions can cause adverse changes in one or more of the assumptions used to estimate value in use.

(ii) Key Assumptions

The table below summarises the key assumptions used in the 31 December 2022 carrying value assessments.

Assumptions	Tormin (2023–2052)	Skaland (2023–2031)
Pre-tax discount rate (%)	17.4%	13.7%
Inflation rate (5)	4.0%	4.0%
Average unit production cash costs per tonne of net final concentrate produced (US\$/ dmt)	157	580
Reserve ('M tonnes)	21.8	0.6
Production (tph)	320–520	7–11
Garnet price (USD /t)	120–200	–
Ilmenite price (USD /t)	135–350	–
Non-mag price (USD /t)	836–1,600	–
Average Flake price (USD /t)	–	1,191–1,429
Average Medium Flake price (USD /t)	–	834–1,008
Average Fine Medium Flake price (USD /t)	–	693–832
Average Powder price (USD /t)	–	503–604

Discount rate

The future cash flows of the CGU are discounted by the estimated real weighted average cost of capital ("WACC"), pursuant to the Capital Asset Pricing Model. The nominal pre-tax WACC has been derived from comparable company analysis, in addition to the WACC rate of the group's mining operations being the primary CGU.

Reserves

Reserves were based on the Group's JORC 2012 compliant Annual Resource and Reserve Update Statement announced to the Australian Securities Exchange on 28 February 2022 adjusted for accrual tonnes mined in 2022.

Production

Life of mine production activity is based on the Group's latest annual budget and the LOM plan. Estimated production is assumed consistent with the capacity constraint of both the plants considered while assuming a constant recovery rate. Discounted cash flows include expected cost improvements and sustaining capital requirements.

Commodity prices

Commodity prices are estimated with reference to external market forecasts and reviewed at least annually. The price applied has taken into account observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Impacts

Due to the recoverable amount of the mining operations CGU being greater than the estimated carrying amount, no impairment was required for the year ending 31 December 2022.

Description	Carrying Amount	Impairment	Balance
Tormin			
Mine Development	3,397,517	–	3,397,517
Plant & Equipment	7,541,166	–	7,541,166
Total	10,938,683	–	10,938,683
Skaland			
Mine Development	1,279,427	–	1,279,427
Plant & Equipment	11,496,613	–	11,496,613
Total	12,776,040	–	12,776,040

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 2022 \$	31 Dec 2021 \$
Non-current		
Environmental rehabilitation provision	951,865	1,020,597

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 2022 \$	31 Dec 2021 \$
Cash assets		
Cash at bank and in hand	1,142,141	4,251,383

(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 2022 \$	31 Dec 2021 \$
Loss for the year	(11,515,701)	(3,750,854)
Adjustments for:		
Depreciation and amortisation	7,512,288	8,517,409
Assets written off	834,764	732,716
Loss / (gain) on disposal of asset	906,531	(450,926)
Net finance costs	(26,514)	308
Share based payments	325,577	162,149
Fair value gain on other investments	(6,576)	(3,784,180)
Net exchange differences	389,748	(323,522)
Change in operating assets and liabilities:		
Decrease / (Increase) in trade debtors	(3,887,785)	6,513,870
(Increase) / decrease in prepayments	(243,750)	(87,542)
(Increase) / decrease in inventories	(675,487)	(2,932,540)
(Decrease) / Increase in trade payables and unearned revenue	8,843,886	1,777,332
(Decrease) / increase in income tax payable	(1,009,748)	(1,885,186)
(Decrease) / increase in employee benefits	(170,633)	(120,484)
Net cash flows from operating activities	1,276,600	4,368,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Non-cash investing and financing activities

Plant and equipment acquired by leases in 2022 of \$2,782,734 (2021: \$5,985,975) 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 2022 \$	31 Dec 2021 \$
Cash and cash equivalents	1,142,141	4,251,383
Borrowings – repayable within one year (including overdraft)	(4,346,123)	(4,964,820)
Borrowings – repayable after one year	(2,905,040)	(4,655,768)
Net debt	(6,109,022)	(5,369,205)
Cash and cash equivalents	1,142,141	4,251,383
Gross debt – variable interest rates	(7,251,163)	(9,620,588)
Net debt	(6,109,022)	(5,369,205)

	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 2021	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)
Cash flows	(3,107,362)	197,612	936,451	421,086	814,277	(737,936)
Foreign exchange adjustments	(1,880)	–	–	–	–	(1,880)
Net debt as at 31 December 2022	1,142,141	(2,446,432)	(2,186,944)	(1,899,690)	(718,096)	(6,109,021)

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 2022 \$	31 Dec 2021 \$
Current		
Trade receivables	3,054,499	773,192
Less: Provision for impairment of receivables	—	—
	3,054,499	773,192
Other receivables ⁽ⁱ⁾	7,814,505	6,970,644
Prepayments	582,885	339,135
	11,451,889	8,082,971
Non-current		
Security deposits ⁽ⁱⁱ⁾	237,934	253,964
Advance to Blue Bantry ⁽ⁱⁱⁱ⁾	869,526	928,108
Other receivables	24,408	26,054
	1,131,868	1,208,126

(i) Includes \$2,664,792 (2021: \$881,077) of VAT and \$5,282,127 (2021: \$4,575,637) 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 \$237,934 (2021: \$253,964) 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 (2021: 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 2022. Refer to Note 5.4(a)(iv) for impairment & 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 2022 and 2021. 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 2022, compared to a carrying amount of \$Nil (2021: 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 & 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31 Dec 2022 \$	31 Dec 2021 \$
Current		
Raw materials at cost	4,392,549	2,988,219
Finished product at lower of cost and net realisable value	4,991,709	5,660,342
Spare parts and consumables at cost	2,465,352	2,525,562
	11,849,610	11,174,123
Non-current		
Finished product at lower of cost and net realisable value ⁽ⁱ⁾	2,367,296	2,745,855
	2,367,296	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 2022 \$	31 Dec 2021 \$
Trade payables	9,493,428	4,871,217
Other payables and accruals	5,231,780	4,656,592
	14,725,208	9,527,809

(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 2022 and 2021.

(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.

	31 Dec 2022 \$	31 Dec 2021 \$
Current		
Borrowings – unsecured ⁽⁵⁾	686,788	2,218,634
Amounts due under equipment acquisition agreements ^{(1), (2), (3), (4)}	2,446,432	2,644,044
Borrowings – secured ⁽⁶⁾	1,212,903	102,142
	4,346,123	4,964,820
Non-current		
Borrowings – unsecured ⁽⁵⁾	687,560	1,532,373
Amounts due under equipment acquisition agreements ^{(1), (2), (3), (4)}	2,186,944	3,123,395
Borrowings – secured ⁽⁶⁾	30,536	–
	2,905,040	4,655,768

- (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 loan is repayable in full by 2024. The loan has an effective rate of 5.46%.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.



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).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	31 Dec 2022 \$	31 Dec 2021 \$
Within one year	2,784,369	3,023,394
Later than one year but no later than five years	2,333,394	3,344,667
Greater than 5 years	–	–
Minimum lease payments	5,117,763	6,368,061
Less: Future Finance Charges	(484,801)	(600,622)
	4,632,962	5,767,439

Lease commitments include contracted amounts for various plant and equipment with a written down value of \$6,730,445 (2021: \$7,093,143) 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 2022 \$	31 Dec 2021 \$
Finance income		
Interest Income	302	712
Total finance income	302	712
Finance costs		
Interest paid to third parties	242,200	336,330
Net change in fair value of financial assets – derivatives	(212,570)	(279,209)
Total finance costs	29,630	57,121
Net finance costs	(29,328)	(56,409)

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

	2022 Number of shares	2021 Number of shares	2022 \$	2021 \$
Ordinary shares				
Fully paid	558,819,354	534,990,634	78,925,113	77,672,620

(ii) Movements in ordinary share capital

Details	Number of shares	\$
At 1 January 2022	534,990,634	77,672,620
Share issued net of costs	23,328,720	1,211,594
Conversion of performance rights	500,000	40,898
At 31 December 2022	558,819,354	78,925,112

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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 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 1 January 2022	1,363,393	—	(31,469,683)	258,663	(29,847,627)
Share based payments	—	—	—	325,577	325,577
Conversion of performance rights	—	—	—	(40,898)	(40,898)
Exchange differences on translation of foreign operations	—	—	(3,247,893)	—	(3,247,893)
At 31 December 2022	1,363,393	—	(34,717,576)	543,342	(32,810,841)

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 2022 \$	31 Dec 2021 \$
At 1 January	12,892,636	16,201,091
Profit for the year	(11,177,268)	(3,308,455)
At 31 December	1,715,368	12,892,636

(d) Non-controlling interest

	31 Dec 2022 \$	31 Dec 2021 \$
At 1 January	(48,435)	441,851
Comprehensive loss for the year	(549,117)	(490,286)
At 31 December	(597,552)	(48,435)

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 2022 was:

At 31 December 2022	Value of Hedges contracted US\$	Mark-to-market value of hedges US\$	Mark-to-market hedge position US\$
South African rand (ZAR)	2,000,000	2,032,666	32,666
Total position	2,000,000	2,032,666	32,666

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
USD / AUD exchange rate – increase 10%	414,878	501,404	–	–
USD / AUD exchange rate – decrease 10%	(414,878)	(501,404)	–	–
USD / ZAR exchange rate – increase 10%	2,853,128	2,708,035	–	–
USD / ZAR exchange rate – decrease 10%	(2,853,128)	(2,708,035)	–	–
USD / NOK exchange rate – increase 10%	743,703	686,146	–	–
USD / NOK exchange rate – decrease 10%	(743,703)	(686,146)	–	–

(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	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Interest rate increase of 100 basis points	(60,738)	(23,485)	–	–
Interest rate decrease of 100 basis points	60,738	23,485	–	–

(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 \$123,863 (2021: \$122,149), 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	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Price increase of 10%	8,670	8,550	–	–
Price decrease of 10%	(8,670)	(8,550)	–	–

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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.

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 2022 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 2022 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	2,812,320	41,687	56,778	143,713	3,054,498
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 \$1,142,141 (2021: \$4,251,383). 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 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. Loan 1 of NOK1,326,000 was fully repaid in 2020. Loan 2 of 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 2022	\$	\$	\$	\$	\$	\$
Trade and other receivables	6,169,762	5,282,127	–	–	11,451,889	11,451,889
Trade and other receivables – non current	–	–	1,131,868	–	1,131,868	1,131,868
Derivatives – FVTPL						
Inflow	2,032,666	–	–	–	2,032,666	32,666
(Outflow)	(2,000,000)	–	–	–	(2,000,000)	–
Total financial assets	6,202,428	5,282,127	1,131,868	–	12,616,423	12,616,423

	< 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

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 2022					
Trade and other payables	14,725,208	–	–	14,725,208	14,725,208
Borrowings excluding finance leases	1,899,690	718,096	–	2,617,786	2,617,786
Lease liabilities	2,446,432	2,186,529	–	4,632,961	4,632,961
Total financial liabilities	19,071,330	2,904,625	–	21,975,955	21,975,955
	< 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

(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 2022 and 31 December 2021:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2022				
Financial assets				
Derivatives – FVTPL	–	32,666	–	32,666
Listed equity securities – FVTPL	23,857	–	–	23,857
Unlisted equity securities – FVTPL	–	100,006	–	100,006
Total financial assets	23,857	132,672	–	156,529
	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: 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2022 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	
		2022 %	2021 %	2022 %	2021 %
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 ⁽²⁾	South Africa	—	100	—	—
MRC Metals Proprietary Limited ⁽²⁾	South Africa	—	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	—	—	—	—
Skaland Graphite (Netherlands) BV	Netherlands	100	100	—	—

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

(2) The Company was dissolved in May 2022.

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 2022 \$	31 Dec 2021 \$
Balance sheet		
Current assets	23,380,792	27,313,144
Non-current assets	679,125	1,250,913
Total assets	24,059,917	28,564,057
Current liabilities	3,572,922	2,941,042
Non-current liabilities	76,500	170,383
Total liabilities	3,649,422	3,111,425
Net assets	20,410,495	25,452,632
Shareholders' equity		
Issued capital	56,110,429	58,436,048
Reserves	(36,244,159)	(33,266,524)
Accumulated losses	544,225	283,108
Total equity	20,410,495	25,452,632
(Loss) / profit for the year	(5,114,949)	(1,706,173)

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 2022 \$	31 Dec 2021 \$
Current		
Annual leave provision	582,435	659,185
Non-current		
Long service leave provision	76,500	170,383

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 2022 and 2021.

(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 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 and been exercised in prior year.

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 in prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 in prior year.

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 have been forfeited 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 and been exercised. 500,000 have been forfeited.

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 24 February 2022 these Performance Rights were voluntarily cancelled by Directors and replaced with alternative Performance Rights.

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. On 24 February 2022 these Performance Rights were voluntarily cancelled by Directors and replaced with alternative Performance Rights.

On 24 February 2022, the Board approved the issue of 4,466,667 Performance Rights vesting on 23 February 2023 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

On 24 February 2022, the Board approved the issue of 4,466,667 Performance Rights vesting on 23 February 2024 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

On 24 February 2022, the Board approved the issue of 4,466,666 Performance Rights vesting on 23 February 2025 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

On 27 May 2022, shareholders approved the issue of 2,900,000 Performance Rights vesting on 23 February 2023 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

On 27 May 2022, shareholders approved the issue of 2,900,000 Performance Rights vesting on 23 February 2024 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

On 27 May 2022, shareholders approved the issue of 2,900,000 Performance Rights vesting on 23 February 2025 and upon the 30-day VWAP of the Company's shares trading on the ASX being at or above A\$0.19, expiring on 23 February 2026.

On 27 May 2022, shareholders approved the issue of 5,600,000 Performance Rights that will vest upon the Company's share price achieving a 30 day VWAP of \$0.19, expiring on 23 February 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Set out below are summaries of all Performance Rights granted under the Plan and unexpired at 31 December 2022:

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	Cancelled during the year	Balance at the end of the year	Vested at the end of the year
28 May 2019	28 Feb 2023	Nil	13.2 cents	100,000	–	–	100,000	–	–	–
29 Jun 2021	1 Sep 2023	Nil	12.0 cents	1,000,000	–	500,000	500,000	–	–	–
29 Jun 2021	25 Nov 2024	Nil	12.0 cents	920,000	–	–	–	920,000	–	–
29 Jun 2021	25 Nov 2025	Nil	20.0 cents	1,380,000	–	–	–	1,380,000	–	–
24 Feb 2022	23 Feb 2026	Nil	5 cents	–	4,466,667	–	1,900,000	–	2,566,667	–
24 Feb 2022	23 Feb 2026	Nil	7.6 cents	–	4,466,667	–	1,900,000	–	2,566,667	–
24 Feb 2022	23 Feb 2026	Nil	8.9 cents	–	4,466,666	–	1,900,000	–	2,566,666	–
24 Feb 2022	23 Feb 2026	Nil	3.5 cents	–	2,900,000	–	–	–	2,900,000	–
24 Feb 2022	23 Feb 2026	Nil	6.7 cents	–	2,900,000	–	–	–	2,900,000	–
24 Feb 2022	23 Feb 2026	Nil	8.1 cents	–	2,900,000	–	–	–	2,900,000	–
27 May 2022	23 Feb 2026	Nil	9.0 cents	–	5,600,000	–	–	–	5,600,000	–
				3,400,000	27,700,000	500,000	6,300,000	2,300,000	22,000,000	–

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 Sep 2018	30 Sep 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 Jun 2021	1 Sep 2023	Nil	12.0 cents	1,000,000	–	–	–	–	1,000,000	500,000
29 Jun 2021	25 Nov 2024	Nil	12.0 cents	1,000,000	–	–	80,000	–	920,000	–
29 Jun 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

Fair value of Performance Rights granted

The assessed fair value at grant date of the Performance Rights offered during the period ended 31 December 2022 was determined using an option pricing model that takes into account the performance conditions (e.g. share price reaching A\$0.19 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.

As a result of the Performance Rights granted on 29 June 2021 (termed "series 1") being voluntarily cancelled by Directors and replaced with Performance Rights granted on 24 February 2022 (termed "series 2"), in accordance with the requirements of AASB 2 Share-Based Payments, modification accounting to the share based payment arrangement was applied. This required the fair value of the original series 1 to be determined on modification date in addition to determining the fair value of the new series 2.

The total share based payment expense related to Performance Rights for the period ended 31 December 2022 was \$325,577 (2021: \$162,149). The amount for the period ended 31 December 2022 includes the incremental fair value difference between the fair value of the series 1 Performance Rights on grant date 29 June 2021 and at the modification date, 24 February 2022.

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

(a) Number of Rights issued	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,500,000	4,466,667	4,466,667	4,466,666	2,900,000	2,900,000	2,900,000	5,600,000
(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	0 cents	0 cents
(c) Share price barrier (AUD)	20.0 cents	20.0 cents	26.0 cents	31.0 cents	31.0 cents	31.0 cents	–	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents
(d) 5 day VWAP of underlying security	28.0 cents	17.5 cents	–	–	–	–	–	–	–	–	–	–	–	–
(e) 30 day VWAP of underlying security	–	–	26.0 cents	31.0 cents	31.0 cents	31.0 cents	–	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents	19.0 cents
(f) Grant date	22 May 2018	25 Sep 2018	28 May 2018	28 May 2019	29 Jun 2021	29 Jun 2021	29 Jun 2021	24 Feb 2022	24 Feb 2022	24 Feb 2022	27 May 2022	27 May 2022	27 May 2022	27 May 2022
(g) Risk-free interest rate	2.20%	2.15%	1.12%	1.12%	0.07%	0.07%	0.07%	1.085%	1.085%	1.565%	2.450%	2.450%	2.775%	2.775%
(h) Expiry date	1 Oct 2021	30 Sep 2021	14 May 2022	14 May 2022	1 Sep 2023	25 Nov 2024	25 Nov 2025	23 Feb 2026	23 Feb 2026	23 Feb 2026	23 Feb 2026	23 Feb 2026	23 Feb 2026	23 Feb 2026
(i) Share price at grant date (AUD)	28.0 cents	17.5 cents	19.5 cents	19.5 cents	20.0 cents	20.0 cents	20.0 cents	11.5 cents	11.5 cents	11.5 cents	11.0 cents	11.0 cents	11.0 cents	11.0 cents
(j) Expected price volatility of the shares	85%	85%	85%	85%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
(k) Expected dividend yield	5.67%	7.6%	6.67%	6.67%	Nil	Nil	Nil	Nil	Nil	Nil	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 2022 and 31 December 2021 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 2022 A\$	31 Dec 2021 A\$
Short-term employee benefits	2,555,367	2,426,012
Post-employment benefits	138,132	130,551
Share-based payments	529,425	138,340
	3,222,924	2,694,903

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 former CEO, Mr Mark Caruso (terminated 25 March 2021) 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 2022 was \$Nil (2021: \$23,395). 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 2022 was \$Nil (2021: \$26,535). 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 2022 was \$Nil; (2021: \$19,513). The amounts payable have been in respect to the provision of technical staff at the Group's 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 2022 was \$Nil (2021: \$11,692). 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 2022. This amount paid by the Company to Shepstone and Wylie for the year ended 31 December 2022 was \$174,297 (2021: \$362,591).

Zamadiba Trading and Z Square M.P Empowerment, companies associated with Zamilé David Qunya, one of the Directors, has provided executive services and manpower to the Company during 2022. This amount paid by the Company to Zamadiba Trading and Z Square M.P Empowerment for the year ended 31 December 2022 was \$526,263 (2021: \$140,573), excluding labour payroll costs of site based Z Square employees.

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(iv) 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 2022 \$	31 Dec 2021 \$
Shepstone & Wylie	8,909	68,659
Zamadiba Trading	–	48,208
Z Square M.P Empowerment	103,418	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\$241,423) (Dec 2021: ZAR4,102,989 (US\$257,668)).

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\$18,829) (Dec 2021: ZAR320,000 (US\$20,098)).

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\$23,536) (Dec 2021: ZAR400,000 (US\$25,122)).

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\$20,594) (Dec 2021: ZAR350,000 (US\$21,982)).

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\$894,380) (Dec 2021: ZAR15,200,000 (US\$954,636)).

Others

In 2019, the Company received a letter of demand for up to ZAR32,268,000 (US\$1,898,674) (Dec 2021: US\$2,026,592) plus penalty interest of ZAR4,307,083 (US\$253,432) (Dec 2021: US\$270,506), 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 2022.

Other than those mentioned above, there have been no other changes to contingent assets or liabilities since 31 December 2022.

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 Chief Executive Officer, Mr Jacob Deysel resigned on 6 January 2023 and the Company's Chief Financial Officer, Mr Adam Bick was appointed as the Company's Chief Executive Officer on 6 January 2023.

Rights issue announced on 7 October 2022 was completed on 30 December 2022 with A\$10 million received in early January 2023.

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 2022 \$	31 Dec 2021 \$
Audit services		
<i>Audit and review of financial reports</i>		
BDO Audit (WA) Pty Ltd	95,579	70,672
BDO Johannesburg, South Africa	16,201	44,884
BDO Tromso, Norway	20,852	–
	<u>132,631</u>	<u>115,556</u>
Non-audit services		
BDO Corporate Finance (WA) Pty Ltd	<u>7,200</u>	<u>–</u>

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 2022.

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 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments

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 2022 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:



Brian Moller
Chairman

Dated at Perth, Western Australia this 28th day of February 2023

Independent auditor's report to the members



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 Australia

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 2022, 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 2022 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.

Carrying value of Mine Assets

Key audit matter	How the matter was addressed in our audit
Notes 3.2, 3.3 and 3.4 of the financial report discloses the carrying value of the Group's mine assets comprising property, plant and equipment and mine development expenditure.. The Australian Accounting Standards require the Group to assess whether there are any indicators that these assets may be impaired. The Group concluded there were indicators of impairment being: • Net assets of the Group exceeded its market capitalisation as at 31 December 2022; and • Increased costs of production Accordingly, the Group was required to estimate the recoverable amount of the assets in accordance with the Australian Accounting Standards from which no impairment was recognised. The assessment of an assets recoverable amount is complex, highly judgemental, includes assessing a range of internal and external factors and modelling a range of assumptions that could impact the recoverable amount of its mine assets. Resultingly, this matter was considered to be a key audit matter.	We evaluated management's assessment of the assets' recoverable amount as at 31 December 2022 in accordance with AASB 136 <i>Impairment of Assets</i>. Our work included, but was not limited to the following procedures: • Assessing the appropriateness of the Group's categorisation of the Cash Generating Units ("CGU") and the allocation of assets to the carrying value of CGUs based on our understanding of the Group's business and internal reporting; • Obtaining and reviewing available reserve data from management's external expert to determine whether the data has been correctly included within the impairment model. This included assessing the competency and objectivity of management's expert; • Challenging key inputs used within the discounted cash flow, including the following: ○ In conjunction with our internal valuation specialist, reviewing the accuracy and integrity of management's discounted cash flow model and the appropriateness of the discount rate utilised by management; ○ Analysing management's price assumptions against external market data; ○ Evaluating the reasonableness of operating and production costs contained within management's discounted cash flow model;



<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
	• Reviewing Director's minutes and ASX announcements for evidence of consistency of information with management's assessment of the carrying value; and • Assessing the adequacy of the related disclosures in Notes 3.2, 3.3 and 3.4 to 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 2022, 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 37 to 46 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Mineral Commodities Ltd, for the year ended 31 December 2022, 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-colored BDO logo.

Glyn O'Brien

Director

Perth

28 February 2023

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 14 April 2023.

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 2022 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 dispatch 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 five directors, three 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:

	No. of Directors
Expertise	
Senior Executive Experience	3
Governance	4
Financially knowledgeable	4
Mining	3
Technical (Geological/Engineering)	1
Mergers and Acquisitions	3
In-Country Experience	3
Resource Development	3
Competencies	
Strategic Leadership	5
Vision and Mission	5
Governance	5

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 2022 and 31 December 2022

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 and evaluations are conducted in accordance with it.

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 2022 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.

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 recognised however that internal control systems provide only reasonable and not absolute assurance against the risk of material loss.

STATEMENT OF CORPORATE GOVERNANCE

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 Continuation 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.

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 316 staff, with 91 females, representing 29%. 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.



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% ¹
	Tormin – Steenvas	(WC)30/5/1/2/2/162 MR (10108 MR)	Mining	Granted	50% ¹
	Tormin – North and South	(WC)30/5/1/2/2/163 MR (10107 MR)	Mining	Granted	50% ¹
	Tormin – Surf Zone	(WC)30/5/1/1/2/10036 PR (10276 PR)	Prospecting	Granted	50% ¹
	Tormin – Offshore	(WC)30/5/1/1/2/10199 PR (10343 PR)	Prospecting	Granted – subject to renewal application	50% ¹
	Tormin – De Punt	(WC)30/5/1/1/2/10240 PR	Prospecting	Granted	50% ¹
	Tormin – Northern Beaches Graauw Duinen	(WC)30/5/1/1/2/10261 PR	Prospecting	Granted	50% ¹
	Tormin – Geelwal Karoo	(WC)30/5/1/1/2/10262 PR	Prospecting	Granted	50% ¹
	Tormin – Klipvley Karoo Kop	(WC)30/5/1/1/2/10307 PR (10348 PR)	Prospecting	Under application	50% ¹
	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%
Australia	Xolobeni	EC30/5/1/1/2/10025 MR	Mining	Subject to moratorium – Under Application	56%
	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%
	Munglinup	E74/752	Exploration	Under application	100%
	Munglinup	E74/753	Exploration	Under application	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	Granted	90%
	Vardfjellet/Hesten	Gnr. 124/Bnr. 1	Exploration	Granted	90%

¹ Increase from 50% to 69% announced in April 2023 is subject to shareholder and regulatory approval

MINERAL RESOURCE AND ORE RESERVES STATEMENT

Mineral Resources

As at 31 December 2022, Group Mineral Resources includes:

- 562 million tonnes at 6.6% THM including 37 million tonnes of in situ heavy mineral across the Tormin Mineral Sands Operation and Xolobeni Mineral Sands project.
- 9.78 million tonnes at 14.3% TGC and contained 1.39 million tonnes of graphite across the Munghlinup Graphite project and Skaland Graphite Operation.

Ore Reserves

As at 31 December 2022, Group Ore Reserves includes:

- 60.3 million tonnes at 3.7% VHM (14.7% THM) including 2.21 million tonnes of in situ heavy mineral at the Tormin Mineral Sands Operation.
- 4.84 million tonnes at 14.3% TGC and contained 0.66 million tonnes of graphite across its Munghlinup Graphite project and Skaland Graphite Operation.

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 nine years and a total of 17 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 nine years.

The Company as at 31 December 2022 is recognising a resource of 2.05 million tonnes at 10.3% 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 2022, a total of 1.42Mt of ore was mined out from the Northern Beaches. For the annual mineral resource audit, a total of 235 holes (557m) were drilled in beaches 1 to 10 on a regular 50m x 20m grid. Total Mineral Resource for the Northern Beaches is estimated at 1.72 million tonnes at 15.8% THM in the category of 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 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. No resource change has occurred since 2021.

The maiden Mineral Resource of Eastern Strandline was 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 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 2021.

Total Mineral Resources of Heavy Mineral Sand based on mined material reconciliation as at 31 December 2022.

Project	Category	Resource (Mt)	THM (%)	In Situ THM (Mt)	Zircon (%HM)	Garnet (%HM)	Ilmenite (%HM)	Rutile (%HM)	Anatase (%HM)	Magnetite (%HM)
Tormin Beaches	Measured									
	Indicated	1.86	10.3	0.19	2.5	43.1	5.4	1.3	0.1	0.6
	Inferred	0.19	10.1	0.02	2.3	48.9	5.0	1.2	0.1	0.7
	Total	2.05	10.3	0.21	2.5	43.6	5.4	1.3	0.1	0.7
Northern Beaches	Measured									
	Indicated	1.49	17.2	0.26	2.6	49.6	6.8	1.3	0.1	0.6
	Inferred	0.23	6.9	0.02	2.2	41.7	4.5	1.3	0.0	0.8
	Total	1.72	15.8	0.27	2.6	48.6	6.5	1.3	0.1	0.6
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	6.6	37			39			

- 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

Mineral Sands Reserves

As at 31 December 2022, Group Ore Reserves of Mineral Sands is estimated to contain 60.3 million tonnes of 3.7% VHM. This represents 2.21 million tonnes of valuable heavy mineral ore compared with the estimate at the same time last year (57% increase).

Total Ore Reserves of Valuable Mineral Sands as at 31 December 2022.

Project	Category	Resource (Mt)	Total VHM (%)	Contained VHM (Mt)
Western Strandline	Proven	21.5	5.4	1.17
	Probable	38.8	2.7	1.05
Total		60.3	3.7	2.21
Grand Total		60.3	3.7	2.21

- Tonnes and grade numbers may not compute due to rounding.
- Ore Reserve uses a variable cut-off grade.
- Ore Reserves are a sub-set of Mineral Resources.

Graphite Resources

The Skaland Graphite Operation is located on the Island of Senja in northern Norway. The updated JORC Code (2012) compliant resource of 1.79 million tonnes at 23.5% TGC in the categories of Measured, Indicated and Inferred for 0.42Mt of contained graphite using a 10% cut-off for the Trælen deposit.

The Munglinup 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 Munglinup remain unchanged since the release in January 2020.

Total Mineral Resources of Graphite based on mined material reconciliation as at 31 December 2022.

Project	Category	Resource (Mt)	Total Graphitic Carbon (%)	Contained Graphite (Mt)
Skaland	Measured	0.06	30.2	0.02
	Indicated	0.68	25.2	0.17
	Inferred	1.05	22.0	0.23
Total		1.79	23.5	0.42
Munglinup	Indicated	4.49	13.1	0.58
	Inferred	3.50	11.0	0.38
Total		7.99	12.2	0.97
Grand Total		9.78	14.3	1.39

- Tonnes and grade numbers may not compute due to rounding.
- 10% TGC cut-off grade used for Skaland.
- 5% TGC cut-off grade used for Munglinup.

Graphite Reserves

As at 31 December 2022, Group Ore Reserves of graphite is estimated to contain 4.84 million tonnes of 14.3% TGC. This represents 0.60 million tonnes of graphite ore, which is below the estimate at the same time last year due to production.

The Munmlinup Ore Reserve was reported in January 2020 and contains 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. The Munmlinup Ore Reserve remains unchanged since 2020.

Total Ore Reserves of Graphite as at 31 December 2022.

Project	Category	Tonnes (Mt)	Total Graphitic Carbon (%)
Skaland	Proven	0.05	27.8
	Probable	0.55	24.6
	Total	0.60	24.8
Munmlinup	Proven		
	Probable	4.24	12.8
	Total	4.24	12.8
Grand Total		4.84	14.3

- Tonnes and grade numbers may not compute due to rounding.
- 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 2023.

Twenty Largest Shareholders

Rank	Name	12 Apr 2023	%IC
1	AU MINING LIMITED	232,003,840	33.55
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	152,956,036	22.12
3	CITICORP NOMINEES PTY LIMITED	109,101,616	15.78
4	SIMTO RESOURCES PTY LTD	37,679,814	5.45
5	REGIONAL MANAGEMENT PTY LTD	10,046,540	1.45
6	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	7,374,877	1.07
7	MR ANTHONY JOHN ANDREWS	5,549,900	0.80
8	MRS KATHRYN ELIZABETH STRICKLAND	5,299,983	0.77
9	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	3,941,034	0.57
10	MR JONATHAN COLVILE	3,349,219	0.48
11	BNP PARIBAS NOMINEES PTY LTD	3,189,963	0.46
12	CHETAN ENTERPRISES PTY LTD	2,266,668	0.33
13	MR BARTON THOMAS WARE	2,242,671	0.32
14	TASMANIAN OUTSTANDING PROPERTY INVESTMENTS PTY LTD	1,982,894	0.29
15	MR RICHARD ARTHUR LOCKWOOD	1,780,658	0.26
16	UNIVERSAL IMPORTS EXPORTS PTY LTD	1,620,845	0.23
17	MR MICHAEL ERNEST GRANATA	1,550,000	0.22
18	MR JOSEPH ANTHONY CARUSO	1,480,107	0.21
19	KENSINGTON CAPITAL MANAGEMENT PTY LTD	1,475,000	0.21
20	MR ANTHONY DAVID SHEARD	1,473,012	0.21
Total		586,574,677	84.83
Balance of register		104,881,264	15.17
Grand total		691,455,941	100.00

Distribution of equity security holders

Range	Securities	%	No. of holders
100,001 and Over	660,618,231	95.54	241
10,001 to 100,000	26,923,057	3.89	733
5,001 to 10,000	2,418,176	0.35	303
1,001 to 5,000	1,459,513	0.21	428
1 to 1,000	36,964	0.01	159
Total	691,455,941	100.00	1,864

Marketable Parcels

Number of shareholders holding less than a marketable parcel of ordinary shares is 757.

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 are substantial shareholders of MRC:

• Au Mining Limited	232,003,840	33.55%
• Tormin Holdings Limited	94,905,045	13.73%
• Mr & Mrs Anthony C Lowrie	51,951,674	7.51%
• M&G Investment Management Limited	44,478,034	6.43%
• Mr M E Denning	38,466,667	5.56%
• Simto Resources Pty Ltd	37,679,814	5.45%

Restricted securities

There are no restricted securities.

Share buy backs

There is no current on market share buyback.



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