



Mineral Commodities Ltd

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Company Announcements Office

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 31 MARCH 2005

MINERAL COMMODITIES LIMITED (MRC)

HIGHLIGHTS

- The Xolobeni new order Prospecting Right Application (PRA) was submitted and the Department of Minerals and Energy (DME) in February 2005.
- Xolobeni EMP drafted and submitted to DME in April 2005.
- Eskom initiated feasibility study for the power supply to Xolobeni.
- Tormin EMP for the PRA submitted to Department of Environmental Affairs and Tourism (DEAT) and Department of Water Affairs and Forestry (DWAF) for approval.
- Bateman optimise Tormin plant design for zircon and a high Ti product.
- Tormin zircon product confirmed as ceramic grade by Outokumpu in the USA.
- Cash and marketable securities of 11 cents per MRC share on issue at end of quarter.

PROJECT DEVELOPMENT

XOLOBENI MINERAL SANDS PROJECT (SOUTH AFRICA)

Owned and operated through South African subsidiary company Transworld Energy and Minerals Resources (SA) (Pty) Ltd (TEM)

Prospecting Right Application (PRA).

A new order PRA was submitted in February 2005, which has been accepted by the DME. TEM submitted an environmental management programme (EMP) to cover the prospecting activities in April 2005. This will be assessed by the DME, DEAT and DWAF over a period of 120 days. Upon approval of this prospecting right EMP, TEM will commence the planned

socio – environmental work programme. The EIA is required as part of a Mining Right Application (MRA).

TEM has appointed the South African environmental consultants GCS (Pty) Ltd and Australian based RPS Bowman Bishaw Gorman to undertake the necessary environmental and social studies to meet the requirements of the Act. This work will form the base line monitoring information required as part of the EIA for the MRA and includes;

- Air quality monitoring.
- Bio-monitoring.
- Estuarine ecology.
- Ground water monitoring.
- Noise impacts.
- Socio-economic condition determination.
- Soil sampling and survey.
- Surface water monitoring and flow measurement.
- Visual.
- Wetland Identification.
- Water monitoring boreholes and check drilling.
- Ground radiometric surveys.

TEM has entered into discussions with South African power regulator Eskom to initiate a feasibility study for the supply of suitable power to the project. The key components to the supply was a total of 70 Mva to the project with 60 Mva going to the mineral separation plant (MSP) and furnaces and 10 Mva to the Mine site and community. The Xolobeni area has no power supply let alone large industrial power. Eskom has confirmed its commitment to the project and community and is examining supply of power to the project and community by 2007

Bateman Minerals has provided valuable input into the technical aspects for the power supply and associated reticulation. They have also completed a detailed study on the environmental considerations of the mining, MSP and smelter processes.

This information is required for the EIA and MRA. Matters highlighted in the study cover aspects of;

- Water usage and balance.
- Dust levels in the plants,
- Emissions form the operations.
- Light and noise levels.
- Waste generation.
- Tails generation and disposal.
- Stockpiles and management.
- General site management.
- Transport.
- Manning levels

Unitrans, a major South African haulage and transport company, was commissioned to study and optimise the transport routes for the project. The study includes haulage of HMC and product to the MSP and smelter. The final site for the MSP and smelter will be decided from the EIA and bankable feasibility study.

The transport study includes the option of setting up a black economic empowerment company with the local community based on existing successful empowerment programmes in the industry. This would have significant advantages for further employment from the Xolobeni and surrounding communities.

Xolobeni Black Empowerment and Consultation

The local Amadiba community at Xolobeni is updated regularly on developments with the project and continues to actively support TEM and XolCo (the local community empowerment company) in their efforts to secure the mining rights.

The key issues raised at meetings are the creation of jobs, reduction in poverty, elimination of illiteracy, provision of water, power and transport and the determination of sustainable land use. The community's continued concern over the accelerating degradation of the area in terms of top soil erosion, wet land destruction and uncontrolled indigenous bush clearing for firewood has been brought to the attention of key government departments. All parties agree that mining is the one activity than can stop the degradation and bring in the required infrastructure, jobs and wealth.

TORMIN MINERAL SANDS PROJECT (SOUTH AFRICA)

Owned and operated through South African subsidiary company Mineral Sands Resources (Pty) Ltd (MSR).

Prospecting Right Application.

MSR lodged a new order PRA in August 2004. The EMP was submitted in December 2004. Final approval is expected in May 2005.

An agreement with an existing holder of a mining permit within the tenement has been revised in order that MSR can purchase those rights. This will require permission from the DME but will consolidate MSR's rights over the full extent of the deposit.

Once the Tormin EMP is approved it is planned to start immediately on the preparation of a MRA. The work programme for this is already prepared and costed. .

Bankable Feasibility Study (BFS)

Bateman Minerals have completed work on the wet plant design and are well advanced on the MSP configuration. Reports to date have covered;

- Process water supply, fuel, power requirements and manning levels.
- Preliminary plant layouts and design.
- Process design flow sheet
- Test work on final products.

The conclusion of this work has been to optimise the process to produce zircon and a high Ti product. The wet concentrator plant will recover a heavy mineral concentrate (HMC) at a yield of approximately 12% of the run of mine material (ROM). This HMC will have a high zircon and rutile content.

The material will be trammed to the MSP approximately 10 km away at the nearby De Punt site.

The MSP will consist of a dry non magnetic circuit with a down stream wet nonmagnetic gravity circuit. The concentrate produced will be fed to a 15 tph dry mill. The zircon is of superior quality and is suitable as a ceramic grade product.

Both the high Ti product and zircon has been analysed and tested in detail by Outokumpu in the USA. Microscopic evaluation has revealed the zircon to be of uniform grain size and shape which will result in a high quality and high yield process.

TREKELANO COPPER PROJECT, QUEENSLAND AUSTRALIA

MRC has granted an option to Placer Pacific Osborne Pty Ltd (Placer) to acquire MRC's interest in certain tenements in the Mt Isa district (MDL 85 and MLAs 90125 and 90128) at any time on or before 23 October 2006. Placer has paid the Second Option payment of \$90,000 which keeps the Option current until 23 October 2005. At that time Placer may extend the Option until 23 October 2006 by the payment of a further \$100,000. Placer may purchase the mining titles at any time by the payment of \$800,000.

CORPORATE

INVESTMENT IN ALLIED GOLD LIMITED (ASX listed : ALD)

Allied Gold Limited (ALD) is a listed gold exploration company whose principal asset is the Tabar Islands Gold Project in Papua New Guinea. This comprises an 85% interest in the Simberi Oxide Project and 100% interest in all other exploration and mineral properties on the Tabar Islands.

During the quarter MRC subscribed for 1,550,000 shares in an ALD Placement and purchased 650,000 shares on market. MRC holds a direct interest in 11.8% of ALD's issued shares and 12.4% of its options.

The market value of MRC's share and option holdings at 26 April 2005 was \$3.85 million.

INVESTMENT IN ASSET BACKED HOLDINGS LIMITED (ASX listed : ABK)

During the quarter MRC sold the major part of its substantial shareholding in ABK for a consideration of \$1.65 million.

INVESTMENT IN EREBUS PLC (to be listed London AIM)

MRC has supported the development of Erebus PLC as a seed capital investor. Erebus has been formed to further the exploration and development of the Kariba Kono diamond project in Sierra Leone. The Kariba Kono project involves the re-treatment of an oversize tailings dump of a former 23 year mining operation, and exploration of diamondiferous gravels in the upper Moinde river in Sierra Leone.

Erebus plans to list on the London AIM market and MRC expects to have a holding of approximately 18% at listing. MRC has been advised the listing of Erebus is scheduled for June 2005.

CASH AND MARKETABLE SECURITIES

At 31 March 2005 MRC had \$1.775 million in cash with a further \$4.25 million in marketable securities (ALD, ABK and others). In aggregate this represents 11 cents per MRC share.

SECURITIES ON ISSUE

MRC did not issue any new securities in the quarter, and currently has on issue;

54,028,760 fully paid ordinary shares

18,008,971 options expiring 30 June 2007 exercisable at \$0.30

Mark Caruso
Managing Director
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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

MINERAL COMMODITIES LTD

ABN

39 008 478 653

Quarter ended

31 March 2005

Consolidated statement of cash flows

	Current quarter \$'000	Year to date (3 months) \$'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(175)	(175)
1.3 Dividends received	(216)	(216)
1.4 Interest and other items of a similar nature received	12	12
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
Net Operating Cash Flows	(379)	(379)
Cash flows related to investing activities		
1.8 Payment for purchases of (a) prospects (b) equity investments (c) investment in associate (d) fixed assets	(528)	(528)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	1,651	1,651
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Repayment of term deposits		
Net investing cash flows	1,123	1,123
1.13 Total operating and investing cash flows (carried forward)	744	744

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	744	744
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	744	744
1.20	Cash at beginning of quarter/year to date	1,041	1,041
1.21	Exchange rate adjustments to item 1.20	(10)	(10)
1.22	Cash at end of quarter	1,775	1,775

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	23
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

\$15,000 is directors' fees for non-executive directors.
\$8,000 is consulting fees paid to Mr Greg Steemson.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$'000	Amount used \$'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$'000
4.1 Exploration and evaluation	300
4.2 Development	-
Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$'000	Previous quarter \$'000
5.1 Cash on hand and at bank	1,775	1,041
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Bank Bill	-	-
Total: cash at end of quarter (item 1.22)	1,775	1,041

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

Appendix 5B
Mining exploration entity quarterly report

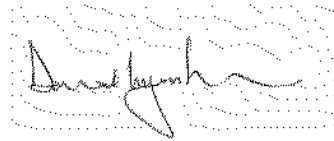
Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number Quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases – issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	54,028,760	54,028,760		
7.4 Changes during quarter (a) Increases through issues – option conversions (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases - issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	18,008,971	18,008,971	<i>Exercise price</i> \$0.30	<i>Expiry date</i> 30/6/2007
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures				
7.12 Unsecured notes				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company Secretary)

Date: 29 April 2005

Print name:

David Lymburn

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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