



Mineral Commodities Ltd

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Australian Stock Exchange
Company Announcements Office

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2005

MINERAL COMMODITIES LIMITED (“MRC” or “the Company”)

HIGHLIGHTS

- Xolobeni new order Prospecting Right granted for five years
- Signed agreement for sale of Trekelano project to Placer Pacific Osborne
- Investment in Allied Gold Limited increases in value.

PROJECT DEVELOPMENT

XOLOBENI MINERAL SANDS PROJECT (SOUTH AFRICA)

Prospecting Right Application (PRA).

The new order Xolobeni Prospecting Right has been approved. The Company has received written notification of approval, and is awaiting official registration of the instrument at the Department of Minerals and Energy (DME). This Prospecting Right is valid for five years and is a significant achievement for the Company, the Xolobeni Empowerment Company (XolCo) and the local Amadiba Community as participants in the project. The five year term of the Prospecting Right secures the future development prospects for the project.

The Company now plans to commence work on the environmental impact assessment (EIA) programme under its environmental management programme (EMP) as approved by the DME. The EIA work programme can start in the first quarter of 2006, and will continue for the duration of the Prospecting Right. The EIA may also support an application for a Mining Right.

The Company has engaged consultants to define the scope of a bankable feasibility study.

Xolobeni Black Empowerment and Consultation.

The local Amadiba community and XolCo, the project's BEE partner, have continued to support the project by lobbying local and national government to promote the project's potential for economic development and upliftment.

Community support programmes in the Xolobeni area are continuing successfully.

The Company is also exploring possibilities with a number of potential "corporate" empowerment partners with the financial capability to take significant equity in the Company's South African holding company, MRC Resources (Pty) Ltd. Such a move is considered necessary to maximise opportunities for project funding and to ensure full BEE compliance at the Mining Right application stage.

TORMIN MINERAL SANDS PROJECT (SOUTH AFRICA)

Prospecting Right Application.

The Prospecting Right Application for the Tormin project is pending approval, subject to review of the project's BEE arrangements.

Bankable Feasibility Study (BFS)

The feasibility study prepared by Bateman Minerals is undergoing independent review by various parties including TZMI. The TZMI market report for the Tormin project is due for completion soon in November 2005.

TREKELANO COPPER PROJECT, QUEENSLAND AUSTRALIA

In October 2003 the Company 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.

The Company and Placer have amended the original Option Agreement and have reached agreement on terms by which Placer will purchase the project. Placer has provided MRC with a Purchase Notice and has thereby agreed to purchase the project by payment of \$750,000, after also paying the Third Option Payment of \$100,000. The purchase is subject to Queensland Department of Natural Resources and Mines approval (which has been received) and Foreign Investment Review Board approval, which is expected to be received soon. Placer had previously paid the First and Second Option Payments totalling \$100,000.

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 the Simberi Oxide Gold Project and all exploration property on the Tabar Islands. ALD is working towards the completion of an Optimised Feasibility Study for development of the Simberi Oxide Gold Project.

Since the previous quarter, ALD has increased its interest to 100% of the Simberi Oxide project (from 87.5%) and has announced mineable reserves at the Simberi Oxide project of 616,000 ozs, with a further 96,000 ozs of in-pit resource.

MRC holds a direct interest in 13.3% of ALD's issued shares and 12.2% of its options. The market value of MRC's share and option holdings at 28 October 2005 was \$5.5 million (previous quarter reported \$4.2 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 20% at listing. MRC has been advised the listing of Erebus is now scheduled for November 2005 (previously advised September 2005).

CASH AND MARKETABLE SECURITIES

At 30 September 2005 MRC had \$0.5 million in cash with a further \$5.8 million in marketable securities (ALD and others). In aggregate this represents 11.7 cents per MRC share.

SECURITIES ON ISSUE

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

54,029,124 fully paid ordinary shares
18,008,607 options expiring 30 June 2007 exercisable at \$0.30

Mark Caruso
Managing Director
+618 9353 4890

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

30 September 2005

Consolidated statement of cash flows

	Current quarter \$'000	Year to date (9 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	(135)	(475)
(b) development	-	-
(c) production	-	-
(d) administration	(223)	(773)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	52
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	10	10
Net Operating Cash Flows	(334)	(1,186)
Cash flows related to investing activities		
1.8 Payment for purchases of		
(a) prospects	-	-
(b) equity investments	(50)	(50)
(c) investment in associate	(144)	(1,024)
(d) fixed assets	(3)	(6)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	15	1,737
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Repayment of term deposits	-	-
Net investing cash flows	(182)	657
1.13 Total operating and investing cash flows (carried forward)	(516)	(529)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(516)	(529)
	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	(516)	(529)
1.20	Cash at beginning of quarter/year to date	997	1,041
1.21	Exchange rate adjustments to item 1.20	(15)	(46)
1.22	Cash at end of quarter	466	466

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	26
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

\$16,350 is directors' fees for non-executive directors.
\$9,600 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	200
4.2 Development	-
Total	200

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	466	997
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Bank Bill	-	-
Total: cash at end of quarter (item 1.22)	466	997

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

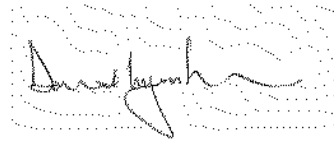
Issued and quoted securities at end of current quarter

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	54,029,124	54,029,124		
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>	18,008,607	18,008,607	<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: 31 October 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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