



Mineral Commodities Ltd

ACN 008 478 653
ABN 39 008 478 653

Unit 15, Level 1, 51-53 Kewdale Road
Welshpool, Western Australia 6106
PO Box 235, Welshpool DC 6986
Telephone: 61 8 9353 4890
Facsimile: 61 8 9353 4894
Email: info@mmcom.com.au
Web: www.mmcom.com.au

Australian Stock Exchange
Company Announcements Office

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 31 MARCH 2006

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

HIGHLIGHTS

- Tormin Prospecting Right granted
- EHM completes due diligence and submits Continuation Notice to constitute BEE alliance
- Allied Gold Limited secures equity and debt for project, and moves to list on AIM

SOUTH AFRICAN BLACK ECONOMIC EMPOWERMENT (BEE)

Ehlobo Heavy Minerals (“EHM”) completed due diligence and issued a Continuation Notice as prescribed under the Heads of Agreement dated 11 November 2005. Mineral Commodities Limited, through its wholly owned subsidiary Rexelle Pty Ltd now formally grants to EHM the right to acquire a 50.1% shareholding interest in MRC Resources (Pty) Ltd.

The Venture will be constituted after signing of the Shareholders Agreement, payment by EHM of Rand 2.0 million, the issue by EHM of a bond for Rand 8.0 million and the issue to EHM of such number of shares in MRC Resources which represents a 50.1% interest.

Once the Venture has been formally constituted as outlined above, EHM will commence funding project development costs for Xolobeni and Tormin up to the agreed Rand 35.0 million. This funding will enable both projects to be taken forward to the Mining Right Application phase.

BEE compliance is a pre-condition to obtaining mining right approval under the South African Mineral and Petroleum Resources Development Act and the Charter. Completion of this transaction with EHM will mean that MRC Resources (Pty) Ltd will be a compliant BEE entity, and therefore the Xolobeni and Tormin projects will both be compliant in terms of this legislation.

PROJECT DEVELOPMENT

XOLOBENI MINERAL SANDS PROJECT (SOUTH AFRICA)

Prospecting Right.

In line with the planned prospecting program, the project's environmental consultants GCS (Pty) Ltd commenced work on the socio-economic determination. This involves interaction with communities, local and regional government and key authorities. Understanding the needs and aspirations of the communities and local government needs to be fully and independently evaluated. This information forms the basis for the Social and Labour Plan which is required for the Mining Right Application.

Xolobeni Black Empowerment and Consultation.

Local government officials and representatives from the Department of Minerals and Energy have visited the tenement area and held discussions with the local community and XolCo, the project's local BEE partner. The purpose of this was to confirm that due process was being followed, communities were participating in the decision making process and were being satisfactorily briefed on all the activities related to the project.

All parties were satisfied with the project and its progress.

The active support the Company has given to the education program and community support has been recognized by the DME and government.

TORMIN MINERAL SANDS PROJECT (SOUTH AFRICA)

Prospecting Right Application.

The Prospecting Right Application for the project was approved during the quarter. The related Environmental Management Plan (EMP) was also approved enabling the company to commence work on the requisite studies and social and labour plans which will form part of the Mining Right Application.

The Company has an agreement to acquire an existing approved Mining Permitted area adjacent to the Company's own prospecting areas. The areas will be consolidated into one tenement and a single Mining Right Application will be submitted.

Feasibility Study

The Bateman feasibility study confirmed the project can produce a high quality (ceramic grade) zircon and Hi Ti product. Independent review gave rise to a number of recommendations regarding production rates, plant capacity and spiral loadings. Further studies have been commissioned to investigate the viability of producing a non-magnetic heavy mineral concentrate. This would have high percentages of leucoxene, rutile and zircon and would not require a Mineral Separation Plant or Dry Mill there-by reducing capital costs.

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 has completed an Optimised Feasibility Study for of the Simberi Oxide Gold Project, has secured project finance and the appointment of an EPCM engineer to undertake construction and development of the project.

ALD has announced mineable reserves at the Simberi Oxide project of 616,000 ozs, with a further 96,000 ozs of in-pit resource.

ALD is also seeking admission to the London AIM market, which is expected to occur in May 2006.

MRC is the largest shareholder in ALD holds a direct interest in 7.6% of ALD's issued shares and 12.2% of its listed options.

The market value of MRC's share and option holdings at 25 April 2006 was \$10.1 million (previous quarter reported \$9.5 million).

INVESTMENT IN EREBUS PLC

MRC has continued its support for the development of Erebus PLC as a seed capital investor during the quarter. Erebus was 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 old mining operation, and exploration of diamondiferous gravels in the upper Moinde River in Sierra Leone.

Erebus has been working to achieve listing on the London AIM market for some time. During the quarter the Board of Erebus abandoned plans to list as a consequence of repeated delays.

MRC as the largest seed shareholder owning 26.3% of the issued shares is now reviewing its position with respect to this investment.

INVESTMENT IN BLACKHAWK OIL & GAS LIMITED

During the previous quarter the Company advised that, via its wholly owned subsidiary Blackhawk Oil & Gas Limited, it had entered into an exclusive Participation Purchase Option Agreement with Chasel Energy of Salt Lake City, Utah, USA. The Agreement provides Blackhawk with certain drill rights over formations in the Monument Butte Oil Field in Utah USA, as well as certain participating interests in lifetime net revenues.

Interpretation of original electric logs from a well drilled in this location in 1954 has identified over 30 zones bearing natural gas. It is proposed to drill a new well adjacent to the original well to target the same and deeper zones.

The formation of Blackhawk was undertaken to take advantage of the emerging growth in oil and gas prices in the USA by drill testing the leases in the Monument Butte Field which

previously may have been lacking in geological information or were previously considered uneconomic due to poor drilling, development and well stimulation techniques.

Subject to the Chasel assets meeting strict due diligence criteria it is the Company's intention to seek a listing of Blackhawk Oil & Gas Limited on ASX to raise the funds required to undertake the drill program, provide working capital and meet the costs of the issue.

The Company has engaged independent experts to undertake an initial due diligence and to prepare an independent technical expert's report. The Company awaits the results from that report before proceeding.

CASH AND MARKETABLE SECURITIES

At 31 March 2006 MRC had \$0.7 million in cash with a further \$10.5 million in marketable securities (ALD and others). In aggregate this represents 18.0 cents per MRC share.

SECURITIES ON ISSUE

No new shares issued in the quarter.

Current issued securities comprise;

62,029,124 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

31 March 2006

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	(123)	(123)
1.3 Dividends received	(85)	(85)
1.4 Interest and other items of a similar nature received	8	8
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
Net Operating Cash Flows	(200)	(200)
Cash flows related to investing activities		
1.8 Payment for purchases of (a) prospects (b) equity investments (c) investment in associate (d) fixed assets	(110)	(110)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	129	129
1.10 Loans to other entities	(62)	(62)
1.11 Loans repaid by other entities		
1.12 Repayment of term deposits		
Net investing cash flows	(43)	(43)
1.13 Total operating and investing cash flows (carried forward)	(243)	(243)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(243)	(243)
	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	(243)	(243)
1.20	Cash at beginning of quarter/year to date	937	937
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	694	694

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	33
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

\$16,425 is directors' fees for non-executive directors.
 \$17,000 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	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	694	937
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Bank Bill	-	-
Total: cash at end of quarter (item 1.22)	694	937

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

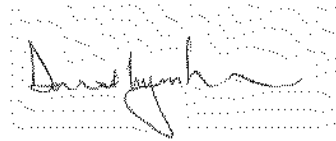
Issued and quoted securities at end of current quarter

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	62,029,124	62,029,124		
7.4 Changes during quarter (a) Increases through issues (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: 28 April 2006

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.

====