



Mineral Commodities Ltd

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28 April 2008

Australian Stock Exchange
Company Announcements Office

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 31 MARCH 2008

HIGHLIGHTS

- **The Mining Right Application for the Tormin Zircon and Rutile project was conditionally approved on 15 February 2008. It is expected that the application will be executed in May 2008**
- **A decision on the Mining Right Application for the Xolobeni project is anticipated during the June 2008 quarter. Xolobeni remains regarded as one of the largest undeveloped mineral sands resources in the world**

XOLOBENI MINERAL SANDS PROJECT (SOUTH AFRICA)

The Xolobeni mineral sands deposit is located in the Eastern Cape Province of South Africa approximately 300 kilometres north of East London and 200 kilometres south of Durban.

Between June and November 2002 a detailed drilling programme over the Sikombe, Kwanyana and Mnyameni blocks within the tenement was completed. The results were assessed according to the JORC code by SRK Consulting, and used to complete a Resources Estimation Report and Desktop Mining Study.

The Xolobeni mineral resource is estimated to be 346 million tonnes of 5.0% heavy mineral, with 65% of this resource in the measured category.

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Area	Status	Tonnes (million)	% HM	% Ilmenite
Sikombe	Measured	85	5.5	3.1
Kwanyana	Measured	139	5.8	3.1
Mnyameni	Indicated	104	4.1	2.2
Mpahlane	Inferred	18	2.3	1.6
TOTAL		346	5.0	2.7

Table 1: Xolobeni Mineral Resource, 2003 at 1% Heavy Mineral Cut off Grade

The Project is regarded as **one of the largest undeveloped mineral sands resources in the world containing in excess of 9,000,000 tonnes of Ilmenite**. The mining study concluded that the Xolobeni mineral sands deposit is economically viable with a mine life of some 22 years, producing some 250,000 tonnes per annum (tpa) of Ilmenite as well as 19,000 tpa of Rutile, 15,000 tpa of Zircon and 15,000 tpa of Leucoxene.

Mining Right Application

In March 2007 MRC's majority owned South African subsidiary Transworld Energy and Minerals Resources SA Pty Ltd (TEM) lodged the Mining Right Application for the Xolobeni Heavy Mineral Sands Project with the Department of Minerals and Energy (DME) in Port Elizabeth.

TEM has since completed the Environmental Impact Assessment (EIA), which was submitted to the DME on 22 October 2007. After a series of government department and public meetings aimed at reviewing the scope and outcomes of the EIA and accompanying Environmental Management Programme (EMP), an updated report was resubmitted on 20 December 2007.

During the March quarter TEM held discussions with the DME to clarify certain aspects of the Social and Labour Plan as well as the EMP.

All documentation is currently under final review by the DME. The Minister of Minerals and Energy is due to announce a decision on the Mining Right Application during the June 2008 quarter.

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TORMIN MINERAL SANDS PROJECT (SOUTH AFRICA)

The Tormin mineral sands prospect is a beach deposit located on the rugged west coast of South Africa, approximately 400km north of Cape Town. The deposit is strategically situated near the mouth of the Olifants River close to Trans Hex Group's (THG) diamond mining operations and approximately 50km south of Anglo American Group's Namakwa Sands large scale heavy mineral sands mining operation located at Brand se Baai.

The Project is also in close proximity to Anglo's mineral separation plant at Koekenaap from where the project's planned output of mineral concentrate can be transported by existing inland rail some 200kms to the export port at Saldanha Bay.

In 2005 Bateman Engineers conducted a feasibility study where pilot processing test work produced high quality Zircon (ceramic grade) and Hi Ti product samples from the Tormin material. The Company subsequently commissioned an independent review by South African engineering consultants RSV K'enyuka to further refine the flow sheet including investigating the viability of only producing a non-magnetic Zircon enriched heavy mineral concentrate which would not require a Mineral Separation Plant (MSP) thereby significantly reducing the capital and operating costs.

The Tormin project has been scoped to produce some 44,000 tpa of enriched non magnetic concentrate containing predominately Zircon and Rutile. The results of the study by RSV K'enyuka are being refined and various engineering firms have been approached to undertake the final design and construction of the processing plant and the mining operations.

The Tormin project was previously investigated by THG who estimated the mineral resource at 3.43Mt containing 81,300t Zircon and 20,200 of Rutile in Measured, Indicated and Inferred categories based on RC drilling. As part of a review to update the mineral resource it has been re-estimated using the THG RC drilling data and results of the MSR bulk sampling program. The revised estimate is 2.71Mt containing 76,100t Zircon and 18,300t Rutile.

Mining Right Application

On 15 February 2008 the Company received notification from the Department of Minerals and Energy (DME) that the Mining Right over the Tormin Mineral Sands Project had been granted to its South African subsidiary Mineral Sands Resources Pty Ltd.

Formal execution of the Mining Right by the Regional Manager of the Western Cape DME in Cape Town is due to occur in May 2008.

SIERRA LEONE DIAMOND OPERATIONS UPDATE

The Company's 100% wholly owned Sierra Leone subsidiary, Kariba Kono (SL) Ltd, continued to review its diamond tailings dump re-treatment project in Sierra Leone during the quarter. Kariba Kono's principal asset is the No. 11 Oversize Tailings Dump at Koidu. The operations remain under care and maintenance pending an engineering and design review following the failure of the 80tph plant supplied by ProMet Engineers Africa (PTY) Ltd.

The Board of Mineral Commodities (MRC) has resolved to divest Kariba Kono or its assets.

Legal Proceedings

During the previous quarter, the company commenced legal proceedings in the Federal Court of Australia against Promet Engineers Africa (Pty) Ltd (Promet), Promet Engineers Pty Ltd, James Dinsdale Cribbes, Robert John Bennett and Richard George Ford for breach on contract, misleading and deceptive conduct and breaches of the Trade Practices Act.

Subsequent to period-end the Court granted the Company's applications and all the orders sought by MRC allowing:

- (a) service in South Africa on the South African respondents namely Robert Bennett and Richard Ford;
- (b) amendment of the application and statement of claim; and
- (c) the addition of Kariba Kono as the second applicant.

The matter is next listed for a directions hearing on 6 May 2008.

PETRO VENTURES INTERNATIONAL LIMITED - INVESTMENT

During the quarter the company continued as a seed capital investor in Petro Ventures International Limited (Petro Ventures).

Petro Ventures was formed by a number of senior industry professionals in the UK and Australia with a view to securing oil & gas opportunities primarily in the UK and Europe (including Former Soviet Union satellites) on low risk appraisal/ pre-development acreage in the vicinity of upstream infrastructure.

Petro Ventures has presently secured three project areas in the UK, offshore Romania and onshore Hungary. The company is also continuing its investigations on a number of advanced oil & gas plays in Morocco, Holland and Ukraine.

The company is also continuing its investigations on a number of advanced oil & gas plays in Morocco, Holland and Ukraine as well as joining with other companies on the next round of acreage being offered in offshore UK.

Petro Ventures has been successful to date in raising \$4,200,000 in seed capital to fund its objectives and has also secured loan facilities of US\$6,000,000 from Gemini Oil & Gas Fund II LLP, which it used to fund the drilling of the Breagh property in the UK North Sea and the Doina Sister property in the Black Sea. Both wells we considered successful.

CORPORATE

Investment in Allied Gold Limited (ASX listed : ALD)

Allied Gold Limited (ALD) is a listed gold development and exploration company with the Tabar Islands Gold Project in Papua New Guinea as its principal asset. This comprises the Simberi Oxide Gold Project and all exploration property on the Tabar Islands Group. ALD is well advanced in the commissioning of its gold processing operation with first production imminent.

MRC is one of the largest shareholders in ALD and currently holds a direct interest in 5.19% (approximately 19.5 million shares) of ALD's issued fully paid ordinary shares.

The market value of MRC's shareholding at 31 March 2008 was \$14.5 million (previous quarter reported \$14.2 million).

Cash and Marketable Securities

At 31 March 2008, MRC had \$0.4 million in cash with a further \$14.5 million in marketable securities (ALD and others). In aggregate this represents 12.1 cents per MRC share.

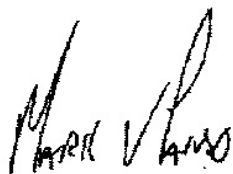
Securities on Issue

Issued securities at quarter-end comprise;

122,993,021 fully paid ordinary shares listed on the ASX

1,350,000 unlisted options expiring 11 May 2008 exercisable at \$0.35; 1,750,000 unlisted options exercisable at \$0.30 and 500,000 unlisted options exercisable at \$0.40 expiring 30 September 2009

Yours faithfully



Mark Caruso
Managing Director

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Competent Persons

The information in this report that relates to Exploration Results for the Tormin Mineral Sands Project is based on information compiled by Greg Steemson who is a Fellow of the Australian Institute of Geoscientists. Greg Steemson 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, Mineral Resources and Ore Reserves. Greg Steemson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results of the Xolobeni Project is based on information compiled by Mr Daniel Guibal (SRK Consulting) a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

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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 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$'000	Year to date (3months) \$'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(234)	(234)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	17	17
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
Net Operating Cash Flows	(642)	(642)
Cash flows related to investing activities		
1.8 Payment for purchases of (a) prospects (b) equity investments (c) investment in associate (d) fixed assets (e) Investments in controlled entities	(4)	(4)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities	(1,070)	(1,070)
1.11 Loans repaid by other entities		
1.12 Repayment of term deposits		
Net investing cash flows	(1,074)	(1,074)
1.13 Total operating and investing cash flows (carried forward)	(1,716)	(1,716)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,716)	(1,716)
	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	(1,716)	(1,716)
1.20	Cash at beginning of quarter/year to date	2,178	2,178
1.21	Exchange rate adjustments to item 1.20	(51)	(51)
1.22	Cash at end of quarter	411	411

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	37
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

\$24,000 is directors' fees for non-executive directors.
 \$12,800 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	N/A	N/A
3.2 Credit standby arrangements	N/A	N/A

Estimated cash outflows for next quarter

	\$'000
4.1 Exploration and evaluation	266
4.2 Development	44
Total	310

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	411	2,178
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Bank Bill		
Total: cash at end of quarter (item 1.22)	411	2,178

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		

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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	122,993,021	122,993,021		
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>	1,350,000 1,750,000 <u>500,000</u>	- - -	<i>Exercise price</i> \$0.35 \$0.30 \$0.40	<i>Expiry date</i> 11/5/2008 30/09/2009 30/09/2009
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures				
7.12 Unsecured notes				

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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 2008

Print name:

Peter Torre

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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