



Mineral Commodities Ltd

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30 April 2010

Australian Stock Exchange
Company Announcements Office

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 31 MARCH 2009

SUMMARY

During the Quarter, discussions with parties interested in acquiring an interest in the Tormin Mineral Sands Project continued.

The Company is aware that the Committee established to advise the Mineral Resources Minister in South Africa on the Mining Right at Xolobeni has submitted its report and recommendations to the Director-General and a final decision is now awaited.

The Company investigated other projects and conducted site visits during the quarter.

TORMIN MINERAL SANDS PROJECT (SOUTH AFRICA)

Background

The Tormin Mineral Sands Project is located on the west coast of South Africa, approximately 400km north of Cape Town. The main minerals of interest are zircon and rutile which are contained in a high grade beach placer deposit north of the Oliphants River outfall. Previous studies have demonstrated that the Tormin Project can produce an enriched non-magnetic saleable concentrate containing predominately zircon and rutile. The base case production model consists of an annual production of 30,000 to 40,000 tonnes of concentrates grading up to 80% zircon and 10% rutile.

As announced on the 24th of June 2009, the Company commissioned K'Enyuka, a South African engineering firm, to undertake a Definitive Feasibility Study for the Project. The results of the study have been incorporated in a financial model developed on behalf of the Company by MSP Engineering Pty Ltd, a Perth based resource consultancy firm specialising in industrial minerals.

The Base Case investigated by K'Enyuka is based on hydraulic mining of the beach deposits and hydraulically transferring the sand from the beach to a stockpile ahead of a primary gravity circuit. Mining operations are to be conducted on a day shift basis only and surplus mining and stockpile capacity has been incorporated to accommodate for tidal and adverse weather events.

The primary spiral plant is designed for a nominal throughput capacity of 1.6 Mtpa and comprises a primary spiral circuit for removal of silica and light heavies followed by a wet high intensity magnetic separation (WHIMS) circuit for removal of magnetic minerals including ilmenite and garnet which are subsequently hydraulically transferred back to the beach for deposition as tailings with the silica fraction.

The resultant non-magnetic concentrates, rich in zircon and rutile, are exported as a combined concentrate.

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The salient results of the K'Enyuka study were released in the previous quarterly report and are shown again in Table 1.0 below. During the course of the study there was a number of value adding opportunities identified which have been modeled at desktop level by MSP as part of trade off and optimisation studies.

The trade off and optimisation studies considered the following two primary opportunities. The Project also has substantial garnet resources. The plant design allowed for the extraction of the +200 micron garnet but this aspect was not included in the operating costs ("OPEX") and the operating synergies arising.

Table 1.0 – Project Development Option

Parameter	Unit	Study Base Case	Optimised Base Case	Beach Processing Option
Mining method		Mining DOP pump in excavator	Mining DOP pump on excavator	Mining suction pump on floating pontoon
Primary beach upgrade		None	None	Rougher & Scavenger spirals on beach
Ore transport method		5 stage pumping (5km)	2 stage pumping (1km)	Truck haul to De Punt (15km)
Secondary processing		4 stage spirals, LIMS, WHIMS	4 stage spirals, LIMS, WHIMS, wet tabling	2 stage spirals, LIMS, WHIMS, wet tabling
Plant throughput	Mtpa	1.60	1.60	1.42
Concentrate throughput	tpa	25 – 40,000	40-60,000	16-50,000
Concentrate grade	% zircon	~75	~80	~80
	% rutile	~10	~10	~10
Concentrate transportation		Truck to Cape Town. Shipped	Truck to Cape Town. Shipped	Truck to Cape Town. Shipped
CAPEX ⁽¹⁾	US\$	\$21M	\$21M	\$9.0M
OPEX	US\$ per t ore	\$8.57	\$9.57	\$6.48
OPEX	US\$ per t concentrate	\$588	\$417	\$283

(1) Capital Expenditure – includes owner's costs

(2) Operating costs – excludes depreciation and amortisation

Both the optimised and beach processing study showed favorable economics.

The Company furthered discussions with potential investors and its existing Black Empowerment Partner to determine the economics of an upfront divestment of this Project versus the risk/reward to the Company of its development. At present, those discussions have not resulted in any offers which would be acceptable by the Board of MRC. The Company will continue to pursue all alternatives to ensure the embedded future economic benefit in this project is delivered to its shareholders.

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XOLOBENI PROJECT (SOUTH AFRICA)

Background

The Xolobeni Project is located in the Eastern Cape Province of South Africa approximately 300km north of East London and 200km south of Durban.

The Xolobeni Mineral Resource is 346 million tonnes of 5.0% heavy mineral, with 65% of this resource in the Measured category (Table 1).

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 Xolobeni 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.**

Mining Right Application

As noted in previous ASX announcements, the Company was awaiting the outcome of an appeal lodged with the Minister of the Department of Minerals and Energy ("DME") against the grant of the Mining Right over the Kwanyana block. This appeal was lodged in September 2008.

The appeal was scheduled to be heard between 8 and 10 February, however the Company was informed during the period that the hearing was deferred due to the committee that was appointed by the Mining and Minerals Board to oversee this matter, not receiving all necessary documentation by the Department of Mineral Resources.

The Company is aware that the task team established to advise the Mineral Resources Minister In South Africa on the Mining Right has submitted its report and recommendations to the Director-General without a public hearing as was initially anticipated.

A final decision is now awaited.

CORPORATE

Investment in Africa Uranium Limited

As advised in the previous financial year, MRC elected to not proceed to stage 2 funding of Africa Uranium's ("AUL") exploration activities in Africa. During that period, MRC was issued with a further 10% interest in AUL as compensation for the exploration undertaken by MRC during the stage 1 funding.

Cape Lambert Resources Limited subsequently obtained a 10% beneficial interest in AUL and in late 2009 undertook two drilling programmes on AUL's Hoasib Project. In its ASX release on 20 January 2010, Cape Lambert Resources Limited advised that the results from the programmes were promising and in line with expectations.

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In March 2010, Oklo Uranium Limited announced that it had entered into a transaction with Africa Uranium Limited to acquire its 70% interest in the Hoasib Project for an estimated value of approximately \$20 million.

The Company awaits the outcome of this transaction.

Investment in Petro Ventures International Limited

The Company holds a 9.31% interest in Petro Ventures International Limited ("Petro Ventures"). Petro Ventures has interests in two project areas which are located in offshore Romania and onshore Hungary. Petro Ventures' working interest in the projects is 20% and 10% respectively.

Petro Ventures and its partners continue to develop these projects. Based on results to date, the Romanian project is likely to be commercial. The project in Hungary is in the early stages of exploration.

Investment in Allied Gold Limited (ASX listed: ALD)

MRC currently holds approximately 9.5 million shares of ALD's issued fully paid ordinary shares.

Allied Gold has commenced the re-development of the Gold Ridge Project in the Solomon Islands following its successful takeover of Australian Solomons Gold in the last quarter of 2009. Allied has also appointed consultants to proceed with the expansion of its oxide processing facilities on Simberi Island PNG.

The market value of MRC's shareholding at 31 March 2010 was \$3 million (previous Quarter reported \$3.4 million). During the quarter, 1 million shares were divested to assist with working capital funding

Cash and Marketable Securities

At 31 March 2010, MRC had \$0.2 million in cash with a further \$3.1 million in marketable securities. In aggregate this represents 2.1 cents per MRC share.

Securities on Issue

Issued securities at quarter-end comprise;

143,393,021 fully paid ordinary shares listed on the ASX.

57,357,208 listed options exercisable at \$0.20 expiring 31 December 2012.

Board Resignation and Appointment.

Immediately subsequent to quarter end, Mr Gregory Steemson resigned as managing director and as an executive of the Company. Mr Peter Torre, the existing Company Secretary was appointed to the Board upon Mr Steemson's resignation.

Yours faithfully

Mark Caruso
Director

For enquiries in connection with this release please contact:

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Competent Persons

The information in this report that relates to Mineral Resources and 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 Mineral Resources and Exploration Results of the Xolobeni Project is based on information compiled by 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 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$'000	Year to date (3 months) \$'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration, evaluation and development (b) administration	(180)	(180)
1.3 Dividends received	(149)	(149)
1.4 Interest and other items of a similar nature received	5	5
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
Net Operating Cash Flows	(324)	(324)
Cash flows related to investing activities		
1.8 Payment for purchases of (a) prospects (b) equity investments (c) investment in associate (d) fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) available for sale fixed assets	309	309
	69	69
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Deposit of bonds	-	-
Net investing cash flows	378	378
1.13 Total operating and investing cash flows (carried forward)	54	54

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	54	54
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	54	54
1.20	Cash at beginning of quarter/year to date	153	153
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	207	207

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	84
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.
 \$60,000 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

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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	90
4.2 Development	-
Total	90

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	207	207
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Bank Bill	-	-
Total: cash at end of quarter (item 1.22)	207	207

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 (description)				
7.2 Changes during quarter (a) Increases – issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	143,393,021	143,393,021		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases - issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	57,357,208	57,357,208	Exercise price \$0.20	Expiry date 31/12/2012
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:



Date: 30 April 2010

(Company Secretary)

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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