



Mineral Commodities Ltd

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29 April 2011

Australian Stock Exchange
Company Announcements Office

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 31 MARCH 2011

SUMMARY

- Placement of Shares to M&G Investments Limited a large UK based institution at a 30% premium to market to raise \$1,200,000
- Development of Tormin proceeding
- Decision in respect to the Xolobeni appeal due late April 2011
- Allied Gold Limited commenced production at its Gold Ridge operations
- Ongoing assessment of other opportunities.

TORMIN MINERAL SANDS PROJECT (SOUTH AFRICA)

Development

Further work was undertaken during the quarter to progress the Tormin Mineral Sands Project (Tormin) towards construction and commissioning.

Perth based MSP Engineering Pty Ltd has completed most of the process engineering, including PFD's, P&ID's, Mass Balances and Process Design Criteria, and submitted designs for a primary wet concentrator based on the beach and the secondary concentration plant. These have been fine tuned to meet the requirements of the South African Department of Mineral Resources (DMR), scope specifications prepared and tender documents distributed. Finalisation is subject only to any changes required by the regulators as part of any approvals granted.

Amendments to the Environment Management Plan (EMP) were submitted to the DMR during the previous quarter. Follow up meetings were held with the DMR's Regional Manager of the Western Cape and the local environmental team. The DMR has indicated that the EMP is acceptable and will be approved as soon as its internal processes have been completed.

A General Authorization Certificate confirming the right to use sea water for primary and secondary processing has been received. Monthly update meetings with local interested and affected parties have also commenced in preparation for the first implementation phase of the project.

The Company has continued with discussions with parties in relation to the management and development of Tormin. These discussions, which will see the appointment of a contractor to assist with the development, mining, processing, and administration associated with Tormin, are expected to be finalized shortly.

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The DMR has yet to respond to the application by Morodi Mining Resources (Pty) Ltd (Morodi), the Company's previous local partner in Tormin, to set aside the registration of the mining right for the project. The action follows Morodi's previously unsuccessful appeal to the Minister of Mineral Resources. The Company will support the DMR in opposing the matter, which, on the basis of legal advice received, is expected to fail for the same reasons as the appeal and will not affect the current progress being made on the development of Tormin.

Background

Tormin is located on the west coast of South Africa, approximately 400km north of Cape Town. The predominant minerals of value are zircon and rutile which are contained in a high grade beach placer deposit north of the Oliphants River outfall.

A Definitive Feasibility Study (DFS) commissioned by MRC demonstrated that Tormin can produce an enriched non-magnetic saleable concentrate containing predominately zircon and rutile. The base case derived from the DFS provided for hydraulic mining of the beach deposits and hydraulically transferring the sand from the beach to a stockpile. The primary spiral plant followed by a wet high intensity magnetic separation (WHIMS) circuit was designed for a nominal throughput capacity of 1.6 Mtpa producing 30,000 to 40,000 tonnes of concentrates per annum grading up to 80% zircon and 10% rutile. The tailings, totaling in excess of 1.5Mtpa, were to be subsequently hydraulically transferred back to the beach for deposition.

The results of the DFS were incorporated into a financial model developed on behalf of the Company by MSP Engineering. During the course of trade-off and optimisation studies two additional opportunities were identified. The first of these involved primary concentration on the beach. Locating the primary gravity circuit on the beach reduces the volume of sand and tailings to be hydraulically transferred off and back to the beach with an associated reduction in operating costs, capital expenditure and the environmental impact of the project.

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.**

The Company is awaiting the outcome of an appeal lodged with the Minister of the Department of Mineral Resources ("DMR") against the grant of the Mining Right to MRC's subsidiary Transworld Energy and Mineral Resources (SA) (Pty) Ltd (TEM) over the Kwanyana block. This appeal was lodged in September 2008.

In response to the Company's request for clarity over the appeal, the DMR has advised of its intention to appoint a task team comprising of members of Mining and Minerals Development Board. The term of office of this Board however expired and a new Board is yet to be appointed.

The Director General (DG) of the DMRG consequently issued an instruction that the appeal be finalised by the establishment of a new panel to hear oral argument from interested and affected parties and make a recommendation to the Minister. It was envisaged that the hearing would take place in mid February 2011.

In February the DG advised that the DMR no longer intended to proceed with the hearings and that the Minister would make a decision on the appeal by the end of March based on the available documentation. Subsequent to the period end, the DMR has however announced a further delay and that a decision on the appeal would now be made on 25 April 2011.

CORPORATE

Placement of Shares

In March 2011, the Company raised \$1.2 million via a placement of 10,000,000 fully paid ordinary shares at \$0.12 cents per share representing a 30% premium to market. The placement was made to M&G Investments Limited a large UK based institution.

Following the placement, M&G became a substantial shareholder holding approximately 6.5% of the total issued share capital in the Company.

The placement fell within the Company's 15% placement capacity as set out in the Australian Stock Exchange ("ASX") Listing Rule 7.1.

The funds will be used to further expedite the development of Tormin, and will provide additional working capital to investigate other opportunities within the global resource sector.

Investment in Allied Gold Limited (ASX listed: ALD)

MRC currently holds 6.5 million shares of ALD's issued fully paid ordinary shares. ALD is listed on the ASX, TSX and the London AIM exchanges. ALD currently progressing steps to migrate to the main board of the London Stock Exchange.

ALD is an emerging 200,000 ounce per annum gold producer with production and exploration assets in Papua New Guinea and the Solomon Islands. The company's 100%-owned Simberi gold mine, 85 kilometres from Lihir Island in the Tabar Islands group in Papua New Guinea, commenced gold production in 2008 and produced 64,000 ounces in 2009-10. Its processing plant is being expanded to accommodate a throughput of 3.5 Mtpa to produce 100,000 ounces per annum by late 2011. ALD acquired Gold Ridge in the Solomon Islands in late 2009 when it acquired Toronto-listed Australian Solomons Gold. ALD has invested \$150 million to refurbish and redevelop Gold Ridge which is expected to produce an average 120,000 ounces per annum for a minimum ten years.

The first gold pour from ALD's Gold Ridge operations took place in March 2011. ALD also completed a placement of shares immediately subsequent to quarter end raising approximately \$94 million.

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The market value of MRC's shareholding at 31 March 2011 was \$4.0 million (previous Quarter reported \$5.1 million). During the quarter, 1 million shares were divested to assist with working capital funding.

Investment in Petro Ventures International Limited

The Company maintains a significant investment in Petro Ventures International Ltd ("PVIL") an E & P company operating in the Northern Hemisphere. PVIL has strategic oil & gas working interests in Romania (20%), Hungary (11.4%), Holland (30%) and France (between 25% to 50%).

The Company was informed in the last quarter of 2010 that drilling of the Eugenia (Pelican NE) and Ioana (Midia SE) has been approved by NAMR and that the Romanian Government has indicated that assignment of the Romanian licences would take place at the end of January 2011. PVIL's Romanian assets subsequent to the assignment have been independently valued by RPS Energy at US\$109m.

Following the PVIL's Annual General Meeting on 15 December 2010 the Company settled the Deed of Termination with Macquarie Bank Ltd and consequently 45,269,280 Options held by Macquarie were cancelled, PVIL issued 8,876,329 ordinary shares to Macquarie at a deemed issue price of 51 cents per share and:

- the Option Deeds were terminated;
- the Heads of Agreement dated 7 July, 2010 were terminated; and
- the Subscription Agreement was terminated.

Following the transaction PVIL had 67,038,938 ordinary shares on issue and A\$10.3m in cash.

In February 2011, the Company received a Notice of Meeting from PVIL seeking shareholder approval to transfer PVIL to the UK. This involved the formation of a limited company in the UK and undertaking a share for share exchange.

Following the share exchange, PVIL intended to seek admission to the Alternative Investment Market in London ("AIM") to provide the necessary platform to fully recognise the value of PVIL and its assets.

In March 2011 the Company was advised by PVIL that the shareholders' meeting would be deferred as PVIL had been notified by the Romanian Authorities that the assignment of the Romanian Licences had not been approved. The PVIL board are considering the options and will update shareholders in due course.

Other Opportunities

The Board continues to assess other opportunities and projects with a view to acquiring value accretive and synergistic assets. The Company is currently investigating opportunities but none have reached a stage which would warrant or permit full disclosure of such to the Market.

Cash and Marketable Securities

At 31 March 2011, MRC had \$1.41 million in cash with a further \$4.07 million in marketable securities. In aggregate this represents 3.57 cents per MRC share.

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Securities on Issue

Issued securities at quarter-end comprise:

153,393,021 fully paid ordinary shares listed on the ASX.
57,357,208 listed options exercisable at \$0.20 expiring 31 December 2012.

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, 01/06/10.

Name of entity

MINERAL COMMODITIES LTD

ABN

39 008 478 653

Quarter ended ("current quarter")

31 March 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (three months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(59)	(59)
(b) development	(296)	(296)
(c) production		
(d) administration	(196)	(196)
1.3 Dividends received		
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 (provide details if material)		
	(546)	(546)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets	(10)	(10)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments	578	578
(c) available for sale fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
	568	568
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	22	22

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	22	22
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,200	1,200
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 (provide details if material)		
	Net financing cash flows	1,200	1,200
	Net increase (decrease) in cash held	1,222	1,222
1.20	Cash at beginning of quarter/year to date	191	191
1.21	Exchange rate adjustments to item 1.20		
		1,413	1,413
1.22	Cash at end of quarter		

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 \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	30
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.
 \$18,000 is secretarial and administration fees

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

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

Financing facilities available

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000

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3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	63
4.2	Development	157
4.3	Production	
4.4	Administration	185
Total		405

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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,413	1,413
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,413	1,413

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 through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	153,393,021	153,393,021		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,000,000	10,000,000	\$0.12	\$0.12
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	57,357,208	57,357,208	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 31/12/2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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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 /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 29 April 2011....
(Director/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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