



Mineral Commodities Ltd

ACN 008 478 653
ABN 39 008 478 653

Unit 17, Level 1, 133 Kewdale Road,
Welshpool WA 6105, Australia
PO Box 235, Welshpool DC WA 6986, Australia
Telephone: 61 8 9353 4890
Facsimile: 61 8 9353 4894
Email: info@mncom.com.au
Web: www.mncom.com.au

29 July 2011

Australian Stock Exchange
Company Announcements Office

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 30 JUNE 2011

SUMMARY

- Detailed due diligence undertaken on existing mineral sands producing assets during the quarter. Agreements executed subsequent to quarter end **to transform MRC into the second largest vertically integrated mineral sands producer in Australia.**
- Development of Tormin Mineral Sands Project proceeding.

ACQUISITION OF CABLE SANDS

Subsequent to quarter end, the Company announced that it had entered into binding agreements to acquire existing mineral sands producing assets, which will transform the Company into the second largest independent, vertically integrated and diversified Titanium and Zircon mineral sands producer in Australia.

Extensive due diligence was undertaken during this and the previous quarter in respect to the execution of a Share Sale Agreement with subsidiaries of Cristal Australia Pty Ltd (Cristal) pursuant to which the Company will acquire 100% of the issued capital in Cable Sands (W.A.) Pty Ltd and Cable Sands Pty Ltd (together Cable Sands) for a total consideration of A\$96 million, with a further A\$5 million payment contingent upon Zircon prices reaching US\$2,700 by the end of 2013.

In addition to the Share Sale Agreement, the following agreements were also entered into:

- **Right of First Refusal** - entered into a Right of First Refusal Deed to purchase all or a substantial part of Cristal's Murray Basin mineral assets, including the Ginkgo and Snapper mines and the Broken Hill mineral separation plant, only if Cristal initiates a sale process for such assets.
- **Toll Processing Agreement with Cristal** - as part of the acquisition of Cable Sands, MRC entered into a commercial arrangement to process at least 248K tonnes per annum of Cristal's non-magnetic mineral concentrate.
- **Proposed Acquisition of Simto Resources Limited (Simto)** - entered into a Heads of Agreement to acquire up to 100% of the issued capital in Simto. The Simto tenements include an estimated 2.4 million tonnes of Measured, Indicated and Inferred contained heavy minerals on granted mining leases located in close proximity to Cable Sands' existing operations and infrastructure in the south west of Western Australia.

These highly strategic acquisitions are expected to deliver a number of important benefits to MRC and its shareholders:

- The strategically located Bunbury Mineral Separation Plant (Bunbury MSP) has two independent processing routes which provide an annual processing capacity of 330K tonnes of ore body magnetic and non-magnetic concentrates to be treated through one processing circuit, and 250K tonnes of Murray Basin non-magnetic mineral sands concentrate to be treated through the second circuit, with a combined nameplate capacity to process close to 600K tonnes per annum of Titanium and Zircon concentrates.
- The Bunbury MSP provides a platform for processing MRC's existing high value, Zircon-rich mineral sands projects located in South Africa.
- Cable Sands adds existing production in excess of 100K tonnes per annum of Zircon, Ilmenite and Leucoxene
 - MRC intends to expand this to more than 320K tonnes per annum by running a two-mine strategy
- Opportunity for operational efficiencies by increasing capacity utilisation and expanding the Bunbury MSP
- Attractive growth potential funded through strong expected cash flows and low-cost expansion potential at the Bunbury MSP
- The Toll Processing Agreement provides steady cash flows and significantly contributes to fixed cost coverage
- Cost saving opportunities from a combination of Cable Sands and Simto tenements through added scale and proximity
- Opportune time to acquire producing mineral sands assets given the current and expected continued favourable pricing environment
- Attractive vendor financing for the Cable Sands acquisition

Morgan Stanley Australia Limited has acted as the Company's lead advisor on these transactions and will further act as lead manager for the equity raising.

Annexed to this quarterly report is a presentation to investors in respect to the acquisitions, which outlines other key aspects of the transaction.

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.

The South African Department of Mineral Resources (DMR) approved the Environmental Management Plan (EMP) for the Company's proposed mining operations at Tormin. The EMP was one of the final material impediments to the Company proceeding to undertake accelerated development activities. The Company is engaged with the relevant authorities in relation to the remaining regulatory matters and at the last stages of the engineering design. Based on the progress to date MRC is confident it will have cleared all regulatory hurdles on or before the end of the year.

The Company has also appointed Blastrite (Pty) Ltd, a South African company with 30 years minerals processing experience, to assist with the development, mining, processing, and administration associated with Tormin.

Background

Tormin is a zircon and high titanium (Hi Ti) enriched deposit situated on the coast of the Western Cape, approximately 400km north of Cape Town.

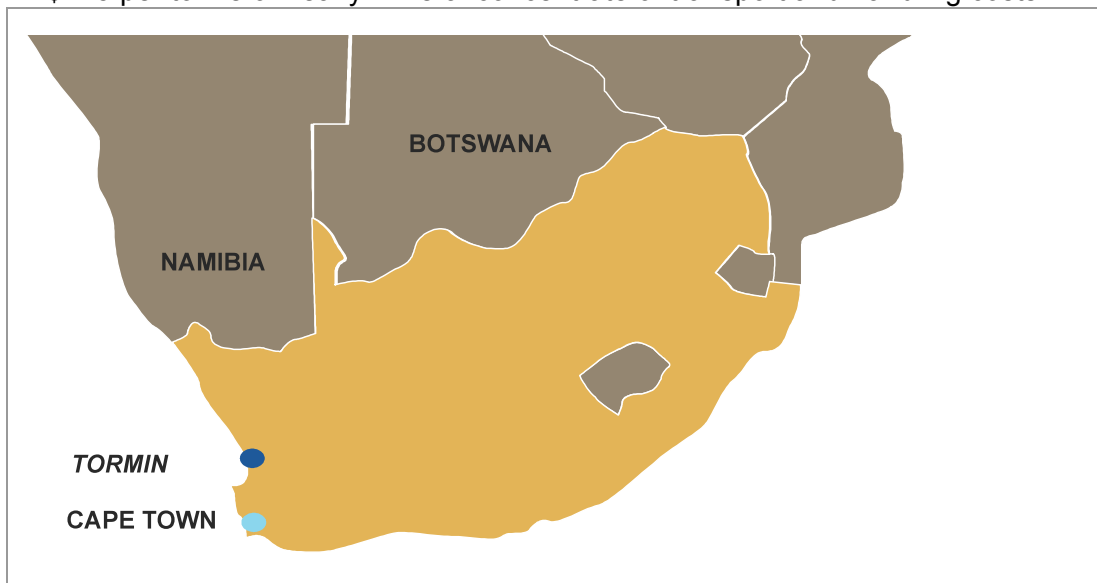
The prospect is a small beach deposit located on the rugged west coast of South Africa, approx 400km north of Cape Town. The deposit is situated approx 14km north of the Olifants River and south of Exxaro's Namakwa Sands operation at Brand se Baai. The heavy mineral deposits have accumulated along the ~12km long, 100m wide beach, to a maximum depth of 12m, and are still being supplemented through erosion of a heavy mineral enriched, 25m thick paleo-beach terrace situated 35m above current sea level. The predominant heavy mineral is garnet with ilmenite, pyroxene, zircon, rutile, and leucoxene contained in the heavy mineral assemblage.

As the heavy mineral placer deposits overlie diamond bearing gravel beds a feasibility study into mining the beach deposits and extracting both diamonds and heavy minerals was undertaken by Trans Hex Operations (Pty) Ltd (THG), a South African diamond producer in 1992. In 2002 the Company signed an agreement with THG that allowed the Company to apply for the rights to the mineral sands.

Subsequent to obtaining the mining rights for the mineral sands, 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 design derived from the DFS provides for a nominal throughput capacity of 1.6 Mtpa producing 40,000 to 50,000 tonnes of concentrates per annum grading up to 80% zircon and 10% rutile.

The Tormin project has an approved mining right, EMP and water use licence. Remaining hurdles include land use, NNR and environmental approval from the Dept Environmental Affairs. It is anticipated that the outstanding environmental approvals likely to be completed in 6 to 8 months. First concentrate expected to leave Tormin in the second half of 2012.

The Tormin Project has a Mineral Sands Resource of 2.71Mt (93Kt contained zircon, 19Kt contained rutile). Its estimated annual production will be approximately 40Ktpa to 50Ktpa non-magnetic zircon/rutile concentrate for 3-5 years. It is estimated that cash costs of approximately A\$325per tonne of heavy mineral concentrate will be incurred over the life of the asset. This includes ~A\$175 per tonne of heavy mineral concentrate of transport and handling costs.



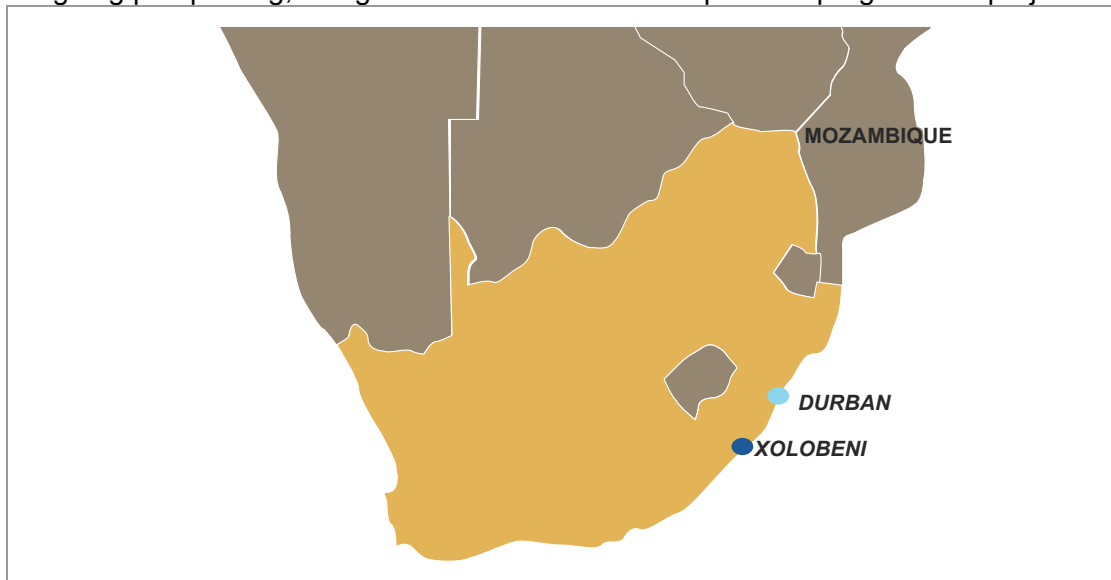
XOLOBENI PROJECT (SOUTH AFRICA)

The Xolobeni mineral sands deposit is the 10th largest heavy mineral deposit in the world and is located in the Eastern Cape Province of South Africa approximately 300 kilometres north of East London and 200 kilometres south of Durban. The area is the home of the Xhosa speaking Amadiba Tribal Community, the traditional landowners.

The tenement area is approximately 22 kilometres long and 1,500 metres wide and covers ~2,900 hectares within the Xolobeni area. The area consists of three main dune systems which range from 25m to 95m above sea level. The resource is divided into five blocks bounded by the Mzamba, Mpahlane, Mnyameni, Kwanyana, Sikombe and Mtentu Rivers that dissect the tenement area. Each block is named after the river defining the southern boundary. The current extent of mineralisation proposed to be mined takes in about 855ha of the tenement area.

The mineralised sands occur within recent sands and remnant red beds of Pleistocene Berea Formation. The predominant valuable heavy mineral is ilmenite, the feedstock for titanium slag production. Rutile, zircon and leucoxene add significantly to the value of the deposit. The Xolobeni Project is the 10th largest heavy mineral deposit in the world with a mineral sands resource of 346Mt @ 5.00% HM containing 9.3Mt Ilmenite. The pre-feasibility study indicated additional rutile and zircon potential and overall estimated mine life of ~25 years.

MRC had been granted a Conditional Mining Licence at Kwanyana block and the Company has recently been asked to address outstanding issues relevant to the final award of a Mining Right. Further on-going prospecting, design and financial work is required to progress the project further.



The DMR advised that the decision to grant the Conditional Mining Right was taken at a stage when several environmental issues were still outstanding. The Minister has directed that TEM address these environmental issues within 90 days of receipt of the aforementioned notification in order to proceed with a formal assessment of a permanent mining right. TEM has proceeded to address the issues and engage as necessary with the DMR .

CORPORATE

Management Changes

Mr Mark Caruso has been appointed as Managing Director and CEO of the Company.

Mr Caruso has been a director of the Company since 2000 and was previously Managing Director from that date to May 2009 when he was appointed as Executive Chairman of Allied Gold Mining PLC (previously Allied Gold Limited).

During his tenure as Executive Chairman at Allied Gold, Mr Caruso developed the Simberi Gold project in Papua New Guinea and the Gold Ridge project in the Solomon Islands, transforming Allied Gold to a significant gold producing entity, now listed on the London Stock Exchange. Mr Caruso has recently transitioned into a Non-Executive directorship with Allied Gold, which provides for his return to an executive capacity at Mineral Commodities Limited.

Investment in Allied Gold Mining PLC (ASX listed: ALD)

MRC currently holds 1.083 million CDI's in Allied Gold Mining PLC (AGMPLC). ALD is listed on the ASX, TSX and during the quarter listed on the Main Market of the London Stock Exchange.

During the quarter, Allied Gold Limited re-domiciled to the United Kingdom via a Scheme of Arrangement with AGMPLC. Each Allied Gold shareholder was issued 1 share in AGMPLC for every 6 they held in Allied Gold Limited. AGMPLC Listed on the main board of the London Stock Exchange on 30 June 2011.

AGMPLC is a Pacific Ring gold producer, developer and exploration company.

It owns 100% of the Simberi Gold Project, located on Simberi Island, the northernmost island of the Tabar Islands Group, in the New Ireland Province of eastern PNG, and has a 100% interest in Australian Solomons Gold Limited, the owner of the Gold Ridge Gold Project, located on Guadalcanal Island in the Solomon Islands.

Allied has resources of 8.3Moz and reserves of 3.4Moz and an extensive exploration programme is underway. The Company is rapidly ramping up production and it is targeting in excess of 200,000oz in CY 2012.

The market value of MRC's shareholding at 30 June 2011 was \$3.2million (previous Quarter reported \$4.0 million).

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%).

In March 2011 the Company was advised by PVIL that a previously called shareholders' meeting to approve certain corporate initiatives would be deferred as PVIL had been notified by the Romanian Authorities that the assignment of the Romanian Licenses, had not been approved.

In late June, PVIL's partner Sterling Resources lodged a Notice of Dispute under the Romania-Canada Bilateral Investment Treaty with the authorities. The Notice has a validity for 6 months and allows for discussions /negotiations leading an amicable settlement prior to arbitration.

Apart from the other assets currently held by PVIL, it continues to pursue opportunities to build up the company's portfolio.

The Company will continue to be briefed by Petro to ascertain the outcome of the Notice of Dispute.

Cash and Marketable Securities

At 30 June 2011, MRC had \$0.41 million in cash with a further \$3.26 million in marketable securities. In aggregate this represents 2.39 cents per MRC share.

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.

For enquiries in connection with this release please contact:

Mark Caruso - Managing Director

Mineral Commodities Limited

+61 8 9353 4890 telephone

+61 8 9353 4894 facsimile

e-mail: info@mineralcommodities.com.au

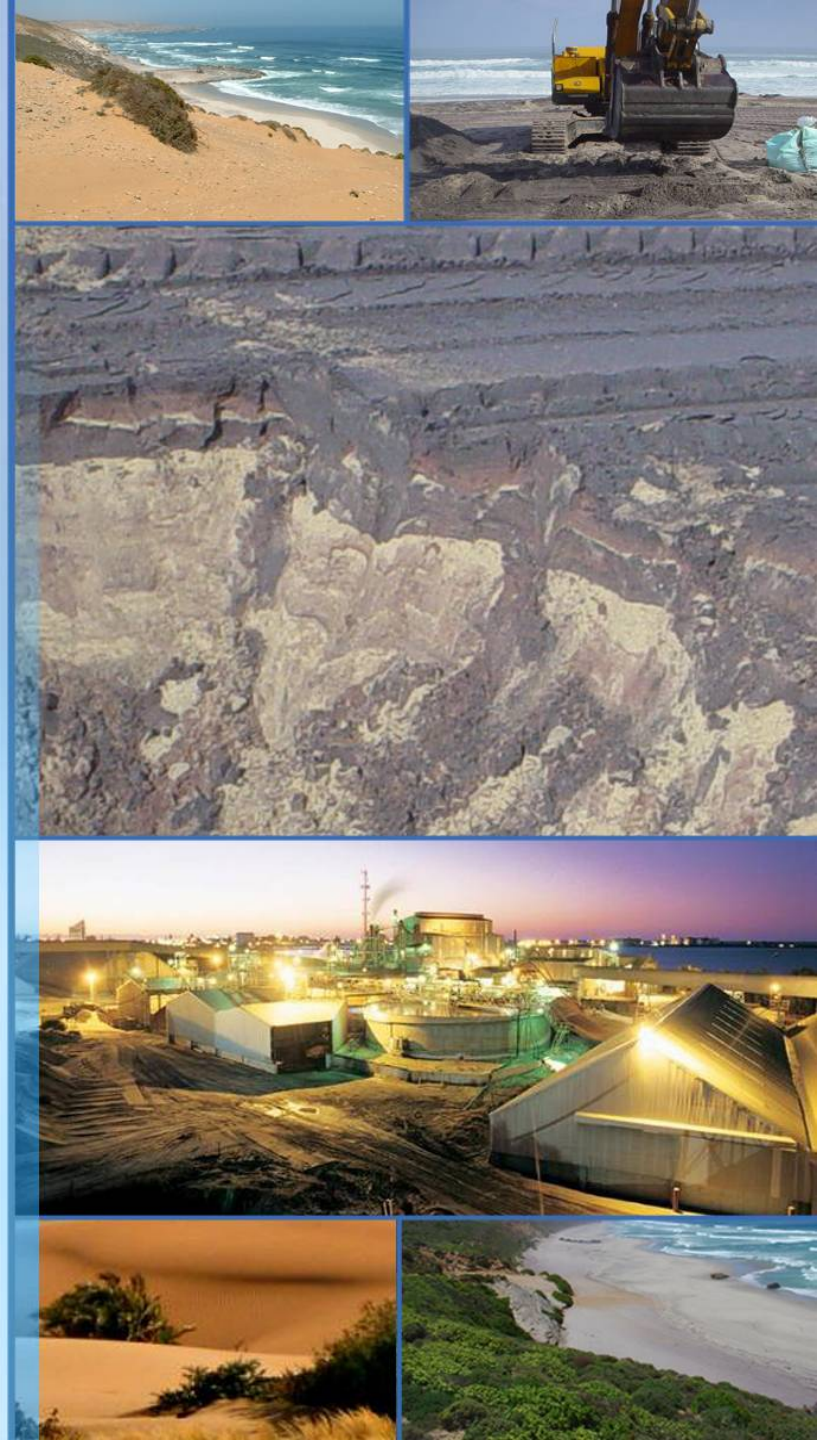
Competent Persons

The information in this announcement which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the Director and principal geologist of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard 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, Exploration Targets, Mineral Resources and Ore Reserves". (JORC Code). Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.



**Creating the Second
Largest Independent
Vertically Integrated
Mineral Sands Producer in
Australia**

Investor Presentation
July 2011



Disclaimer



This document has been prepared by Mineral Commodities Ltd (MRC) and comprises written materials/slides for a presentation concerning MRC. This is not a prospectus, disclosure document or offering document.

This document is for information purposes only and does not constitute or form part of any offer or invitation to acquire, sell or otherwise dispose of, or issue, or any solicitation of any offer to sell or otherwise dispose of, purchase or subscribe for, any securities, nor does it constitute investment advice, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

Certain statements in this presentation are forward looking statements. You can identify these statements by the fact that they use words such as “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe”, “target”, “may”, “assume” and words of similar import. These forward looking statements speak only as at the date of this presentation. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements.

No representation, warranty or assurance (express or implied) is given or made by MRC that the forward looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, each of MRC, its related companies and their respective officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the forward looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom.

Subject to any continuing obligation under applicable law or any relevant listing rules of the ASX, MRC disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of MRC since the date of this presentation.

The information in this presentation which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences (“AIG”), a Corporate Member of the Australasian Institute of Mining & Metallurgy (“AusIMM”) and independent consultant to the Company. Mr Maynard is the Director and principal geologist of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard 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, Exploration Targets, Mineral Resources and Ore Reserves”. (JORC Code). Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

For personal use only



Section 1 – Introduction



Transactions Summary



- ❖ Mineral Commodities (**MRC** or the **Company**) has entered into a number of transactions, which will transform the Company into the second largest independent vertically integrated mineral sands producer in Australia:
- **Acquisition of Cable Sands** from Cristal Australia Pty. Ltd. (**Cristal**) for a total consideration A\$96 million, with a further A\$5 million payment contingent upon Zircon prices reaching US\$2,700 by the end of 2013⁽¹⁾
 - **Right of First Refusal over Cristal's Murray Basin Assets**, if Cristal initiates a sale process for all or a substantial part of the assets, including the Ginkgo and Snapper mines and the Broken Hill mineral separation plant
 - **Toll Processing Agreement with Cristal** to process at least 248Ktpa of Cristal's non-magnetic mineral concentrate on a cost plus 15% margin basis
 - **Heads of Agreement to acquire Simto Resources Limited (Simto)**, which includes tenements with an estimated 2.4M⁽²⁾ tonnes of Measured, Indicated and Inferred contained heavy mineral in close proximity to Cable Sands tenements
- ❖ The Cable Sands and Simto acquisitions are highly synergistic
- ❖ The Cable Sands acquisition will be funded through a combination of a A\$35 million vendor financing facility and an equity placement
- The equity placement is subject to a shareholder vote expected in late August / early September
- ❖ Under the terms of the Heads of Agreement, the proposed Simto acquisition will be funded via a combination of cash and scrip (to be settled between the parties); MRC scrip would be issued at the placement price

Notes

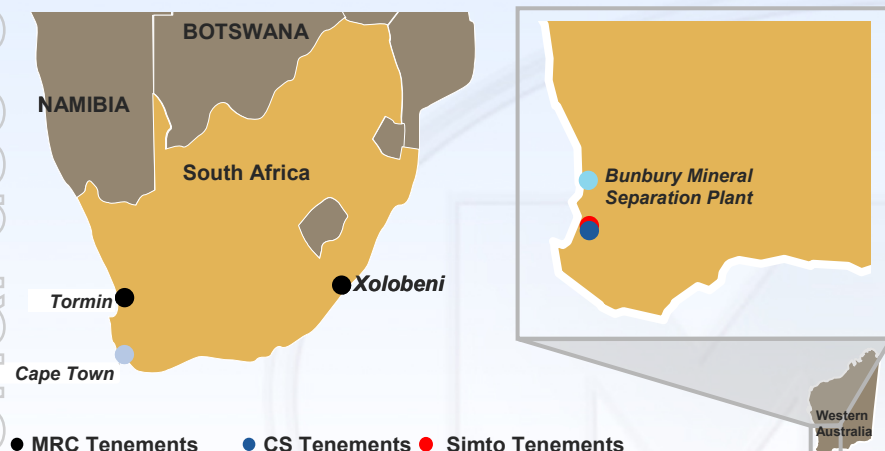
1. Purchase price is subject to completion adjustments for working capital and land valuations

2. See page 21 for a breakdown

Creating a Vertically Integrated Diversified Mineral Sands Producer



Significant Mineral Sands Resources



Contained Mineral Sands Resources⁽¹⁾

(Kt)	MRC	Cable Sands ⁽²⁾	Total (ex. Simto)	Simto	Total (inc. Simto)
Zircon	93	371	463	178	641
Ilmenite	9,628	3,609	13,238	1,737	14,974
Rutile	19	-	19	26	44
Total	9,740	3,980	13,720	1,940	15,660

Strategically Located MSP

- ❖ Established MSP strategically located at the Port of Bunbury
 - Long history of reliable throughput and recoveries
 - Existing employees and contracts
- ❖ Large throughput capacity and low cost expansion potential:
 - 330Ktpa magnetic capacity
 - 250Ktpa non-magnetic capacity



Transactions Highlights



- ❖ Cable Sands currently produces in excess of 100Ktpa of Zircon, Ilmenite and Leucoxene from its South West tenements
 - MRC intends to expand this to more than 320Ktpa by running a two-mine strategy
- ❖ Cable Sands' Bunbury Mineral Separation Plant (**Bunbury MSP**) and fully integrated port facilities provide a platform for processing MRC's Zircon-rich concentrate from the Tormin project
- ❖ Opportunity for operational efficiencies by increasing capacity utilisation and expanding the Bunbury MSP
- ❖ Attractive growth potential funded through strong expected cash flows and low-cost expansion potential at the Bunbury MSP
- ❖ Toll Processing Agreement provides steady cash flows and significantly contributes to the fixed cost coverage
- ❖ Cost saving opportunities from combination of Cable Sands and Simto tenements through scale and proximity
- ❖ Opportune time to acquire producing mineral sands assets given the current and expected continued favourable commodity pricing environment
- ❖ Attractive vendor financing for the Cable Sands acquisition

For personal use only



Section 2 – MRC Background





Overview and History of MRC

- ❖ Over the last 10 years, MRC has been focused on investing in South African mineral sands projects
- ❖ Existing South African assets
 - 50% ownership of Tormin project
 - 56% ownership of Xolobeni project

Board of Directors

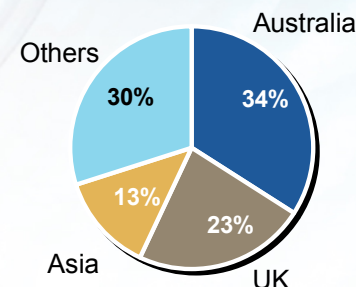
- ❖ Joseph Caruso – Chairman
- ❖ Mark Caruso – Managing Director / CEO
- ❖ Peter Torre – Company Secretary / Director
- ❖ Additional directors will be appointed to meet the future scope of activities and scale expected from the proposed transactions

Capital Structure

- ❖ Ordinary Shares: 153.4 million
- ❖ Listed Options: 57.4 million
- ❖ Cash of A\$0.4 million in cash with a further A\$3.3 million in marketable securities as at 31 March 2011

Shareholder Structure

- ❖ Directors / Insiders 14.4%
- ❖ Mirabaud Invest. Management 11.5%
- ❖ M & G Invest. Management 6.5%



Source: Orient Capital, 1 July, 2011

Attractive Industry Fundamentals

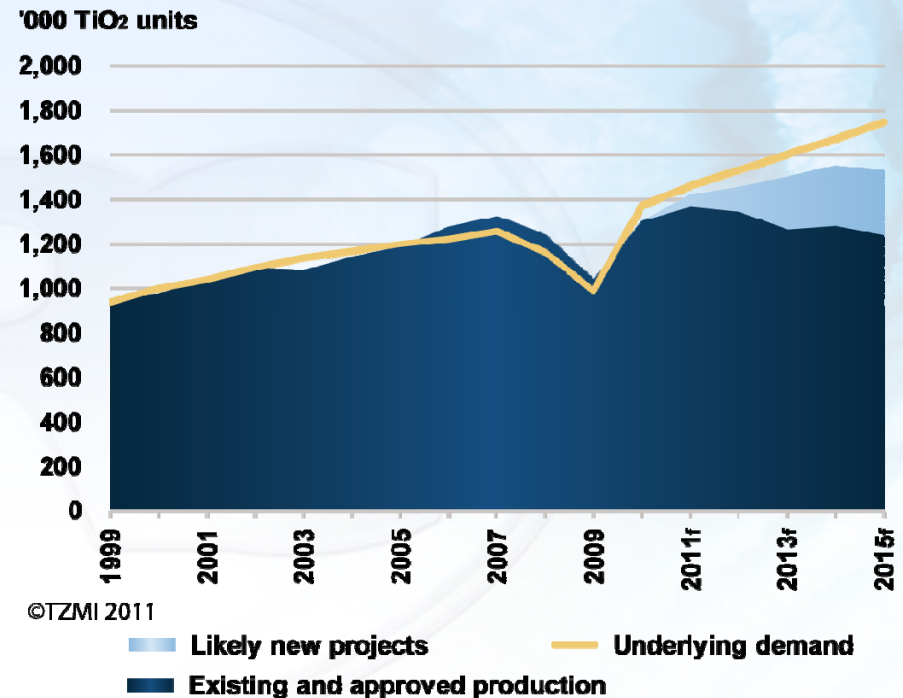


Zircon

- ❖ The industry generally involves two product chains:
 - Supply of Titanium raw materials, largely used to produce Titanium dioxide (TiO_2) pigment with small amounts used in the production of Titanium metal sector; and
 - Supply of Zircon sand to a number of industries, dominated by the ceramics sector
- ❖ The supply/demand dynamics of the feedstocks sector have changed considerably during the last 12 months, influenced by a number of factors, but specifically:
 - Lack of development of, or investigation into, new projects due to reduced investor interest and mediocre financial returns from feedstock producers
 - The financial crisis resulted in the curtailment of global production to match the considerable fall in demand
 - TZ Minerals International's (TZMI) forecasts suggest that without considering additional supply from potential new projects that have yet to receive formal approval to proceed, the global supply/demand balance is likely to grow into progressively larger deficits
 - This is expected to occur throughout the remainder of the decade as underlying demand for Zircon continues to grow uninterrupted while the supply base declines

Source: TZ Minerals International Pty Ltd: Mineral Sands Annual Review 2011

Zircon Supply and Demand Outlook to 2015F



Source: TZ Minerals International Pty Ltd: Mineral Sands Annual Review 2011

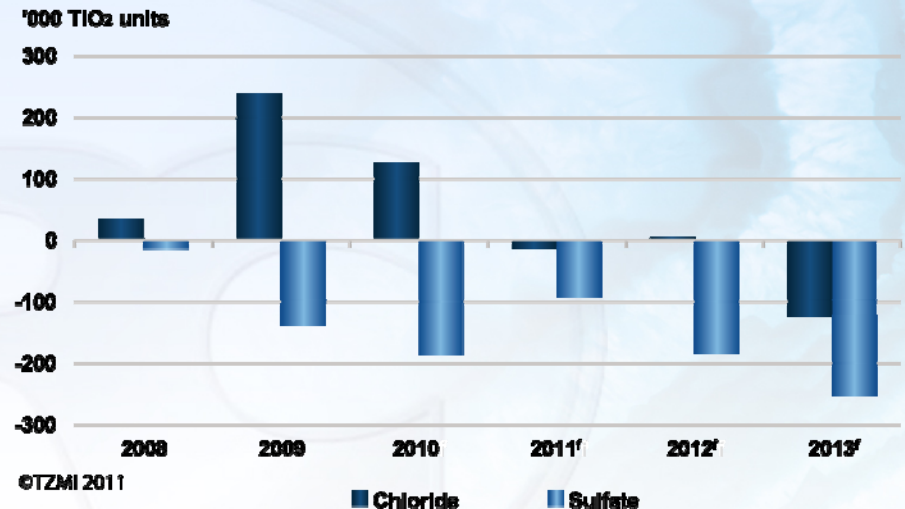
Attractive Industry Fundamentals (cont'd)



Titanium Dioxide Industry: Ilmenite, Leucoxene, Rutile and Synthetic Rutile

- ❖ Titanium dioxide (TiO_2) pigment is primarily used in the production of surface finishes which impart opacity, brightness and whiteness
- ❖ Production is primarily through the sulfate process and the chloride process, while the sulfate process has been widely dispersed, the chloride technology is still held and protected by a small group of producers
- ❖ The 5 global producers make up more than 60% of the global nameplate capacity of TiO_2 : DuPont, Cristal Global, Tronox, Huntsman and Kronos
- ❖ Demand is driven mainly through the paint / coatings sector which accounts for 56% of the global consumption and the plastics sector which consume ~25%
- ❖ Supply is controlled by the big 5 producers who enjoy relatively strong ability to dictate the prices
- ❖ The outlook for the industry is positive as the strong demand recovery post the financial crisis and the inability of pigment producers to ramp up capacity has resulted in historically low inventories and rampant price increases
- ❖ The supply scenario has also been affected by the shortage of feedstock to feed the TiO_2 plants. Industry experts believe the shortage of feedstock will continue to act as a supply chain bottleneck over the next few years

Supply / Demand Balances for All Titanium Feedstocks: 2008–2013



Source: TZ Minerals International Pty Ltd: Mineral Sands Annual Review 2011

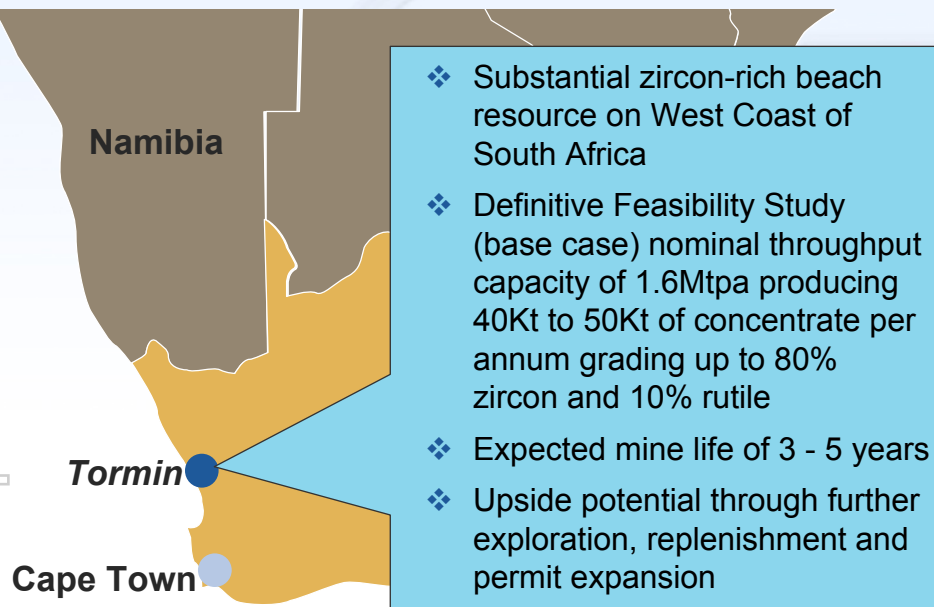
Source: TZ Minerals International Pty Ltd: Mineral Sands Annual Review 2011

Tormin Project – Overview



Tormin Resource Statement ⁽¹⁾

	Tonnes (Mt)	HM (%)	Zircon (% in HM)	Rutile (% in HM)	Ilmenite (% in HM)	Garnet (% in HM)
Inferred	2.7	49.4%	6.9%	1.4%	21.4%	51.2%



- ❖ Approved mining right, EMP and water use licence
- ❖ Outstanding approvals expected to be received in 1H 2012 (Department Environmental Affairs and National Nuclear Regulator)
- ❖ First concentrate production expected in 2H 2012
- ❖ Limited capital requirement as concentrate will be processed at Bunbury MSP
- ❖ In addition to non-magnetic resource at Tormin, initial work has indicated additional Ilmenite potential



Notes

1. See page 2 for Competent Person's Statement

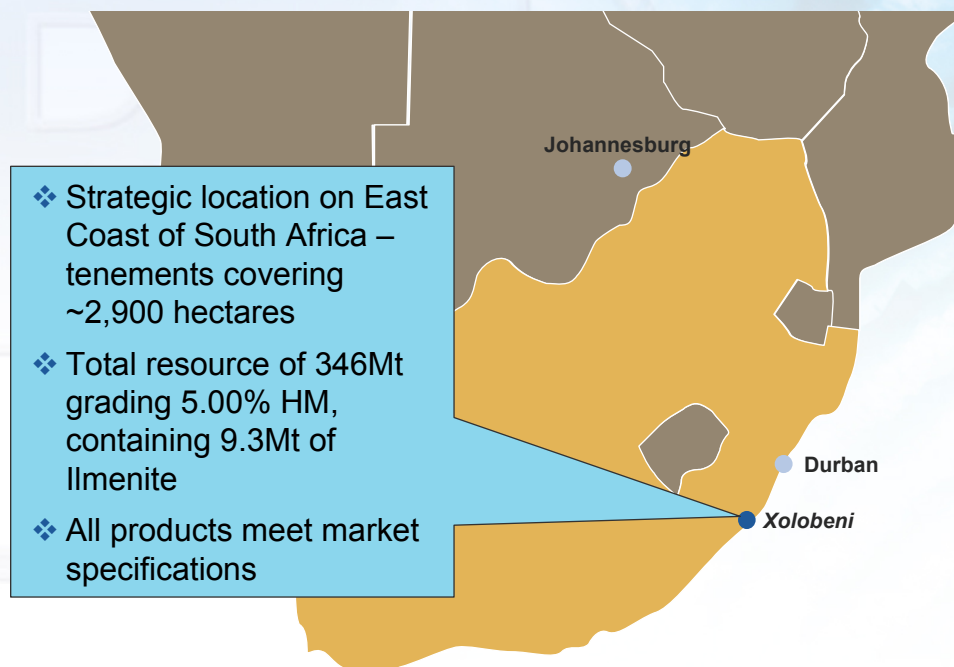
Xolobeni Project – Overview



- ❖ 10th largest heavy mineral deposit in the world
- ❖ Vertically integrated smelter pre-feasibility study indicating the project is economically viable with a ~25 year mine life
- ❖ MRC was granted a Conditional Mining Licence at Kwanyana block
 - The Company has been asked to address outstanding issues relevant to the final award of a Mining Right
- ❖ Further on-going prospecting, design and financial viability work required prior to environmental assessment
- ❖ Focus has been on the Kwanyana block of the Xolobeni project (35% of the total resource and area)
- ❖ In addition to the ilmenite resource at Xolobeni, the pre-feasibility study indicated additional rutile and zircon potential

Xolobeni Resource Statement ⁽¹⁾

	Tonnes (Mt)	HM (%)	Ilmenite (% in HM)
Measured	224	5.7%	54.5%
Indicated	104	4.1%	53.7%
Inferred	18	2.3%	69.6%
Total	346	5.0%	54.0%



Notes

1. See page 2 for Competent Person's Statement

For personal use only



Section 3 – Proposed Acquisition of Cable Sands



Cable Sands Transaction Overview



- ❖ Agreement to acquire Cable Sands from Cristal for a total consideration of A\$96 million, with a further A\$5 million payment contingent upon Zircon prices reaching US\$2,700 by the end of 2013⁽¹⁾
- ❖ Cable Sands business includes:
 - Bunbury MSP with a processing capacity of close to 600Ktpa
 - Five key mineral sands tenements within close proximity to the Bunbury MSP and associated land
- ❖ Acquire the Cable Sands operations as a going concern, with all employees and existing contractual arrangements
- ❖ As part of the acquisition, MRC has entered into a Toll Processing Agreement with Cristal
 - Arm's length commercial arrangement to process at least 248Ktpa of Cristal's non-magnetic mineral concentrate from the Murray Basin
 - Take or pay, based on cost plus 15% margin, for up to 30 years (subject to Cristal option extensions)
- ❖ MRC has also secured a Right of First Refusal over Cristal's Murray Basin Assets, if Cristal initiates a sale process for all or a substantial part of the assets, including:
 - Ginkgo mine
 - Snapper mine
 - MSP located in Broken Hill

Notes

1. Purchase price is subject to completion adjustments for working capital and land valuations

Bunbury MSP Overview



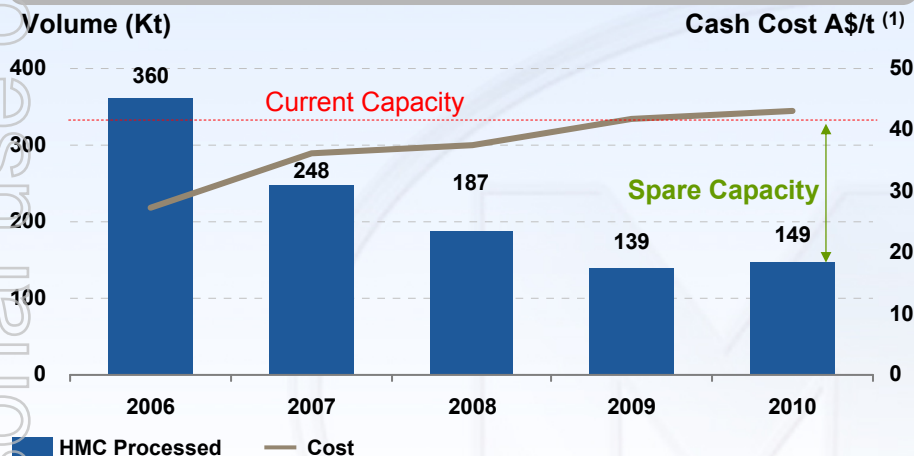
- ❖ MSP strategically located at the Port of Bunbury with fully integrated port facilities
- ❖ Established operations and highly experienced team with a long history of producing high quality product
- ❖ Large primary processing throughput capacity of close to 600Ktpa
- ❖ Able to simultaneously treat magnetic and non-magnetic heavy mineral concentrate through two separate processing circuits:
 - 330Ktpa magnetic capacity
 - 250Ktpa non-magnetic capacity
- ❖ MRC intends to expand the non-magnetic throughput capacity by approximately 50Ktpa in order process concentrate from the Tormin project
 - Initial capex estimate of approximately A\$5-7 million



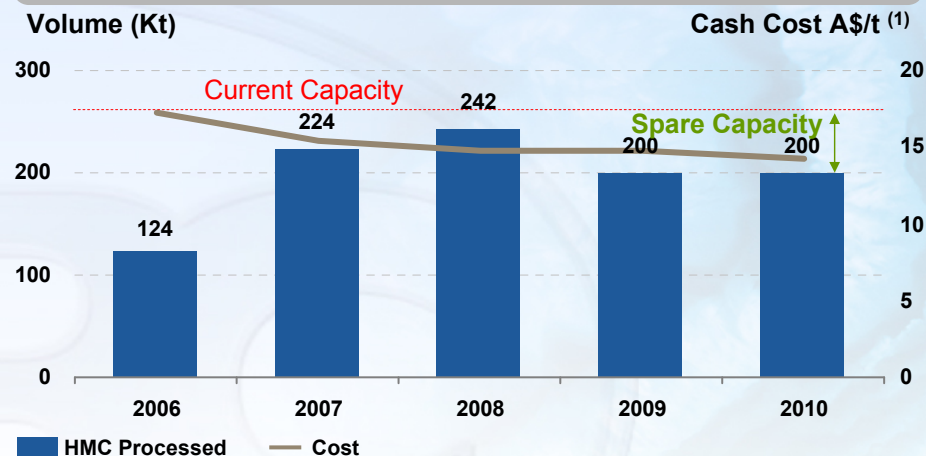
Bunbury MSP Historical Performance



Primary Magnetic HMC Processing



Non-Magnetic HMC Processing



Magnetic Recoveries

- ❖ Ilmenite: ~97%
- ❖ Leucoxene: ~79%
- ❖ Zircon: ~94%

Non-Magnetic Recoveries

- ❖ Zircon: ~75%
- ❖ Rutile: ~103% ⁽²⁾
- ❖ Leucoxene: ~75%

Source: Cristal

Notes

1. Excluding overheads
2. Rutile recovery includes reporting of leucoxene to final rutile product

Cable Sands Resource Statement⁽¹⁾



Property Name	Resource Category	Tonnes (Mt)	HM (%)	Zircon (% in HM)	Ilmenite (% in HM)
Gwindinup North ⁽²⁾	Measured	11.2	6.2%	9.0%	88.0%
Gwindinup South	Measured	13.3	7.1%	9.0%	88.0%
Happy Valley North	Measured	3.4	10.8%	12.0%	87.0%
Wonnerup	Measured	16.3	5.0%	8.0%	90.0%
Dardanup	Indicated	16.1	7.9%	9.0%	88.0%
Total		60.3	6.8%	9.1%	88.3%

Notes

1. See page 2 for Competent Person's Statement
2. Not adjusted for mining since October 2010

Cable Sands Acquisition Funding



- ❖ MRC intends to fund the Cable Sands acquisition through a combination of a vendor financing facility and an equity placement
 - A\$35 million secured vendor finance facility, with an interest rate of 9.375% and a term up to 1 May 2014, repayable at any time at MRC's option without penalty
 - Balance and working capital through an institutional equity placement requiring shareholder approval under ASX Listing Rule 7.1
- ❖ A Notice of Meeting for the placement will be lodged with the ASX in late July / early August
 - Shareholder meeting and vote scheduled to take place in late August / early September 2011
- ❖ Placement expected to be launched following shareholder approval
- ❖ The price realised in the placement will also be the basis for the price of the scrip component of the proposed acquisition of Simto

For personal use only



Section 4 – Proposed Acquisition of Simto



Transaction Overview



- ❖ MRC has entered into a Heads of Agreement (“HOA”) with to acquire up to 100% of the share capital of Simto
- ❖ The Simto tenements include an estimated 2.4 million⁽¹⁾ tonnes of contained heavy mineral resource on granted mining leases located in close proximity to Cable Sands’ existing tenements, operations and infrastructure in the South West of Western Australia
- ❖ In addition, Simto has a First Right of Refusal to some tenement holdings currently held by Iluka in the South West region under the 1990 Wonnerup Agreement
- ❖ The proposed acquisition of Simto is a related party transaction and will be subject to satisfactory findings of an Independent Expert and subsequent approval by non associated MRC shareholders
- ❖ Under the terms of the Heads of Agreement, the proposed Simto acquisition will be funded via a combination of cash and scrip, to be agreed between the parties
 - The price realised in the placement for the Cable Sands acquisition funding will be the basis for the price of the scrip component

Simto Overview



❖ Simto has mineral sands projects located within close proximity to the Bunbury MSP and Cable Sands tenements, e.g. Simto's Wonnerup deposit is an extension of Cable Sand's Location 7 deposit

- All tenements have full mining lease status

❖ Highly synergistic with Cable Sands

- Capex savings through joint developments
- Cost synergies through scale at both mining operations and the Bunbury MSP

Simto Resources ⁽¹⁾

Property Name	Resource Category	Tonnes (Mt)	HM (%)	Ilmenite (% in HM)	Zircon (% in HM)	Rutile (% in HM)
Tutunup West	Indicated	11.7	8.7%	64.5%	6.7%	1.1%
Coolup	Indicated	4.9	7.0%	77.7%	7.9%	2.5%
Grice	Indicated	3.2	6.7%	80.3%	7.9%	0.7%
North Capel Extended	Inferred	0.5	6.5%	87.2%	3.9%	1.2%
Stratham	Measured	0.8	6.7%	87.5%	4.5%	1.7%
	Indicated	0.2	5.3%	87.5%	4.5%	1.7%
		1.0	6.4%	87.5%	4.5%	1.7%
Wonnerup	Inferred	6.4	5.2%	69.8%	7.2%	0.8%
Cookernup	Indicated	4.2	5.5%	79.0%	8.7%	0.0%
	Inferred	3.2	5.9%	74.0%	11.4%	0.0%
		7.4	5.7%	76.8%	8.8%	0.0%
Total		35.1	6.9%	71.5%	7.3%	1.1%

Notes

1. See page 2 for Competent Person's Statement

For personal use only



Section 5 – Combined Group



Significant Mineral Sands Resources⁽¹⁾

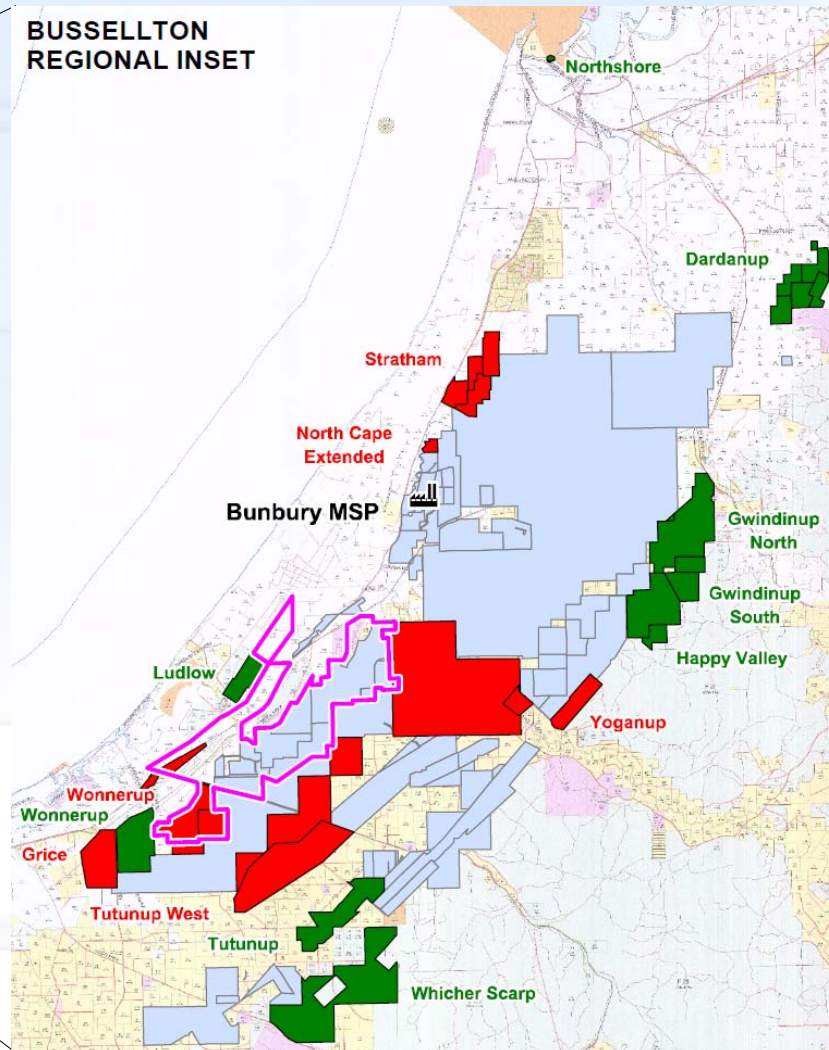
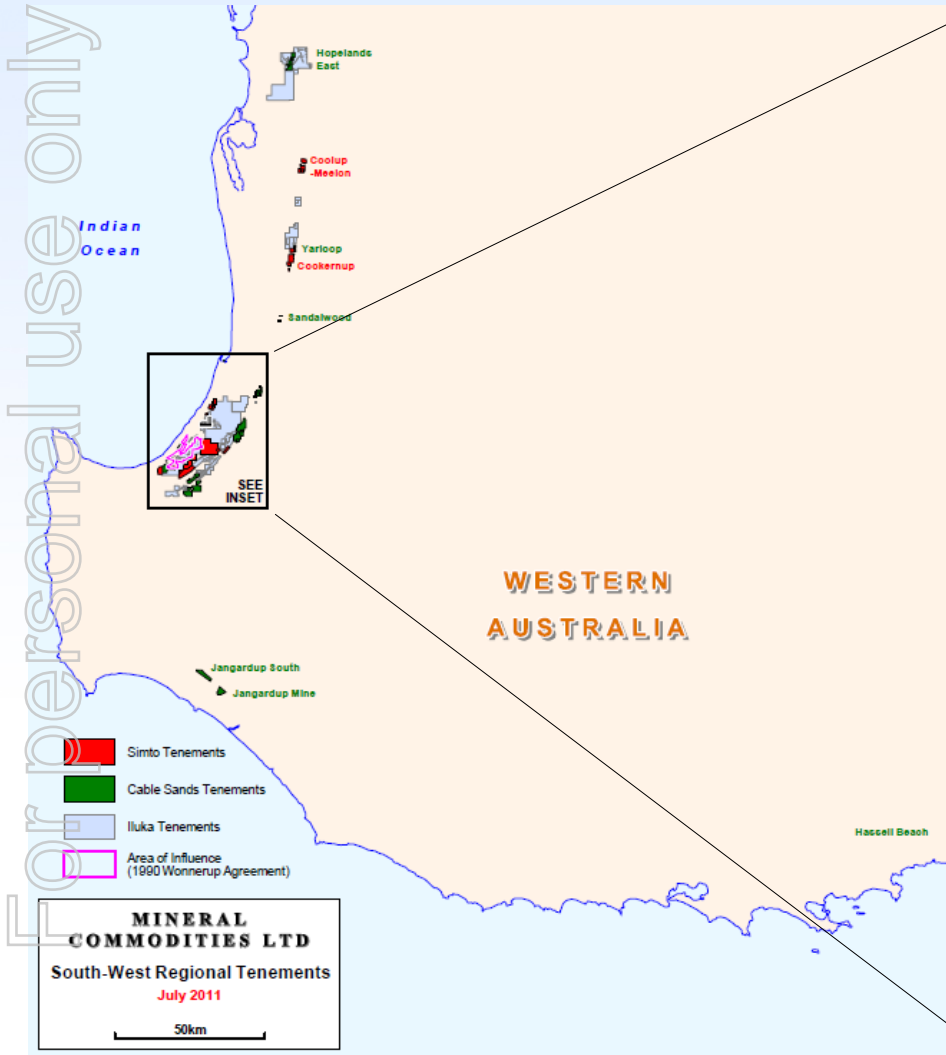


	Tonnes (Mt)	HM%	Ilmenite (% in HM)	Zircon (% in HM)	Rutile (% in HM)	Garnet (% in HM)	Contained Mineral Sands			
							Ilmenite (Kt)	Zircon (Kt)	Rutile (Kt)	Garnet (Kt)
MRC										
Tormin	2.71	49.4%	21.4%	6.9%	1.4%	51.2%	286	93	19	685
Xolobeni	346.00	5.0%	54.0%	-	-	-	9,342	-	-	-
MRC Total	348.71	5.3%	51.7%	0.5%	0.1%	3.7%	9,628	93	19	685
Cable Sands										
Gwindinup North ⁽²⁾	11.20	6.2%	88.0%	9.0%	-	-	612	63	-	-
Gwindinup South	13.30	7.2%	88.0%	9.0%	-	-	837	86	-	-
Location 7	16.30	5.0%	90.0%	8.0%	-	-	732	65	-	-
Happy Valley North	3.40	10.6%	87.0%	12.0%	-	-	315	43	-	-
Dardanup	16.10	7.9%	88.0%	9.0%	-	-	1,113	114	-	-
Cable Sands Total	60.30	6.8%	88.3%	9.1%	-	-	3,609	371	-	-
Simto										
Tutunup West	11.74	8.7%	64.5%	6.7%	1.1%	-	662	69	11	-
Coolup	4.85	7.0%	77.7%	7.9%	2.5%	-	265	27	9	-
Grice	3.20	6.7%	80.3%	7.9%	0.7%	-	173	17	2	-
North Capel Ext	0.47	6.5%	87.2%	3.9%	1.2%	-	27	1	0	-
Stratham	1.02	6.4%	87.5%	4.5%	1.7%	-	57	3	1	-
Wonnerup	6.36	5.2%	69.8%	7.2%	0.8%	-	229	24	3	-
Cookernup	7.42	5.7%	76.8%	8.8%	0.0%	-	324	37	-	-
Simto Total	35.1	6.9%	71.5%	7.3%	1.1%	-	1,737	178	26	-
Group Total	444.1	5.7%	59.5%	2.5%	0.2%	2.7%	14,974	641	44	685

Notes

1. See page 31 for detailed resource statement and page 2 for Competent Person's Statement
2. Not adjusted for mining since October 2010

Highly Complementary Tenements in Bunbury Region



Indicative Combined Group Production Profile & Cash Costs



Indicative Costs

- ❖ Estimated LOM average cash cost for Tormin of ~A\$325/t
 - Including ~A\$175/t shipping and handling charges
- ❖ Estimated LOM average cash cost for Cable Sands operations ~A\$120/t – A\$140/t
- ❖ Above costs do not include:
 - ~A\$4-6 million MSP overhead costs
 - 5% royalty
- ❖ Considering the quality of Simto resources compared to Cable Sands resources, similar cash costs expected for the Simto assets

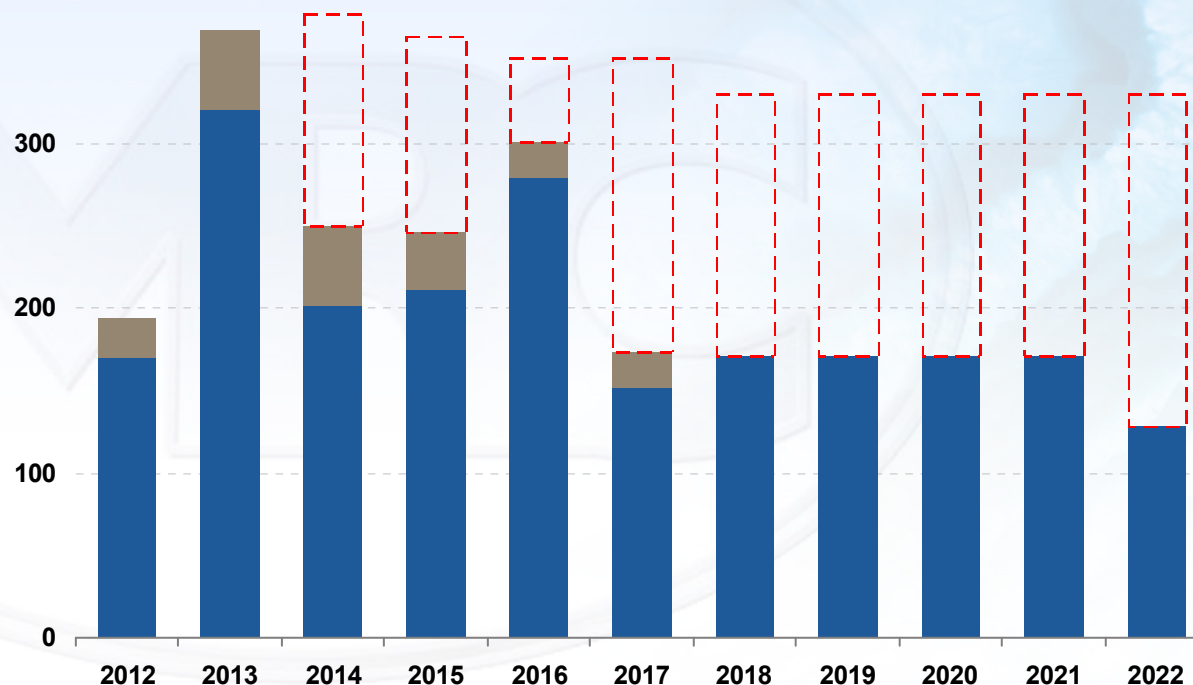
Note: cash cost estimates and production profile are indicative only and subject to further optimisation and feasibility work

Indicative Concentrate Processing Production Profile ⁽¹⁾

(Excl. Toll

Kt

400



■ Cables Sands (Magnetic) ■ Tormin (Non-mag) ⁽¹⁾ ▭ Potential Simto production (Magnetic)

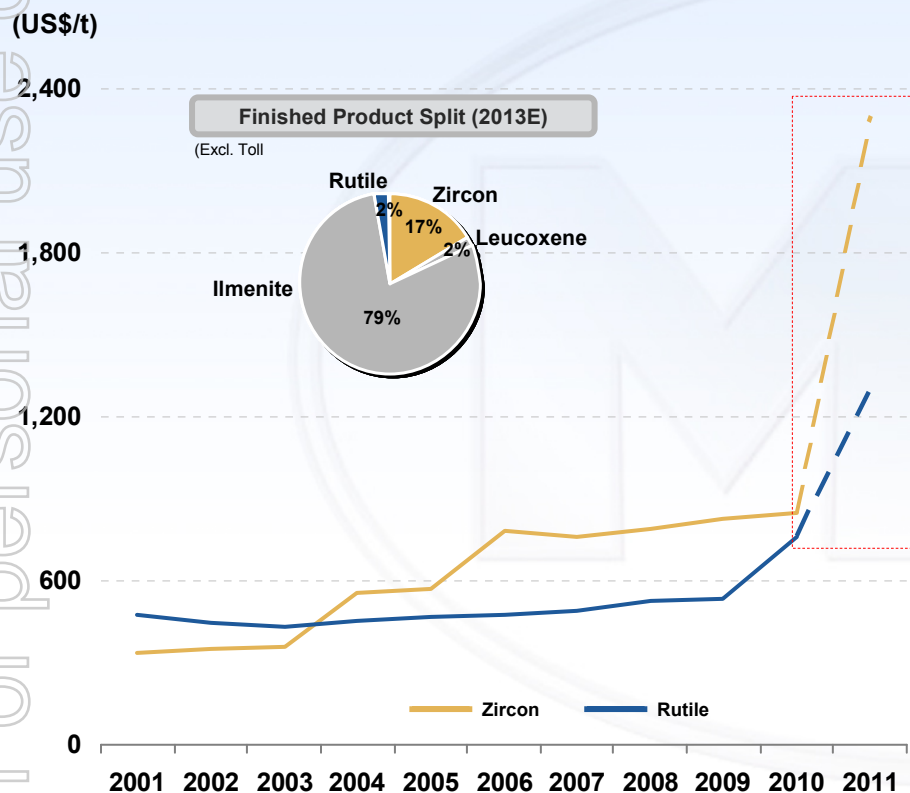
Notes

1. Tormin production shown at 100% (MRC ownership is 50%)

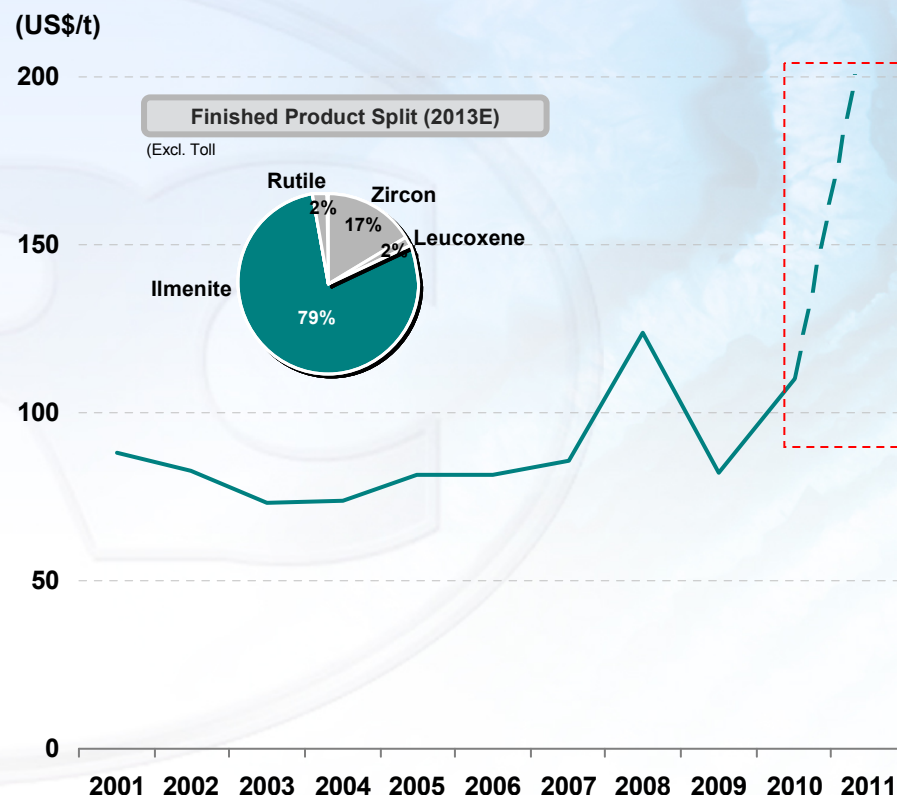
Exposure to Favourable Market Dynamics for Mineral Sands



Zircon & Rutile



Sulphate Ilmenite



Experienced Management Team



- ❖ MRC will be lead by an experienced management team
- ❖ Experience and technical skills across the full spectrum of mineral sands
 - The Caruso family has been involved in the earth moving business (through Zurich Bay) internationally (including Australia and Africa) for almost 20 years and through Simto has maintained a significant minerals sands tenement portfolio in the South West region of Western Australia
 - Cable Sands has been involved in both mining and processing of mineral sands in the South West region for over 50 years and have a number of employees with over 30 years experience working for Cable Sands
 - Through its association with Blastrite in South Africa, MRC has access to on the ground expertise in operating a mineral sands business in South Africa
- ❖ Mark Caruso has been appointed Managing Director / CEO of MRC
 - The founder of Allied Gold (ASX:ALD) and was its CEO and Executive Chairman until June 2011 when he moved into the role of Non-Executive Chairman
 - Held a number of other directorships, including: Fortescue Metals Group, Ci Resources Ltd, Zurich Bay Holdings Pty Ltd, Simto Australia Pty Ltd, Phosphate Resources Limited and ORT Ltd
- ❖ The MRC board will be restructured to ensure it comprises the necessary skill-set and independence to meet the additional scope of activities and scale expected from the proposed transactions



Section 6 – Summary



Investment Highlights for the Enlarged MRC



1 Creating a Vertically Integrated Mineral Sands Producer



2 Strong Cash Flow Generation to Support Growth Potential



3 Diversified Portfolio of Assets Across Geographies and Products



4 Experienced Management Team



5 Highly Synergistic and Complementary Asset Portfolios



6 Attractive Industry Fundamentals





Appendix A – Resource Statements



Resources Statement ⁽¹⁾



Property Name	Resource Category	Tonnes (Mt)	HM (%)	Ilmenite (% in HM)	Zircon (% in HM)	Rutile (% in HM)	Garnet (in HM %)
MRC							
Tormin	Inferred	2.7	49.4%	21.4%	6.9%	1.4%	51.2%
Xolobeni	Measured	224.0	5.7%	54.5%	-	-	-
	Indicated	104.0	4.1%	53.7%	-	-	-
	Inferred	18.0	2.3%	69.6%	-	-	-
		346.0	5.0%	54.0%	-	-	-
Total MRC		348.7	5.3%	51.7%	0.5%	0.1%	3.7%
Simto							
Tutunup West	Indicated	11.7	8.7%	64.5%	6.7%	1.1%	-
Coolup	Indicated	4.9	7.0%	77.7%	7.9%	2.5%	-
Grice	Indicated	3.2	6.7%	80.3%	7.9%	0.7%	-
North Capel Extended	Inferred	0.5	6.5%	87.2%	3.9%	1.2%	-
Stratham	Measured	0.8	6.7%	87.5%	4.5%	1.7%	-
	Indicated	0.2	5.3%	87.5%	4.5%	1.7%	-
		1.0	6.4%	87.5%	4.5%	1.7%	-
Wonnerup	Inferred	6.4	5.2%	69.8%	7.2%	0.8%	-
Cookernup	Indicated	4.2	5.5%	79.0%	8.7%	0.0%	-
	Inferred	3.2	5.9%	74.0%	11.4%	0.0%	-
		7.4	5.7%	76.8%	8.8%	0.0%	-
Total Simto		35.1	6.9%	71.5%	7.3%	1.1%	-
Cable Sands							
Gwindinup North ⁽²⁾	Measured	11.2	6.2%	88.0%	9.0%	-	-
Gwindinup South	Measured	13.3	7.1%	88.0%	9.0%	-	-
Happy Valley North	Measured	3.4	10.8%	87.0%	12.0%	-	-
Wonnerup	Measured	16.3	5.0%	90.0%	8.0%	-	-
Dardanup	Indicated	16.1	7.9%	88.0%	9.0%	-	-
Total Cable Sands		60.3	6.8%	88.3%	9.1%	-	-

Notes

1. See page 2 for Competent Person's Statement
2. Not adjusted for mining since October 2010

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")

30 June 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (six months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(70)	(129)
	(b) development	(225)	(521)
	(c) production		
	(d) administration	(475)	(671)
	(e) prepaid expenses	-	-
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	15	20
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(755)	(1,301)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	-	(10)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments	-	578
	(c) available for sale assets	10	10
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (initial payment on Cable Sands Acquisition)	(250)	(250)
	Net investing cash flows	(240)	328
1.13	Total operating and investing cash flows (carried forward)	(995)	(973)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(995)	(973)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	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
	Net increase (decrease) in cash held	(995)	227
1.20	Cash at beginning of quarter/year to date	1,413	191
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	418	418

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	50
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
3.1	Loan facilities		

3.2 Credit standby arrangements		
---------------------------------	--	--

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	22
4.2 Development	117
4.3 Production	
4.4 Administration	180
Total	319

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	418	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)	418	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				

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				
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>				

+ See chapter 19 for defined terms.

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 July 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.

== == == == ==