



## Mineral Commodities Ltd

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30 April 2012

Australian Stock Exchange  
Company Announcements Office

### **QUARTERLY ACTIVITIES REPORT**

### **FOR THE PERIOD ENDED 31 MARCH 2012**

#### **SUMMARY**

- All documents in respect to Tormin development submitted with final approval pending.
- Funding Alternatives for development of Tormin under consideration.
- Prospecting Right for Kwinyana Block in Xolobeni Project lodged.
- Petro Ventures appointed London Based Mirabaud Securities to raise up to \$72m on an IPO to further develop its assets.

#### **TORMIN MINERAL SANDS PROJECT (SOUTH AFRICA)**

##### **Development**

As previously reported, the company completed and submitted all the necessary documentation required for the remaining regulatory matters in relation to Tormin. The relevant authorities have confirmed receipt of the documents and that the review and approval process is following due process. The company therefore remains confident that it will have cleared all regulatory hurdles within the near future.

The company also completed and submitted all the necessary public participation and environmental documentation to the Department of Mineral Resources (PRA) in support of its prospecting right application (PRA) for the offshore area adjacent to Tormin. The DMR is adjudicating this application and the company is optimistic that this right will be approved within the following quarter. The offshore area has the potential to add significantly to the life of and value generated from Tormin.

MRC previously advised of the application by Morodi Mining against the DMR and the company in relation to the Tormin mining rights. The company filed its opposing documents in the last quarter and, since its response, Morodi Mining has missed subsequent filing dates and has not pursued the matter further. The board believes that this supports its view that the application was unfounded and lacked any prospect of success. The company therefore believes that the matter will end as a matter of course, but will vigorously defend any further action from Morodi Mining.

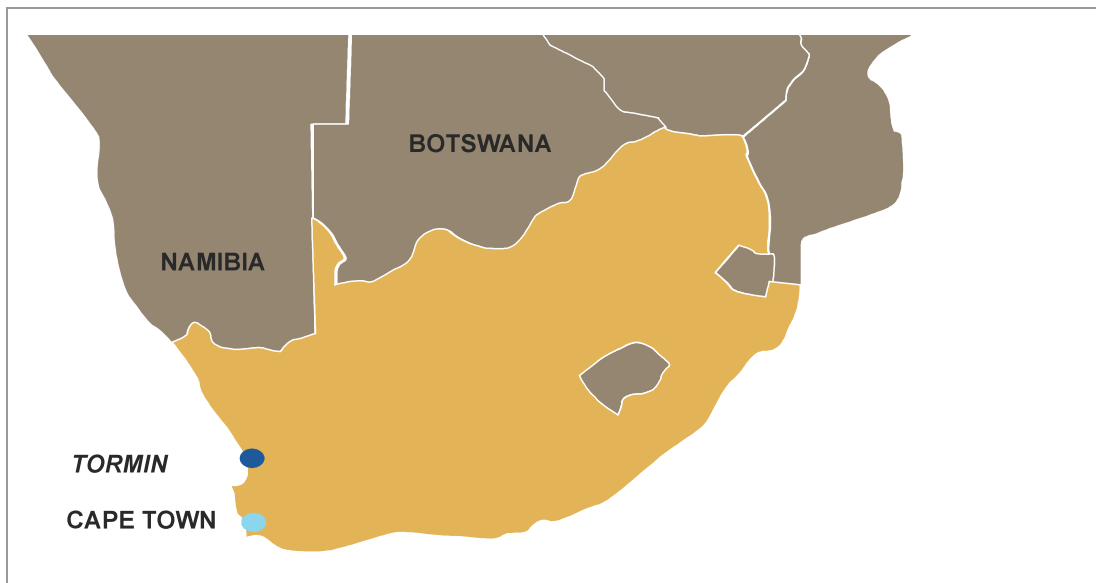
## Background

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 Perth-based MSP Engineering Pty Ltd. During the course of trade-off and optimisation studies additional opportunities were identified. One 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)**

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

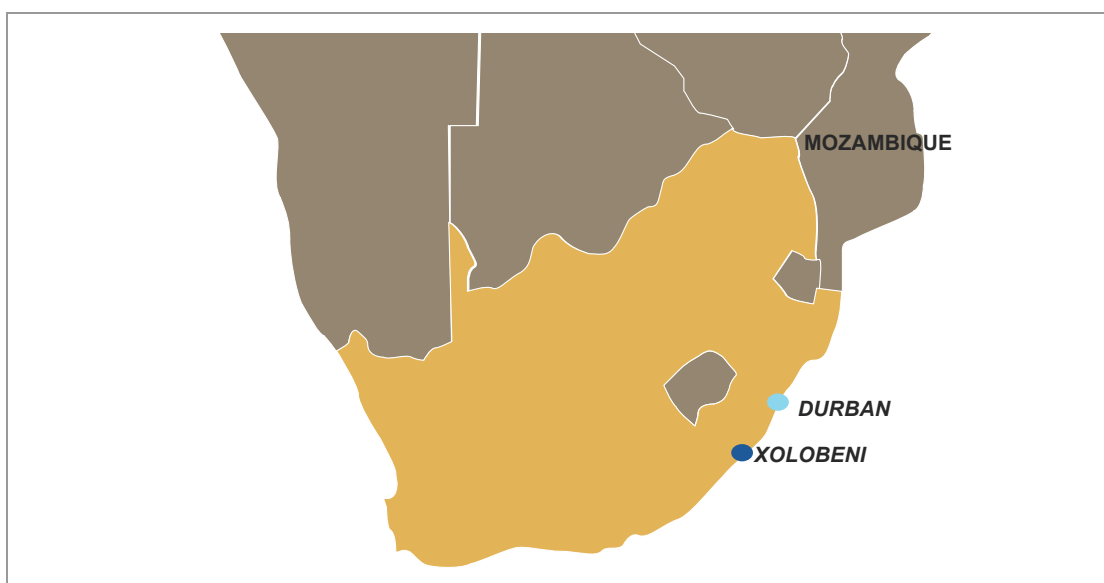
The Xolobeni Mineral Resource is 346 million tonnes of 5.0% heavy mineral, with 65% of this resource in the Measured category.

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.**

In November 2011 the DMR extended the prospecting rights over the Xolobeni project, excluding the Kwanyana block, for a further period of 3 years. During the quarter this right was executed and submitted for registration.

MRC had also previously advised that the DMR had withdrawn the previously granted Conditional Mining Right over the Kwanyana block and that it was engaging with the DMR and Minister in relation to these matters. Based on this, the company resolved to withdraw all previous applications in respect of the Kwanyana block and immediately file a new PRA over the same block. This was completed within the last quarter.

The benefit of this approach is that the Kwanyana block will be re-aligned with the rest of the Xolobeni project which will enable the company to progress its application to develop Xolobeni in its entirety and, in so doing, demonstrate that this can be undertaken responsibly and sustainably in the interests of all stakeholders.



## **CORPORATE**

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

At quarter end, MRC held 500K CDI's in Allied Gold Mining PLC (AGMPLC). AGMPLC is listed on the ASX, TSX and the Main Market of the London Stock Exchange.

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.

AGMPLC 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 31 March 2012 was \$0.90 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, Hungary, Holland and France.

Between 29 February and 30 March, 2012 the company raised US\$4,000,000 by way of Secured Loan Notes to fund the Company's working capital requirements.

During the quarter Petro has secured the services of a London broker to undertake an IPO before year end. On 8th March, 2012 the Company engaged Mirabaud Securities LLP as lead manager to co-ordinate a proposed pre-IPO placing of US\$12.5m and a proposed IPO raising of US\$60m before expenses. Mirabaud will be paid a broking commission of 5% of the aggregate value of the monies raised as well being issued broker warrants.

On 20 March, 2012 the Company circulated a Notice of General Meeting to shareholders to re-domicile the PVIL to the United Kingdom. The meeting was held on 16 April, 2012 and the resolution was passed unanimously. The re-domicile will occur by way of share exchange and upon conclusion the new parent company will be known as Petro Ventures Group Plc.

On 23 March 2012 the Ministry of Economic Affairs, Agriculture, and Innovation, approved the transfer to Petro Ventures (Netherlands) B.V. of the 5 licences within the F-Quad and L-Quad offshore Netherlands which are the subject of the farm-out agreement with Sterling Resources dated 1 September 2011.

### **Cash and Marketable Securities**

At 31 March 2012, MRC had \$0.24 million in cash with a further \$0.93 million in marketable securities. In aggregate this represents 0.08 cents per MRC share.

The Company is currently reviewing its funding alternatives with an aim to raise for the development of the Tormin Mineral Sands Project. Options being considered are an equity placement, quasie debt via an issue of convertible notes, and other alternatives with potential off-take partners.

Short Term bridging facilities are also being considered to ensure the Company can raise funds at the most opportune time.

The Company will continue to divest liquid assets to fund short term operating costs.

### **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:**

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## **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.*

## **MRC - Resource Statement**

PROJECT	Category	Ore Mt	HM%	Ilmenite (% in HM)	Zircon (% in HM)	Rutile (%in HM)	Garnet (%i HM)
Tormin	Indicated	2.7	49.4%	21.4%	6.9%	1.4%	51,2%
Xolobeni	Measured	224	5.7%	54.5%			
	Indicated	104	4.1%	53.7%			
	Inferred	18	2.3%	69.6%			
		<b>346.0</b>	<b>5.0%</b>	<b>54.0%</b>			
<b>Total MRC</b>		<b>348.7</b>	<b>5.3%</b>	<b>51.7%</b>			

# 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 2012

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (three months)
		\$A'000	\$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(32)	(32)
	(b) development	(117)	(117)
	(c) production		
	(d) administration	(243)	(243)
	(e) Discontinued acquisition		
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	4	4
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
<b>Net Operating Cash Flows</b>		<b>(388)</b>	<b>(388)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	(74)	(74)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments	453	453
	(c) available for sale assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
<b>Net investing cash flows</b>		<b>379</b>	<b>379</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(9)</b>	<b>(9)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(9)	(9)
<b>Cash flows related to financing activities</b>			
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 (provide details if material)		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(9)	(9)
1.20	Cash at beginning of quarter/year to date	249	249
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	240	240

**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	24
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

\$12,000 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

+ See chapter 19 for defined terms.

### 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	25
4.2 Development	100
4.3 Production	-
4.4 Administration	325
Discontinued Operations	950
<b>Total</b>	<b>1,400</b>

### 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	240	249
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>240</b>	<b>249</b>

### 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			

+ See chapter 19 for defined terms.

**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	<b>Preference securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	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	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <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	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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 give a true and fair view of the matters disclosed.



Sign here: ..... Date: 30 April 2012  
(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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