



Mineral Commodities Ltd

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31 January 2012

Australian Stock Exchange
Company Announcements Office

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2012

SUMMARY

- Development of Tormin Mineral Sands Project proceeding.
- Acquisition of Cable Sands terminated

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.

As previously reported, the company planned to prepare the documentation required for the remaining regulatory matters and lodge this documentation with the authorities before the end of the year. This was completed as planned and, based on the progress to date, MRC remains confident it will have cleared all regulatory hurdles before the end of the first quarter of 2012.

The following additional key items were concluded in the quarter:

- The company finally managed to register the mining rights in relation to Tormin after lengthy delays with the regulators; and
- The Environmental Management Plan for the offshore prospecting rights in the area adjacent to Tormin was completed and submitted to the Department of Mineral Resources (DMR).

During the quarter, the DMR also produced its record of decision in response to Morodi Minings application against it and Mineral Sands Resources (Pty) Ltd (MSR), the company's subsidiary with the rights to Tormin. The DMR also advised the parties of its intention to transfer defence of the matter to MSR. The matter will be vigorously defended based on advice that the application has no reasonable prospect of success.

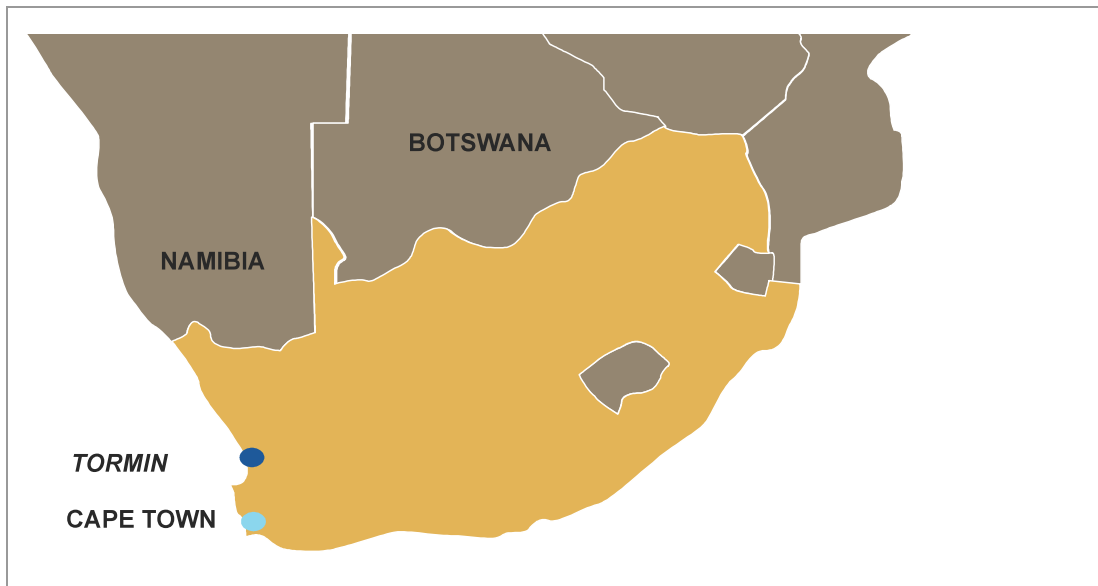
Background

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)

Background

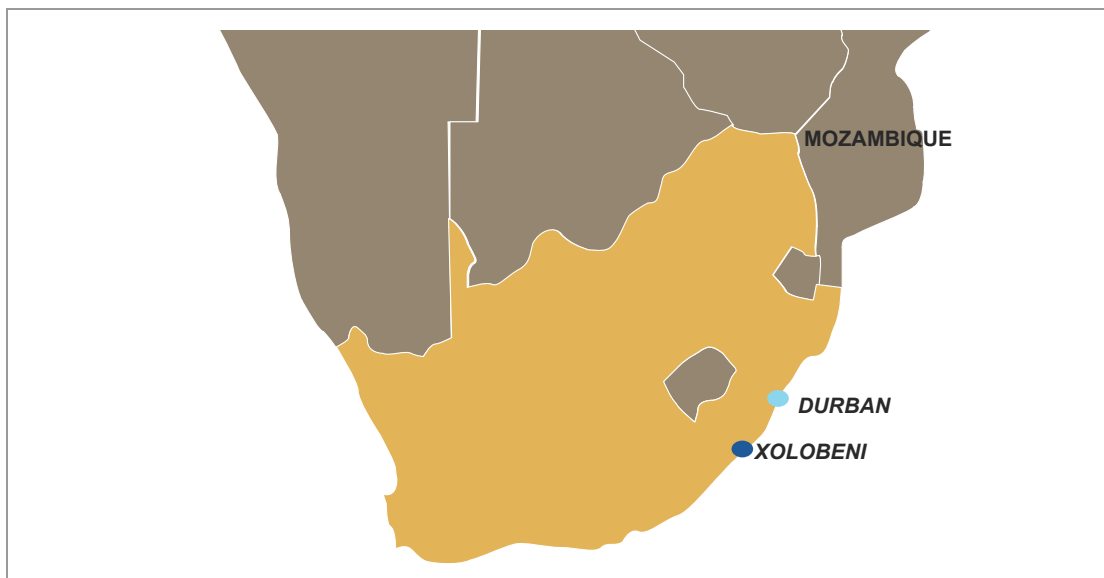
The Xolobeni Project is located in the Eastern Cape Province of South Africa approximately 300km north of East London and 200km south of Durban.

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

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's subsidiary, Transworld Energy and Mineral Resources (SA) (Pty) Ltd (TEM), has previously advised that the DMR had withdrawn the previously granted Conditional Mining Right over the Kwanyana block, that it had addressed the issues required by the DMR and that it was awaiting feedback from the DMR and Minister in relation to these matters.

TEM has yet to receive confirmation of the position on the Kwanyana block from the DMR. However, in November 2011 the DMR extended the prospecting rights over the remaining blocks of the Xolobeni project for a further period of 3 years. Accordingly, the company remains confident that it will be able to resolve the outstanding issues in relation to the Kwanyana block shortly so that the company can complete the work required to satisfy the regulators that the entire project can be responsibly and sustainably developed.



Acquisition of Cable Sands.

On 20 December 2011, MRC advised that the conditions precedent, as set out in the Share Sale Agreement with subsidiaries of Cristal Australia Pty Ltd for the acquisition of Cable Sands (WA) Pty Ltd and Cable Sands Pty Ltd (**Acquisition**), had not been met within the required timeframe. As a result the proposed Acquisition came to an end. Additionally, as the Share Sale Agreement for the acquisition of Simto Resources Limited by MRC (as referred to in the announcements of the Company dated 27 July 2011 and 20 September 2011) was conditional upon the settlement of the Acquisition, the Simto Acquisition also came at an end.

The final material condition precedent to the Acquisition was the procurement of funding for the Acquisition. Prevailing global markets provided for difficult conditions in which to raise funds and as a result the necessary funding has not been secured.

CORPORATE

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

At quarter end, MRC held 750K 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 December 2011 was \$1.62million (previous Quarter reported \$2.78 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.

On 18 November 2011 the Romanian Government approved assignment of the Romanian licences to Petro and confirmed the term of the licence extensions to May 2014. Petro is also entitled to 2 X 3 year extensions to May 2020. In addition, the Construction Permit law was rescinded providing unhindered offshore drilling. Wells are planned for the Eugenia prospect in the Pelican Block in the second quarter 2012 and Ioana Prospect in the Midia Block in the third quarter 2012. Petro has advised that the prospects have prospective resources of 70MMbbls with 53% COS and 654Bcf of gas with 25% COS respectively.

In the Paris Basin, Petro awaits Ministerial final ratification of the licence applications. The French permits are a Liassic organic shale resource play covering 150,000 gross acres. The licences have potential for unconventional oil with recoverable resource of 260MMbbls.

In Hungary, the partners spudded a well on 4 January 2012. Petro is targeting Lr. Panonian turbidites with a success case unrisked recoverable gas of 1.2bcf. Results are forthcoming.

In offshore Netherlands, at quarter end, the partners were drilling a well at F17H with target of 13MMbbls with a 50 – 71% chance of success. Results will be revealed next quarter.

PVIL continues to pursue opportunities to build up the company's portfolio to provide a platform for an IPO or back door listing of the Company in 2012.

Cash and Marketable Securities

At 31 December 2011, MRC had \$0.25 million in cash with a further \$1.65 million in marketable securities. In aggregate this represents 1.3cents per MRC share.

The Company is currently reviewing its funding alternatives with an aim to raise funds in the coming quarter to meet existing commitments and for the development of the Tormin Mineral Sands Project.

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%			
		346.0	5.0%	54.0%			
Total MRC		348.7	5.3%	51.7%	0.5%	0.1%	3.7%

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 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (twelve months)
		\$A'000	\$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	-	(129)
	(b) development	(189)	(835)
	(c) production	-	-
	(d) administration	(108)	(914)
	(e) Discontinued acquisition	(460)	(710)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	6	31
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		(751)	(2,557)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	(7)	(26)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments	620	1,431
	(c) available for sale assets	-	10
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		613	1,415
1.13	Total operating and investing cash flows (carried forward)	(138)	(1,142)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(138)	(1,142)
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	(138)	58
1.20	Cash at beginning of quarter/year to date	387	191
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	249	249

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

\$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	225
4.3 Production	-
4.4 Administration (Including potential \$950k Break Fee and other costs associated with the discontinued acquisition of Cable Sands assets)	1,400
Total	1,650

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	249	387
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	249	387

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				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining
 tenements acquired or
 increased

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+ See chapter 19 for defined terms.

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: 31 January 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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