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Quarterly Activities Report for the Period Ended 31 December 2013



The high grade zircon/rutile Tormin mineral sands development

Tormin

- Built on time on budget for \$16 M
- 140,000 man hours LTI free
- Commissioning commenced October 2013
- Initial grades exceed resource
- 60,000 tonnes stockpiled for processing
- 1,726 tonnes Zircon/Rutile concentrate produced
- Offshore sampling to commence next quarter

Xolobeni

- One of the world's largest undeveloped mineral sands resources
- Stakeholder Engagement Report (SER) delivered to Dept Mineral Resources (DMR)
- Prospecting right application process continues
- Baseline study worked commenced
- Subject to permits, studies and finance potential development in 2016

Sales

- First Zircon/Rutile shipments (1726t) post quarter end
- Discussions continue on Phase Two Ilmenite offtake

Corporate and Cash

- Securities: 404M shares & 11M options.
- Cash and Receivables of \$2.7M as at 31 December with cash inflows from sale of product commencing in current quarter.
- Debt: nil. Finance discussions underway

For enquiries regarding this report please contact:
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TORMIN - COMMISSIONED ON TIME AND ON BUDGET

Safety & Human Resources

MRC has previously announced an exemplary safety record at Tormin having achieved 50,000 hours without a lost time injury (LTI) by October 2013.

The Company is proud to announce that by the commencement of the commissioning of the Secondary Concentration Plant ("SCP"), MRC has achieved in excess of 140,000 man hours on site without an LTI.

This record is even more impressive given the tight schedule, the number of separate contractors on site towards the end of the Project and that the vast majority of workers on site were drawn from the local community, who were relatively inexperienced and were working shifts as the site operated 24 hours per day.

Mining and Primary Beach Concentrators (PBCs)

Commissioning of the Primary Beach Concentrators ("PBCs") commenced in October 2013, followed shortly thereafter by the commencement of mining operations.

The seasonal ocean and tidal conditions between the months of August and October served to act as a natural catalyst to upgrading the beach resource.

The Company was therefore in a position being able to mine directly off the beach and achieve a heavy mineral resource grade of 86% against the design criteria run-of-mine (ROM) resource grade of 41.3% Heavy Mineral Concentrate (HMC).

The extremely high grade of ROM encountered on the beach allowed the Company to feed ROM ore directly into the SCP bypassing the PBCs.

By mid-December 2013, the Company had mined and stockpiled in excess of 60,000 tonnes of HMC at the SCP.

The naturally occurring ROM beach concentrate grades translated into a 50% reduction in mining rates and 100% reduction in the requirement to process material through the PBC as originally planned. As this position on the beach remains, the Company anticipates that the savings in forecast mining and PBC processing costs will continue into the first 6-months of 2014 and possibly longer.

By the time hot commissioning of the SCP commenced in the second week of December, approximately 60,000 tonnes of high grade HMC had been stockpiled at the SCP. In addition to the overall de-risking benefits that in excess of 6 weeks of SCP processing demand provides, the Company was also able to suspend mining operations for a period to focus its energies on the successful commissioning of the SCP.

This proved particularly useful as an unforeseen consequence of the high grade HMC was its impact on the operation of the SCP processing equipment, particularly in relation to grade fluctuation. By incorporating a PBC spiral stage prior to SCP, the Company was able to provide the necessary stability to the SCP head feed and

ensure that the Company was able to achieve close to nameplate capacity output at grades very close to design specification by month end.

Based on the success of associating the PBC spirals with the SPC, the Company has decided to permanently relocate and operate the PBCs at the SCP and not on the beach. This will result in significant de-risking of the PBC operation and require only one PBC unit to be operated in the future as it will not be affected by daily tidal movements and ocean conditions.

Secondary Concentrator Plant (SCP)

Fabrication and construction of the SCP infrastructure, plant and plate-work was completed during the quarter. The water supply to the SCP, process water dams, steel structure and mechanical equipment were also installed and tested.

Initial cold commissioning was undertaken in the first week of December, 2013 and hot commissioning commenced on the 11th December, 2013.

As indicated above, the high grade HMC direct from the beach required the Company to make a number of changes to the SCP to accommodate the enhanced head feed.

The most significant of these was the introduction of an additional spiral stage using on the PBC spirals before the SPC process. This served to ensure that the SCP received a more constant head grade and that, by the end of the quarter, the Company had achieved nameplate output at very close to design specification. Fortunately the nature of the offtake agreement with Wogen Pacific enables the Company to ship product that is not 100% within design specification with the only negative impact being a slightly reduced yield of valuable heavy minerals per tonne of concentrate sold and processed.

Tormin Sales and Marketing

The Tormin mine plan and engineering processing design provides for primary beach concentration of 1.2 Mtpa producing approximately 48,000 tonnes of Zircon/Rutile Concentrate grading up to 80% Zircon and 10% Rutile.

Phase Two of the Tormin Project Development provides for further processing through construction of a dry mineral separation plant (MSP) to produce various magnetic concentrates, including up to 125,000 tonne per annum Ilmenite and 100,000 tonne per annum of Garnet.

The first shipment of 100 tonnes of Zircon/Rutile Concentrate was processed and sold under the Marketing Agreement with Wogen Pacific. This product was shipped successfully to China for tertiary processing. The results confirmed previous expectations, recording recovery of Zircon and Rutile rates of 93% and that the Zircon and Rutile are of premium quality and suitable for ceramics and welding rods respectively.

The Company has also received a number of proposals for the Ilmenite to be produced from Tormin. MRC is in advanced negotiations with two of these parties and therefore hopes to be in a position to finalise an offtake for 100% of the Ilmenite early 2014. The Ilmenite concentrate is currently being stockpiled until an offtake is finalised and the additional plant required to produce this product is acquired and installed.

Delivery of the Garnet concentrate to Blastrite will commence in February 2014 under the terms of that offtake agreement.

The Company is therefore confident of its product sales forecast; with most major suppliers indicating that the prices of Zircon / Rutile appearing to have reached the bottom of the cycle and that prices are expected to stabilise at current levels before increasing slightly during 2014 on the back of enhanced demand.

To date, finished non-magnetic and magnetic concentrates have been produced and the SCP has achieved nameplate capacity output at close to design specification. Accordingly, by the end of January 2014, the Company will have shipped 1,726 tonnes of non-magnetic Zircon/Rutile Concentrate in accordance with the offtake agreement and have produced 8,895 tonnes of Ilmenite concentrate and 12,027 tonnes of Garnet concentrate for future sale.

The Company is therefore confident that it will be able to maintain current levels of production and achieve full design specification for its products within the first quarter of 2014.

MRC has also previously indicated the presence of a small but valuable rare earth, Xenotime, within the Tormin mineral suite. Given the value of Xenotime at approximately \$11,000 per tonne, recovery of it has the capacity to add significant value to the Project. Further test work to ascertain whether the Xenotime can be commercially recovered are under way and the Company hopes to be able to make an announcement in this regard in the near future.

Logistics

The supply chain team has made significant progress with the SA rail operator, Transnet, and a dedicated rail service has been agreed. This will improve the economics and logistics flow of the product to port.

The first Zircon/Rutile Concentrate Product to Wogen Pacific was shipped on 25 January 2014 and will continue weekly into the future. By the end of January 2014, the Company will have shipped 1,726 tonnes of non-magnetic Zircon / Rutile Concentrate to Wogen Pacific and produced 8,895 tonnes of Ilmenite concentrate and 12,027 tonnes of Garnet concentrate for future sale.

Tormin - Offshore Prospecting Activities

MRC has previously reported that a prospecting right for the offshore area immediately adjacent to Tormin was awarded towards the end of 2012. The offshore prospecting area covers an area of 12 sqkm and extends 1km out to sea from the low-water mark and covers the full length of the existing 12km Tormin tenement.

The established geology of the region confirms that the source of the Tormin beach deposit is a Heavy Mineral-rich offshore zone and that the dynamic coastline serves to replenish the beaches by transporting sediment from deeper waters.

Formal studies, including drilling and sampling, were planned during the quarter and will commence in January 2014 with a view to identifying and quantifying the extent of beach replenishment and the extent of the offshore resource.

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In the interim beach mining operations have confirmed the previous informal tests conducted by the Company. Ore removed by the beach operations has been replenished by the sea in one tidal cycle. Within 3 days thereafter natural jiggling by the beach returns the deposit to within 10% of the initial resource grading. Certain areas of the beach have already been mined 4 times in an effort to test the extent of replenishment and to date no reduction in overall resource grading has been experienced.

A comparative table below shows the Feasibility ROM Mineral Grades Vs. the current beach material.

DESCRIPTION	Feasibility Study		Current Beach Material		
	ROM Beach Material	PBC Concentrate	ROM Beach Material (untreated)		
	%	%	Min %	Max %	Ave %
Grade – Zircon	3.4	8.0	3.9	20.3	11.7
Grade – Rutile	0.7	1.1	1.0	3.4	1.6
Grade – Ilmenite	11.9	17.1	11.7	62.4	33.7
Grade – Garnet	25.3	39.4	9.5	64.4	35.3
Grade – Quartz	49.4	6.9	0	22.7	8.7

1. Results from sampling from grain counts between 1 November and 12 December 2013

The Company had mined in excess of 60,000 tonnes by the end of December 2013. By its own assessment, the ore blocks mined had replenished by 25,000 tonnes by the end of the quarter.

The Company is therefore optimistic that replenishment of the beach will increase the expected life of Tormin.

The testing planned for the first quarter as well as the empirical results from beach mining over this period will provide significant inputs into this assessment.

Xolobeni Mineral Sands Project

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 first quarter of 2012, this right was executed and subsequently registered by the DMR in the third quarter of 2012.

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MRC has 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. The Company subsequently withdrew all previous applications in respect of the Kwanyana block and immediately applied for a new prospecting right over the same block.

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.

The DMR accepted the new prospecting right application (PRA) over the Kwanyana block in the first quarter of 2012 and, in accordance with prevailing legislation, directed the Company to submit an Environmental Management Plan (EMP) for the prospecting work and details of its engagement with all stakeholders with an interest in the project. The Company compiled an EMP for the Kwanyana block prospecting work and undertook a comprehensive stakeholder engagement process (SEP) during the second quarter of 2012. The EMP and SEP report were also lodged with the DMR in accordance with the required timetable.

A number of objections to the PRA were received. Accordingly, the DMR was required by law to call a meeting to consider the objections and a representations made by the Company. This meeting was held on 28 November 2012.

Based on the information presented at that meeting, the DMR instructed the Company to undertake additional consultation. A comprehensive consultation process, designed to identify and engage with all potential interested and affected parties designed during the last quarter. In addition, in keeping with local traditions, a series of pre-meetings were held with the traditional leaders in the Xolobeni area to update them on developments with the project, brief them on the planned consultation process and gain their approval for the process.

Xolobeni Public Participation Successfully Completed

Having obtained the traditional leadership's approval of the planned process and updated the DMR in the first quarter, the public consultation process took place in March and April 2013. Subsequently, feedback from all the meetings has been collated into a comprehensive issues and response trial which has been incorporated into a stakeholder engagement report (SER). The SER was completed in the last quarter and submitted to all relevant parties at the DMR for evaluation.

In late December 2013, the Company was advised that the DMR will meet to consider the SEP and other matters relating to the Kwanyana PRA on 22 January 2014.

The Company attended the meeting after quarter end on 22 January 2014 as planned. The representations made by the Company were well received and all objections appropriately addressed. The Company therefore remains optimistic that the DMR will award a new prospecting right over the Kwanyana block in the first quarter of 2014 and enable the Company to do the final work necessary to submit a mining right application for the entire Xolobeni tenement as soon thereafter as possible.

Xolobeni Baseline Studies

In the interim, work has commenced on preparation for the various baseline studies that are required as part of the prospecting works programme and in preparation for and application for a mining right for Xolobeni. By end of the quarter MRC had appointed a specialist to commence a water study on the Xolobeni area. The Company expects this work to be completed in early 2014.

CORPORATE

Cash

At 31 December 2013, MRC had \$2.7 million in cash and receivables. Cash inflows from sale of product commencing in the current quarter.

Having commenced production and shipment of product, various financial institutions have indicated a willingness to provide standby working capital facilities. The Company is engaged with these banks and hopes to have such a facility in place by the end of February 2014.

Securities on Issue

Issued securities at quarter-end comprise:

- 404,941,571 fully paid ordinary shares listed on the ASX
- 10,000,000 Unlisted Options exercisable at \$0.20 on or before 31 December 2015
- 1,000,000 Unlisted Options exercisable at \$0.35 on or before 31 December 2015

RECENT PHOTOS OF ACTIVITY AT TORMIN



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APPENDIX 1 - ABOUT TORMIN MINERAL SANDS

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 base case derived from the DFS provides for hydraulic mining and primary concentration of the deposit through spiral plants on the beach. Thereafter, the concentrate will be transferred to a SCP where it will be further upgraded by spirals, wet magnetic separation (LIMS and WHIMS), and screens before being bagged prior to shipment to destination markets. The engineering design provides for

primary beach concentration of 1.2 Mtpa producing approximately 48,000 tonnes of Zircon/Rutile Concentrate grading up to 80% Zircon and 10% Rutile.

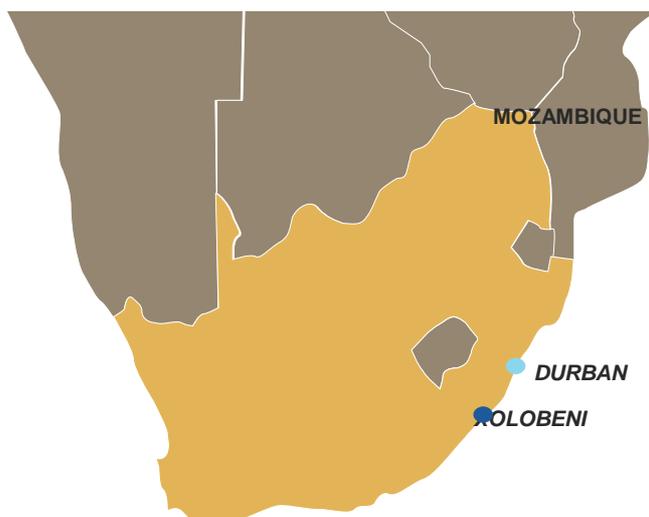
A Proposed Phase Two provides for further processing through construction of a dry mineral separation plant (MSP) to produce various magnetic concentrates, including up to 125,000 tpa Ilmenite and 100,000 tpa of Garnet.

The Company has also received a number of proposals for the Ilmenite to be produced from Tormin. The Ilmenite concentrate is currently being stockpiled until an offtake is finalised and the additional plant required to produce this product is acquired and installed. Delivery of the Garnet concentrate to Blastrite will commence in February 2014 under the terms of that offtake agreement.

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APPENDIX 2 - ABOUT XOLOBENI MINERAL SANDS PROJECT



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

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

Xolobeni is therefore regarded as one of the largest undeveloped mineral sands resources in the world containing in excess of 9,000,000 tonnes of ilmenite.

APPENDIX 3 - RESOURCE STATEMENT

PROJECT	Category	Ore Mt	HM%	Ilmenite (% in HM)	Zircon (% in HM)	Rutile (% in HM)	Garnet (% in 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%			

APPENDIX 4 – LISTING OF TENEMENTS

The following information is provided pursuant to ASX Listing Rules 5.3.3:

Country	Location	Number	Type of Right	Status	Change since last Quarter	Interest
South Africa	Tormin	(WC)30/5/1/2/2/163MR	Mining	Approved	N/A	100%
South Africa	Tormin	(WC)30/5/1/2/2/162MR	Mining	Approved	N/A	100%
South Africa	Tormin	(WC)30/5/1/1/2/10036PR	Prospecting	Approved	N/A	100%
South Africa	Xolobeni	EC30/5/1/1/2/6PR	Prospecting	Approved	N/A	100%
South Africa	Kwanyana	EC30/5/1/1/2/10025PR	Prospecting	Under Application	N/A	100%

The Company has no interests held in any farm-in or farm-out agreements.

Competent Person

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). This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

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