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Quarterly Activities Report for the Period Ended 30 September 2015



Production Summary	Quarter ended 30 Sep 2015	Quarter ended 30 June 2015	Quarter ended 30 Sep 2014	Year to date 30 Sep 2015	Year to date 30 Sep 2014 ¹
Mining					
Tonnes	367,040	456,624	330,072	1,185,861	677,341
Grade	55.50%	40.50%	51.81%	46.90%	55.94%
- garnet	31.78%	24.50%	32.63%	27.15%	32.09%
- ilmenite	18.70%	12.08%	14.04%	15.27%	17.74%
- zircon	4.39%	3.40%	4.49%	3.91%	5.35%
- rutile	0.63%	0.52%	0.65%	0.57%	0.76%
SCP Production & Processing					
Tonnes processed	140,488	149,194	155,706	437,595	402,074
Tonnes produced					
- garnet concentrate	67,629	61,847	79,059	204,601	182,539
- ilmenite concentrate	23,573	29,483	24,585	85,177	69,812
- zircon/rutile concentrate	10,255	11,314	10,791	33,262	31,178
% zircon in concentrate	72.86%	73.39%	77.74%	73.01%	78.27%
% rutile in concentrate	13.80%	12.94%	12.12%	13.17%	7.61%
Sales (wmt)					
- zircon/rutile concentrate	10,504	11,622	11,700	34,918	31,434
- ilmenite concentrate	-	-	16,502	-	16,502
- garnet concentrate	63,513	66,312	32,996	292,291	39,632

Xolobeni Project	Corporate and Cash
<ul style="list-style-type: none"> One of the world's largest undeveloped mineral sands resources. Extension for the submission of the final EIA has been granted until April 2016, providing adequate time to complete all necessary studies and compilation of requisite reports. Consultants continue to scope work for a definitive bankable feasibility study. 	<p>Securities: 404m shares and 17m options.</p> <p>Cash: Cash as at 30 Sep 2015 of US\$3.4m, plus US\$7.3m in trade and other receivables</p> <p>Debt: \$US1.2M or 50% of Shareholder Loans repaid immediately following quarter end.</p>

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¹ Includes reconciled March 2014 production statistics, adjusted for commissioning.

TORMIN – OPERATIONAL PERFORMANCE

Safety, Environment & Community

There were no LTI's reported for the quarter.

The Company has now achieved 1,135,228 hours without a lost time injury ("LTI") since October 2013.

In July 2015, the National Union of Mineworkers ("NUM") received recognition amongst the Tormin workforce and subsequently made a series of unrealistic demands. Despite extensive meetings which resulted in the Company offering the Union an effective 33% pay increase, the Union declared a dead-lock in negotiations and instigated a strike in the early part of September, 2015. In response to the strike action, the Company declared a lock-out which requires all labour to return to site on the Company's terms.

During the strike, a core group of non-Union members continued to report for work and support the Company's mining processing operations.

The majority of workers, Union and non-Union, had returned to work by the end of September accepting the Company's employment conditions and terms.

The strike was officially ended by the Union on October 14, 2015 after all workers had returned back to work.

The operational performance resulting from the industrial action was only marginally impacted. The underlying operational performance metrics remained solid.

Specialised in-country Industrial Relations consultants, who had been engaged by the Company during the entire strike process to work with the Company's Human Resources team, continued to negotiate with the Union to resolve all outstanding issues which include reaching a collective Bargaining Agreement for the Company's offered pay increase of 33%.

During the quarter, progress continued towards the commissioning of the first stage of its expansion initiatives, the tailings scavenger plant ("TSP"). Commissioning was completed by mid October 2015. The TSP will see the recovery of additional heavy minerals that are currently being disposed to tails, and will see a substantial increase in HMC production and more efficient recoveries in the Primary Beach Concentrating ("PBC") circuit.

The Company continues to engage with the Xolobeni Community and related stakeholders in order to deal with the objections and perceived social and ecological impacts.

An extension for the submission of the final Environmental Impact Assessment has been granted by the DMR until April 2016, providing adequate time to complete all necessary studies and compilation of requisite reports.

Mining

Tonnes mined during the September quarter were only marginally impacted by industrial action. Production of 367,040 tonnes (4% below Budget) of Run of Mine ("ROM") ore grading 55.50% Valuable Heavy Mineral ("VHM") was mined consisting of a garnet grade 31.78%, ilmenite grade 18.70% and zircon grade 4.39%.

The ROM grade of zircon continues to replenish in excess of life of mine resource grade.

The Company was visited by a specialist in surf zone sampling and mining and an inspection was undertaken. A full proposal will be submitted in the December quarter to deal with the off-shore sampling and trial mining operation.

The primary purpose of these studies is to determine the deposition of VHM, which is known, and develop a sampling and exploration technique which will allow a Resource Categorisation.

Processing

Withstanding the interrupted operational performance resulting from the industrial action, the underlying operational performance metrics remained solid.

Heavy Mineral Concentrate ("HMC") production through the two PBC's produced 110,120 tonnes for the September quarter. This was 28.7% below budget. The balance of Secondary Concentrator Plant ("SCP") feed of some 30,368 tonnes was sourced as direct feed from high grade ROM material, which required no primary concentration.

The Company processed 140,488 tonnes through the SCP in the September quarter, which was slightly (9%) below budget.

SCP plant recoveries remain well above budget for rutile and ilmenite and slightly below for zircon and garnet.

Zircon/rutile concentrate production for the quarter was 10,255 tonnes versus budget of 14,211 tonnes. Contained zircon in the concentrate of 72.86% was just below budget of 74% zircon, whilst rutile was above budget at 13.80% contained rutile in concentrate.

For the September quarter, ilmenite concentrate production was 23,573 tonnes versus budget of 29,638 tonnes, and garnet concentrate production was 67,629 tonnes versus budget of 76,784 tonnes.



Two Primary Beach Concentrators and the two recently constructed and commissioned Tailing Scavenger Circuits. Depicting Heavy Mineral Concentrate production and stockpile.

Cash Costs

Total ex-works mining, processing and site administrative unit cash cost per tonne of zircon/rutile concentrate for the quarter was US\$311/t ZR concentrate produced, being above budget of US\$306/t ZR concentrate due primarily to the lower production volumes, offset by the impact of a stronger USD exchange rate against largely ZAR denominated costs.

Tormin Sales and Marketing

Sales revenue for the June quarter was US\$9.3 million, below the budget of US\$13.3 million.

Tormin shipments / sales for the June quarter were:

- 10,504 tonnes of zircon/rutile concentrate.
- 63,513 tonnes of garnet concentrate, sold as an interim stockpile to Garnet International Resources Pty Ltd ("GMA").

Sales revenue was slightly impacted by the industrial action and lower processing recoveries due to a delay in the PBC scavenger circuit installation.

The autonomous marketing of the Company's products resulting from the termination of the offtake agreement with Wogen has provided more transparent insight into the markets. The Company is now being directly approached from Chinese buyers seeking to secure supply.

Garnet concentrate production continues to be supplied and sold under the contract with GMA and stockpiled within South Africa. The garnet concentrate will then be shipped at GMA's discretion. The revenues for stockpiled garnet under this arrangement are initially lower with full sales value received upon shipment.

The Company is pleased to advise that it is also now starting to see more active enquiries for the Company's ilmenite concentrate.

Tormin Resource and Offshore Prospecting Activities

The Company published its full annual resource assessment in its Annual Report for the year ended 31 December 2014. Full details can be viewed in the Annual Report which was lodged with the ASX on 24 April 2015.

The assessment provided that the total tonnages mined during 2014 (1.07 million tonnes) replenished and were re-classified as an Inferred Resource as follows:

Category	Resource (Million Tonnes)	Total (% HM)	Ilmenite (%HM)	Zircon (%HM)	Rutile (%HM)	Garnet (%HM)
Indicated Resource – Dec 2013	2.70	49.40%	10.60%	3.40%	0.70%	25.30%
Tonnes Mined	1.07	55.30%	16.90%	5.02%	0.65%	32.55%
Inferred Resource – Dec 2014	2.70	38.14%	10.05%	2.21%	0.46%	25.22%

Note: individual minerals are reported as a percentage of the total resource.

The Inferred Resource is based on the reasonable prospect for the economic extraction of the material, as has occurred during the past year.

The Company continues to conduct grade reconciliation and sample grading on a daily basis as part of the mining operation to correlate between stated Resource and actual Resource in terms of quantity, grade and replenishment.

Whilst initial exploration work has been undertaken on the replenished areas, the fact remains that the beach constantly changes with both tidal movement and mining.

The Company completed all Regulatory requirements in relation to its Prospecting Right Application which extends its prospecting area 10km seaward, for a total of 120km². A decision relevant to the granting of the Prospecting Permit is still pending and the Company understands that this is imminent.

During the previous quarter, the Company's subsidiary Mineral Sand Resources Pty Ltd ("MSR") submitted a prospecting application for heavy mineral sands over a 24km stretch of coastline just to the north of its Tormin Mine. The application was accepted by the Department of Mineral Resources – Western Cape.

The area under application encompass approximately 398ha and extends from the northern boundary of the Tormin Mining Licence area up to 24km northwards near Jakkalshok – only a few kilometres south of the Tronox heavy mineral sand mine – Namakwa Sands. The area under application is known to host heavy mineral sand deposits and have been the subject of previous exploration work done by Trans Hex.

MSR continues with a scoping level environmental assessment and full public participation exercise. This is required as the prospecting application includes bulk sampling which is a listed activity requiring environmental authorisation under the National Environmental Management Authority ("NEMA").

CORPORATE

The Company was pleased to advise, following the quarter end, that subsequent to the hearing in the High Court of South Africa (Western Cape Division, Cape Town) in February 2014, and a further hearing of oral evidence in June 2014, Blastrite (Pty) Ltd's ("Blastrite") Court Application has been dismissed.

The dismissal follows Blastrite's withdrawal of its initial application to seek interim relief in December 2014. Blastrite has been ordered to pay MRC's costs occasioned by the employment of legal counsel, all of the costs occasioned by the referral to oral evidence and the costs occasioned by the discovery Applications, including the costs occasioned by MRC parties' discovery applications.

As stated when the initial Application was made by Blastrite in December 2014, the Company's view was that the Application is an abuse of the Court process, founded on incorrect facts and was of no merit and as such, the Company and other respondents strenuously opposed the application.

The Company also advised that following the termination of the Pre-Finance and Offtake Agreement between the Company and Wogen Pacific Ltd, as announced on 13 May 2015, the parties have agreed to settle all outstanding matters between themselves and have executed a Deed of Settlement accordingly.

The resolution of the Blastrite litigation matter and the settlement with Wogen, now allows Management to focus on streamlining the business process and operation within South Africa.

The Garnet Stripping Plant ("GSP") expansion initiatives are planned to be implemented in the first half of 2016.

With the settlement of the Blastrite matters, the Company is well positioned to conclude its finance options for the GSP. As announced subsequent to quarter end, the Company has repaid US\$1.2M, or 50%, of the debt to two of its largest shareholders, Au Mining Ltd and Regional Management Services Pty Ltd, a company associated with Mr Mark Caruso the Executive Chairman and CEO of the Company.

The reduction of debt is part of the Company's overall capital management strategy. Whilst the Company had the capacity to repay the debt in total, its preferred position was to retain 50% to provide flexibility whilst it pursues the GSP processing plant expansion initiative. Discussions with traditional debt providers are continuing with increased confidence being provided by the Company's production record to date.

Cash Flow

At 30 September 2015, the Company had US\$3.4 million in cash, an increase of US\$1.4 million from the previous quarter. Trade and other receivables of US\$7.3 million are below with the previous quarter's, \$8.4M.

Xolobeni

The acceptance of the Mining Right Application in April 2015 triggered the Public Participation Process for the Environmental Scoping Report Submission. The Public Participation Process resulted in the submission of the Environmental Scoping Report during the previous quarter.

The Company made good progress with its consultants to conduct all necessary baseline and technical studies to move the project through to the submission of an Environmental Impact Assessment Report, which is required as part of the Mining Right Application process. An extension for the submission of the final Environmental Impact Assessment has been granted to the Company until April 2016, providing adequate time to complete all necessary study to the Company and compilation of requisite reports.

The Company is maintaining its efforts to conclude baseline studies within the regulatory timeframes.

Outlook

Sales guidance for the coming quarter is in the order of 11,000 to 12,000 tonnes of zircon/rutile concentrate, and its entire production of garnet concentrate at circa 70,000 tonnes.

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 A\$0.20 on or before 31 December 2015.
- 1,000,000 Unlisted Options exercisable at A\$0.35 on or before 31 December 2015.
- 5,000,000 Unlisted Options, issued during the previous quarter, exercisable at \$0.20 on or before 30 May 2018 and subject to the following vesting conditions:
 - (i) 1,666,668 vesting immediately
 - (ii) 1,666,666 vesting on 8 June 2016
 - (iii) 1,666,666 vesting on 8 June 2017
- 1,000,000 Unlisted Options, issued during the quarter, exercisable at A\$0.20 on or before 31 March 2018 and subject to the following vesting conditions:
 - (i) 333,334 vesting immediately
 - (ii) 333,333 vesting 31 March 2016
 - (iii) 333,333 vesting in 31 March 2017

Terms and Explanations

ASX	Australian Stock Exchange
EMP	Environmental Management Program
DMR	Department of Mineral Resources
GSP	Garnet Stripping Plant
HM	Heavy Mineral
HMC	Heavy Mineral Concentrate
JORC	Joint Ore Reserves Committee
LTI	Lost Time Injury
MRA	Mining Right Application
NEMA	National Environmental Management Authority
MSP	Mineral Separation Plant
MSR	Mineral Sands Resources Pty Ltd
NUM	National Union of Mine Workers
PBC	Primary Beach Concentrator
ROM	Run of Mine
SCP	Secondary Concentrator Plant
TSP	Tailings Scavenger Plant
VHM	Valuable Heavy Mineral
WMT	Wet Metric Tonnes

APPENDIX 1 - RESOURCE STATEMENT

The Tormin and Xolobeni Mineral Resources based on mined material reconciliation as at 31 December 2014 for the Tormin Resource is as follows:

The Mineral Resource estimations previously reported under JORC 2004 for the Tormin Resource, are re-presented with updated disclosure of Table 1 from JORC 2012.

PROJECT	Category	Ore Mt	HM %	Ilmenite (% in HM)	Zircon (% in HM)	Rutile (% in HM)	Garnet (% in HM)
Tormin	Inferred	2.7	38.14%	26.35%	5.8%	1.22%	66.11%
Xolobeni	Measured	224	5.7%	54.5%	n/a	n/a	n/a
	Indicated	104	4.1%	53.7%			
	Inferred	18	2.3%	69.6%			
		346.0	5.0%	54.0%			
Total		348.7	5.3%	51.7%			

Note: individual minerals reported as a percentage of the total heavy mineral concentration.

APPENDIX 2 – 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	Beneficial Interest
South Africa	Tormin	(WC)30/5/1/2/2/163MR	Mining	Approved	N/A	100%
	Tormin	(WC)30/5/1/2/2/162MR	Mining	Approved	N/A	100%
	Tormin	(WC)30/5/1/1/2/10036PR	Prospecting	Approved	N/A	100%
	Tormin	(WC)30/5/1/1/2/10199PR	Prospecting	Under Application	N/A	100%
	Tormin	(WC)30/5/1/1/2/10226PR	Prospecting	Under Application	100%	100%
	Xolobeni	EC30/5/1/1/2/6PR	Prospecting	Approved	N/A	100%
	Kwanyana	EC30/5/1/1/2/10025PR	Prospecting	Under Application	N/A	100%
	Xolobeni	EC 10025 MR	Mining	Under Application	100%	100%

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

Competent Persons Statement

The information in this announcement which relates to Exploration Results, Mineral Resources or Ore Reserves for **Xolobeni** 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 35 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.

The information in this announcement which relates to Exploration Results, Mineral Resources or Ore Reserves for **Tormin** is based on information compiled by Mr Adriaan du Toit, who is a Member of the Australian Institute of Mining & Metallurgy (AusIMM) and an independent consultant to the Company. Mr du Toit is the Director and principal geologist of AEMCO PTY LTD and has over 23 years’ of exploration and mining experience in a variety of mineral deposits and styles. Mr du Toit 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). The information from Mr du Toit was prepared under the JORC Code 2012 Edition. Mr du Toit consents to inclusion in the report of the matters based on this information in the form and context in which it appears.