



MINERAL COMMODITIES LIMITED

---

ANNUAL GENERAL MEETING | MAY 2014







## DISCLAIMER & COMPETENT PERSONS STATEMENT

---

- 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 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.



## RESOURCE

### TORMIN

- Indicated Resource of 2.7Mt grading 49% heavy mineral.
- Further Exploration Target of 1.7 to 2.3 million tonnes at 33-41% HM 11-14% ilmenite 2.7-3.4% zircon 0.5-0.7% rutile 14-18% garnet.
- The potential quantity and grade of the exploration target is conceptual in nature, there has been insufficient exploration to estimate a mineral resource in accordance with the JORC Code 2012 in excess of that disclosed, and it is uncertain if further exploration will result in the estimation of a mineral resource in excess of that disclosed.
- Rights to offshore source of heavy mineral has the capacity to significantly extend life of mine



### XOLOBENI

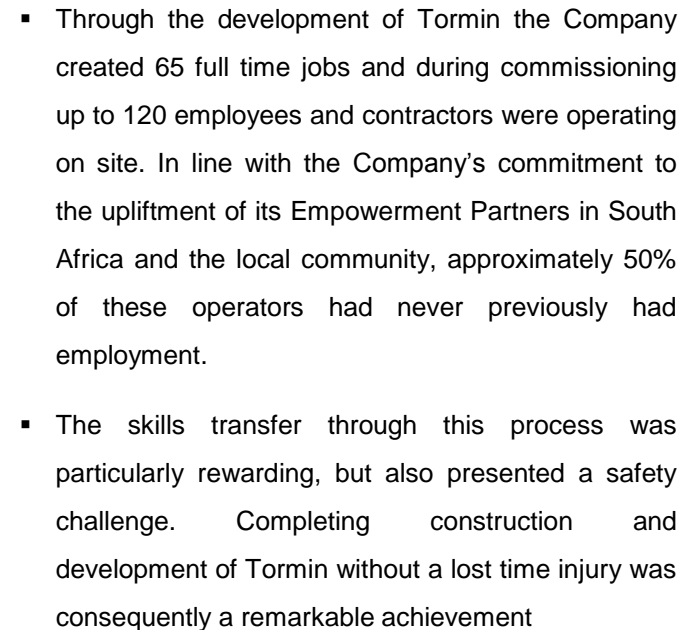
- World class Ilmenite asset, strategically located on the East Coast of South Africa
- Resource of 346Mt grading 5% heavy mineral, including 9Mt Ilmenite, 450kt Zircon, 570kt Rutile and 450kt Leucoxene
- Life of mine exceeding 25 years

### 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%			
		<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>			



- Construction and development of the Tormin Mineral Sands Project (Tormin) commenced in early 2013 and was completed on time and under budget by the end of the year
- Commissioning of all mining and processing equipment and infrastructure was also completed within the same timeframe and by the end of the year the Company had mined and stockpiled in excess of 6 weeks' processing feedstock at the Tormin Secondary Concentrator Plant (SCP)
- The Board was able to confirm that with effect from January 2014 Mineral Commodities had completed the development of Tormin and had commenced full production and Tormin was officially opened by the Minister of Mineral Resources in March 2014







## TORMIN FORWARD 12 MONTHS

---

**FEBRUARY 2013**



**FEBRUARY 2014**





## TORMIN'S CONTRIBUTION TO TRANSFORMATION

---

- Historical inequalities have caught the South African mining sector between the seemingly disparate poles of financial performance and societal transformation
- MRC concluded that these objectives were not necessarily mutually exclusive and has started to make a positive contribution to one of South Africa's poorest communities:
  - Structured loan to Tormin BEE partners to facilitate investment in community projects:
    - Chicken farms; food parcels for the poorest; school uniforms; books and facilities
    - Bursaries and learnerships; clinics and road upgrades
  - Net new job creation through Tormin construction, development and operation with specific roles for the local community and Xolobeni partners many of whom have never worked before
  - Preferential procurement opportunities enabling >40% of Tormin capex in the immediate project area much of it spent through HDSA structures initiated and supported by MRC
  - Recruitment, training and development programmes ensuring >80% of the workforce and >50% of management positions will be held by HDSA's from the outset
  - Enterprise development opportunities have already supported a number of new businesses for local entrepreneurs: taxis, logistics and maintenance







### SALES AND MARKETING

- During the year the Company concluded an offtake agreement with Wogen Pacific Limited (“Wogen”) for 100% of the non-magnetic concentrate to be produced at Tormin. The agreement also provided Mineral Commodities with significant working capital benefits and a pre-finance arrangement of \$2 million
- This agreement with Wogen not only provides the economic underpinning for Tormin but also confirms the market support for the products it will produce
- During the year an arrangement was also concluded with Transnet, South Africa’s rail operator, for a dedicated rail service to be made available for Tormin product. This will provide a safer alternative to road transport and significantly reduce the cost of logistics to the port
- MRC remains in negotiations with potential offtake partners in relation to other minerals to be produced at Tormin, with a primary focus on Ilmenite. Negotiations are significantly developed and the Company hopes to be in a position to complete product offtake agreement in the near term
- MRC will sell the Garnet concentrate to Blastrite for secondary treatment. Sale of Garnet concentrate to Blastrite commenced in February 2014

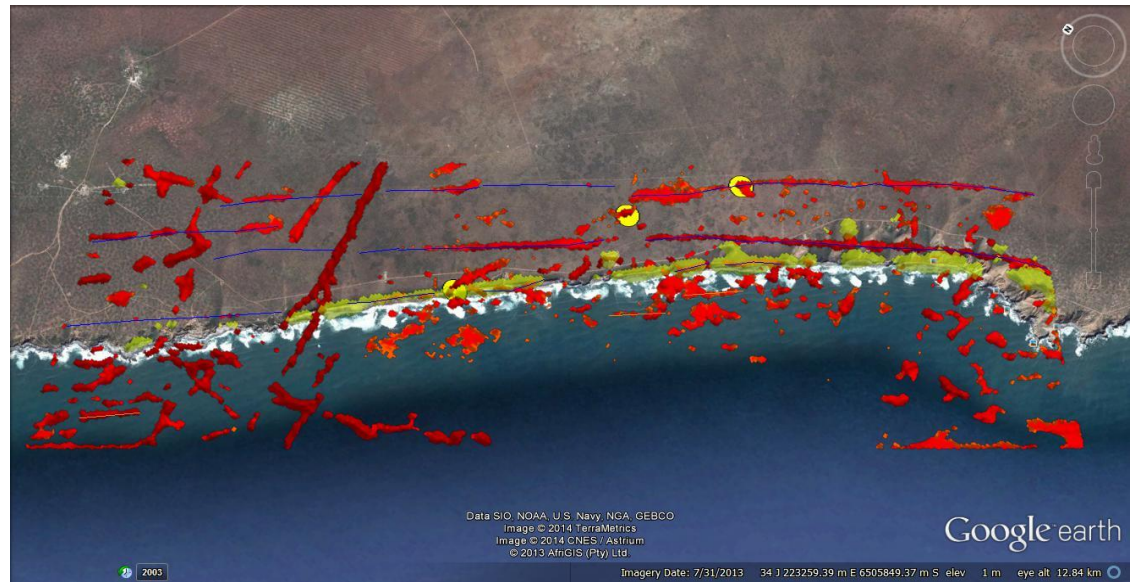
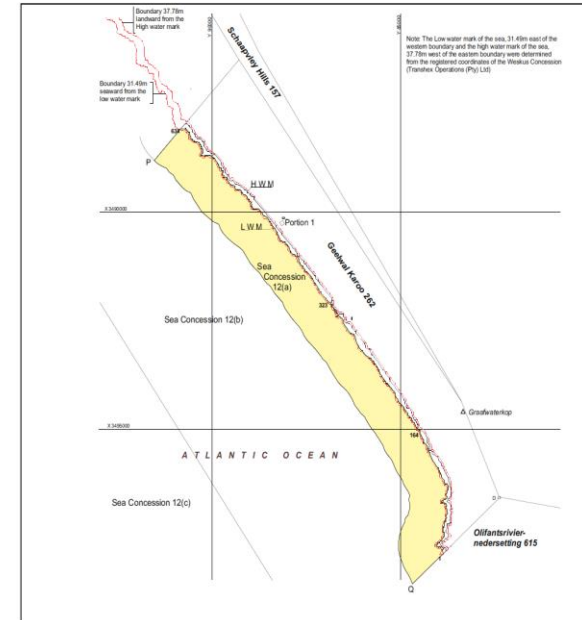




## TORMIN PROJECT ENHANCEMENTS

### Tormin - Offshore Prospecting Activities

- MRC holds the prospecting right for the offshore area immediately adjacent to Tormin. The right 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
- This has been confirmed by recent aeromagnetic survey of the area
- As previously noted, to date 99% of the area mined has replenished through normal tidal movements. The Company continues its work on the replenishment studies to determine the dynamics of the grade and quantum timing of the mineral sands redeposit
- Based on the Company's confidence in the extent of this resource, an application has been made subsequent to the quarter end to extend the prospecting area from 1km seawards of the low water mark to 10km offshore. This will increase the prospecting area and potential resource area available to the Company from 12km<sup>2</sup> to 120km<sup>2</sup>







- The Company pursued its prospecting right application for the Kwanyana block of the Xolobeni Mineral Sands Project during the year
- Whilst the project faces a number of challenges, each has been dealt with to the satisfaction of the Department of Mineral Resources and the Company is pleased that the process has led to increased political, regulator and community support for the project
- As the Company remains confident that its application will be approved and that a mining right will be awarded in due course, a number of baseline studies required for the project were initiated in 2013. The first results are very pleasing, particularly in relation to water supply, and the Company will continue with subsequent phases of these studies in 2014



#### Xolobeni Resource Statement

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



## TORMIN



- Built on time on budget for > \$16M
- 265,000 man hours without LTI
- Commissioning commenced October 2013
- Initial grades exceed resource
- 11,145 tonnes Zircon/Rutile concentrate shipped YTD

## XOLOBENI



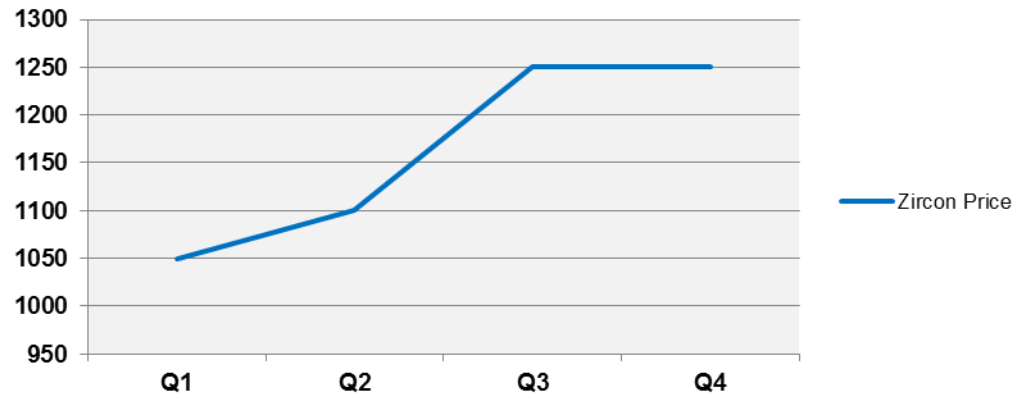
- One of the world's largest undeveloped mineral sands resources
- Stakeholder Engagement Report (SER) delivered to Dept. Mineral Resources (DMR)
- Prospecting right application process ongoing
- Baseline study work commenced
- Subject to permits potential for development in 2016





## MARKET PRICES

**Zircon Price 2014**



**Changes to Zircon price forecasts**

US\$/t	Q1	Q2	Q3	Q4	CY2014	CY2015	CY2016	CY2017	Long-term
New	1,050	1,100	1,250	1,250	1,163	1,350	1,500	1,500	1,250
Old	1,100	1,200	1,200	1,200	1,175	1,500	1,250	1,250	1,250
Change	-5%	-8%	4%	4%	-1%	-10%	20%	20%	0%

Source: J.P Morgan estimates

- There have been positive signs of markets stabilising during 2013, particularly in Zircon, however the industry saw unexpected weakness in Zircon and TiO<sub>2</sub> prices declining from September to December. Analysts and industry participants believe that the weakness is predominantly cyclical and that demand is expected to rebound to historical levels
- As seen in the revised market price assumption table above, analysts believe prices for Zircon will rebound during 2014 and 2015
- All major market participants appear to agree that the mineral sands commodities have reached the bottom of the cycle and expect recovery from end of 2013 and carrying it through into 2014
- Accordingly, as Tormin commenced production at the end of 2013, modelling has been based on the consensus pricing forecasts reflected in the table above



- Ensure initial production plans and financial forecasts for Tormin are met
- Focus attention on the potential value of the offshore area at Tormin and its ability to support increased output or an extended Life of Mine
- Debottlenecking of the Secondary Concentrator Plant
- Tormin Phase II Expansion
- The interest received in the Ilmenite produced at Tormin is also expected to lead to the conclusion of an offtake for this product in early 2014
- Xolobeni Project clearly has the capacity to be a world-class Ilmenite asset. The Company therefore expects to use Tormin to support its case that it can successfully develop, manage and rehabilitate mineral sands projects in South Africa and demonstrate its ability to responsibly and sustainably develop the Xolobeni Project to the benefit of all Stakeholders

