



Mineral Commodities Ltd

ACN 008 478 653
ABN 39 008 478 653

Unit 15, Level 1, 51-53 Kewdale Road
Welshpool, Western Australia 6106
PO Box 235, Welshpool DC 6986
Telephone: 61 8 9353 4890
Facsimile: 61 8 9353 4894
Email: info@mncom.com.au
Web: www.mncom.com.au

14 November 2005

Australian Stock Exchange
Company Announcements Office

MINERAL COMMODITIES LTD SECURES RAND45.0 MILLION INVESTMENT IN SOUTH AFRICAN MINERAL SANDS PROJECTS FROM EMPOWERMENT AND FUNDING PARTNER

Mineral Commodities Limited ("MRC" or "the Company") has signed a Heads of Agreement with Ehlobo Heavy Minerals ("EHM") that will lead to EHM paying a purchase consideration of Rand10.0 million and committing to fund up to Rand35.0 million (total of Rand45.0 million - approximately A\$9.5 million) for a 50.5% interest in MRC's South African project owning company, MRC Resources (Pty) Ltd. This is significant step forward for the development of the Xolobeni and Tormin Mineral Sands Projects.

EHM will pay MRC Rand10.0 million (in instalments) to acquire the 50.5% interest and will agree to match the MRC group's historical expenditure on the two projects, up to a limit of Rand35.0 million. As of 30 September 2005 the MRC group had spent a cumulative total of Rand32.0 million on the two projects. The Rand10.0 million subscription consideration will be paid as follows – Rand2.0 million upon signing the Shareholders Agreement and against transfer of the shares, and the remaining Rand8.0 million in quarterly instalments of Rand0.5 million following the grant of the first and second mining right for the projects respectively.

EHM have committed to guarantee the subscription consideration, and to guarantee its continued funding obligation of Rand35.0 million with a revolving guarantee of Rand8.0 million (reducing after funding obligation falls below Rand8.0 million). These guarantees will be by way of financial guarantees provided by Lombard Insurance, acceptable to MRC.

The Heads of Agreement provides for a period of due diligence prior to entering into a formal Shareholders Agreement. The Shareholders Agreement will include, among other things, an agreed expenditure programme for the Rand35.0 commitment, to be spent within a three year term. The Heads of Agreement provides for EHM's expenditure commitment to commence from March 2006.

Due diligence has already commenced and under the Heads of Agreement is scheduled for completion by 25 November 2005 or can be extended by mutual agreement.

MRC will retain technical management of the Projects.

EHM is a fully compliant BEE company under the Mineral & Petroleum Resources Development Act (of South Africa) as well as the Broad-based Socio-Economic Empowerment Charter for the South African Mining Industry, which was developed to provide a framework for progress in the empowerment of historically disadvantaged South African in the mining and minerals industry.

The sole shareholder of EHM is Umcebo Holdings (Pty) Ltd which is 100% black owned and controlled, with 30% of its shareholding being held by broad-based women groupings. Umcebo Holdings also holds the majority shareholding in Umcebo Mining (Pty) Ltd. Both Umcebo Holdings and Umcebo Mining are involved in and have interests in mining activities in the Witbank Coal

Basin, with major deposits in the Wonderfontein and Delmas areas of South Africa. Furthermore, both Umcebo Holdings and Umcebo Mining qualify as black-empowered companies.

EHM's board and management includes Dr. Alistair Ruiters, former Director General of the Department of Trade and Industry for South Africa and Mr. Rafique Bagus, former Special Advisor to Minister Alec Erwin, then South African Minister of Trade and Industry.

MRC Resources (Pty) Ltd owns 100% of the Tormin Mineral Sands project and, subject to the Xolobeni Empowerment Company Option, owns or has the right to acquire 90% of the Xolobeni Mineral Sands project.

The previous BEE option arrangement with Bateman Africa (Pty) Ltd in relation to the Tormin Mineral Sands project has been terminated by consent.

The Company has also agreed to rationalise and settle all previous transactions and contractual obligations with South African Export Development Fund. The total consideration is A\$660,000 (already paid) and the issue of 5,000,000 MRC ordinary shares, which will require shareholder approval in terms of ASX LR 7.

As part of this transaction the Company will also rationalise the 20% of the Xolobeni Mineral Sand Project ownership held by minorities.

On the successful completion of the transaction with EHM, the Company will hold a 49.5% direct interest in MRC Resources (Pty) Ltd which in turn will own 100% of the Tormin Mineral Sands Project and 90% of the Xolobeni Mineral Sands Project respectively.

The formation of this alliance with EHM, will establish MRC Resources (Pty) Ltd as a fully compliant black economic empowerment company. This will now satisfy any further need to divest any equity interest in the projects. BEE compliant is a pre-condition to obtaining mining right approval under the South African Mineral and Petroleum Resources Development Act and the Charter.

The Board of MRC is enthusiastic about this major development in the progress of its two South African projects. The transaction underpins the funding requirement for the Projects for the next three years and believes it will expedite the development of the Zircon rich Tormin Project and World Class Xolobeni Project.

Summary of Xolobeni and Tormin Mineral Sands Projects

XOLOBENI MINERAL SANDS PROJECT

The Company was recently granted a new order Prospecting Right for the Xolobeni project. This Prospecting Right is valid for 5 years from October 2005. This is the first new order mineral right (prospecting right) granted in the Eastern Cape Province.

The Xolobeni mineral sands deposit is located in the Eastern Cape Province of South Africa approximately 300 kilometres north of East London and 200 kilometres south of Durban. The area is the home of the Xhosa speaking Amadiba Tribal Community, the traditional landowners.

The current tenement area is approximately 22 kilometres long and 1,500 metres wide and covers approximately 3,000 hectares within the Xolobeni area. The area consists of three main dune systems which range from 25m to 95m above sea level. The resource is divided into five blocks bounded by the Mzamba, Mpahlane, Mnyameni, Kwanyana, Sikombe and Mtentu Rivers that dissect the permit area. Each block is named after the river defining the southern boundary. The current extent of mineralisation proposed to be mined takes in about 855ha of the tenement area.

The mineralised sands occur within recent sands and remnant red beds of Pleistocene Berea Formation. The predominant valuable heavy mineral is ilmenite, the feedstock for titanium slag production. Rutile, zircon and leucoxene add significantly to the value of the deposit.

Between June and November 2002 a detailed drilling programme over the Sikombe, Kwanyana and Mnyameni blocks was completed. The results were assessed according to the JORC code by SRK Consulting, and used to complete a Resource Estimation Report and Desktop Mining Study. The Xolobeni mineral resource is estimated to be 346 million tonnes of sand containing nine million tonnes of ilmenite. Of this total resource 65% is in the measured category. It is the tenth largest mineral sands resource in the world. The mining study concluded that the Xolobeni mineral sand deposit is economically viable with a mine life of some 25 years.

Resource Estimate Summary

Resource Classification	Tonnes (Mt)	HM Grade (HM%)
Measured	224	5.7
Indicated	104	4.1
Inferred	18	2.3
Total Resource	346	5.0

Xolobeni Block Resource Data

Area	Resource Status	Tonnes (Mt)	% HM	% Fines	%Ilm⁽²⁾
Mtentu	Not drilled				
Sikombe	Measured	85	5.5	17.9	3.1
Kwanyana	Measured	139	5.8	19.6	3.1
Mnyameni	Indicated	104	4.1	28.1	2.2
Mpahlane	Inferred	18	2.3	28.0	1.6
TOTAL		346	5.0	22.2	2.7

¹⁾ All tonnages are based on a 1% HM cut-off grade.

⁽²⁾ The reported percentage of ilmenite is a magnetic fraction of the THM.

The resource statement included in this report is based on information prepared in April 2003 by Mr Daniel Guibal (SRK Consulting), a competent person as defined under the JORC code. The Xolobeni resource statement was first reported on 30 April 2003 and was compiled in accordance with the 1999 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves".

TORMIN MINERAL SANDS PROJECT

The Tormin mineral sands prospect is a small beach deposit located on the rugged west coast of South Africa, approx 400km north of Cape Town. The deposit is situated approx 14km north of the Olifants River and south of the Anglo Base Metals' Namakwa Sands operation at Brand se Baai (Figure 3). The heavy mineral deposits have accumulated along the ~12km long, 100m wide beach, to a maximum depth of 12m, and are still being supplemented through erosion of a heavy mineral enriched, 25m thick paleo-beach terrace situated 35m above current sea level. The predominant heavy mineral is garnet with ilmenite, pyroxene, zircon, rutile, and leucoxene contained in the heavy mineral assemblage.

As the heavy mineral placer deposits overlie diamond bearing gravel beds a feasibility study into mining the beach deposits and extracting both diamonds and heavy minerals was undertaken by Trans Hex Operations (Pty) Ltd (THG), a South African diamond producer in 1992. In 2002 the Company signed an agreement with THG that allows the Company to apply for a mineral sands Prospecting Permit. Under this agreement THG agreed to support the Company's application for the Permit and in turn THG will retain the rights to any diamond production from the area. Preliminary assessment based on the THG resource estimate indicates a resource that would yield a high quality (ceramic grade) zircon and high Ti product.

A feasibility study on the Tormin project has been completed by Bateman Minerals based on an annual production of 40,000 tonnes per annum of zircon and 12,000 tonnes per annum of HiTi product, over a 3 to 5 year period. The feasibility study is currently undergoing independent technical review.

For further information please contact:

Mark Caruso
Managing Director
+61 8 9353 4890