



Mineral Commodities Ltd

ABN 39 008 478 653

Half-Year Financial Report 30 June 2014

As part of the transition and to provide greater consistency with reporting by other international mining companies listed on the ASX, the Company has adopted United States (US\$) dollars as its presentation currency. The financial statements are translated from the individual subsidiaries functional currencies into a presentation currency of United States dollars as described in Note 1.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by Mineral Commodities Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act.



Directors' Report

The Directors present their report on the Consolidated Entity, consisting of Mineral Commodities Ltd and the entities it controlled at the end of or during the half-year ended 30 June 2014.

Directors

The following persons were Directors of the Company in office during the half-year, and up to the date of this report:

Mark Victor Caruso	Executive Chairman
Joseph Anthony Caruso	Non-Executive Director
Peter Patrick Torre	Non-Executive Director / Company Secretary
James Gerald Leahy	Independent Non-Executive Director
Guy Redvers Walker	Independent Non-Executive Director

Results

The profit of the consolidated entity after income tax attributable to members of the parent entity was US \$1,505,059 (2013 loss US \$649,157).

Review of Operations

Tormin Mineral Sands Project

The Tormin Mineral Sands Project (Tormin) was successfully commissioned in January 2014 and has completed its first 6 months of operations. Whilst the first few months reported some issues in ramping up, the operating performance for the period indicates the key inputs that support the project economics remain sound. In addition the confidence in the Resource and its replenishability continues to grow, based on Run of Mine (ROM) operating performance and reconciliation to date.

Tormin has been under construction and in operation for a total of 12 months and 6 months respectively. The Company is extremely proud of its safety record that by period end amounted to in excess of 535,000 man hours without a lost time injury (LTI).

From the commencement of mining operations in December 2013, to the end of the period in excess of 400,000 tonnes of ROM ore had been transported to the Secondary Concentration Plant (SCP). 99% of the mined area on the beach had been replenished over the same timeframe 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.

Mining costs for the period remain in accordance with Budget.

The Company achieved nameplate capacity in the second half of the period of 4,000tpm non-magnetic zircon/rutile concentrate, producing 20,387 tonnes of non-magnetic zircon/rutile concentrate, 45,227 tonnes of ilmenite concentrate and 103,480 tonnes of garnet concentrate.

Processing costs remain below budget due to the higher grade and increased throughput through the SCP.

The Company continued with its plant optimisation studies with a view to extracting an additional 20-25% of nameplate processing throughput from the existing SCP.

Demand for the Company's non-magnetic concentrate remains strong in the Chinese Market due to the ceramic grade quality of the finished Zircon product. Average Zircon and Rutile prices remain stable and in line with current market reconnaissance which suggest some upward price enhancement moving forward for the balance of calendar 2014.



All non-magnetic concentrate was shipped to the Company's offtake partner Wogen Pacific during the period and immediately subsequent to period end.

In line with SCP processing reaching nameplate throughput and capacity during the period and commencing the optimisation initiatives towards the end of the period, the Company remains confident of production and future sales forecasts of at least 4,000 tonnes per month of non-magnetic concentrate.

During the period, the Company negotiated a garnet Offtake Agreement (Agreement) with GMA Garnet Group of Australia, the world's largest producer and global distributor of industrial garnet abrasives. The Agreement was announced subsequent to period end on 15 July 2014.

Garnet is used in abrasive blasting and waterjet cutting applications, and is a by-product of the zircon/rutile/ilmenite production process at Tormin. For every tonne of zircon concentrate, approximately five tonnes of garnet concentrate is produced. No additional mining or processing costs are incurred in the production of garnet.

The Tormin garnet concentrate will be sold FOB from the Saldanha Bay Port north of Cape Town and re-processed into industrial abrasives by GMA.

Full details of the Agreement were released to the market in the release of 15 July 2014 with further information in respect to the Resource and mining method in the Company's quarterly report for the period ended 30 June 2014.

Negotiations in respect of the ilmenite produced at Tormin continued during the period. By the end of the period, 18,838 tonnes of ilmenite concentrate had been stockpiled.

The Company 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 12km² 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.

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.

The Company has received a number of proposals to drill and sample the offshore area and re-define the existing beach resource. The program, which will be subject to final selection of drilling techniques contractors to ensure integrity of sampling collection and prevailing weather will be accelerated upon sourcing a working capital facility. The programme has not yet commenced. This will be pursued in the second half of the year.

Based on the Company's confidence in the extent of this resource, an application was made in the period 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 12km² to 120km².

The Company has proceeded with the regulatory approval process in relation to the offshore prospecting right application and remains confident that the application will be approved in the September quarter.

Xolobeni Mineral Sands Project

The Company holds the prospecting rights to four of the five blocks in the Xolobeni Mineral Sands Project (Xolobeni). The Company has previously advised that, due to objections received to the prospecting right application to the remaining block, the Kwanyana block, the Department of Mineral Resources (DMR) instructed the Company to undertake additional public consultation in relation to the project. The public consultation took place in early 2013 and feedback from the meetings was submitted to the DMR in the second half of that year.



Based on a review of stakeholder engagement reports submitted by the Company, the DMR instructed the Company on 22 January 2014 to undertake a further round of consultation with a number of political stakeholders. These included the local royal family, the Eastern Cape Cabinet, the district municipality, the local municipality and the local chamber of commerce. This consultation was undertaken and completed by the end of the period and a full report submitted to the DMR.

While the level of consultation undertaken to date has been extensive, the Company has undertaken the work as a display of good faith and its commitment to develop and operate Xolobeni transparently and sustainably in the interests of all stakeholders. All the necessary documents were completed and submitted to the DMR during the period and, given this and the substantial amount of support for the project evident through the consultation, the Company remains optimistic that the DMR will award a new prospecting right over the Kwanyana block in the next half enabling the Company to do the final work necessary to submit a mining right application for the entire Xolobeni project as soon thereafter as possible.

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 an application for a mining right for Xolobeni. This includes the appointment of a specialist water expert who has already provided initial feedback from site reviews and engagement with the Department of Water Affairs.

The second phase of the water studies will be undertaken in the next half. The focus of this phase is to confirm the level of water abstraction that will be possible from the local rivers and confirm water storage options. This work will form the basis of the Company's water use license application which will commence as soon as possible after the results are available.

CORPORATE

Having commenced production and shipment of product, various financial institutions have indicated a willingness to provide standby working capital facilities.

The Company sought to establish a facility of up to \$4m to assist with short term working capital requirements resulting from lower than forecast sales in the first quarter and to allow the Company to proceed with its planned de-bottlenecking and exploration replenishment drilling and study programs without delay. Major shareholders indicated their willingness to support and provide a finance facility on commercially arms-length terms.

The Company concluded a working capital facility of up to \$4m with major shareholders and announced the transaction on 30 May 2014. The Company has drawn down on \$3 million of this facility and continues discussions with traditional financiers to secure a working capital facility to replace the exiting one.

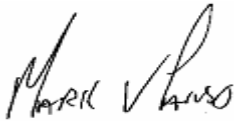
Events Subsequent to Balance Date

Other than disclosed elsewhere in this report, there have been no other events subsequent to balance date.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 16

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink that reads 'Mark Caruso'.

Mark Caruso

Executive Chairman
Perth, Western Australia
12 September 2014

**Consolidated Statement of Profit or Loss and other Comprehensive Income
for the half year ended 30 June 2014**

	Note	30 June 2014 US\$	30 June 2013 US \$
Revenues			
From continuing operations		11,111,512	-
Site road construction and maintenance		1,569,409	
Other income		-	4,152
		12,680,921	4,152
Mining and Processing costs		(6,791,401)	-
Royalties		(582,822)	-
Administration expenses		(1,556,737)	(516,285)
Employees and consultants remuneration		(437,526)	(108,895)
Depreciation and amortisation		(1,666,600)	(14,665)
Unrealised foreign exchange gain		89,869	-
Exploration expenditure impaired		(30,178)	-
		1,705,526	(635,693)
Finance expenses		(207,142)	-
Finance income		6,675	152,112
Impairment of available for sale asset		-	(165,576)
		1,505,059	(649,157)
Profit/(Loss) before income tax			
Tax expense		-	-
		1,505,059	(649,157)
Profit/(Loss) after income tax			
Other comprehensive income items that will or maybe reclassified to profit or loss			
Changes in fair value of available for sale financial assets		-	(31,700)
Exchange differences on translation of foreign operations		(254,087)	587,138
		(254,087)	555,438
Other comprehensive loss for year net of tax			
Total comprehensive Profit/(Loss) for the period		1,250,972	(93,719)
Profit/(Loss) is attributable to:			
Owners of Mineral Commodities Ltd		1,505,059	(649,157)
Non-controlling interest		-	-
		1,505,059	(649,157)
Total comprehensive (loss) for the half-year is attributable to			
Owners of Mineral Commodities Ltd		1,250,972	(93,719)
Non-Controlling interest		-	(18,710)
		1,250,972	(112,429)
Earnings/(Loss) per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic and Diluted Profit / (Loss) per share		cents	cents
From continuing operations attributable to the ordinary shareholders of the Company (cents per share)			
Total basic profit / (loss) loss per share for profit attributable to the ordinary equity holders of the Company: (cents per share)		0.37	(0.20)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2014

	Note	30 Jun 14 US\$	31 Dec 13 US\$
CURRENT ASSETS			
Cash and cash equivalents		569,737	1,503,316
Trade and other receivables		2,746,941	1,167,705
Inventories		1,749,369	771,760
Available for sale financial assets	3	100,110	94,495
Other current assets		32,258	10,287
Total Current Assets		5,198,415	3,547,563
NON-CURRENT ASSETS			
Receivables		729,935	737,047
Property, plant and equipment		5,887,558	5,030,704
Exploration expenditure	4	10,968,333	11,008,541
Mine properties	5	15,757,464	13,606,814
Total Non-current Assets		33,343,290	30,383,106
Total Assets		38,541,705	33,930,669
CURRENT LIABILITIES			
Trade and other payables	6	3,803,966	2,522,315
Short term borrowings	7	8,104,537	6,026,124
Total Current Liabilities		11,908,503	8,548,439
Total Liabilities		11,908,503	8,548,439
NET ASSETS		26,633,202	25,382,230
EQUITY			
Contributed equity	8	63,440,327	63,440,327
Reserves	9	(8,107,459)	(7,853,276)
Accumulated losses		(28,813,305)	(30,318,460)
Parent entity interest		26,519,563	25,268,591
Non controlling interest		113,639	113,639
TOTAL EQUITY		26,633,202	25,382,230

The above Consolidated Statement of Financial position should be read in conjunction with the accompanying notes.



Consolidated Statement of Cash Flows for the half-year ended 30 June 2014

	Jun 14 US\$	Jun 13 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	9,125,215	-
Exploration and development	(53,199)	(3,152,188)
Interest received	6,675	152,112
Payments to suppliers and employees	(7,887,052)	(908,466)
Interest paid	(207,142)	-
Site road construction and maintenance	1,569,409	-
Sundry income	-	4,152
Net cash inflow/(outflow) from operating activities	2,553,906	(3,904,390)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(5,088,685)	(57,271)
Loan to other entities	-	(314,111)
Net cash (outflow)/inflow from investing activities	(5,088,685)	(371,382)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares and options	-	4,359,974
Short term loan received	3,000,000	-
Repayment of short term borrowings	(1,368,495)	-
Net cash inflow from financing activities	1,631,505	4,359,974
Net increase/(decrease) in cash and cash equivalents held	(903,274)	84,202
Cash and cash equivalents at the beginning of the half-year	1,503,316	8,080,008
Effects of exchange rate changes on cash and cash equivalents	(30,305)	(859,379)
Cash and cash equivalents at the end of the half-year	569,737	7,304,831

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



Consolidated Financial Statements for the half-year ended 30 June 2014

1. Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 30 June 2014 have been prepared in accordance with Australian Accounting Standard 134 "Interim Financial Reporting" and the Corporations Act 2001.

It is recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 31 December 2013 and any public announcements made by Mineral Commodities Ltd during the half year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

These interim financial statements do not include all the notes of the type normally included in annual financial statements.

With the exception of the presentation currency the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) Presentation currency

The Group has previously reported its consolidated results in Australian dollars. As part of the transition to a mining company and to provide greater consistency with reporting by other international mining companies listed on the ASX, as of 1 January 2014 the Company has adopted United States (US\$) dollars as its presentation currency. The financial statements are translated from the individual subsidiaries functional currencies (Australian Dollars and South African Rand) into a presentation currency of United States Dollars. The exchange rates applied during the reporting period were as follows:

Australian dollars (A\$) to United States dollars (US\$)

	30 Jun 2014	31 Dec 2013	30 Jun 2013
Average exchange rates used	0.920	0.968	1.015
Period end closing exchange rates used	0.940	0.887	0.930

The basis for presenting the results and financial position from functional currency of Australian dollars into a presentation currency of United States dollars were as follows:

- The Australian denominated MRC Group statement of financial position for the period ending 30 June 2014 was translated at the closing exchange rate of 0.94.
- income and expenses for the statement of comprehensive income (including comparatives) were translated at average daily exchange rates from 1 January to 30 June 2014.
- movements in equity and reserves for the comprehensive income and for the financial position were translated at average daily exchange rates per quarter from 1 January to 30 June 2014.
- assets and liabilities for each statement of financial position presented have been translated at the closing rate at the date of that statement of financial position.
- results for the cash flow statement were translated at average daily exchange rates from 1 January to 30 June 2014.



- exchange differences on translating income, expenses and movements in equity and reserves at quarterly exchange rates and assets and liabilities at closing exchange rates from functional currency to presentation currency are taken to the foreign currency translation reserve in the equity section and under other comprehensive income/(expense) in the statement of comprehensive income.
- Comparatives for 30 June 2013 and 31 December 2013 have been re-translated.

2. Segment Information

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors which makes strategic decisions.

There is no goodwill attaching to any of the segments. There has been no impact on the measurement of the assets and liabilities reported for each segment.

There are two operating segments for South Africa. The first is the operating project Tormin Mineral Sands held in Minerals Sands Resources Ltd and located on the West coast. The other is the exploration and development at Xolobeni Mineral Sands held in Transworld Energy and Minerals located on the East coast.

In Australia the Group operates in two segments, investing in the securities of unrelated entities and interest on the deposit of surplus funds. The other segment is the corporate overhead associated with the management and administration of the company's projects and corporate administration.

	Africa		Australia		Totals
	Tormin	Xolobeni	Investing	Corporate	
Half- Year 2014	US\$	US\$	US\$	US\$	US\$
Revenue from operations					
Revenue from sale of product	11,111,512				11,111,512
Interest earned from unrelated entities	4,231		2,444		6,675
Other income	1,569,409				1,569,409
Group's revenue per consolidated statement of profit or loss and other comprehensive income	12,685,152		2,444		12,687,596
Depreciation and amortisation	1,652,748	305	-	13,547	1,666,600
Segment results					
Profit /(Loss) before income tax	2,545,796	(123,903)	2,444	(919,278)	1,505,059
Total segment assets	30,913,578	6,945,923	100,110	582,094	38,541,705
Total segment liabilities	6,029,522	802,731	-	5,076,250	11,908,503



	Africa		Australia		Totals
	Tormin	Xolobeni	Investing	Corporate	
Half- Year 2013	US\$	US\$	US\$	US\$	US\$
Revenue from operations					
Interest earned from unrelated entities	3,938	438	-	147,736	152,112
Other income	1,108	-	-	3,044	4,152
Total segment revenue	5,046	438	-	150,780	156,264
Depreciation and amortisation	3,628	403	-	10,634	14,665
Segment results					
Profit /(Loss) before income tax	(20,075)	(2,177)	(165,576)	(461,329)	(649,157)
Total segment assets	8,392,427	7,358,208	310,620	7,368,978	23,430,233
Total segment liabilities	503,619	55,957	-	321,492	881,068

3. Available for Sale Financial Assets

	30 Jun 14	31 Dec 13
	US\$	US\$
Listed equity securities		
Australian Listed shares	329,000	311,500
Other listed shares	192,708	182,457
Impairment of Listed shares	(421,598)	(399,172)
Total listed equity securities	100,110	94,785
Unlisted equity securities		
Balance at 1 January 2014	163,113	163,113
Impairment	(163,113)	(163,113)
Balance at 30 June 2014	-	-
Total available for sale securities	100,110	94,785

Available for sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments. Listed shares held for resale have been adjusted to market value at balance date. The investment in unlisted shares has been fully impaired and charged to the statement of profit or loss and other comprehensive income in prior periods.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)



2014	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Available for sale financial assets	100,110	-	-	100,110
Non-Current Receivables - Secured deposit ¹	257,790			257,790
- Advance ²			472,144	472,144
Total	357,900	-	472,144	830,044

2013	Level 1	Level 2	Level 3	Total
Available for sale financial assets	94,495	-	-	94,495
Non-Current Receivables - Secured deposit ¹	260,303			260,303
- Advance ²			476,744	476,744
Total	354,798	-	476,744	831,542

¹Includes a secured deposit of \$257,790 with First Rand Bank held as security for a performance guarantee issued by the Bank in favour of the South African Department of Minerals and Energy in respect of Mineral Sands Resources (Pty) Ltd obligations under the Tormin Mining right.

² An amount of Rand 5 million has been advanced to the BEE partner Blue Bantry.

4 Exploration Expenditure

	30 Jun 14 US\$	31 Dec 13 US\$
Exploration expenditure – costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases	10,968,333	11,008,541

5 Mine Properties

Capitalised mine properties	15,757,464	13,606,814
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6 Trade and other payables

Trade Creditors	2,624,839	1,785,422
Other payables	1,179,127	736,893
Trade and other payables	3,803,966	2,522,315

7 Short term borrowings

Short term loans (a)	4,770,952	2,074,349
Amounts due under equipment acquisition agreements (b)	3,333,585	3,951,775
	8,104,537	6,026,124

Short term loans

(a) A pre finance and marketing facility of US\$2.0 million was drawn down in September 2013. This facility is repayable over a twelve month period in quarterly instalments and with an interest rate of 10%. Repayments commenced in June 2014. Two further loans of US\$1.5 million were drawn down in June 2014 and are repayable in the first quarter of 2015 and have an interest rate of 13%.



- (b) The Group has entered into two Master rental agreements to acquire mobile mining equipment. Under the terms of these agreements there is an option to purchase which the Group intends to exercise. Interest is charged at 13.5%.

8 Issued capital

	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Number of Shares		US\$	US\$
Ordinary Shares Fully Paid				
Balance at beginning of period	404,941,935	274,008,385	63,440,327	52,948,645
Share placement	-	49,937,000	-	4,418,367
Proceeds of Rights Issue	-	80,988,228	-	6,399,584
Conversion of listed options cent options	-	8,322	-	1,746
Costs of Capital raising			-	(328,015)
Balance at the end of the period	404,941,935	404,941,935	63,440,327	63,440,327

Options

The following unlisted options over fully paid ordinary shares expire on 31 December 2015:

Category	No of Options	Exercise Price Cents per Share	Expiry Date
Unlisted Options	10,000,000	20	31 December 2015
Unlisted Options	1,000,000	35	31 December 2015

9 Reserves

	Currency Translation Reserve	Financial Asset Revaluation Reserve	General Reserve	Listed Options Reserve	Total Reserves
30 June 2014					
Balance at 1 January 2014	(9,300,905)	(232,908)	1,363,393	317,048	(7,853,372)
Exchange differences on translation of foreign operations	(254,087)				(254,087)
Balance at 30 June 2014	(9,554,992)	(232,908)	1,363,393	317,048	(8,107,459)
30 June 2013					
Balance at 1 January 2013	(5,689,228)	-	2,437,582	371,623	(2,880,023)
Exchange differences on translation of foreign operations	587,138				587,138
Changes in the fair value of available for sale financial assets		(31,700)			(31,700)
Balance at 30 June 2013	(5,102,090)	(31,700)	2,437,582	371,623	(2,324,585)



10. Contingent liabilities

Bank Guarantees

The Company has provided bank guarantees with a total value of \$257,790 (31 December 2013 - \$260,303) to the Department of Minerals & Energy South Africa as security on tenements.

The Directors are not aware of any other contingent liabilities at the date of this report.

11. Related party transactions

There were no transactions with directors or director related entities during the financial period other than:-

- a) The payment of directors' remuneration.
- b) Minesite Construction Services Pty Ltd (MSCS), a company associated with Mr Mark Caruso and Mr Joseph Caruso has provided office space to Mineral Commodities Ltd (MRC) during the period 1 January – 30 June 2014. The amount paid by MRC was US\$28,200 (2013 US\$28,200). This is considered to be an arms-length commercial rent. There is no formal sub lease agreement in place.
- c) MSCS has provided secretarial staff to the executive chairman pursuant to an executive service agreement during the period 1 January – 30 June 2014. The cost was US\$24,252 (2013 US\$24,252). These have been reimbursed on an arms length basis at normal commercial rates.
- d) MSCS has provided technical staff during the Period from 1 January – 30 June 2014 to the Company's subsidiary which operates the Tormin Mineral Sands project at a total cost of US\$61,669 these have been reimbursed on an arms-length basis at normal commercial rates. Subsequent to this report a further US\$36,872 has been paid.
- e) Under the terms of a loan facility agreement and as approved by shareholders Regional Management Pty Ltd, a company associated with Mr Mark Caruso advanced US\$1,500,000 to MRC in June 2014. This loan carries interest at the rate of 13%.

12. Events occurring after the reporting period

Other than disclosed elsewhere in this report, there have been no other events subsequent to balance date.



Directors' Declaration

Declaration by Directors

The Directors of the Company declare that:

1. The consolidated financial statements, comprising the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flow, Consolidated Statement of Changes in Equity and accompanying notes:
 - (a) Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) Give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the Directors by:

A handwritten signature in black ink, appearing to read 'Mark Caruso', is written over a horizontal line.

Mark Caruso
Executive Chairman
Perth, Western Australia
12 September 2014

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF MINERAL
COMMODITIES LTD

As lead auditor for the review of Mineral Commodities Ltd for the half-year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mineral Commodities Ltd and the entities it controlled during the period.



Brad McVeigh

Director

BDO Audit (WA) Pty Ltd

Perth, 12th September 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mineral Commodities Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mineral Commodities Ltd, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mineral Commodities Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mineral Commodities Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mineral Commodities Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink. The signature consists of the letters 'BDO' in a simple, blocky font, followed by a stylized signature that appears to be 'BM' followed by a large, sweeping flourish.

Brad McVeigh
Director

Perth, 12 September 2014