Mineral Commodities Ltd

ABN 39 008 478 653

Half-Year Financial Report
30 June 2012

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 2011 and any public announcements made by Mineral Commodities Limited 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 2012.

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 (previously managing director up until 6 August 2012)
Joseph Anthony Caruso	Non-Executive Director (previously Chairman up until 6 August 2012)
Peter Patrick Torre	Non-Executive Director / Company Secretary

Results

The loss of the consolidated entity after income tax attributable to members of the parent entity was $225,321 (2011 loss $249,482).

Review of Operations

Highlights of the Company's operations for the period under review are as follows:

Tormin Mineral Sands Project

Development

During the period, the company completed and submitted all the necessary documentation required for the remaining regulatory matters in relation to the Tormin Mineral Sands Project (Tormin) and, based on its engagement with the relevant regulators, remained optimistic that it would have cleared all regulatory hurdles by the end of the period.

MRC had not received approval notification from the Department of Environmental Affairs and Development Planning (DEADP) that the Environmental Management Programme (EMP) for its proposed mining activities at Tormin has been approved by the Regional Director for the Western Cape by the end of the period. The EMP was the final material impediment to MRC proceeding to undertake accelerated development activities at Tormin.

However, in anticipation of approval of the EMP, MRC shareholders approved the placement of sufficient shares to raise up to $20 million for the development of Tormin at the Annual General Meeting held on 31 May 2012.

After the end of the half year, MRC received notification of the approval of its EMP by DEADP. The Company is therefore now in a position to proceed to ensure appropriate financing is in place to develop Tormin for production to commence in the first quarter of 2013.

The company also completed and submitted all the necessary public participation and environmental documentation to the Department of Mineral Resources (DMR) in support of its prospecting right application (PRA) for the offshore area adjacent to Tormin during the first quarter. The DMR is still adjudicating this application and the Company is optimistic that this right will be approved. The offshore area has the potential to add significantly to the life of and value generated from Tormin.

Xolobeni Mineral Sands Project

The 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 mineral 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**.

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 submitted for registration. The Company received confirmation of registration on 3 August 2012.

MRC had also previously 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. Based on this, the company resolved to withdraw all previous applications in respect of the Kwanyana block and immediately file a new PRA 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 in the interests of all stakeholders.

The DMR accepted the new PRA over the Kwanyana block and, in accordance with prevailing legislation, directed the Company to submit an 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 prospecting work and undertook a comprehensive stakeholder engagement process (SEP) during the last quarter. The EMP and SEP report were also lodged with the DMR during the period in accordance with the required timetable.

The Company is awaiting the DMR's decision in relation to the Kwanyana PRA which should, under normal processes, be made during the last quarter of 2012. However, given that objections to the PRA have been received, it is possible that the DMR imposes additional requirements on the company before a decision is made, or that the decision is delayed into 2013.

CORPORATE

Investment in Allied Gold Mining PLC (ASX listed: ALD)

On 29 June 2012, AGMPLC announced that it had reached an agreement with St Barbara Limited (St Barbara) on a recommended offer to combine the two companies through a scheme of arrangement.

The combination will create an international diversified gold mining and exploration company with forecast gold production of approximately 435,000 ounces in the financial year ending 30 June 2013.

Under the terms of the offer, AGMPLC shareholders will be entitled to receive A$1.025 in cash and 0.8 St Barbara shares for each AGMPLC share held. Based on AGMPLC's share price on 28 June 2012 (the day before the announcement), this represented a 92.3% premium.

St Barbara and AGMPLC advised the market that the combination has a clear strategic and financial rationale, is value enhancing, and provides various benefits for shareholders of the combined group.
The scheme became effective as at 7 September 2012.

Subsequent to 30 June 2012 the Company has disposed of its remaining holding in AGMPLC and net proceeds were $957,257.

Investment in Petro Ventures International Limited

The Company maintains a significant investment in Petro Ventures International Ltd ("PVIL") an Exploration & Prospecting company operating in the Northern Hemisphere. PVIL has strategic oil & gas working interests in Romania, Hungary, Holland and France.

During the period London broker Mirabaud Securities LLP were appointed to undertake an IPO however they withdrew from the IPO placing due to volatility in the capital markets in the later half of the period. Alternative financing arrangements are being concluded.

The company is maintaining its momentum and continues to make plans to drill two highly prospective wells at Ionna and Eugenia in The Mida and Pelican Blocks, offshore Romania in the second half of the year.

Short Term Financing and Funding

As announced on 16 May 2012, the Company obtained a short term bridging facility of $1.2m, which was subsequently increased to $1.55 million, from Zurich Bay Holdings Pty Ltd (Zurich Bay), a company associated with MRC directors Mark and Joseph Caruso, on the following arms length and commercial terms:

- The loan is unsecured;
- Interest is payable at a rate of 15% per annum;
- Repayment to take place at the earlier of the first capital raising undertaken by MRC after the drawdown, or 4 months after the date the funding is advanced, or such other time as agreed between the parties; and
- Zurich Bay has the right to demand that the Loan is repaid through a mandatory capital raising by MRC in the event repayment is not made on the repayment date.

At the Company's Annual General Meeting held on 31 May 2012, shareholders approved the allotment and issue of sufficient MRC shares to raise up to $20,000,000 (twenty million) for the development of Tormin if required. The ASX provided an extension of time within which the Company can raise the funds to 31 October 2012.

The Company hopes to be in a position to complete all financing and product off-take in the near term.

Events Subsequent to Balance Date

The Company advised on 6 August 2012, it had appointed Mr Andrew Lashbrooke as its Chief Executive Officer.

Mr Lashbrooke took over from existing Managing Director, Mr Mark Caruso, who assumed the role of Chairman. Mr Joseph Caruso, the previous Chairman, will remain as a Non-Executive Director.

Mr Lashbrooke is a qualified attorney with a career spanning investment banking, manufacture of FMCG products as well as processing and distributing industrial minerals. He has been supporting MRC in South Africa for the past 18 months and played a significant role in the finalization and approval of the mining rights and environmental approvals for Tormin. His Executive appointment will therefore underpin and give continuity to the development and operation of Tormin as well as MRC's broader objectives, including the Company's Xolobeni Mineral Sands Project.

MRC also announced that it entered into a Memorandum of Understanding (MOU) with Blastrite (Proprietary) Limited (Blastrite) for it to project manage the development and operation of Tormin. Blastrite is South Africa's largest producer of industrial minerals for the local surface preparation industry. The company has its head office in Cape Town and operates 9 other processing and distribution facilities in the country. Included amongst these are wet and dry heavy mineral concentration plants adjacent to Tormin.

The key influencing factor to the appointment of Blastrite, other than an historical record of in-country experience in South Africa, performance in the management and processing of heavy industrial minerals and the role it has played with Mr Lashbrooke in the development and approval process for Tormin, is the clear economic benefit in optimizing existing MRC and Blastrite management and human resources and avoiding duplication.

Subsequent to 30 June 2012 the Company has disposed of its remaining holding in AGMPLC, net proceeds were $957,257.

Other than disclosed above and under the review of operations above, no other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the economic entity's operations, the results of those operations or the economic entity's state of affairs in future financial years.

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 18.

Signed in accordance with a resolution of the Directors.

Mark Caruso
Managing Director
Perth, Western Australia
13 September 2012

Consolidated Statement of Comprehensive Income

	Note	2012 $	2011 $
Revenues			
From continuing operations		7,621	19,908
Other income		131,164	355,780
		138,785	375,688
Administration expenses		(225,777)	(255,929)
Abandoned acquisition costs		3,041	(286,018)
Employees and consultants remuneration		(86,923)	(78,284)
Depreciation		(12,449)	(2,515)
Exploration and evaluation costs		-	(253)
Gain/ (loss) on disposal of fixed assets		(152)	523
Finance costs		(27,846)	(2,694)
Impairment of available for sale asset		(14,000)	-
(Loss) before income tax		**(225,321)**	**(249,482)**
Income tax expense		-	-
Loss for the half-year from continuing operations		**(225,321)**	**(249,482)**
(Loss) for the half-year		**(225,321)**	**(249,482)**
Loss is attributable to:			
Owners of Mineral Commodities Ltd		**(225,321)**	**(249,482)**
Other comprehensive income			
Changes in the fair value of available-for-sale financial assets		(492,866)	(1,679,119)
Exchange differences on translation of foreign operations		(211,396)	(912,086)
Other comprehensive income for the half-year net of tax		**(704,262)**	**(2,591,205)**
Total comprehensive income/(loss) for the half-year		**(929,583)**	**(2,840,687)**
Total comprehensive income for the half-year is attributable to			
Owners of Mineral Commodities Ltd		**(929,583)**	**(2,840,687)**
Earnings/(Loss) per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic and Diluted Loss per share		**cents**	**cents**
From continuing operations attributable to the ordinary shareholders of the Company (cents per share)		(0.15)	(0.17)
Total basic loss per share for profit attributable to the ordinary equity holders of the Company: (cents per share)		(0.15)	(0.17)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2012

	Note	30 Jun 12 $	31 Dec 11 $
CURRENT ASSETS			
Cash and cash equivalents		104,592	249,389
Trade and other receivables		82,733	101,344
Available for sale financial assets	3	2,108,651	3,027,651
Other current assets		32,783	11,163
Total Current Assets		2,328,759	3,389,547
NON-CURRENT ASSETS			
Receivables		328,181	333,736
Property, plant and equipment		82,795	21,582
Exploration & development expenditure	4	12,815,290	12,506,413
Other financial assets		-	-
Total Non-current Assets		13,226,266	12,861,731
Total Assets		15,555,025	16,251,278
CURRENT LIABILITIES			
Trade and other payables	5	2,031,581	1,799,752
Provisions		37,900	36,400
Total Current Liabilities		2,069,481	1,836,152
Total Liabilities		2,069,481	1,836,152
NET ASSETS		**13,485,544**	**14,415,126**
EQUITY			
Contributed equity	6	41,204,350	41,204,350
Reserves	7	100,394	804,656
Accumulated losses		(27,998,049)	(27,772,729)
Parent entity interest		13,306,695	14,236,277
Non Controlling interest		178,849	178,849
TOTAL EQUITY		**13,485,544**	**14,415,126**

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 2012

	Jun 12 $	Jun 11 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Exploration and evaluation expenditure	(386,967)	(650,029)
Interest received	7,621	19,908
Payments to suppliers and employees	(714,579)	(675,862)
Discontinued acquisition	(950,000)	-
Interest paid	(2,855)	(2,694)
Sundry Income	6,000	6,750
Net cash inflow/(outflow) from operating activities	(2,040,780)	(1,301,927)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(73,814)	(9,737)
Proceeds from sales of investments	537,297	577,993
Proceeds from sale of Non current asset held for sale	-	10,230
Initial payment on Cable Sands acquisition	-	(250,000)
Net cash (outflow)/inflow from investing activities	463,483	328,486
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares and options	-	1,200,000
Short Term Loan received	1,432,500	-
Net cash inflow from financing activities	1,432,500	1,200,000
Net increase/(decrease) in cash and cash equivalents held	(144,797)	226,559
Cash and cash equivalents at the beginning of the half-year	249,389	191,506
Cash and cash equivalents at the end of the half-year	104,592	418,065

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

Consolidated Statement of Changes in Equity

	Contributed equity	Accumulated Losses	Reserves	Total	Non-controlling interest	Total Equity
	$	$	$	$	$	$
Balance at 1 January 2012	41,204,350	(27,772,729)	804,657	14,236,278	178,849	14,415,127
Loss for the year	-	(225,321)	-	(225,321)		(225,321)
Exchange differences on translation of foreign currencies	-	-	(211,396)	(211,396)	-	(211,396)
Transfer to profit and loss on shares sold	-		63,001	63,001	-	63,001
Changes in the fair value of available for sale financial assets	-	-	(555,867)	(555,867)	-	(555,867)
Total comprehensive income for the year	-	(225,321)	(704,262)	(929,583)	-	(929,583)
Transactions with owners in their capacity as owners						
Contributions of equity net of transaction costs	-	-	-	-	-	-
Balance at 30 June 2012	41,204,350	(27,998,049)	100,394	13,306,695	178,849	13,485,544

	Contributed equity	Accumulated Losses	Reserves	Total	Non-controlling interest	Total Equity
	$	$	$	$	$	$
Balance at 1 January 2011	40,004,350	(25,636,941)	5,825,594	20,193,003	178,849	20,371,852
Loss for the year	-	(249,482)	-	(249,482)	-	(249,482)
Exchange differences on translation of foreign currencies	-	-	(912,086)	(912,086)	-	(912,086)
Transfer to profit and loss on shares sold	-	-	(451,037)	(451,037)	-	(451,037)
Changes in the fair value of available for sale financial assets	-	-	(1,228,082)	(1,228,082)	-	(1,228,082)
Total comprehensive income for the year	-	(249,482)	(2,591,205)	(2,840,687)	-	(2,840,687)
Transactions with owners in their capacity as owners						
Contributions of equity net of transaction costs	1,200,000	-	-	1,200,000	-	1,200,000
Balance at 30 June 2011	41,204,350	(25,886,423)	3,234,389	18,552,316	178,849	18,731,165

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Financial Statements for the half-year ended 30 June 2012

1. Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 30 June 2012 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 2011 and any public announcements made by Mineral Commodities Limited 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.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going Concern

As disclosed in the Directors report and identified in recent Company announcements, the Group is in the process of developing the Tormin Mineral sands project in South Africa.

The Directors are exploring various funding options including debt, equity, off take finance or possibly a combination of these methods. At the recent Annual General Meeting Shareholders approved a capital raising of up to $20 million to fund the capital expenditure.

The Directors are of the view that there are reasonable grounds the Group will be able to pay debts as and when they fall due either through equity raising and or the realisation of other assets.

On this basis, the Group’s financial statements have been prepared on a going concern basis.

2. Segment Information

Operating segments are now 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 Directors that make 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.

2. Segment Information

	Africa		Australia		Totals
	Tormin	Xolobeni	Investing	Corporate	
Half- Year 2012	**$**	**$**	**$**	**$**	**$**
Revenue from operations					
Gain from sales of investments in listed companies	-	-	125,164	-	125,164
Interest earned from unrelated entities	5,077	564	1,980	-	7,621
Interest earned from controlled entity				212,694	212,694
Other income				6,000	6,000
Management fees from controlled entity	-	-	-	40,337	40,337
Inter segment revenue	-	-	-	(253,031)	(253,031)
Total segment revenue	5,077	564	127,144	6,000	138,785
Segment results					
Profit /(Loss) before income tax	18,868	2,096	116,185	(362,470)	(225,321)
Total segment assets	**5,018,599**	**8,173,943**	**2,108,651**	**253,832**	**15,555,025**
Total segment liabilities	**146,866**	**16,318**	**-**	**1,906,297**	**2,069,481**
Half-Year 2011					
Revenue from operations					
Gain from sales of investments in listed companies	-	-	349,030	-	349,030
Interest earned from unrelated entities	5,998	316	13,594	-	19,908
Other Income	-	-	-	6,750	6,750
Management fees from controlled entity	-	-	-	45,821	45,821
Inter segment revenue	-	-	-	(45,821)	(45,821)
Total segment revenue	5,998	316	362,624	6,750	375,688
Segment results					
(Loss) before income tax	(16,383)	(2,171)	362,624	(593,552)	(249.482)
Total segment assets	**4,688,268**	**8,191,050**	**3,027,651**	**344,309**	**16,251,278**
Total segment liabilities	**64,542**	**7,171**	**-**	**1,764,439**	**1,836,152**

3. Available for Sale Financial Assets

	30 Jun 12 $	31 Dec 11 $
Listed equity securities		
Allied Gold Mining PLC	1,035,000	1,620,000
Other listed shares	19,000	33,000
Total listed equity securities	1,054,000	1,653,000
Unlisted equity securities		
Balance at 1 January 2011	1,374,651	1,104,651
Fair value adjustment	(320,000)	270,000
Balance at 30 June 2012	1,054,651	1,374,651
Total available for sale securities	**2,108,651**	**3,027,651**

4 Exploration and Development Expenditure

	30 Jun 12 $	31 Dec 11 $
Exploration expenditure – costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases	12,815,290	12,506,413
Total exploration and evaluation expenditure	12,815,290	12,506,413

Tormin Mineral Sands Project

Background

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 Definitive Feasibility Study (DFS) commissioned by MRC demonstrated that Tormin can produce an enriched non-magnetic saleable concentrate containing predominately zircon and rutile.

The base case derived from the DFS provided for hydraulic mining of the beach deposits and hydraulically transferring the sand from the beach to a stockpile. The primary spiral plant followed by a wet high intensity magnetic separation (WHIMS) circuit was designed for a nominal throughput capacity of 1.6 Mtpa producing 30,000 to 40,000 tonnes of concentrates per annum grading up to 80% zircon and 10% rutile. The tailings, totaling in excess of 1.5Mtpa, were to be subsequently hydraulically transferred back to the beach for deposition.

The results of the DFS were incorporated into a financial model developed on behalf of the Company by Perth-based MSP Engineering Pty Ltd. During the course of trade-off and optimisation studies additional opportunities were identified.

One of these involved primary concentration on the beach. Locating the primary gravity circuit on the beach reduces the volume of sand and tailings to be hydraulically transferred off and back to the beach with an associated reduction in operating costs, capital expenditure and the environmental impact of the project.

Development

As announced on 31 July 2012 MRC received notification of the approval of its EMP by DEADP. The Company is therefore now in a position to proceed to ensure appropriate financing is in place to develop Tormin for production to commence in the first half of 2013.

XOLOBENI PROJECT (SOUTH AFRICA)

Background

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

The Xolobeni Mineral Resource is 346 million tonnes of 5.0% heavy mineral, with 65% of this resource in the Measured category. The Xolobeni Project is regarded as one of the largest undeveloped mineral sands resources in the world containing in excess of 9,000,000 tonnes of ilmenite.

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 submitted for registration. The Company received confirmation of registration on 3 August 2012.

MRC had also previously 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. Based on this the Company resolved to withdraw all previous applications in respect of the Kwanyana block and immediately file a new PRA 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 then allow 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 in the interests of all stakeholders.

The DMR accepted the new PRA over the Kwanyana block and, in accordance with the prevailing legislation, directed the Company to submit an 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 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 during the last quarter in accordance with the required timetable.

The Company is awaiting the DMR's decision in relation to the Kwanyana PRA which should, under normal processes, be made during the last quarter of 2012. However given that objections to the PRA have been received, it is possible that the DMR imposes additional requirements on the Company before a decision is made, or that decision is delayed into 2013.

As at 30 June 2012, exploration and evaluation expenditure of $8,171,490 on the Xolobeni project has been capitalised. Recoupment of carried forward exploration and evaluation expenditure is dependent upon the granting of mining rights and successful development and commercial exploitation of each area of interest, or otherwise by their sale at an amount not less than the carrying value.

5. Trade and other payables

	30 Jun 12 $	31 Dec 11 $
Trade Creditors	416,714	640,914
Other payables	182,367	1,158,838
Short term loan	1,432,500	-
	2,031,581	1,799,752

6 Issued capital

	30 June 2012	31 December 2011	30 June 2012	31 December 2011
		Number of Shares	$	$
Ordinary Shares Fully Paid				
Balance at beginning of period	153,393,385	153,393,385	41,204,350	40,004,350
Share placement	-	10,000,000	-	1,200,000
Balance at the end of the period	153,393,385	163,393,385	41,204,350	41,204,350

Options

The following are the balances of options over fully paid ordinary shares at balance date:

Category	No of Options	Exercise Price Cents per Share	Expiry Date
Listed Options	57,357,208	20	31 December 2012

In July 2009 the Company announced a pro rata non-renounceable entitlement on the basis of 2 New Options for every 5 shares held by shareholders at an issue price of $0.005 per New Option. The New Options entitle the holder to acquire a fully paid ordinary share for $0.20 and are listed on the ASX and will expire on 31 December 2012.

7. Reserves

	Currency Translation Reserve	Financial Asset Revaluation Reserve	General Reserve	Listed Options Reserve	Total Reserves
30 June 2012					
Balance at 1 January 2012	(3,507,599)	1,588,094	2,437,582	286,578	804,655
Exchange differences on translation of foreign operations	(211,395)				(211,395)
Changes in the fair value of available for sale financial assets		(492,866)			(492,866)
Balance at 30 June 2012	(3,718,994)	1,095,228	2,437,582	286,578	100,394
30 June 2011					
Balance at 1 January 2011	(995,772)	4,097,206	2,437,582	286,578	5,825,594
Exchange differences on translation of foreign operations	(912,086)		-	-	(912,086)
Changes in the fair value of available for sale financial assets	-	(1,679,119)	-	-	(1,679,119)
Balance at 30 June 2011	(1,907,858)	2,418,087	2,437,582	286,578	3,234,389

8. Commitments

The Directors are not aware of any material commitments for expenditure at the date of this report.

9. Contingent liabilities

Bank Guarantees

The Company has provided bank guarantees with a total value of $328,181 (30 June 2011 - $369,655) 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.

10. 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) In accordance with a loan agreement, Zurich Bay Holdings Pty Ltd a company associated with Mark and Joseph Caruso provided a $1.2 million facility which was subsequently increased to $1.55 million, to Mineral Commodities on the following arms-length and commercial terms:

- The loan is unsecured;
- Interest is payable at a rate of 15% per annum;
- Repayment to take place at the earlier of the first capital raising undertaken by MRC after the drawdown, or 4 months after the date the funding is advanced, or such other time as agreed between the parties; and
- Zurich Bay has the right to demand that the Loan is repaid through a mandatory capital raising by MRC in the event repayment is not made on the repayment date.
  The facility was drawn down to $1.43 million as at 30 June 2012.

(c) Mineral Commodities provides accounting services to Neo Resources Ltd, Mr Peter Torre is an officer of Neo Resources Ltd. These services are charged out at commercial rates and amounted to $6,000 in the period.

(d) Mineral Commodities Ltd (MRC) occupies office space provided by Zurich Bay Holdings Pty Ltd a company associated with Mark and Joseph Caruso. There is no formal sub lease agreement however, MRC pays normal arms-length commercial rent for the space which it occupies. Accrued rent for the period amounted to $27,000.

11 Wholly owned Group

The Group consists of Mineral Commodities Limited and its wholly owned subsidiaries.

Transactions between Mineral Commodities Limited and other entities in the Group during the half-years ended 30 June 2012 and 30 June 2011 consisted of loans advanced and payments received and made on inter Company accounts. These transactions were made on normal commercial terms and conditions and at market rates.

During the financial period, the Company provided management, accounting and administration services to other entities in the wholly-owned Group.

12 Subsequent Events

The Company advised on 6 August 2012, it had appointed Mr Andrew Lashbrooke as its Chief Executive Officer. Mr Lashbrooke took over from existing Managing Director, Mr Mark Caruso, who assumed the role of Chairman. Mr Joseph Caruso, the previous Chairman, will remain as a Non-Executive Director.

12 Subsequent Events

Mr Lashbrooke is a qualified attorney with a career spanning investment banking, manufacture of FMCG products as well as processing and distributing industrial minerals. He has been supporting MRC in South Africa for the past 18 months and played a significant role in the finalization and approval of the mining rights and environmental approvals for Tormin. His Executive appointment will therefore underpin and give continuity to the development and operation of Tormin as well as MRC's broader objectives, including the Company's Xolobeni Mineral Sands Project.

MRC also announced that it entered into a Memorandum of Understanding (MOU) with Blastrite (Proprietary) Limited (Blastrite) for it to project manage the development and operation of Tormin. Blastrite is South Africa's largest producer of industrial minerals for the local surface preparation industry. The company has its head office in Cape Town and operates 9 other processing and distribution facilities in the country. Included amongst these are wet and dry heavy mineral concentration plants adjacent to Tormin.

The key influencing factor to the appointment of Blastrite, other than an historical record of in-country experience in South Africa, performance in the management and processing of heavy industrial minerals and the role it has played with Mr Lashbrooke in the development and approval process for Tormin, is the clear economic benefit in optimizing existing MRC and Blastrite management and human resources and avoiding duplication.

Subsequent to 30 June 2012 the Company has disposed of its remaining holding in AGMPLC, net proceeds were $957,257.

Other than disclosed above and under the review of operations above, no other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the economic entity's operations, the results of those operations or the economic entity's state of affairs in future financial years.

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 2012 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:

Mark Caruso
Managing Director
Perth, Western Australia
13 September 2012

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Fax: +8 6382 4601
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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

13 September 2012

Mineral Commodities Limited
The Board of Directors
40 Murray Road North
Welshpool,
Western Australia 6106

Dear Sirs,

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

As lead auditor of Mineral Commodities Limited for the half-year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

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

BRAD MCVEIGH
Director

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Perth, Western Australia

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Fax: +8 6382 4601
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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MINERAL COMMODITIES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mineral Commodities Limited, which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity 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 disclosing entity 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 2012 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 Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial rep ort.

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 Limited, 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 Limited 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 2012 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*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that the group will have to seek additional funding through equity raising and the realisation of other assets if it is to continue as a going concern, repay its debts and facilitate the progression of its Tormin Mineral Sands project. These conditions along with the other circumstances contained within Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore whether the Group may be able to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in this financial report.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, Western Australia
Dated this 13th day of September 2012