



Mineral Commodities Ltd

ABN 39 008 478 653

Half-Year Financial Report 30 June 2013

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 2012 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 2013.

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 loss of the consolidated entity after income tax attributable to members of the parent entity was \$639,426 (2012 loss \$225,321).

Review of Operations

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

TORMIN MINERAL SANDS PROJECT

The Company continued with the development of the Tormin Mineral Sands Project during the period with relevant works to prepare the site completed during the period with construction of the civil structures and process water ponds commenced.

Fabrication of the Primary Beach Concentrators ("PBCs") proceeded throughout the period.

During the period, the Board resolved to build and commission a pilot plant to prove the mining methodology and provide further product for offtake testing. The pilot plant was successfully commissioned in June 2013 and is producing heavy mineral concentrate for the trial runs at the Blastrite facility. The results exceeded the Company's initial expectations and the pilot plant will therefore continue to operate and produce a small quantity of non-magnetic concentrate each month until production commences and, in so doing, generate some initial revenue.

Offtake Agreement

As separately announced, the Company and its subsidiary, Mineral Sands Resources Proprietary Limited (MSR), which owns Tormin, concluded an offtake agreement with Wogen Pacific Limited for 100% of the non-magnetic concentrate (Concentrate) to be produced at Tormin. A substantial part of the negotiations and work to complete the agreement took place during the half year.

Pursuant to the agreement, Wogen will pay MSR for the Concentrate at an FOB level. Thereafter, Wogen will fund the shipping and processing of the Concentrate until such time as it is sold into the local Chinese market in finished product form, with sale proceeds net of commission, shipping and processing costs being paid over to MRC.



Discussions with various Ilmenite offtake partners have also progressed well and advanced discussions are ongoing with a preferred customer. However, until such time as offtake and funding terms have been agreed, the Company has deferred starting work on the construction of a dry separation plant to produce the Ilmenite product. As previously reported, the Garnet concentrate will be sold to Blastrite for secondary treatment.

Pre-Finance Arrangement

Wogen will also provide MRC with US\$2 million under a pre-finance arrangement associated with the offtake arrangement. MRC will be able to draw down against the arrangement until 31 December 2013 and, while interest will accrue from the time it is drawn, capital and interest will only become payable when Tormin comes into commercial production.

Offshore Prospecting Activities

MRC 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 12 square kilometers 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 deposits is a Heavy Mineral-rich offshore zone and that the dynamic coastline serves to replenish the beaches by transporting sediment from deeper waters.

The offshore prospecting right represents the first step in MRC's initiatives to significantly extend the Tormin Life of Mine. Consequently, since the award of the prospecting right, the Company has undertaken a series of informal replenishment tests. These tests involved excavating trenches at various intervals along the beach deposit and then allowing them to be filled from the offshore ore body. Assays of the samples taken at each stage were compared to each other and the original Tormin resource test work.

MRC is very encouraged by the results, which indicated replenishment to within 10% of the existing heavy mineral gradings. The Company has used the results from the tests to plan formal replenishment studies in conjunction with various specialists.

Formal studies will commence shortly with a view to identifying and quantifying the extent of beach replenishment. The Company is optimistic that these tests will show that replenishment from, or exploitation of this area, could at least double the expected Life of Mine of Tormin.

XOLOBENI MINERAL SANDS PROJECT

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 subsequently registered by the DMR in the third quarter of 2012.

MRC has 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. The Company subsequently withdrew all previous applications in respect of the Kwanyana block and immediately applied for a new prospecting right 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.



The DMR accepted the new prospecting right application (“PRA”) over the Kwanyana block in the first quarter of 2012 and, in accordance with prevailing legislation, directed the Company to submit an Environmental Management Plan (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 block 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 in accordance with the required timetable.

A number of objections to the PRA were received. Accordingly, the DMR was required by law to call a meeting to consider the objections and representations made by the Company. This meeting was held on 28 November 2012.

Based on the information presented at that meeting, the DMR instructed the Company to undertake additional consultation. A comprehensive consultation process, designed to identify and engage with all potential interested and affected parties designed during the last quarter. In addition, in keeping with local traditions, a series of pre-meetings were held with the traditional leaders in the Xolobeni area to update them on developments with the project, brief them on the planned consultation process and gain their approval for the process.

Having obtained the traditional leadership’s approval of the planned process and updated the DMR in the first quarter, the public consultation process took place in March and April 2013. Subsequently, feedback from all the meetings has been collated into a comprehensive issues and response trial which has been incorporated into a stakeholder engagement report (SER). The SER was completed in the last quarter and submitted to all relevant parties at the DMR for evaluation.

The Company remains optimistic that, based on this work, that the DMR will award a new prospecting right over the Kwanyana block in the final quarter of 2013 and enable the Company to do the final work necessary to submit a mining right application for the entire Xolobeni tenement as soon thereafter as possible.

Baseline Studies

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 and application for a mining right for Xolobeni. The Company will therefore be in a position to commence those studies as soon as the Minister approves the prospecting right.

CORPORATE

In January 2013, the Company successfully completed all three tranches of the \$14.5 million capital raising to institutional and sophisticated investors and related parties.

Existing directors of the Company subscribed for up to A\$3.4 million in shares in the Company on the same terms as those issued under the original placement. The final issue of approximately 9.9 million shares pursuant to the private placement took place on 23 January 2013.

Following the placement, the issued securities in the Company consists of the following:

- 323,953,343 fully paid ordinary shares listed on the ASX
- 10,000,000 Unlisted Options exercisable at \$0.20 on or before 31 December 2015
- 1,000,000 Unlisted Options exercisable at \$0.35 on or before 31 December 2015



Events Subsequent to Balance Date

On 4 September 2013 Mineral Commodities Limited announced that it intends to undertake a 1 for 4 non-renounceable entitlement issue of approximately 80,988,335 fully paid ordinary shares to raise approximately \$6,479,066. The price of New Shares under the Offer is \$0.08 each. The Offer is fully underwritten by Zurich Bay Holdings Pty Ltd and Au Mining Limited. The Prospectus for the Offer was lodged with ASIC on 4 September 2013.

The purpose of the Offer is to raise up to \$6,479,066 to fund the completion, commissioning and start up working capital for the Tormin Mineral Sands Project.

Following completion of the Offer, the Company will have issued approximately 80,988,335 New Shares resulting in total Shares on issue of approximately 404,941,678.

On 4 September 2013 Mineral Commodities drew down the US\$2 million pre finance funding from Wogen under the terms of the offtake agreement.

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 15.

Signed in accordance with a resolution of the Directors.

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

Mark Caruso
Executive Chairman
Perth, Western Australia
10 September 2013

**Consolidated Statement of Profit and Loss and other Comprehensive Income
for the half year ended 30 June 2013**

	Note	2013 \$	2012 \$
Revenues			
From continuing operations		149,856	7,621
Other income		4,093	131,164
		<u>153,949</u>	<u>138,785</u>
Administration expenses		(508,652)	(225,777)
Abandoned acquisition costs		-	3,041
Employees and consultants remuneration		(107,275)	(86,923)
Depreciation		(14,335)	(12,449)
Gain/ (loss) on disposal of fixed assets		-	(152)
Finance costs		-	(27,846)
Impairment of available for sale asset	3	(163,113)	(14,000)
(Loss) before income tax		<u>(639,426)</u>	<u>(225,321)</u>
Income tax expense		-	-
Loss for the half-year from continuing operations		<u>(639,426)</u>	<u>(225,321)</u>
(Loss) for the half-year		<u>(639,426)</u>	<u>(225,321)</u>
Loss is attributable to:			
Owners of Mineral Commodities Ltd		<u>(639,426)</u>	<u>(225,321)</u>
Other comprehensive income			
Changes in the fair value of available-for-sale financial assets		(35,000)	(492,866)
Exchange differences on translation of foreign operations		(233,906)	(211,396)
Other comprehensive income for the half-year net of tax		<u>(268,906)</u>	<u>(704,262)</u>
Total comprehensive (loss) for the half-year		<u>(908,332)</u>	<u>(929,583)</u>
Total comprehensive (loss) for the half-year is attributable to Owners of Mineral Commodities Ltd		<u>(908,332)</u>	<u>(929,583)</u>
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)		(0.20)	(0.15)
Total basic loss per share for profit attributable to the ordinary equity holders of the Company: (cents per share)		(0.20)	(0.15)

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



Consolidated Statement of Financial Position as at 30 June 2013

	Note	30 Jun 13 \$	31 Dec 12 \$
CURRENT ASSETS			
Cash and cash equivalents		7,854,661	7,769,202
Trade and other receivables		278,608	148,087
Available for sale financial assets	3	334,000	532,113
Other current assets		34,778	10,925
Total Current Assets		8,502,047	8,460,327
NON-CURRENT ASSETS			
Receivables		643,412	427,272
Property, plant and equipment		112,161	68,689
Exploration expenditure	4	7,883,462	12,996,362
Development expenditure	5	8,049,713	-
Total Non-current Assets		16,688,748	13,492,323
Total Assets		25,190,795	21,952,650
CURRENT LIABILITIES			
Trade and other payables	6	945,903	966,802
Provisions		1,500	23,427
Total Current Liabilities		947,403	990,229
Total Liabilities		947,403	990,229
NET ASSETS		24,243,392	20,962,421
EQUITY			
Contributed equity	7	55,101,461	50,912,158
Reserves	8	(1,720,281)	(1,451,375)
Accumulated losses		(29,316,637)	(28,677,211)
Parent entity interest		24,064,543	20,783,572
Non Controlling interest		178,849	178,849
TOTAL EQUITY		24,243,392	20,962,421

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 2013

	Jun 13 \$	Jun 12 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Exploration and development	(3,077,093)	(386,967)
Interest received	149,856	7,621
Payments to suppliers and employees	(906,754)	(714,579)
Discontinued acquisition	-	(950,000)
Interest paid	-	(2,855)
Sundry Income	4,093	6,000
Net cash inflow/(outflow) from operating activities	(3,829,898)	(2,404,780)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(57,807)	(73,814)
Loan to other entities	(216,139)	-
Proceeds from sales of investments	-	537,297
Net cash (outflow)/inflow from investing activities	(273,946)	463,483
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares and options	4,189,303	-
Short Term Loan received	-	1,432,500
Net cash inflow from financing activities	4,189,303	1,432,500
Net increase/(decrease) in cash and cash equivalents held	85,459	(144,797)
Cash and cash equivalents at the beginning of the half-year	7,769,202	249,389
Cash and cash equivalents at the end of the half-year	7,854,661	104,592

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 2013	50,912,158	(28,677,211)	(1,451,375)	20,783,572	178,849	20,962,421
Loss for the half year		(639,426)		(639,426)		(639,426)
Change in fair value of available for sale financial assets			(35,000)	(35,000)		(35,000)
Exchange differences on translation of foreign currencies			(233,906)	(233,906)		(233,906)
Total comprehensive income for the half year		(639,426)	(268,906)	(908,332)		(908,332)
Transactions with owners in their capacity as owners						
Contributions of equity net of transaction costs	4,189,303			4,189,303		4,189,303
Balance at 30 June 2013	55,101,461	(29,316,637)	(1,720,281)	24,064,543	178,849	24,243,392

	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 half 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 half 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

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 2013

1. Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 30 June 2013 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 2012 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 Company was successful in raising \$14.5 million, which was completed in January 2013. The Company has previously indicated that further funding initiatives, including offtake finance, debt and equity, were being explored to ensure that the working capital required to bring Tormin into production were being advanced.

Having completed the offtake and pre-funding arrangement with Wogen, MRC announced on 4 September that it intends to undertake a 1 for 4 non-renounceable entitlement issue of approximately 80,988,335 fully paid ordinary shares to raise approximately \$6,479,066. The price of New Shares under the Offer is \$0.08 each. The Offer is fully underwritten by Zurich Bay Holdings Pty Ltd and Au Mining Limited. The Prospectus for the Offer was lodged with ASIC on 4 September 2013.

The purpose of the Offer is to raise up to \$6,479,066 to fund the completion, commissioning and start up working capital for the Tormin Mineral Sands Project.

The Directors are of the view that there are reasonable grounds to believe that 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 (continued)

	Africa		Australia		Totals
	Tormin	Xolobeni	Investing	Corporate	
Half- Year 2013	\$	\$	\$	\$	\$
Revenue from operations					
Interest earned from unrelated entities	3,886	432	145,538		149,856
Other income	1,093			3,000	4,093
Total segment revenue	4,979	432	145,538	3,000	153,949
Segment results					
Profit /(Loss) before income tax	(19,710)	(2,138)	(17,575)	(600,003)	(639,426)
Total segment assets	9,021,254	7,911,913	334,000	7,923,628	25,190,795
Total segment liabilities	541,543	60,171	-	345,689	947,403
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 entities				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	-	-	-	(253,031)	(253,031)
Segment results	5,077	564	127,144	6,000	138,785
(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



3. Available for Sale Financial Assets

	30 Jun 13 \$	31 Dec 12 \$
Listed equity securities		
Perpetual Resources Ltd	350,000	350,000
Other listed shares	19,000	19,000
Impairment of Listed shares	(35,000)	-
Total listed equity securities	334,000	369,000
Unlisted equity securities		
Balance at 1 January 2013	163,113	163,113
Impairment	(163,113)	-
Balance at 30 June 2013	-	163,113
Total available for sale securities	334,000	532,113

4 Exploration Expenditure

	30 Jun 13 \$	31 Dec 12 \$
Exploration expenditure – costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases	7,883,462	12,996,362

5 Development and mine build expenditure

Development and mine build	8,049,713	-

6 Trade and other payables

	30 Jun 13 \$	31 Dec 12 \$
Trade Creditors	814,992	530,916
Other payables	130,911	435,886
Trade and other payables	945,903	966,802



7 Issued capital

	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	Number of Shares		\$	\$
Ordinary Shares Fully Paid				
Balance at beginning of period	274,008,385	153,393,385	50,912,158	41,204,350
Share placement	49,936,636	120,615,000	4,244,645	10,252,864
Conversion of 20 cent options	8,322	-	1,665	-
Costs of Capital raising			(57,007)	(545,056)
Balance at the end of the period	323,953,343	274,008,385	55,101,461	50,912,158

Options

The following listed options over fully paid ordinary shares expired at 31 December 2012:

Category	No of Options	Exercise Price Cents per Share	Expiry Date
Listed Options	57,357,208	20	31 December 2012
The following options were issued in the period	10,000,000	20	31 December 2015
Unlisted	1,000,000	35	31 December 2015

8 Reserves

	Currency Translation Reserve	Financial Asset Revaluation Reserve	General Reserve	Listed Options Reserve	Total Reserves
30 June 2013					
Balance at 1 January 2013	(4,246,287)	-	2,437,582	357,330	(1,451,375)
Exchange differences on translation of foreign operations	(233,906)				(233,906)
Changes in the fair value of available for sale financial assets		(35,000)			(35,000)
Balance at 30 June 2013	(4,480,193)	(35,000)	2,437,582	357,330	(1,720,281)
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



9. Commitments

At 30 June 2013 there were commitments for capital expenditure on the Tormin development of \$11,258,710 (2012 nil) all occurring within the next 12 months.

10. Contingent liabilities

Bank Guarantees

The Company has provided bank guarantees with a total value of \$311,185 (31 December 2012 - \$313,636) 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 a Company associated with Mr Mark Caruso and Mr Joseph Caruso has provided office space to Mineral Commodities Ltd (MRC) throughout the period.

The amount paid/payable by MRC was \$27,000. This is considered to be an arms-length commercial rent. There is no formal sub lease in place.

12. Subsequent Events

On 4 September 2013 Mineral Commodities Limited announced that it intends to undertake a 1 for 4 non-renounceable entitlement issue of approximately 80,988,335 fully paid ordinary shares to raise approximately \$6,479,066. The price of New Shares under the Offer is \$0.08 each. The Offer is fully underwritten by Zurich Bay Holdings Pty Ltd and Au Mining Limited. The Prospectus for the Offer was lodged with ASIC on 4 September 2013.

The purpose of the Offer is to raise up to \$6,479,066 to fund the completion, commissioning and start up working capital for the Tormin Mineral Sands Project.

Following completion of the Offer, the Company will have issued approximately 80,988,335 New Shares resulting in total Shares on issue of approximately 404,941,678.

On 4 September 2013 Mineral Commodities drew down the US\$2 million pre finance funding from Wogen under the terms of the offtake agreement.



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 2013 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, which appears to read 'Mark Caruso', is positioned above a horizontal line.

Mark Caruso
Executive Chairman
Perth, Western Australia
10 September 2013

10 September 2013

The Directors
Mineral Commodities Limited
40 Murray Road North
WELSHPOOL WA 6106

Dear Sirs,

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

As lead auditor for the review of Mineral Commodities Limited for the half-year ended 30 June 2013, 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
- no contraventions of 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

BDO Audit (WA) Pty Ltd
Perth, Western Australia

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 2013, and the consolidated statement of profit or loss and other 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 statement 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 2013 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 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 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 2013 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, consisting of the letters 'BDO' above a stylized signature that appears to be 'BMV' followed by a large, sweeping flourish.

Brad McVeigh
Director

Perth, Western Australia
Dated this 10th day of September 2013