MINERAL COMMODITIES LTD — **APPENDIX 4D**

A.B.N. 39 007 478 653 — **HALF YEAR REPORT**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period:	Half-year ended 30 June 2016
Previous Corresponding Period:	Half-year ended 30 June 2015

For and on behalf of the Directors

PETER TORRE
COMPANY SECRETARY

Dated: 30 August 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit				**USD'000's**
Revenue from ordinary activities	down	57.6%	to	11,617
Profit from ordinary activities after tax attributable to members	down	25.5%	to	2,925
Net Profit for the period attributable to members	down	25.5%	to	2,925

Dividends

During the half-year ended 30 June 2016, a final ordinary unfranked dividend for the financial year ended 31 December 2015 of 1 Australian cent per ordinary share was paid, representing a total distribution of A$4,049,416 based on the number of ordinary shares on issue as at 31 December 2015. As the dividend was unfranked, there are income tax consequences for the owners of the Company relating to this dividend. No dividend has been declared in respect to the half year ended 30 June 2016.

COMMENTARY

The directors report accompanying this preliminary final report contains a review of operations and commentary on the results for the period ended 30 June 2016.

NET TANGIBLE ASSET BACKING

	30 June 2016 US$'000's	30 June 2015 US$'000's
Net Assets	32,245	32,831
Less intangible assets	-	-
Net tangible assets of the Company	32,245	32,831
Fully paid ordinary shares on issue at Balance Date	404,941,571	404,941,571
Net tangible asset backing per issued ordinary share as at Balance Date	0.08	0.08

AUDIT DETAILS

The accompanying half yearly financial report has been reviewed. A signed copy of the review report is included in the financial report.

Mineral Commodities Ltd

ABN 39 008 478 653

Half-Year Financial Report
30 June 2016

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 2015 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, 2001.

DIRECTOR'S REPORT

The Directors present their report on the Consolidated Entity, consisting of Mineral Commodities Ltd ("MRC" or "the Company") and the entities it controlled at the end of or during the half-year ended 30 June 2016. The consolidated financial statements are presented in United States Dollars ("$"), unless otherwise stated, which is the company's presentation currency.

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
Guy Redvers Walker	Senior Independent Non-Executive Director
Ross Colin Hastings	Independent Non-Executive Director

DIVIDENDS

During the half-year ended 30 June 2016, a final ordinary unfranked dividend for the financial year ended 31 December 2015 of 1 Australian cent per ordinary share was paid, representing a total distribution of A$4,049,416 based on the number of ordinary shares on issue as at 31 December 2015. As the dividend was unfranked, there are income tax consequences for the owners of the Company relating to this dividend.

REVIEW OF OPERATIONS

Tormin Mineral Sands Project

The Board of the Company is immensely proud of the Company's safety record with no Lost Time Injuries ("LTI's") reported in the first half of the year. The Company has now achieved 1,443,585 hours up to 30 June 2016 without a LTI since operations commenced.

The first half of 2016 has seen another solid performance at the Tormin Mineral Sands Project. The following key production and sales metrics were achieved in the first half of 2016.

Production Summary	**Half-Year to 30 June 2016**	**Half-Year to 30 June 2015**
Mining		
Tonnes	899,429	818,821
Grade:	52.00%	43.18%
- Garnet	32.87%	25.07%
- Ilmenite	14.69%	13.73%
- Zircon	3.39%	3.69%
- Rutile	0.69%	0.54%
- Leucoxene	0.36%	0.15%
Secondary Concentrator Plant (SCP)		
Tonnes processed	281,285	297,107
Tonnes produced		
- Garnet concentrate	143,952	136,973
- Ilmenite concentrate	54,334	61,604
- Zircon/Rutile concentrate	18,646	23,038
% zircon in concentrate	70.69%	73.08%
% rutile in concentrate	12.50%	12.89%
Sales (wmt)		
- Zircon/Rutile concentrate	20,852	24,414
- Ilmenite concentrate	2,002	-
- Garnet concentrate	-	228,778

REVIEW OF OPERATIONS (CONTINUED)

Tormin Mineral Sands Project (continued)

Replenishment of the beach continued to occur during the period. The Company continues to monitor the replenishment cycle and deposition and will adjust mining rates to facilitate optimised replenishment cycles.

Since the commencement of operations, mining production totaling 3.6 million tonnes has occurred. This is in excess of the stated initial 2.7 million tonnes Indicated Resource which existed at the commencement of operations in January 2014, and the Inferred Resources of 2.7 million tonnes at the end of both 2014 and 2015.

Overall concentrate production for the period was down on budget due to lower recoveries, availability and throughput in the SCP primarily due to ongoing issues with the primary and secondary magnetic separation units. Lower recoveries are expected to continue in the second half of the year due to dilution in grade in the replenishment cycle.

Immediately subsequent to the period end, the Company advised that its South African subsidiary Mineral Sands Resources (SA) Pty Ltd ("MSR") had completed the installation and commissioning of the Garnet Stripping Plant ("GSP"), installed at the front of the existing Secondary Concentrate Plant ("SCP"). The installation of the GSP is expected to increase the non-magnetic zircon/rutile feed grade to the SCP by removing the garnet fraction from the Heavy Mineral Concentrate ("HMC") prior to the SCP. This, in turn, will allow a higher-grade non-magnetic concentrate to be fed to the existing magnetic circuit, and thereby increase overall final zircon/rutile concentrate production.

Zircon pricing continues to stabilise with pubic announcements by large producers that incremental pricing of zircon has occurred despite large rebates being offered on a CIF basis to Chinese clients. The Company has managed to obtain small price increases for its zircon/rutile concentrate in Q3, 2016.

There was no garnet sales for the period due to the Company previously delivering its maximum committed annual July to June off-take production of 210,000 tonnes under the GMA off-take agreement. Sales of garnet concentrate will recommence in Q3, 2016.

The Company managed to sell small containerised ilmenite concentrate tonnages during the last quarter of the period. Whilst the Company was in a position to consummate bulk ilmenite shipments, no sales were made as the prospective pricing did not meet the Company's profit margin requirements.

There is increasing signs of a pickup in the titanium concentrate and finished ilmenite product markets globally, in particular China, which has resulted in a higher level of ilmenite concentrate pricing and supply enquiries. The Company continues to negotiate with parties on sales of larger bulk ilmenite concentrate shipments.

The planned mobilisation of offshore sampling during the period was delayed due to various issues relating to the finalisation of the construction of the specialised offshore sampling equipment. It is expected that this activity will now commence in Q3, 2016.

The Company advised that its application for Prospecting Rights WC30/5/1/2/10226 PR, along the beach and surf zone north of its current mining operations, referred to in the ASX announcement of 10 November 2015, and WC30/5/1/1/2/10229 PR, adjacent and inland from the current mining operations, have been refused by the Department of Mineral Resources. The Company has lodged an appeal against the decisions.

During the half year, the Company applied for another prospecting permit WC 30/5/1/1/2/10229 PR covering the De Punt Farm and Lot 615, directly adjoining the Company's Geelwal farm holding, covering an area of 4,495.4 hectares.

The Company continues to compile historical geological data in relation to the potential of onshore heavy mineral strand line occurrences. The Company is also reviewing further synergistic land and tenement acquisitions in the areas adjacent to its current Tormin operations.

REVIEW OF OPERATIONS (CONTINUED)

Tormin Mineral Sands Project (continued)

In addition, based on the Company's interpretation of extensive historical exploration work, it is considering expediting access to the resources by lodging mining rights over all of its current prospecting tenure, including the areas that are under Appeal.

Xolobeni Mineral Sands Project

Subsequent to the period end, the Company advised that it had entered into a Memorandum of Understanding ("MOU") with its Black Economic Empowerment ("BEE") Partner for the Xolobeni Mineral Sands Project, Keysha Investments 178 Pty Ltd ("Keysha"), to divest its 56% interest in Transworld Energy and Resources (SA) Pty Ltd ("TEM"), the entity which owns the Xolobeni Project, to Keysha on terms to be agreed between the parties.

The Company has committed significant financial, technical and social resources toward the development of the Xolobeni Project since 2003. Throughout the past thirteen years, the Company has successfully worked within the regulatory development framework. The Company has engaged in many years of ongoing and meaningful consultations with the local community at Xolobeni, and has always prioritised the wellbeing of the Amadiba Community.

The Company has accepted that attempts to facilitate peaceful and safe site access by independent environmental consultants to adequately assess the possible environmental impacts of the Xolobeni Project continued to cause undue tensions and conflict, which the Company has openly tried to avoid. The Company has, and always will have an ambition to bring prosperity and economic upliftment to the local Amadiba Pondo land inhabitants and the greater Mbizana district, and continues to believe that the Xolobeni Project offers significant value to enable economic upliftment.

In light of the ongoing violence and threats to the peace and harmony of the local Xolobeni community, the Company accepts that the future viability of the Xolobeni Project should be managed by stakeholders and organisations exclusively owned by South African people.

As such and after due consideration, the Company decided, subject to satisfactory commercial negotiations, agreement with the other remaining shareholder, and any regulatory or shareholder approvals that may be required, to divest of its interest in the Xolobeni Project. Accordingly, the Company announced that the Company and its wholly owned subsidiary MRC Resources Pty Ltd ("MRCR") has entered into an MOU with its BEE partner, Keysha, for the sale of the Company's shareholding interest in TEM.

The decision was made after extensive consultation with Keysha, who shares the view that the development of the Xolobeni Project, is critical to the social and economic upliftment of the local Amadiba Pondo land inhabitants, and the greater Mbizana district, and that the Xolobeni Project's development should not be influenced directly or indirectly by the stakeholder focus being placed on an international mining company, as opposed to legitimate debate surrounding the economic benefits (or otherwise), and the environmental issues concerning the development of the Xolobeni Project.

The Company fully supports the ongoing development of the Xolobeni Project and its decision to divest is in no way a reflection of its commitments of its mining interests in South Africa. Further details of the terms of the proposed divestment in the Xolobeni Project will be notified upon signing of definitive sale agreements.

The Company continues to invest in and operate the Tormin Mineral Sands Operation ("Tormin") on the West Coast of South Africa, which currently employs over 200 local community members of the Matzikama region. In addition, the Tormin operation employs 40 local members of the Amadiba Pondo region surrounding Xolobeni, which has been appointed as the Company's designated labor sending area in accordance with Tormin's Social Labour Plan and Mining Charter Agreement. The Company remains dedicated to providing the training, education and employment initiatives to the local members of the Amadiba Pondo region, in addition to the various community programmes such as the agricultural farming and primary livestock developments.

Corporate and Financial

As previously noted, the payment of the maiden dividend of 1 (one) Australian cent per share was made during the period.

The Company continues to assess other project opportunities, which will add to or complement its current operations.

Consolidated Results and Financial Position

The profit of the consolidated entity after income tax attributable to members of the parent entity for the 2016 half year was US$2.9m (2015 half year profit US$3.9m), a 28% decrease on the prior half year.

This result was based on revenue from sales of US$11.6m for the 2016 half year (2015 half year revenue US$27.4m), a 58.4% decrease in revenue on the prior half year. Net profit before income tax (NPBT) of US$4.4m for the 2016 half year was below the 2015 half year NPBT result of US$5.5m.

At 30 June 2016, the Company had US$2.8m in cash. Trade and other receivables at 31 December 2015 of US$7.0m increased to US$8.2m as at 30 June 2016.

The net assets of the Group have increased from $31.7m as at 31 December 2015 to US$32.2m as at 30 June 2016, reflecting a tangible net asset backing of US$0.08 per share as at 30 June 2016.

EVENTS SUBSEQUENT TO BALANCE DATE

Other than disclosed elsewhere in this report, there have been no other material events subsequent to balance date and up until the date of signing these Financial Statements.

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 22.

Signed in accordance with a resolution of the Directors.

Mark Caruso
Executive Chairman
Dated at Perth, Western Australia
This 30th day of August 2016

Consolidated Income Statement

For the half-year ended 30 June 2016

	Notes	**Half-Year to 30 Jun 16 $**	Half-Year to 30 Jun 15 $
Revenue from continuing operations			
Sale of product		**11,617,387**	27,418,988
Other revenue		**121,218**	246,008
		11,738,605	27,664,996
Expenses			
Mining and processing costs	4	**(6,575,890)**	(20,165,444)
Other expenses from ordinary activities:			
Administration expenses		**(664,711)**	(1,680,142)
Share payment expenses	13	**(58,447)**	(67,788)
Finance income/ (costs)		**10,293**	(240,909)
Profit before income tax		**4,449,850**	5,510,713
Income tax expense		**(1,524,892)**	(1,586,918)
Profit after income tax		**2,924,958**	3,923,795
Profit is attributable to:			
Owners of Mineral Commodities Ltd		**2,924,958**	3,923,795
Non-controlling interest		**-**	-
		2,924,958	3,923,795
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:		**cents**	cents
Basic earnings per share		**0.72**	0.97
Diluted earnings per share		**0.72**	0.97
Other comprehensive income items			
Change in the fair value of available for sale financial assets	9	**(23,119)**	20,100
Exchange differences on translation of foreign operations	9	**579,887**	(2,386,470)
Other comprehensive profit (loss) for half-year net of		**556,768**	(2,366,370)
Total comprehensive profit for the period		**3,481,726**	1,557,425
Total comprehensive profit for the half-year is attributable to			
Owners of Mineral Commodities Ltd		**3,481,726**	1,557,425
Non-controlling interest		**-**	-
		3,481,726	1,557,425

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2016

	Notes	**30 Jun 16** $	31 Dec 15 $
Current assets			
Cash and cash equivalents		**2,800,892**	4,227,444
Trade and other receivables		**3,664,189**	2,348,737
Inventories		**5,623,828**	2,301,803
Available for sale financial assets		**41,674**	63,866
Total current assets		**12,130,583**	8,941,850
Non-current assets			
Receivables		**4,504,325**	4,650,398
Property, plant and equipment		**15,158,641**	11,302,408
Mine development expenditure		**7,831,872**	7,589,359
Exploration expenditure	5	**5,850,713**	5,323,062
Deferred tax assets		**949,449**	3,517,369
Total non-current assets		**34,295,000**	32,382,596
Total Assets		**46,425,583**	41,324,446
Current liabilities			
Trade and other payables	6	**4,524,153**	3,153,297
Short-term borrowings	7	**3,225,266**	2,970,210
Provisions		**322,905**	252,938
Total current liabilities		**8,072,324**	6,376,445
Non-current liabilities			
Provisions		**177,763**	78,086
Long-term borrowings	7	**4,749,446**	988,584
Deferred tax liabilities		**1,181,455**	2,204,851
Total non-current liabilities		**6,108,664**	3,271,521
Total liabilities		**14,180,988**	9,647,966
Net assets		**32,244,595**	31,676,480
Equity			
Contributed equity	8	**63,437,092**	63,437,092
Reserves	9	**(19,893,705)**	(20,508,920)
Accumulated losses		**(11,412,431)**	(11,365,331)
Parent entity interest		**32,130,956**	31,562,841
Non-controlling interest		**113,639**	113,639
Total equity		**32,244,595**	31,676,480

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 30 June 2016

	Half-Year to 30 Jun 16 $	Half-Year to 30 Jun 15 $
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**11,575,246**	17,812,352
Payments to suppliers and employees	**(9,390,069)**	(16,176,978)
Interest received	**-**	4,198
Net cash inflow from operating activities	**2,185,177**	1,639,572
Cash flows from investing activities		
Payments for exploration expenditure	**(268,652)**	(301,358)
Payments for plant and equipment	**(4,080,045)**	(3,335,343)
Payments for development expenditure	**(347,821)**	-
Net cash (outflow) from investing activities	**(4,696,518)**	(3,636,701)
Cash flows from financing activities		
Proceeds from borrowings	**5,564,108**	3,787,497
Repayment of borrowings	**(1,344,714)**	(3,581,303)
Dividends paid to shareholders	**(2,972,058)**	-
Interest paid	**(208,301)**	(383,748)
Net cash inflow / (outflow) from financing activities	**1,039,035**	(177,554)
Net (decrease) in cash and cash equivalents held	**(1,472,306)**	(2,174,683)
Cash and cash equivalents at the beginning of the half-year	**4,227,444**	4,216,052
Effects of exchange rate changes on cash and cash equivalents	**45,754**	(75,405)
Cash and cash equivalents at the end of the half-year	**2,800,892**	1,965,964

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 2016	**63,437,092**	**(11,365,331)**	**(20,508,920)**	**31,562,841**	**113,639**	**31,676,480**
Profit for the half-year	-	2,924,958	-	**2,924,958**	-	2,924,958
Other comprehensive profit for the half-year	-	-	556,768	**556,768**	-	556,768
Total comprehensive income for the half-	63,437,092	(8,440,373)	(19,952,152)	**35,044,567**	113,639	35,158,206
Transactions with owners in their capacity as owners						
Contributions of equity net of transaction costs						
Dividend paid	-	(2,972,058)	-	**(2,972,058)**	-	(2,972,058)
Share-based payment expenses	-	-	58,447	**58,447**	-	58,447
Balance at 30 June 2016	**63,437,092**	**(11,412,431)**	**(19,893,705)**	**32,130,956**	**113,639**	**32,244,595**

	Contributed Equity $	Accumulated Losses $	Reserves $	Total $	Non-Controlling Interest $	Total Equity $
Balance at 1 January 2015	**63,437,092**	(21,942,116)	(10,402,894)	**31,092,082**	113,639	**31,205,721**
Profit for the half-year	-	3,923,795	-	**3,923,795**	-	**3,923,795**
Other comprehensive loss for the half-year	-	-	(2,366,370)	**(2,366,370)**	-	**(2,366,370)**
Total comprehensive income for the half-year	**63,437,092**	3,923,795	(2,366,370)	**1,557,425**	-	**1,557,425**
Transactions with owners in their capacity as owners						
Contributions of equity net of transaction costs	-	-	-	-	-	**-**
Share-based payment expenses	-	-	67,788	**67,788**	-	**67,788**
Balance at 30 June 2015	**63,437,092**	**(18,018,321)**	**(12,701,476)**	**32,717,295**	**113,639**	**32,830,934**

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

Notes to the Consolidated Financial Statements

1. Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 30 June 2016 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 2015 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.

2. Critical accounting estimates and judgements

The Group makes significant estimates and judgements concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Significant judgements and critical estimate in applying the entity's accounting policies

(a) **Estimation of useful lives of assets**

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(b) **Exploration and development expenditure**

Recoupment of the capitalised exploration and evaluation expenditure is dependent on either the successful development and commercial exploitation of the Xolobeni Mineral Sands area of interest in South Africa or the settlement of the proposed transaction, as announced to the Australian Securities Exchange ("ASX") subsequent to balance date, to divest of the Company's interest in Transworld Energy and Resources (SA) Pty Ltd ("TEM"), which owns the Xolobeni Mineral Sands Project.

The proposed transaction has not been classified as held for sale in accordance with AASB 5 as at 30 June 2016, as it is not highly probable that the transaction will complete due to required regulatory approvals, stage of negotiation of the consideration and involvement of a third party who holds shares in TEM.

(c) **Reserves and resources**

In order to calculate ore reserves and mineral resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as revised in 2012 (the JORC code).

Notes to the Consolidated Financial Statements

2. Critical accounting estimates and judgements (continued)

Reserves and resources (continued)

As economic assumptions used to estimate reserves change and as additional geological data is generated during the course of operations, estimates of reserves and mineral resources may vary from period to period. Changes in reported reserves and mineral resources may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charges in profit or loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- Restoration and rehabilitation provision may be affected due to changes in the magnitude of future restoration and rehabilitation expenditure.

(d) Recovery of deferred tax assets

Deferred tax assets has been recognised for deductible temporary differences as the Group considers that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(e) Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

3. Segment information

i. *Description of segments*

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.

The chief operating decision maker has identified three reportable segments to its business, being:

1. Mineral Sands mining and production (Tormin Mineral Sands project) – Republic of South Africa;
2. Mineral Sands exploration (Xolobeni Mineral Sands project) – Republic of South Africa; and
3. Corporate (management and administration of the Company's projects) – Australia and Republic of South Africa.

ii. *Segment results*

The segment information provided to the chief operating decision maker for the reportable segments for the period ended 30 June 2016 is as follows:

Notes to the Consolidated Financial Statements

3. Segment information (continued)

	Tormin Project $	Xolobeni Project $	Corporate $	Consolidation eliminations $	Totals $
Half-Year 2016					
Revenue from operations					
Total segment revenue	11,713,360	81	11,624,694	-	**23,338,135**
Inter-segment revenue	(11,599,530)	-	-	-	**(11,599,530)**
Revenue from external customers	**113,830**	**81**	**11,624,694**	**-**	**11,738,605**
Adjusted EBITDA	**2,202,841**	**(1,202)**	**3,852,276**	**35,299**	**6,089,214**
Depreciation and amortisation	1,491,404	-	30,877	-	**1,522,281**
Total segment assets	**21,129,508**	**6,078,495**	**26,808,170**	**(7,590,590)**	**46,425,583**
Total segment liabilities	**12,643,522**	**4,813,534**	**321,911**	**(3,597,978)**	**14,180,988**

Half-Year 2015	Tormin Project $	Xolobeni Project $	Corporate $	Consolidation eliminations $	Totals $
Revenue from operations					
Total segment revenue	26,884,605	-	27,456,804	-	**54,341,409**
Inter-segment revenue	(26,676,412)	-	-	-	**(26,676,412)**
Revenue from external customers	**208,193**	**-**	**27,456,804**	**-**	**27,664,997**
Adjusted EBITDA	**4,558,726**	**-**	**3,053,280**	**470,864**	**8,082,870**
Depreciation and amortisation	1,921,879	-	39,658	-	**1,961,537**
Total segment assets	**37,122,836**	**6,016,204**	**43,092,057**	**(40,827,984)**	**45,403,113**
Total segment liabilities	**33,157,667**	**4,717,389**	**16,229,197**	**(41,532,074)**	**12,572,179**

Notes to the Consolidated Financial Statements

3. Segment information (continued)

Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) reconciles to operating profit before income tax as follows:

	30 Jun 16 $	30 Jun 15 $
Adjusted EBITDA	**6,089,214**	8,082,870
Interest expense	**(117,083)**	(610,620)
Depreciation and amortisation	**(1,522,281)**	(1,961,537)
Profit before income tax	**4,449,850**	5,510,713

4. Mining and processing costs

Mining and processing costs include the following material expenditure items:

	30 Jun 16 $	30 Jun 15 $
Transport of product	**1,259,538**	2,053,729
Fuel	**1,586,393**	1,876,496
Wages and salaries	**2,370,398**	3,723,765
Repairs and maintenance	**1,273,279**	1,814,948
Depreciation and amortisation – mining and processing assets	**1,480,953**	1,921,879

5. Exploration expenditure

	30 Jun 16 $	31 Dec 15 $
Exploration and evaluation phases	**5,850,713**	5,323,062

6. Trade and other payables

	30 Jun 16 $	31 Dec 15 $
Trade creditors	**3,758,538**	2,310,593
Other payables	**765,615**	842,704
Trade and other payables	**4,524,153**	3,153,297

Notes to the Consolidated Financial Statements

7. Borrowings

	Notes	30 June 16 $	31 Dec 16 $
Current			
Finance lease	i	**138,064**	-
Amounts due under plant construction agreements	ii	**750,000**	-
Short term borrowings – unsecured	iii	**1,222,702**	1,263,416
Amounts due under equipment acquisition agreements	iv, v	**1,114,500**	1,706,794
		3,225,266	2,970,210
Non-current			
Finance lease	i	**174,271**	-
Amounts due under plant construction agreements	ii	**3,750,000**	-
Amounts due under equipment acquisition agreements	iv, v	**825,174**	988,584
		4,749,445	988,584

i. The Group entered into Finance Lease Agreements to acquire electrical cabling. Under the terms of this agreement, the Group will become the owner of the electrical cabling on final payment at the end of 3 years (156 weeks).

ii. The Group entered into Plant Construction financing agreement for the design, construction and commissioning of a garnet stripping plant. The borrowing is repayable over 3 years. Interest is charged at Libor plus 2.5%. Interest charges and principal repayment is expected to commence in January 2017 when the first continuous shipment of garnet concentrate occurs.

iii. The short-term borrowings at 30 June 2016 was in relation to shareholder loans (note 12(c)). Repayment of the outstanding balance of these loans is due on 30 September 2016.

iv. The Group entered into Master Rental Agreements to acquire mobile mining equipment and generators. Under the terms of these agreements, there was an option to purchase which the Group exercised for the mobile mining equipment.

v. The Group entered into Instalment Sale Agreements to acquire and refinance mobile mining equipment. Under the terms of this agreement, the Group will become the owner of the mobile mining equipment on final payment under the agreements.

8. Issued capital

	30 Jun16 No. of Shares	31 Dec 15 No. of Shares	30 Jun 16 $	31 Dec 15 $
Ordinary shares fully paid				
Balance at beginning of period	**404,941,581**	404,941,581	**63,437,092**	63,437,092
Balance at end of period	**404,941,581**	404,941,581	**63,437,092**	63,437,092

Notes to the Consolidated Financial Statements

9. Reserves

	Currency Translation Reserve $	Financial Asset Revaluation Reserve $	General Reserve $	Share-based Payments $	Total Reserves $
30 June 2016					
Balance at 1 January 2016	(22,091,136)	(226,521)	1,363,393	445,344	**(20,508,920)**
Share-based payment expenses	-	-	-	58,447	**58,447**
Change in fair value of available-for-sale financial assets	-	(23,119)	-	-	**(23,119)**
Exchange differences on translation of foreign operations	579,887	-	-	-	**579,887**
Balance at 30 June 2016	**(21,511,249)**	**(249,640)**	**1,363,393**	**503,791**	**(19,893,705)**
30 June 2015					
Balance at 1 January 2015	(11,850,427)	(232,908)	1,363,393	317,048	(10,402,894)
Share-based payment expenses	-	-	-	67,788	67,788
Change in fair value of available-for-sale financial assets	-	20,100	-	-	20,100
Exchange differences on translation of foreign operations	(2,386,470)	-	-	-	(2,386,470)
Balance at 30 June 2015	(14,236,897)	(212,808)	1,363,393	384,836	(12,701,476)

10. Contingent assets and contingent liabilities

a) *Contingent assets*

Blastrite sought interdictory relief against MSR, MRC and seven others in the High Court (Cape Town) in terms of which, Blastrite sought, inter alia, an order that: (a) MSR not deal with any entity or person other than Blastrite in relation to the discussion and consideration by the parties of ideas, plans products, formulations etc. relating to any potential Garnet and/or other abrasive media resource that may be present in or on the beach deposit located within the Tormin Mineral Sands Project; and (b) that MSR not renew the written Garnet offtake agreement to which it and MRC and others were a party for the period 1 July 2015 to 30 June 2016 or thereafter.

The interdictory relief sought both interim and final relief. The matter was opposed. Both Blastrite's interim and final relief was dismissed with costs. An amount of ZAR170,000 was paid by Blastrite towards costs in respect of the interim relief. An amount of ZAR1,810,555 was awarded on 4th August 2016 in respect of final relief, and which was settled on 19th August 2016.

b) *Contingent Liabilities*

FirstRand Limited has issued a Bank Guarantee, in favour of the South African Department of Mineral Resources, in respect of MSR's obligations under the Tormin Mining Right for an amount of ZAR2,730,000 (US$184,663) (2015: ZAR2,730,000 (US$222,222)). There have been no other changes to contingent liabilities since 31 December 2015.

Notes to the Consolidated Financial Statements

11. Commitments

	30 Jun 16 $	31 Dec 15 $
a) Capital commitments		
Committed at the reporting date but not recognised as liabilities:		
Property, plant and equipment	**1,461,900**	1,117,471
b) Finance lease commitments		
Commitments in relation to minimum lease repayments under equipment acquisition agreements:		
Within one year	**1,302,951**	1,989,527
Later than one year but no later than five years	**1,062,630**	1,268,110
Greater than 5 years	**-**	-
Minimum lease payments	**2,365,581**	3,257,637
Les: Future Finance Charges	**(227,397)**	(225,658)
	2,138,184	3,031,979

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of $2,320,527 (2015: $3,134,220) secured under finance leases expiring within one to five years. Under the terms of the leases, the Group has the option to acquire certain leased assets on the expiry of the leases, under master rental agreements and will become the owner of certain leased assets on the final payment under instalment sale agreements.

c) Operating lease commitments

	30 Jun 16	31 Dec 15
Non-cancellable operating leases contracted for but not capitalised in the accounts:		
Within one year	**456,495**	741,445
Later than one year but no later than five years	**1,304,149**	2,166,578
Greater than 5 years	**-**	-
	1,760,644	2,908,023

Operating lease commitments includes contracted amounts for offices and plant and equipment under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

d) Blue Bantry funding support

The Company, via MRCR, and Blue Bantry are both 50% shareholders in MSR, the entity that owns the Tormin Project.

The Company agreed to provide Blue Bantry access to an amount of funding to support the original Tormin Project objectives by advancing through a loan, certain benefits Blue Bantry would expect to receive from the Tormin Project. Blue Bantry will repay the ZAR 8.25 million loan from dividend distributions that it will receive in the future from MSR.

Notes to the Consolidated Financial Statements

12. 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) Transactions with other related parties

Mine Site Construction Services ("MSCS"), a company associated with Directors Mark Caruso and Joseph Caruso has provided the followings services to the Company during the half-year:

- Provision of office space.
  The amount paid by the Company to MSCS for the half-year ended 30 June 2016 was $39,714 (2015: $23,475). This is considered to be an arm's length commercial rent. There is no formal sub lease in place.

- Provision of secretarial staff to the Executive Chairman.
  The amount paid by the Company to MSCS for the half-year ended 30 June 2016 was $37,429 (2015: $20,189). The amounts payable are pursuant to an Executive Service Agreement and have been reimbursed on an arm's length basis at normal commercial rates.

- Provision of technical staff.
  The amount paid by the Company to MSCS for the half-year ended 30 June 2016 was $106,801 (2015: $66,599). The amounts payable have been in respect to the provision of technical staff at the Groups' head office and at the Tormin project, and have been reimbursed on an arms-length basis at normal commercial rates.

(c) Loans to/ from related parties

On 30 May 2014, the Company obtained an unsecured short term working capital facility of up to $4m from major shareholders. This included a A$2 million facility provided by Regional Management Pty Ltd ("RMS"), a related party of Mark Caruso, the Executive Chairman of the Company.

Pursuant to the Loan Agreement entered into between the Company and RMS, the lender provided a finance facility capped at A$2 million on the following arm's-length and commercial terms:

- Loan is unsecured;
- Interest of 13% per annum;
- Line fee of 1% and establishment fee of 1%;
- Repayment to take in three equal tranches on 31 January 2015, 28 February 2015 and 31 March 2015; and
- Default interest of 10% if not repaid on the repayment date.

As announced by the Company on 23 February 2015, RMS agreed to extend the term of the loan they provided to 30 September 2015. As announced by the Company on 5 August 2015, RMS agreed to repayment of 50% of the Principal and to extend the term of the remaining balance of the loan to 30 September 2016.

As at 30 June 2016, the balance owing was A$1,610,570 (US$1,198,538).

Notes to the Consolidated Financial Statements

13. Share based payments

a) Employee Options

The issue of Employee options was approved by shareholders at a general meeting of the Company held on 21 December 2012. The Employee option plan is designed to provide long-term incentives for senior managers and above (including directors) to deliver long-term shareholder returns. Options granted under the plan carry no dividend or voting rights. When exercisable each option is convertible into one ordinary share at the predetermined exercise

Set out below are summaries of all options granted under the Plan and unexpired at 30 June 2016:

Grant date	Expiry date	Exercise price	Fair Value at grant date	Options at the start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year	Balance at the end of the year
27 May 2015	30 May 2018	20 cents	4.90 cents	5,000,000	-	-	-	-	5,000,000
07 Sept 2015	31 Mar 2018	20 cents	5.40 cents	1,000,000	-	-	-	-	1,000,000
				6,000,000	**-**	**-**	**-**	**-**	**6,000,000**

Fair value of options granted

The assessed fair value at grant date of the options issued was determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The total share based payment expense for the period ended 30 June 2016 was $47,503 (2015: $128,296).

The model inputs for options granted during the period, as well as prior periods, included:

(a)	Options granted for no consideration with the expectation that the majority of the options would be exercised towards the end of the term of the options and there are no market based vesting conditions.		
(b)	Exercise price (AUD)	20 cents	20 cents
(c)	Grant date	27 May 2015	7 September 2015
(d)	Risk-free interest rate	2.06%	1.77%
(e)	Exercise date	30 May 2018	31 March 2018
(f)	Share price at grant date (AUD)	11.0 cents	12.5 cents
(g)	Expected price volatility of the shares	90%	90%
(h)	Expected dividend yield	Nil	Nil

The expected price volatility is based on the historic volatility and the general trend in share prices of the companies in similar businesses and trading on the ASX over the past 12 months.

Notes to the Consolidated Financial Statements

13. Share based payments (continued)

b) Performance Rights

The issue of Performance Rights was approved by shareholders at a general meeting of the Company held on 25 May 2016. The Incentive Performance Rights Plan are designed to provide long-term incentives for senior managers and above (including directors) to deliver long-term shareholder returns. Performance Rights granted under the plan carry no dividend or voting rights. The Performance Rights is exercisable on or before 30 May 2019 and will vest upon the closing Share price reaching $0.20 and remaining at or above $0.20 for a period of 5 consecutive trading days.

Set out below are summaries of all Performance Rights granted under the Plan and unexpired at 30 June 2016:

Grant date	Expiry date	Exercise price	Fair Value at grant date	Options at the start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year	Balance at the end of the year
25 May 2016	30 May 2019	20 cents	11.3 cents	-	4,000,000	-	-	-	4,000,000
				-	**4,000,000**	**-**	**-**	**-**	**4,000,000**

Fair value of Performance Rights granted

The assessed fair value at grant date of the Performance Rights issued during the period ended 30 June 2016 was determined using a trinomial option pricing model that takes into account the exercise price, the term of the Performance Right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the Performance Right. The total share based payment expense for the period ended 30 June 2016 was $10,944 (2015: $NIL).

The model inputs for Performance Rights granted during the period, as well as prior periods, included:

(a) Performance Rights granted for no consideration with the expectation that the majority of the Performance Rights would be exercised on the Share price reaching $0.20 and remaining at or above $0.20 for a period of 5 consecutive trading days.

(b)	Exercise price (AUD)	0 cents
(c)	Share price barrier (AUD)	20 cents
(d)	5 day VWAP of underlying security	13.5 cents
(e)	Grant date	25 May 2016
(f)	Risk-free interest rate	1.62%
(g)	Exercise date	30 May 2019
(h)	Share price at grant date (AUD)	13.5 cents
(i)	Expected price volatility of the shares	60%
(j)	Expected dividend yield	Nil

The expected price volatility is based on the historic volatility and the general trend in share prices of the companies in similar businesses and trading on the ASX over the past 12 months.

Notes to the Consolidated Financial Statements

14. Events occurring after the reporting period

Subsequent to the period end, the Company advised that it had entered into a Memorandum of Understanding ("MOU") with its Black Economic Empowerment ("BEE") Partner for the Xolobeni Mineral Sands Project, Keysha Investments 178 Pty Ltd ("Keysha"), to divest its 56% interest in Transworld Energy and Resources (SA) Pty Ltd ("TEM"), the entity which owns the Xolobeni Project, to Keysha on terms to be agreed between the parties.

Other than as disclosed elsewhere in this report, and up until the date of signing these financial statements, there have been no other material events.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The consolidated financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, 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 2016 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
Executive Chairman
Dated at Perth, Western Australia
This 30th day of August 2016

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MINERAL COMMODITIES LTD

As lead auditor for the review of Mineral Commodities Ltd for the half-year ended 30 June 2016, 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.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 30 August 2016

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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 balance sheet as at 30 June 2016, the consolidated income statement, 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 2016 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 2016 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

BDO

Phillip Murdoch

Director

Perth, 30 August 2016