



## MINERAL COMMODITIES LTD

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ASX Announcement

23 March 2017

### **MSR successful in application to have Search and Seizure Warrant set aside**

Mineral Commodities Ltd (ASX: MRC) ("the Company") advises that its South African Subsidiary Mineral Sands Resources (Pty) Ltd's ("MSR") application to set aside the search and seizure warrant, issued by the Department of Environment Affairs ("DEA") in South Africa, was successful.

In the Judgement delivered, the High Court of South Africa (Western Cape Division, Cape Town) ("Court") declared the said warrant to be invalid and is set aside. Judge Rodgers advised that "MSR has achieved substantial success" and ordered that the respondents pay MSR's legal costs, including MSR's legal Counsels costs.

The Judgement confirms as previously advised, that the Company operates its Tormin Mining operation under the South African Governments One Environmental System which came into effect on December 8th, 2014. This legislation provides that the Competent Authority for all matters relating to environmental authorisations and compliance of the National Environmental Management Act, 1998 ("NEMA") is the Department of Mineral Resources ("DMR") insofar as the activities relate to mining or prospecting.

Despite the legislative and vested authority resting with the DMR and ongoing compliance inspections by the DMR, the Company received an unsolicited inspection by the Department of Environmental Affairs ("DEA") during the September 2016 quarter under the auspices of a search and seizure warrant.

Despite ongoing cooperation with the DMR and all other Government Regulatory Authorities the Company was perplexed by the manner (via search warrant) and the authority on which the DEA relied on to conduct such inspections as well as the nature of the alleged breaches and charges made against the Company. MSR had since December 2014 held the view that the DMR had exclusive authority to investigate environmental complaints and the Court held that this challenge to the DEA's jurisdiction should have been disclosed to the Magistrate when the DEA applied for the warrant. Such failure to make this disclosure was fatal to the lawfulness of the warrant.

It is important to note that no charges have been laid against the Company in relation to the search and seizure warrant and the Company has operated with an unblemished record with no prosecution ever been made against the Company or its officers since its commencement of the Tormin operation in 2013.

The Company is hopeful that the Judgement provides the regulatory authorities clarity in relation to the DMR being the Competent Authority governing mining operations in South Africa and will continue to operate with full regulatory compliance as it has done since Tormin mining operations commenced.

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