MINERAL COMMODITIES LIMITED

ABN 39 008 478 653

ANNUAL FINANCIAL REPORT

31 DECEMBER 2009

Corporate Directory

Directors	Joseph Anthony Caruso - Non-Executive Chairman Mark Victor Caruso - Non-Executive Director Peter Torre - Non Executive Director
Company Secretary	Peter Torre
Registered Office	Unit 15, Level 1 51-53 Kewdale Road Welshpool, Western Australia 6106 Telephone: (61 8) 9353 4890 Facsimile: (61 8) 9353 4894 Email: info@mncom.com.au Website: www.mncom.com.au
Solicitors	Steinepreis Paganin Level 4, Next Building 16 Milligan Street Perth WA 6000
Auditors	BDO Audit (WA) Pty Ltd 38 Station St Subiaco, Western Australia 6008
Share Registry	Advanced Share Registry Ltd 150 Stirling Highway Nedlands, Western Australia 6009 Telephone: (61 8) 9389 8033 Facsimile: (61 8) 9389 7871
Stock Exchange Listing	The Company is Listed on the Australian Stock Exchange Limited under ASX Code - MRC

Contents

Directors Report

The Directors present their report together with the financial report of Mineral Commodities Limited ("the Company") and its controlled entities (the "Group") for the year ended 31 December 2009.

DIRECTORS

The Directors of the Company in office during or since the end of the financial year are:

- Mr Joseph A Caruso – Non Executive Chairman
- Mr Mark V Caruso – Non Executive Director
- Gregory Hugh Steemson – Managing Director

Directors have been in office since the start of the financial year to the date of this report.

DIRECTORS' INFORMATION

Joseph Anthony Caruso (64 Years of Age)
Non-Executive Chairman

Mr Caruso is a Director of Zurich Bay Holdings Pty Ltd and Construction Manager of Simto Australia Pty Ltd, both of which are involved in mining, earthmoving and civil engineering construction earthworks. Mr Caruso has considerable experience in managing and administration of engineering, mining, raw materials production operations, earthmoving and related infrastructure utilities services resource contracts. Mr Caruso has been a director of Mineral Commodities Limited since September 2000.

Mark Victor Caruso (48 Years of Age)
Managing Director

Mr Caruso is a Director of Zurich Bay Holdings Pty Ltd and Simto Australia Pty Ltd, both of which are involved in mining, earthmoving and civil engineering construction earthworks. Mr Caruso has been a director of Mineral Commodities Limited since September 2000. He is also a Director of Allied Gold Limited. Former directorships of public listed companies in the last 3 years are CI Resources Limited from October 2003 to May 2007.

Gregory Hugh Steemson (56 Years of Age)
Non Executive Director

Mr Steemson is a qualified Geologist and Geophysicist with an extensive background in exploration, development and management of mining projects. Mr Steemson has been a Director of the Company since April 2001. Mr Steemson is also a Director of Allied Gold Limited. Former directorships of public listed companies in the last 3 years include Sandfire Resources Limited from June 2003 to August 2007 and Carbine Resources Limited from December 2008 to March 2010.

Due to the size of the Company, all directors consider matters which would normally be dealt with by Audit and Remuneration Committees.

COMPANY SECRETARY

Peter Torre CA, ACIS, MAICD
Mr Torre was appointed Company Secretary of Mineral Commodities Limited in July 2006. He is a Chartered Accountant and a Chartered Secretary. He was previously a partner of an internationally affiliated firm of Chartered Accountants. Mr Torre is the Company Secretary of several ASX listed companies and is a Director of ORT Limited.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was undertaking procedures for the development of mineral sands projects and investigations into other mineral resources. This has mainly involved the evaluation of the Xolobeni Mineral Sands Project in the Eastern Cape Province of South Africa and the Tormin Mineral Sands Project in the Western Cape Province of South Africa.

There were no significant changes in the nature of activities of the Group during the year.

Directors Report (continued)

CONSOLIDATED RESULTS

The loss of the group after income tax and non-controlling interests was $642,991 (2008: Loss of $1,515,661).

DIVIDENDS

No dividends have been paid, declared or recommended for payment, in respect of the current financial year.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

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

South African Projects

Xolobeni Mineral Sands Project

In March 2007, Mineral Commodities Limited's ("MRC's") majority owned South African subsidiary Transworld Energy and Minerals Resources SA Pty Ltd ("TEM") lodged the Mining Right Application for the Xolobeni Project with the Department of Minerals and Energy ("DME").

On 4 August 2008 MRC announced that it had received notification from the DME that the Mining Right for the Kwanyana block within the Xolobeni Project area would be granted. The remaining blocks (Sikombe, Mnyameni and Mpahlane) would then be held under a Prospecting Right valid to 2010 which could be extended until applications are made to convert each block into a Mining Right.

The Kwanyana block represents approximately 30% of the mining area and contains around 46% of the total insitu ilmenite resource.

However, in September 2008, the Company was advised that, on behalf of the AmaDiba Crisis Committee ("ACC") and its members, the Grahamstown office of the Legal Resources Centre filed a Notice of Appeal ("the Appeal") with the Minister of the DME. The ACC requested the Minister to suspend and then appeal the decision to grant the Mining Right.

MRC believes that due to the importance of the Xolobeni Project to the area, the Minister will continue to support the issuing of the Xolobeni Mining Right, however, the issue date has been deferred pending the outcome of the Appeal. The Company has therefore taken steps to minimise expenditure on the project pending a resolution of the Appeal.

Tormin Mineral Sands Project

The Tormin Mineral Sands Project is located on the west coast of South Africa, approximately 400km north of Cape Town. The main minerals of interest are zircon and rutile which are contained in a high grade beach placer deposit north of the Oliphants River outfall. Previous studies have demonstrated that the Tormin Project can produce an enriched non-magnetic saleable concentrate containing predominately zircon and rutile. The base case production model consists of an annual production of 30,000 to 40,000 tonnes of concentrates grading up to 80% zircon and 10% rutile.

As announced on the 24th of June 2009, the Company commissioned K'Enyuka, a South African engineering firm, to undertake a Definitive Feasibility Study for the Project. The results of the study have been incorporated in a financial model developed on behalf of the Company by MSP Engineering Pty Ltd, a Perth based resource consultancy firm specialising in industrial minerals.

The Base Case investigated by K'Enyuka is based on hydraulic mining of the beach deposits and hydraulically transferring the sand from the beach to a stockpile ahead of a primary gravity circuit. Mining operations are to be conducted on a day shift basis only and surplus mining and stockpile capacity has been incorporated to accommodate for tidal and adverse weather events.

The primary spiral plant is designed for a nominal throughput capacity of 1.6 Mtpa and comprises a primary spiral circuit for removal of silica and light heavies followed by a wet high intensity magnetic separation (WHIMS) circuit for removal of magnetic minerals including ilmenite and garnet which are subsequently hydraulically transferred back to the beach for deposition as tailings with the silica fraction.

The resultant non-magnetic concentrates, rich in zircon and rutile, are exported as a combined concentrate.

Directors Report (continued)

The salient results of the K'Enyuka study were released in the quarterly reports lodged during the period. During the course of the study there was a number of value adding opportunities identified which have been modelled at desktop level by MSP as part of trade off and optimisation studies.

The trade off and optimisation studies considered the following two primary opportunities being an optimisation of the Base Case and a beach concentrator model. Both of these options showed favourable economics. The Project also has substantial garnet resources. The plant design allowed for the extraction of the +200 micron fraction garnet but this aspect was not included in the operating costs and the operating synergies arising.

The Company is currently in discussions with potential investors and its existing Black Empowerment Partner to determine the economics of an upfront divestment of this Project versus the risk/reward to the Company of its development.

Investment in Africa Uranium Limited

As advised during the period, MRC elected to not proceed to stage 2 funding of Africa Uranium's ("AUL") exploration activities in Africa. During the period, MRC was issued with a further 10% interest in AUL as compensation for the exploration undertaken by MRC during the stage 1 funding.

During the period, Cape Lambert Resources Limited obtained a 10% beneficial interest in AUL and in late 2009 undertook two drilling programmes on AUL's Hoasib Project. In its ASX release on 20 January 2009, Cape Lambert Resources Limited advised that the results from the programmes were promising and in line with expectations.

In March 2010, Oklo Uranium Limited announced that it had entered into a transaction with Africa Uranium Limited to acquire its 70% interest in the Hoasib project for an estimated value of approximately $20 million.

Investment in Petro Ventures International Limited

The Company holds a 9.31% interest in Petro Ventures International Limited ("Petro Ventures"). Petro Ventures has interests in two project areas which are located in offshore Romania and onshore Hungary. Petro Ventures' working interest in the projects is 20% and 10% respectively.

Petro Ventures and its partners continue to develop these projects. Based on results to date, the Romanian project is likely to be commercial. The project in Hungary is in the early stages of exploration.

Investment in Allied Gold Limited (ASX listed: ALD)

MRC currently holds approximately 9.5 million shares of ALD's issued fully paid ordinary shares.

Allied Gold undertook a significant level of corporate activity during the second half of the year with the successful takeover of Australian Solomons Gold Limited, the listing of its securities on the Toronto Stock Exchange and the completion of a $150 million capital raising to undertake the expansion initiatives at its Simberi Oxide Project and the Development of the Gold Ridge Project in the Solomon Islands.

During the period, the Company divested certain parcels of shares held in Allied in order to assist with working capital funding.

FINANCIAL POSITION

The net assets of the group have decreased by $1,495,460 from $21,339,716 at 31 December 2008 to $19,844,256 at 31 December 2009.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The company will continue the process of development of both the Tormin and Xolobeni projects in South Africa. The Board will continue to review other projects and opportunities in the interest of increasing shareholder value.

ENVIRONMENTAL REGULATIONS

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use in Australia. For the first measurement period the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Directors Report (continued)

In the course of its normal mining and exploration activities, the Company adheres to environmental regulations imposed upon it by the relevant regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna.

SCHEDULE OF MINING TENEMENTS

Mining tenements currently held by the economic entity are:

Area	Entity holding the interest	% Held	Title	Status
Xolobeni – South Africa	Transworld Energy & Minerals Resources	100	New order Prospecting Right and Mining Right over Kwinyana Block	Granted – subject to appeal
Tormin – South Africa	Mineral Sands Resources	100	Mining Right	Granted

SIGNIFICANT CHANGES IN STATE OF AFFAIRS AND LIKELY DEVELOPMENTS

The following significant changes in the state of affairs of the Consolidated Entity occurred during the year:

OPTIONS

- In July 2009, 57,357,208 listed options to acquire shares at 20cents with an expiry date of 31 December 2012 were issued under the terms of a non-renounceable entitlement at an issue price of $0.005 per option to raise $286,786 excluding costs.
- 2,250,000 unlisted options over ordinary shares were not exercised and expired during 2009.

Options do not entitle the holder to receive a dividend paid to ordinary shareholders.

New issues of options and options exercised in the period are as follows:

Listed options	No of Options	Exercise Price	Expiry date
Opening Balance 31 December 2008	-	-	-
- Options issued	57,357,208	20 cents	31 December 2012
- Options Exercised	-		
Balance at 31 December 2009	57,357,208	-	-

Unlisted Options	No of Options	Exercise Price	Expiry date
Opening Balance 31 December 2008	2,250,000	Various	Various
- Options Exercised	-	-	-
- Options Lapsed	(2,250,000)	Various	Various
Balance at 31 December 2009	-	-	-

Directors Report (continued)

DIRECTORS' SHAREHOLDING INTERESTS

The relevant interest of each director in the share capital of the Company, shown in the Register of Directors' Shareholding at the date of the Directors' Report is:

2009

Ordinary Shares	Balance at 1 January '09	Received as Remuneration	Options Exercised	Net change other	Balance 31 Dec '09
Mark Caruso -Indirect	18,450,988	-	-	600,000	19,050,988
- Direct	12,627	-	-	-	12,627
Joseph Caruso	18,450,988	-	-	600,000	19,050,988
Greg Steemson	1,510,000	-	-	-	1,510,000

J A Caruso and M V Caruso are both directors of and have a relevant interest in Zurich Bay Holdings Pty Ltd, which holds 19,050,988 shares in the Company.

2009

Listed Options	Balance at 1 January '09	Granted as Remuneration	Options Exercised	Options Lapsed	Net change other	Balance at 31 Dec '09
Mark Caruso	-	-	-	-	7,380,396	7,380,396
Joseph Caruso	-	-	-	-	7,380,396	7,380,396
Greg Steemson	-	-	-	-	604,000	604,000

MEETINGS OF DIRECTORS

The number of directors meetings and number of meetings attended by each of the directors of the Company during the financial year are:

	Meetings Held	Meetings Attended
J A Caruso	3	3
M V Caruso	3	3
G H Steemson	3	3

Other matters of board business have been resolved by circular resolutions of directors, which are a record of decisions made at a number of informal meetings of the directors held to control, implement and monitor the Company's activities throughout the year.

Directors Report (continued)

REMUNERATION REPORT (Audited)

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service Agreements
D. Share-based compensation
E. Additional Information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

A. Principles used to determine the nature and amount of remuneration

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the board reviews the remuneration packages of all directors and executive officers on an annual basis and makes recommendations. Remuneration packages are reviewed with due regard to performance and other relevant factors.

Remuneration packages may contain the following key elements:

(a) Directors Fees;
(b) Salary & Consultancy; and
(c) Benefits – including provision of motor vehicle, superannuation.

Fees payable to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. The Board reviews non-executive directors' fees and payments annually.

Executives are offered a competitive base pay that consists of fixed components. Base pay for senior executives is reviewed annually to ensure the executives pay is competitive with the market. Total Base Pay can be structured as a total employment package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

There were no short or medium term cash incentives provided to any executives of the company during the financial year. Short or medium term cash incentives are not incorporated into any executives salary packages at the time of this report.

The directors are not required to hold any shares in the company under the constitution of the company; however, to align directors' interests with shareholders interests the directors are encouraged to hold shares in the company.

Remuneration is not directly related to company performance or key performance indicators.

The board has no separate remuneration committee due to the size of the company. The directors perform the role of a remuneration committee as disclosed in the Corporate Governance statement.

B. Details of Remuneration

The key management personnel of Mineral Commodities Ltd Group are the directors of Mineral Commodities Ltd and the Company Secretary Mr Peter Torre who reported directly to the Managing Director. The amounts disclosed are therefore applicable for both Mineral Commodities Limited and the Mineral Commodities Limited Group.

Details of the remuneration of directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Mineral Commodities Limited and the Mineral Commodities Limited Group are set out in the following tables.

There are no long term benefits amounts due to Directors and key management personnel.

Directors Report (continued)

		Short-term benefits	Post employment benefits	Share-based payments		**Percentage performance based**
		$	$	$	Totals $	
Non Executive Directors						
Joe Caruso	*2009*	44,037	3,963	-	48,000	-
	2008	44,037	3,963	-	48,000	-
Mark Caruso	*2009*	48,000	-	-	48,000	-
	2008	48,000	-	-	48,000	-
Sub-total non executive directors	*2009*	92,037	3,963	-	96,000	-
	2008	92,037	3,963		96,000	-
Executive Directors						
Greg Steemson	*2009*	188,200	-	-	188,200	-
	2008	68,200	-	-	68,200	-
Other Key Management Personnel						
Peter Torre	*2009*	72,000	-	-	72,000	-
	2008	72,000	-	-	72,000	-
Total Key management personnel compensation	*2009*	352,237	3,963	-	356,200	-
	2008	232,237	3,963	-	236,200	-

No options were issued to Directors or other Key Management Personnel during 2009 or the previous year as part of their remuneration.

C. Service Agreements

Mr Gregory Steemson was appointed as Managing Director of Mineral Commodities Limited in May 2009.

In accordance with the terms of the agreement with Mr Steemson, he was paid a fixed sum of $20,000 per month. There are no short or long term incentives to be provided to Mr Steemson and there is no specific term to his tenure.

The Company may terminate the contract by the provision of a 1 month notice period. Mr Steemson may terminate the contract by the provision of two months notice. There are no payments upon termination of the contract.

There were no other service agreements.

D. Share Based Compensation

No options or shares were issued to Directors or other Key Management Personnel during 2009 or the previous year as part of their remuneration.

Directors Report (continued)

E. Additional Information

There is no additional information to be provided in respect to the remuneration of the directors.

End of the Audited Remuneration Report

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Mineral Commodities Limited adhere to strict principles of corporate governance. The Company's Corporate Governance statement is included before the Additional ASX Information section of the Annual Financial Report.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No event or transaction has arisen in the interval between the end of the financial year and the date of this report of a material and unusual nature likely other than what has been disclosed elsewhere in this financial report, in the opinion of the Directors of the Company, to affect significantly the operations of the Company or the Consolidated Entity, the results of those operations or the state of affairs of the Company or the Consolidated Entity in future financial years unless otherwise disclosed in this Directors Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

INSURANCE OF OFFICERS

During the financial year the Company has paid an insurance premium to insure the directors and secretaries of the company and its controlled entities. The premium paid was $34,300 representing $11,433 per director. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required by Section 307(C) of the Corporations Act 2001 is set out on page 47 and forms part of this report.

NON-AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

There were no non–audit services provided by BDO Audit (WA) Pty Ltd in the year.

Directors Report (continued)

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non related firms:

Audit Services:	$
BDO Audit (WA) Pty Ltd	
Audit and review of financial reports	48,752
Non BDO audit firm (Tuffias Sandberg)	6,364
Total remuneration for audit services	55,116

BDO Audit (WA) Pty Ltd continues in office.

This report has been made in accordance with a resolution of the Directors.

Gregory Steemson
Perth, Western Australia
31 March 2010

Statements of Comprehensive Income

For the year ended 31 December 2009

	Note	Consolidated		Company	
		2009	2008	2009	2008
		$	$	$	$
Revenue from continuing operations	2	995,439	609,221	1,621,539	1,104,875
Administration expenses		(567,677)	(715,165)	(542,129)	(798,978)
Employees and consultants remuneration		(270,906)	(209,772)	(270,906)	(209,772)
Depreciation and amortisation		(14,356)	(17,942)	(12,226)	(16,399)
Exploration and evaluation costs	12	(133,783)	(157,663)	(133,783)	(157,663)
Finance costs		(16,239)	(3,157)	(15,926)	(3,157)
		(1,002,961)	(1,103,699)	(974,970)	(1,185,969)
(Loss) / Profit from continuing operations		(7,522)	(494,478)	646,569	(81,094)
Income tax expense	4	-	-	-	-
(Loss) Profit from continuing operations		(7,522)	(494,478)	646,569	(81,094)
Loss from discontinued operations	5	(635,469)	(1,021,183)	(554,862)	(655,597)
(Loss) / Profit for the year		(642,991)	(1,515,661)	91,707	(736,691)
Other comprehensive income					
Changes in the fair value of available-for- sale financial assets		(1,165,147)	2,859,509	(1,165,147)	2,859,509
Exchange differences on translation of foreign operations		(173,901)	578,059	(28,116)	(112,659)
Other comprehensive income for the year net of tax		(1,339,048)	3,437,568	(1,193,263)	2,746,850
Total comprehensive income for the year		(1,982,039)	1,921,907	(1,101,556)	2,010,159
Loss / Profit is attributable to:					
Owners of Mineral Commodities Ltd		(642,991)	(1,515,661)	91,707	(736,691)
Non-controlling interest		-	-	-	-
		(642,991)	(1,515,661)	91,707	(736,691)
Total comprehensive income for the year is attributable to					
Owners of Mineral Commodities Ltd		(1,982,039)	1,921,907	(1,101,556)	2,010,159
Non-controlling interest		-	-	-	-
		(1,982,039)	1,921,907	(1,101,556)	2,010,159

Earnings/(Loss) per share from continuing operations attributable to the ordinary equity holders of the company.

Basic Loss per share	cents	cents
From continuing operations attributable to the ordinary shareholders of the company (cents per share)	0.01	0.040
From discontinued operations (cents per share)	0.45	0.82
Total basic loss per share attributable to the ordinary equity holders of the company (cents per share)	0.046	1.2

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

Statements of Financial Position

as at 31 December 2009

	Note	Consolidated		Company	
		2009	2008	2009	2008
			$	$	$
CURRENT ASSETS					
Cash and cash equivalents	7	153,566	797,328	151,739	256,698
Trade and other receivables	8	539,358	2,242,278	28,524	2,088,241
Available for sale financial assets	9	6,070,777	6,957,094	6,070,777	6,957,094
Other current assets	10	13,351	13,145	13,351	13,145
Non - current asset held for sale	11(b)	165,639	-	165,639	-
Total Current Assets		6,942,691	10,009,845	6,430,030	9,315,178
NON-CURRENT ASSETS					
Property, plant and equipment	11	26,515	373,060	22,664	367,316
Exploration & development expenditure	12	13,159,249	12,026,008	-	-
Other financial assets	13(b)	6	6	1,450,003	1,451,001
Trade and other receivables	15	-	-	14,240,022	11,841,568
Total Non-Current Assets		13,185,770	12,399,074	15,712,689	13,659,885
Total Assets		20,128,461	22,408,919	22,142,719	22,975,063
CURRENT LIABILITIES					
Trade and other payables	16	251,699	1,041,056	180,648	402,374
Provisions		32,506	28,147	32,506	28,147
Total Current Liabilities		284,205	1,069,203	213,154	430,521
Total Liabilities		284,205	1,069,203	213,154	430,521
NET ASSETS		19,844,256	21,339,716	21,929,565	22,544,542
EQUITY					
Contributed equity	17	40,004,350	39,804,350	40,004,350	39,804,350
Reserves	18	3,672,977	4,917,465	1,753,115	2,738,300
Accumulated losses		(24,011,920)	(23,516,439)	(19,827,900)	(19,998,108)
Parent entity interest		19,665,407	21,205,376	21,929,565	22,544,542
Non-controlling interest	14	178,849	134,340	-	-
TOTAL EQUITY		19,844,256	21,339,716	21,929,565	22,544,542

The above statements of financial position should be read in conjunction with the accompanying notes.

Statements of Cash Flows
For the year ended 31 December 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Exploration and development expenditure		(1,307,142)	(1,882,412)	(133,783)	(157,663)
Interest received		50,937	89,995	22,943	74,739
Payments to suppliers & employees		(494,625)	(1,320,262)	1,057,226	(573,188)
Interest paid		(16,239)	(3,157)	(15,926)	(3,157)
Sundry income		100	2,664	100	2,664
Net cash (outflows) / inflows from operating activities	23(a)	(1,766,969)	(3,113,172)	930,560	(656,605)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for plant and equipment	11(a)	(28,942)	(7,946)	(28,704)	(5,445)
Purchase of investments		(1,488,644)	(14,826)	(1,488,644)	(14,826)
Proceeds from sales of investments		2,154,216	1,387,407	2,154,216	1,387,407
Loans advanced to controlled entities		-	-	(2,158,965)	(2,972,460)
Loans repaid by other entities		-	1,070,000	-	1,070,000
Loans to other entities		-	(1,070,000)	-	(1,070,000)
Net cash inflow/(outflow) from investing activities		636,630	1,364,635	(1,522,097)	(1,605,324)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from the issue of shares and options	17, 18	486,578	368,000	486,578	368,000
Net cash inflow from financing activities		486,578	368,000	486,578	368,000
Net increase/(decrease) in cash and cash equivalents		(643,761)	(1,380,537)	(104,959)	(1,893,929)
Cash and cash equivalents at beginning of financial year		797,327	2,177,864	256,698	2,150,627
Cash and cash equivalents at end of financial year	7	153,566	797,327	151,739	256,698

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

Statements of Changes in Equity

Consolidated Entity For the year ended 31 December 2009	Contributed Equity $	Listed options reserve $	Accum-ulated Losses $	General Reserve $	Currency Translation Reserve $	Share Based Payments Reserve $	Financial Asset Revaluation Reserve $	Total	Non-controlling interest $	Total Equity $
Balance at 1 January 2009	39,804,350	-	(23,516,438)	2,551,100	(584,211)	78,500	2,872,076	21,205,377	134,340	21,339,717
Loss for the year			(642,991)					(642,991)		(642,991))
Exchange differences on translation of foreign operations	-		-	-	(173,901)	-	-	(173,901)	-	(173,901)
Transfer to profit and loss on shares sold							(955,187)	(955,187)		(955,187)
Changes in the fair value of available for sale financial assets	-		-	-	-	-	(209,960)	(209,960)	-	(209,960)
Transfer from reserve – on expiry of options	-		78,500	-	-	(78,500)	-	-	-	-
Total comprehensive income for the year	-		(564,491)	-	(173,901)	(78,500)	(1,165,147)	(1,982,039	-	(1,982,039
Transactions with owners in their capacity as owners	-		-	-	-	-		-	-	
Contributions of equity net of transaction costs	200,000		-	-		-	-	200,000	-	200,000
Issue of listed options net of costs		286,578	-	-	-	-	-	286,578	-	286,578
Increase in non controlling interest			69,009	(113,518)				(44,509)	44,509	-
Balance at the end of the year	40,004,350	286,578	(24,011,920)	2,437,582	(758,112)	-	1,706,929	19,665,407	178,849	19,844,256

Parent Entity For the year ended 31 December 2009	Contributed Equity $	Listed options Reserve	Accumulated Losses $	Share Based payments Reserve $	Currency Translation Reserve $	Financial Asset Revaluation Reserve $	Total Equity $
Balance at 1 January 2009	39,804,350	-	(19,998,108)	78,500	(212,276)	2,872,076	22,544,542
Loss for the year	-		91,707				91,707
Exchange differences on translation of foreign operations	-		-	-	(28,116)		(28,116)
Transfer to profit and loss on shares sold						(955,186)	(955,186)
Change in the fair value of available for sale financial assets						(209,960)	(209,960)
Total comprehensive income for the year			91,707		(28,116)	(1,165,147)	(1,101,555)
Contributions of equity net of transaction costs	200,000						200,000
Issue of listed options net of costs		286,578					286,578
Transfer from reserve – on expiry of options	-		78,500	(78,500)	-	-	-
Balance at the end of the year	40,004,350	286,578	(19,827,900)	-	(240,392)	1,706,929	21,929,565

Statements of Changes in Equity

Consolidated Entity	Contributed Equity	Accum-ulated Losses	General Reserve	Currency Translation Reserve	Share Based Payments Reserve	Financial Asset Revaluation Reserve	Total	Non-controlling interest	Total Equity
For the year ended 31 December 2008	$	$	$	$	$	$		$	$
Balance at 1 January 2008	39,436,350	(22,000,777)	2,551,100	(1,162,270)	78,500	12,567	18,915,469	134,340	19,049,809
Loss for the year		(1,515,661)					(1,515,661)		(1,515,661)
Exchange differences on translation of foreign operations	-	-	-	578,059			578,059	-	578,059
Transfer to profit and loss on shares sold									
Changes in the fair value of available for sale financial assets	-	-	-		-	2,859,509	2,859,509	-	2,859,509
Total comprehensive income for the year	-	(1,515,661)	-	578,059	-	2,859,509	1,921,907	-	1,921,907
Transactions with owners in their capacity as owners	-		-					-	
Contributions of equity net of transaction costs	368,000		-		-		368,000		368,000
Balance at the end of the year	39,804,350	(23,516,438)	2,551,100	(584,211)	78,500	2,872,076	21,205,376	134,340	21,339,716

Parent Entity	Contributed Equity	Accumulated Losses	Share Based payments Reserve	Currency Translation Reserve	Financial Asset Revaluation Reserve	Total Equity
For the year ended 31 December 2008	$	$	$	$	$	$
Balance at 1 January 2008	39,436,350	(19,261,417)	78,500	(99,617)	12,567	20,166,383
Loss for the year	-	(736,691)				(736,691)
Exchange differences on translation of foreign operations	-	-	-	(112,659)		(112,659)
Change in the fair value of available for sale financial assets					2,859,509	2,859,509
Total comprehensive income for the year		(736,691)		(112,659)	2,859,509	2,010,159
Contributions of equity net of transaction costs	368,000					368,000
Balance at the end of the year	39,804,350	(19,998,108)	78,500	(212,276)	2,872,076	22,544,542

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements are for Mineral Commodities Limited as the parent entity and Mineral Commodities Limited and controlled entities, as the consolidated entity. Mineral Commodities Limited is an Australian domiciled public listed company.

The general purpose financial statements for the year ended 31 December 2009 have been prepared in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with IFRS
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Mineral Commodities Limited as the Parent entity and Mineral Commodities Limited and controlled entities comply with International Financial Reporting Standards (IFRS).

Historical Cost Convention
The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of available for sale financial assets for which the fair value basis of accounting has been applied.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements and have been consistently applied to all the years presented, unless otherwise stated.

(b) Principles of Consolidation

The consolidated financial report incorporates the assets and liabilities of all subsidiaries of Mineral Commodities Ltd ("Company" or "parent entity") as at 31 December 2009 and the results of its subsidiaries for the year then ended. Mineral Commodities Ltd and its subsidiaries together are referred to in this financial report as the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between parent and or subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the parent company.

Subsidiaries are those entities over which the Parent company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights.

Where control of an entity is obtained during a financial year, its results are included in the statements of comprehensive income from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

The purchase method of accounting is used to account for the acquisition of subsidiaries – refer to note (f).

The Consolidated entity applies a policy of treating transactions with minority interests as transactions with external parties to the entity. Disposals to minority interests result in gains and losses for the Consolidated entity are recorded in the statement of comprehensive income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of Consolidation (continued)

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements of Mineral Commodities Limited.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Income
Interest and other income is recognised as it accrues on a time proportion basis using the effective interest method.

(d) Taxes

Income taxes
The charge for current income tax expense or revenue is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the date of the Statements of Financial Position. Income tax expense is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where this has no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions or deductibility imposed by the law.

The income tax expense for the year is calculated using the 30% tax rate (2008: 30%).

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods & services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and where receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables in the Statements of Financial Position.

Cash flows are included in the Statements of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(e) Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances
Foreign currency transactions are translated into functional currency using the exchange rated prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit for the year except where deferred in equity as a qualifying net investment hedge.

Subsidiary Companies
The financial results and position of subsidiary companies whose functional currency is different from the consolidated entities presentation currency are translated into the presentation currency as follows;

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.

Income and expenses are translated at average exchange rates for the period.

Hedge of a net investment in a foreign operation
The group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the parent entity's functional currency (AUD), regardless of whether the investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Items of plant and equipment are initially recorded at cost and includes any expenditure that is directly attributable to acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate. All other repairs and maintenance are charged to the profit for the year in which they are incurred.

Depreciation of Plant and Equipment
Plant and equipment are depreciated at rates based upon the expected useful lives of these assets. The expected useful lives of these assets are 3-10 years.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Disposal of Assets
The gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in profit for the year of disposal.

(g) Exploration and Development Expenditure

Costs incurred during the exploration and development stages of specific areas of interest are accumulated. Such costs are only carried forward if they are expected to be fully recouped through the successful development of the area, or where activities to date have not yet reached a stage to allow reasonable assessment regarding the existence of economically recoverable reserves, otherwise this expenditure is recognised in the profit for the year. Costs are written off as soon as an area has been abandoned or considered to be non-commercial or impaired where an area is considered non-commercial at the period end.

Once production commences, expenditure accumulated in respect of areas of interest is amortised on a unit of production basis over the life of the total proven economically recoverable reserves. Restoration costs recognised in respect of areas of interest in the exploration and evaluation stage are carried forward as exploration and evaluation expenditure. Costs recognised after the commencement of production in areas of interest will be charged to the profit for the year.

(h) Investments

Interests in Subsidiaries
Investments in subsidiaries are carried in the Company's financial report at cost less any impairment losses. Dividends and distributions are brought to account in profit when they are declared by the subsidiaries.

Investments in associates
Associates are all entities over which the Consolidated entity has significant influence but not control, generally accompanying a shareholding of between 20%-50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Consolidated entity's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Consolidated entity's share of its associates post acquisition profits or losses is recognised in profit for the year, and its share of post acquisition movements in reserves is recognised directly in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment.

(i) Impairment of Assets

At each reporting date, the Consolidated entity reviews the carrying values of its tangible assets and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over it recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Financial Instruments

The Consolidated entity classifies its financial instruments on initial recognition. The classification depends on the purpose for which the financial instrument was acquired.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial Instruments (continued)

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade date; the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and other pricing models.

Loans and receivables
Loans and receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method. They are included within current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Available-for-sale financial assets
Available-for-sale financial assets are recognised at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity until the instrument is sold at which time any balance in equity relating to the instrument is recycled to the income statement as part of the profit or loss on sale.

Financial Liabilities
Financial liabilities are recognised initially at fair value and subsequently
at amortised cost, comprising original debt less principle payments and amortisation of transaction costs.

Impairment
At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement. Impairment losses recognised on equity instruments classified as available for sale are not reversed through the income statement.

(l) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(m) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(n) Earnings /(Loss) per Share

Basic Earnings /(Loss) per Share
Basic earnings per share is determined by dividing the profit after income tax attributable to members of Mineral Commodities Ltd by the weighted average number of ordinary shares outstanding during the financial year.

Diluted Earnings /(Loss) per Share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share would arise from the exercise of options outstanding at the end of the financial year.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee Benefits

Wages and Salaries, Annual Leave and Sick Leave
Provision is made for the consolidated entity's liability for employee entitlements arising from services rendered by employees to balance date. These benefits include annual leave. Sick leave is non-vesting and has not been provided for. Employee entitlements expected to be settled within one year have been measured at the amounts expected to be paid when the liabilities are settled and are recognised in other payables.

The contributions made to defined contribution superannuation funds by entities within the consolidated entity are charged against profits when due.

Share-Based Payments
Share-based compensation benefits are provided to employees via the Mineral Commodities Employee Incentive Option Scheme. Information relating to this scheme is set out in Note 25.

The fair value of options granted under the Mineral Commodities Employee Incentive Option Scheme is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the options.

The fair value at grant date is independently determined using a Binomial 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.

(p) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised on a straight line basis.

(q) Segment reporting

The Group has applied AASB 8 "Operating Segments" from 1st January 2009. AASB 8 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. The previously reported "Africa" segment has been disaggregated into the two areas of interest "Tormin" and "Xolobeni".

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 attached to any of the segments. There has been no impact on the measurement of the assets and liabilities reported for each segment. Comparatives for 2008 have been restated on the new basis of reporting.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

(s) Comparatives

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Notes to the Financial Statements (continued)

(t) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale or transaction rather than continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets, investment property and non-current biological assets that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

A discontinued operation is a component of the entity that has been disposed of or has been abandoned, or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(u) 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.

Critical Accounting Estimates
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

Impairment

During the year, the consolidated entity impaired its property, plant and equipment (Note 11), in relation to the Sierra Leone assets as the directors have assessed that these amounts are no longer recoverable. In the parent entity, intercompany loans totalling $358,373 (2008: $1,446,278) (Note 15) have been impaired in the 2008 year as they have been assessed as non recoverable. Although the net assets of the group are less than the parent, the intercompany loans are considered to be recoverable through the future development of the tenements held by the subsidiaries or by sale.

Available for sale financial assets

During the year, the company sold 5 milllion shares in Allied Gold Limited, and in 2008 that company restructured their Board such that it is considered that MRC has lost significant influence (Note 13(a)). The Directors have reclassified the remaining investment in Allied Gold as "available for sale" financial assets because (they intend to hold the investments to earn benefits in the medium to long term increases in the value of these investments) or (they do not meet the criteria to be held as financial assets through profit and loss as they are not monitored and evaluated on a fair value basis).

Exploration and development expenditure

Recoupment of the capitalised exploration and evaluation expenditure is dependant on the successful development and commercial exploitation of the Xolobeni Mineral Sands and the Tormin Mineral Sands areas of interest in South Africa. The capitalised expenditure in relation to the Xolobeni project is expected to be fully recoverable once the grant of the mining right has been affirmed by the Minister of Minerals and Energy in South Africa and the Company proceeds to further develop this project.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Unlisted Entities

Investments in unlisted entities have been measured using valuation models. Assumptions and estimates have been used in these valuations models. Should any of these assumptions or estimates change, this could significantly effect the carrying values of theses investments.

(v) Accounting Standards not yet effective

Australian Accounting Standards that have recently been issued or amended but are not yet effective for the parent and consolidated entity have not been adopted for the annual reporting period ended 31 December 2009.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 3 (Revised)	Business Combinations	The revised standard introduces a number of significant changes to the accounting for business combinations.	1 July 2009	Unless the Group enters into Business Combinations in the future, this standard is not applicable and will therefore have no impact.	1 January 2010
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Unless the Group enters into Business Combinations in the future, this standard is not applicable and will therefore have no impact.	1 January 2010
AASB 9 (issued December 2009)	Financial Instruments	Amends the requirements for classification and measurement of financial assets	Periods beginning on or after 1 January 2013	Due to the recent release of these amendments and that adoption is only mandatory for the 31 December 2013 year end, the entity has not yet made an assessment of the impact of these amendments.	1 January 2010

* designates the beginning of the applicable annual reporting period unless otherwise stated.

No other standards, interpretations or amendments which have been issued are expected to have an impact on the group.

Notes to the Financial Statements (continued)

2. OTHER REVENUE FROM CONTINUING OPERATIONS

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Interest				
Interest revenue from unrelated entities	50,937	89,995	22,943	74,739
Interest revenue from controlled entity	-	-	553,453	415,225
	50,937	89,995	576,396	489,964
Other Income				
Profit from sales of investments in listed companies	944,402	471,562	944,402	471,562
Management fees	-	45,000	100,641	140,685
Miscellaneous and other income	100	2,664	100	2,664
	944,502	519,226	1,045,143	614,911
Total Revenue from continuing operations	995,439	609,221	1,621,539	1,104,875
From discontinued operations				
Promet settlement	-	2,000,000	-	2,000,000
Other income	-	6,859	-	-
Note 5	-	2,006,859	-	2,000,000

3. EXPENSES

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Loss before income tax has been arrived at after charging the following:				
Exploration expenditure written off	133,783	157,663	133,783	157,663
Operating lease rentals	70,133	70,133	70,133	70,133
Depreciation - plant and equipment	14,356	17,942	12,226	16,399
Superannuation contributions	14,329	26,350	14,329	19,876
Movement in provision for employee entitlements	4,359	(60,336)	4,359	(60,336)

Notes to the Financial Statements (continued)

4. INCOME TAX

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
The components of current income tax expense comprise:				
Current taxation	-	-	-	-
Income tax (benefit) reported in the income statement	-	-	-	-
The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:				
(Loss) / Profit before income tax	(642,991)	(1,515,661)	91,707	(736,691)
Prima facie tax payable / (benefit) on loss @ 30% (2007:30%)	(192,897)	(454,698)	27,512	(221,007)
Non allowable items	(542,252)	427,222	(418,564)	917,548
Non-assessable income	(43,110)	(43,110)	(43,110)	(43,110)
Net deferred tax assets not brought to account	778,259	70,586	434,163	(653,430)
Benefit of losses not previously brought to account	-	-	-	-
Income tax expense / (benefit)	-	-	-	-
Future income tax benefit arising from un-recouped deductions at balance date, for Australian tax resident entities.				
Revenue losses	3,984,681	3,644,600	1,934,806	1,726,016
Capital losses	4,689,637	4,689,637	4,689,637	4,689,637

In addition the economic entity has unconfirmed tax losses and accumulated exploration expenditure that gives rise to potential carry forward tax benefits in South Africa amounting to approximately Rand 86 million (approximately A$13m (2008: A$2m)). The benefit of these potential deferred tax assets has not been brought to account, and will only be realised if circumstances similar to those described above, also apply to the economic entity's future operations in South Africa.

There are no franking credits available.

Notes to the Financial Statements (continued)

5 DISCONTINUED OPERATIONS

(a) Description

Kariba Kono (SL) Ltd
Following the ceasing of operations in 2008 and subsequent withdrawal from Sierra Leone further provisions have been made against the value of remaining plant and equipment held as available for sale.

(b) Financial performance and cash flow information

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Revenue				
Promet settlement	-	2,000,000	-	2,000,000
Other income	-	6,859	-	-
Total revenue	-	2,006,859	-	2,000,000
Expenses				
Site Operating expenses	(314,220)	(685,556)	-	(44,500)
General & administration expenses	(125,758)	(254,650)	(998)	(60,845)
Impairment of loans to subsidiaries		-	(358,373)	(1,446,278)
Impairment of fixed assets	(195,491)	(1,104,766)	(195,491)	(1,003,974)
Impairment of exploration asset	-	(983,070)	-	-
Impairment of investment in Black hawk Oil & Gas Ltd	-	-	-	(100,000)
Total expenses	(635,469)	(3,028,042)	(554,862)	(2,655,597)
Loss before income tax		(1,021,183)	(554,862)	(655,597)
Income tax expense	-	-	-	-
(Loss after income tax from discontinued operations	(635,469)	(1,021,183)	(554,862)	(655,597)
Net cash inflow/(outflow) from operating activities	(439,978)	(933,347)	-	(103,345)
Net cash inflow /(outflow) from investing activities	(195,491)	(87,836)	(554,862)	(552,252)
Net Cash used by discontinued operations	(635,469)	(1,021,183)	(554,864)	(655,597)

(c) Carrying amounts of assets and liabilities

Cash and cash equivalents	-	16,826	-	-
Property plant and equipment	-	339,427	-	339,427
Non – current assets held for sale	165,639	-	165,639	-
Receivables & Prepayments	5	81,871	5	-
Total Assets	165,644	438,124	165,644	339,427
Trade Creditors	(46,024)	(63,110)	(46,024)	-
Total Liabilities	(46,024)	(63,110)	(46,024)	339,427
Net Assets	119,620	375,014	119,620	339,427

Notes to the Financial Statements (continued)

5 DISCONTINUED OPERATIONS (cont'd)

Blackhawk Oil & Gas Ltd
This subsidiary company is dormant and has no assets, accordingly in 2008 a provision for impairment was made against the value of Mineral Commodities investment in and loans receivable from Blackhawk Oil & Gas Ltd.

		Company	
Amounts charged to the income statement		2009	2008
Impairment of the Investment in Blackhawk Oil & Gas Ltd		-	100,000
Impairment of Loan to Blackhawk Oil & Gas Ltd		-	34,708

6. SEGMENT INFORMATION

The Group has applied AASB 8 "Operating Segments" from 1st January 2009. AASB 8 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. The previously reported "Africa" segment has been disaggregated into the two areas of interest "Tormin" and "Xolobeni".

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 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. Comparatives for 2008 have been restated on the new basis of reporting.

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

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

2009	South Africa		Australia		Discontinued operations	Totals
	Tormin $	Xolobeni $	Investing	Corporate $	$	$
Revenue from operations						
Profit from sales of investments in listed companies	-	-	944,402	-	-	944,402
Interest earned from unrelated entities	26,594	1,400	22,943	-	-	50,937
Interest earned from controlled entity	-	-	-	553,453	-	553,453
Management fees from controlled entity	-	-	-	100,641	-	100,641
Other income	-	-	-	100	-	100
Inter segment revenue	-	-	-	(654,094)	-	(654,094)
Total segment revenue	26,594	1,400	967,345	100	-	995,439
Segment results						
Profit / (Loss) before income tax	2	-	967,345	(974,869)	(635,469)	(642,991)

Notes to the Financial Statements (continued)

6. SEGMENT INFORMATION (Continued)

2008	Africa		Australia		Discontinued operations	Totals
	Tormin	Xolobeni	Investing	Corporate		
Revenue from operations	$	$		$	$	$
Gain from sales of investments in listed companies	-	-	471,562	-	-	471,562
Interest earned from unrelated entities	7,316	7,316	75,363	-	-	89,995
Interest earned from controlled entity	-	-	-	415,225	-	415,225
Management fees from controlled entity	-	-	-	95,685	-	95,685
Management fees from unrelated entity	-	-	-	45,000	-	45,000
Other revenue	-	-	-	2,664	6,859	9,523
Inter segment revenue	-	-	-	(510,910)	-	(510,910)
Total segment revenue	7,316	7,316	546,925	47,664	6,859	616,080
Segment results	1,383	(160)	546,925	(1,042,626)	(1,021,183)	(1,515,661)
(Loss) / Profit before income tax	1,383	(160)	546,925	(1,042,626)	(1,021,183)	(1,515,661)
Total segment assets						
31 December 2009	3,953,063	9,722,704	6,070,777	216,278	165,639	20,128,461
31 December 2008	2,962,423	9,665,306	6,957,094	2,725,400	98,697	22,408,920

Notes to the Financial Statements (continued)

7. CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Cash at Bank	153,566	797,328	151,739	256,698
	153,566	797,328	151,739	256,698

The effective interest rate on cash at bank in 2009 was 3.00% (2008:6.38%)

(a) Interest rate risk exposure

The consolidated and parent entity's exposure to interest rate risk is discussed in Note 24.

(b) Reconciliation to cash at the end of the year

The above figures represent the cash at the end of the financial year as shown in the Statement of Cash Flows.

8. TRADE AND OTHER RECEIVABLES – CURRENT

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Trade receivables	167	54,026	167	54,026
Security deposits[1]	423,352	12,934	-	-
Other receivables[2]	115,839	2,094,068	28,357	2,034,216
Loans receivable from other entities	-	81,250	-	-
	539,358	2,242,278	28,524	2,088,241

[1] Includes a secured deposit of $410,574 with First Rand bank held as security for a performance guarantee issued by the Bank in favour of the South African Department of Minerals and Energy in respect of Mineral Sands Resources (Pty) Ltd obligations under the Tormin Mining right.

[2] This amount includes a VAT refund of $69,629 due to Mineral Sands Resources from the South African Revenue Service.

(a) Fair Values and credit risk

Due to the short term nature of these receivables the carrying values represent their respective fair values as at 31 December 2009 and 2008.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 24 for more information on the risk management policy of the Group and the credit quality of the entity's receivables.

(b) Foreign Exchange and Interest Rate Risk

Information about the Group's and the parent entity's exposure to foreign exchange and interest rate Risk in relation to trade and other receivables is provided in Note 24.

Notes to the Financial Statements (continued)

8. TRADE AND OTHER RECEIVABLES – CURRENT (Continued)

(c) Other Receivables

In 2008 an amount of $2,000,000 represented the settlement reached with Promet et al, which was received in January 2009. These amounts generally arise from transactions outside the usual operating activities of the Group and collateral is not normally obtained.

9. FINANCIAL ASSETS - CURRENT

	Consolidated		Company	
	2009	2008	2009	2008
	$	$		$
Available for sale Investments				
Investments in companies listed on a recognised stock exchange - shares at fair value				
At the beginning of the year	6,580,870	75,000	6,580,870	75,000
Re classify investment in Allied Gold Ltd from equity accounted investments	-	6,524,439	-	6,524,439
Sales of shares in Allied Gold Ltd at FV 31/12/08 5 mill @ $0.42cents	(2,100,000)	-	(2,100,000)	-
Disposal of other listed shares	(65,000)	-	(65,000)	-
Fair value movement	(938,387)	(18,569)	(938,387)	(18,569)
Total available for sale investments in companies listed on a recognised stock exchange	3,477,483	6,580,870	3,477,483	6,580,870
Available for sale investment in companies not listed on a recognised stock exchanges				
At the beginning of the year	376,224	361,398	376,224	361,398
Investment this year	1,488,643	14,826	1,488,643	14,826
Fair value movement	728,427	-	728,427	-
Total available for sale investments in companies not listed on a recognised stock exchange[1]	2,593,294	376,224	2,593,294	376,224
Total Financial Assets - Current	6,070,777	6,957,094	6,070,777	6,957,094

Available for sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

Fair value hierarchy

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

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

Notes to the Financial Statements (continued)

9. FINANCIAL ASSETS – CURRENT (Continued)

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
2009	Level 1	Level 2	Level 3	Total
Available for sale financial assets	3,477,483	2,593,294	-	6,070,777
Total	3,477,483	2,593,294	-	6,070,777
2008	Level 1	Level 2	Level 3	Total
Available for sale financial assets	6,580,870	376,224	-	6,957,094
Total	6,580,870	376,224	-	6,957,094

Fair Value of Investment in Allied Gold Limited
The market value of this investment in Allied Gold at balance date was $3,423,673 based on a price per share of 32.5 cents. The investment by Mineral Commodities Ltd in Allied Gold Ltd was reclassified from equity accounted to fair value in 2008. refer note 13(a).

[1] Non listed investments have been valued as an approximate to their fair value using accepted valuation models. Inputs into the models have been based on market evidence where available, or on managements best estimate.

(a) Risk Exposure

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in Note 24.

10. OTHER – CURRENT

Prepayments	13,351	13,145	13,351	13,145

11. PROPERTY, PLANT AND EQUIPMENT

(a)

Plant and office equipment - at cost	307,753	663,628	178,312	530,425
Accumulated depreciation	(281,238)	(290,568)	(151,649)	(163,109)
Total property, plant and equipment	26,515	373,060	26,663	367,316

Reconciliation of the carrying amount of plant & equipment at the beginning and end of the current and previous financial year

Plant and office equipment

Carrying amount at beginning of year	373,060	1,575,105	367,316	1,426,744
Additions	28,942	7,946	28,704	5,445
Impairment	(195,491)	(1,104,766)	(195,491)	(1,003,974)
Depreciation	(14,356)	(105,225)	(12,226)	(60,899)
Transferred to Available for sale assets	(165,639)	-	(165,639)	-
Carrying amount at end of year	26,515	373,060	22,664	367,316

Notes to the Financial Statements (continued)

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
(b) Non-current asset held for sale				
Available for sale plant and equipment	165,639	-	165,639	-

During 2009 further adjustments to impairment losses of $195,491 (2008 $1,003,974) were brought to account in respect of the available for sale Plant and Equipment ex Sierra Leone. The impairment value has been calculated to write off the full carrying value less the estimated net sale value.

12. EXPLORATION AND DEVELOPMENT EXPENDITURE

Exploration expenditure - costs carried forward in respect of areas of interest in:				
Exploration and evaluation phases	13,159,249	12,026,008	-	-
Total exploration and evaluation expenditure	13,159,249	12,026,008	-	-
Reconciliation of the carrying amount of exploration and development expenditure at the beginning and end of the current and the previous financial year.				
Carrying amount at beginning of year	12,026,008	11,394,491	-	-
Expenditure during the year	1,394,052	2,505,464	133,783	157,663
Impairment of exploration expenditure	-	(983,069)	-	-
Foreign exchange movements	(127,028)	(733,215)	-	-
Write off discontinued projects	(133,783)	(157,663)	(133,783)	(157,663)
Carrying amount at end of year	13,159,249	12,026,008	-	-

In March 2007, Mineral Commodities Limited's ("MRC's") majority owned South African subsidiary Transworld Energy and Minerals Resources SA Pty Ltd ("TEM") lodged the Mining Right Application for the Xolobeni Project with the Department of Minerals and Energy ("DME").

On 4 August 2008 MRC announced that it had received notification from the DME that the Mining Right for the Kwanyana block within the Xolobeni Project area would be granted. The remaining blocks (Sikombe, Mnyameni and Mpahlane) would then be held under a Prospecting Right valid to 2010 which could be extended until applications are made to convert each block into a Mining Right.

The Kwanyana block represents approximately 30% of the mining area and contains around 46% of the total insitu ilmenite resource.

However, in September 2008, the Company was advised that, on behalf of the AmaDiba Crisis Committee ("ACC") and its members, the Grahamstown office of the Legal Resources Centre filed a Notice of Appeal ("the Appeal") with the Minister of the DME. The ACC requested the Minister to suspend and then appeal the decision to grant the Mining Right.

MRC believes that due to the importance of the Xolobeni Project to the area, the Minister will continue to support the issuing of the Xolobeni Mining Right. The Company has therefore taken steps to minimise expenditure on the project pending a resolution of the Appeal.

Notes to the Financial Statements (continued)

12. EXPLORATION AND DEVELOPMENT EXPENDITURE (Continued)

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.

The impairment loss of $983,069 in 2008 was brought to account in respect of the exploration assets contained within the Company's Sierra Leone project. The impairment value was calculated to write off all the carrying value.

13(a) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2009	2008
	$	$
Investment in companies accounted for using the equity method		
At the beginning of the year	-	3,298,437
Equity accounting adjustments	-	-
Reclassify to fair value investment	-	(3,298,437)
	-	-

13 (b) SUBSIDIARIES

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Unquoted investments - at cost	-	-	1,450,003	1,451,001
Shares in controlled entities	-	-	1,450,003	1,451,001

Subsidiaries	Class of Share	Place of Incorporation	Equity Holding 2009 %	Equity Holding 2008 %	Cost to Company 2009 $	Cost to Company 2008 $
Parent Entity						
Mineral Commodities Limited		Australia				
Controlled Entities						
Rexelle Pty Ltd	Ord	Australia	100	100	1,450,001	1,450,001
Queensland Minex NL	Ord	Australia	100	100	4,718,302	4,718,302
Q Smelt Pty Ltd	Ord	Australia	90	90	-	-
Mincom Waste Pty Ltd	Ord	Australia	100	100	-	-
MRC Resources (Pty) Ltd	Ord	South Africa	100	100	-	-
MRC Africa Pty Ltd	Ord	Australia	100	100	1,000	1,000
Kariba Kono (S.L.) Ltd (refer note 1b)	Ord	Sierra Leone	100	100	-	-
Blackhawk Oil & Gas Ltd	Ord	Australia	100	100	100,000	100,000
					6,269,303	6,269,303
Less Impairment					(4,818,300)	(4,818,302)
					1,450,003	1,451,001

Notes to the Financial Statements (continued)

13 (b) SUBSIDIARIES (Continued)

Subsidiaries of MRC Resources (Pty) Ltd

		Place of Incorporation	Equity Holding 2009 %	Equity Holding 2008 %	Cost to Company 2009 $	Cost to Company 2008 $
Transworld Energy & Minerals Resources (SA) (Pty) Limited [1]	Ord	South Africa	56	56	2,500,000	2,500,000
Mineral Sands Resources (Pty) Ltd [2]	Ord	South Africa	50	50	-	-
Nyati Titanium Eastern Cape (Pty) Ltd	Ord	South Africa	100	100	-	-
MRC Metals (Pty) Ltd	Ord	South Africa	100	100	-	-
Skeleton Coast Resources (Pty) Ltd	Ord	Namibia	100	100	-	-

[1] In 2008 MRC Resources (Pty) Ltd shareholding reduced by 19% following the transfer to the Black Economic Enterprise partner.

[2] In 2008 MRC Resources (Pty) Ltd shareholding reduced by 50% following the transfer to the Black Economic Enterprise partner

14. NON-CONTROLLING INTERESTS

	Consolidated Entity 2009 $	Consolidated Entity 2008 $
Non-controlling interests in subsidiaries comprise:		
Interest in retained earnings at the beginning of the financial year after adjusting for outside equity interests in the entities acquired during the financial year	-	-
Operating loss	-	-
Share capital	54,748	54,710
Reserves	124,101	79,630
Total minority interests	178,849	134,340

During 2008 two subsidiaries' ownership interests were restructured to comply with South African legislation. Ordinary shares were issued to the Black Empowerment Parties to effect these changes in accordance with the respective agreements entered into with the Black Empowerment partners.

Notes to the Financial Statements (continued)

15. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
Opening Balance	-	-	11,841,568	9,917,134
Loans and advances - controlled entities	-	-	2,203,374	2,955,487
Interest on Loans	-	-	553,453	415,225
Less movement in impairment	-	-	(358,373)	(1,446,278)
Total Trade and other receivables	-	-	14,240,022	11,841,568

Recovery of the loans to controlled entities is dependent upon the commercial exploitation of mining tenements held by the controlled entities.

(a) Impaired receivables and receivables past due

As at 31 December 2009 non current loans and advances with a nominal value of $1,804,651 (2008: $1,446,278) were impaired.

This related to the following loans:

(i) $1,773,619 (2008:1,415,246) advanced to Kariba Kono (SL) Ltd. It is expected that the sale of the assets of this entity will not generate sufficient funds in order for this receivable to be repaid.

(ii) $31,033 (2008: $31,033) advanced to Blackhawk Oil & Gas Ltd and Queensland Minex NL were also considered to be impaired.

(b) Risk Exposure

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in Note 24.

16. TRADE AND OTHER PAYABLES - CURRENT

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Trade payables - unsecured	67,488	704,742	42,461	129,170
Other payables and accruals - unsecured	184,211	336,314	138,187	273,204
	251,699	1,041,056	180,648	402,374

(a) Fair Values and credit risk

Due to the short term nature of these payables the carrying values represent their respective fair values as at 31 December 2009 and 2008.

(b) Foreign Exchange and Interest Rate Risk

Information about the Group's and the parent entity's exposure to foreign exchange and interest rate Risk in relation to trade and other payables is provided in Note 24 .

Notes to the Financial Statements (continued)

17. CONTRIBUTED EQUITY

	2009 Number of shares	2008 Number of shares	2009 $	2008 $
Balance at beginning of financial year	141,393,385	122,993,385	39,804,350	39,436,350
Consideration for shares in Africa Uranium Ltd	2,000,000	18,400,000	200,000	368,000
Costs of capital raising	-	-	-	-
Balance at end of financial year	143,393,385	141,393,385	40,004,350	39,804,350

- In June 2009 the Company issued 2 million shares as part consideration to acquire a 10% interest in Africa Uranium Ltd

(a) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets in order to maintain sufficient funds necessary to continue its operations.

As a junior mineral explorer debt financing is not an option until such time at the Company's projects have reached a stage at which debt financing can be obtained, therefore the company considers its contributed equity as it's capital during this period. Investments such as the shareholding in Allied Gold Ltd are also regarded as part of the capital base and sold as required to fund ongoing operations.

18. RESERVES

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
General Reserve	2,437,582	2,551,100	-	-
Financial asset revaluation reserve	1,706,929	2,872,076	1,706,929	2,872,076
Listed options reserve	286,578	-	286,578	-
Share based payments reserve	-	78,500	-	78,500
Foreign currency translation reserve	(758,112)	(584,211)	(240,392)	(212,276)
	3,672,977	4,917,465	1,753,115	2,738,300

Notes to the Financial Statements (continued)

18. RESERVES (Continued)

Nature and purpose of reserves

General Reserve
The General Reserve arose from the issue of shares in MRC Resources Pty Ltd to an entity outside the economic entity.

Financial asset revaluation reserve
The financial asset revaluation reserve arises from the revaluation at balance sheet date of available for sale financial assets.

Foreign Currency Translation reserve
The foreign currency translation reserve records the unrealised foreign currency differences arising from the translation of operations into the presentation currency of the group. Refer to accounting policy Note 1 (e).

Share Based Payments Reserve
The share based payments reserve was used to recognise the fair value of options issued to employees but not exercised and the fair value of shares issued to employees. These options were not exercised by the expiry date of 30 September 2009 and have thus lapsed.

Listed Options Reserve
Proceeds form the issue of 57,357,208 listed options pursuant to an entitlement issue.

19. LOSS PER SHARE

	Consolidated	
	2009	2008
(a) Basic loss per share	cents	cents
From continuing operations attributable to the ordinary shareholders of the company (cents per share)	0.005	0.040
From discontinued operations (cents per share)	0.445	0.82
Total basic loss per share attributable to the ordinary equity holders of the company (cents per share)	.045	1.2
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	142,434,481	124,098,533
Loss used in the calculation of basic loss per share from continued operations	(7,522)	(494,478)
Loss used in the calculation of basic loss per share from discontinued operations	(635,469)	(1,021,183)

There are 57,357,208 options with an exercise price of 20 cents and an expiry date of 31 December 2012 on issue as at 31 December 2009. These potential ordinary shares are not considered dilutive and accordingly have not been used to calculate dilutive earnings per share.

20. AUDITORS' REMUNERATION

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity and non-related audit firms:

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Amounts received or due and receivable by auditors for:				
Auditors of the parent entity				
Audit and review	48,752	70,421	48,752	70,421
Non-related practice of the auditors				
Audit of subsidiaries	6,364	5,832	-	-
	55,116	76,253	48,752	70,421

Notes to the Financial Statements (continued)

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel Compensation

	Economic Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Key Management Personnel				
Short-term employee benefits	352,237	232,237	352,237	232,237
Post-employment benefits	3,963	3,963	3,963	3,963
	356,200	236,200	356,200	236,200

(c) Option holdings of key management personnel

The numbers of options over ordinary shares in the company held during the financial year by each director of Mineral Commodities Limited and other key management personnel of the Consolidated entity are set out below:

2009

Key Management Personnel	Balance at 1 January '09	Granted as Remuneration	Options Exercised	Options Lapsed	Net change other	Balance at 31 Dec '09	Vested and exercisable
Mark Caruso	-	-	-	-	7,380,396	7,380,396	7,380,396
Joseph Caruso	-	-	-	-	7,380,396	7,380,396	7,380,396
Greg Steemson	-	-	-	-	604,000	604,000	604,000
Peter Torre	250,000	-	-	(250,000)	-	-	-

2008

Key Management Personnel	Balance at 1 January '08	Granted as Remuneration	Options Exercised	Options Lapsed	Balance at 31 Dec '08	Vested and Exercisable
Mark Caruso	-	-	-	-	-	-
Joseph Caruso	-	-	-	-	-	-
Greg Steemson	-	-	-	-	-	-
Peter Torre	250,000	-	-	-	250,000	250,000

The net change other above was the take up of the entitlement issued undertaken by the Company during the period.

Notes to the Financial Statements (continued)

21. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

(d) Shareholdings of key management personnel

The numbers of ordinary shares in the company held during the financial year by each director of Mineral Commodities Limited and other key management personnel of the Consolidated entity are set out below:

2009

Director	Balance at 1 January '09	Received as Remuneration	Options Exercised	Net change other	Balance 31 Dec '09
Mark Caruso	18,463,615	-	-	600,000	19,063,615
Joseph Caruso	18,450,988	-	-	600,000	19,050,988
Greg Steemson	1,510,000	-	-	-	1,510,000
Peter Torre	-	-	-	-	-

2008

Director	Balance at 1 January '08	Received as Remuneration	Options Exercised	Net change other	Balance 31 Dec '08
Mark Caruso	11,569,353	-	-	6,894,262	18,463,615
Joseph Caruso	11,556,726	-	-	6,894,262	18,450,988
Greg Steemson	210,000	-	-	1,300,00	1,510,000
Peter Torre	-	-	-	-	-

Joseph and Mark Caruso are both directors of Zurich Bay Holdings Pty Ltd which has a relevant interest in 19,050,988 shares. The net change other above was the take up of the entitlement issue undertaken by the Company during the period.

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options, have been entered into under terms and conditions no more favourable that those the Group would have adopted if dealing at arm's length.

(e) Loans to key management personnel

There were no loans to key management personnel during the period.

(f) Other transactions and balances with key management personnel

There were no transactions or balances with key personnel except as disclosed in this note and Note 22.

22. RELATED PARTY TRANSACTIONS

There were no transactions with directors or director related entities during the financial period other than the payment of directors' remuneration as is disclosed in note 21 and the payment of $642 for secretarial services provided by Minesite Constructions Ltd an entity in which Mr Joseph Caruso and Mr Mark Caruso are Directors and have a relevant interest in the Company.

Mineral Commodities Ltd is a shareholder in Allied Gold Ltd owning 10,534,379 shares or 1.02% of the issued share capital at balance date. Mark Caruso and Greg Steemson are also directors of Allied Gold Limited.

Wholly owned group
The group consists of Mineral Commodities Limited and its subsidiaries. Details of entities in the group are set out in Note 13.

Transactions between Mineral Commodities Limited and other entities in the group during the years ended 31 December 2009 and 31 December 2008 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.

Notes to the Financial Statements (continued)

22. RELATED PARTY TRANSACTIONS (Continued)

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

An impairment loss was booked on the receivable from Kariba Kono in 2009 and the loans from Kariba Kono and Blackhawk Oil & Gas Ltd in 2008, refer to Note 15 (a) for more information. All other inter company receivables are expected to be receivable in full.

Key management personnel
Disclosures relating to key management personnel are set out in Note 21.

23(a) RECONCILIATION OF LOSS FOR THE YEAR TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Profit/(loss) after income tax and outside equity interest	(642,991)	(1,515,661)	91,707	(736,691)
Depreciation	14,356	105,225	12,226	60,899
Non bank interest income not in cash	-	-	(553,453)	(430,049)
Impairment losses	195,491	2,087,836	554,862	2,550,252
Management fees not received in cash	-	(45,000)	(100,641)	(140,685)
Provision for Employee Entitlements	4,359	(60,336)	4,359	(60,336)
(Profit)/loss on sale of investment in listed companies	(944,402)	(471,562)	(944,402)	(471,562)
Exploration expenditure written off	133,783	157,663	133,763	157,663
Exploration expenditure capitalised	(1,394,052)	(2,505,464)	(133,763)	(157,663)
Other non-cash items	(46,866)	93,520	28,119	60,852
Changes in assets and liabilities during the year:				
Increase (decrease) in trade payables and other liabilities	(789,357)	778,017	(226,346)	308,013
(Increase) decrease in trade and other receivables	1,702,916	(1,740,988)	2,064,335	(1,800,877)
(Increase) decrease in prepayments	(206)	3,578	(206)	3,578
Net cash inflow / (outflow) from operating activities	(1,766,969)	(3,113,172)	930,560	(656,606)

23(b) Non-cash Investing and Financing Activities

The group has no available finance facilities as at balance date.

Notes to the Financial Statements (continued)

24. FINANCIAL RISK MANAGEMENT

The Group and the Parent entity hold the following financial instruments:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Financial Assets				
Cash and cash equivalents	153,566	797,328	151,739	256,698
Trade and other receivables	539,358	2,242,279	28,524	2,088,241
Available for sale investments	6,070,777	6,957,094	6,070,777	6,957,094
Non current - inter company loans	-	-	14,240,022	11,841,568
	6,763,701	9,996,701	20,491,062	21,143,601
Financial Liabilities				
Trade Creditors	67,488	704,742	42,461	129,170
Other payables	184,211	336,314	138,187	273,204
	251,699	1,041,056	180,648	402,374
	6,512,002	8,955,645	20,310,414	20,741,227

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. Risk management is carried out by the Board of Directors.

The Group does not hold any derivative financial instruments.

Financial Risk

The main risk the group is exposed to through its financial instruments are exchange rate risk, interest rate risk, liquidity risk, credit risk and price risk.

Foreign exchange risk

The Parent entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The parent entity is primarily exposed with respect to the South African Rand arising from the investments in and loans to its South African subsidiaries.

Foreign exchange risk arises from assets and liabilities denominated in a currency that is not the Parent company's functional currency and net investments in foreign operations.

The Group and the parent entity currently hold no derivatives or foreign exchange contracts to hedge their foreign exchange risk exposure.

Based on the financial instruments held by the parent as at the reporting date, the sensitivity of parent entities profits after tax for the year and equity at the reporting date to movements in the Australian Dollar to South African Rand was:

- Had the Australian Dollar weakened / strengthened by 5% against the South African Rand with all other variables remaining constant, the parent entities profit after tax would have been $678,702 lower / higher (2008: $558,779 lower / higher). The reasonable possible change is based on historical changes in rates estimated by management.

Notes to the Financial Statements (continued)

24. FINANCIAL RISK MANAGEMENT (Continued)

Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures including outstanding receivables and investments in unlisted entities.

All cash balances held at banks are held at internationally recognised institutions. The majority of receivables held are with related parties and within the Group. Given this, the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the economic entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Interest Rate Risk

The Company's exposure to interest rate risk relates primarily to the Company's floating interest rate cash balance which is subject to movements in interest rates. The Board monitors its cash balance on an ongoing basis and liaises with its financiers regularly to mitigate cash flow interest rate risk. Interest is charged on the loans from the parent company to the South African subsidiaries at rates permitted by the South African reserve bank. This interest is eliminated on consolidation.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Board monitors rolling cash flow forecasts to manage liquidity risk. The only financial liabilities of the Group at balance date are trade and other payables, these amounts are unsecured.

As at reporting date the Group had sufficient cash reserves to meet its requirements. Should additional cash be required to fund operations this may be raised from the sale of listed equities held as available for sale. The Group therefore had no other credit standby facilities or arrangements for further funding in place.

The only financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30 day terms of creditor payments.

Price Risk

The parent company has an exposure to equity securities price risk. This arises from investments held by the company and classified on the statement of financial position as available for sale financial assets. Neither the group nor the parent entity are exposed to commodity price risk.

The following table summarises the impact of any increases/decreases in the market price of available for sale equity investments. The percentage used is based on possible volatility of the share price of listed investments. The percentage used is based on possible volatility of the share price and market value of the investments held. The 30% reasonable movement is based on managements estimate of historical changes.

		Price Risk			
		-30%		+30%	
2009	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Available for sale investments					
Listed Shares & Options	3,477,483	-	(1,043,245)	-	1,043,245
Unlisted shares	2,593,294	-	(777,798)	-	777,798
	6,070,777		(1,821,233)		1,821,233

Notes to the Financial Statements (continued)

24. FINANCIAL RISK MANAGEMENT (Continued)

		Price Risk			
		-20%		+20%	
2008	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Available for sale investments					
Listed shares	6,580,870	-	(1,316,174)	-	1,316,174
Unlisted shares	376,224	-	(75,245)	-	75,245
	6,957,094	-	(1,391,419)	-	1,391,419

25. SHARE BASED PAYMENTS

(a) Employee Option Plan

The establishment of the Mineral Commodities Employee Incentive Option Scheme was approved by shareholders at the 2006 annual general meeting. The incentive scheme was designed to provide long term incentives for senior staff to deliver long term shareholder returns. Under the plan, participants are granted options which vested immediately but were not exercisable until 30 September 2009. Participation in the plan was at the Boards discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. At the expiry date none of the options were exercised and consequently lapsed.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option was convertible into one ordinary share within 10 business days.

Set out below are summaries of options granted under the plan:

Consolidated and parent entity – 2009

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
16-Nov-07	30-Sep-09	$0.30	1,250,000	-	-	1,250,000	-	-
23-Nov-07	30-Sep-09	$0.30	500,000	-	-	500,000	-	-
23-Nov-07	30-Sep-09	$0.40	500,000	-	-	500,000	-	-
			2,250,000	-	-	2,250,000	-	-

Weighted average exercise price $0.322

The weighted average remaining contractual life of share options outstanding at the end of the period was nil (2008:0.75 years)

Notes to the Financial Statements (continued)

25. SHARE BASED PAYMENTS (Continued)

Consolidated and parent entity – 2008

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
16-Nov-07	30-Sep-09	$0.30	1,250,000	-	-	-	1,250,000	1,250,000
23-Nov-07	30-Sep-09	$0.30	500,000	-	-	-	500,000	500,000
23-Nov-07	30-Sep-09	$0.40	500,000	-	-	-	500,000	500,000
			2,250,000	-	-	-	2,250,000	2,250,000
Weighted average exercise price			$0.322			-	$0.322	$0.322

No options expired during the periods covered by the above table.

26 . COMMITMENTS

(a) Non- Cancellable Operating Leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Within one year	76,444	78,297	76,444	78,297
Later than one year but not later than five years	9,572	79,000	9,572	79,000
Total	86,016	157,297	86,016	157,297

The operating lease is a rental agreement for the Company's office premises in Welshpool. The lease is for a 3 year term expiring on 15 February 2011. The lease provides for annual rent reviews to the higher of CPI or market.

(b) Exploration Tenement Leases – Commitments for Expenditure.

In order to maintain current rights of tenure to exploration tenements, the Company and consolidated entity is required to outlay lease rentals and to meet the minimum expenditure requirements which are not considered to be material.

27 CONTINGENT LIABILITIES

There are no Contingent Liabilities.

Notes to the Financial Statements (continued)

28. SUBSEQUENT EVENTS

No event or transaction has arisen in the interval between the end of the financial year and the date of this report of a material and unusual nature that is likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company or the Consolidated Entity, the results of those operations or the state of affairs of the Company or the Consolidated Entity in future financial years.

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flow, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 including;
   (a) complying with Australian Accounting Standards, Corporations Regulations 2001; and other mandatory professional reporting requirements, and
   (b) give a true and fair view of the company's and consolidated entity's financial position as at 31 December 2009 and of the performance for the 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.
3. The remuneration disclosures set out on pages 7 to 9 of the Directors Report comply with S300A of the Corporations Act 2001.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors:

Greg Steemson
Managing Director
Dated at Perth, Western Australia this 31st day of March 2010

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31 March 2010

Mineral Commodities NL
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51 - 53 Kewdale Road
WELSHPOOL WA 6106

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF MINERAL COMMODITIES LIMITED

As lead auditor of Mineral Commodities Limited for the year ended 31 December 2009, 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 audit
- any applicable code of professional conduct in relation to the audit.

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

Peter Toll
Director

BDO

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MINERAL COMMODITIES LIMITED

Matters Relating to the Electronic Presentation of the Full-Year Financial Report

This auditor's report relates to the full-year financial report of Mineral Commodities Limited for the year ended 31 December 2009 included on Mineral Commodities Limited's web site. The disclosing entity's directors are responsible for the integrity of Mineral Commodities Limited's web site. We have not been engaged to report on the integrity of Mineral Commodities Limited's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this financial report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the financial report to confirm the information included in the audited financial report presented on this web site.

Report on the Financial Report

We have audited the accompanying financial report of Mineral Commodities Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

(a) the financial report of Mineral Commodities Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2009 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Significant uncertainty over granting of Mining Right

Without qualification to the opinion expressed above, attention is drawn to Note 1 (u) in the financial statements regarding the Notice of Appeal filed in relation to the Mining Right over the Xolobeni area of interest. Pending the outcome of this appeal the issue date of the Mining Right has been deferred. Expenditure has been minimised until outcome of the appeal has been resolved. The ultimate outcome of the matter cannot presently be determined, and no impairment in respect of this area has been recognised. If the appeal by third parties is successful, the capitalised expenditure in relation to the Xolobeni area of interest may not be recoverable at the amounts stated in the financial statements.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Mineral Commodities Limited for the year ended 31 December 2009, complies with section 300A of the *Corporations Act 2001*.

BDO AUDIT (WA) PTY LTD

BDO

Peter Toll
Director

Perth, Western Australia
31 March 2010

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Mineral Commodities Limited (MRC) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

In accordance with the Australian Securities Exchange (ASX) Corporate Governance Council's ("CGC") "Principles of Good Corporate Governance and Best Practice Recommendations" the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed together with the reasons for the departure.

The Company's corporate governance practices were in place throughout the year and are compliant, unless otherwise stated, with the Corporate Governance Council's principles and recommendations, which are noted below.

Principle 1.	Lay solid foundations for management and oversight
Principle 2.	Structure the Board to add value
Principle 3.	Promote ethical and responsible decision making
Principle 4.	Safeguard integrity in financial reporting
Principle 5.	Make timely and balanced disclosure
Principle 6.	Respect the rights of shareholders
Principle 7.	Recognise and manage risk
Principle 8.	Remunerate fairly and responsibly

A summary of the corporate governance policies and practices adopted by MRC is set out below.

Role of the Board of Directors

The Board of MRC is responsible for setting the Company's strategic direction and providing effective governance over MRCs' affairs in conjunction with the overall supervision of the Company's business with the view of maximising shareholder value. The Board's key responsibilities are to:

(a) chart the direction, strategies and financial objectives for MRC and monitor the implementation of those policies, strategies and financial objectives;

(b) monitor compliance with regulatory requirements, ethical standards and external commitments;

(c) appoint, evaluate the performance of, determine the remuneration of, plan for the succession of and, where appropriate, remove the Chief Executive Officer if in place or similar person acting in the executive capacity; and

(d) ensure that the Board continues to have the mix of skills and experience necessary to conduct MRCs' activities, and that appropriate directors are selected and appointed as required.

In accordance with MRCs' Constitution, the Board delegates responsibility for the day–to–day management of MRC to the Managing Director (subject to any limits of such delegated authority as determined by the Board from time to time). Management as a whole is charged with reporting to the Board on the performance of the Company.

Board structure and composition

The Board currently is comprised of 3 directors, none of which are independent non–executive Directors. Details of each directors skill, expertise and background are contained within the directors report included with the company's annual financial statements.

Independence, in this context, is defined to mean a non–executive Director who is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of MRC. The definition of independence in ASX Recommendation 2.1 is taken into account for this purpose.

It is the Board's intention to increase the size of the Board as the scale of activities develops, and such expansion will see an introduction of independent non-executive directors. In the absence of such scale, the Board does not believe that the existence of further independent non-executive directors would be of benefit to the Company.

Details of directors' shareholdings are disclosed in the directors' report and financial report. There are no retirement schemes other than the payment of statutory superannuation contributions.

Any equity based compensation of directors is required to be approved in advance by shareholders.

Presently, the roles of Chairman and Managing Director have been separated.

The Managing Director is responsible for supervising the management of the business as designated by the Board. This ensures the appropriate independent functioning of the Board and management.

MRCs' non–executive Directors may not hold office for a continuous period in excess of three years or past the third annual general meeting following their appointment, whichever is longer, without submitting for re–election. Directors are elected or re–elected, as the case may be, by shareholders in a general meeting. Directors may offer themselves for re–election. A Director appointed by the Directors (e.g., to fill a casual vacancy) will hold office only until the conclusion of the next annual general meeting of MRC but is eligible for re–election at that meeting.

Under MRCs' Constitution, voting requires a simple majority of the Board. The Chairman holds a casting vote.

The Company has procedures enabling any director or committee of the board to seek external professional advice as considered necessary, at the Company's expense subject to prior consultation with the Chairman. A copy of any advice sought by a director would be made available to all directors.

Board and management effectiveness

Responsibility for the overall direction and management of MRC, its corporate governance and the internal workings of MRC rests with the Board notwithstanding the delegation of certain functions to the Managing Director and management generally (such delegation effected at all times in accordance with MRC' Constitution and its corporate governance policies).

An evaluation procedure in relation to the Board, individual Directors and Company Executives has not taken place since the inception of the Company. Given the small scale of the Company's current activities, the performance of the executives and directors is easily monitored and discussed in Board meetings. Once the nature and scale of activities increases, the Company will initiate formal evaluation procedures.

Financial reporting, Internal Control and Risk Management

The Board has overall responsibility for MRC;s systems of internal control. These systems are designed to ensure effective and efficient operations, including financial reporting and compliance with laws and regulation, with a view to managing risk of failure to achieve business objectives. It must be recognized however that internal control systems provide only reasonable and not absolute assurance against the risk of material loss.

The Board reviews the financial position of MRC on a weekly basis. For annual financial statements, the Managing Director and the Company Secretary are required to state in writing that:

- the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results in accordance with the relevant accounting standards; and

- are founded on a system of risk management and internal compliance and control and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Management has not formally reported to the Board on the effectiveness of the Company's management of material business risk. Management and the Board interact on a day to day basis and risk is currently being considered on an informal day to day basis across the financial, operational and organisation aspects of the Company's business.

Committees of the Board of Directors

The Board has not established any permanent committees, namely an Audit and Risk Committee and a Remuneration and Nomination Committee. The Board and scale of actives is not of a sufficient size to warrant separate committees in this regard.

In the absence of an audit committee, the entire Board undertakes the function of an audit committee. The duties of this committee include:

- to be the focal point of communication between the Board, management and the external auditor;

- to recommend and supervise the engagement of the external auditor and monitor auditor performance;

- review the effectiveness of management information and other systems of internal control;
- review all areas of significant financial risk and arrangements in place to contain those to acceptable levels;
- review significant transactions that are not a normal part of the Company's business;
- review the year end and interim financial information and ASX reporting statements;
- to monitor the internal controls and accounting compliance with the Corporations Act, ASX Listing Rules, external audit reports and ensure prompt remedial action where required; and
- review the Company's financial statements and accounting procedures.

The Company's auditor is invited to attend the annual general meeting and the Company supports the principle of the auditor being available to answer questions on the conduct of the audit and the content of the audit report.

Timely and balanced disclosure

MRC is committed to promoting investor confidence and ensuring that shareholders and the market have equal access to information and are provided with timely and balanced disclosure of all material matters concerning the Company. Additionally, MRC recognises its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Company's shareholders are responsible for voting on the appointment of directors. The Board informs shareholders of all major developments affecting the Company by:

- Preparing half yearly and annual financial reports and making these available to all shareholders.
- Preparing quarterly activity and cash flow reports.
- Advising the market of matters requiring disclosure under Australian Stock Exchange Continuous Disclosure Rules.
- Maintaining a record of significant ASX announcements on the Company's website.
- Submitting proposed major changes in the Company's affairs to a vote of shareholders, as required by the Corporation Law.
- Reporting to shareholders at annual general meetings on the Company's activities during the year. All shareholders that are unable to attend these meetings are encouraged to communicate issues or ask questions by writing to the Company.

The Company does not have a formal disclosure policy however, the Board and management are aware of their responsibilities in respect of identifying material information and coordinating disclosure of that information where required by the ASX Listing Rules.

Ethical and responsible decision–making

Code of Conduct

The Board has created a framework for managing the Company including internal controls, business risk management processes and appropriate ethical standards.

The Board has adopted practices for maintaining confidence in the Company's integrity including promoting integrity, trust, fairness and honesty in the way employees and Directors conduct themselves and MRCs' business, avoiding conflicts of interest and not misusing company resources. A formal Code of Conduct has not been adopted for all employees and Directors of MRC due to the total number of employees and director's only being 6.

Securities Trading Policy

The Company has adopted a policy that imposes certain restrictions on directors and employees trading in the securities of the Company. Key aspects of the policy are:

- All directors and employees are to formally notify the Company Secretary of their beneficial shareholdings in the Company and any changes to this within 2 days of such change occurring. The Company Secretary maintains a register of interests in the Company held by directors.

- No director or employee or any entities controlled by them is allowed to trade in the securities of the Company without notifying the Chairman.
- No director or employee or any entity controlled by them is allowed to engage in the business of active dealing in the Company's securities.
- A director or employee or any entities controlled by them must not trade at any time when he or she is in possession of information which if generally available would materially affect the price or value of the Company's securities.

Other Information

The ASX guidelines also prescribe that the Company should maintain a dedicated corporate governance information section on its website. Such a dedicated information section is not presently available on the Company's website, although the annual financial report will be posted to the website and the Statement of Corporate Governance can be viewed there.

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Ltd Listing Rules and not disclosed elsewhere in this report. This information is current as at 6 April 2010.

Twenty Largest Shareholders

Name	Number of ordinary shares	Percentage of issued shares
HSBC Custody Nominees (Australia) Ltd	23,910,221	16.67%
Zurich Bay Holdings Pty Ltd <Minesite Construction A/C>	19,050,988	13.28%
ANZ Nominees Limited <Cash Income A/C>	7,715,313	5.38%
Miss Kathryn Yule	6,082,500	4.24%
Mr Keng Heng Goh	5,175,000	3.60%
Mr Kevin Anthony Leo and Mrs Leticia Leo	3,400,000	2.37%
IEC Investments Pty Ltd	2,500,000	1.74%
National Nominees Limited	2,203,442	1.53%
Mr David Geoffrey Vincent and Mrs Guiseppina Antonina Vincent	2,170,000	1.51%
Mr Anthony Grant Melville and Mrs Elaine Sandra Melville <Melville Super Account>	2,000,000	1.39%
Mrs Elaine Sandra Melville	2,000,000	1.39%
Africa Uranium Limited	1,800,000	1.25%
Mr Gregory Hugh Steemson and Mrs Barbara Fay Steemson <GH Steemson Family Super Account>	1,510,000	1.05%
International Mining Services Ltd	1,500,000	1.04%
Robert Cameron Galbraith	1,459,221	1.01%
Mr David Geoffrey Vincent <The Canella family A/C>	1,036,000	0.72%
Mr Ian Thomson	1,000,000	0.69%
Kingarth Pty Ltd	1,000,000	0.69%
Mr Emanuel Richard Brian Dillon <The Complete A/C>	1,000,000	0.69%
Mr William Davidson Meek	1,000,000	0.69%
	87,512,685	**60.93%**

Twenty Largest Option Holders

Name	Number of Options	Percentage of issued shares
HSBC Custody Nominees (Australia) Ltd	8,174,255	14.25%
Zurich Bay Holdings Pty Ltd <Minesite Construction A/C)	6,980,396	12.17%
Ms Kathryn Yule	3,403,000	5.93%
Charliv Investments Pte Ltd	3,000,000	5.23%
ANZ Nominees Limited <Cash Income A/C>	2,617,394	4.56%
Mr Anthony Grant Melville and Mrs Elaine Sandra Melville <Melville Super Account>	1,925,133	3.35%
Mr Christopher Victor Caruso	1,700,000	2.96%
Mr Emanuel Richard Brian Dillon <The Complete A/C>	1,400,000	2.44%
International Mining Services	1,400,000	2.44%
Kevin Leo	1,400,000	2.44%
Mr Kevin Anthony Leo and Mrs Leticia Leo	1,360,000	2.37%
Mr David Geoffrey Vincent and Mrs Guiseppina Antonina Vincent	1,234,000	2.15%
Goffacan Pty Ltd	1,125,132	1.96%
Mr Isaac Cohen & Mrs Estelle Mary Cohen & Mr David Peter Cohen <The	1,000,000	1.74%

Cohen Family S/Fund A/C>		
Lawrence Crowe Consulting	1,000,000	1.74%
National Nominees Limited	667,200	1.16%
Mr Gregory Hugh Steemson and Mrs Barbara Fay Steemson <GH Steemson Family Super Account>	604,000	1.05%
Mr Gerald Magree	600,000	1.04%
Mr Robert Cameron Galbraith	583,689	1.01%
Mr Ross Nicholaidis	500,000	0.87%
	40,674,199	**70.91%**

Distribution of Shareholders and Optionholders

Range of holdings	Number of shareholders	Number of shares	Number of option holders	Number of Options
1 – 1,000	134	44,188	24	12,766
1,001 – 5,000	404	1,404,816	88	238,098
5,001 – 10,000	190	1,595,021	47	349,927
10,001 – 100,000	415	15,848,226	139	5,921,251
100,001 – and over	150	124,500,770	65	50,835,166
Total holders	**1,293**	**143,393,021**	**363**	**57,357,208**

Marketable Parcels

Number of shareholders holding less than a marketable parcel of ordinary shares is 775.

Voting Rights

Every ordinary shareholder present in person or by proxy at meetings of shareholders shall have one vote for every share held.

Option holders have the right to attend meetings but have no voting rights until the options are exercised.

Substantial shareholders

The following shareholders are considered substantial shareholders:

- Mirabaud Investment Limited holding 10.7% of the issued ordinary shares at the date of their last substantial interest notice to the Company.
- Zurich Bay Holdings Pty Ltd holding 13.28% of the issued ordinary shares.

Restricted securities

There are no restricted securities.

Share buy backs

There is no current on market share buy back.