◂ ANNUAL REPORT 2013

DIRECTORS

Mr Joseph Anthony Caruso	Non-Executive Director
Mr Mark Victor Caruso	Executive Chairman
Mr Peter Patrick Torre	Non-Executive Director
Mr James Gerald Leahy	Independent Non-Executive Director
Mr Guy Redvers Walker	Independent Non-Executive Director

COMPANY SECRETARY

Mr Peter Patrick Torre

REGISTERED OFFICE

40 Murray Road North
Welshpool,
Western Australia 6106

Telephone:	(61 8) 6253 1100
Facsimile:	(61 8) 9258 3601
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

Link Market Services Limited
Ground Floor, 178 St Georges Terrace
PERTH WA 6000
Telephone 1300 554 474

STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Limited under ASX Code - MRC

CONTENTS

Dear Shareholders,

It is with pleasure that I present the 2013 Annual Report to the shareholders of the Company. Last year I noted that your Company had commenced an exciting phase in its development, with considerable milestones being achieved to proceed with the Tormin Mineral Sands Project (Tormin). It is with immense pride that I can now report that Tormin was developed and commissioned on time and on budget during the 2013 financial year.

Of particular importance to the Board of Mineral Commodities Limited, was the exemplary safety record during the development of Tormin, recording in excess of 140,000 man hours without a loss time injury. We will work to ensure this record is maintained during the operation of Tormin.

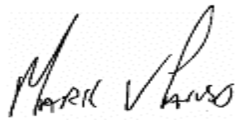
The finalization of the project itself could not have been achieved without the patience and continued support of the shareholders of the Company, and the Board sincerely thanks you for your unwavering commitment to stand by the board in its decision to pursue this project.

As indicated last year the same persistence and patience will be applied in respect to the Company's Xolobeni Mineral Sands Project (Xolobeni). The Company is encouraged by the continuing momentum that is building for the development of Xolobeni and is confident that, once all final studies are completed, the economic and social benefits of Xolobeni, including the upliftment of the local Amadiba population, will create a compelling case for its development and show beyond doubt that responsible mining can make a significant contribution to sustainable development.

With the commencement of operations at Tormin, this will enable the Company with a means to ensure all aspects of its projects are optimized to provide for maximum return to shareholders through a prudent and rewarding capital management policy.

The financial information reported within this annual report reflects that of a developing Company and we look forward to reporting on our operations in the coming financial year.

On behalf of the Board, I would like to thank our CEO Mr. Andrew Lashbrooke, our Partners in South Africa from the Xolobeni Community, and all the staff both in Australia and overseas who have worked tirelessly in ensuring the success of the development of Tormin. We look forward to their continued commitment and drive to ensure the same operational success.



Mark V. Caruso
Chairman

Dear Shareholders,

We started the year with a great sense of anticipation that, having patiently pursued the Company's projects for many years, the efforts would be rewarded and that 2013 would see Mineral Commodities successfully transition from an exploration phase to a fully fledged mineral sands producer.

I am delighted to report that the ambitious development targets for 2013 were met in all respects and it is with great pride that I am able to highlight some of what was achieved over the past year.

Development of the Tormin Project

Construction and development of the Tormin Mineral Sands Project (Tormin) commenced in early 2013 and was completed on time and under budget by the end of the year.

Importantly, commissioning of all mining and processing equipment and infrastructure was also completed within the same timeframe and by the end of the year the Company had mined and stockpiled in excess of 6 weeks' processing feedstock at the Tormin Secondary Concentrator Plant (SCP).

As a result, the Board was able to confirm that with effect from January 2014 Mineral Commodities had completed the development of Tormin and had commenced full production.

Safety and Human Resources

Through the development of Tormin the Company created 65 full time jobs and during commissioning up to 120 employees and contractors were operating on site. In line with the Company's commitment to the upliftment of its Empowerment Partners in South Africa and the local community, approximately 50% of these operators had never previously had employment.

The skills transfer through this process was particularly rewarding, but also presented a safety challenge. Completing construction and development of Tormin without a lost time injury was consequently a remarkable achievement.

Replenishment from the Offshore Area

The Company holds the prospecting rights to the area 1 km seawards of the Tormin tenement. Based on the belief that the beach resource would be replenished from this zone after mining activity has removed the ore. By the end of the year 99% of the ore stockpiled at the SCP had been replenished to within 10% of the original grading.

These results have exceeded initial expectations and the Company will proceed with its testing programme in 2014 of the potential for the offshore area to significantly extend the Tormin Life of Mine.

Sales and Marketing

During the year the Company concluded an offtake agreement with Wogen Pacific Limited ("Wogen") for 100% of the non-magnetic concentrate to be produced at Tormin. The agreement also provided Mineral Commodities with significant working capital benefits and a pre-finance arrangement of $2 million.

This agreement with Wogen not only provides the economic underpinning for Tormin but also confirms the market support for the products it will produce.

During the year an arrangement was also concluded with Transnet, South Africa's rail operator, for a dedicated rail service to be made available for Tormin product. This will provide a safer alternative to road transport and significantly reduce the cost of logistics to the port.

Xolobeni Project

The Company pursued its prospecting right application for the Kwanyana block of the Xolobeni Mineral Sands Project during the year.

Whilst the project faces a number of challenges, each has been dealt with to the satisfaction of the Department of Mineral Resources and the Company is pleased that the process has led to increased political, regulator and community support for the project.

As the Company remains confident that its application will be approved and that a mining right will be awarded in due course, a number of baseline studies required for the project were initiated in 2013. The first results are very pleasing, particularly in relation to water supply, and the Company will continue with subsequent phases of these studies in 2014.

PRIORITIES AND OUTLOOK FOR 2014

The Company is pleased with all that has been achieved in 2013 and, in particular, that the efforts in every aspect of the value chain will produce significant benefits for the group in future years.

The immediate objectives for 2014, however, are to ensure initial production plans and financial forecasts for Tormin are met.

Thereafter the Company will focus its attention on the potential value of the offshore area at Tormin and its ability to support increased output or an extended Life of Mine.

The interest received in the Ilmenite produced at Tormin is also expected to lead to the conclusion of an offtake for this product in early 2014.

The Xolobeni Project clearly has the capacity to be a world-class Ilmenite asset. The Company therefore expects to use Tormin to support its case that it can successfully develop, manage and rehabilitate mineral sands projects in South Africa and demonstrate its ability to responsibly and sustainably develop the Xolobeni Project to the benefit of all Stakeholders.

I am privileged to have been part of the incredible transformation of Mineral Commodities over the past 12 months. I am particularly grateful to the Board, project team, management and fellow employees of the Company for their dedication and enthusiasm that has made the transformation possible and rewarding.

We are all also constantly mindful of the trust you have placed in us and remain committed to developing the Company in your best interests.

Andrew Lashbrooke
Chief Executive Officer

DIRECTORS

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 2013.

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

Mr Mark Victor Caruso	Executive Chairman
Mr Joseph Anthony Caruso	Non-Executive Director
Mr Peter Patrick Torre	Non-Executive Director and Company Secretary
Mr James Gerald Leahy	Independent Non-Executive Director
Mr Guy Redvers Walker	Independent Non-Executive Director

DIRECTORS' INFORMATION

MARK VICTOR CARUSO
Executive Chairman

Mr Caruso has extensive experience in mining, earthmoving and civil engineering construction earthworks. Mr Caruso has been a director of Mineral Commodities Limited since September 2000. He was previously Chairman of Allied Gold Mining PLC,(AGMP) responsible for the delivery of the Gold Ridge Project in the Solomon Islands and the Simberi Gold Project in Papua New Guinea. After resigning from AGMP Mr Caruso transitioned into the position of Executive Chairman of Mineral Commodities in August 2012. Mr Caruso is also a Director of Perpetual Resources Limited being appointed in September 2013.

JOSEPH ANTHONY CARUSO
Non-Executive Director

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. He was previously Non-Executive Chairman of the Company, moving to the position of Non-Executive Director in August 2012.

PETER TORRE
Non Executive Director and Company Secretary

Mr Torre was appointed Company Secretary of Mineral Commodities Limited in July 2006, and as a director of the Company on 1 April 2010. He is a Chartered Accountant, a Chartered Secretary and a member of the Australian Institute of Company Directors. 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 Mission New Energy Limited. In the previous three years he was previously a Director of Neo Resources Limited, resigning in September 2013.

JAMES GERALD LEAHY
Non Executive Director

Following a period on the London Metal Exchange, Mr Leahy has spent the past 28 years in the mining industry as a specialist corporate broker, including mining finance, origination and equity sales. He has worked on a wide range of projects, worldwide, ranging from industrial minerals, precious metals, copper, diamonds, coal, uranium and iron ore. Mr Leahy has substantial experience with international institutional fund managers, hedge funds and sector specialists. Over the years Mr Leahy has been involved in more than 30 IPO's and a large number of primary and secondary placings, developing junior companies through to production and beyond. Mr Leahy is currently a director of Bacanora Minerals Ltd and Forte Energy NL. He was previously a director of Continental Coal Ltd, Alberta Coal and OPI.

GUY REDVERS WALKER
Non Executive Director

Mr Walker is a highly accomplished director and senior investment management executive with over 20 years financial markets experience. Mr Walker currently sits on the boards of several listed mining companies including exploration, development and production companies. Mr. Walker has extensive experience in capital raising through both traditional banks and alternative lenders. Mr Walker is currently a director of Navigator Resources Limited, Bacanora Minerals Ltd and Metals Exploration plc. He was previously a director of ENK plc.

L to R: Andrew Lashbrooke (CEO), Mark Caruso (Executive Chairman), Madiba Qunya (Blue Bantry), Ms Susan Shabangu, MP (Minister of Mineral Resources), Mr Gugile Nkwinti (Minister of Rural Development and Land Reform)

L to R: Andrew Lashbrooke (CEO), Mark Caruso (Executive Chairman), Guy Walker (Non-Executive Director), James Leahy (Non-Executive Director), Madiba Qunya (Blue Bantry), Zwelenzima Mingingi (MSR)

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 development of the Tormin Mineral Sands Project in the Western Cape Province of South Africa and the evaluation of the Xolobeni Mineral Sands Project in the Eastern Cape Province of South Africa.

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

CONSOLIDATED RESULTS

The loss of the group after income tax and non-controlling interests was $1,622,215 (2012: $1,191,061).

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

TORMIN MINERAL SANDS PROJECT

The Company commenced and concluded the development of the Tormin Mineral Sands Project on time and on budget during the year.

Commissioning of the Primary Beach Concentrators ("PBCs") commenced in October 2013, followed shortly thereafter by the commencement of mining operations. By mid-December 2013, the Company had mined and stockpiled in excess of 60,000 tonnes of HMC at the Secondary Concentrator Plant ("SCP").

Fabrication and construction of the SCP infrastructure, plant and plate-work was completed during the last quarter of the year. The water supply to the SCP, process water dams, steel structure and mechanical equipment were also installed and tested.

Initial cold commissioning was undertaken in the first week of December, 2013 and hot commissioning commenced on the 11th December, 2013 and by the end of the year, the Company had achieved nameplate output at very close to design specification.

The seasonal ocean and tidal conditions between the months of August and October served to act as a natural catalyst to upgrading the beach resource. The extremely high grade of ROM encountered on the beach allowed the Company to feed ROM ore directly into the SCP bypassing the PBCs.

Based on the success of associating the PBC spirals with the SCP, the Company has decided to permanently relocate and operate the PBCs at the SCP and not on the beach. This will result in significant de-risking of the PBC operation and require only one PBC unit to be operated in the future as it will not be affected by daily tidal movements and ocean conditions.

TORMIN SALES AND MARKETING

As separately announced, the Company and its subsidiary, Mineral Sands Resources Proprietary Limited (MSR), which owns Tormin, concluded an offtake agreement with Wogen Pacific Limited for 100% of the non-magnetic concentrate (Concentrate) to be produced at Tormin.

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

DIRECTOR'S REPORT (CONTINUED)

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

The Tormin mine plan and engineering processing design provides for primary beach concentration of 1.2 Mtpa producing approximately 48,000 tonnes of Zircon/Rutile Concentrate grading up to 80% Zircon and 10% Rutile.

Phase Two of the Tormin Project Development provides for further processing through construction of a dry mineral separation plant (MSP) to produce various magnetic concentrates, including up to 125,000 tonne per annum Ilmenite and 100,000 tonne per annum of Garnet.

The Company has also received a number of proposals for the Ilmenite to be produced from Tormin. MRC is in advanced negotiations with these parties and therefore hopes to be in a position to finalise an offtake for 100% of the Ilmenite in the first half of 2014. The Ilmenite concentrate is currently being stockpiled until an offtake agreement is finalised and the additional plant required to produce this product is acquired and installed.

Delivery of the Garnet concentrate to Blastrite will commence in the first half of 2014 under the terms of that offtake agreement.

LOGISTICS

The supply chain team has made significant progress with the SA rail operator, Transnet, and a dedicated rail service has been agreed. This will improve the economics and logistics flow of the product to port.

The first Zircon/Rutile Concentrate Product to Wogen Pacific was shipped on 25 January 2014 and will continue on a weekly basis into the future.

SAFETY & HUMAN RESOURCES

MRC commenced operations with an exemplary safety record at Tormin and was pleased to announce during the year that by the commencement of the commissioning of the Secondary Concentration Plant ("SCP"), MRC had achieved in excess of 140,000 man hours on site without a Lost Time Injury.

This record is even more impressive given the tight schedule, the number of separate contractors on site towards the end of the Project and that the vast majority of workers on site were drawn from the local community, who were relatively inexperienced and were working shifts as the site operated 24 hours per day.

TORMIN - OFFSHORE PROSPECTING ACTIVITIES

MRC has previously reported that a prospecting right for the offshore area immediately adjacent to Tormin was awarded towards the end of 2012. The offshore prospecting area covers an area of 12 sqkm and extends 1km out to sea from the low water mark and covers the full length of the existing 12km Tormin tenement.

The established geology of the region confirms that the source of the Tormin beach deposit is a Heavy Mineral-rich offshore zone and that the dynamic coastline serves to replenish the beaches by transporting sediment from deeper waters.

Formal studies, including drilling and sampling, will take place during the first half of 2014 with a view to identifying and quantifying the extent of beach replenishment and the extent of the offshore resource.

In the interim beach mining operations have confirmed the previous informal tests conducted by the Company. Ore removed by the beach operations has been replenished by the sea in one tidal cycle. Within 3 days thereafter natural jigging by the beach returns the deposit to within 10% of the initial resource grading. Certain areas of the beach have already been mined 4 times in an effort to test the extent of replenishment and to date no reduction in overall resource grading has been experienced.

The Company is therefore optimistic that replenishment of the beach will increase the expected life of Tormin.

The testing planned for the first quarter as well as the empirical results from beach mining over this period will provide significant inputs into this assessment.

XOLOBENI MINERAL SANDS PROJECT (SOUTH AFRICA)

In November 2011 the Department of Mineral Resources ("DMR") extended the prospecting rights over the Xolobeni project, excluding the Kwanyana block, for a further period of 3 years. During the first quarter of 2012, this right was executed and subsequently registered by the DMR in the third quarter of 2012.

MRC has advised that the DMR had withdrawn the previously granted Conditional Mining Right over the Kwanyana block and that it was engaging with the DMR and Minister in relation to these matters. The Company subsequently withdrew all previous applications in respect of the Kwanyana block and immediately applied for a new prospecting right over the same block.

The benefit of this approach is that the Kwanyana block will be re-aligned with the rest of the Xolobeni project which will enable the Company to progress its application to develop Xolobeni in its entirety and, in so doing, demonstrate that this can be undertaken responsibly and sustainably.

The DMR accepted the new prospecting right application (PRA) over the Kwanyana block in the first quarter of 2012 and, in accordance with prevailing legislation, directed the Company to submit an Environmental Management Plan (EMP) for the prospecting work and details of its engagement with all stakeholders with an interest in the project. The Company compiled an EMP for the Kwanyana block prospecting work and undertook a comprehensive stakeholder engagement process (SEP) during the second quarter of 2012. The EMP and SEP report were also lodged with the DMR in accordance with the required timetable.

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

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

XOLOBENI PUBLIC PARTICIPATION SUCCESSFULLY COMPLETED

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

In late December 2013, the Company was advised that the DMR will meet to consider the SEP and other matters relating to the Kwanyana PRA on 22 January 2014.

The Company attended the meeting after the year end on 22 January 2014 as planned. The representations made by the Company were well received and all objections appropriately addressed. The Company therefore remains optimistic that the DMR will award a new prospecting right over the Kwanyana block during the first half of 2014 and enable the Company to do the final work necessary to submit a mining right application for the entire Xolobeni tenement as soon thereafter as possible.

XOLOBENI BASELINE STUDIES

In the interim, work has commenced on preparation for the various baseline studies that are required as part of the prospecting works programme and in preparation for and application for a mining right for Xolobeni. By the end of the quarter MRC had appointed a specialist to commence a water study on the Xolobeni area. The Company expects this work to be completed in the first half of 2014.

FINANCIAL POSITION

The net assets of the group have increased from $20,962,421 at 31 December 2012 to $28,582,858 at 31 December 2013.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group will continue the process of development and operation 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.

In the course of its normal mining and exploration activities, the Group 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:

Country	Location	Number	Type of Right	Status	Interest
South Africa	Tormin	(WC)30/5/1/2/2/163MR	Mining	Approved	100%
South Africa	Tormin	(WC)30/5/1/2/2/162MR	Mining	Approved	100%
South Africa	Tormin	(WC)30/5/1/1/2/10036PR	Prospecting	Approved	100%
South Africa	Xolobeni	EC30/5/1/1/2/6PR	Prospecting	Approved	100%
South Africa	Kwanyana	EC30/5/1/1/2/10025PR	Prospecting	Under Application	100%

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:

CORPORATE

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

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

On 4 September 2013 Mineral Commodities Limited announced that it intended to undertake a 1 for 4 non-renounceable entitlement issue of approximately 80,988,228 fully paid ordinary shares to raise approximately $6,479,066. The price of New Shares under the Offer was $0.08 each. The Offer was fully underwritten by Zurich Bay Holdings Pty Ltd and Au Mining Limited. The Prospectus for the Offer was lodged with ASIC on 4 September 2013.

Following completion of the Offer, the Company has the following securities on issue:

- 404,941,571 fully paid ordinary shares listed on the ASX
- 10,000,000 Unlisted Options exercisable at $0.20 on or before 31 December 2015
- 1,000,000 Unlisted Options exercisable at $0.35 on or before 31 December 2015

OPTIONS

No further options were issued in the period covered by this report.

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

Options	No of Options	Exercise Price	Expiry Date
Opening Balance 1 January 2013	10,000,000	$0.20	31 December 2015
	1,000,000	$0.35	31 December 2015
Balance at 31 December 2013	10,000,000	$0.20	31 December 2015
	1,000,000	$0.35	31 December 2015

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:

2013					
Ordinary Shares	Balance at 1 January 2013	Received as Remuneration	Options Exercised	Net change other	Balance 31 March 2014
Mark Caruso - Indirect	21,569,988	-	-	56,784,026	78,354,014
- Direct	12,627	-	-	3,157	15,784
Joseph Caruso	21,569,988	-	-	55,437,497	77,007,485
Peter Torre	500,000	-	-	125,000	625,000
Guy Walker	100,000	-	-	25,000	125,000
James Leahy	-	-	-	-	-

J A Caruso and M V Caruso are both directors of and have a relevant interest in Zurich Bay Holdings Pty Ltd, which holds 77,007,485 shares in the Company.

DIRECTORS' SHAREHOLDING INTERESTS

2013						
Options	Balance at 1 Jan 2013	Received as Remuneration	Options Exercised	Options Lapsed	Net change other	Balance at 31 Dec 2013
Mark Caruso	1,000,000	-	-	-	-	1,000,000
Joseph Caruso	1,000,000	-	-	-	-	1,000,000
Peter Torre	1,000,000	-	-	-	-	1,000,000
Guy Walker	1,000,000	-	-	-	-	1,000,000
James Leahy	1,000,000	-	-	-	-	1,000,000

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:

Name	Directors' Meetings		Audit Committee Meeting		Remuneration Committee Meeting	
Number of meetings held A being total of meetings eligible to attend B being total of meetings actually attended	A	B	A	B	A	B
Mr Joseph Anthony Caruso	7	4	-	-	2	1
Mr Mark Victor Caruso	7	7	-	-	-	-
Mr Peter Patrick Torre	7	7	4	4	2	2
Mr Guy Walker	7	7	4	4	2	2
Mr James Leahy	7	7	4	4	2	2

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.

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 Key Management Personnel, if any, on an annual basis and makes recommendations. Remuneration packages are reviewed with due regard to performance and other relevant factors. No remuneration consultants have been used due to the small number of employees and Key Management Personnel.

Remuneration packages may contain the following key elements:

(a) Directors Fees;
(b) Salary & Consultancy; and
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, if any, is reviewed annually to ensure the executive 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. Long-term incentives are provided to directors and other Key Management Personnel to incentivise them to deliver long-term shareholder returns. These are determined based on what the Board believes as reasonable based on market conditions. Any grant of securities to directors of the Company must be approved by shareholders in general meeting.

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. Directors Fees and the Remuneration of the CEO is fixed. There is no at risk component of any remuneration of the Key Management Personnel.

During the year the board appointed a separate remuneration and nomination committee.

	2013	2012	2011	2010	2009
Loss for the year	1,622,215	1,191,061	2,135,788	1,625,021	642,991
Closing Share price	18.5 cents	9.9 cents	7.5 cents	8.1 cents	4.5 cents

Voting and comments made at the Company's 2013 Annual General Meeting

Mineral Commodities Limited received the unanimous support of shareholders present on the remuneration report at the Annual General Meeting for the 2012 financial year and 99% of proxy votes were in favour of the resolution to approve the remuneration report. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

B. DETAILS OF REMUNERATION

The key management personnel of Mineral Commodities Limited Group are the directors of Mineral Commodities Limited and Mr Andrew Lashbrooke, the CEO. 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.

There were no non-cash benefits provided to Key Management Personnel during the year.

The following fees are applicable to directors and key Management Personnel of the Company.

		Cash benefits	Post employment benefits	Share-based payments	Totals	Percentage performance based	Share based payments as a percentage of remuneration
		$	$	$	$		%
Executive Chairman							
Mark Caruso	2013	279,095	20,905	-	300,000	-	-
	2012	140,333	10,044	33,500	183,877	-	18.21
Non Executive Directors							
Joseph Caruso	2013	54,489	4,973	-	59,462	-	-
	2012	45,107	4,060	33,500	82,667	-	40.52
Peter Torre	2013	150,000	-	-	150,000	-	-
	2012	83,083	-	33,500	116,583	-	28.73
Guy Walker	2013	68,264	-	-	68,264	-	-
	2012	1,521	137	33,500	35,158	-	95.28
James Leahy	2013	68,264	-	-	68,264	-	-
	2012	1,521	137	33,500	35,158	-	95.28
Total Director remuneration	2013 2012	620,112 271,565	25,878 14,378	- 167,500	645,990 453,443	- -	- 36.94
Other Key Management Personnel CEO							
Andrew Lashbrooke	2013	300,000	-	-	300,000	-	-
	2012	50,000	-	189,830	239,830	-	79.15
Total Key management personnel compensation	2013 2012	920,112 321,565	25,878 14,378	- 357,330	945,990 693,273	- -	- 51.54

Base Fees	From 1 December 2013	Up to 30 November 2013
Non-Executive Directors	$55,000	$55,000
Additional Fees	From 9 February 2014	Up to 9 February 2013
Audit Committee Chair	$10,000	$10,000
Audit Committee Member	$5,000	$5,000
Remuneration and Nomination Committee Chair	$10,000	$10,000
Remuneration and Nomination Committee Member	$5,000	$5,000

C. SERVICE AGREEMENTS

The following service agreements are in effect at 31 December 2013.

MARK CARUSO

Commenced	6 August 2012
Term	No fixed term
Total Remuneration package	$300,000 per annum
Termination benefits	12 months base salary plus any payment in lieu of notice

PETER TORRE

Commenced	1 November 2012
Term	No fixed term
Total Remuneration package	$150,000 per annum
Termination benefits	12 months base salary plus any payment in lieu of notice

ANDREW LASHBROOKE

Commenced	1 November 2012
Term	No fixed term
Total Remuneration package	$300,000 per annum
Termination benefits	None

There are no other service agreements.

D. SHARE-BASED COMPENSATION

In 2012 1,000,000 Unlisted Options exercisable at $0.20 on or before 31 December 2015 were issued to all 5 directors of the Company pursuant to shareholder approval received on 21 December 2012 (5,000,000 in total) and a further 5,000,000 Unlisted Options exercisable at $0.20 on or before 31 December 2015 to the CEO of the Company. These were independently valued using the Black Scholes method at $0.0335 per option.

1,000,000 Unlisted Options exercisable at $0.35 on or before 31 December 2015 were issued to the CEO of the Company. These were independently valued using the Black Scholes method at $0.0233 per option.

All options issued vested immediately upon issue.

No Options issued as remuneration were exercised or lapsed during the period.

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 will be included before the Additional ASX Information section of the Annual Financial Report.

EVENTS SUBSEQUENT TO BALANCE 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 note 28 of this financial report, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, 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 GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group 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 Group has paid an insurance premium to insure the directors and secretaries of the company and its controlled entities. The premium paid was $35,018 representing $7,004 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 Directors or Officers 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 Group.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required by Section 307C of the Corporations Act 2001 is set out on page 75 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.

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:	2013	2012
	$	$
Audit and review of financial reports		
BDO Audit (WA) Pty Ltd	60,000	64,122
BDO Cape Town South Africa	19,261	11,726
Total remuneration for audit services	79,261	75,848

BDO Audit (WA) Pty Ltd continues in office.

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

Mark Caruso

Mark Caruso
Perth, Western Australia
31 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	Consolidated	Consolidated
		31 Dec 2013 $	31 Dec 2012 $
Revenue			
Other operating income	2	3,000	476,769
		3,000	476,769
Administration expenses		(1,063,618)	(668,978)
Employees and consultants remuneration		(201,644)	(204,934)
Exploration and evaluation costs		(98,412)	-
Depreciation and amortisation		(156,659)	(28,428)
Loss on disposal of assets		-	(152)
Share based payments		-	(357,330)
Abandoned acquisition costs		-	(123,243)
		(1,520,333)	(1,383,065)
Loss from Operations		(1,517,333)	(906,296)
Finance expense	7	(171,233)	(99,937)
Finance income		229,464	42,282
Impairment of available for sale investment		(163,113)	(227,110)
Loss before tax		(1,622,215)	(1,191,061)
Tax expense	4	-	-
(Loss) after income tax		(1,622,215)	(1,191,061)
Other comprehensive income Items that will or maybe reclassified to profit or loss			
Changes in the fair value of available-for-sale financial assets		(262,500)	(1,588,095)
Exchange differences on translation of foreign operations		(880,168)	(738,688)
Other comprehensive loss for the year net of tax		(1,142,668)	(2,326,783)
Total comprehensive loss for the year		(2,764,883)	(3,517,844)
Loss is attributable to:			
Owners of Mineral Commodities Limited		(1,622,215)	(1,191,061)
Non-controlling interest		-	-
		(1,622,215)	(1,191,061)
Total comprehensive loss for the year is attributable to			
Owners of Mineral Commodities Limited		(2,764,883)	(3,517,844)
Non-controlling interest		-	-
		(2,764,883)	(3,517,844)

Loss per share attributable to the ordinary equity holders of the parent.

Basic Loss per share	Cents	Cents
From continuing operations attributable to the ordinary shareholders of the company (cents per share)	(0.64)	(0.68)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the other accomanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Note	Consolidated	Consolidated
		31 Dec 2013	31 Dec 2012
		$	$
CURRENT ASSETS			
Cash and cash equivalents	8	1,694,264	7,769,202
Trade and other receivables	9	1,315,004	148,087
Inventories	11	869,068	-
Available for sale financial assets	12	106,500	532,113
Other current assets	10	11,594	10,925
Total Current Assets		3,996,430	8,460,327
NON-CURRENT ASSETS			
Receivables	9	829,979	427,272
Property, plant and equipment	13	5,665,045	68,689
Exploration expenditure	14	12,397,535	12,996,362
Development expenditure	14	15,322,494	-
Total Non-Current Assets		34,215,053	13,492,323
Total Assets		38,211,483	21,952,650
CURRENT LIABILITIES			
Trade and other payables	16	2,840,687	966,802
Short term borrowings	16	6,787,938	-
Provisions		-	23,427
Total Current Liabilities		9.628.625	990,229
Total Liabilities		9.628.625	990,229
NET ASSETS		28,582,858	20,962,421
EQUITY			
Contributed equity	17	61,297,477	50,912,158
Reserves	18	(2,594,042)	(1,451,375)
Accumulated losses		(30,299,426)	(28,677,211)
Parent entity interest		28,404,009	20,783,572
Non-controlling interest	15	178,849	178,849
TOTAL EQUITY		28,582,858	20,962,421

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

		Consolidated	Consolidated
		31 Dec 2013	31 Dec 2012
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		229,464	42,282
Payments to suppliers & employees		(1,564,361)	(744,254)
Discontinued acquisition		-	(1,427,776)
Interest paid		(171,233)	(99,937)
Sundry income		-	-
Net cash outflows from operating activities		(1,506,130)	(2,229,685)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration		(165,220)	(914,089)
Payments for Mining plant and equipment		(5,750,995)	-
Mine Development expenditure		(15,407,392)	-
Purchase of general fixed assets		(2,020)	(79,687)
Investment in listed shares		-	(350,000)
Proceeds from sale of plant and equipment		-	4,000
Loan to associated company		(423,219)	(113,636)
Proceeds from sales of investments		-	1,495,102
Net cash inflow from investing activities		(21,748,846)	41,690
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares and options (net of costs)		10,385,319	9,707,808
Short term Borrowings		6,787,938	1,407,509
Loan repaid		-	(1,407,509)
Net cash inflow from financing activities		17,173,257	9,707,808
Net (decrease)/increase in cash and cash equivalents		(6,081,719)	7,519,813
Cash and cash equivalents at beginning of financial year		7,769,202	248,260
Exchange rate movement on opening balances		6,782	1,129
Cash and cash equivalents at end of financial year		1,694,264	7,769,202

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Entity	Contributed Equity	Reserves	Accumulated Losses	Totals	Non-controlling interest	Total Equity
For the year ended 31 December 2013	$	$	$	$	$	$
Balance at 1 January 2013	50,912,158	(1,451,375)	(28,677,212)	20,783,572	178,849	20,962,421
Loss for the year	-	-	(1,622,215)	(1,622,215)	-	(1,622,215)
Other comprehensive loss for the year	-	(1,142,668)	-	(1,142,668)	-	(1,142,668)
Total comprehensive loss for the year	-	(1,142,668)	(1,622,215)	(2,764,883)	-	(2,764,883)
Transactions with owners in their capacity as owners						
Contributions of equity net of transaction costs	10,385,319	-	-	10,385,319	-	10,385,319
Unlisted Options issued						
Reclassify Option Reserve for expired options						
Balance at the end of the year	61,297,477	(2,594,042)	(30,299,426)	28,404,009	178,849	28,582,858

Consolidated Entity	Contributed Equity	Reserves	Accumulated Losses	Totals	Non-controlling interest	Total Equity
For the year ended 31 December 2012	$	$	$	$	$	$
Balance at 1 January 2012	41,204,350	804,656	(27,772,729)	14,236,278	178,849	14,415,127
Loss for the year	-	-	(1,191,061)	(1,191,061)	-	(1,191,061)
Other comprehensive loss for the year	-	(2,326,783)	-	(2,326,783)	-	2,326,783)
Total comprehensive loss for the year	-	(2,326,783)	(1,191,061)	(3,517,844)	-	(3,517,844)
Transactions with owners in their capacity as owners	-		-		-	
Contributions of equity net of transaction costs	9,707,808	-	-	9,707,808	-	9,707,808
Unlisted Options issued		357,330		357,330		357,330
Reclassify Option Reserve for expired options		(286,578)	(286,578)	-		-
Balance at the end of the year	50,912,158	(1,451,375)	(28,677,212)	20,783,572	178,849	20,962,421

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF ACCOUNTING

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

The general purpose financial statements for the year ended 31 December 2013 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

The financial statements of Mineral Commodities Limited and controlled entities also comply with International Financial Reporting Standards (IFRS).

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. The accounting policies adopted are consistent with those of the previous financial year unless otherwise stated. The following standards for first time use annual reporting periods beginning on or after 1 January 2013 have been reviewed and applied by the Group in the year ended 31 December 2013:

- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities and AASB 127 Separate Financial Statements
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB13
- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

It has been determined by the Group that there is no impact, material or otherwise, of the above standards on its business and, therefore, no change is necessary to the Group accounting policies.

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.

(B) PRINCIPLES OF CONSOLIDATION

The consolidated financial report incorporates the assets and liabilities of all subsidiaries of Mineral Commodities Limited ("Company" or "parent entity") as at 31 December 2013 and the results of its subsidiaries for the year then ended. Mineral Commodities Limited and its subsidiaries together are referred to in this financial report as the group.

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 company has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to direct the activities of the entity.

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 1 (j).

The Consolidated entity applies a policy of treating transactions with non-controlling interests as transactions with external parties to the entity. Disposals to non-controlling interests result in gains and losses for the

Consolidated entity are recorded in the statement of comprehensive income. Purchases from non-controlling 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.

(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 at the reporting date. 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 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 to profit or loss 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 (2012: 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. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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

(i) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises direct costs and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interests are continuing.

Exploration expenditure is written off when it fails to meet at least one of the conditions outlined above or an area of interest is abandoned.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount the impairment loss will be measured and disclosed in accordance with AASB 136 Impairment of Assets.

When a decision is made to develop an area of interest, all carried forward exploration expenditure in relation to the area of interest is transferred to Mine Properties and Development.

(ii) Mine Properties and Development

Development expenditure represents the accumulated exploration, evaluation, land and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

In some circumstances, where conversion of resources into reserves is expected, some resources may be included. Development and land expenditure still to be incurred in relation to the current reserves are included in the amortisation calculation. Where the life of the assets are shorter than the mine life their costs are amortised based on the useful life of the assets.

The estimated recoverable reserves and life of the mine and the remaining useful life of each class of asset is reassessed at least annually. Where there is a change in the reserves/resources amortisation rates are correspondingly adjusted.

Stripping Costs in the Production Phase of a Surface Mine
Production stripping costs (also known as deferred mining costs) are to be capitalised as part of an asset if:
- There is a probable future economic benefits will be realised;
- The costs can be reliably measured; and
- The component of an ore body for which access has been improved can be identified.

The stripping activity asset shall be amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(H) INVENTORIES

Raw materials and stores, ore stockpiles and work in progress and finished gold stocks are physically measured or estimated and valued at the lower of cost and net realisable value. Net realisable value less costs to sell is assessed annually based on the amount estimated to be obtained from sale of the item of inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure and depreciation and amortisation relating to mining activities, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories of consumable supplies and spare parts expected to be used in production are valued at the lower of weighted average cost, which includes the cost of purchase as well as transportation and statutory charges, or net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified.

During the exploration and development phase, where the cost of extracting the ore exceeds the likely recoverable amount, work in progress inventory is written down to net realisable value.

(I) 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 are 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.

(J) IMPAIRMENT OF ASSETS

At each reporting date, the consolidated entity reviews the carrying values of it 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 profit or loss.

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.

(K) 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.

Recognition and de-recognition
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.

(L) FINANCIAL INSTRUMENTS (CONTINUED)

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 profit or loss 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 impairment has arisen. Impairment losses are recognised in profit or loss. Impairment losses recognised on equity instruments classified as available for sale are not reversed through the income statement.

(M) 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.

(N) 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 in the statement of financial position.

(O) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. The amount of the impairment loss is recognised in profit and loss within other expenses.

(P) 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 Limited by the weighted average number of ordinary shares outstanding during the financial year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(Q) EMPLOYEE BENEFITS

Wages and Salaries, Annual Leave, Long Service and Sick Leave
Provision is made for the consolidated entity's liability for employee entitlements arising from services rendered by employees to reporting date. These benefits include annual and long service 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
The issue of Employee options was approved by shareholders at a general meeting of the Company held on 21 December 2012 and the fair value of these has been expensed. There were no Share Based payment in 2013 (2012 $357,330). The fair value at grant date is independently determined using an appropriate 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.

(R) LEASES

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

(S) SEGMENT REPORTING

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the 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.

(T) 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.

(U) 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 de-recognition.

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 statement of comprehensive income.

(V) TRADE AND OTHER PAYABLES

Trade and other payables are recognised originally at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of each reporting period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(W) INTEREST BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognised at cost, being fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting periods.

(X) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

Exploration and development expenditure
Recoupment of the capitalised exploration and evaluation expenditure is dependent 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 $7,770,410 (2012:$ 7,924,368) refer note 13 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

Investment in Unlisted Entities
The investments in Africa Uranium Ltd and Petro Ventures International Ltd have been fully impaired at 31 December 2013, (carrying value at 31 December 2012 was $163,113.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserves and Resources

In order to calculate ore reserves and mineral resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. The consolidated entity estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as revised in December 2004 (the JORC code).

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

Asset carrying values may be affected due to changes in estimated future cash flows;

Depreciation and amortisation charges in profit and loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and

Restoration and rehabilitation provision may be affected due to changes in the magnitude of future restoration and rehabilitation expenditure.

(V) Accounting Standards not yet effective

Reference	Title	Nature of Change	Application date of standard	Impact on Consolidated financial statements	Application date for Group
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 31 December 2015. The Group has not yet made an assessment of the impact of these amendments.	1 January 2015
AASB 2013-9 (issued December 2013)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Makes three amendments to AASB 9: • Adding the new hedge accounting requirements into AASB 9 • Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017, and • Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements. Under the new hedge accounting requirements: • The 80-125% highly effective threshold has been removed • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable • An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure • When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI • When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI.	Annual reporting periods beginning on or after 1 January 2017	The Group currently applies hedge accounting. It is expected that the application of the new amendments will not have an impact on the entity's financial statements. OR The Group enters into derivatives to manage [foreign currency/interest rate/commodity price risk] but it currently does not apply hedge accounting. These derivative instruments are currently recognised as fair value changes in profit or loss. Under the amendment, the entity is likely to qualify and will elect to apply cash flow hedge accounting. When this amendment applies, the fair value changes relating to the effective portion of the derivatives will be recognised in other comprehensive income and reclassified to profit or loss when the hedged forecast cash flow affects profit or loss, or if the transaction results in the recognition of a non-financial asset or liability, the gain or loss recognised in other comprehensive income is included in the initial carrying amount of the non-financial asset or liability. These changes apply prospectively so comparatives do not need to be restated.	1 January 2017

Reference	Title	Nature of Change	Application date of standard	Impact on Consolidated financial statements	Application date for Group
		Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI • Net foreign exchange cash flow positions can qualify for hedge accounting.			
AASB 2013-4 (issued July 2013)	FAmendments to Australian Accounting Standards – Novation of Derivatives and Continua-tion of Hedge Accounting (AASB 139)	Clarifies treatment of novated hedging instruments and continuation of hedge accounting where entities are required to replace the original party with a central counterparty as a consequence of laws or regulations or the introduction of laws and regulation.	Annual reporting periods beginning on or after 1 January 2014	There will be no impact on first-time adoption of this amendment as the Group does not account for proposed changes in taxation legislation until the relevant Bill has passed through both Houses of Parliament, which is consistent with the views expressed by the Australian Accounting Standards Board in their agenda decision of December 2012.	1 January 2014
AASB 2013-5 (issued August 2013)	Amendments to Australian Accounting Standards -Investment Entities	The amendment defines an 'investment entity' and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendment prescribes three criteria that must be met in order for an entity to be defined as an investment entity, as well as four 'typical characteristics' to consider in assessing the criteria. The amendment also introduces disclosure requirements for investment entities into AASB 12 Disclosure of Interests in Other Entities and amends AASB 127 Separate Financial Statements.	Annual reporting periods beginning on or after 1 January 2014	As the Group does not meet the definition of an investment entity, it will continue to consolidate its investments in subsidiaries in accordance with AASB 10 Consolidated Financial Statements.	1 January 2014
AASB 2012-6 (issued September 2012)	Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures	Defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods beginning on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recog-nised in the financial state-ments. However, additional disclosures will be required on transition, including the quantitative effects of re-classifying financial assets on transition	1 January 2015

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

2. INCOME

	Consolidated	Consolidated
	31 Dec 2013	31 Dec 2012
	$	$
Other Operating Income		
Profit from sales of investments in available for sale financial assets	-	464,769
Miscellaneous and other income	3,000	12,000
Total Other Income	3,000	476,769

3. EXPENSES BY NATURE

	Consolidated	Consolidated
	31 Dec 2013	31 Dec 2012
	$	$
Loss before income tax has been arrived at after charging the following:		
Abandoned acquisition costs	-	123,243
Exploration expenditure written off	98,412	-
Operating lease rentals	76,444	49,238
Depreciation - plant and equipment	156,659	28,428
Superannuation contributions	18,927	50,322
Movement in provision for employee entitlements	-	2,250
Impairment of available for sale	163,113	227,110

4. INCOME TAX

	Consolidated	Consolidated
	31 Dec 2013	31 Dec 2012
	$	$
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	(1,622,215)	(1,191,061)
Prima facie tax payable / (benefit) on loss		
@ 30% (2012:30%)	(486,665)	(357,318)
Non allowable items	-	108,591
Non-assessable income	(466,240)	(790,806)
Net deferred tax assets not brought to account	952,905	1,039,533
Income tax expense / (benefit)	-	-
Future income tax benefit arising from		
un-recouped deductions at reporting date		
for Australian tax resident entities.		
Revenue losses	4,986,157	4,612,124
Capital losses	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 163 million (approximately A$17.5 million (2012:15 million). 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.

5. SEGMENT INFORMATION

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors which makes strategic decisions.

There is no goodwill attaching to any of the segments. There has been no impact on the measurement of the assets and liabilities reported for each segment.

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.

2013	Africa			Australia		
	Tormin		Xolobeni	Investing	Corporate	Totals
	Development	Exploration	Exploration			
Total Revenue from operations	$	$	$	$	$	$
Other income	-	-	-	-	3,000	3,000
Total revenue from external sources					3,000	3,000
Group's revenue per consolidated statement of profit or loss and other comprehensive income	-	-	-	-	3,000	3,000
Depreciation	(130,976)		(870)		(24,813)	(156,659)
Segment loss	(184,463)		(5,672)		(1,327,198)	(1,517,333)
Impairment of available for sale asset						(163,113)
Finance expense						(171,233)
Finance income						229,464
						(1,622,215)

2012	Africa			Australia		
	Tormin		Xolobeni	Investing	Corporate	Totals
	Development	Exploration	Exploration			
Revenue from operations	$	$	$	$	$	$
Other income	-	-	-	-	12,000	12,000
Total revenue from external sources					12,000	12,000
Depreciation					(28,428)	(28,428)
Segment loss		(15,580)	(1,730)	(146,565)	(1,080,992)	(1,244,867)
Impairment of available for sale asset						(227,110)
Finance expense						(102,792)
Finance income						42,282
Gain on sale of investments						464,769
Abandonment of acquisition						(123,343)
						(1,191,061)

2013	Africa			Australia		
	Tormin		Xolobeni	Investing	Corporate	Totals
	Development	Exploration				
	$	$	$	$	$	$
Additions to non-current assets						
Reportable segment assets	23,923,661	4,627,125	7,785,968		1,768,229	38,104,983
Available for sale financial assets						106,500
Total Group assets						38,211,483
Reportable segment liabilities	2,439,212				401,475	2,840,687
Loans and borrowings						6,787,938
						9,628,625

2012	Africa			Australia		
	Tormin		Xolobeni	Investing	Corporate	Totals
	Development	Exploration				
	$	$	$	$	$	$
Additions to non-current assets						
Reportable segment assets		5,688,876	7,934,347		7,797,315	21,420,538
Available for sale financial assets						532,113
Total Group assets						21,952,651
Reportable segment liabilities		256,598	28,511		705,121	990,230
Loans and borrowings						-
						990,230

6. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Mineral Commodities Limited, at 31 December 2013.

The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	31 Dec 2013	31 Dec 2012
	$	$
Current assets	1,948,676	8,321,359
Non-current assets	31,829,294	14,343,036
Total assets	33,777,970	22,664,395
Current liabilities	2,739,357	705,103
Non-current liabilities	-	-
Total Liabilities	2,739,357	705,103
Net Assets	31,038,613	21,959,292
Contributed equity	61,297,477	50,912,158
Accumulated losses	(29,154,556)	(28,265,939)
Option reserve	357,330	357,330
Fair value investments held for resale reserve	(262,500)	-
Foreign currency translation reserve	(1,199,138)	(1,044,257)
Total equity	31,038,613	21,959,292
Loss for the year	(888,617)	(763,131)
Other comprehensive income / (loss) for the year	(417,381)	(1,400,512)
Total comprehensive income / (loss) for the year	(1,305,998)	(2,163,643)

7. FINANCE INCOME AND EXPENSE

	2013	2012
Finance income		
Interest received on bank deposits	229,464	42,282
	229,464	42,282
Finance Expense		
Interest expense on financial liabilities measured at amortised cost	71,233	99,937
Establishment fees on short term borrowing	100,000	-
	171,233	99,937

8. CASH AND CASH EQUIVALENTS

	Consolidated Group	
	31 Dec 2013 $	31 Dec 2012 $
Cash at Bank	1,694,264	7,769,202
	1,694,264	7,769,202

The effective interest rate on cash at bank in 2013 was 3.0% (2012 :2.30%).

(a) Interest rate risk exposure
The consolidated 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.

9. TRADE AND OTHER RECEIVABLES

	Consolidated Group	
Current	31 Dec 2013 $	31 Dec 2012 $
Trade receivables	15,328	22,871
Other receivables[3]	1,299,676	125,216
	1,315,004	148,087
Non-Current		
Security deposits[1]	293,124	313,636
Advance to Blue Bantry[2]	536,855	113,636
	829,979	427,272

[1] Includes a secured deposit of $293,124 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] An amount of Rand 5 million (2012 1 million) has been advanced to the BEE partner Blue Bantry refer note 26.

[3] Includes $1,081,138 of VAT refundable from the South African revenue service (2012 $35,088)

There are no receivables past due and impaired

(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 2013 and 2012.

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 exposure to foreign exchange and interest rate Risk in relation to trade and other receivables is provided in Note 24.

10. PREPAYMENTS

	Consolidated Group	
	31 Dec 2013 $	31 Dec 2012 $
Prepayments	11,594	10,925

11. INVENTORIES

	Consolidated	
	31 Dec 2013 $	31 Dec 2012 $
Raw materials at cost	380,646	-
Finished product	358,415	-
Spare parts and consumables	130,007	-
	869,068	-

12. FINANCIAL ASSETS – CURRENT

	Consolidated Group	
Available for sale Investments	31 Dec 2013 $	31 Dec 2012 $
Investments in companies listed on a recognised stock exchange - shares at fair value		
At the beginning of the year	369,000	1,653,000
Cost of Allied Gold Mining Plc Shares sold	-	(1,030,333)
Revaluation of listed shares transferred to reserve	(262,500)	(14,000)
Subscription monies paid for Perpetual Resources Ltd	-	350,000
Transfer from Financial asset revaluation reserve on shares sold	-	(589,667)
Total available for sale investments in companies listed on a recognised stock exchange	106,500	369,000
Available for sale investment in companies not listed on a recognised stock exchange		
At the beginning of the year	163,113	1,374,651
Fair value movement	-	(998,428)
Impairment of unlisted shares charged to profit and loss	(163,113)	(213,110)
Total available for sale investments in companies not listed on a recognised stock exchange	-	163,113
Total Financial Assets	106,500	532,113

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. Listed shares held for resale have been adjusted to market value at balance date. The investment in unlisted shares has been fully impaired and charged to the statement of profit or loss and other comprehensive income.

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)

2013	Level 1	Level 2	Level 3	Total
Available for sale financial assets	106,500	-	-	106,500
Total	106,500	-	-	106,500

2012	Level 1	Level 2	Level 3	Total
Available for sale financial assets	369,000	-	163,113	532,113
Total	369,000	-	163,113	532,113

The level 3 investment in an unlisted entity has been fully impaired in 2013.

(a) Risk Exposure
Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in Note 24.

13. PROPERTY, PLANT AND EQUIPMENT

Other - Current	Mining Plant machinery and vehicles	Office equipment and furnishings	Totals
Cost			
1 January 2012	-	74,952	74,952
Additions	-	79,688	79,688
Disposals	-	(5,545)	(5,545)
At 31 December 2012	-	149,095	149,095
At 1 January 2013	-	149,095	149,095
Additions	5,750,995	2,020	5,753,015
Disposals	-	-	-
At 31 December 2013	5,750,995	151,115	5,902,110
Depreciation			
At 1 January 2012	-	53,371	53,371
Depreciation	-	28,428	28,428
Disposals	-	(1,393)	(1,393)
At 31 December 2012	-	80,406	80,406
At 1 January 2013	-	80,406	80,406
Depreciation	131,846	24,813	156,659
Disposals	-	-	-
At 31 December 2013	131,846	105,219	237,065
Net book value			
At 1 January 2012	-	21,582	21,582
At 31 December 2012	-	68,689	68,689
At 31 December 2013	5,619,149	45,896	5,665,045

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

14. EXPLORATION AND DEVELOPMENT EXPENDITURE

	Development	Exploration
At 1 January 2012		
Exploration expenditure - costs carried forward in respect of areas of interest in:	-	12,506,413
Expenditure during the year	-	1,169,193
Foreign exchange movements	-	(679,244)
At 31 December 2012	-	12,996,362
At 1 January 2013		12,996,362
Expenditure during the year	15,322,494	147,058
Foreign exchange movements	-	(647,473)
Write off discontinued projects	-	(98,412)
At 31 December 2013	15,322,494	12,397,535

TORMIN MINERAL SANDS PROJECT

The Company commenced and concluded the development of the Tormin Mineral Sands Project on time and on budget during the year.

Commissioning of the Primary Beach Concentrators ("PBCs") commenced in October 2013, followed shortly thereafter by the commencement of mining operations. By mid-December 2013, the Company had mined and stockpiled in excess of 60,000 tonnes of HMC at the Secondary Concentrator Plant ("SCP").

Fabrication and construction of the SCP infrastructure, plant and plate-work was completed during the last quarter of the year. The water supply to the SCP, process water dams, steel structure and mechanical equipment were also installed and tested.

Initial cold commissioning was undertaken in the first week of December, 2013 and hot commissioning commenced on the 11th December, 2013 and by the end of the year, the Company had achieved nameplate output at very close to design specification.

The seasonal ocean and tidal conditions between the months of August and October served to act as a natural catalyst to upgrading the beach resource. The extremely high grade of ROM encountered on the beach allowed the Company to feed ROM ore directly into the SCP bypassing the PBCs.

Based on the success of associating the PBC spirals with the SCP, the Company has decided to permanently relocate and operate the PBCs at the SCP and not on the beach. This will result in significant de-risking of the PBC operation and require only one PBC unit to be operated in the future as it will not be affected by daily tidal movements and ocean conditions.

XOLOBENI MINERAL SANDS PROJECT (SOUTH AFRICA)

In November 2011 the Department of Mineral Resources ("DMR") extended the prospecting rights over the Xolobeni project, excluding the Kwanyana block, for a further period of 3 years. During the first quarter of 2012, this right was executed and subsequently registered by the DMR in the third quarter of 2012.

MRC has advised that the DMR had withdrawn the previously granted Conditional Mining Right over Kwanyana block and that it the was engaging with the DMR and Minister in relation to these matters. The Company subsequently withdrew all previous applications in respect of the Kwanyana block and immediately applied for a new prospecting right over the same block.

The benefit of this approach is that the Kwanyana block will be re-aligned with the rest of the Xolobeni project which will enable the Company to progress its application to develop Xolobeni in its entirety and, in so doing, demonstrate that this can be undertaken responsibly and sustainably.

The DMR accepted the new prospecting right application (PRA) over the Kwanyana block in the first quarter of 2012 and, in accordance with prevailing legislation, directed the Company to submit an Environmental Management Plan (EMP) for the prospecting work and details of its engagement with all stakeholders with an interest in the project. The Company compiled an EMP for the Kwanyana block prospecting work and undertook a comprehensive stakeholder engagement process (SEP) during the second quarter of 2012. The EMP and SEP report were also lodged with the DMR in accordance with the required timetable.

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

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

Xolobeni Public Participation Successfully Completed

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

In late December 2013, the Company was advised that the DMR will meet to consider the SEP and other matters relating to the Kwanyana PRA on 22 January 2014.

The Company attended the meeting after the year end on 22 January 2014 as planned. The representations made by the Company were well received and all objections appropriately addressed. The Company therefore remains optimistic that the DMR will award a new prospecting right over the Kwanyana block during the first half of 2014 and enable the Company to do the final work necessary to submit a mining right application for the entire Xolobeni tenement as soon thereafter as possible.

XOLOBENI PROJECT (SOUTH AFRICA) (CONTINUED)

XOLOBENI PROJECT (SOUTH AFRICA) Xolobeni Baseline Studies

In the interim, work has commenced on preparation for the various baseline studies that are required as part of the prospecting works programme and in preparation for and application for a mining right for Xolobeni. By end of the quarter MRC had appointed a specialist to commence a water study on the Xolobeni area. The Company expects this work to be completed in the first half of 2014.

15(a). SUBSIDIARIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Set out below are the group's principal subsidiaries at 31 December 2013. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

	Class of Share	Place of Incorporation	Equity Holding	Equity Holding	N C I interest	N C I interest
			2013	2012	2013	2012
			%	%	%	%
Parent Entity						
Mineral Commodities Limited		Australia				
Controlled Entities						
Rexelle Pty Ltd	Ord	Australia	100	100	-	
Queensland Minex NL	Ord	Australia	100	100	-	
Q Smelt Pty Ltd	Ord	Australia	90	90	10	
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	-	
Blackhawk Oil & Gas Ltd	Ord	Australia	100	100	-	
MRC Cable Sands Pty Ltd	Ord	Australia	100	100	-	
Transworld Energy & Minerals Resources (SA) (Pty) Limited	Ord	South Africa	56	56	44	44
Mineral Sands Resources (Pty) Ltd	Ord	South Africa	50	50	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	-	-

15(b). NON-CONTROLLING INTERESTS

	Transworld Energy & Minerals Resources (SA) (Pty) Limited		Mineral Sands Resources (Pty) Ltd		Q Smelt Pty Ltd	
	2013	2012	2013	2012	2013	2012
Summarised balance sheet						
Current assets	3,508	4,204	2,079,665	34,292	2	2
Current liabilities	-	-	(6,660,005)	-	-	-
Current net assets	3,508	4,204	(4,580,340)	34,292	2	2
Non-current assets	6,296,644	6,436,391	25,809,799	5,307,018	-	-
Non-current liabilities	(5,512,399	(5,603,371)	(20,384,275)	(4,309,692	-	-
Non-current net assets	784,245	833,020	5,425,524	997,326		
Net assets	787,753	837,224	845,184	1,031,618	2	2
Accumulated NCI	124,139	124,139	-	-	54,710	54,710
Summarised statement of comprehensive income						
Revenue	-	-	-	-	-	-
Loss for the period	3,314		129,659	1,176	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	3,314	-	129,659	1,176	-	-
Loss attributed to NCI	-	-	-	-	-	-
Summarised cash flows						
Cash flows from operating activities			(2,017,607)			
Cash flows from investing activities			(21,085,759)			
Cash flows from financing activities			23,139,433			
Net increase/(decrease) in cash and cash equivalents			36,067			

As noted (above), the company, via its wholly owned subsidiary MRC Resources (Proprietary) Limited, has an interest of 50% of the issued capital in Mineral Sands Resources (proprietary) Limited (MSR). Whilst the group controls 50% of the share voting power, it has been determined that the group effectively has 100% control due to its control over the relevant activities for accounting purposes, controls the management of MSR, and also controls the board of MSR due to provisions set out in the Shareholders Agreement entered into between the shareholders of MSR.

N O N - C O N T R O L L I N G I N T E R E S T S (c o n t i n u e d)

Therefore these financial statements include 100% of the results of MSR. In addition to the holding of the issued capital, the group also holds Class A and B Preference Shares in MSR which effectively provides for the repayment of the capital investment and deemed investment by the Company's Black Empowerment partner. Due to the terms attached to these A and B Preference Shares, they are categorised as an equity instrument. As the A Preference Shares and B Preference Shares would be redeemed out of distributable profits and net assets of MSR before all other ordinary shareholders, until such time as the net assets exceed the value of the unredeemed A and B Preference shares, no value has been attributed to the non-controlling interest. Until that time, the non-controlling interest has no rights to the assets or results of the company, and therefore has not been allocated any value in these financial statements.

16. TRADE AND OTHER PAYABLES - CURRENT

	Consolidated Group	
	31 Dec 2013	31 Dec 2012
	$	$
Trade payables - unsecured	2,010,726	530,916
Other payables and accruals - unsecured	829,961	435,886
	2,840,687	966,802
Short term borrowings[1]	2,337,900	-
Amounts due under equipment acquisition agreements[2]	4,450,038	-
	6,787,938	-

[1] Short term borrowings consist of a pre finance and marketing agreement facility of US$2.0 million which was drawn down in September 2013. This facility is repayable over a twelve month period in quarterly instalments commencing three months after production has commenced.

[2] The Group entered into two Master rental agreements to acquire mobile mining equipment. Under the terms of these agreements there is an option to purchase which the Group intends to exercise.

(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 2013 and 2012.

(b) Foreign Exchange and Interest Rate Risk

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

17. CONTRIBUTED EQUITY

	2013 Number of shares	2012 Number of shares	2013 $	2012 $
Balance at beginning of financial year	274,008,385	153,393,385	50,912,158	41,204,350
Conversion of Listed Options	8,322	-	1,664	-
Placement of 120,615,000 shares as approved by shareholders at the Annual General Meeting on 31 May 2012	-	120,615,000	-	10,252,864
Placement	49,937,000	-	4,244,645	-
Proceeds of rights issue	80,988,228	-	6,479,058	-
Costs of capital raising	-	-	(340,048)	(545,056)
Balance at end of financial year	404,941,935	274,008,385	61,297,477	50,912,158

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 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.

Investments such as the shareholding in Perpetual Resources Ltd are also regarded as part of the capital base and sold as required to fund ongoing operations.

18. RESERVES

	Consolidated Group	
	31 Dec 2013	31 Dec 2012
	$	$
General Reserve	2,437,582	2,437,582
Financial asset revaluation reserve	(262,500)	-
Foreign currency translation reserve	(5,126,455)	(4,246,287)
Unlisted options reserve	357,330	357,330
	(2,594,042)	(1,451,375)

18. RESERVES (continued)

Consolidated Entity	General Reserve	Financial Asset revaluation	Foreign Currency	Unlisted Options	Listed Options	Total
	$	$	$	$	$	$
Balance at 1 January 2012	2,437,582	1,588,095	(3,507,599)	-	286,578	804,656
Revaluation on disposal of listed shares		(589,667)				(589,667)
Revaluation of unlisted shares held for resale		(998,428)				(998,428)
Issue of unlisted options				357,330		357,330
Transfer to Accumulated Losses					(286,578)	(286,578)
Exchange differences on translation of foreign operations			(738,688)			(738,688)
Balance at 31 December 2012	2,437,582	-	(4,246,287)	357,330	-	(1,451,374)
Revaluation of listed shares held for resale		(262,500)				(262,500)
Exchange differences on translation of foreign operations			(880,168)			(880,168)
Balance at 31 December 2013	2,437,582	(262,500)	(5,126,455)	357,330	-	(2,594,042)

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 reporting 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).

Listed Options Reserve
Records the amounts received in a prior year from the issue of listed options.

Un-listed Options Reserve
The value of the share based payment options issued in 2012

19. LOSS PER SHARE

	Consolidated	
	31 Dec 2013	31 Dec 2012
(a) Basic loss per share	cents	cents
From continuing operations attributable to the ordinary shareholders of the company (cents per share)	(0.64)	(0.68)
Total basic loss per share attributable to the ordinary equity holders of the company (cents per share)	(0.64)	(0.68)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	251,763,939	173,495,885
Loss used in the calculation of basic loss per share from continued operations	(1,622,215)	(1,191,061)

There were 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 2011. These potential ordinary shares are not considered dilutive and accordingly were not used to calculate dilutive earnings per share. The options were unexercised and therefore lapsed at 31 December 2012.

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	
	31 Dec 2013	31 Dec 2012
	$	$
Amounts paid or due and payable to the auditors		
Auditors of the parent entity		
Audit and review	60,000	64,122
Audit of subsidiaries		
BDO Cape Town South Africa	19,261	11,726
	79,261	75,848

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel Compensation

	Consolidated Group	
	31 Dec 2013	31 Dec 2012
	$	$
Key Management Personnel		
Short-term employee benefits	920,112	321,565
Post-employment benefits	25,878	14,378
Share based payments	-	357,330
	945,990	693,273

(a) 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:

2013								
Key Management Personnel	Balance at 1 January 2013 or on appoint-ment	Granted as Remuneration	Options Exercised	Options Lapsed	Net change other	Balance at 31 Dec 2013	Vested and exercisable	Unvested
Mark Caruso	1,000,000	-	-	-	-	1,000,000	1,000,000	-
Joseph Caruso	1,000,000	-	-	-	-	1,000,000	1,000,000	-
Peter Torre	1,000,000	-	-	-	-	1,000,000	1,000,000	-
Guy Walker	1,000,000	-	-	-	-	1,000,000	1,000,000	-
James Leahy	1,000,000	-	-	-	-	1,000,000	1,000,000	-
Andrew Lashbrooke	6,000,000	-	-	-	-	6,000,000	6,000,000	

2012								
Key Management Personnel	Balance at 1 January 2012 or on appoint-ment	Granted as Remuneration	Options Exercised	Options Lapsed	Net change other	Balance at 31 Dec 2012	Vested and exercisable	Unvested
Mark Caruso	7,380,396	1,000,000	-	7,380,396	-	1,000,000	1,000,000	-
Joseph Caruso	7,380,396	1,000,000	-	7,380,396	-	1,000,000	1,000,000	-
Peter Torre	200,000	1,000,000	-	200,000	-	1,000,000	1,000,000	-
Guy Walker	40,000	1,000,000	-	40,000	-	1,000,000	1,000,000	-
James Leahy	-	1,000,000	-	-	-	1,000,000	1,000,000	-
Andrew Lashbrooke	-	6,000,000	-	-	-	6,000,000	6,000,000	

(b) 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:

2013					
Director	Balance at 1 January 2013 or on appointment	Received as Remuneration	Options Exercised	Net change other	Balance
Mark Caruso	21,582,615	-	-	56,787,183	78,369,798
Joseph Caruso	21,569,988	-	-	55,437,497	77,007,485
Peter Torre	500,000	-	-	125,000	625,000
Guy Walker	100,000	-	-	25,000	125,000
James Leahy	-	-	-	-	-
Andrew Lashbrooke	-	-	-	-	-

2012					
Director	Balance at January 2012 or on appointment	Received as Remuneration	Options Exercised	Net change other	Balance
Mark Caruso	21,582,615	-	-	-	21,582,615
Joseph Caruso	21,569,988	-	-	-	21,569,988
Peter Torre	500,000	-	-	-	500,000
Guy Walker	100,000	-	-	-	100,000
James Leahy	-	-	-	-	-
Andrew Lashbrooke	-	-	-	-	-

Joseph and Mark Caruso are both directors of Zurich Bay Holdings Pty Ltd which has a relevant interest in 77,007,485 shares.

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 than those the Group would have adopted if dealing at arm's length.

(c) Loans to key management personnel

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

(d) 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

Minesite Construction Services a Company associated with Mr Mark Caruso and Mr Joseph Caruso has provided office space to Mineral Commodities Limited (MRC) throughout 2013. The amount paid by MRC was $54,000 (2012 $54,000). This is considered to be an arms length commercial rent. There is no formal sub lease in place.

Zurich Bay Holdings Pty Ltd a Company associated with Mr Mark Caruso and Mr Joseph Caruso participated in an underwriting agreement on the Rights Issue for which it received a fee of $98,942.

Minesite Construction Services has provided Secretarial staff to the Executive Chairman pursuant to an Executive Service Agreement at a total cost of $51,600. These have been reimbursed on an arms length basis at normal commercial rates. During 2014 to the date of this report a further amount of $12,900 has been paid.

Minesite Construction Services has provided technical staff during the year ended 31 December 2013 to the Groups' Subsidiary which operates the Tormin Mineral Sands project at a total cost of $54,300 these have been reimbursed on an arms-length basis at normal commercial rates. During 2014 to the date of this report a further $50,242 has been paid.

Wholly owned group
The group consists of Mineral Commodities Limited and its subsidiaries. Details of entities in the group are set out in Note 15.

Transactions between Mineral Commodities Limited and other entities in the group during the years ended 31 December 2013 and 31 December 2012 consisted of loans advanced and payments received and made on inter-company accounts. These transactions were made on normal commercial terms and conditions and at market rates.

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

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	Consolidated
	31 Dec 2013	31 Dec 2012
	$	$
Profit/(loss) after income tax and outside equity interest	(1,622,215)	(1,191,061)
Depreciation	156,659	28,428
Impairment losses	163,113	227,110
Provision for Employee Entitlements	(23,427)	(12,973)
(Profit) on sale of investment in listed companies	-	(464,769)
Value of un-listed options issued	-	357,330
Loss on disposal of fixed assets	-	152
Exploration expenditure written off	-	-
Changes in assets and liabilities during the year:		
Increase/(decrease) in trade payables and other liabilities	1,873,884	(1,046,345)
(Increase) decrease in trade and other receivables	(1,184,407)	(127,795)
Increase in Inventory	(869,068)	-
(Increase) decrease in prepayments	(669)	238
Net cash inflow / (outflow) from operating activities	(1,506,130)	(2,229,685)

23(b). NON-CASH INVESTING AND FINANCING ACTIVITIES

The group has no available finance facilities as at reporting date. The group did not undertake any non-cash financing or investing activities during the period (2012: none).

24. FINANCIAL RISK MANAGEMENT

The Group holds the following financial instruments:

	Consolidated	
	31 Dec 2013	31 Dec 2012
	$	$
Financial Assets		
Cash at bank and short term bank deposits		
AA - (Standard & Poor's/Fitch)	1,632,839	7,569,613
BBB+ (Fitch)	61,425	199,589
Total Cash at bank and short term deposits	1,694,264	7,769,202

Trade and other receivables		
Counterparties with external credit rating		
	31 December 2013	31 December 2012
	$	$
AAA (Standard & Poors)	24,029	45,631
BBB+ (Standard & Poors)	1,374,261	348,724
	1,398,290	394,355
Counterparties without external credit rating		
Sundry trade receivables	221,431	78,293
Total Receivables	1,619,721	472,648
Available for sale investments	106,500	532,113
	3,420,485	8,773,963
Financial Liabilities		
Trade Creditors	2,010,726	530,916
Other payables	829,961	435,886
	2,840,687	966,802
Short term borrowings	2,337,900	-
Equipment financing	4,450,038	-
	6,787,938	966,802
	9,628,625	966,802
	(6,208,140)	7,807,161

24. FINANCIAL RISK MANAGEMENT (Continued)

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 Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The primary exposure is in respect to the South African Rand arising from the investments in and loans to South African entities.

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

The Group does not hold any derivatives or foreign exchange contracts to hedge it's foreign exchange risk exposure.

Based on the financial instruments held at the reporting date, the sensitivity of the Group's 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 19% against the South African Rand with all other variables remaining constant, the Group's profit after tax would have been $9,431 lower / higher (2012: $3,289 lower / higher) and equity would have been $5,636,808 lower / higher (2012: $2,310,089 lower / higher)
The reasonable possible change is based on historical changes in rates estimated by management.

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 Group's exposure to interest rate risk relates primarily to the Group'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 Group has an exposure to equity securities price risk. This arises from investments held by the Group and classified on the Statement of Financial Position as available for sale financial assets.
The Group is also exposed to commodity price risk as a result of fluctuations in the market price of commodities.

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 and market value of the investments held. The 30% reasonable movement is based on management's estimate of historical changes.

	Price Risk	Price Risk	Price Risk	Price Risk	Price Risk
		-30%	-30%	+30%	+30%
2013	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Commodity price variation – Inventory product	739,022	(221,707)			221,707
Available for sale investments					
Listed Shares & Options	106,500	(31,950)			(31,950)
	845,522	(253,657)			(253,657)

	Price Risk	Price Risk	Price Risk	Price Risk	Price Risk
		-30%	-30%	+30%	+30%
2012	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Available for sale investments					
Listed Shares & Options	369,000	(110,700)			110,700
Unlisted shares	163,113	(48,934)			48,934
	532,113	(159,634)			159,634

25. SHARE BASED PAYMENTS

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

Grant Date 2012	Expiry date	Exercise price	Fair Value at grant date	Options at the start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested at the end of the year
21 Dec 2012	31 Dec 2015	20 cents[1]	3.35 cents	10,000,000	-	-	-	10,000,000	10,000,000
21 Dec 2012	31 Dec 2015	35 cents[2]	2.23 cents	1,000,000	-	-	-	1,000,000	1,000,000
				11,000,000	-	-	-	11,000,000	11,000,000

Fair value of options granted

The assessed fair value at grant date of options during the year ended 31 December 2012 was independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The total Share Based payment expense for the period was $0 (2012 $357,330).

The model inputs for options granted during the year ended 31 December 2012 included:

a. Options granted for no consideration with the expectation that the majority of these Options would be exercised towards the end of the term of the Options and there are no market based vesting conditions.
b. Exercise price [1] 20 cents [2] 35 cents
c. Grant date [1] 21 December 2012 [2] 21 December 2012
d. Risk-free interest rate [1] 2.50% [2] 2.57%
e. Exercise date 31 December 2015
f. Share price at grant date 8.08 cents
g. Expected price volatility of the company's shares : 86%
h. Expected dividend yield – nil

The expected price volatility is based on the historic volatility and the general trend in share prices of the companies in similar businesses and trading on the ASX over the past 4 and 12 months.

26. COMMITMENTS

(a)

The Company, via MRCR, and Blue Bantry are both 50% shareholders in Mineral Sands Resources Pty Ltd (MSR), the entity which owns the Tormin Mineral Sands Project (Tormin).

MRC has agreed to provide Blue Bantry access to an amount of funding to support the original objective by advancing through the Loan certain benefits Blue Bantry would expect to receive from Tormin. The Loan consists of an upfront amount of ZAR5 million (approx AUD$5364K) which has already been paid with a further ZAR 9 million (approx AUD$970k) which was to be payable no later than 31 December 2012,. Blue Bantry will repay the Loan from distributions that it will receive in the future from MSR. The additional ZAR 9 million was outstanding at 31 December 2013 pending completion of administrative.

(b) Exploration Tenement Leases – Commitments for Expenditure

In order to maintain current rights of tenure to exploration tenements, the 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.

28. SUBSEQUENT EVENTS

No other 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 Group, the results of those operations or the state of affairs of the Group in future financial years unless otherwise disclosed in this Directors Report.

THE DIRECTORS OF THE COMPANY DECLARE THAT:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flow, consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 including;

(a) complying with Australian Accounting Standards and the Corporations Regulations 2001 and,

(b) give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date.

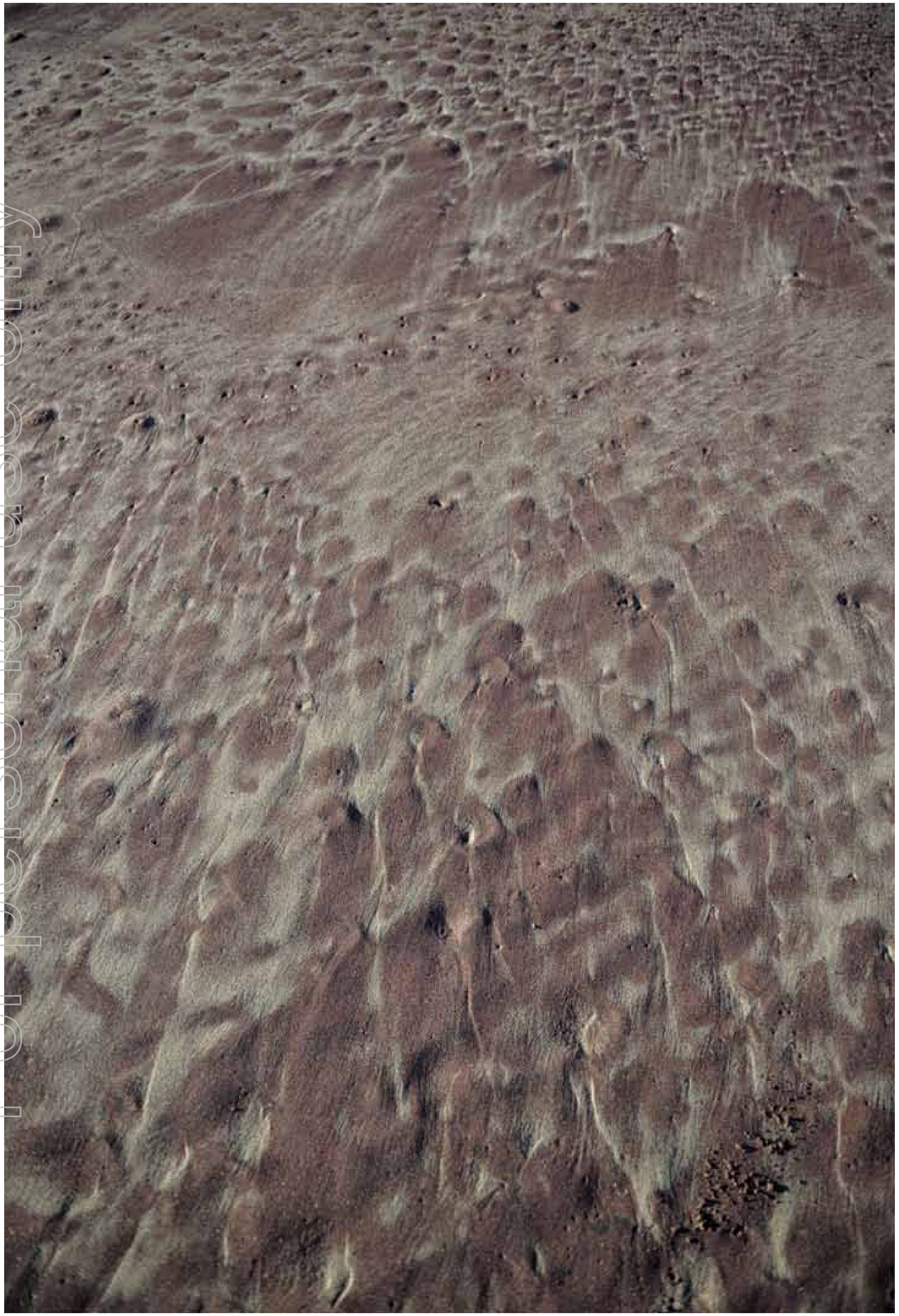
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. 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.

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:

Mark Caruso
Executive Chairman
Dated at Perth, Western Australia this 31st day of March 2014



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

As lead auditor of Mineral Commodities Limited for the year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- 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.

Brad McVeigh

Director

BDO Audit (WA) Pty Ltd

Perth, 31 March 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of Mineral Commodities Limited

Report on the Financial Report

We have audited the accompanying financial report of Mineral Commodities Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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 opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporat* *Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of Mineral Commodities Limited, would be in the same terms if g the directors as at the time of this auditor's report.

Opinion

In our opinion:

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

(i) giving a true and fair view of the consolidated entity's financial position as at 31 Dece 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 200*

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 3 December 2013. The directors of the company are responsible for the preparation and presentat 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 conducte accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Mineral Commodities Limited for the year ended 31 December 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh

Director

Perth, 31 March 2014

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 executive Chairman and Chief Executive Officer (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 5 directors, two of which are independent non–executive Directors who were appointed in December 2012. 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.

In the absence of any significant scale in the Company's existing operations, the Board does not believe that the existence of further independent non-executive directors would be of any additional benefit to the Company. As stated above, the Board will ensure that it continues to have the mix of skills and experience necessary to conduct MRCs' activities, and that appropriate directors are selected and appointed as required.

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 Chief Executive Officer have been separated. The present Chairman of the Company is not considered to be an independent director. Notwithstanding this, all directors of the Company are, and were during the reporting period, independent in character and judgment.

The Chief Executive Officer 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 Executive Chairman and Chief Executive Officer 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, Board Committees and Company executives has been adopted by the Board. An evaluation procedure took place immediately following the year end. The evaluation of the Board as a whole is facilitated through the use of a questionnaire required to be completed by each Board Member, the results of which were summarized and discussed with the Chairman of the Board and tabled for discussion at a Board Meeting. Similarly each individual director was required to self assess his performance and to discuss the results with the Chairman. The same procedure is undertaken for the Audit, Compliance and Risk Committee and the Remuneration and Nomination Committee.

To ensure management, as well as Board effectiveness, the Board, through the Remuneration and Nomination Committee has direct responsibility for evaluating the performance of the Chief Executive Officer. A formal evaluation of the Chief Executive Officer will be undertaken at the end of the 2014 financial year, subsequent to the first year of operation.

FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for MRC' 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 Chief Executive Officer 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, however risk reports are provided to the Board via the Audit, Compliance and Risk Committee. Each reportable risk is discussed ensuring appropriate mitigation strategies are implemented by the Group. Management and the Board interact on a day to day basis and risk is currently being considered across the financial, operational and organization aspects of the Company's business. The Company will continue to monitor, assess and report its business risks

COMMITTEES OF THE BOARD OF DIRECTORS

The Board established two permanent Board committees In February 2013 to assist the Board in the performance of its functions:
(a) the Audit, Compliance and Risk Committee; and
(b) the Remuneration and Nomination Committee.

Each committee has a charter, which sets out the Committee's purpose and responsibilities. The Committees are described further below.

AUDIT, COMPLIANCE AND RISK COMMITTEE

The purpose of the Audit, Compliance and Risk Committee is to provide assistance to the Board in its review of:
(a) MRC's financial reporting, internal control structure and risk management systems;
(b) the internal and external audit functions; and
(c) MRC's compliance with legal and regulatory requirements in relation to the above.

The Audit, Compliance and Risk Committee has specific responsibilities in relation to MRC's financial reporting process; the assessment of accounting, financial and internal controls; the appointment of external auditor; the assessment of the external audit; the independence of the external auditor; and setting the scope of the external audit.

The Audit, Compliance and Risk Committee must comprise at least three non–executive Directors that have diverse, complementary backgrounds, with two independent non–executive Directors. The Chairman of the Audit, Compliance and Risk Committee must be an independent non–executive Director.

The members of the Audit, Compliance and Risk Committee are: Mr Walker (Chairman), Mr Leahy, and Mr Torre.

REMUNERATION AND NOMINATION COMMITTEE

The purpose of the Remuneration and Nomination Committee is to discharge the Board's responsibilities relating to the nomination and selection of Directors and the compensation of the Company's executives and Directors. The key responsibilities of the Remuneration and Nomination Committee are to:
(a) ensure the establishment and maintenance of a formal and transparent procedure for the selection and appointment of new Directors to the Board; and
(b) establish transparent and coherent remuneration policies and practices, which will enable MRC to attract, retain and motivate executives and Directors who will create value for shareholders and to fairly and responsibly reward executives.

The Remuneration and Nomination Committee must comprise at least three non–executive Directors, two of which must be independent non–executive Directors. The Chairman of the Remuneration and Nomination Committee must be an independent non–executive Director.

The members of the Remuneration and Nomination Committee are: Mr Leahy (Chairman), Mr Walker, and Mr Joseph Caruso.

The remuneration policy which sets out the terms and conditions for the Chief Executive Officer and other senior executives is set out in the Remuneration Report included in the Directors 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 share holders that are unable to attend these meetings are encouraged to communicate issues or ask questions by writing to the Company.

The Company has adopted a formal disclosure policy. 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 was adopted in February 2013.

DIVERSITY

The Company employs a broad mix of individuals reflecting its philosophy of hiring the best candidate for all positions at all levels irrespective of race, religion or gender. In terms of the composition of the Board and Board nominations, the Board will consider the requirements of the Davies Report and the Australian Stock Exchange Corporate Governance Principles as part of the overall Board appointment process of determining the composition of the Board that is the most appropriate for the Group.

The Company implemented a diversity policy subsequent to year end. The objective of the policy is for the Company to embrace the diversity of skills, ideas and experiences of an individual and recognise that a workforce is made up of people with differences in age, gender, sexual orientation, disability, religion or national origin or social origin contributes to MRC's success and organizational strength. It ensures all employees are treated with fairness and respect.

MRC is committed to embedding a corporate culture that embraces diversity through;
- Recruitment on the basis of competence and performance and selection of candidates from a diverse pool of qualified candidates
- Maintaining selection criteria that does not indirectly disadvantage people from certain groups
- Providing equal employment opportunities through performance and flexible working practices
- Maintaining a safe working environment and supportive culture by taking action against inappropriate workplace and business behaviour that is deemed as unlawful (discrimination, harassment, bullying, vilification and victimization)
- Promoting diversity across all levels of the business
- Undertaking diversity initiatives and measuring their success
- Regularly surveying our work climate
- The Board of Directors establishing measurable objectives in achieving gender diversity.

The Company currently employs 135 staff, with 36 females, representing 27%. There are no female directors. The Company has not yet set any measurable objectives as it has concentrated on finalising the development of the Tormin Mineral Sands Project. Operations commenced in January 2014 and the Company will endeavour to set measurable objectives during the 2014 financial year.

SECURITIES TRADING POLICY

A Securities Trading Policy has been adopted by the Board to set a standard of conduct, which demonstrates MRC's commitment to ensuring awareness of the insider trading laws, and that employees and Directors comply with those laws. The Securities Trading Policy imposes additional share trading restrictions on Directors, the Company Secretary, executives and employees involved in monthly financial accounting processes ("specified persons").

Under the Securities Trading Policy, specified persons are only permitted to buy and sell securities if they do not possess non–public price sensitive information and trading occurs outside of specified restricted periods. These periods are the periods commencing on the first day of the month before the end of the half–year or full year period and ending on the next business day after the announcement of the results for that period. In addition, before a specified person can deal in MRC's securities they must obtain clearance from the appropriate officer, confirming that there is no reason why they cannot trade.

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.

TWENTY LARGEST SHAREHOLDERS

Additional information required by the Australian Stock Exchange Ltd Listing Rules and not disclosed elsewhere in this report. This information is current as at 8 April 2013.

Rank	Name	Number of Ordinary Shares	Percentage of issued shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	87,049,171	21.50%
2	AU MINING LIMITED	80,580,000	19.90%
3	ZURICH BAY HOLDINGS PTY LTD	77,007,485	19.02%
4	CITICORP NOMINEES PTY LIMITED	56,939,911	14.06%
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	12,039,402	2.97%
6	JP MORGAN NOMINEES AUSTRALIA <CASH INCOME A/C>	11,560,154	2.85%
7	INTERNATIONAL MINING SERVICES LIMITED	7,206,875	1.78%
8	MISS KATHRYN YULE	6,342,000	1.57%
9	BLASTRITE GULF FZE	3,473,515	0.86%
10	MR KEVIN ANTHONY LEO & MRS LETICIA LEO	2,700,000	0.67%
11	MR ASHLLEY WALLISS	2,086,295	0.52%
12	MR ROBERT CAMERON GALBRAITH	1,459,221	0.36%
13	NATIONAL NOMINEES LIMITED	1,392,209	0.34%
14	REGIONAL MANAGEMENT PTY LTD	1,346,540	0.33%
15	KINGARTH PTY LTD	1,000,000	0.25%
16	MR WILLIAM DAVIDSON MEEK	1,000,000	0.25%
17	MR GRANT MENHENNETT <CM MINING & CIVIL SALES A/C>	954,481	0.24%
18	MR DONALD BOYD	900,000	0.22%
19	PHILEL PTY LTD <D & E SKAZAS FAMILY A/C>	867,675	0.21%
20	MR CHRISTOPHER VICTOR CARUSO	750,000	0.19%
	TOTAL	356,654,934	88.09%

Range of holdings		Number of shareholders	Number of shares
1 – 1,000		128	37,480
1,001 – 5,000		334	1,138,979
5,001 – 10,000		177	1,450,648
10,001 – 100,000		366	13,355,771
100,001 – and over		135	388,958,693
Total holders		1,140	404,941,571

Marketable Parcels

Number of shareholders holding less than a marketable parcel of ordinary shares is 293.

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 substantial shareholders:

- M&G Investment Management Limited — 8.84% of the issued ordinary shares
- Zurich Bay Holdings Pty Ltd holding — 19.02% of the issued ordinary shares
- AU Mining Limited — 20.6% of the issued ordinary shares
- Tormin Holdings Limited — 14.7% of the issued ordinary shares

Restricted securities

There are no restricted securities.

Share buy backs

There is no current on market share buy back.