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MINERAL COMMODITIES UNVEILS MAJOR RESOURCE UPGRADE FOR XOLOBENI

DEFINITIVE FEASIBILITY STUDY TO COMMENCE IN 2ND HALF OF 2003

Australian-based Mineral Commodities Ltd (**ASX: MRC**) today announced a **29% resource increase** for its **Xolobeni** mineral sands project in South Africa to **16.9 million tonnes** of contained heavy mineral.

The Perth-based Company said today it had received an independent resource update from SRK Consulting based on a major 25,469 metre RC drilling program completed last year covering the four resource blocks of the Xolobeni deposit, located 200 kilometres south of Durban on South Africa's east coast.

The new resource estimate (in the Measured and Indicated categories) comprises **313 million tonnes** at **5.4% Heavy Mineral (HM)** with an **ilmenite grade of 2.9%**. This compares with the previously announced resource of 196 million tonnes at 6.7% HM and 3.0% ilmenite grade. Details of the resource estimate are provided below.

Mineral Commodities' Chief Executive Officer, Mr Alan Luscombe, said the resource upgrade represented a significant increase in tonnage, particularly in the central Kwanyana and Mnyameni blocks at Xolobeni. In addition, the upgrade of the majority of the resource blocks from Inferred to Measured and/or Indicated status as defined by the JORC Code, confirmed the deposit as one of the world's key emerging mineral sands projects.

"This is a very important step forward for the Xolobeni Project, representing the culmination of over 9 months of intensive exploration and pre-feasibility work and providing independent confirmation of its status as a potential top-10 mineral sands producer," Mr Luscombe said.

"The strategic location of this world-class resource to established infrastructure and other major mineral sands mining and processing operations on South Africa's East Coast further enhances its development potential," he added.

Mr Luscombe said the pre-feasibility study on a potential US$202 million development of the Xolobeni Project, including the proposed construction of a separate Mineral Separation Plant (MSP) and downstream smelter in South Africa's Eastern Province, would be completed by mid-2003 incorporating the new resource estimate.

"This will pave the way for a Definitive Feasibility Study to commence during the second half of the year," he added.

Scoping studies and test work already completed by Mineral Commodities based on the previously announced resource of 196 million tonnes has demonstrated its potential to generate some US$1.3 billion in revenue over an estimated 17-year mine life, or US$77 million in revenue per annum.

This is based on an annual 12 million tonne per annum mining and processing rate to produce 530,000tpa Heavy Mineral Concentrate, 250,000 tonnes per annum of ilmenite roaster feed, 15,000 tonnes per annum of rutile, 15,000 tonnes per annum of leucoxene and 15,000 tonnes per annum of zircon.

The deposit is suitable for large-scale dry mining followed by processing in an on-site wet concentrate plant.

Independent assessments conducted by Mintek in South Africa have confirmed that the ilmenite is suitable for smelting to produce an enriched slag (86% TiO_2) which is suitable for pigment production by the chlorination process.

The Heavy Mineral Concentrate produced would be transported to a Mineral Separation Plant (MSP) located off-site at potential locations at East London or near the deposit itself to produce ilmenite, rutile, leucoxene, zircon products. The ilmenite would in turn be treated in a smelter to produce pig iron and titania slag.

The Xolobeni Project has received the backing of South African Export Capital – originally set up as a joint initiative between ABSA Bank Ltd and the South African Department of Trade and Industry – which is expected to support the funding and development of the project.

South African Export Capital holds a mandate to present a funding proposal for the development of the Project and holds an interest in Mineral Commodities' South African subsidiary which holds its interest in the Xolobeni Project.

New Resource Estimate – Xolobeni Project

Area	Resource Status	Tonnes (Mt)	% HM	% Fines	% Ilm [2]
Sikombe	Measured	77	5.9	18.0	3.3
Kwanyana	Measured	125	6.3	19.6	3.3
Mnyameni	Indicated	94	4.3	28.2	2.3
Mpahlane	Inferred	14	2.7	28.3	1.9
TOTAL		310	5.4	22.2	2.9

[1] All tonnages are based on a 1.5% HM cut-off grade
[2] The reported percentage of Ilmenite is a magnetic fraction of the THM without any previous or further mineralogical separation.

The information in this report that relates to Mineral Resources is based on information compiled by Daniel Guibal, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Daniel Guibal is a full-time employee of SRK Consulting. Daniel Guibal has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 1999 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Daniel Guibal consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.