Mineral Commodities Ltd
ACN 008 478 653
ABN 39 008 478 653

Unit 15, Level 1, 51-53 Kewdale Road
Welshpool, Western Australia 6106
PO Box 235, Welshpool DC 6986
Telephone: 61 8 9353 4890
Facsimile: 61 8 9353 4894
Email: info@mncom.com.au
Web: www.mncom.com.au

ASX ANNOUNCEMENT

NUMBER OF PAGES:	**2**
DATE:	**2 JUNE 2004**
SUBJECT:	**EXERCISE AND EXPIRY OF 31 MAY 2004 OPTIONS** **BONUS ISSUE OF OPTIONS** **PLACEMENT OF OPTIONS** **STRATEGY FOR FURTHER CAPITAL RAISING**

EXERCISE AND EXPIRY OF 31 MAY 2004 OPTIONS

The MRCO listed options exercisable at $0.25 each expired on 31 May 2004.
Since the end of the financial year (31 December 2003) a total of 6,763,339 options were exercised raising $1,690,835 in new equity. Shares will be allotted once all funds are confirmed as cleared which should be no later than Tuesday 8 June.
16,897,679 options lapsed.
The Company's total shares on issue is now 54,028,760.

BONUS ISSUE OF OPTIONS

The Company has previously announced a bonus issue of options. The entitlement date (record date) for the bonus issue is 30 June 2004. All shareholders registered on 30 June 2004 will receive one free option for every three shares held. On this basis and including the exercise of 31 May 2004 options there will be approximately 18,009,587 new options issued. This new class of options will be exercisable at $0.30 on or before 30 June 2007. The Company will apply to ASX for this class of securities to be quoted.

PLACEMENT OF OPTIONS

The Company previously announced plans to make a placement of up to 7,500,000 options to strategic investors. The terms of these options would be the same as the bonus issue.
The Company has revised its plans with respect to this issue and will not be proceeding with this placement.

FURTHER CAPITAL RAISING

With the successful partial conversion of the 31 May 2004 options the Company presently has approximately $3.8 million in cash and a further $2.3 million invested in marketable securities. The Company therefore has adequate funds to meet its current and medium term needs. However in the next 12 – 18 months the Company will have considerable outgoings on its two main projects, Xolobeni and Tormin.

The Xolobeni Mineral Sand project is about to enter the bankable feasibility phase which will cost up to $3 million over a term of 18 months.

A bankable feasibility study is currently in progress for the Tormin Mineral Sands project and is due for completion by the end of this calendar year. Costs for this BFS are less than $0.5 million.

The Company may require to raise further capital for these two developing projects. The structure and timing of such capital raising is yet to be determined. Amongst the many alternatives open to the Company it will also consider the prospect of raising this further equity on London's Alternative Investment Market in conjunction with a dual listing. Shareholders will be kept appraised of these matters as they develop.

Mark Caruso
Managing Director