



Mineral Commodities Ltd

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Australian Stock Exchange
Company Announcements Office

RAND 45.0 MILLION INVESTMENT TO PROCEED

Pursuant to a Heads of Agreement with Ehlobo Heavy Minerals ("EHM") dated 11 November 2005, Mineral Commodities Limited agreed to pursue the formation of a venture whereby EHM would acquire a 50.1% interest in MRC Resources (Pty) Ltd, the Mineral Commodities Limited group company which controls ownership of the two South African projects (the Xolobeni project and the Tormin project) by the payment of Rand 10.0 plus a commitment to fund up to Rand 35.0 million in project development costs ("the Venture").

EHM has now completed its due diligence and has issued the Continuation Notice as prescribed under the Heads of Agreement. Accordingly, Mineral Commodities Limited, through its wholly owned subsidiary Rexelle Pty Ltd now formally grants to EHM the right to acquire a 50.1% shareholding interest in MRC Resources (Pty) Ltd.

The parties now have seven days to complete and execute a Shareholders' Agreement for MRC Resources (Pty) Ltd, with Rexelle owning 49.9% and EHM owning 50.1%.

The Venture will be constituted after signing of the Shareholders Agreement, payment by EHM of Rand 2.0 million, the issue by EHM of a bond for Rand 8.0 million and the issue to EHM of such number of shares in MRC Resources which represents a 50.1% interest.

Once the Venture has been formally constituted as outlined above, EHM will commence funding project development costs for Xolobeni and Tormin up to the agreed Rand 35.0 million amount.

The Company considers the constitution of this BEE investment Venture as a significant milestone in moving its South African mineral sands projects towards development.

For further information please contact

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