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MRC ENTERS INTO MOU WITH BEE PARTNER TO DIVEST INTEREST IN XOLOBENI MINERAL SANDS PROJECT

Mineral Commodities Ltd (“MRC” or “the Company”) advises that it has entered into a Memorandum of Understanding (“MOU”) with its Black Economic Empowerment (“BEE”) Partner for the Xolobeni Project, Keysha Investments 178 Pty Ltd (Keysha), to divest its 56% interest in Transworld Energy and Resources (SA) Pty Ltd (“TEM”), the entity which owns the Xolobeni Mineral Sands Project, to Keysha on terms to be agreed between the parties.

MRC has committed significant financial, technical and social resources toward the development of the Xolobeni Mineral Sands Project (“Xolobeni Project”) since 2003.

Throughout the past thirteen years, MRC has successfully worked with the regulatory development programme and IAP stakeholders. The Company has engaged in many years of ongoing and meaningful consultations with the local community at Xolobeni, and has always prioritised the wellbeing of the Amadiba Community.

The Company has accepted that attempts to facilitate peaceful and safe site access by independent environmental consultants to adequately assess the possible environmental impacts of the Xolobeni Project continues to cause undue tensions and conflict, something that the Company has openly tried to avoid. The Company has, and always will have an ambition to bring prosperity and economic upliftment to the local Amadiba Pondo land inhabitants and the greater Mbizana district, and continues to believe that the Xolobeni Project offers significant value to enable economic upliftment.

In light of the ongoing violence and threats to the peace and harmony of the local Xolobeni community, the Company accepts that the future viability of the Xolobeni Project should be managed by stakeholders and organisations exclusively owned by South African people.

As such and after due consideration, the Company has decided, subject to satisfactory commercial negotiations, agreement with the other remaining shareholder, and any regulatory or shareholder approvals that may be required, to divest of its interest in the Xolobeni Project. Accordingly the Company is pleased to announce that the Company and its wholly owned subsidiary MRC Resources Pty Ltd has entered into an MOU with its BEE partner, Keysha, for the sale of the Company’s shareholding interest in TEM.

The decision was made after extensive consultation with Keysha, who shares the view that the development of the Xolobeni Project is critical to the social and economic upliftment of the local Amadiba Pondo land inhabitants and the greater Mbizana district, and that the Xolobeni Project’s development should not be influenced directly or indirectly by the stakeholder focus being placed on an international mining company, as opposed to legitimate debate surrounding the economic benefits (or otherwise) and the environmental issues concerning the development of the Xolobeni Project.

The Company fully supports the ongoing development of the Xolobeni Project and its decision to divest is in no way a reflection of its commitments of its mining interests in South Africa.

Further details of the terms of the proposed divestment in the Xolobeni Project will be notified upon signing of definitive sale agreements.

The Company continues to invest in and operate the Tormin Mineral Sands Operation (“Tormin”) on the West Coast of South Africa, which currently employs over 200 local community members of the Matzikama region. In addition, the Tormin operation employs 40 local members of the Amadiba Pondo region surrounding Xolobeni, which has been appointed as the Company’s designated labor sending area in accordance with Tormin’s Social Labour Plan and Mining Charter Agreement. The Company remains dedicated to providing the training, education and employment initiatives to the local members of the Amadiba Pondo region, in addition to the various community programmes such as the agricultural farming and primary livestock developments.

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