FINANCIAL RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

*MDL's primary asset is a 50% interest in the TiZir joint venture (**TiZir**), which owns the Grande Côte mineral sands operation (**GCO**) in Senegal, West Africa and the TiZir Titanium & Iron ilmenite upgrading facility (**TTI**) in Tyssedal, Norway. ERAMET of France is MDL's 50% joint venture partner in TiZir.*

*(Denominated in **United States Dollars** unless otherwise stated)*

HIGHLIGHTS

- TiZir recorded EBITDA of $28.4 million in 1H 2017
- GCO generated a record EBITDA of $22.0 million
- TiZir profitability improvements driven by increased GCO production and ongoing positive market developments
- Refinancing of $275m TiZir bonds maturing in September 2017 complete
- TiZir operations funded by $15.8 million cash and working capital facilities at TTI and GCO
- MDL reported loss of $13.1 million, a $3.8 million improvement from 1H 2016
- MDL cash position of $13.9 million (A$18.1 million) and zero debt as at 30 June 2017

FINANCIAL SUMMARY

$m	1H 2017	1H 2016	$ Change
MDL			
50% share of TiZir's reported loss	**(9.0)**	(19.4)	**10.4**
Reported loss	**(13.1)**	(16.9)	**3.8**
Basic EPS (cents)	**(8.4)**	(16.3)	**7.9**
Cash and cash equivalents(i)	**13.9**	4.9	**9.0**
TiZir			
TTI EBITDA	**7.8**	6.0	**1.8**
GCO EBITDA	**22.0**	(2.7)	**24.7**
Reported loss	**(18.0)**	(38.8)	**20.8**
Cash flow used in operations	**(31.1)**	(24.2)	**(6.9)**
Capital expenditure	**3.4**	10.2	**(6.8)**

(i) Cash and cash equivalents comparative figure represents balance at 31 December 2016

Mineral Deposits Limited (ASX: MDL) is pleased to announce that TiZir recorded an EBITDA of $28.4 million for 1H 2017, an improvement of $26.6 million compared to 1H 2016. The strong EBITDA result was driven by record production at GCO during the period, positive market developments in both the titanium feedstock and zircon markets and the continued positive impact of cost reduction initiatives implemented at each operation over the previous 12 months.

Managing Director Robert Sennitt commented: "It is particularly pleasing to see a strong improvement in operational consistency combined with the realisation of the benefits of mine optimisation initiatives at GCO. The successful ramp up of operations at TTI was also important in delivering the stronger financial performance of TiZir in 1H 2017. With the build-up of working capital at TTI largely complete and expectations that market conditions will continue to improve, we look forward to TiZir delivering a positive cash flow performance in 2H 2017."

TIZIR

The key focus areas for TiZir in 1H 2017 included delivering consistent operating performance at GCO, while continuing to optimise operations, in addition to ensuring the successful ramp up of operations at TTI.

Despite heavy mineral concentrate (**HMC**) production being impacted during 1Q 2017 by a necessary mine path crossover through lower grade tailings, GCO recorded strong production results in 1H 2017. Sustained higher runtime and throughput rates resulted in new quarterly and half-yearly records for HMC production and ore mined. High plant availability at the mineral separation plant led to further increases in finished goods production, in particular ilmenite (13% higher than 1H 2016) and zircon (15% increase compared to 1H 2016). The introduction of medium grade zircon sands in 1Q 2017 – which have been well received by global customers – has broadened GCO's capacity to take advantage of improving zircon prices.

GCO sales volumes were stronger in 1H 2017 in line with the increase in production of finished goods. Compared to 1H 2016, overall sales volumes were 21% higher in 1H 2017, driven by a 19% increase in zircon sales, a 15% increase in ilmenite sales and the sale of 10,754 tonnes of medium grade zircon sands.

With respect to ilmenite pricing conditions, positive trends evidenced in 2016 have continued in 2017 due to increasing pressure on the availability of titanium dioxide feedstock and pigment. Notably, due to strong ilmenite production at GCO, a number of ilmenite shipments budgeted for TTI were sold to external customers to take advantage of higher prevailing prices.

Following stabilisation at the end of 2016, the zircon market also experienced positive developments in 1H 2017 which, on a month to month basis, has positively impacted GCO's profitability.

GCO's strong production performance, combined with ongoing market improvements, led to a record EBITDA result of $22.0 million for 1H 2017 (including a new quarterly record in 2Q 2017 of $17.9 million) compared to an EBITDA loss of $2.7 million in 1H 2016 (100% basis). This performance was aided by continued cost reduction initiatives, which, in conjunction with increased production, saw the average unit cost of production decrease by 17.3%.

TTI's EBITDA (on a 100% basis) for 1H 2017 was $7.8 million. Production for 1H 2017 was slightly below that achieved in 1H 2016, with both titanium slag and high-purity pig iron (**HPPI**) production 2% lower compared to the corresponding period. Both periods were impacted by furnace restarts and production ramp up. Encouragingly, the operation is consuming less coal and requiring less energy to achieve targeted production levels, which is enhancing the cost efficiencies of the operation. Further, optimisation of the crushing plant has resulted in higher chloride slag yields.

Titanium slag sales volumes for 1H 2017 were significantly lower than 1H 2016 largely due to shipments of residual sulphate-process titanium slag inventory during 1Q 2016 following the conversion to chloride slag in December 2015. These residual shipments account for the decrease of $10.1 million in TTI revenue for 1H 2017 compared to 1H 2016.

Sales of HPPI were consistent with production in 1H 2017, reflecting market acceptance of TTI's high-quality pig iron following the furnace restart at the beginning of the year.

Pricing for titanium slag continued to be stable in 1H 2017. However, pricing for HPPI was stronger due to the persistence of geopolitical instability in Eastern Europe which has impacted the global supply of pig iron.

GCO continued its strong cash flow performance recording its second consecutive half-year of positive cash flows. Despite this result, TiZir's cash flow from operations in 1H 2017 was negative $31.1 million compared to negative $24.2 million in 1H 2016, driven by the build-up of working capital at TTI following the furnace restart in January 2017. While cash flow from operations was negative during the reporting period, the working capital build at TTI is largely complete and cash flow performance is expected to be significantly stronger in 2H 2017.

TIZIR FUNDING

At 30 June 2017, external borrowings (excluding shareholder loans) by TiZir amounted to $359.8 million, comprising $281.3 million of senior secured bonds (including accrued interest and borrowing costs) due September 2017, $35.6 million outstanding of a $50 million working capital facility tied to TTI and $45.0 million outstanding of a $50 million working capital facility tied to GCO, offset by $2.1 million of capitalised borrowing costs.

As announced on 5 July 2017, TiZir successfully completed a new 9.5%, $300 million senior secured bond issue with maturity scheduled in July 2022. The proceeds will primarily be used to refinance the aforementioned $275 million senior secured bonds maturing in September 2017. The successful refinancing of TiZir's senior debt is a major milestone for TiZir and has been well received in the investment community.

TiZir's cash and cash equivalents at 30 June 2017 were $15.8 million, giving external net debt of $344.0 million.

MDL FINANCIAL PERFORMANCE

MDL recorded a net loss of $13.1 million for the half-year ended 30 June 2017, compared to a net loss of $16.9 million in 1H 2016. The result reflects a decrease in the Company's share of TiZir's reported loss arising from stronger profitability at GCO and TTI, offset by adverse movements in foreign exchange rates which significantly impacted the overall result.

MDL's cash and cash equivalents at 30 June 2017 were $13.9 million. The increase in cash balances of $8.9 million during the period primarily related to net proceeds of the capital raising completed in March 2017 of $28.5 million. Other net cash flows including interest received of $0.1 million, repayment of loans outstanding to ERAMET (including interest of $0.9 million) of $14.1 million, corporate administration expenditure of $2.1 million and subordinated loan contribution to TiZir of $3.5 million.

ERAMET LOAN FUNDING

Following the successful completion of a capital raising in March 2017, the Company made a payment of $14.1 million in principal and accrued interest to ERAMET in order to extinguish debts arising from loan funding made available since December 2015. There is no debt outstanding under these agreements as at 30 June 2017.

TIZIR IMPAIRMENT REVIEW

An impairment review was undertaken as at 30 June 2017 in relation to TiZir's two cash-generating units (**CGU**), GCO and TTI. The recoverable amount of GCO is assessed using the fair value less costs of disposal method, whilst the recoverable amount of TTI is assessed using the value in use method. Both CGUs utilise discounted cash flow financial models to estimate their respective recoverable amounts. As a result of the impairment review, no impairment charge has been recognised against the assets of TiZir's CGUs.

Key assumptions and sensitivity analysis

GCO's recoverable amount is particularly sensitive to certain key assumptions, including: life of mine, discount rate (11.5% nominal post-tax), commodity prices, utilisation, production and sales volumes, and operating costs. A life of mine of 26 years has been used, incorporating the established reserves which provide for a mine path of 14 years covering approximately 40% of the mining concession, along with additional resources (beyond the area covered by the initial 14 year mine path) that are based on a mine optimisation study completed in 2016.

For the purpose of assessing MDL's investment in TiZir for impairment, the Company uses the discounted cash flow model undertaken at a CGU level to forecast future cash flows that are estimated to flow to the Company as a result of its investment in TiZir through loan repayments, capital returns and dividends. The Company then compares the net present value of these cash flows to the carrying value of its investment in TiZir. For the half-year ended 30 June 2017, as a result of the impairment review, no impairment charge has been recognised against the Company's investment in or its amounts receivable from TiZir at 30 June 2017.

OUTLOOK

With GCO continuing to optimise operations and TTI hitting production targets, TiZir expects the positive momentum evidenced in 1H 2017 to continue into the second half of the year.

Core operational 3Q 2017 activities will include:

- advancement and completion of certain mine optimisation initiatives at GCO in order to continue to improve runtime, throughput and recovery of the wet concentrator plant;
- detailed studies related to inclusion of areas of supplementary feed adjacent to the dredge path at GCO;
- the furnace at TTI is expected to operate at or above levels achieved in 2Q 2017 while maintaining volume consistency between production and shipments; and
- implementation of further cost reduction initiatives at both operations.

MARKET OUTLOOK

Market conditions with respect to TiZir's product suite evidenced ongoing improvements throughout 1H 2017.

Titanium dioxide feedstocks: Continuing 1Q 2017 trends, 2Q 2017 was a positive quarter for titanium dioxide feedstock prices with higher utilisation of pigment plants supporting additional price increases. While improved inventory levels are expected to stabilise ilmenite prices, the outlook for high-grade titanium feedstock continues to strengthen. The elimination of excess capacity, together with improving spot prices for rutile, is a strong indicator of strengthening market conditions in the sector in which TiZir's titanium feedstock production is focused.

Zircon: Conditions continue to improve in TiZir's key markets of Europe and North America with demand remaining strong. Supply is tightening with limited inventory availability and signs of lower than anticipated production. These conditions are contributing to upward pressure on prices with price increases expected throughout the remainder of 2017. Heading into 3Q 2017, a number of major producers have already announced price rises between $130 and $150 per tonne.

High-purity pig iron: Pricing remained stable in 1H 2017. Whilst geopolitical issues in Eastern Europe persist, demand is anticipated to endure with pricing expected to remain stable.

MDL financial summary

$m	1H 2017	1H 2016
50% share of TiZir's reported loss	(9.0)	(19.4)
Interest and other revenue	3.0	2.4
Administration expenses	(1.8)	(1.8)
Finance costs	(0.3)	(0.2)
Foreign exchange losses	(5.0)	(1.3)
Gain on disposal of WTR shareholding	-	3.4
Income tax	-	-
Reported loss	**(13.1)**	**(16.9)**

TiZir financial summary

	Revenue		**EBITDA**		**EBIT**	
$m	**1H 2017**	1H 2016	**1H 2017**	1H 2016	**1H 2017**	1H 2016
TTI	42.2	52.3	7.8	6.0	3.3	1.8
GCO	(i)51.3	(i)30.9	22.0	(2.7)	7.9	(15.0)
Corporate	-	-	(1.4)	(1.5)	(1.9)	(2.9)
Total	**93.5**	**83.2**	**28.4**	**1.8**	**9.3**	**(16.1)**
Foreign exchange loss					(0.4)	(0.5)
Net finance costs(ii)					(24.1)	(22.3)
Amortisation of acquisition assets(iii)					(1.3)	(1.3)
Loss before tax					**(16.5)**	**(40.2)**
Income tax expense					(1.0)	(0.4)
Minority interest(iv)					(0.5)	1.8
TiZir reported loss					**(18.0)**	**(38.8)**
MDL 50% share					**(9.0)**	**(19.4)**

Notes to the financial information

(i) Ilmenite sales from GCO to TTI totalling $14.6 million (1H 2016 – $11.0 million) have been eliminated from GCO's revenue disclosed above. The remaining revenue of $51.3 million (1H 2016 – $30.9 million) represents revenue earned from sales to external customers.

(ii) Net finance costs comprise:

$m	**1H 2017**	1H 2016
Interest charged on TiZir bond	(12.3)	(12.3)
Interest charged on subordinated loans from joint venture partners	(7.0)	(5.2)
Interest on working capital facilities	(1.9)	(1.8)
Other net interest, borrowing and other finance costs	(2.9)	(3.0)
Total net finance costs	**(24.1)**	**(22.3)**

Note: Other net interest, borrowing and other finance costs primarily relates to amortisation of capitalised borrowing costs in relation to the senior secured bond issue in September 2012 and May 2014 and costs incurred in securing amendments to the senior secured bond agreement in December 2015.

(iii) As part of the establishment of TiZir in October 2011, specifically identified intangible assets, property, plant & equipment and related deferred tax liabilities are recognised on consolidation and amortised over the useful lives of these assets. The amortisation of such assets during the year amounted to $1.3 million pre-tax and $1.0 million on an after-tax basis.

(iv) Minority interest reflects 10% ownership of GCO by the Government of the Republic of Senegal.

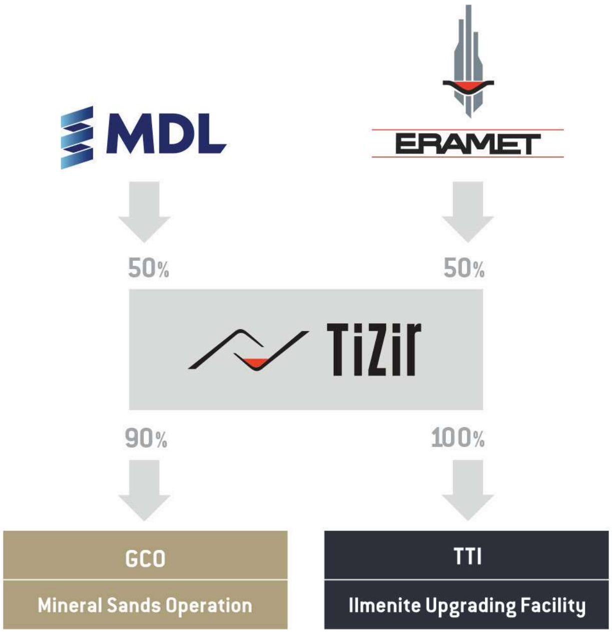
ABOUT MDL

Mineral Deposits Limited (ASX: **MDL**) is an established, ASX-listed, integrated mining company with a 50% equity interest in TiZir Limited (**TiZir**) in partnership with ERAMET of France.

The TiZir joint venture comprises two integrated, operating assets – the Grande Côte mineral sands operation (**GCO**) in Senegal, West Africa and the TiZir Titanium & Iron ilmenite upgrading facility (**TTI**) in Tyssedal, Norway.

GCO is a large-scale, cost competitive mineral sands operation located in Senegal that is fully integrated from mine-to-ship, using owned or controlled infrastructure. GCO commenced mining activities in March 2014 and, over an expected mine life of at least 25 years, will primarily produce high quality zircon and ilmenite. A majority of GCO's ilmenite is sold to TTI. GCO also produces small amounts of rutile and leucoxene.

TTI upgrades GCO ilmenite to produce high quality titanium feedstocks, primarily sold to pigment producers, and a high-purity pig iron, a valuable co-product, which is sold to ductile iron foundries. TTI benefits from access to cheap and clean power, and excellent logistics, in particular, year-round shipping capacity and customer proximity.



Forward-looking statements

Certain information contained in this report, including any information on MDL's plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute forward-looking statements.

Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. MDL cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of MDL to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. These factors include the inherent risks involved in mining and mineral processing operations, exploration and development of mineral properties, financing risks, changes in economic conditions, changes in the worldwide price of zircon, ilmenite and other key inputs, changes in the regulatory environment and other government actions, changes in mine plans and other factors, such as business and operational risk management, many of which are beyond the control of MDL.

Except as required by applicable regulations or by law, MDL does not undertake any obligation to publicly update, review or release any revisions to any forward-looking statements to reflect new information, future events or circumstances after the date of this report.

Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.

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