

MDL UPDATE

Investor Presentation
February 2018



ASX: MDL



STATEMENTS

MDL OVERVIEW

- MDL's primary asset is a 50% interest in the TiZir joint venture, 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.

FORWARD-LOOKING STATEMENTS

- Certain information contained in this presentation 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, operation of mineral processing facilities, 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.
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MDL – INTEGRATED PRODUCER OF ZIRCON AND TITANIUM FEEDSTOCKS

STRONG SHARE PRICE PERFORMANCE

Share price growth reflective of strong operational performance, balance sheet recapitalisation and an improving commodity market

MARKET SNAPSHOT

Share price (as at 2 February 2018)	A\$1.18
Shares on issue	~197m
Market capitalisation	~A\$232m
Net Cash (Debt) (as at 31 December 2017)	~A\$16.2m
12 month share price range	A\$0.40 - A\$1.20

MAJOR SHAREHOLDERS

Allan Gray Australia	17.34%
Ellerston Capital	9.40%
L1 Capital	8.84%
Farjoy	7.82%
CBA (Colonial First State)	6.08%
Tiga (Thorney Investments)	5.44%
Mitsubishi UFJ Financial Group Inc	5.23%
Top 20 Shareholders (as at 2 February 2018)	85.38%

MDL share price performance - 12 months



1. Major shareholder percentages are as disclosed to MDL in substantial holding notices

MDL – OWNER OF 50% OF THE TIZIR JOINT VENTURE

THE INTEGRATION OF GCO AND TTI UNDERPINS TIZIR'S SUCCESS

GCO mine

- High-quality zircon, ilmenite (largely consumed by TTI), rutile and leucoxene
- 25 year expected mine life

TTI upgrading facility

- Nameplate capacity of 230ktpa chloride titanium slag and 100ktpa of high-purity pig iron
- Valuable technology and IP

Capital expenditure program complete

- GCO ~US\$650m mine construction (2014)
- TTI ~US\$70m furnace upgrade and expansion (2015)

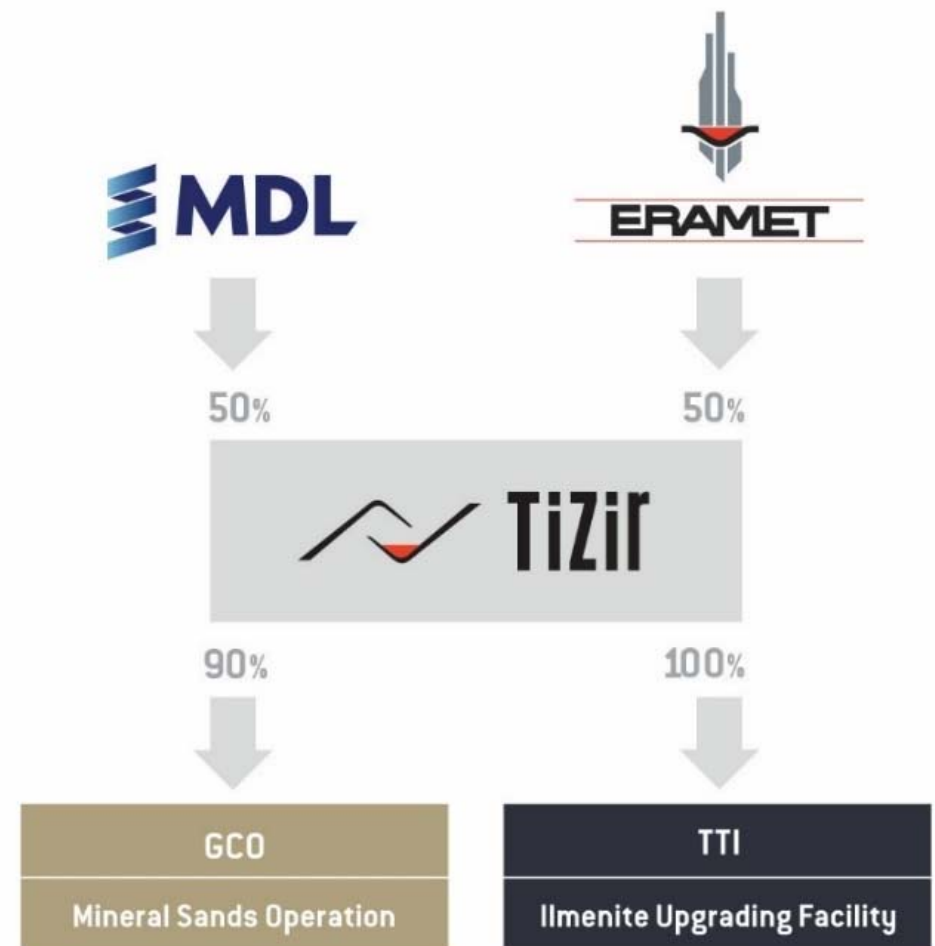
Balance Sheet

- Total assets of US\$955m¹
- Funded by: corporate bond (US\$300m), net working capital facilities (US\$23m)² and shareholder loans (US\$223.9m)¹
- MDL book value¹: A\$1.52 per share

Experienced management teams at GCO & TTI

1. As at 30 June 2017

2. As at 31 December 2017



THE VALUE OF VERTICAL INTEGRATION

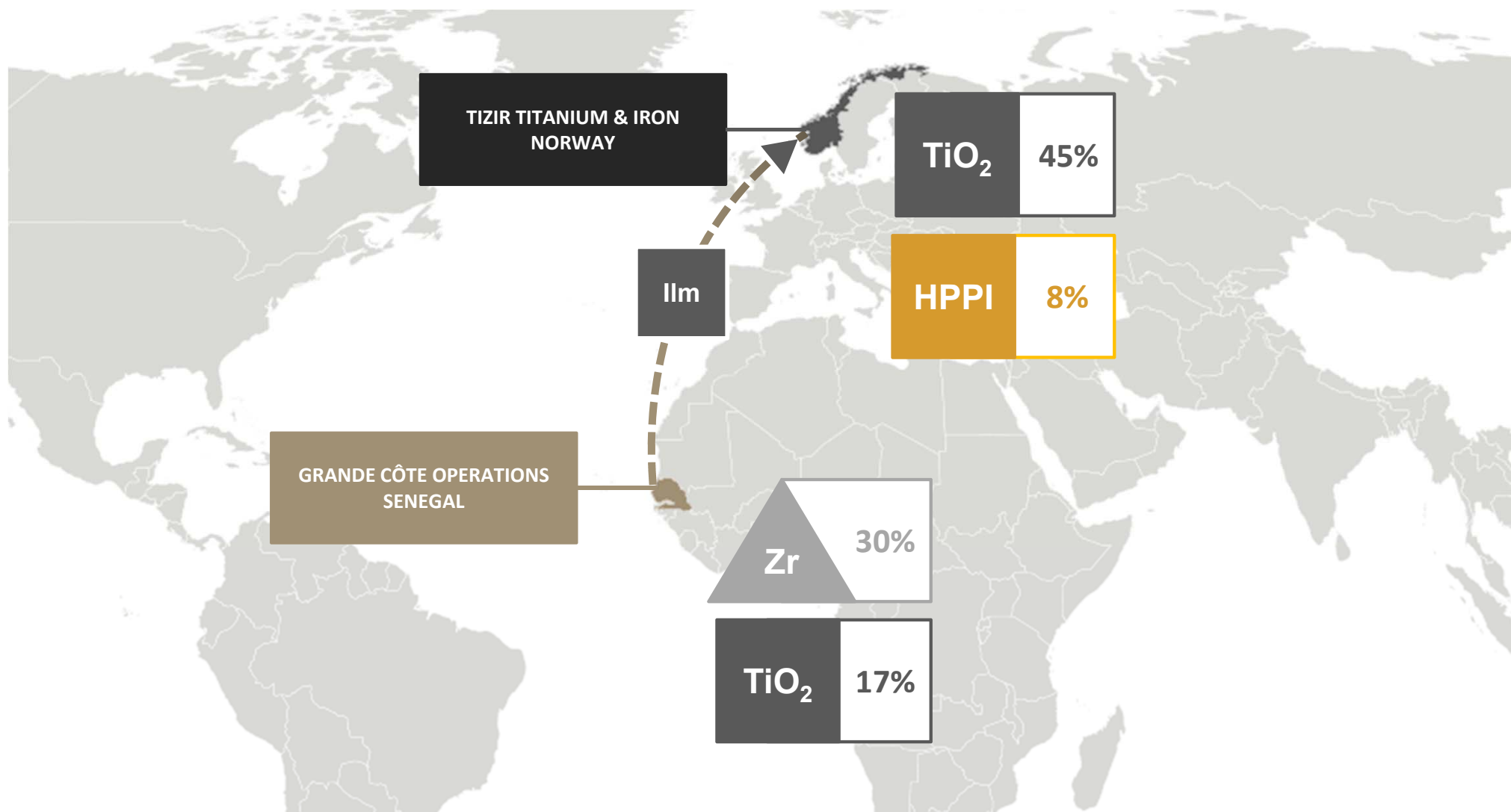


MINE ► INTEGRATE ► TRANSFORM

Video

TIZIR OPERATIONS AND REVENUES

TIZIR PRODUCES HIGH-GRADE TITANIUM FEEDSTOCKS AND PREMIUM QUALITY ZIRCON



Note: Proportions of revenue shown are indicative averages over the life of operations

MINERAL SANDS MARKET UPDATE

INDUSTRY MARKET DYNAMICS CONTINUE TO IMPROVE



INDUSTRY CHARACTERISTICS

- Demand and global GDP/urbanisation strongly correlated
- Opaque product pricing
- Emergence of China in 2010
- Influence of major producers' strategies

IMPROVING MARKET DYNAMICS

- Demand growth driven by improving economic fundamentals
- Pigment supply chain inventories at normal levels
- Significant capex required to replace existing capacity
- Environmental pressure driving rationalisation in China
- Resource base declining – new projects are generally higher cost with technical/geopolitical challenges
- Customers seeking to secure volumes with short term pricing mechanisms

INDUSTRY OUTLOOK

- Pigment
 - higher plant utilisation rates
 - consistent price rises since 2015
- Feedstocks
 - Driven by economics of TiO_2
- High-grade titanium feedstock
 - restart of idled operations
 - higher spot prices for rutile
- Zircon
 - shortfalls emerging with strong price recovery in recent quarters

2017 HIGHLIGHTS

A TRANSFORMATIONAL YEAR FOR TIZIR AND MDL

FINANCIAL

MDL

- Recapitalisation complete
- ERAMET loan repaid
- US\$12.6m cash on hand¹

TIZIR JOINT VENTURE

- US\$275m bond refinanced
- GCO cash flow positive for five consecutive quarters
- TTI working capital build complete – now cash flow positive
- Positive commodity price outlook enhances future cash flow potential

GCO OPERATIONS

GCO

- Ongoing improvements in utilisation rates and throughput
- Operational consistency
- Year-on-year production volume improvements
- No significant capital requirements anticipated
- Ongoing cost saving initiatives
- Healthy demand for all products, particularly high-quality zircon

TTI OPERATIONS

TTI

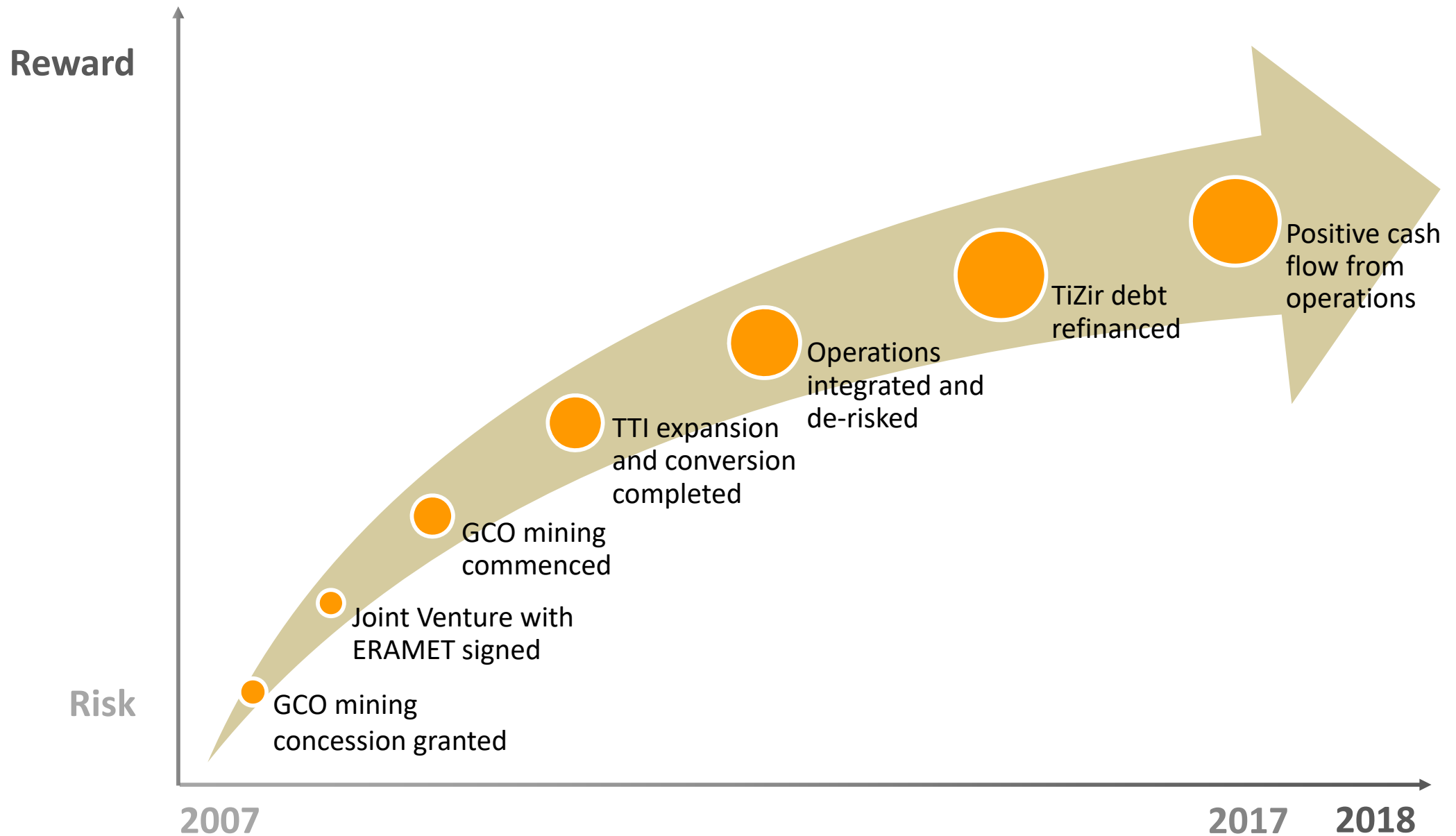
- Ramp up to expanded capacity progressing to expectations
- Significant production efficiencies achieved
- No significant capital requirements anticipated
- Ongoing cost saving initiatives
- Strong demand fundamentals developing for high-grade feedstocks
- Valuable pig iron credit

MDL is well positioned to generate long-term value for shareholders

1. As at 31 December 2017

TIZIR DE-RISKING

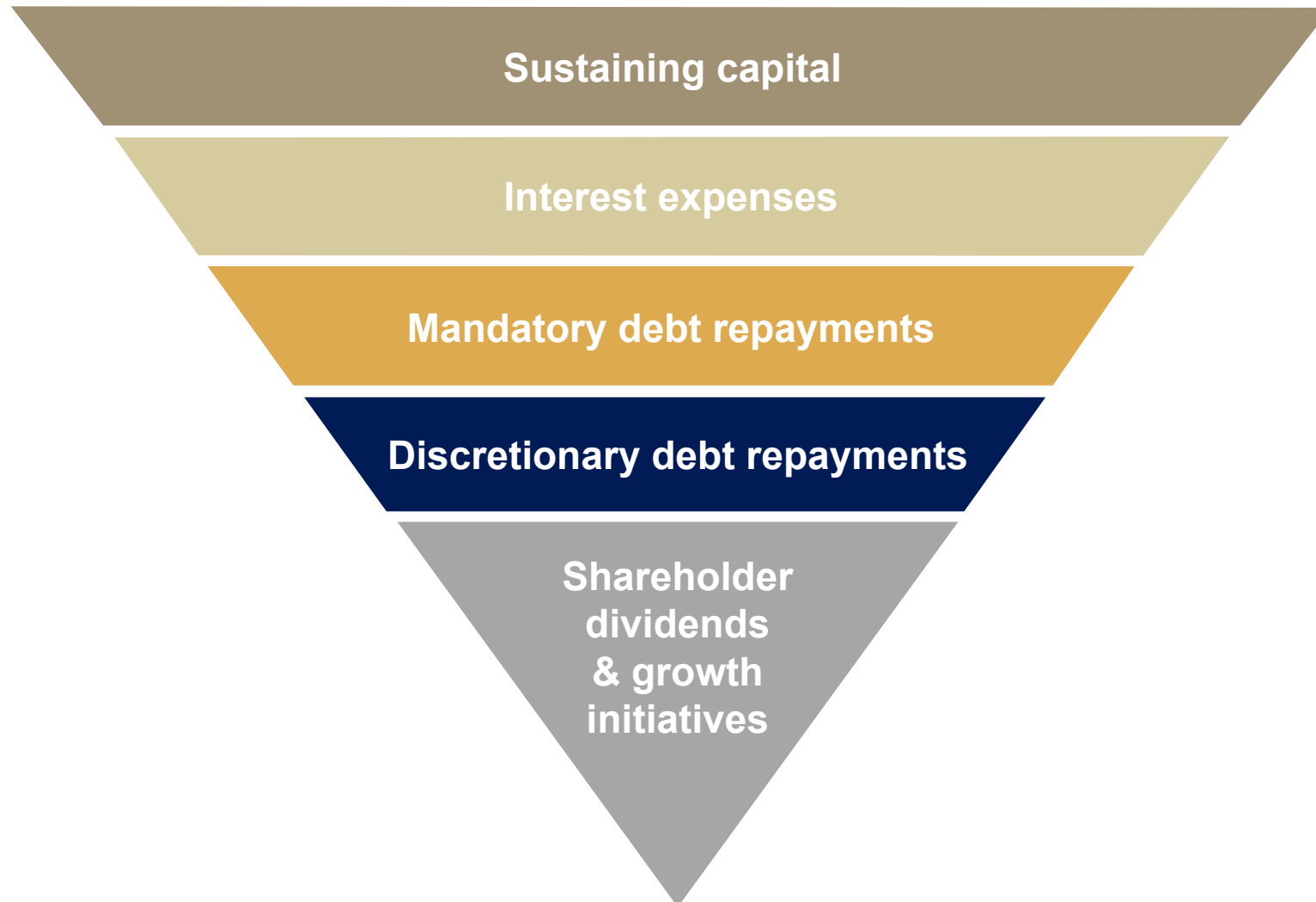
ONGOING ACHIEVEMENT OF SIGNIFICANT MILESTONES



CAPITAL ALLOCATION PRIORITIES

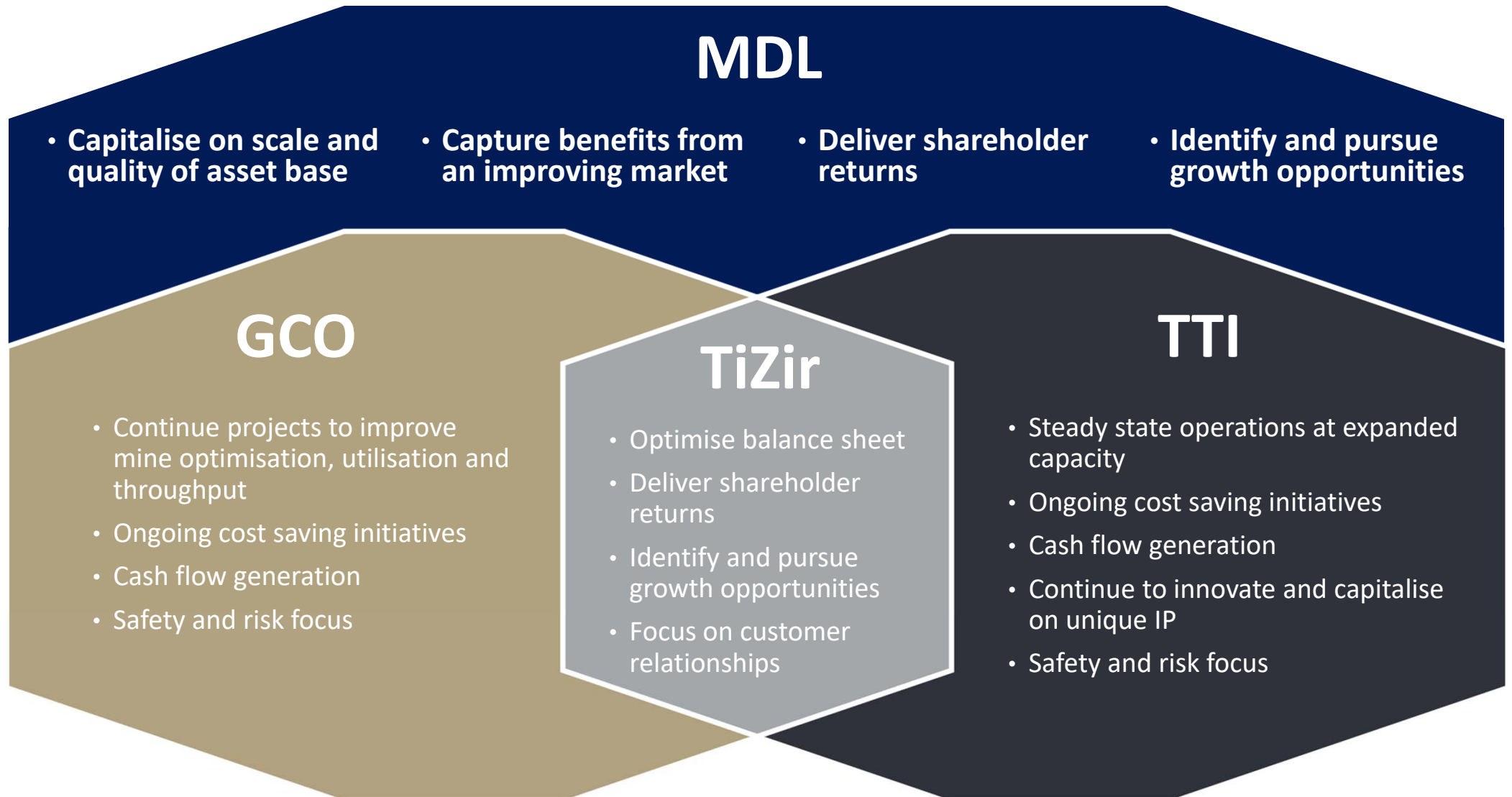
SURPLUS CASH FLOW WILL INITIALLY BE DIRECTED AT REDUCING DEBT TO A SUSTAINABLE LEVEL

TIZIR CASH FLOW FROM OPERATIONS









2018 STRATEGY

DELIVERING SHAREHOLDER VALUE



SIGNIFICANT LEVERAGE FOR MDL SHAREHOLDERS

STRONG PLATFORM TO GROW SHAREHOLDER WEALTH

-  **Improving sector outlook**
-  **Value leverage**
-  **Substantial five year capital program complete, no major capex required for budgeted production**
-  **Integrated operations maximising margin and minimising risk**
-  **Operations largely de-risked and generating positive cash flow**
-  **50/50 partnership with ERAMET, a major global player in manganese and nickel mining & smelting**

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