MDL

APPENDIX 4E (RULE 4.3A)
FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Expressed in United States Dollars unless otherwise stated

RESULTS FOR ANNOUNCEMENT TO THE MARKET

All comparisons to the year ended 31 December 2016

This information should be read in conjunction with the attached 2017 consolidated annual report of Mineral Deposits Limited.

		Change %		Amount US$'000
Revenue from ordinary activities	up	25.93	to	6,584
Loss from ordinary activities after tax attributable to equity holders of the parent	down	(24.01)	to	(20,612)
Loss for the period attributable to equity holders of the parent	down	(24.01)	to	(20,612)

Commentary on the results for the year ended 31 December 2017

For commentary on the results for the year ended 31 December 2017, please refer to the attached annual report.

Net tangible assets per ordinary share

	31 Dec 2017 US cents	31 Dec 2016 US cents
Net tangible asset backing per ordinary share	131.85	234.57

Controlled entities acquired or disposed of

There were no controlled entities acquired or disposed of during the year ended 31 December 2017.

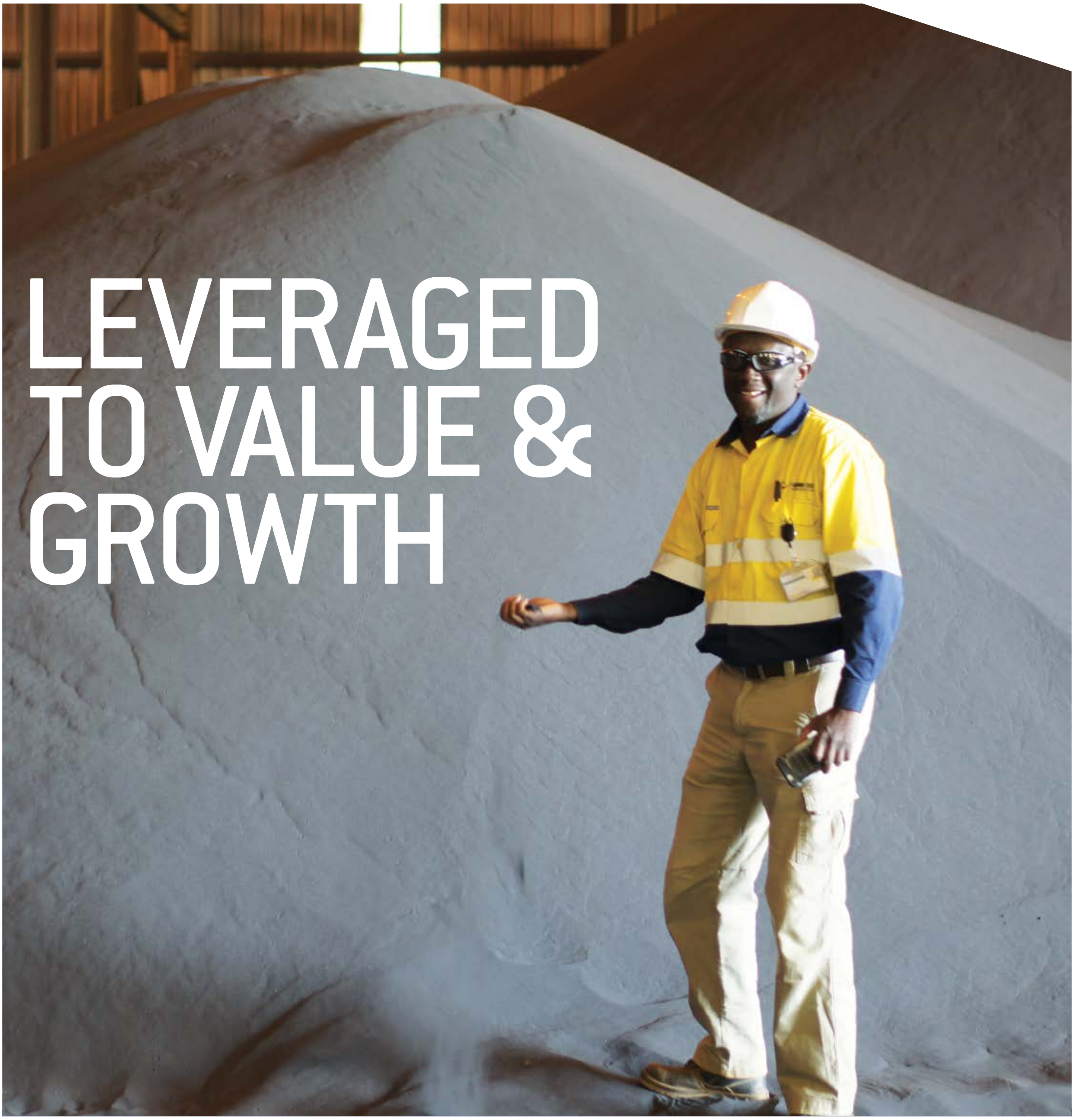
Details of joint venture entities

		31 Dec 2017	31 Dec 2016
Ownership interest held in TiZir Limited	%	50	50
Contribution to net loss (refer note 11 – Investment in Joint Venture)	US$'000	(16,147)	(31,893)

Additional Appendix 4E disclosure requirements and commentary can be found in the accompanying annual report for the year ended 31 December 2017.

This Appendix 4E report is based on the consolidated financial statements which have been audited by Deloitte Touche Tohmatsu.

ANNUAL REPORT 2017



LEVERAGED TO VALUE & GROWTH

MDL

CONTENTS

FORWARD-LOOKING STATEMENTS

Certain information contained in this report, including any information on Mineral Deposits Limited's (**MDL** or the **Company**) plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words, such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance.

Forward-looking 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. There can be no assurance that actual outcomes will not differ materially from these statements.

Past performance information given in this report is given for illustrative purposes only and is not necessarily a guide to future performance. No representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information or other forecast. Nothing contained in this report is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or future performance 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.

Expressed in **United States dollars** (**USD**, **US$** or **$**) unless otherwise stated.

CHAIRMAN'S REPORT

'...your company is poised for profitability in the current environment and into the future.'

Fellow Shareholders,

In 2017, the mineral sands sector emerged from an extended period of tepid demand and weak pricing so we began to see sales volumes strengthen, inventories normalise, and pricing improve for all our products. In addition, throughout the year the TiZir joint venture (**TiZir**) continued to achieve numerous milestones that will underpin the future of the joint venture as a world-class producer of high-quality zircon products and titanium feedstocks. Consequently, your company is now well placed to capitalise on the situation and generate healthy margins throughout the commodity cycle.

2017 represented a year which reflected the significant efforts of management to deliver on objectives outlined at the end of 2016, in particular:

- **successfully refinancing TiZir's corporate bond** that matured in September 2017. This was achieved through the issuance of a new $300 million senior secured bond, with a five-year term, annual coupon of 9.5% and an amortisation profile commencing mid-2019
- **a strong return to production at TTI** following furnace repairs in 2016. Upgrading of GCO ilmenite recommenced ahead of schedule and ramp up to production rates nearing the expanded annualised capacity target of 230,000tpa of chloride grade titanium slag was achieved in the third quarter
- **optimisation of GCO operations**. Numerous continuous improvement programs focused on run time, recovery and throughput have delivered permanent improvements to the operation that, combined with a focus on reducing operating costs, has this operation consistently producing positive cash flows
- **restructuring of joint venture management**. The new structure provides for clearer accountability within the operations and a flatter, more cost-effective management structure
- **successful re-capitalisation of MDL**. A fully underwritten placement and accelerated non-renounceable entitlement offer in the first quarter, which raised a total of A$39.2 million, enabled the repayment of the company's $14.1 million loan to ERAMET

These efforts, together with an improved commodity price environment, contributed to TiZir achieving its best financial results to date, with EBITDA of $62.5 million, up 158.8% on 2016. GCO generated positive cash flows in each quarter and TTI returned to positive cash flows in 4Q 2017. At the end of the year these cash flows had contributed to a cash balance of $48.2 million. Overall the result bodes well for 2018, being the first full year since joint venture establishment where fully integrated operations are anticipated to produce at or near capacity rates. As noted above, we are well positioned to capitalise on the current period of strong market fundamentals.

TIZIR MANAGEMENT

An important initiative completed in 2017 was streamlining TiZir's management structure. The establishment of the Joint Operating Committee (**JOC**) comprising representatives from MDL and ERAMET provides a clearer path of communication between management at GCO and TTI and owner representatives here at MDL and ERAMET. The revised structure aims to provide stronger leadership to the joint venture, together with greater accountability for site management teams through improved transparency and streamlined reporting to the joint venture partners. The focus of the JOC will be to oversee safe and fully integrated operations and ensure TiZir's commercial strategy and objectives are embedded throughout the organisation.

GCO

From a production perspective, GCO continued to demonstrate improvements on all fronts relative to prior years. Ore mined for the year was 45.1Mt, resulting in heavy mineral concentrate (**HMC**) production of 724.8kt and finished goods production of 492.4kt of ilmenite, 61.6kt of zircon, 20.2kt of medium grade zircon sands (**MGZS**) and 10.0kt of rutile and leucoxene. Our mine optimisation team has made and continues to make significant improvements in plant availability and utilisation, achieving a 10.1% increase in runtime compared to 2016 levels. A culture of continuous learning and improvement is growing at GCO and is critical to bolstering resilience in what can be a complex, challenging and dynamic commodity space. Most importantly, these production results have been realised in the context of an improving safety environment. GCO achieved five consecutive months of injury free operations from August until the end of the year.

Sales volumes of all GCO products were higher than 2016, consistent with increased production volumes and improved demand dynamics globally. We are seeing very strong demand for our zircon and have been successful in meeting or exceeding the price increases announced by major competitors. This result is testament to the quality of GCO zircon, which is suited to a broad range of end-uses and consistently generates positive feedback from customers.

TTI

TTI performed strongly throughout the year. The furnace is currently operating close to expanded capacity rates of 230ktpa and is exceeding expectations in terms of operating efficiency; an exceptional result, given the unique and complex nature of the operation, which is testament to the skill and experience of the team at TTI.

Chloride-route titanium slag production totalled 181.1kt and high-purity pig iron (**HPPI**) production totalled 73.8kt, with more than 240.0kt of GCO ilmenite shipped to the facility over the year.

Sales commenced in March and increased throughout 2017, consistent with production volumes. Productive contractual negotiations for 2018 volumes took place late in the year and the majority of slag available for sale during 2018 has now been contracted. HPPI sales volumes continued to generate valuable co-product credits, ensuring that unit costs of slag production continue to contribute to healthy margins.

OUTLOOK

The sentiment throughout the mineral sands sector is the most buoyant it has been for years. Demand is beginning to outstrip supply which has generated steady price increases in both zircon and titanium dioxide feedstock segments. With operations at GCO and TTI largely de-risked from a technical perspective, producing at record levels and with no major capital expenditure commitments in the foreseeable future, your company is poised for profitability in the current environment and into the future.

Specifically, your company is focusing its efforts in 2018 on:

- **continuing the production trajectory of 2017 by consolidating and optimising production processes at GCO and TTI**
- **fostering a culture of safety, operational excellence and cost reduction at GCO and TTI**
- **maximising cash flows and maintaining balance sheet discipline to improve TiZir's capital structure**
- **considering opportunities to capitalise on the quality of the asset base and further capture the benefits of an improving market**

I would like to take this opportunity to thank my fellow directors and our staff for their loyalty and significant contribution to the company over the past 12 months, with special thanks to retired director Robert Danchin for a decade of outstanding service to MDL. I would also like to thank our shareholders, partners and stakeholders for their ongoing support. The future of your company looks brighter than ever before.

Nic Limb, Chairman

MDL AT A GLANCE

HAWKS NEST

Acquisition and operation of the Hawks Nest mineral sands operation between 1998 and 2003, including Viney Creek and Fullerton

SABODALA

Development and operation of the Sabodala gold mine between 2004 and 2009. When MDL listed this asset on the TSX as Teranga Gold Corporation it was capitalised at C$650m. This value was returned to shareholders through an in-specie distribution of 80% of the available shares

MDL has a history of identifying, developing and operating mining assets for the benefit of its shareholders

GCO

GCO mining concession granted to MDL in 2007 underpinned by a constructive relationship with the government of the Republic of Senegal.

Bringing this tier 1 asset online in 2014 was a major milestone in MDL's history.

TiZir

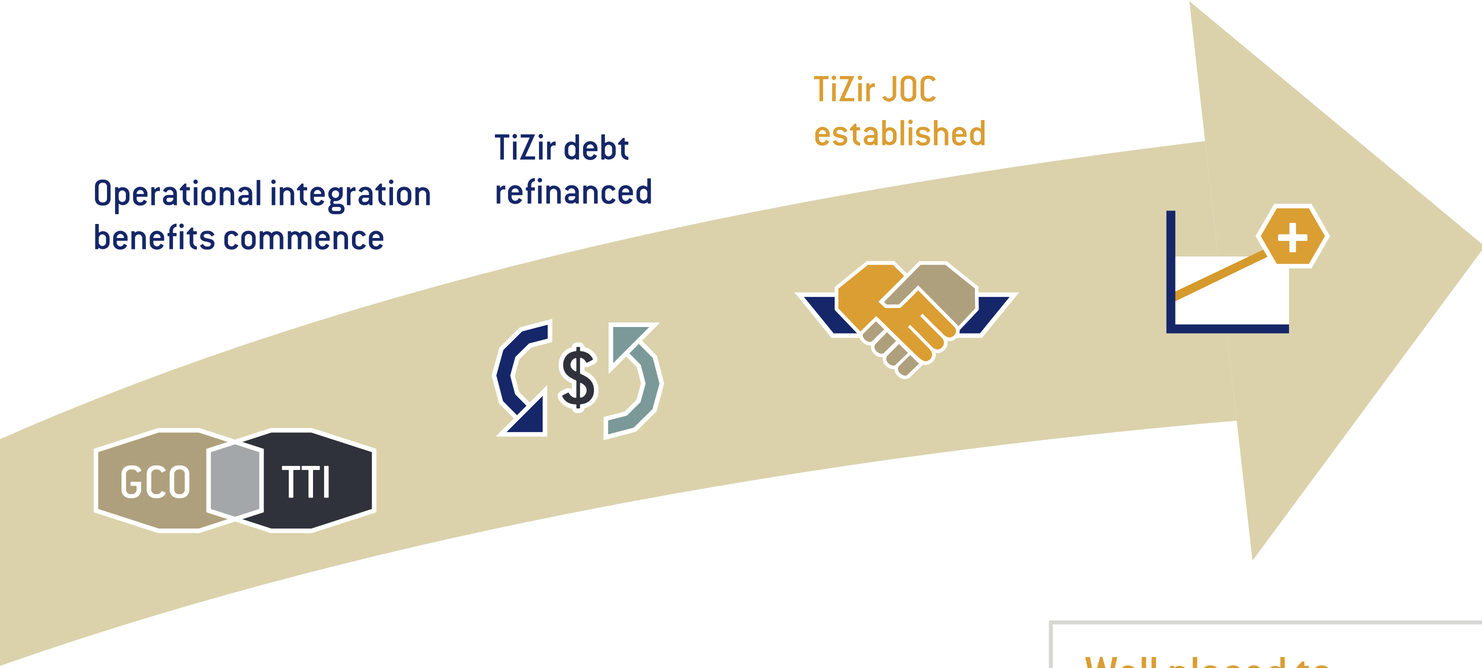
Creation of the TiZir joint venture with French company ERAMET in 2011. TiZir benefits from MDL's development expertise and mineral sands mining experience as well as ERAMET's broad expertise in mining, metallurgy, logistics, R&D and marketing.

TiZir records positive EBITDA of $62.5m

TiZir JOC established

TiZir debt refinanced

Operational integration benefits commence



Well placed to generate healthy margins throughout the commodity cycle

2017

TTI

Completion of the TTI capacity expansion and conversion project in 2015 was an important step in the integration of GCO and TTI and the strategic positioning of TiZir. Post conversion to chloride slag, TTI now upgrades ilmenite produced at GCO.

TiZir

The integration of GCO and TTI strengthened TiZir's position in the market as a global supplier of high-grade titanium feedstocks and premium quality zircon. With TTI recording positive cash flows in 4Q 2017, both operations are now cash flow positive.

The successful refinancing of TiZir's senior secured corporate bond in 2017 strengthened its balance sheet.

TiZir JOC

Establishment of the TiZir JOC in 2017 aims to further streamline the operations, with an efficient management structure that leverages integration benefits – production flexibility, reduced risk, maximised margins, lower logistics costs.

10% INCREASE in WCP runtime

INCREASE in production:

HMC ↑ 18%

Zr ↑ 17%

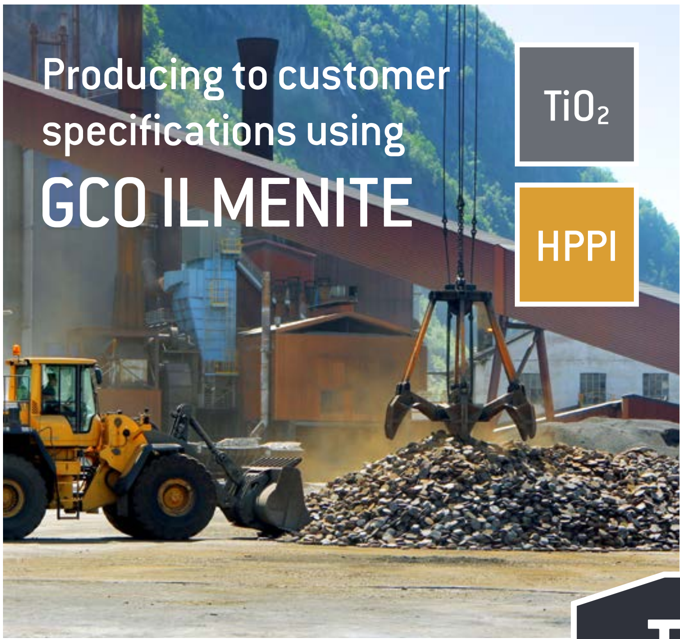
Ilm ↑ 18%

GCO

RECORD EBITDA of **$50.9** million

“GCO delivered strong results across the board which is a direct reflection of the significant contribution made by our people with the support of all stakeholders. Ongoing safety, production and financial improvements have established solid foundations for the future. A focus on safety and maintaining optimisation programs will continue in 2018.”

– **Jozsef Patarica**, GCO interim Chief Executive Officer



TTI

"Following the expansion project in 2015 and the reline of the furnace in 4Q 2016, TTI ramped up production by year-end to a level approximating 95% of expanded nameplate capacity. Overall emission levels and energy consumption have been significantly reduced. The work to further ramp up production, optimise the process, increase availability of equipment and improve safety and environmental standards will continue into 2018."

– **Per Øyvind Sævartveit**, TTI Chief Executive Officer

SALES VOLUME INCREASES across all finished products:

SUCCESSFUL INTRODUCTION of medium grade zircon sands

MGZS

“TiZir has experienced very good demand for all products through 2017. Since GCO's startup in 2014 and the introduction of TiZir's integrated product portfolio in 2015, the company is now established as a key global supplier in the zircon and titanium industries. As we enter 2018, TiZir is well positioned in the market with strong customer support for its key products.”

– **Jorulf Kyrkjeeide**, TiZir Chief Marketing Officer

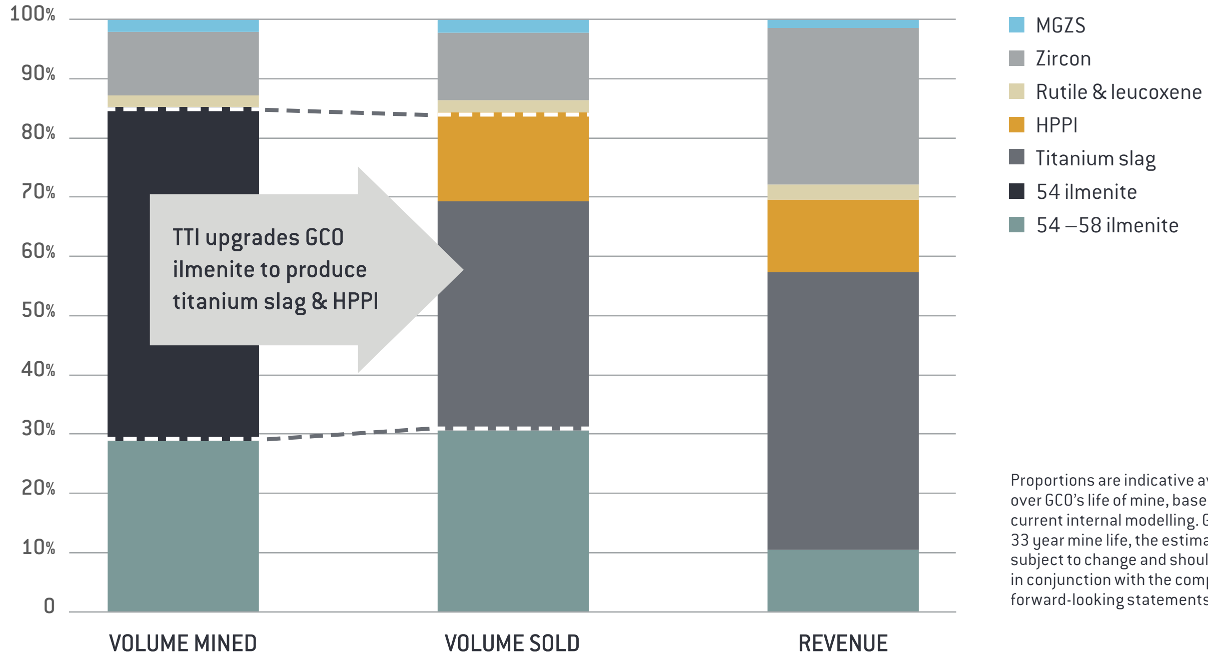
ILMENITE (Ilm)

Ilmenite is in demand for its titanium dioxide content. The significant majority of GCO's ilmenite is used as a titanium feedstock, either directly or through the beneficiation process at TTI. TTI upgrades GCO ilmenite to create a high-quality titanium slag and HPPI.

TITANIUM SLAG (TiO_2)

Chloride titanium slag produced by TTI is primarily used in the production of high-quality chloride pigment which imparts brilliant whiteness, brightness and opacity – mainly used in the production of paint, plastics and paper.

TiZir: From pit to port



Proportions are indicative averages over GCO's life of mine, based on current internal modelling. Given GCO's 33 year mine life, the estimates are subject to change and should be read in conjunction with the company's forward-looking statements.

ZIRCON (Zr)

GCO produces a high-quality zircon product which is low in uranium and thorium, making it ideal for use in fused zirconia and ceramic applications such as tiles and sanitary ware. GCO's zircon also performs well in sand casting, refractory bricks for steel and glass production and the production of zirconium metal which is used as a casing for heat exchangers, evaporators and reactor vessels. GCO's zircon is in high demand globally.

HIGH-PURITY PIG IRON (HPPI)

TTI produces HPPI which represents the high-quality end of the pig iron market. HPPI accounts for approximately 7.5% of the global pig iron market. TTI's HPPI is suitable for specialist foundry uses and ductile castings to create products with high elasticity and tensile strength needed in parts for wind turbines and automotive components.

FINANCIAL SUMMARY & STRATEGIC OUTLOOK

TiZir (100% basis) US$m	CY 2017	CY 2016	$ Change	% Change
Revenue	224.6	160.6	**64.0**	39.8
Gross margin	56.8	1.3	**55.5**	4,352.3
EBITDA	62.5	24.1	**38.4**	158.8
Net loss after tax attributable to joint venture partners	(32.7)	(63.8)	**31.5**	49.1
Cash flow provided by/(used in) operations	5.9	18.5	**(12.6)**	(68.3)
Net capital expenditure	(11.4)	(20.2)	**(8.7)**	(43.1)

FINANCIAL SUMMARY

TiZir's revenue increased by 39.8% in the period compared to 2016 as a result of a 21.3% increase in sales volumes, along with an average revenue per tonne increase of 15.0%.

The increase in TiZir's 2017 revenue was a significant contributor to EBITDA performance, which increased by 158.8% to $62.5 million. Additionally, as production levels have increased unit costs continue to decrease through economies of scale and further cost reduction initiatives at each operation.

While GCO produced record cash flows in 2017, TiZir's overall operating cash flows reduced by $12.6 million in 2017 as a result of the furnace restart at TTI in January, which required a significant working capital build throughout the first three quarters of the year. Importantly, TTI returned to positive operating cash flows in 4Q 2017.

STRATEGIC OUTLOOK

During 2018, MDL will continue its focus on the TiZir operations as well as looking to capitalise on the scale and quality of its asset base.

In respect of TiZir, MDL is focused on maintaining the momentum of 2017 and capturing the benefits of improving market conditions.

With prices forecast to continue to rise, TiZir is well positioned to strengthen its capital structure. TiZir will focus on maximising its cash flow and moving towards a more sustainable long-term debt level. Minimal capital requirements and a disciplined approach to capital allocations are critical to achieving this objective in 2018.

The new JOC will ensure a clear line of sight into operations, paving the way to unlocking further opportunities through nimble, commercially disciplined and strategically capable decision-making.

MDL VALUE LEVERAGE

- Improving sector outlook
- No major capex required for budgeted production
- Integrated operations generating positive cash flow
- Operations producing at record levels

EBITDA more than doubled to

$62.5 million

Area Manager Daour Dieng oversees GCO's Community & Environment department and is a longstanding member of the GCO team.

Through its joint venture interest in GCO and TTI, MDL is invested in the creation of robust sustainable development policies and activities attuned to the needs, aspirations and sensitivities of key stakeholders. The joint venture facilitates positive economic, social and environmental objectives and outcomes through culturally sensitive engagement with employees, governments, local communities, civil society organisations and other stakeholders. MDL's oversight of the joint venture's governance and sustainability performance is administered via TiZir's board and committee structure and strengthened through regular shareholder site visits.

GCO

Health, safety & security

GCO operates on the basis of a 'zero incident' ethos and aims to manage and minimise health and safety risks through the development of a sound safety culture focused on prevention, elimination of unsafe acts and conditions, and continuous monitoring and improvement. In 2017, GCO recorded one lost time injury (**LTI**) compared to zero in the prior period and registered a total reportable injury frequency rate (**TRIFR**) of 0.64 (2016 – 4.17).[1] Since recording this LTI in March as well as a medical treatment injury in June, GCO's renewed efforts on safety produced five consecutive months without injury from August until the end of the period.

GCO operates an on-site, well equipped medical clinic staffed by a medical doctor, four state-registered nurses and a medical administrative assistant. The clinic provides critical occupational health management support in addition to primary preventative activities including pre-recruitment medicals, annual medical examinations and food hygiene inspections, as well as support to medical facilities and communities in surrounding areas.

The operation is serviced by a dedicated emergency response team (**ERT**), available 24/7, which trains on a continuous basis. The ERT along with GCO's security personnel are important components of the company's safety and security framework which incorporates the Voluntary Principles on Security and Human Rights. This framework is strengthened by ongoing liaison with embassies, West African security agencies and Senegalese emergency services departments, including personnel in the newly completed Diogo gendarmerie station. Constructed and equipped with the assistance of GCO in 2017, this station is an important contribution to security services in the local region.

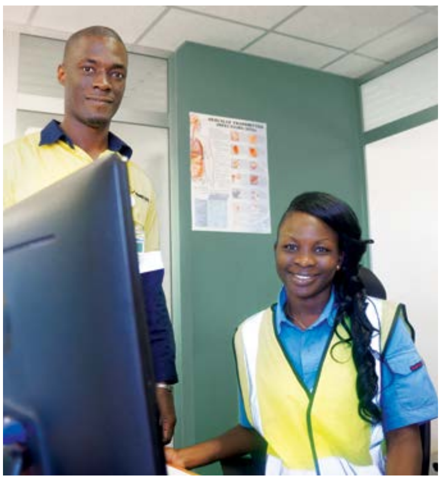
Continuous improvement initiatives and training programs are critical to the health and safety of GCO's employees and contractors. Members of the safety and training departments work with other departments to identify training needs and establish effective training solutions to ensure safe and sustainable operations. Health & safety training programs are predominantly conducted in French (supplemented with Wolof, the dominant local language, where deemed appropriate) and English.

Employment & human resources

GCO's aim is to have a safe, healthy and high-performing workforce committed to working collectively to achieve company objectives. In keeping with this aim, 2017 activities continued to prioritise the development of training programs, incentivisation schemes and capacity building opportunities for GCO personnel. In October, GCO had the privilege of commemorating 84 employees and stakeholders celebrating 10 years of employment or participation with the company.

GCO's direct employee workplace profile as at 31 December 2017:

715	TOTAL EMPLOYEES
659	NATIONAL EMPLOYEES
56	EXPATS
9.5%	FEMALE EMPLOYEES



Recruitment and training: The worker preselection recruitment committee and training program implemented during GCO's construction phase remains an important part of the company's human resources program. This committee – comprising two municipal commissions – continues to facilitate equitable local community representation and employment opportunities at GCO. Through partnership with this committee and the Office National de Formation Professionnelle (National Vocational Training Office), GCO facilitates training of local community members to enhance employment opportunities with GCO and other potential employers across Senegal. This joint initiative provides students with skills training in 12 different professions across various operational disciplines such as mining and environmental management.

GCO continues to partner with educational institutions such as Thiès Ecole Polytechnique, Cheikh Anta Diop University and the Ecole Supérieure Polytechnique de Dakar (**ESP**). In partnership with Thiès Ecole Polytechnique, in 2017 GCO welcomed 20 student work-placements in various departments across the organisation. Since 2016, eight ESP students have completed MSP metallurgical and laboratory internships, with another eight students placed in 2017. Two former interns are now employed by GCO as metallurgical technicians.

GCO's staff training program continues to grow, with its primary aim being the development of a safe, skilled, participatory and well-informed workforce. GCO continues to progress its partnership with the Centre National de Qualification Professionnelle (National Centre for Professional Qualification) to strengthen technical and managerial capacity building within its workforce and to provide opportunities for employees to have their training, skills and experience formally accredited through the Validation des Acquis de l'Expérience degree program. Positions currently targeted for inclusion in this program include locomotive conductors, dredge operators, emergency response technicians and metallurgical technicians.

Employee housing cooperative: The employee housing cooperative aims to promote and support access to reduced-cost family housing for local GCO employees, retain staff and encourage settlement in local community areas. These aims are strengthened through financing partnerships with the Banque Nationale de Developpement Economique and the Banque De L'Habitat. Sites have been identified for development in Diogo and Dakar, with options being explored in Tivaouane and Thiès. Earthworks at the Diogo site were completed in 2017 and a ceremony to allocate plots to participating workers is anticipated in early 2018.

Social responsibility & stakeholder engagement

GCO's socio-economic development strategy is underpinned by a series of stakeholder approved plans and committees developed through ongoing community, government and NGO consultation and participation. Crucial to ongoing stakeholder engagement is a commitment to enhancing opportunities and aligning expectations while simultaneously minimising concerns and negative outcomes. Comprising a fully nationalised team, GCO's social & environment department is at the forefront of this engagement.

During the year, GCO received four awards for its community and social programs. The IEF of Tivaouane (a decentralised branch of the Senegalese Ministry of Education) and the town of Darou Khoudoss formally recognised GCO's contribution to educational infrastructure and funding. Further, the Department of Tivaoune awarded GCO a good citizen award in recognition of the company's overall contribution to community health & safety, clean water supply, education and other socio-economic areas. GCO was also recognised as an 'icon' at the Icônes 2017 event organised by Thièsinfo and Senegalinfos, for its innovative corporate social responsibility activities and in recognition of its contribution to the social and economic development of Thiès.

In broad terms, GCO's financial social responsibility commitment comprises:

$500,000

on **social development programs** for local communities during pre-production

$400,000 PER YEAR

on **social development programs** for local communities during the production period

$50,000 PER YEAR

for the **training and equipment** needs of the Department of Mines & Geology during production

These commitments are additional to the economic stimulation and associated benefits stemming from tax payments, royalties, 'production-share contributions' and support of local supply chains. GCO will pay a yearly 5% gross production royalty to the Government of the Republic of Senegal in addition to a 10% production share contribution.

GCO's social responsibility activities focus on enhancing local economic development opportunities, strengthening local community infrastructure, supporting community capacity building and entrepreneurship programs in agriculture and small business development (particularly for women and young people) and building company-community relationships.

Health: GCO engages with regional health authorities and local community representatives to:

- enhance the effectiveness of health promotion strategies;
- reinforce health infrastructure and equipment; and
- provide support to particularly vulnerable sectors of the community.

In keeping with these aims, GCO's activities to date have included providing support to malaria reduction and material health programs as well as the provision of medical equipment and technical support to health posts in surrounding communities. GCO also participates in government health initiatives through its partnership with organisations such as AFRIVAC which aims to increase child immunisation rates across Africa.

Water: The quality of and access to drinking water is a significant community concern. GCO's activities in this area aim to improve drinking water access and quality alongside building capacity with respect to the management of water resources and facilities. Having completed the project associated with extending Diogo's water supply network to 13 villages in the GCO active area, a new water distribution network project involving three villages was initiated in 2017.

Transport: Transport initiatives during 2017 focused on road and railway safety education programs and participatory community consultation. These programs are aimed at ensuring community safety as well as enhancing community access to neighbouring villages, markets and trade routes. During the reporting period a traffic survey was conducted to identify high risk areas and identify opportunities to improve traffic control measures.

Education: Opportunities for educational enhancement are a priority for GCO and the communities impacted by its activities. GCO drives this objective through programs that increase access to schooling and strengthen educational infrastructure and resources. Since project inception, GCO has:

- built a kindergarten, three primary and two secondary schools;
- rehabilitated seven primary schools and three secondary schools; and
- assisted in the provision of educational resources such as desks, chairs and chalkboards.

L'Amicale des Femmes de GCO AFGCO (Women's Association of GCO) has become an active force in the community

These projects were identified and prioritised in a participative way through a community committee involving local authorities and council members as well as village and hamlet representatives.

Waste management: Originally established during GCO's construction phase and involving 13 villages, the aim of this community project is to establish and support sustainable waste management programs that are run by local communities with the support of local health services, local councils and GCO. This project has generated six permanent employment positions within participating communities.

Agriculture: Following substantive community and government consultation, GCO's agriculture-based community development programs focus on communities impacted by GCO's activities. The first program, established in partnership with Enda LEAD AF (a West Africa focused non-government organisation) in 2016, is a microfinance community cooperative program targeting farmers engaged in market gardening in the Niayes. The second program, yet to be launched, is a community pilot farm based on innovative and sustainable agricultural techniques dedicated to communities living alongside the Diogo to Meckhe railway corridor. These programs aim to:

- encourage the development of agricultural cooperatives;
- augment knowledge and skills development in areas such as accounting, farming and animal husbandry;
- encourage environmentally appropriate farming techniques; and
- contribute to employment opportunities for young people.

These aims are consistent with recently released government agricultural policies as well as the government's Plan Senegal Emergent, an economic and social development plan launched by the government in 2014 with the goal of establishing Senegal as an emerging economy by 2035. Five small business groups have been supported by GCO in different ways through the provision of technical assistance and advice, quality seedlings and fertilisers, infrastructure, training and microfinance loans. To date, the program has 437 members, 33% of whom are women.

Small business development: Since project inception, GCO has directly supported the development of 11 small community businesses. Six of these businesses are contracted by GCO as service providers in various areas such as camp general maintenance, nursery and rehabilitation works, railway crossing security, community traffic safety in active mining and haulage areas, and site pest control. In addition to assisting in establishing the development of these businesses, GCO provides ongoing training in safety and business entrepreneurship. The remaining five businesses are outlined in the agricultural section of this report.

Other community infrastructure projects: Assisting community identified initiatives to stimulate local and regional economies, GCO has contributed to the construction of community market infrastructure, including the Tivaouane market in 2014, the Ndoucoura market (in the municipality of Meouane) in 2015, and the Mboro market in 2017. The Mboro market is an important commercial centre for farmers active in the Niayes in GCO's surrounds. Infrastructure to support a fifty stall arts and crafts market run by female entrepreneurs in the commune of Meckhe was also provided by GCO in 2017.

As part of its lighting program, 60 solar street lights were installed in the commune of Meckhe during the reporting period. This initiative supports a local women's association responsible for assembly of the lighting equipment.

Company-stakeholder support & engagement: Maintaining and fostering strong relations and dialogue with the Senegalese government – its ministers, departments, officers and other representatives – is of paramount importance to GCO. Two government representatives hold a seat on GCO's board and periodic site visits by government representatives are encouraged. GCO also supports initiatives driven by the Senegalese government, such as Senegal's participation in the Extractive Industries Transparency Initiative (**EITI**), wherein GCO is represented on the multi-stakeholder cooperative tasked with implementing the EITI's principles and achieving reporting directives.

As a local community member, GCO is dedicated to ongoing community engagement and participation as well as providing financial and logistical support for local events, celebrations, councils and cooperatives. To the maximum extent possible, GCO also supports local suppliers and service providers and is committed to ensuring that local communities are well informed as to its operating activities.

GCO's social and community department and its leadership team continue to build strong community relationships through regular visits to village elders and other community stakeholder representatives. Additionally, GCO's employees actively participate in community events which, in 2017, included a walk to improve road safety awareness on the World Day of Remembrance for Road Traffic Victims, as well as a blood donation drive with the support of the St Jean de Dieu Hospital and L'Amicale des Cadres de GCO (GCO's senior staff association). Established during the period, L'Amicale des Femmes de GCO (**AFGCO**, Women's Association of GCO) has also become an active force in the community. In addition to organising clinic workshops on issues such as breast cancer awareness and the conditions of pregnant women in mining, the AFGCO also encouraged and coordinated employee and joint venture partner donations of clothing, shoes, toys and educational materials to children living in GCO's surrounds.

Following mining and the shaping of tailings, GCO's rehabilitation program is designed to stabilise dune systems, re-establish state forest and successfully cultivate a variety of plant species including additional crop sources for local communities

An important event for GCO in 2017 was the inauguration of the company's first resettlement village

Environment

GCO's environmental management strategy is framed by the knowledge of local communities, environmental experts and other relevant stakeholders. The key objectives of this strategy are to:

- minimise adverse environmental impacts while operating the project successfully;
- monitor and control environmental risks by adopting best practices in waste management, environmental monitoring and rehabilitation of mined or disturbed sites;
- at a minimum, comply with applicable national regulations and relevant international standards;
- engage in constructive dialogue with all relevant stakeholders; and
- continuously progress through annual improvement plans, training programs and effective corrective action systems.

An environmental management system complying with ISO 14001 has been developed but is not certified.

In keeping with the nature of mining activities at GCO, the company's rehabilitation program – developed in consultation with the relevant authorities and neighbouring communities – is progressive in nature and designed to ensure restoration to original or improved condition as well as maintaining biodiversity and benefitting the local community. During the reporting period, an extensive study of dredge path biodiversity for the coming five years was completed and rehabilitation activities progressed according to plan. These activities built on the success of prior year activities which have been officially recognised by the National Department of Forest, Fauna & Social Conservation, and commended by the Environmental Planning and Monitoring Division Director of the Ministry of Environment and Sustainable Development during a site visit in August. A total of 274ha of land has been revegetated since production began in 2014, representing 85% of the area available for rehabilitation. In addition to the successful re-establishment of vegetation, it has been pleasing to see an increase in wildlife tracks and burrows in rehabilitated areas, illustrating the successful recolonisation of these sites.

GCO's environment team has undertaken extensive trials to test the effectiveness of different approaches to rehabilitation in mined areas and assess species survival rates of different trees and plants. Tree and plant species have been selected for their benefits in stabilising the dunes, re-establishing impacted state-owned forest areas and providing additional crop and food sources for local communities. Preliminary results from vegetable species trials in rehabilitated sites are encouraging, with 2017 vegetable yields being particularly promising. If conclusive, implementation of these programs will provide additional farming development opportunities within areas of the dune system previously identified by local farming communities as unsuitable for agricultural purposes.

Management of water used by the operation occurs through dedicated resources and a management system developed to ensure efficient use, lowest possible impact and high standards of reporting.

GCO complied with its environmental monitoring and reporting requirements, with zero reportable breaches during the period.

Land access & resettlement

An important event for GCO in 2017 was the inauguration of the company's first resettlement village. This occasion represented the completion of the first phase of the resettlement program for residents affected by the mine path and followed intensive community consultation, engagement and participation. Resettlement activities were undertaken in partnership with Agence Nationale des Éco-Villages, a Senegalese government agency focused on the development of eco-villages overseen by a resettlement committee comprising project affected people, local administrative officials, rural council members and GCO employees. The resettlement village involved the construction of 35 family homes and important community infrastructure (such as a mosque, primary school, health unit, potable water supply), installation of solar power supply solutions and bio-digesters (to produce organic fertiliser and bio-gas), as well as the establishment of a cattle trail and agricultural plots for community members.

GCO is using this important experience to inform activities associated with its second resettlement project of the village of Foth, involving 79 households (approximately 629 people). Relocation activities progressed in earnest during 2017, following issuance of a decree to establish the Foth village resettlement committee by the Prefect of Tivaouane in April.

GCO has adopted compensation rates that are above Senegalese official rates and comply with World Bank standards.

Resettlement, Livelihood Restoration & Community Development Superintendent Ibrahima Diop supports the successful delivery of GCO's resettlement programs

TTI monitors dust precipitation & production, air & sea emissions and waste treatment

TTI

Employment & human resources

As with GCO, TTI's aim is to have a safe, healthy and high-performing workforce united in achieving company objectives. TTI is committed to creating capacity building jobs by maintaining an active apprenticeship program, increasing employment opportunities for women at the facility and investing in its research and development department. This department has an office at the Norwegian University of Science and Technology and provides postgraduate supervision and support.

Elected by their colleagues, three TTI employees are members of the company's board.

TTI's workplace profile as at 31 December 2017:

181	TOTAL EMPLOYEES
12	APPRENTICES
15%	FEMALE EMPLOYEES

Health, safety & environment

TTI's health and safety culture is a crucial element of the facility's success and longevity and testament to the daily efforts of TTI's workforce. The company's integrated health, safety and environmental management system is ISO 9001 and 14001 certified and independently audited annually. In 2017, audits were conducted by Det Norske Veritas (quality), Miljødirektoratet (environmental outlet control) and GCO (safety).

Unfortunately, TTI sustained two LTIs in 2017 (2016 – four), contributing to a TRIFR of 11.3 (2015 – 24.9).[1] While 2017 safety performance was an improvement on 2016 results, continuous improvement is sought for 2018 and beyond and has been resourced accordingly.

TTI rigorously monitors dust precipitation and production, emissions into air and sea, and waste treatment. In addition to complying with the regulations of environmental authorities, TTI sets reduction targets and continuously identifies areas for improvement in these fields.

TTI has also instituted a practice of recycling hot water generated in the smelting process. The water is used for heating buildings in the district (such as a nearby hotel and museum) and supplying a local trout farm, illustrating a number of community benefits arising from this recycling policy. The company also reduces its waste production by providing residual dust generated during production to Boliden Odda, a smelting company that extracts zinc from this material. TTI has also been a member of RENAS (a recycling company for commercial electrical and electronic equipment) since 2000 and maintains a partnership with Bellona, a non-government agency specialising in the identification and implementation of sustainable environmental solutions.

In 2015, TTI received funding from Enova, a Norwegian government agency promoting energy efficiency and the use of environmentally friendly technology, providing TTI with the opportunity to investigate the development of an innovative upgrading process (replacing coal with hydrogen to reduce TTI's CO_2 emissions). Research to progress the development of this technology continued during the reporting period.

TTI recycles hot water generated in the smelting process to heat its offices as well as buildings in the local district

Social responsibility & stakeholder engagement

As one of the area's largest employers, TTI's goal is to sustain its position as an active and responsible member of the local community.

Over the years, the company has provided assistance to local clubs and organisations such as the Tyssedal Sport and Athletics club and the Red Cross. In keeping with its role as an active member of the community, TTI regularly lends company equipment to community members and arranges social events for employees (both current and retired) and their families.

The company ensures that its neighbours and key stakeholders are informed of its activities via the distribution of reports published in Norwegian and English and at least one annual community meeting.

TTI also maintains a complaints register to ensure that neighbourhood concerns are appropriately and adequately addressed in a timely manner. Complaints during the reporting period were largely related to dust and, in 2017, TTI dedicated considerable effort toward reducing dust exposure by neighbours near the facility and also met with impacted residents. Changes to ship loading equipment and chloride fines storage implemented in 3Q 2017 generated improvements in this area, but work continues.

1. TRIFRs reported in prior years have incorrectly included first aid injuries. TRIFR is the number of lost time and medical treatment injuries per million hours worked by employees and contractors.

MINERAL RESOURCES & ORE RESERVES

The following Mineral Resource and Ore Reserve estimates are provided in relation to Grande Côte mineral sands operation (GCO) in Senegal, West Africa (100% basis). MDL owns 50% of TiZir, which in turn owns 90% of GCO. The Mineral Resource and Ore Reserve estimates as at 31 December 2017 together with supporting statements and Table 1 disclosure were prepared by GCO Competent Persons in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (the JORC Code 2012)[1] and first released to the ASX on 19 February 2018. Available on the MDL and ASX websites, the Mineral Resource and Ore Reserve estimates as at 31 December 2017 replace the previous estimates released to the ASX on 22 February 2017.

The Company is not aware of any new information or data that materially affects the information included in this annual statement of Mineral Resource and Ore Reserve estimates and confirms that all material assumptions and technical parameters underpinning the estimates included in the ASX release of 19 February 2018 continue to apply and have not materially changed.

MINERAL RESOURCE ESTIMATE

The GCO Mineral Resource is a total of 26.2 million tonnes (**Mt**) of heavy mineral (**HM**) (Measured and Indicated and Inferred) at an average HM grade of 1.4% based on a 1.0% HM cut-off grade. The main HM deposits identified to date are Diogo, Fass Boye, Lompoul, Mboro, Mboro Hotel, Yodi and Noto. Both the dunes and the underlying marine sands contain HM, principally ilmenite, zircon, rutile and leucoxene. Zircon and ilmenite are the main HM of interest.

Changes from the previous estimate are due to depletion of 0.8Mt (46.8Mt at 1.7% HM) and exclusion of 0.05Mt (6.5Mt at 0.8% HM) of material resulting from mining activity undertaken between 1 January and 31 December 2017.

Based on the drilling undertaken and allowing for 2017 mining activity, the Mineral Resource estimate for the identified deposits is as follows:

	Estimate as at 31 December 2017							Estimate as at 31 December 2016						
				Assemblage							Assemblage			
Resource category	Tonnes Mt	In situ HM Mt	HM %	Ilm %	Zir %	Leu %	Rut %	Tonnes Mt	In situ HM Mt	HM %	Ilm %	Zir %	Leu %	Rut %
Measured	1,456	20.9	1.4	72.0	10.7	3.2	2.5	1,509	21.8	1.4	72.0	10.7	3.2	2.5
Indicated	350	4.8	1.4	72.0	10.7	3.2	2.5	350	4.8	1.4	72.0	10.7	3.2	2.5
Inferred	41	0.5	1.2	72.0	10.7	3.2	2.5	41	0.5	1.2	72.0	10.7	3.2	2.5
Total	**1,847**	**26.2**	**1.4**	**72.0**	**10.7**	**3.2**	**2.5**	**1,900**	**27.1**	**1.4**	**72.0**	**10.7**	**3.2**	**2.5**

Notes:

1. Quantities and grades were derived by accumulating the grades to six metres below the natural water table except for the Mboro Hotel and Yodi deposits, where the accumulation is to the natural water table.
2. A cut-off grade of 1.0% HM was applied to the accumulated grades.
3. Tonnes were rounded to the nearest 1,000,000.
4. Grades were rounded to one decimal place.
5. The mineral assemblage (ilmenite, zircon, rutile and leucoxene) is reported as a percentage of HM.
6. All Mineral Resources are inclusive of Ore Reserves.

Information in this report that relates to Mineral Resource estimates is based on information compiled by Mr Djibril Sow, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of Grande Côte Operations SA. Mr Sow has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Other deposits within the Mining Concession have been partially explored and there is potential to identify additional deposits beyond the limits of present drilling.

1 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition, sets out minimum standards, recommendations and guidelines for public reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves authored by the Joint Ore Reserves Committee of The Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia.

ORE RESERVE ESTIMATE

The mine path and schedule have been optimised compared to the path design and schedule in the prior year's Ore Reserve estimate. Key optimisation changes include:

- Path geometry: frequent, acute turns have been simplified by straightening the mine path and the path width has been optimised
- Path location: areas with low-grade material and high potential of social or community risk have been diverted to simplify the mine path in these areas, and some areas previously excluded have now been included due to the lifting of community constraints
- Pond floor smoothing: water level optimisation adjustments and simplification of the pond water reference level

These optimisation changes resulted in an Ore Reserve increase of 3.8Mt HM before applying 2017 depletion.

Based on the 2017 depleted Mineral Resource and updated life of mine plan, the Ore Reserve estimate is as follows:

	Estimate as at 31 December 2017							Estimate as at 31 December 2016						
				Assemblage							Assemblage			
Classification	Ore Mt	HM Mt	HM %	Ilm %	Zir %	Leu %	Rut %	Ore Mt	HM Mt	HM %	Ilm %	Zir %	Leu %	Rut %
Proved	1,392	20.2	1.5	72.0	10.7	3.2	2.5	1,122	16.6	1.5	72.0	10.7	3.2	2.5
Probable	373	4.5	1.2	72.0	10.7	3.2	2.5	343	5.1	1.5	72.0	10.7	3.2	2.5
Proved & Probable	1,765	24.7	1.4	72.0	10.7	3.2	2.5	1,465	21.7	1.5	72.0	10.7	3.2	2.5

Notes:

1. The Ore Reserve estimate is based on Indicated and Measured Mineral Resource contained within the mine design.
2. A cut-off grade of 1.3% HM was applied for the first five years, with 1.0% HM thereafter.
3. The Ore Reserve estimate is the part of the Mineral Resource contained within the dredge path design and dozer push dry mining areas. It is inclusive of mining dilution and is based on the project's economics.
4. Ore tonnes were rounded to the nearest 1,000,000.
5. Grades were rounded to one decimal place.
6. The mineral assemblage (ilmenite, zircon, rutile and leucoxene) is reported as a percentage of HM.
7. All Mineral Resources are inclusive of Ore Reserves.

Information in this report that relates to Mineral Resource estimates is based on information compiled by Mr Djibril Sow, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of Grande Côte Operations SA. Mr Sow has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The GCO deposit continues to the north and south of the Mining Concession beyond these Ore Reserves. Additional mine life will depend on the success of additional drilling and the future economics of GCO.

GOVERNANCE AND INTERNAL CONTROLS

Mineral Resource and Ore Reserves are compiled by qualified GCO personnel and/or independent consultants following industry standard methodology and techniques.

The underlying data, methodology, techniques and assumptions on which estimates are prepared are subject to internal peer review by senior company personnel, as is JORC compliance. Moreover, estimates are subject to review by ERAMET SA (**ERAMET**) and MDL personnel holding relevant qualifications. Where deemed necessary or appropriate, estimates are reviewed by independent consultants.

Competent Persons named by the Company are members of the Australasian Institute of Mining and Metallurgy and qualify as Competent Persons as defined in the JORC Code 2012.

CORPORATE GOVERNANCE STATEMENT

MDL seeks to achieve high standards of corporate governance and designs and enacts its corporate governance practices to be consistent with this objective. As an Australian listed public company, the board of directors of the Company (**Board**) has adopted governance practices that are, to the maximum extent considered appropriate in the Company's present circumstances, in line with the ASX Corporate Governance Council's (**CGC**) 3rd edition Corporate Governance Principles and Recommendations.

The Corporate Governance Statement (**CGS**) sets out the Company's governance structure and practice for the period 1 January 2017 to 31 December 2017. The Company's key corporate governance documents (including the CGS) can be found in the governance section of the MDL website (www.mineraldeposits.com.au/governance) and are listed below:

GOVERNANCE DOCUMENTS

Constitution

A core governance document, the constitution establishes the contract between the Company and each member; the Company and the directors & company secretary; and a member and other members. MDL's constitution was last updated in 2017.

Code of conduct

A guiding document designed to clearly state the way in which we aim to conduct ourselves in business and with our internal and external stakeholders. These practices help create an environment which assists MDL to achieve its potential in a global market.

Corporate governance statement

Annually updated and released to the ASX, this statement sets out the Company's governance structure and practice for the relevant reporting period against the most recent edition of the ASX CGC's Corporate Governance Principles and Recommendations.

Board charter

Defines the roles, responsibilities and authorities of the Board and executive in setting the strategic direction, business plan, management, control and good corporate governance practice of the Company.

Audit & risk committee charter

Addresses the objectives, membership, authority, responsibilities and procedures of the audit & risk committee (**A&RC**). Objectives include financial reporting integrity; external auditor independence; risk management; internal control; and compliance.

Nomination & remuneration committee charter

Addresses the objectives, membership, authority, responsibilities and procedures of the nomination & remuneration committee (**N&RC**). Objectives include Board composition and succession; Board and executive performance; and remuneration structure, policies and practice.

Anti-bribery & corruption policy

Sets out the Company's responsibilities, and the responsibilities of those working for the Company, in observing and upholding MDL's position on bribery and corruption. The policy also provides information and guidance to those working for the Company on how to recognise and deal with bribery and corruption issues.

Diversity policy

Outlines the Company's commitment to fostering and sustaining a fair and equitable workplace environment.

Human rights & child protection policy

Establishes MDL's dedication to conducting its business in a manner consistent with the philosophy of, and principles outlined in, the Universal Declaration of Human Rights.

Market disclosure & communications policy

As a company listed on the ASX, MDL is committed to ensuring that investors have equal and timely access to Company information and that announcements are clear, concise and compliant with ASX disclosure principles. This policy is a key guiding document in facilitating effective two-way communication.

Privacy policy

Outlines how MDL manages personal information and describes the types of information held, the purpose for which personal information is held and how that information is collected, stored, used and disclosed.

Remuneration policy

Provides guidance on the Company's remuneration policy, structure and practice with respect to non-executive and executive directors, senior management and other staff.

Risk oversight & management policy

MDL faces a range of risks in its business activities, including strategic, operational, environmental, economic, compliance, financial reporting, sustainability and other market risks. This policy outlines the Company's aims with respect to the identification and control of risk as well as the effectiveness of its risk management framework.

Securities trading policy

Outlines the circumstances in which designated persons (including directors, executives and employees, amongst others) may trade in MDL securities.

Sustainability policy

Summarises the Company's dedication to achieving excellence in managing environmental, safety, health and social performance in its work places, activities and operations.

DIRECTORS' REPORT

The directors of MDL present their report, together with the consolidated financial statements of the Company and its controlled entities (the Group), for the year ended 31 December 2017 and the audit report thereon.

DIRECTORS

The names of directors in office during the year and up to the date of this report are:

Nicholas Limb
Robert Sennitt
Martin Ackland
Thomas Whiting
Charles (Sandy) MacDonald
Robert Danchin (ceased 30 June 2017)

INFORMATION ON DIRECTORS

The names and details of the directors in office during the period and as at the date of this report, unless indicated otherwise, are:

Non-executive chairman

Nicholas Limb BSc (Hons) MAusIMM ASIA

Nic is the non-executive chairman of MDL and was previously the Company's executive chairman – a position he held for 22 years. He has professional qualifications as a geoscientist and worked in the mineral exploration sector for 10 years. In 1983 he joined a stockbroking firm as a corporate financier in the natural resources finance division and subsequently joined a major international investment bank as an executive director, again working in resources finance. In 1993 he became managing director of a small listed gold explorer which grew to a substantial gold producer prior to being taken over in 2000. In 1994 he formed MDL and has acted as chairman since that time. During his tenure as chairman, MDL discovered and subsequently developed the large Sabodala gold project in Senegal and has progressed GCO to its current production status. He has been a non-executive director of a number of public companies over the last 20 years and currently holds a non-executive chair position with FAR Limited.

Nic represents MDL on the TiZir board, holding the position of chairman. He is also a member of MDL's N&RC.

Period of office: 24 years

Directorships of other listed companies since 1 January 2015:

FAR Limited (November 2011 to present)

World Titanium Resources Limited (October 2013 to May 2016)

Managing director

Robert Sennitt BEc CA

Rob was appointed managing director in April 2016 after serving as CEO from June 2015 following an initial period working with MDL on strategic and business development initiatives. Prior to joining MDL, Rob spent almost 25 years in the investment banking industry where his focus was advising companies in the natural resources sector on financial and strategic transactions. During this period, Rob was a managing director at RBC Capital Markets, an executive director at Macquarie Capital and also worked with J.P. Morgan in Australia.

Rob performs an active role in the management of the TiZir joint venture. In addition to serving on the boards of TiZir, Grande Côte Operations SA and TiZir Titanium & Iron AS he is also a member of the TiZir JOC, finance committee (chair) and strategy & risk committee where he has significant involvement in delivering projects managed by these bodies.

Period of office: 2 years

No directorships of other listed companies held since 1 January 2015.

Non-executive director

Martin Ackland BAppSc (Prim Met) MAusIMM MSME

Appointed in 2003, Martin is a qualified metallurgist who has spent over 40 years in the resources industry in a variety of roles that involved the creation of major resource groups from small capital bases. He has served as a director of a number of listed mining companies involved in gold, uranium and base metal production. From 1987 to 1995, Martin was an executive director of Ticor Limited (formerly Minproc Holdings Limited) where he was responsible for the successful implementation of the Tiwest Project – the world's only integrated mineral sands mine, synthetic rutile and TiO_2 pigment operation. His experience ranges from project development through to finance and capital raising.

Martin relinquished his executive role and became a non-executive director of the Company effective 30 June 2017. He is a member of the A&RC and also represents MDL on the TiZir board.

Period of office: 15 years

No directorships of other listed companies held since 1 January 2015.

Independent, non-executive directors

Thomas Whiting BSc (Hons) PhD MAppFin MASEG MAICD

Tom has over 40 years' experience in global minerals exploration management including a very successful discovery track record. He held numerous senior management roles over a 20 year career with BHP Billiton, including vice president of minerals exploration from 2000 to 2004. In this role, Tom was responsible for BHP Billiton's global minerals exploration program whilst based in Melbourne. His other roles included strategic overview of brownfield's exploration programs for all global BHP Billiton minerals assets. He also served on the leadership group for BHP Billiton's diamonds and specialty products customer sector group, which included its mineral sands business. Prior to joining BHP, Tom worked for CRA Exploration Pty Ltd based in Melbourne and Geoterrex Pty Ltd (an international geophysical contractor) in Australia and Canada. He started his career with Delhi Oil based in Adelaide, Australia. He is currently non-executive chairman of the Deep Exploration Technologies Cooperative Research Centre.

Tom is chairman of the A&RC and N&RC.

Period of office: 6 years

Directorships of other listed companies since 1 January 2015:

Stellar Resources Limited (February 2011 to present)

Charles (Sandy) MacDonald BSc (Hons) FAusIMM MAICD

Sandy has over 40 years' experience covering operations, development, design and construction in the mining and metallurgical industries in Africa, United Kingdom, Canada and Australia. Since 2004, Sandy has worked as an independent consultant on process design and implementation, technology development, plant expansion and project management for companies including TiZir, BeMaX Resources NL, Tiomin Resources Inc, Xstrata, Western Mining Limited and BHP Billiton Limited. As a co-founder and technical director of Ausenco Limited, Sandy was responsible for feasibility studies and projects for a wide variety of mineral sands companies, including Iluka Resources, Tiwest, Kenmare Resources plc, Murray Basin Titanium and Basin Minerals Limited, as well as other mineral processing companies. He has also held senior engineering positions with Minproc Engineers, Noranda Limited of Canada, Allis Chalmers of Great Britain, and Nchanga Consolidated Copper Mines of Zambia.

Sandy is a member of the A&RC and N&RC.

Period of office: 4 years

No directorships of other listed companies held since 1 January 2015.

Robert Danchin (Deputy Chairman) **BSc (Hons) MSc PhD FAusIMM**

Bobby has over 40 years' experience in the exploration industry. He was chief executive officer of Anglo American plc's exploration and acquisition division and the Anglo American Group's deputy technical director (geology). From 1997 to 2002, he was an executive director of Anglo American Corporation of South Africa Limited. In 1980, he joined Stockdale Prospecting Limited (an Australian subsidiary of De Beers) as chief geologist based in Australia. He remained with that company for 15 years, eventually becoming exploration manager heading up its Australian-based diamond exploration program.

Up until his retirement from the board on 30 June 2017, Bobby was the Company's deputy chairman. He was also chairman of the A&RC and a member of the N&RC.

Period of office: 10.5 years

Directorships of other listed companies since 1 January 2015:

Cluff Natural Resources plc (August 2012 to May 2015)

DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares and rights of the Company as at the date of this report.

Director	No. of fully paid ordinary shares	No. of rights over ordinary shares
N Limb	1,738,718	-
R Sennitt	148,750	999,234
M Ackland	583,122	-
T Whiting	525,000	-
C MacDonald	175,000	-

INFORMATION ON OFFICERS

Chief operating officer

Jozsef Patarica **BEng MBA GAICD MAusIMM**

Prior to joining MDL, Jozsef spent eight years as a director of ASX listed Bassari Resources Limited focused on discovering and developing multimillion ounce gold deposits in the Birimian Gold Belt, Senegal, West Africa. He is a mining professional with a strong track record in the mining industry spanning 25 years. He has been involved in management, project evaluation and operational roles throughout his career in a number of mining centres across Australia and Senegal. He was involved in the development and operational management of the Fosterville Gold Mine (BIOX) in Victoria where he successfully transitioned the operation from open pit to underground mining. Prior to Fosterville, Jozsef was part of Placer Dome's corporate and project development group based in Australia. He was part of the team for Newcrest Limited involved in the construction and commissioning of Cadia Hill gold mine in New South Wales and, whilst in Western Australia, he was part of the team which successfully constructed and commissioned the stage 3 expansion of the Fimiston plant for Kalgoorlie Consolidated Gold Mines.

Jozsef represents MDL on the boards of TiZir, Grande Côte Operations SA and TiZir Titanium & Iron AS, and has performed the role of interim chief executive officer at GCO since June 2017.

Chief financial officer

Greg Bell **BCom CA**

Greg joined MDL in 2010 as accounting manager to provide assistance with the demerger of the Sabodala gold project. He has over 15 years of accounting and corporate finance experience with BDO and Deloitte and was previously the manager of the audit team for the Company from 2003 until 2006.

Greg is a member of the TiZir finance committee and has performed the role of joint-interim TiZir chief financial officer since October 2017.

Company secretary & general manager – corporate affairs

Michaela Evans **BA(Hons) PhD GradDipACG AGIA**

Michaela joined MDL in 2012 as communications manager – corporate & social responsibility and was appointed company secretary in 2013. She has previous ASX listed administrative and executive assistance experience in the resources industry and has, over the years, been employed in a research capacity by Curtin University and the University of Western Australia.

Michaela is a member of the TiZir disclosure committee.

FORMER PARTNER OF THE AUDIT FIRM

No current or former audit partners are directors or officers of the Company.

PRINCIPAL ACTIVITIES

The principal activities of MDL for the year ended 31 December 2017 continued to be focused on the mineral sands sector through the Company's joint venture interest in TiZir. MDL owns 50% of the TiZir joint venture in partnership with ERAMET. The TiZir joint venture comprises two integrated, operating assets – 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 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 currently projected to 2050, will primarily produce high-quality zircon and ilmenite. A majority of GCO's ilmenite is shipped to TTI for upgrading. GCO also produces small amounts of rutile and leucoxene.

TTI upgrades GCO ilmenite to produce high-quality titanium feedstocks which are primarily sold to pigment producers, and HPPI (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.

Further information is included in the review of operations section.

OPERATING RESULTS

The Company reported a loss for the year ended 31 December 2017 of $20.6 million (2016 – loss of $27.1 million) which included the Company's share of TiZir's reported loss of $16.1 million (2016 – loss of $31.9 million), other income of $6.6 million, administration expenses (including depreciation and amortisation) of $4.4 million, finance costs of $0.3 million and net foreign exchange losses of $6.4 million.

TiZir's 2017 results represent its best financial performance since establishment in 2011, recording an EBITDA of $62.5 million (an increase of 158.8% on 2016), whilst GCO generated positive cash flows in each quarter and TTI returned to positive cash flows in the final quarter of the year. Deprecation of $36.8 million, external interest costs of $31.7 million and amortisation of capitalised borrowing costs of $6.6 million adversely affected the overall net profit result for 2017.

TiZir impairment review

Impairment reviews were undertaken as at 30 June 2017 and 31 December 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 as at 31 December 2017.

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 33 years has been used, incorporating the updated mineral resource and ore reserve estimates reported by the Company on 19 February 2018.

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 the 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 year ended 31 December 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.

FINANCIAL POSITION

The statement of financial position at 31 December 2017 comprises net assets of $259.7 million (2016 – $243.2 million) consisting of:

- 50% equity interest in TiZir carried at $158.0 million (2016 – $172.1 million);
- cash of $12.6 million (2016 – $4.9 million);
- an interest-bearing, subordinated loan (including accrued interest) to TiZir of $87.3 million (2016 – $78.2 million);
- an interest-bearing loan (including accrued interest) payable to ERAMET of nil (2016 – $13.8 million); and
- other assets and liabilities netting to an asset of $1.8 million (2016 – $1.8 million).

CASH FLOW

Cash balances increased by $7.7 million during the year ended 31 December 2017 as a result of:

- net proceeds from the Company's capital raising of A$37.6 million ($28.5 million);
- repayment of an interest-bearing subordinated loan facility provided by ERAMET of $14.1 million (including accrued interest of $0.9 million);
- an advance of $3.5 million to TiZir to help fund TiZir's obligations with respect to its senior secured corporate bond;
- other net cash outflows of $3.5 million (2016 – $3.9 million); and
- impact of exchange rates on cash holdings of positive $0.3 million (2016 – negative $0.1 million).

REVIEW OF OPERATIONS

GCO, Senegal

Production

GCO demonstrated improvements in all key areas throughout 2017, leading to improved production performance, which, in turn, was reflected in the strong financial results for the year. The executive committee established in 2016 continued to work with GCO and TiZir management to drive optimisation and continuous improvement initiatives in the operation as well as projects focused on safety performance and cost efficiency. During the year, the Company's chief operating officer worked directly with GCO management, ultimately leading to his appointment as interim CEO of the operations in June 2017.

Aided by rising commodity prices and continuing cost savings initiatives, GCO achieved positive cash flow and EBITDA in each quarter, leading to a record EBITDA of $50.9 million and record annual cash flow from operations.

The improvement in production was led by the mining division, where ore mined increased by 14.9% compared to 2016 (on top of an increase of 12.8% recorded in 2016). Further, operational runtime for the year was 10.1% higher at 80.8% and throughput was 4.7% higher at 6,363tph compared to prior year results. More importantly, these key operational parameters were relatively consistent throughout the year as the impact of continued optimisation initiatives implemented at GCO were realised.

On an overall basis, HMC production for the year was a record 724.8kt, a significant increase of 18.1% compared to 2016 primarily due to the stronger performance of the wet concentrator plant. While the dredge feed grade was negatively impacted by a mine path crossover through tailings during 1Q 2017, the improved performance of the mining division and a stronger grade profile led to the remaining quarters of 2017 being amongst the highest HMC production quarters on record.

The mineral separation plant (**MSP**) continues to operate consistently at design capacity with plant availability remaining high. In accordance with record HMC production, record finished goods production was achieved in 2017, led by an 18.3% increase in ilmenite production to 492.4kt and a 17.0% increase in zircon production to 61.6kt (compared to 2016).

During the year, GCO began production of MGZS for sale to global customers. MGZS are zircon concentrates generally sold at a price based on the level of zircon content within each tonne of sand. Recovery of this product enables GCO to monetise concentrates that were previously not included in its product suite or revenue estimates. GCO produced 20.2kt of this new product in 2017.

Total finished goods production for GCO in 2017 was 584.2kt, an increase of 22.0% compared to 2016. Allowing for the impact of the introduction of MGZS, the increase in finished goods was 17.8%.

Sales

Consistent with increased production, sales volumes for 2017 were significantly higher than 2016, with ilmenite increasing by 12.9%, zircon by 14.3% and rutile and leucoxene (combined) by 16.3%. The MGZS product added a further 18.3kt to finished goods sold during the year.

Most of GCO's ilmenite is utilised internally at TTI. In respect of external sales of GCO's 54 ilmenite, pricing was significantly stronger in 2017, with average prices increasing by 46.3% compared to 2016. Pricing was particularly strong in 2Q and 3Q 2017 as high pigment plant utilisation and low pigment inventories, coupled with tight supply, placed upward pressure on prices. Ilmenite pricing eased slightly in 4Q 2017 despite the seasonal slow-down in pigment production experienced during the northern hemisphere winter being less pronounced than usual. Pricing of 58 ilmenite (which is primarily utilised in the production of chloride pigment) was more subdued and in line with price increases achieved for TTI's chloride slag.

Zircon pricing was also significantly stronger in 2017 with average prices increasing by 15.3% compared to 2016. After a subdued start to the year, most major producers, including TiZir, achieved several consecutive price increases as the year progressed. Market indicators continue to suggest that demand, particularly for high-quality zircon with low impurities such as that supplied by GCO, continues to exceed supply. Additional price increases have already been contracted for GCO zircon sales in 2018.

The following table summarises GCO's quarterly sales and production volumes for the year ended 31 December 2017:

100% basis		1Q 2017	2Q 2017	3Q 2017	4Q 2017	CY 2017	CY 2016
Mining							
Ore mined	(kt)	11,661	11,793	11,234	10,374	45,062	39,203
HMC produced	(kt)	140.5	204.2	196.4	183.7	724.8	613.7
MSP production							
Ilmenite	(t)	99,400	126,030	140,713	126,298	492,441	416,249
Zircon	(t)	11,688	16,203	17,271	16,400	61,562	52,627
MGZS	(t)	7,179	2,927	5,235	4,846	20,187	-
Rutile & leucoxene	(t)	2,152	2,384	3,047	2,392	9,975	9,664
Sales volume							
Ilmenite	(t)	81,636	129,713	123,474	129,053	463,876	410,915
Zircon	(t)	13,030	13,722	16,331	17,614	60,697	53,101
MGZS	(t)	2,711	8,043	3,549	4,010	18,313	-
Rutile & leucoxene	(t)	2,588	3,208	2,398	2,064	10,258	8,819

TTI, Norway

Production

Following the restart of the furnace in January 2017, ramp up of operations throughout the year was consistent and in line with expectations. Currently, the furnace is operating close to expanded capacity rates of 230,000tpa and exceeding expectations in terms of operating efficiency.

Titanium slag production for the year was particularly strong at 181.1kt. Notably, as the ramp up progressed throughout the year, four of the top five months for titanium slag production since the establishment of TiZir were recorded in 2H 2017, including the three highest months recorded in August, September and December.

In terms of operating efficiency, heat losses from the furnace were well below expectations, indicating that power is being transformed into energy for use in the production process more efficiently than anticipated. A major reason for this outcome is the copper roof technology developed and installed by TTI at the time of the conversion of the smelter from sulphate slag to chloride slag production. In addition, the operation continues to use less key raw materials such as coal, further contributing to overall enhanced cost efficiencies at TTI. Above budget chloride slag yields were also generated due to crushing optimisation initiatives implemented in 2Q 2017.

HPPI production for the year was 73.8kt, consistent with the rate of production of chloride slag. The proportion of HPPI produced as a ratio of titanium slag has been consistent since completion of the capacity expansion and furnace upgrade project in 2015.

Sales

Sales of chloride slag recommenced in March 2017 following the restart of the furnace and replenishment of work-in-progress inventory.

For the final three quarters of 2017, titanium slag sales volumes were consistent with production volumes, leading to a total annual sales volume of 159.8kt. TTI's titanium slag products continue to be well received by the market with a majority of 2018 production already contracted to global customers.

Average pricing for titanium slag in 2017 was 10.6% higher than 2016, consistent with the gradually improving market for high-grade feedstock and contracted price increases with global customers.

As with titanium slag, HPPI sales volumes were largely consistent with production volumes throughout the final three quarters of 2017. European foundry markets continue to be the primary market for TTI's HPPI.

Pricing for HPPI was strong in 2017, with average prices increasing by 46.9% compared to 2016. Positive movements in coal and iron ore pricing throughout the year provided a platform for pricing increases, despite some pricing volatility caused by ongoing geopolitical issues in Eastern Europe and some competition from lower priced scrap materials.

The following table summarises TTI's quarterly sales and production volumes for the year ended 31 December 2017:

100% basis		1Q 2017	2Q 2017	3Q 2017	4Q 2017	CY 2017	CY 2016
Titanium slag							
Produced	(kt)	27.8	49.5	53.2	50.7	181.1	103.6
Sold	(kt)	11.5	47.1	39.0	62.1	159.8	121.8
HPPI							
Produced	(kt)	11.2	20.1	21.6	20.8	73.8	42.6
Sold	(kt)	7.0	20.0	15.2	23.3	65.5	47.3

Sustainability

Through its joint venture interest in GCO and TTI, MDL is invested in the creation of robust sustainable development policies and activities that are attuned to the needs, aspirations and sensitivities of key stakeholders. GCO and TTI facilitate positive economic, social and environmental objectives and outcomes through culturally sensitive engagement with employees, governments, local communities, civil society organisations and other stakeholders. MDL's oversight of the joint venture's governance and sustainability performance is administered via TiZir's board and committee structure and strengthened through regular site visits.

Further details are available in the sustainability report section of this annual report.

Health and safety

The safety of MDL employees, business partners and the communities in which the Company operates forms an integral part of the way in which MDL undertakes its activities.

MDL's philosophy is that all work-related injuries, diseases and property losses are preventable. Through its joint venture interest, the Company continues to develop and implement programs that comply with international safety management standards.

The Company has policies in place with respect to the management of its health and safety responsibilities.

Environment and social

MDL is committed to operating in a responsible manner, seeking to integrate leading international best practices of the mining industry into all activities. The Company's code of conduct, anti-bribery & corruption policy, diversity policy, human rights & child protection policy, privacy policy and sustainability policy underpin its approach to implementing environmental and social management strategies.

MDL abides by numerous codes and regulations issued by the relevant mining and environmental authorities of the countries in which it operates. The relevance of these codes and regulations is reviewed periodically to determine if there has been any change of status.

Rehabilitation work in Australia continues to be undertaken at one of MDL's former mining sites in New South Wales. No adverse situations have been reported.

Risk and insurance

MDL faces a range of risks in its business activities, including strategic, operational, environmental, compliance, financial reporting, sustainability and other market risks. Where considered appropriate, these risks are insured against and integrated into risk management practices. There are a number of risks, both specific and general in nature, to MDL and the entities within TiZir which may, either individually or in combination, affect the future operational and financial performance of the Company.

The summary of key risks set out below is not, and should not be considered to be, an exhaustive list of all the risks relevant to the Company and its 50% equity investment in TiZir. MDL, however, considers that these risks represent key Company risks, particularly risks to an investment in the Company. Additional risks and uncertainties that the Company is unaware of, or that the Company considers to be immaterial, may also become key risks and material. The risk factors outlined below omit how each is managed and may be mitigated and should be read in connection with the forward-looking statement that accompanies this annual report. Further details on these summarised risks are available in the Company's 2017 CGS available on the MDL website.

Key risks

- General market risks associated with commodity price and demand fluctuations;
- Uncertainty regarding resource and reserve estimates;
- Operational risks resulting in delays or difficulties with product delivery or mining, processing and production optimisation/ramp up;
- Financial risks;
- Asset realisation risks;
- Dependence on key personnel as well as other employment and labour relations risks;
- Inadequate insurance cover;
- Changes to input costs, inflation and foreign exchange rates that could increase operating and capital expansion project costs;
- Restrictions on the repatriation of earnings;
- Licensing and permitting risks, including changes, limitations or challenge to MDL and TiZir's mining rights and interests;
- Health, safety, security, environment and/or community incidents impacting MDL and TiZir's operations and/or reputation;
- Unanticipated or higher than expected rehabilitation, closure and reclamation costs;
- Political and foreign operations risks including but not limited to political, legal and fiscal changes in the places where MDL and TiZir operate;
- Joint venture risks associated with a breakdown in relationships or a contravention of joint venture agreements;
- Litigation risks;
- Constraints on Company growth;
- Liabilities associated with strategic investments, acquisitions or divestitures; and
- General risks which may impact the Company's share price and which are outside the control of the Company, including but not limited to: Australian and worldwide economic and political stability, natural disasters, performance of the Australian stock market as a whole, the Australian interest rate, foreign exchange, taxation and labour relations environment.

Some key MDL assets, in particular GCO in Senegal, West Africa, which is held via MDL's interest in TiZir, are located in countries where political risks are potentially higher than in more developed regions. The Board has considered the benefits and cost of political risk insurance and has determined that, at this time, it will not maintain political risk insurance on the equity component of its investment in TiZir or its interest in Senegal. MDL does not currently maintain any political risk insurance policy on any of its assets or interests.

MDL's risk management system includes a risk register of material risks to the Company, supplemented by risk control and mitigation plans. This register and accompanying plans are updated and reviewed on a regular basis.

Corporate

Capital raising

A fully underwritten placement and accelerated non-renounceable entitlement offer to raise approximately A$39.2 million was successfully completed in March 2017, with a total of 93,309,308 shares issued at a price of A$0.42 per share.

Following settlement of the capital raising, the Company:

- repaid the total debt of $14.1 million owing to its joint venture partner ERAMET; and
- advanced $3.5 million to TiZir to help fund TiZir's obligations with respect to its senior secured corporate bond for the relevant period.

TiZir funding

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 were primarily used to refinance the $275 million senior secured bonds that matured in September 2017. The successful refinancing of TiZir's senior debt was a major milestone for TiZir and was well received in the investment community.

Strong operational performance during the year and improved commodity pricing saw TiZir reduce its net debt at the end of the year to $322.8 million including a cash balance of $48.2 million.

Board succession

On 30 June 2017, long-serving director and deputy chairman Dr Robert Danchin retired from the Board, and Martin Ackland relinquished his executive role to become a non-executive director while retaining his position on the TiZir board. Following Dr Danchin's retirement, Tom Whiting assumed the role of A&RC chairman.

Performance rights

On 30 June 2017, the Company granted 1,168,209 unlisted performance rights (30 June 2016 – 1,170,000) as a long-term incentive to nominated members of its executive team under the MDL performance rights plan (**PRP**). The issue of these rights, their vesting conditions, participants and the PRP were approved by shareholders of the Company at the annual general meeting (**AGM**) held on 4 May 2017. Further details on these performance rights including vesting conditions, vesting schedule and valuation methodology are provided in the remuneration report and note 30 to the financial statements.

TiZir management

An important initiative undertaken in 2017 was a project to streamline TiZir's management structure. The establishment of the JOC comprising representatives from MDL and ERAMET provides a clearer path of communication between management at GCO and TTI and owner representatives at MDL and ERAMET. The revised structure aims to provide stronger joint venture leadership, together with greater accountability for site management teams.

SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

OUTLOOK

With GCO and TTI producing at record levels, MDL is poised to generate positive earnings without the need for future financial contributions to the joint venture.

In 2018, the Company's focus will be:

- continuing the strong production performance at TiZir during 2018 by consolidating and optimising production processes at GCO and TTI;
- continuing to foster a culture of safety, operational excellence and cost reduction at GCO and TTI;
- maximising cash flows and maintaining balance sheet discipline to improve TiZir's capital structure; and
- considering opportunities to capitalise on TiZir's quality asset base and further capture the benefits of an improving market.

Market outlook

Pricing for the mineral sands product suite continued to improve throughout 2017 with the zircon market in particular benefitting from improving demand dynamics and emerging supply side shortfalls. In respect of the sectors relevant to TiZir:

High-grade titanium dioxide feedstocks: Industry forecasts indicate an increase in TiO_2 demand in 2018. The seasonal slow-down in pigment production experienced during the northern hemisphere winter was not as pronounced as usual, with western pigment producers continuing to operate at high utilisation levels due to higher demand and tighter supply in Europe and North America. The restart of idled feedstock capacity, which normalised inventory levels throughout the pigment supply chain, and improving spot prices for rutile are strong indicators of strengthening market conditions in the high-grade feedstock sector, which bodes well for TiZir's titanium feedstock sales outlook.

Zircon: Pricing levels improved above expectations throughout 2H 2017 and into 1Q 2018. While demand remains strong, supply shortfalls are having a material impact on the market. This situation continues to place further upward pressure on zircon pricing, particularly for high-quality zircon with low impurities such as that supplied by GCO.

HPPI: The pressure on pig iron prices experienced in 3Q 2017 has eased, with improved pricing being achieved going into 2018. Improved conditions are expected to continue with the majority of production now contracted for 1Q 2018. Anticipation of some continued upward pressure on pricing is expected given iron ore and coal price increases.

CHANGE IN STATE OF AFFAIRS

Other than as stated above, there was no significant change in the state of affairs of the Group during the financial year.

ENVIRONMENTAL REGULATIONS

The Company's previous Hawks Nest operations remain subject to environmental regulation under the laws of the Commonwealth of Australia and New South Wales State legislation. The Company is therefore required to continue to comply with the terms and conditions of the approvals and licences granted until such date(s) as its mining leases are relinquished.

During the year ended 31 December 2017, there were no instances of non-compliance by the Company in relation to licences and approvals.

DIVIDENDS

During the financial year, no dividends were paid. The directors have not recommended the payment of a dividend in relation to the year ended 31 December 2017 (2016 – nil).

PERFORMANCE RIGHTS

At the date of this report, the following performance rights were outstanding:

Unlisted performance rights	MDLAA	MDLAB
Grant date	30 Jun 2016	30 Jun 2017
Vesting date	31 Jan 2019	31 Jan 2020
Expiry date	31 Jan 2021	31 Jan 2022
Exercise price (A$)	-	-
Number issued	1,170,000	1,168,209

During the period, no performance rights over ordinary shares were exercised. There were no share options over shares in existence.

Further details of performance rights are contained in note 30 to the financial statements.

No person entitled to performance rights had or has any rights by virtue of the performance right to participate in any share issue of the Company.

INDEMNIFICATION OF OFFICERS AND AUDITOR

The Company's constitution requires the Company to indemnify each director and its officers against liabilities (to the extent permitted by law and subject to the Corporations Act 2001) for certain costs and expenses incurred by any of them in defending any legal proceedings arising out of their conduct while acting as an officer of the Company. The Company has paid premiums to insure each of its directors and officers against liabilities and has entered into deeds of indemnity with each of its directors and officers.

DIRECTORS' MEETINGS

Throughout the year ended 31 December 2017, there were nine directors' meetings. Included in the directors' meetings figures are circular resolutions voted on by eligible directors which are necessary to address company business where the directors are unable to be present for formal board meetings. Eligibility and attendances were as follows:

Director	Eligible	Attended
N Limb	9	9
R Sennitt	9	9
M Ackland	9	9
T Whiting	9	9
C MacDonald	9	9
R Danchin	5	5

During the year ended 31 December 2017, there were four A&RC meetings and four N&RC meetings. Eligibility and attendances were as follows:

	A&RC		N&RC	
Director	Eligible	Attended	Eligible	Attended
R Danchin	2	2	2	2
T Whiting	4	4	4	4
N Limb	N/A	N/A	4	4
C MacDonald	4	4	1	1
M Ackland	1	1	N/A	N/A

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

AUDITOR

Deloitte Touche Tohmatsu continues in office in accordance with the Corporations Act 2001.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 31 to the financial statements.

The directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 31 to the financial statements do not compromise the external auditor's independence, based on advice received from the A&RC, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence statement is included on page 39 of the financial report.

ROUNDING OFF OF ACCOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Report) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

REMUNERATION REPORT

This remuneration report forms part of the directors' report and outlines the remuneration arrangements for the Company's non-executive directors, executive directors and other senior executives who have the authority and responsibility for planning, directing and controlling the activities of MDL (**key management personnel**, hereafter referred to as **KMP**) for the year ended 31 December 2017.

1. KMP details

The names and positions held by KMP in office at any time during or since the end of the financial year are:

Non-executive directors

Nicholas Limb	Non-executive chairman
Martin Ackland	Non-executive (effective 1 July 2017)
Thomas Whiting	Independent; A&RC and N&RC chairman
Charles MacDonald	Independent
Robert Danchin	Independent; deputy chairman; A&RC chairman (ceased 30 June 2017)

Executive directors

Robert Sennitt	Managing director (**MD**)
Martin Ackland	Executive director (1 January 2017 – 30 June 2017)

Other KMP

Jozsef Patarica	Chief operating officer (**COO**)
Greg Bell	Chief financial officer (**CFO**)
Michaela Evans	Company secretary & general manager –corporate affairs (**CoSec**)

2. Reporting in USD

In this report, remuneration and benefits have been presented in USD, unless otherwise stated. This approach is consistent with the consolidated financial statements of the Company. Remuneration is usually paid in Australian dollars (**AUD** or **A$**) and, for reporting purposes, converted to USD based on the average exchange rate for the payment period.

3. Remuneration synopsis

3.1 2017 remuneration summary

The below table provides a high-level summary of 2017 remuneration practice, with further details available in section 5 of the remuneration report:

Remuneration element	Details
Total fixed remuneration (**TFR**)	No changes to KMP TFR occurred during 2017 with the following exception: • Martin Ackland transitioned from executive to non-executive director status during the year and his annual fixed remuneration decreased accordingly.
Short-term incentive (**STI**)	Participating executives satisfied 2017 STI metrics at 'above target' levels. Accordingly, bonuses will be paid in cash (less superannuation and applicable taxation) in 1Q 2018 in accordance with the Company's remuneration policy. Further details are provided in section 5.2 of this report.
Long-term incentive (**LTI**)	2017 cycle performance rights (MDLAB – 1,168,209) were granted to nominated executives on the terms approved by shareholders at the AGM held in May 2017 and further outlined in section 5.2 and 9.2 of the remuneration report and note 30 to the financial statements.

3.2 2018 remuneration outlook

The following table provides a high-level summary of the Company's 2018 remuneration outlook, with further details available in section 6 of the remuneration report:

Remuneration element	Details
TFR	Having remained unchanged and at or below market median since 2015, effective 1 January 2018, executive member TFR has increased to enhance the competitiveness of this remuneration element relative to the Company's peers.
STI	2018 STI metrics have been established consistent with the Company's remuneration policy and will be tested throughout the year. Target and stretch opportunity percentages are in line with the Company's remuneration policy and 2017 practice.
LTI	2018 cycle LTI performance rights are to be issued to nominated executives and other staff. Further details on the 2018 cycle rights will be outlined in the notice of meeting dispatched prior to the Company's AGM to be held in May 2018.

4. Remuneration governance

4.1 N&RC

The Board is responsible for oversight of the Company's remuneration governance, guided by the recommendations and activities of the N&RC. The N&RC functions on the basis of a formally adopted charter which is available on the Company's website. The current members of the committee are Tom Whiting (committee chairman), Nic Limb and Charles MacDonald who replaced Robert Danchin upon his retirement in June 2017.

With respect to Company remuneration, the broad responsibilities of the committee are to:

- determine and review the overall philosophy, strategy, plans, policies and practices for the recruitment, remuneration and retention of KMP;
- review and approve corporate goals and objectives relevant to KMP compensation, evaluate KMP performance in light of those corporate goals and objectives and make recommendations to the Board regarding the proposed remuneration package of KMP based on their evaluation;
- consider the adoption of appropriate incentive plans and review adopted plans on a regular basis to ensure they comply with legislation and regulatory requirements, reflect industry standards, are appropriately linked with value creation opportunities for shareholders and are effective in achieving Company objectives;
- approve the participants and total level of award under any employee STI and LTI plans; and
- identify circumstances wherein external remuneration advice should be sought and ensure conformance with respect to the appropriate appointment and reporting practices of remuneration consultants.

The Company's overarching remuneration philosophy is outlined in its remuneration policy which is available on the MDL website.

4.2 Remuneration consultants

During the reporting period, MDL did not engage remuneration consultants to provide 'remuneration recommendations', as defined in the Corporations Act 2001. During the reporting period, Orient Capital was engaged to provide an independent valuation of the Company's 2017 performance rights. The amount paid to Orient capital was not material for either party. Orient Capital has confirmed that no executive or officer of the Company exercised undue influence on its reported analysis or observations.

Subsequent to 31 December 2017, Aon Hewitt was engaged by the N&RC to assist the Company's 2017/18 remuneration review. This work included the development of an appropriate comparator group for the Company, the provision of market remuneration benchmarking analysis and observations on market practice and trends in relation to senior executive roles. Aon Hewitt did not provide 'remuneration recommendations', as defined in the Corporations Act 2001. The information provided is one of a range of factors relevant to the N&RC when making remuneration determinations in relation to each of the Company's KMP. The amount charged for these services was not material for either party. Aon Hewitt has confirmed that no executive or officer of the Company exercised undue influence on its reported analysis or observations.

5. Remuneration policy and practice

Section 5 of the remuneration report provides an overview of the Company's remuneration policy and practice for 2017.

The Board's remuneration policy is to set remuneration for KMP and other employees at a level that is market competitive in order to attract, retain and motivate key individuals and remunerate fairly and responsibly as well as to ensure that remuneration practices are aligned to the Company's strategic and business objectives, risk exposures, and with the creation of shareholder value. Notwithstanding unforeseen circumstances and business developments, to the maximum extent possible remuneration practice aligns with the Company's remuneration policy.

5.1 Non-executive directors

Policy

The Board – in liaison with the N&RC – reviews non-executive directors (**NED**) remuneration policy and practice annually and undertakes benchmarking reviews as appropriate. Fees paid to NEDs are determined by the Board in accordance with the Company's constitution, last approved in May 2017.

When determining and reviewing levels of NED remuneration, the Company's policy is to consider:

- the Company's size, structure, activities and areas of operation;
- the responsibilities and commitments of individual members (including committee activities); and
- NED fees paid to comparable companies.

The Company's policy with respect to the remuneration of NEDs during the reporting period was as follows:

- remuneration includes a fixed fee for service, paid in cash, and statutory superannuation (where applicable), the total of which is to be within the aggregate 'non-executive director fee pool' amount of A$750,000 as last approved by shareholders in May 2013;
- entitlement to reimbursement of reasonable travel, accommodation and other expenses incurred whist engaged on Company business;
- at the Board's discretion and in accordance with the Company's constitution, additional remuneration may be paid for special duties or extra services performed on behalf of the Company deemed to be outside the scope of NED director duties (including those performed on behalf of TiZir);
- no provision for retirement benefits other than statutory superannuation entitlements;
- no entitlement to participate in incentive-based remuneration schemes; and
- no additional fees for participation on any Board committees.

Practice

A summary of the Company's remuneration practice in relation to its current NEDs (inclusive of superannuation) is as follows:

NED	2017 fixed fee A$	Date of last fixed fee adjustment	Fixed annual fee at appointment A$	Appointment date
N Limb	150,000	N/A	150,000	20 May 2016
C MacDonald	75,000	N/A	75,000	21 Feb 2014
T Whiting	75,000	N/A	75,000	19 Jan 2012
M Ackland	37,500(i)	N/A	75,000	1 Jul 2017

(i) Fees shown are those received by Martin Ackland in his capacity as a NED from 1 June 2017 to 31 December 2017.

NED	2017 special exertion fee A$
N Limb	298,000(i)
M Ackland	75,000(ii)

(i) Fees shown are those received by Nic Limb in his capacity as chairman of TiZir from 1 January 2017 to 31 December 2017.

(ii) Fees shown are those received by Martin Ackland in his capacity as director of TiZir and TTI from 1 July 2017 to 31 December 2017 as well as for other duties deemed by the Board to be outside the scope of his duties as a NED of the Company.

During the period, Mr Ackland transitioned from being the Company's technical executive director to a NED and the Board determined he would receive an annual director's fee of A$75,000 (inclusive of superannuation) commensurate with his position and experience and benchmarked against peer companies. Separately, Mr Ackland and Mr Limb are remunerated by the Company for services performed in their capacity as directors of TiZir and other TiZir boards and committees based on a pro rata amount of A$150,000 and A$298,000 respectively per annum (reviewed regularly) on the basis that they dedicate appropriate time to effectively discharge the duties of their TiZir positions.

Independent NEDs Dr Whiting and Mr MacDonald are remunerated at the same rate (being A$75,000 per annum), which has remained unchanged since their appointment dates (respectively January 2012 and February 2014). No special duty or extra service fees were paid to independent NEDs during the year.

Robert Danchin received a total fixed fee of A$50,000 (inclusive of superannuation) for his services as an independent, NED of the Company for the period 1 January 2017 to his retirement on 30 June 2017.

As per the Company's stated policy, the NEDs of the Company did not participate in Company incentive plans during the period and did not receive retirement benefits.

5.2 Executives

Policy

The N&RC advises the Board on remuneration for executive directors and senior executive members and oversees the Company's executive remuneration policy which aims to:

- reward executives fairly and responsibly in accordance with market rates and practices to ensure that the Company provides competitive rewards that attract, retain and motivate executives of a high calibre;
- set high levels of performance which are clearly linked to an executive's remuneration;
- structure remuneration at a level that reflects the executive's duties and accountabilities;
- benchmark remuneration against appropriate comparator groups;
- align executive incentive rewards with the creation of value for shareholders;
- align remuneration with the Company's long-term strategic plans & business objectives and with risk exposures through the resources cycle; and
- comply with applicable legal requirements and appropriate governance standards.

As outlined in the Company's 2015 annual report, following a comprehensive remuneration review, and with the assistance of independent information prepared by Aon Hewitt, the Company implemented a number of revisions to its executive remuneration policy effective from 1 January 2016, the general principles of which are summarised below and in the tables overleaf.

Pay mix and benchmarking: Executive remuneration structure is designed to comprise 'fixed' and 'at risk' (performance based) remuneration, benchmarked annually against peer companies within the resources sector that are of a similar size, market capitalisation and revenue base. Benchmarking is conducted by the N&RC with the assistance of an independent remuneration consultant (where required).

Eligibility: Eligibility to participate in the Company's STI and/or LTI plans is typically set out in an employee's service contract; however, the Company's policy is for the Board to determine participation annually based on N&RC recommendations.

Gate: Where appropriate, the Board will establish a minimum level of expected performance related to, for example, Company earnings, operational cash flow or health, safety and environmental objectives, which must be achieved for any STI award to become payable under the STI plan.

Board discretion: The Board has overriding discretion to amend STI and LTI outcomes to: properly reflect performance; adjust for anomalous outcomes; reflect the Company's risk exposures through the resources cycle; and ensure alignment of awards of 'at risk' remuneration with Company strategy and long-term shareholder value creation.

	Fixed remuneration policy structure
Remuneration vehicle	• TFR includes: – Cash based salary – Superannuation contributions
Purpose and guidance	• Retain and attract a talented, knowledgeable and experienced workforce • Market competitive – guided by P50 • Reflective of role, responsibilities and experience
Link to performance	• Individual performance review having regard for overall Company performance • No contractual guarantee of an annual increase

	STI policy structure
Remuneration vehicle	• Cash bonus
Purpose and guidance	• 'At risk' remuneration • Incentivise and provide competitive reward for achievement of Company-wide and individual performance targets linked to strategic objectives and management of risk
Link to performance	*Grant structure* • STIs based on 'at target' and 'stretch' opportunities that will be reviewed annually by the N&RC at the beginning of the financial year, giving due consideration to the Company's remuneration principles • Opportunity percentages will be reviewed and established (or otherwise) annually relative to TFR. The N&RC at its discretion may determine a STI 'cap' relative to TFR • General guidance on opportunity percentages relative to TFR is provided below (percentages are subject to change annually pending N&RC consideration of Company objectives and changed circumstances amongst other factors):

Employee	'At target' STI opportunity % of TFR	'Stretch' STI opportunity % of TFR
MD	30	50
COO	24	40
CFO	24	40
CoSec	Board discretion	Board discretion
Other employees	Board discretion	Board discretion

Overall performance weighting
STI performance criteria to be weighted between 'financial performance' (~50%) and individual performance (~50%). Key Performance Indicators (**KPI**) within these two broad performance areas will also normally be weighted.

Targets
Following the establishment of KPI areas, targets will typically be set to establish threshold, target and stretch objectives. In general, no payment will be made until an above-threshold level of performance is achieved. Thereafter payments will generally be made on a sliding scale between threshold and target and between target and stretch as appropriate to the specific KPI.

Financial performance criteria
Annual determination of financial performance criteria will be established by the N&RC at the beginning of each year, with one or more (up to three) to be considered and implemented for the relevant financial year. Financial measures will usually emphasise profit and cash flow drivers.

Individual performance criteria
Individual KPIs will be approved annually by the N&RC at the beginning of each financial year. Targets are intended to set challenging but achievable goals and will be selected by the N&RC, giving due consideration to overall business objectives, MDL culture and the individual executive's role accountabilities. KPIs will reflect the executive's experience and capacity to determine, control or influence KPI outcomes. General KPI areas will typically include: sustainability (including health and safety and community liaison), operational performance (including production targets and cost efficiency), development/execution of strategic plans, management of JV relationships, risk management, leadership/talent management and governance. KPIs relate to MDL, TiZir, GCO and TTI activities and objectives.

Assessment structure
N&RC to review performance outcomes after year-end performance is known; individual performance criteria to be reviewed during the year with overall performance assessed at year-end.

Payment timing
Payments will be made in the first quarter following the relevant performance year (i.e. payment for 2017 performance – if achieved – would be made between January and March 2018).

Leaver provisions
Subject to Board discretion, no STI payment will occur should an eligible participant leave before the testing period.

LTI policy structure

Remuneration vehicle

- Performance rights
- Performance rights granted under the Company's LTI plan will carry no dividend or voting rights

Purpose and guidance

- 'At risk' remuneration
- Incentivise and provide competitive reward for continued service and achievement of long-term strategic/growth objectives

Link to performance

Grant structure

- LTI opportunities will be established (or deferred) annually by the N&RC at the beginning of each period, giving due consideration to the Company's remuneration principles
- Where a LTI opportunity is established by the Board, performance for that LTI cycle will be measured over three years (i.e. testing for 2016 cycle to occur three years after 2016 cycle start date in 2019)
- The N&RC will recommend to the Board opportunity percentages relative to TFR giving due consideration to the number of shares and incentives on issue and issued in the prior five years. In keeping with the Company's remuneration philosophy, leverage to LTI should be higher than STI
- The N&RC at its discretion may determine a LTI 'cap' relative to TFR
- General guidance on opportunity percentages relative to TFR is provided below (percentages are subject to change pending N&RC consideration of Company objectives and changed circumstances amongst other factors):

Employee	Maximum LTI opportunity % of TFR
MD	50
COO	40
CFO	40
CoSec	30
Other employees	>30

Performance conditions

- Generally applied performance conditions will be those that return value to shareholders and that incentivise executives to focus on the Company's long-term strategy and growth opportunities. Measures proposed and likely to be used in future include:
  - Relative total shareholder return (**TSR**)
  - Absolute TSR
  - Shareholder return measures (such as return on equity)
  - Delivery of strategic objectives

Typically, 'cliff vesting' hurdles should be avoided, unless the Board determines that achieving the target objective is strongly aligned with long-term shareholder return and/or the delivery of valuable strategic objectives.

Generally, with respect to TSR provisions, vesting will occur on a proportionate straight-line basis for performance between threshold and target (absolute TSR) and P50 and P75 (relative TSR).

For relative TSR vesting, the comparator group will typically be the S&P/ASX Resources 300 Index. The comparator group is intended to reflect any competitors, companies and sectors where investors may choose to invest their money if not in MDL with particular regard to those companies of similar industry and market capitalisation.

In its absolute discretion, the Board may determine that no relative TSR performance rights will vest if the Company's TSR performance is negative.

Timing

Annual testing of vesting criteria and issues of LTI performance rights will typically be undertaken in February of each financial year in order to disclose results in the Company's annual report and enable approval, as required, at the Company's AGM.

Calculation

Typically, volume weighted average price (**VWAP**) on the 20 trading days preceding the start of each three year cycle. No retesting of performance criteria hurdles will be performed after agreement of calculation.

Expiry

There will be no entitlement to incentives for which performance criteria have not been met at the end of the performance period and no MDL shares will be provided in respect of those lapsed rights. Vested performance rights will expire as per the conditions set out in each participant's offer letter and/or the MDL PRP.

Share trading

Shares issued or transferred to executives under the Company's incentive scheme will be subject to compliance with the Company's share trading policy. KMP participating in an equity-based incentive plan of the Company will be prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in MDL's securities.

Clawback
Unvested LTI equity awards will be subject to clawback (forfeiture or lapse) in certain circumstances (including serious misconduct, unlawful, fraudulent, dishonest behaviour).

Leaver provisions
Vesting of performance rights will typically be subject to continuing employment of the eligible executives. Subject to director discretion, rights will generally lapse on an executive's resignation or dismissal. In exceptional circumstances and where a termination is for reasons including retirement, death, total and permanent disablement, change of control and bona fide redundancy, unless it determines otherwise, the Board has the discretion to determine the extent to which all or part of any unvested equity may vest and the specific performance testing to be applied. Such provisions may also be subject to shareholder approval. Leaver provisions will typically be outlined in a participant's performance rights offer letter.

At risk summary table:

The table below shows the relative targeted mix of remuneration components based on the Company's remuneration policy as a percentage of total remuneration:

Executive(i)	Fixed remuneration %	At risk remuneration(ii) Maximum STI opportunity %	Maximum LTI opportunity %	Maximum total 'at risk' remuneration %
MD	50.0	25.0	25.0	50.0
COO	55.6	22.2	22.2	44.4
CFO	55.6	22.2	22.2	44.4

(i) CoSec remuneration mix cannot be presented due to STI opportunity being subject to Board discretion.
(ii) Maximum STI and LTI opportunity is subject to achievement of all STI objectives at 'stretch' and LTI vesting hurdles at the testing date.

Executive remuneration practice

Executive director remuneration

As outlined above, effective 30 June 2017, Martin Ackland relinquished his executive role to become a NED. Consequently, during the period, he received A$189,200 in performance of his executive duties. Additionally, employee benefits amounting to A$12,639 representing statutory leave provisions were paid in respect of Mr Ackland's services accumulated from his date of appointment up until 30 June 2017. Due to his transitional status and as foreshadowed in last year's remuneration report, Mr Ackland was not eligible to participate in the Company's 2017 STI and LTI plans and, as such, no variable remuneration (including cash bonuses) will be paid to Mr Ackland in 2018 in relation to the year ended 31 December 2017.

Robert Sennitt was appointed as MD of the Company in April 2016, with his remuneration and contractual provisions remaining unchanged from those disclosed on his appointment as chief executive officer (**CEO**) in June 2015. Along with other members of the Company's senior executive group, Mr Sennitt was eligible to participate in the Company's 2017 STI and LTI plans. Further details of Mr Sennitt's remuneration for the period are outlined below.

Both executive directors represented MDL's interests on the TiZir board for the full reporting period.

Senior executive remuneration

During the reporting period, the senior executive comprised Robert Sennitt (MD), Jozsef Patarica (COO), Greg Bell (CFO) and Michaela Evans (CoSec).

These executives were eligible to participate in the Company's 2017 STI and LTI plans.

Fixed remuneration

The TFR of these executives (which includes statutory superannuation) for the reporting period was as follows:

Executive	Effective date	TFR as at effective date A$
R Sennitt – MD(i)	1 Jun 2015	500,000
J Patarica – COO(ii)	1 Oct 2015	400,000
G Bell – CFO(iii)	1 Jun 2015	250,000
M Evans – CoSec(iv)	1 Jun 2015	250,000

(i) Appointed business development manager 28 January 2015.
(ii) For the period wherein Jozsef Patarica's services are retained by GCO, his TFR is A$450,000 per annum. In 2017, Mr Patarica was paid at a pro rata rate of A$400,000 per annum for the months of February to May and at a pro rata rate of A$450,000 per annum from June onwards, corresponding with his secondment to GCO as interim CEO. While seconded to GCO, a substantial portion of Mr Patarica's salary is invoiced to the joint venture.
(iii) Appointed interim CFO 15 December 2014.
(iv) Appointed CoSec 22 March 2013.

Amongst MDL's comparator group, fixed senior executive remuneration is typically guided by the market fiftieth percentile (**P50**) with the mix of fixed pay and variable STIs and LTIs structured to deliver total potential remuneration around the market seventy-fifth percentile (**P75**) where stretch targets have been met or exceeded. Benchmarking results provided by Aon Hewitt in late 2015/early 2016 indicated that the fixed remuneration of the MD, CFO and CoSec is at or below P50. While outside the Company's preferred benchmark target, the Board did not revise executive fixed remuneration during the reporting period.

As foreshadowed in the 2016 annual report and outlined in the 1H 2017 report, COO Jozsef Patarica's TFR was revised from A$450,000 to A$400,000 per annum following the cessation of his secondment to GCO in January 2017. Subsequently, upon re-secondment to GCO in June 2017 and consistent with the terms of his employment, Mr Patarica's TFR reverted to $450,000 pro rata per annum. While seconded to GCO, a substantial portion of Mr Patarica's salary is invoiced to the TiZir joint venture.

STI

As foreshadowed in the 2016 remuneration report, members of the senior executive were eligible to participate in the Company's 2017 STI plan. 2017 KPI targets that were set for participants were approved by the Board, following N&RC recommendations, and were aligned with the policy guidance outlined above.

The performance targets and their relative weighting for each executive for the reporting period were as follows:

Performance category	MD %	COO %	CFO %	CoSec[i] %
Financial (group)	50	50	50	Board discretion
Safety/sustainability	4	8	2	
Corporate strategy & governance	19	14	19	
Financial (individual)	15	2	10	
JV management & operational performance	12	26	19	

(i) The CoSec's STI bonus is discretionary (notwithstanding the application of the overarching safety-based gate as outlined below) and assessed by the Board on the basis of the provision of Board and executive support over the course of the reporting period.

The measures within each broad STI category were identified as core drivers of value for shareholders and were selected to encourage activities and behaviours aligned with the Company's strategy, risk framework and governance principles. Additionally, the majority of the indicators were measurable and verifiable. In accordance with Company policy, multiple objectives were set within each of the performance areas. Group financial indicators, for example, included objectives related to cash flow, capital structure and profitability; JV management & operational performance indicators included optimisation objectives, risk management, and cost control initiatives; and Corporate strategy and governance indicators included measures related to strategic development, risk, leadership, attitude to corporate culture and governance. Threshold, target and stretch goals were also developed for each indicator. A safety-based gate of no fatalities at GCO and TTI for the reporting period was also established.

Following satisfaction of the safety gate objective, executive performance against 2017 KPIs were tested and the outcomes are outlined below:

Executive	'At target' STI opportunity % of TFR	'Stretch' STI opportunity % of TFR	2017 actual STI award relative to TFR %	2017 actual STI award A$
R Sennitt – MD	30	50	40	200,000
J Patarica – COO	24	40	37.5	150,000
G Bell – CFO	24	40	34	85,000
M Evans – CoSec	Board discretion	Board discretion	30	75,000

These bonus outcomes reflect achievement of the following key 2017 STI objectives (amongst others): successful refinancing of the TiZir bond along with limiting advances to the joint venture, return to production at TTI in accordance with budgeted expectations, ongoing optimisation of GCO operations, the restructuring of joint venture management, and the successful recapitalisation of MDL. By achieving these objectives, the executive team has established a strong platform for ongoing Company performance improvement and shareholder value accretion.

Executive bonuses for 2017 performance will be paid in cash (less superannuation and applicable taxation) in 1Q 2018 in accordance with the Company's remuneration policy.

LTI

In keeping with the Company's remuneration policy, and in recognition of the importance of including variable remuneration in executive remuneration packages that is only paid on the achievement of objectives that the Board considers will deliver increased shareholder value, the Company issued the following performance rights to senior executives during the reporting period:

Executive	Maximum LTI opportunity % of TFR	No. of performance rights (MDLAB)
R Sennitt – MD	50	499,234
J Patarica – COO	40	319,510
G Bell – CFO	40	199,694
M Evans – CoSec	30	149,771
		1,168,209

The Company's amended PRP and the performance rights issued to MD Robert Sennitt were approved by MDL's shareholders on 4 May 2017 at the Company's AGM. The performance rights are subject to Board and shareholder approved performance hurdles. Half of the rights are subject to an absolute TSR hurdle over a three year performance period (being 1 February 2017 to 31 January 2020) and will be tested at the end of that period (31 January 2020), with the remaining half subject to a relative TSR hurdle over the same performance period.

A 20 trading day VWAP was used to evaluate the number of performance rights issued to participants.

Each performance right entitles the holder to one share upon vesting and exercise. There is no exercise price pertaining to the performance rights and the rights carry no voting or dividend rights.

Further details of these rights, their performance hurdles, vesting schedule and valuation are outlined in section 9.2 of the remuneration report and in note 30 to the financial statements.

5.3 KMP remuneration summary 2017

The remuneration of KMP during the year ended 31 December 2017 was as follows:

	Short-term benefits			Post-employment benefits	Long-term employee benefits[i]	Equity-settled share-based payments [ii]	Total	Performance related
	Salary and fees US$	Non-cash benefits US$	Cash bonus US$	Superannuation contributions US$	LSL US$	Performance rights US$	US$	%
Year ended 31 December 2017								
Executive directors								
R Sennitt	361,050	-	153,360	22,350	2,694	50,722	590,176	34.6
M Ackland[iii]	132,299	-	-	12,780	(7,788)	-	137,291	-
Non-executive directors								
N Limb	321,177	-	-	22,350	-	-	343,527	N/A
M Ackland[iii]	76,488	-	-	9,777	-	-	86,265	N/A
R Danchin	31,649	-	-	6,691	-	-	38,340	N/A
T Whiting	38,718	-	-	18,792	-	-	57,510	N/A
C MacDonald	37,652	14,868	-	4,990	-	-	57,510	N/A
Key executives								
J Patarica	313,878	-	115,020	15,207	1,671	32,462	478,238	30.8
G Bell	176,493	-	65,178	15,207	8,040	20,289	285,207	30.0
M Evans	176,493	-	57,510	15,207	8,623	15,217	273,050	26.6
	1,664,897	**14,868**	**391,068**	**143,351**	**13,240**	**118,690**	**2,347,114**	**-**
Year ended 31 December 2016								
Executive directors								
N Limb[iv]	162,739	-	-	10,849	(25,366)	-	148,222	-
R Sennitt[v]	345,936	8,040	82,075	26,038	11,625	8,221	481,935	18.7
M Ackland	255,472	-	-	26,038	7,556	-	289,066	-
Non-executive directors								
N Limb[iv]	179,229	-	-	15,189	-	-	194,418	N/A
R Danchin	48,357	-	-	26,038	-	-	74,395	N/A
T Whiting	37,563	-	-	18,232	-	-	55,795	N/A
C MacDonald[vi]	41,774	-	-	4,841	-	-	46,615	N/A
D Isles	13,018	-	-	10,230	-	-	23,248	N/A
Key executives								
J Patarica	321,202	-	64,561	13,575	6,703	5,261	411,302	17.0
G Bell	170,595	912	35,160	14,479	8,749	3,288	233,183	16.5
M Evans	170,393	-	35,160	15,594	1,935	2,466	225,548	16.7
	1,746,278	**8,952**	**216,956**	**181,103**	**11,202**	**19,236**	**2,183,727**	**-**

(i) Other employee benefits represent long service leave (LSL) entitlements, measured on an accrual basis. The amount included above relates to movement in each executive's entitlements over the year, along with movements in the AUD/USD exchange rate as these entitlements are denominated in AUD.

(ii) The figures provided in 'Equity-settled share-based payments' were not provided in cash to the KMP during the financial period. These amounts are calculated in accordance with accounting standards and represent the amortisation of accounting fair values of performance rights that have been granted to KMP in this or prior financial years. The fair value of performance rights have been valued as at their date of grant and in accordance with the requirements of AASB 2 Share-Based Payments. The fair value of performance rights is measured using a generally accepted valuation model. The fair values are then amortised over the entire vesting period of the equity instruments. Total remuneration shown in 'Total' therefore includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should these equity instruments vest and be exercised.

Performance rights issued to KMP are unvested at balance date and have no exercise price. These performance rights have vesting conditions as outlined in section 9.2 of this remuneration report.

(iii) Martin Ackland relinquished his executive role to become a NED on 30 June 2017. As a result, employee benefits representing statutory leave were paid in respect of Mr Ackland's services accumulated from his date of appointment up until 30 June 2017. Further, Mr Ackland's remuneration for the year ended 31 December 2017 has been split to illustrate the remuneration received in his role as executive technical director up until 30 June 2017 and the remuneration received in his role as a NED from this date to the end of the reporting period.

(iv) Nic Limb relinquished his executive role to become non-executive chairman at the AGM held in May 2016. As a result, employee benefits representing annual leave and LSL were paid in respect of Mr Limb's services accumulated from his date of appointment up until 31 May 2016. Further, Mr Limb's remuneration for the year ended 31 December 2016 has been split to illustrate the remuneration received in his role as executive chairman up until 31 May 2016 and the remuneration received in his role as non-executive chairman from this date to 31 December 2016.

(v) Robert Sennitt was appointed CEO on 1 June 2015. Mr Sennitt did not receive a payment as part of his consideration for agreeing to hold the position. Further, on 8 April 2016, Mr Sennitt was appointed as MD of the Company, effective from that date. His remuneration and contractual provisions remained unchanged from those disclosed on his appointment as CEO.

(vi) For Mr MacDonald, salary and fees in 2016 included fees paid in advance and formed part of his cash salary which he elected to salary sacrifice during 2015 and 2016. This practice did not continue in 2017.

6. 2018 Remuneration outlook

As outlined above, executive STI bonuses for 2017 performance will be paid in cash (less superannuation and applicable taxation) in 1Q 2018 in accordance with the Company's remuneration policy.

Benchmarking results provided by Aon Hewitt in early January 2018 continue to indicate that MDL's executive remuneration practices are below market median, having remained unchanged for current executive members since 2015. The below outlined adjustments to TFR, recommended by the N&RC and approved by the Board effective 1 January 2018, are deemed reasonable and necessary to:

- improve the competitiveness of the Company's remuneration practices relative to the market median within its peer group;
- retain, motivate and attract high-performing executives; and
- accurately reflect executive member skills, experience, responsibilities and performance as well as workloads and operating hours particularly since the management restructure of TiZir.

Executive	2017 TFR A$	2018 TFR A$	2017 TFR %
R Sennitt – MD	500,000	625,000	25.0
J Patarica – COO[i]	400,000	450,000	12.5
G Bell – CFO	250,000	300,000	20.0
M Evans – CoSec	250,000	290,000	16.0

(i) GCO secondment uplift will continue to apply as follows: for the period wherein Mr Patarica's services are retained by GCO, his TFR is A$500,000 per annum. Upon cessation of his secondment to GCO or by mutual agreement, the fixed component of Mr Patarica's remuneration reverts to A$450,000 per annum. While seconded, a substantial portion of this remuneration is invoiced to the joint venture.

These amendments also reflect the Board's proposal to revise its remuneration philosophy with respect to TFR, which previously targeted the market median but which will now target between P50 and P75. Overall total potential remuneration will continue to target P75 and, consequently, no changes are proposed to short- and long-term opportunity percentages relative to executive TFR in 2018.

Notwithstanding unforeseen circumstances, no remuneration increases are proposed for NEDs.

In line with ensuring appropriate 'at risk' remuneration for executives, STI and LTI plans have been established for 2018. Executive STI KPIs have been identified in accordance with stipulated remuneration guidance as set out in this remuneration report and in the Company's remuneration policy available on the Company's website. Subject to appropriate shareholder approval and in keeping with Company policy and the PRP, the Board has determined that 2018 cycle LTI performance rights will be issued to senior executives, as follows:

Executive	Maximum LTI opportunity % of TFR	Number of performance rights[i]
R Sennitt – MD	50	288,791
J Patarica – COO	40	166,344
G Bell – CFO	40	110,896
M Evans – CoSec	30	80,400
		646,431

(i) Calculated on the basis of the 20 trading day VWAP preceding 1 February 2018, being $A1.0821.

Further details on the 2018 cycle LTI performance rights, including performance hurdles and vesting conditions, will be outlined in the notice of meeting dispatched prior to the Company's 2018 AGM currently scheduled to be held Friday 25 May 2018.

7. MDL five year performance

As outlined, MDL's remuneration policy is aimed at the alignment of KMP remuneration with strategic and commercial objectives and the creation of shareholder value. The following table outlines MDL's financial performance over the last five years as required by the Corporations Act 2001. The Board and N&RC take a broad view with respect to performance and, consequently, the indicators shown overleaf may not always directly align with senior executive remuneration outcomes.

The Company's share price performance in prior periods has been significantly impacted by the downturn in the mineral sands market and general resource industry sentiment. Market and sentiment improvements evidenced in 2017, combined with stronger production performance at GCO and ramped up production at TTI, as well as the refinancing of the senior secured bonds at TiZir and recapitalisation of the MDL balance sheet, have seen the MDL share price increase by 507.3% (from 31 December 2015 to 31 December 2017). Further, with the integration of GCO and TTI and restructure of TiZir management now complete and the balance sheets of both MDL and TiZir recapitalised, the Company is well positioned to be competitive during cyclical downturns with significant leverage to the upside during periods of commodity price strength. The Board believes the Company is well placed to enhance shareholder value and return over the medium to long-term.

		Year ended 31 December				
		2017	2016	2015	2014	2013
Revenue	US$'000	6,584	5,228	3,505	3,238	2,301
Net loss after tax	US$'000	(20,612)	(27,123)	(42,031)	(71,732)	(16,626)
Titanium feedstocks produced	kt	683.5	529.5	539.8	285.0	190.3
Titanium feedstocks sold	kt	633.9	541.5	556.7	253.3	197.1
Zircon produced(i)	kt	81.8	52.6	45.2	9.0	-
Zircon sold(i)	kt	79.0	53.1	41.9	7.1	-
Basic EPS	US cents	(11.7)	(26.2)	(40.5)	(69.7)	(19.8)
Share price at end of year	A$	1.04	0.490	0.205	0.745	2.80

(i) Zircon production and sales volumes recorded in 2017 include the new MGZS product that was successfully produced and sold to global customers for the first time in 2017.

8. Contracts for executives

Non-executive directors are not remunerated under a contract of employment.

The Company has entered into employment contracts with each of its executives. The terms of these contracts for KMP during the reporting period are set out in the following table:

	M Ackland(i)	R Sennitt	J Pataric a	G Bell	M Evans
Position	Executive director	MD	COO	CFO	CoSec
Appointment date(ii)	21 July 2003	28 January 2015	1 October 2015	13 September 2010	1 August 2012
Contract date(iii)	1 July 2011	1 June 2015	1 October 2015	1 June 2015	1 June 2015
Contract cease date	30 June 2017	-	-	-	-
TFR(iv)	A$378,400	A$500,000	A$400,000(v)	A$250,000	A$250,000
STI/LTI eligibility	No participation in proposed 2017 STI/LTI awards	Eligible, subject to ongoing N&RC approval	Eligible, subject to ongoing N&RC approval	Eligible, subject to ongoing N&RC approval	Eligible, subject to ongoing N&RC approval
Contract length	Ongoing, no fixed term	Ongoing, no fixed term	Ongoing, no fixed term	Ongoing, no fixed term	Ongoing, no fixed term
Notice for termination by the Company	12 months	Three months	Three months	Three months	Three months
Termination for serious misconduct	No notice required. No STI/LTI payment	No notice required. No STI/LTI payment	No notice required. No STI/LTI payment	No notice required. No STI/LTI payment	No notice required. No STI/LTI payment
Notice for resignation by the employee	Three months	Three months	Three months	Three months	Three months
Change of control	No provision	100% of TFR in the event of material diminution of status / responsibilities	100% of TFR in the event of material diminution of status / responsibilities	100% of TFR in the event of material diminution of status / responsibilities	100% of TFR in the event of material diminution of status / responsibilities
Statutory entitlements	All leave and benefits (annual leave, LSL, superannuation entitlements) in accordance with the law	All leave and benefits (annual leave, LSL, superannuation entitlements) in accordance with the law	All leave and benefits (annual leave, LSL, superannuation entitlements) in accordance with the law	All leave and benefits (annual leave, LSL, superannuation entitlements) in accordance with the law	All leave and benefits (annual leave, LSL, superannuation entitlements) in accordance with the law
Post-employment restraints	No provision	Six months	Six months	Six months	Six months

(i) Martin Ackland ceased to be an executive of the Company on 30 June 2017 and therefore these contractual provisions did not apply for the whole of the reporting period. Mr Ackland received A$189,200 in performance of his executive duties for the period 1 January 2017 to 30 June 2017. Additionally, employee benefits amounting to A$12,639 representing statutory leave provisions were paid in respect of Mr Ackland's services accumulated from his date of appointment up until 30 June 2017.

(ii) Date of first appointment with the Company. Stated position and terms shown in the table do not necessarily correlate with original contract terms.

(iii) Most recent contract executed between the Company and the employee, for which terms are detailed in the table.

(iv) No guaranteed increase. See also note (i) and note (v). TFR shown does not reflect Board approved amendments implemented effective 1 January 2018 outlined in section 6 of the remuneration report.

(v) A GCO uplift provision applies to Jozsef Patarica's TFR while his services are retained by GCO. During 2017, his TFR was A$450,000 pro rata per annum for the period retained by GCO. TFR shown does not reflect Board approved amendments implemented effective 1 January 2018 outlined in section 6 of the remuneration report. From that date, while seconded at GCO Mr Patarica's TFR is A$500,000 per annum. Upon cessation of his secondment to GCO or by mutual agreement, the fixed component of Mr Patarica's remuneration reverts to A$450,000 per annum.

9. Director and executive equity holdings

The number of shares and performance rights held, directly, indirectly or beneficially, by directors and KMP are outlined below and in note 30 to the financial statements. The Company has no formal policy with respect to minimum shareholding requirements; however, share ownership is encouraged.

9.1 Shareholdings

Director shareholdings increased during the period as all directors took up their full entitlement under the retail component of the Company's three for four pro rata accelerated non-renounceable entitlement offer. The aggregate number of shares held by directors or their director related entities at year-end was 3,170,590 (2016 – 1,812,627).

Number of fully paid ordinary shares held directly, indirectly or beneficially by KMP:

	Balance as at 1 Jan 2017	Received as remuneration	Performance rights exercised	Net change other[i]	Balance as at 31 Dec 2017
31 December 2017					
Directors					
N Limb	993,553	-	-	745,165	1,738,718
R Sennitt	85,000	-	-	63,750	148,750
M Ackland	333,212	-	-	249,910	583,122
R Danchin[ii]	862	-	-	(862)	-
T Whiting	300,000	-	-	225,000	525,000
C MacDonald	100,000	-	-	75,000	175,000
Key executives					
J Patarica	-	-	-	12,979	12,979
G Bell	-	-	-	-	-
M Evans	-	-	-	-	-
Total	**1,812,627**	**-**	**-**	**1,370,941**	**3,183,568**

	Balance as at 1 Jan 2016	Received as remuneration	Performance rights exercised	Net change other[i]	Balance as at 31 Dec 2016
31 December 2016					
Directors					
N Limb	993,553	-	-	-	993,553
R Sennitt	35,000	-	-	50,000	85,000
M Ackland	133,202	-	-	200,010	333,212
R Danchin	862	-	-	-	862
T Whiting	160,000	-	-	140,000	300,000
C MacDonald	40,000	-	-	60,000	100,000
D Isles[iii]	43,755	-	-	(43,755)	-
Key executives					
J Patarica	-	-	-	-	-
G Bell	-	-	-	-	-
M Evans	-	-	-	-	-
Total	**1,406,372**	**-**	**-**	**406,255**	**1,812,627**

(i) 'Net change other' represents shares purchased or sold on market during the period, shareholdings recognised upon KMP appointment and share entitlements taken up under the retail component of the Company's capital raising completed in March 2017.

(ii) Robert Danchin retired from his position as NED on 30 June 2017 and consequently ceased as a KMP member on this date. Dr Danchin's shareholding at this date has been recognised in 'net change other'.

(iii) David Isles retired from his position as NED on 20 May 2016 and consequently ceased as a KMP member on this date. Dr Isles' shareholding at this date has been recognised in 'net change other'.

9.2 Performance rights and option holdings

There were no outstanding share options held by directors or executives of the Company or their director related entities at year-end (2016 – nil).

NEDs are not eligible to participate in issues arising from Company incentive plans.

The Company has granted unlisted performance rights (MDLAA 2016 cycle – 1,170,000 and MDLAB 2017 cycle – 1,168,209) as long-term incentives to nominated members of its executive team under the MDL PRP. The issue of these rights, their vesting conditions, participants, and the PRP were approved by shareholders of the Company at the AGMs held on 20 May 2016 and 4 May 2017 respectively. Each performance right entitles the holder to one share upon vesting and exercise. There is no exercise price pertaining to the performance rights. The performance rights carry no voting or dividend rights.

At the date of the remuneration report, the unlisted performance rights granted by the Company are as follows:

Unlisted performance rights	Grant date	Vesting date	Expiry date	Exercise price A$	No. of performance rights issued
MDLAA	30 Jun 2016	31 Jan 2019	31 Jan 2021	-	1,170,000
MDLAB	30 Jun 2017	31 Jan 2020	31 Jan 2022	-	1,168,209
					2,338,209

These rights are held by the Company's executive members as follows:

Executive	Balance as at 1 Jan 2017	Movement during the year		Balance as at 31 Dec 2017	Unvested balance 31 Dec 2017
		Granted	Exercised, lapsed, forfeited		
R Sennitt	500,000	499,234	-	999,234	999,234
J Patarica	320,000	319,510	-	639,510	639,510
G Bell	200,000	199,694	-	399,694	399,694
M Evans	150,000	149,771	-	294,771	294,771
	1,170,000	**1,168,209**	**-**	**2,338,209**	**2,338,209**

No performance rights or share options were exercised by or forfeited by KMP during the year ended 31 December 2017.

MDLAA & MDLAB performance rights are subject to the following vesting conditions:

Absolute TSR

Fifty percent of the MDLAA and MDLAB performance rights are subject to an absolute TSR hurdle over the three year performance period being:

- 1 February 2016 to 31 January 2019 for MDLAA rights
- 1 February 2017 to 31 January 2020 for MDLAB rights

Absolute TSR rights will vest according to the following schedule:

Measure	Performance level to be achieved	Performance vesting outcome	Percentage of total grant that will vest	Maximum percentage of total grant
Absolute TSR	Above 25% CAGR	100%	50%	50%
	Above 15% & up to 25% CAGR	Pro rata vesting from 50% – 100%	Between 25% & 50%	50%
	At 15% CAGR	50%	25%	25%
	Less than 15% CAGR	0%	0%	0%

*CAGR = Compound annual growth rate

For the purposes of calculating the CAGR over the duration of the performance period the following base prices for MDL shares apply:

- MDLAA: A$0.50 per share, as determined by the Board (where the 20 trading day VWAP would have set the base price at A$0.23)
- MDLAB: A$0.501 per share, being the 20 trading day VWAP preceding 1 February 2017

Vesting will occur on a proportionate straight-line basis from 50% to 100% for performance between 15% and 25% CAGR.

Relative TSR

Fifty percent of the MDLAA and MDLAB performance rights are subject to a relative TSR hurdle over the three year performance period being:

- 1 February 2016 to 31 January 2019 for MDLAA rights
- 1 February 2017 to 31 January 2020 for MDLAB rights

Relative TSR rights will vest according to the following schedule:

Measure	Performance level to be achieved	Performance vesting outcome	Percentage of total grant that will vest	Maximum percentage of total grant
Relative TSR	P75 or above	100%	50%	50%
	Between P50 & P75	Pro rata vesting from 50% – 100%	Between 25% & 50%	50%
	At P50	50%	25%	25%
	Below P50	0%	0%	0%

For the purposes of calculating the relative TSR performance over the duration of the performance period, the Board determined that the price for MDL shares would be calculated on the basis of the 20 trading day VWAP preceding:

- 1 February 2016 for MDLAA rights, being A$0.23 per share
- 1 February 2017 for MDLAB rights, being A$0.501 per share

Vesting will occur on a proportionate straight-line basis from 50% to 100% where the TSR performance is between 50% and 75% of the comparator group. The comparator group is the S&P/ASX Resources 300 Index. The comparator group is intended to reflect any competitors, companies and sectors where investors may choose to invest their money if not in MDL with particular regard to those companies of similar industry and market capitalisation.

In its absolute discretion, the Board may determine that no relative TSR performance rights will vest if the Company's TSR performance is negative.

Performance rights vesting schedule

The performance rights issued expire on:

- MDLAA 31 January 2021
- MDLAB 31 January 2022

and vest on the earliest to occur of:

- 31 January 2019 for MDLAA rights and 31 January 2020 for MDLAB rights, being three years from date of grant respectively;
- the date of a change of control event (as defined in the PRP) in respect of the Company or where the Board determines that it expects a change of control to occur, the date determined by the Board (the relevant date in both cases being the determined change of control date (**DCCD**)). In these circumstances, if the DCCD occurs during the vesting period, the amount of MDLAA and MDLAB performance rights that will vest will be calculated in accordance with the following schedule:

Measure	Performance level to be achieved	Performance vesting outcome	Percentage of total grant that will vest
Absolute TSR	Above 25% CAGR	100%	100%
	Above 15% & up to 25% CAGR	Pro rata vesting from 50% – 100%	Between 50% & 100%
	At 15% CAGR	50%	50%
	Less than 15% CAGR	0%	0%

  Vesting will occur on a proportionate straight-line basis from 50% to 100% for performance between 15% and 25% CAGR. For the purposes of calculating the CAGR over the duration of the relevant performance period, being, in these circumstances, from 1 February 2016 for MDLAA rights and 1 February 2017 for MDLAB rights to the DCCD:

  - with respect to MDLAA rights, the Board determined that the price for MDL shares as at 1 February 2016 would be calculated on the basis of the 20 trading day VWAP preceding 1 February 2016, being A$0.23;
  - with respect to MDLAB rights the Board determined that the price for MDL shares as at 1 February 2017 would be calculated on the basis of the 20 trading day VWAP preceding 1 February 2017, being A$0.501; and
  - the price for MDL shares as at the DCCD will be the price per MDL share (as applicable) approved by MDL shareholders, or paid by the acquirer of the MDL shares obtaining the relevant control, the subject of the change of control event.

  In those circumstances, the vested performance rights will expire on the earlier of:

  - five business days after the occurrence of a change of control event; and
  - if the Board determines that it expects a change of control event to occur, the date determined by the Board (in which case the Company must give the participant notice that the Board has determined the performance rights will expire in those circumstances at least five business days prior to the determined date for expiry).

- termination of employment of the relevant executive being a 'good leaver', as defined in the PRP, a portion will vest in accordance with the plan;
- where a participant is a 'bad leaver' as defined in the PRP, all unvested incentives held by that participant will immediately lapse and all vested rights will expire within five days after employment ceases.

Valuation of performance rights

The MDLAA and MDLAB performance rights issued are measured at fair value at the date of grant and are expensed where there are no vesting conditions and in cases where a vesting restriction exists, amortised over the vesting period. In accordance with Australian Accounting Standards, fair value is determined using a generally accepted valuation model.

10. Loans to KMP

No loans were made to KMP during the year, nor are any loans to KMP outstanding.

11. Director related transactions

11.1 Loans to related parties

No loans were made to director related parties during the year.

11.2 Transactions with director related entities

The terms and conditions of transactions with KMP were no more favourable to KMP and their related entities than those available, or which might reasonably be expected to be available, on similar transactions to KMP related entities on an arm's length basis.

This directors' report is signed in accordance with a resolution of directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the directors

T. H. Whiting R. W. Sennitt

Tom Whiting
Director

Robert Sennitt
Director

Melbourne, 21 February 2018

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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The Board of Directors
Mineral Deposits Limited
Level 17
530 Collins Street
Melbourne VIC 3000

21 February 2018

Dear Members of the Board,

Mineral Deposits Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Mineral Deposits Limited.

As lead audit partner for the audit of the financial statements of Mineral Deposits Limited for the financial year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Suzana Vlahovic
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	Note	Consolidated 31 Dec 2017 US$'000	Consolidated 31 Dec 2016 US$'000
Share of net loss of equity accounted joint venture	11	(16,147)	(31,893)
Other income	5	6,584	5,228
Administration expenses	6	(4,381)	(4,003)
Finance costs	7	(271)	(749)
Gain on disposal of investment in listed company		-	3,431
Net foreign exchange (loss)/gain		(6,397)	863
Loss before tax		**(20,612)**	**(27,123)**
Income tax expense	8	-	-
Loss for the year		**(20,612)**	**(27,123)**
Other comprehensive income/(loss), net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of operations		6,410	(992)
Share of other comprehensive income of equity accounted joint venture	11	2,081	3,144
Other comprehensive income for the year, net of tax		8,491	2,152
Total comprehensive loss for the year		**(12,121)**	**(24,971)**
Loss for the year attributable to:			
– owners of the parent		(20,612)	(27,123)
– non-controlling interests		-	-
		(20,612)	**(27,123)**
Total comprehensive loss for the year attributable to:			
– owners of the parent		(12,121)	(24,971)
– non-controlling interests		-	-
Total comprehensive loss for the year		**(12,121)**	**(24,971)**

		31 Dec 2017 US Cents	31 Dec 2016 US Cents
Earnings per share (EPS)			
Basic EPS	19	(11.7)	(26.2)
Diluted EPS	19	(11.7)	(26.2)

Notes to the financial statements are included on pages 44 to 77.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	Consolidated 31 Dec 2017 US$'000	Consolidated 31 Dec 2016 US$'000
Current assets			
Cash and cash equivalents	27(a)	12,642	4,893
Trade and other receivables	9	119	418
Other	10	124	92
Total current assets		**12,885**	**5,403**
Non-current assets			
Investment in joint venture	11	158,000	172,066
Receivables	9	90,287	80,727
Property, plant and equipment	12	273	260
Intangible assets	13	2	3
Total non-current assets		**248,562**	**253,056**
Total assets		**261,447**	**258,459**
Current liabilities			
Trade and other payables	14	1,452	1,213
Borrowings	15	-	13,813
Provisions	16	246	200
Total current liabilities		**1,698**	**15,226**
Non-current liabilities			
Provisions	16	21	31
Total non-current liabilities		**21**	**31**
Total liabilities		**1,719**	**15,257**
Net assets		**259,728**	**243,202**
Equity			
Issued capital	17	418,785	390,255
Reserves	18	53,374	44,766
Accumulated losses		(212,431)	(191,819)
Total equity		**259,728**	**243,202**

Notes to the financial statements are included on pages 44 to 77.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

			Reserves			
	Issued capital US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Equity-settled employee benefits reserve US$'000	Cash flow hedge reserve US$'000	Attributable to equity holders of the parent US$'000
Consolidated						
Balance at 1 January 2016	**390,255**	**(164,696)**	**35,307**	**9,711**	**(2,423)**	**268,154**
Loss attributable to members of the consolidated entity	-	(27,123)	-	-	-	(27,123)
Exchange difference arising on translation of operations	-	-	(992)	-	-	(992)
Share of other comprehensive income of equity accounted joint venture	-	-	1,141	-	2,003	3,144
Total comprehensive (loss)/income for the year	-	(27,123)	149	-	2,003	(24,971)
Recognition of share-based payments	-	-	-	19	-	19
Balance at 31 December 2016	**390,255**	**(191,819)**	**35,456**	**9,730**	**(420)**	**243,202**
Loss attributable to members of the consolidated entity	-	(20,612)	-	-	-	(20,612)
Exchange difference arising on translation of operations	-	-	6,410	-	-	6,410
Share of other comprehensive income of equity accounted joint venture	-	-	1,875	-	206	2,081
Total comprehensive (loss)/income for the year	-	(20,612)	8,285	-	206	(12,121)
Issue of ordinary shares	29,725	-	-	-	-	29,725
Share issue costs	(1,195)	-	-	-	-	(1,195)
Recognition of share-based payments	-	-	-	117	-	117
Balance at 31 December 2017	**418,785**	**(212,431)**	**43,741**	**9,847**	**(214)**	**259,728**

Notes to the financial statements are included on pages 44 to 77.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Note	Consolidated 31 Dec 2017 US$'000	Consolidated 31 Dec 2016 US$'000
Cash flows related to operating activities			
Receipts from customers		252	449
Payments to suppliers and employees		(3,920)	(4,475)
Interest and other costs of finance paid		(11)	-
Interest paid on borrowings	15	(886)	-
Net cash used in operating activities	27(b)	**(4,565)**	**(4,026)**
Cash flows related to investing activities			
Payments for purchase of property, plant and equipment	12	(10)	(9)
Payments for intangible assets	13	-	(4)
Proceeds from sale of investment in listed company		-	4,912
Interest received		212	101
Loans to joint venture – TiZir	9	(3,500)	-
Net cash (used in)/provided by investing activities		**(3,298)**	**5,000**
Cash flows related to financing activities			
Proceeds from issue of equity securities	17	29,725	-
Payment of share issue costs	17	(1,195)	-
Repayment of borrowings	15	(13,187)	(4,000)
Net cash provided by /(used) in financing activities		**15,343**	**(4,000)**
Net increase/(decrease) in cash and cash equivalents held		**7,480**	**(3,026)**
Cash and cash equivalents at beginning of financial period		4,893	8,036
Effect of exchange rates on cash holdings in foreign currencies		269	(117)
Cash and cash equivalents at end of financial period	27(a)	**12,642**	**4,893**

Notes to the financial statements are included on pages 44 to 77.

1. GENERAL INFORMATION

MDL is a public company listed on the ASX, incorporated in Australia and holding interests in Norway and Senegal, West Africa through a United Kingdom-based joint venture (TiZir).

The registered and head office of the Company and principal place of business is:

Level 17
530 Collins Street
Melbourne VIC 3000
Australia

The principal activities of the Group are described in the directors' report.

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

The directors have considered the impact of new accounting standards that are not yet applicable and do not believe they will have a material impact on the financial performance or state of affairs of the Group.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are relevant to their operations and effective for the current year.

New and revised Standards and Amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments and relevant amending standards	1 January 2018	31 December 2018
AASB 15 Revenue from Contracts with Customers	1 January 2018	31 December 2018
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-Based Payment Transactions	1 January 2018	31 December 2018
AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts	1 January 2018	31 December 2018
AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments	1 January 2018	31 December 2018
AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4	1 January 2018	31 December 2018
Interpretation 22 Foreign Currency Translations and Advance Consideration	1 January 2018	31 December 2018
AASB 16 Leases	1 January 2019	31 December 2019
AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment features with Negative Compensation	1 January 2019	31 December 2019
AASB 2017-7 Amendments to Australian Accounting Standards – Long Term Interest in Associates and Joint Ventures	1 January 2019	31 December 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019	31 December 2019
AASB Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019	31 December 2019
AASB 17 Insurance Contracts	1 January 2021	31 December 2021
AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2022	31 December 2022

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement.

The directors anticipate that the adoption of these Standards and Interpretations will have no material financial impact on the financial statements of the Company or the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (**IFRS**).

The financial statements were authorised for issue by the directors on 21 February 2018.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments that are measured at revalued amount or fair value, as explained in the accounting policies below. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in USD unless otherwise stated.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is observable or estimated using another valuation technique. In estimating fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

In accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instruments 2016/191, amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the Company in preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (and its subsidiaries). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date the Company gains control until the date when the Company ceases to control the subsidiary.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A list of subsidiaries is contained in note 24 to the financial statements. All controlled entities have a December financial year-end. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

(b) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

When applicable, bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(c) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and LSL when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Defined contribution plan

Contributions to defined contribution superannuation plans are expensed when employees have rendered services entitling them to the contributions.

(d) Mine development

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units of production basis.

(e) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events for which it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying value is the present value of those cash flows.

(f) Restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when:

- there is a present obligation as a result of exploration, development and/or production activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

(g) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Investments in subsidiaries are shown at cost and provision is only made where, in the opinion of the directors, there is impairment in value which is other than temporary. Where there has been such impairment in the value of an investment, it is recognised as an expense in the period in which the impairment is identified.

Other financial assets are classified into the following specified categories: 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

On disposal of an investment, the difference in the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

Effective interest method

The effective interest method is a method of calculating the amortised costs of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

Available-for-sale financial assets

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in note 28. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investment revaluation reserve is included in profit or loss for the period.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For available for sale assets, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available for sale.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) Foreign currency transactions and balances

Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in USD, which is the presentation currency of the Company and the presentation currency for the consolidated financial statements.

Transactions and balances

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities at period-end exchange rates prevailing at the reporting date;
- income and expenses at average exchange rates for the period; and
- retained profits/(losses) at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of Australian operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of changes in equity in the period.

(i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(j) Impairment of non-financial assets

At each reporting date the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(k) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. MDL is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using a 'group allocation' approach.

The group allocation approach requires a notional current and deferred tax calculation for each entity as if it were a taxpayer in its own right, except that unrealised profits, distributions made and received and capital gains and losses and similar items arising on transactions within the tax-consolidated group are treated as having no tax consequence.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group). Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(l) Property, plant and equipment

Property is measured on a cost basis. Plant and equipment are measured on a cost basis less depreciation and impairment losses.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour and borrowing costs where appropriate.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. The consolidated entity uses the units of production method when depreciating mining assets which results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine.

The assets' residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(m) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Group as lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with AASB 123 Borrowing Costs.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(n) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of the debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of:

- the amount of the obligation under the contract, as determined under AASB 137 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation in accordance with the revenue recognition policies described in note 3(o).

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

(o) Revenue recognition

Interest revenue

Interest revenue is recognised on a time proportionate basis taking into account the effective yield on the financial assets.

Revenue from operating leases is recognised in accordance with the Group's accounting policy outlined in note 3(m).

(p) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of an appropriate model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 30.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period with corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(q) Comparative figures

Where required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation in the current financial period.

(r) Joint venture arrangements

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity accounting method, except where the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit and loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in the consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

The requirements of AASB 139 Financial Instruments: Recognition and Measurement are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139 Financial Instruments: Recognition and Measurement. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if no gain or loss previously recognised in other comprehensive income by the joint venture would be reclassified to the consolidated statement of profit or loss and other comprehensive income on disposal of the related assets and liabilities, the Group reclassified the gain or loss from equity to the consolidated statement of profit or loss and other comprehensive income (as a reclassification adjustment) when the equity method is discontinued.

The Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such change in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

The Group's interests in assets where the Group does not have joint control are accounted for in accordance with the substance of the Group's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Group recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

(s) Intangible assets

Intangible assets are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis or units of production basis as appropriate over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period with any changes in these accounting estimates being accounted for on a prospective basis.

(t) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of profit or loss and other comprehensive income as the recognised hedged item. However, when the hedged forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgments in applying the entity's accounting policies

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. Refer below for key sources of estimation uncertainty.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The Group equity accounts the TiZir joint venture results and within these results there are several accounting estimates and judgements. These estimates and judgements will have a direct impact on the results reported by the Group as it recognises its share of profits or losses and post-acquisition movements in equity, which adjust the carrying amount of the investment in the joint venture. The key accounting estimates and judgements used in the preparation of this report are as follows:

Impairment of assets

At each reporting date, the Company tests whether there are any indicators of impairment. Each of the two operations owned by TiZir, being GCO and TTI, is regarded as a separate CGU for the purposes of such testing. If any impairment indicators are identified, the recoverable amounts are determined as the higher of fair value less costs to sell and value in use.

For the purpose of assessing the GCO CGU for impairment, the Company has determined that the most appropriate method is the fair value less costs to sell method using a discounted cash flow model. 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 33 years has been used, incorporating the updated mineral resource and ore reserve estimates reported by the Company on 19 February 2018.

As a result of the impairment review, no impairment charge has been recognised against the assets of TiZir's CGUs as at 31 December 2017.

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 the 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 year ended 31 December 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.

Further information concerning the Company's impairment assessment is included in notes 3(r) and 11.

The information contained in notes 5, 6 and 7 is relevant in explaining the financial result:

5. OTHER INCOME

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Interest revenue from:		
– bank deposits	221	95
– interest on subordinated loan to TiZir	5,560	4,159
	5,781	4,254
Other revenue:		
– management fees charged to TiZir	500	500
– rental received	134	121
– recharges and recoveries	166	353
– other	3	-
	803	974
	6,584	**5,228**

6. ADMINISTRATION EXPENSES

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Depreciation of non-current assets:		
– land, buildings and property improvements	-	92
– office furniture	12	12
– computer equipment and software	6	13
	18	117
Amortisation of intangible assets:		
– computer software	2	1
Employee benefits:		
– amortisation of performance rights	120	19
– remuneration expense	2,666	2,396
– superannuation contributions	184	209
– provision for leave entitlements	16	(48)
	2,986	2,576
Administration and other overheads	1,375	1,309
	4,381	**4,003**

7. FINANCE COSTS

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Interest on bank overdraft	11	-
Interest on borrowings – Eralloys Holding AS (**Eralloys** – ERAMET subsidiary)	260	749
	271	**749**

8. INCOME TAXES

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Income tax recognised in profit or loss		
Tax expense/(benefit) comprises:		
Current tax expense	(1,394)	500
Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period that is used to reduce current tax expense	730	170
Current tax (benefit)/expense	**(664)**	**670**
Deferred tax expense relating to the origination and reversal of temporary differences	2,124	1,391
Benefit arising from previously unrecognised temporary differences of a prior period that is used to reduce deferred tax expense	(173)	(103)
Effect of unused tax losses not recognised as deferred tax assets	(1,287)	(1,958)
Deferred tax benefit	**664**	**(670)**
Total tax expense	**-**	**-**
The prima facie income tax expense on pre-tax accounting losses from operations reconciles to the income tax expense in the financial statements as follows:		
Loss from operations	(20,612)	(27,123)
Income tax (benefit) calculated at 30% (2016 – 30%)	(6,183)	(8,137)
Effect of revenue that is exempt from taxation	4,918	8,352
Effect of expenses that are not deductible in determining taxable profit	39	(3)
Effect of unused tax losses and temporary differences not recognised as deferred tax assets in the current year	1,394	(500)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(168)	288
Income tax expense recognised in loss	**-**	**-**
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 3(k) occur:		
Tax losses – revenue	43,241	41,557
Tax losses – capital	85,390	78,832
Temporary differences	(1,934)	198
	126,697	**120,587**

Tax consolidation

Relevance of tax consolidation to the Group

The Company and its wholly-owned Australian subsidiaries have formed an income tax consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidation group is MDL. The members of the tax consolidation group are identified at note 24.

Nature of tax funding arrangements

The Company is responsible for recognising the current and deferred tax assets and liabilities (in respect of tax payable or tax losses) for the tax consolidated group. The Group notified the Australian Tax Office on 10 April 2005 that it formed an income tax consolidated group to apply from 1 July 2003.

The tax sharing arrangement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing arrangement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

9. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Current		
Other receivables[i]	19	14
Amounts due from other related parties[ii]	100	404
	119	**418**
Non-current		
Amounts due from related parties – other[iii]	3,000	2,500
Amounts due from related parties – subordinated loan[iv]	87,287	78,227
	90,287	**80,727**

(i) Other receivables predominantly comprise accrued interest on term deposits.

(ii) Amounts due from other related parties comprise charges for accommodation, facilities and administrative support. Trading terms are 30 days from date of invoice.

(iii) During the year, the Company charged a management fee of $0.5 million to TiZir for corporate, accounting and administrative support (2016 – $0.5 million).

(iv) Movement in amounts due from related parties – subordinated loans:

At the beginning of the period	78,227	59,381
Amounts advanced during the period	3,500	14,687
Interest accrued during the period	5,560	4,159
At end of the period	**87,287**	**78,227**

During the year ended 31 December 2016, the Company entered into two new subordinated loan agreements with TiZir as follows:

- $1.8 million subordinated loan agreement dated 6 April 2016. This loan is interest bearing at London Inter-bank Offered Rate (**LIBOR**) (three months) plus seven percent and is repayable by TiZir on or before 29 September 2018. ERAMET advanced $1.8 million to TiZir on behalf of the Company (refer note 15) under the terms of this agreement during the year ended 31 December 2016.
- $30 million subordinated loan agreement dated 6 July 2016. This loan is interest bearing at a rate of LIBOR (three months) plus seven percent and is repayable by TiZir on or before 29 September 2018. ERAMET advanced $12.4 million to TiZir on behalf of the Company (refer note 15) under the terms of this agreement during the year ended 31 December 2016.

Further to the above, under the terms of a $3.0 million subordinated loan agreement dated 22 December 2015, ERAMET advanced $0.5 million to TiZir on behalf of the Company (refer to note 15) on 4 January 2016. This loan is interest bearing at a rate of LIBOR (three months) plus seven percent and is repayable on or before 29 September 2018.

During the year ended 31 December 2017, the Company made the following advance to TiZir under a subordinated loan agreement:

- $3.5 million to TiZir under the terms of a $30 million subordinated loan agreement dated 6 July 2016. This loan is interest bearing at a rate of LIBOR (three months) plus seven percent and is repayable by TiZir on or before 29 September 2018.

As outlined in note 15, following successful completion of a capital raising in 1Q 2017, the Company repaid all outstanding principal and accrued interest owing to ERAMET in March 2017.

Under the terms of corporate bonds issued by TiZir on 19 July 2017, no repayments of subordinate loans may be made until the first bond amortisation instalment is made on 19 July 2019.

As at the reporting date, the Company had no receivables which were past due and therefore there are no provision or credit issues in relation to these receivables.

10. OTHER ASSETS

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Current		
Prepayments	92	63
Security deposit	32	29
	124	**92**

11. INVESTMENT IN JOINT VENTURE

	Consolidated 31 Dec 2017 US$'000	Consolidated 31 Dec 2016 US$'000
Investment in TiZir	**158,000**	**172,066**
Movement in investment in joint venture		
Opening balance	172,066	200,815
Equity contributions during the period	-	-
Share of net loss of joint venture for the period	(16,147)	(31,893)
Share of other comprehensive income for the period	2,081	3,144
	158,000	**172,066**

The following tables set out the financial performance of TiZir for the year ended 31 December 2017:

	Consolidated 31 Dec 2017 US$'000	Consolidated 31 Dec 2016 US$'000
Sales	224,589	160,594
Cost of goods sold	(167,811)	(159,318)
Gross profit	**56,778**	**1,276**
Other revenue	9,376	25,718
Administration expenses	(3,693)	(2,855)
EBITDA	**62,461**	**24,139**
Finance costs	(52,897)	(45,906)
Foreign exchange gains/(losses)	1,059	(408)
Depreciation and amortisation expense	(36,826)	(33,552)
Other operating income and expenses	(497)	(7,122)
Amortisation of assets recognised on acquisition	(2,720)	(2,720)
Loss before tax	**(29,420)**	**(65,569)**
Income tax expense	(1,649)	(1,404)
Amortisation of deferred tax liability recognised on acquisition	815	870
Loss for the year	**(30,254)**	**(66,103)**
Attributable to non-controlling interest	2,040	(2,317)
Loss attributable to joint venture partners	(32,294)	(63,786)
Share of net loss of joint venture attributable to MDL shareholders	**(16,147)**	**(31,893)**

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Other comprehensive income/(loss) directly recognised in equity		
Exchange differences arising on translation of operations	3,750	2,282
Change in revaluation reserve for hedging financial instruments	542	5,270
Income tax relating to changes in revaluation reserve for hedging financial instruments	(130)	(1,264)
Other comprehensive income for the period, net of income tax	4,162	6,288
Share of other comprehensive income attributable to MDL shareholders	**2,081**	**3,144**
Disclosed in consolidated statement of changes in equity as:		
Foreign currency translation reserve	1,875	1,141
Cash flow hedge reserve	206	2,003
Share of other comprehensive income attributable to MDL shareholders	**2,081**	**3,144**

TiZir impairment review

Impairment reviews were undertaken as at 30 June 2017 and 31 December 2017 in relation to TiZir's two CGUs, 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 as at 31 December 2017.

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 33 years has been used, incorporating the updated mineral resource and ore reserve estimates reported by the Company on 19 February 2018.

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 the 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 year ended 31 December 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.

The following table sets out the financial position of TiZir as at 31 December 2017:

	Consolidated 31 Dec 2017 US$'000	Consolidated 31 Dec 2016 US$'000
Current assets		
Cash and cash equivalents	48,196	10,411
Trade and other receivables	41,024	25,811
Inventories	64,546	47,738
Total current assets	**153,766**	**83,960**
Non-current assets		
Receivables	382	364
Other financial assets – investments	85	81
Property, plant and equipment	773,661	797,000
Mine development expenditure	19,693	20,360
Mining convention and concession costs	2,271	2,354
Intangible assets recognised on acquisition	12,680	14,490
Other intangible assets	2,120	858
Total non-current assets	**810,892**	**835,507**
Total assets	**964,658**	**919,467**
Current liabilities		
Trade and other payables	53,731	53,193
Borrowings	40,976	314,684
Derivative financial liabilities	707	1,633
Total current liabilities	**95,414**	**369,510**
Non-current liabilities		
Provisions	580	105
Deferred tax liabilities	6,643	5,637
Borrowings	561,541	217,640
Total non-current liabilities	**568,764**	**223,382**
Total liabilities	**664,178**	**592,892**
Net assets	**300,480**	**326,575**
Equity		
Issued capital	621,741	621,741
Reserves	(35,858)	(40,020)
Accumulated losses	(269,883)	(237,589)
	316,000	**344,132**
Non-controlling interest	(15,520)	(17,557)
Total equity	**300,480**	**326,575**

	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Reconciliation of financial information to carrying amount of TiZir		
Equity attributable to equity holders of TiZir	316,000	344,132
Portion of equity held by the Group	50%	50%
Total carrying amount of TiZir	**158,000**	**172,066**

The following table sets out the borrowings of TiZir as at 31 December 2017:

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Current		
Bonds[i]	-	275,000
Bonds – borrowing costs at amortised cost[i]	(2,118)	(4,601)
Accrued interest payable	12,779	6,427
Operating lines of credit[ii]	30,315	37,858
	40,976	**314,684**
Non-current		
Bonds[i]	300,000	-
Bonds – borrowing costs at amortised cost[i]	(7,647)	-
Operating lines of credit[ii]	37,649	7,700
Subordinated loans from related parties[iii]	231,539	209,940
	561,541	**217,640**

(i) 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 were primarily used to refinance the $275 million senior secured bonds that matured in September 2017. The new bond issue is secured by TiZir's 100% interest in both TiZir Titanium & Iron AS and TiZir Mauritius Limited (which holds 90% of Grande Côte Operations SA) and matures on 19 July 2022. In addition, TiZir Titanium & Iron AS and TiZir Mauritius Limited have provided an on-demand guarantee in favour of Nordic Trustee ASA, on behalf of the bondholders, for the full loan amount including any interest costs and expenses.

The newly issued bonds include an amortisation mechanism for partial repayment of six semi-annual instalments of $15 million each at 100% of nominal value commencing on 19 July 2019. All outstanding bonds following the final semi-annual instalment on 19 January 2022 will be redeemed in full on 19 July 2022.

Interest charged on bonds that matured on 28 September 2017 for the year ended 31 December 2017 was $14.6 million (2016 – $24.9 million). Interest charged on the new bond issue for the year ended 31 December 2017 was $12.8 million.

(ii) Operating lines of credit are secured by stocks and receivables held at GCO and TTI.

(iii) The table below outlines the subordinated loans from related parties at 31 December 2017:

Non-current		
ERAMET – establishment loan[a]	57,012	53,531
ERAMET – subordinated loans[b]	87,240	78,182
MDL – subordinated loans[c] (see note 9)	87,287	78,227
	231,539	**209,940**

(a) As part of the agreement to establish the joint venture on 1 October 2011, pursuant to a memorandum of understanding dated 17 June 2011 between MDL and ERAMET, ERAMET agreed to provide a $45.0 million subordinated loan facility to TiZir, which was contributed during the 2013 year. Interest on the subordinated loan facility is accrued at LIBOR (six months) plus five per cent and was repayable on 23 October 2017. For the year ended 31 December 2017, interest of $3.5 million (2016 – $3.0 million) accrued on this facility.

(b) During the period from the year ended 31 December 2013 to the year ended 31 December 2016, TiZir entered into a number of subordinated loan agreements with ERAMET or Eralloys (respectively), totalling $87.3 million (of which $73.2 million has been drawn). These loans are interest bearing at a rate of LIBOR (three months) plus five percent ($52.5 million) or LIBOR (three months) plus seven percent ($34.8 million) and are repayable on 28 September 2018. For the year ended 31 December 2017, interest of $5.6 million (2016 – $4.2 million) accrued on this facility.

(c) During the period from the year ended 31 December 2013 to the year ended 31 December 2016, TiZir entered into a number of subordinated loan agreements with MDL, totalling $87.3 million (of which $73.2 million has been drawn). These loans are interest bearing at a rate of LIBOR (three months) plus five percent ($52.5 million) or LIBOR (three months) plus seven percent ($34.8 million) and are repayable on 28 September 2018. For the year ended 31 December 2017, interest of $5.6 million (2016 – $4.2 million) accrued on this facility (see note 34(a)).

Under the terms of the senior secured corporate bonds issued by TiZir on 19 July 2017, no distributions to ERAMET or MDL (including repayments of 'Subordinated Loans' (as defined in the secured corporate bond documents)) may be made until the first bond amortisation instalment is made on 19 July 2019.

The following table sets out the cash flows of TiZir for the year ended 31 December 2017:

	Consolidated 31 Dec 2017 US$'000	Consolidated 31 Dec 2016 US$'000
Operating activities		
Loss for the year	(30,254)	(66,103)
Elimination of non-cash income and expenses:		
– Depreciation and amortisation	39,545	36,272
– Accrued interest	21,179	11,341
– Deferred tax	833	530
– Loss on disposal of non-current assets	-	6,051
– Amortisation of borrowing costs	5,397	5,863
– Unrealised foreign exchange losses	3,186	1,429
Cash provided by/(used in) operating activities	**39,886**	**(4,617)**
(Increase)/decrease in inventories	(15,882)	11,841
(Increase)/decrease in trade receivables	(24,858)	2,950
(Increase)/decrease in other receivables	(3,096)	3,729
(Increase)/decrease in tax receivables	(106)	4,994
Increase in prepayments	(726)	(210)
Increase/(decrease) in trade payables	14,987	(10,277)
(Decrease)/increase in prepaid income	(9,111)	8,965
Increase in other liabilities	4,484	1,210
Increase in provisions	144	89
Increase/(decrease) in income tax payables	244	(66)
Interest received	(107)	(6)
Tax paid	-	(102)
Net change in current operating assets and liabilities	(34,027)	23,117
Net cash generated by operating activities	**5,859**	**18,500**
Cash flows from investing activities		
Payments for non-current assets	(11,495)	(23,003)
Proceeds from disposal of non-current assets	-	2,810
Interest received	106	6
Net cash used in investing activities	**(11,389)**	**(20,187)**
Cash flows from financing activities		
Proceeds from borrowings	336,201	49,897
Repayment of borrowings	(283,418)	(38,613)
Payment of borrowing costs	(10,629)	(1,120)
Net cash generated by financing activities	**42,154**	**10,164**
Net increase in cash held	36,624	8,477
Cash and cash equivalents at beginning of the period	10,411	2,653
Effect of exchange rates on cash holdings in foreign currencies	1,161	(719)
Cash and cash equivalents at end of the period	**48,196**	**10,411**

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land, buildings & property improvement US$'000	Office furniture & equipment US$'000	Total US$'000
Cost			
Balance at 1 January 2016	**682**	**388**	**1,070**
Additions	-	9	9
Net foreign currency exchange differences	(9)	(4)	(13)
Balance at 31 December 2016	**673**	**393**	**1,066**
Additions	-	10	10
Net foreign currency exchange differences	56	33	89
Balance at 31 December 2017	**729**	**436**	**1,165**
Accumulated depreciation			
Balance at 1 January 2016	**(373)**	**(329)**	**(702)**
Depreciation expense	(92)	(25)	(117)
Net foreign currency exchange differences	8	5	13
Balance at 31 December 2016	**(457)**	**(349)**	**(806)**
Depreciation expense	-	(18)	(18)
Net foreign currency exchange differences	(38)	(30)	(68)
Balance at 31 December 2017	**(495)**	**(397)**	**(892)**
Carrying amount of property, plant and equipment			
As at 31 December 2016	**216**	**44**	**260**
As at 31 December 2017	**234**	**39**	**273**

The following useful lives are used in the calculation of depreciation:

Class of fixed assets	Years
Buildings and property improvements	5.0 – 20.0
Office furniture and equipment	2.5 – 10.0

Freehold land is measured at historical cost basis and approximates its fair value.

13. INTANGIBLES

	Computer software US$'000
Cost	
Balance at 1 January 2016	**203**
Additions	4
Net foreign currency exchange differences	(3)
Balance at 31 December 2016	**204**
Net foreign currency exchange differences	17
Balance at 31 December 2017	**221**
Accumulated amortisation	
Balance at 1 January 2016	**(203)**
Amortisation expense	(1)
Net foreign currency exchange differences	3
Balance at 31 December 2016	**(201)**
Amortisation expense	(2)
Net foreign currency exchange differences	(16)
Balance at 31 December 2017	**(219)**
Carrying amount of intangible assets	
As at 31 December 2016	**3**
As at 31 December 2017	**2**

The above intangible assets are depreciated over a useful life of 2.5 years.

14. TRADE AND OTHER PAYABLES

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Current		
Unsecured liabilities:		
– trade payables[i]	38	32
– sundry creditors and accrued expenses[ii]	1,414	1,181
	1,452	**1,213**

(i) Trade payables comprise obligations by the Company to suppliers of goods and services to the Company. Terms are generally 30 days.
(ii) Includes an amount of $780,630 (A$1.0 million) recognised in relation to the Company's establishment of Grande Côte Operations SA.

15. BORROWINGS

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Loans payable (secured) – Eralloys	-	**13,813**
Movement in borrowings		
Opening balance	13,813	2,500
Advanced during the year	-	14,687
Repayments during the year (principal and interest)	(14,073)	(4,000)
Accrued interest payable	260	626
	-	**13,813**

As previously disclosed, TiZir was primarily funded by senior secured corporate bonds issued on 29 September 2012 and 23 May 2014 with a face value of $275 million maturing in September 2017. Amendments to the terms of these bonds were approved at a meeting of bondholders held on 10 December 2015 including the introduction of a $60 million committed facility made available to TiZir for the payment of interest and principal up until maturity of the bond, underwritten by ERAMET.

In accordance with the above, ERAMET provided funding of $14.7 million to TiZir during the year ended 31 December 2016 on behalf of the Company ($12.4 million under the terms of the $60 million committed facility and $2.3 million under the terms of other operational financing facilities) in order to fund both operational and financing cash flows of the joint venture. In April 2016, the Company repaid $4.0 million (raised through the disposal of its interest in World Titanium Resources Limited) of the outstanding amount. The total outstanding balance (including accrued interest) at 31 December 2016 was $13.8 million.

Following successful completion of a capital raising in 1Q 2017, the Company repaid all outstanding principal ($13.2 million) and accrued interest ($0.9 million) owing to ERAMET in March 2017.

16. PROVISIONS

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Current		
Employee benefits[i]	**246**	**200**
Non-current		
Employee benefits[i]	**21**	**31**

(i) Employee benefits represent annual leave and LSL in respect of employee services up to the reporting date. As outlined in the remuneration report, an amount of A$12,639 was paid to Mr Ackland (2016 – A$591,568 was paid to Mr Limb) upon his transition to NED of the Company representing accumulated LSL entitlements from his date of appointment up until 30 June 2017.

17. ISSUED CAPITAL

Share capital

	30 Dec 2017 US$'000	31 Dec 2016 US$'000	31 Dec 2017 No.	31 Dec 2016 No.
Fully paid ordinary shares	**418,785**	**390,255**	**196,985,649**	**103,676,341**

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and a right to dividends.

A fully underwritten placement and accelerated non-renounceable entitlement offer to raise approximately A$39.2 million was successfully completed in March 2017, with a total of 93,309,308 shares issued at a price of A$0.42 per share.

Movement in ordinary share capital for the reporting period:

	30 Dec 2017 US$'000	31 Dec 2016 US$'000	31 Dec 2017 No.	31 Dec 2016 No.
Opening balance	**390,255**	**390,255**	**103,676,341**	**103,676,341**
– shares issued on 10 March 2017	11,310	-	35,784,663	-
– shares issued on 28 March 2017	18,415	-	57,524,645	-
Costs associated with share issue	(1,195)	-	-	-
Closing balance	**418,785**	**390,255**	**196,985,649**	**103,676,341**

Performance rights

At the date of this report, the following performance rights were outstanding:

Unlisted performance rights	Grant date	Vesting date	Expiry date	Exercise price A$	Number issued
MDLAA	30 Jun 2016	31 Jan 2019	31 Jan 2021	-	1,170,000
MDLAB	30 Jun 2017	31 Jan 2020	31 Jan 2022	-	1,168,209
					2,338,209

The issue of the above performance rights, their vesting conditions, participants and the PRP were approved by shareholders of the Company at the AGM held on 20 May 2016 (MDLAA rights) and 4 May 2017 (MDLAB rights). Each performance right entitles the holder to one share upon vesting and exercise. There is no exercise price pertaining to the performance rights. Performance rights carry no voting or dividend rights.

Further details of unlisted performance rights are contained in note 30.

18. RESERVES

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Reserves (net of income tax)		
Foreign currency translation	43,741	35,456
Equity-settled employee benefits	9,847	9,730
Cash flow hedge	(214)	(420)
	53,374	**44,766**

The foreign currency translation reserve records exchange differences arising on translation from the functional currencies of the Group's Australian controlled entities into USD which are brought to account by entries made directly to the foreign currency translation reserve. The Company also recognises its share of movements in the foreign currency translation of its joint venture, TiZir. Further information on the Company's investment in TiZir is detailed in note 11.

The equity-settled employee benefits reserve recognises the fair value of rights and options granted to directors, employees and financiers in relation to equity-settled share-based payments. Amounts are transferred out of the reserve and into issued capital when vested rights are exercised. Further information about share-based payments is detailed in note 30 to the financial statements.

The cash flow hedge reserve arises from the recognition of the Company's share of movements in cash flow hedge instruments recognised in other comprehensive income of its joint venture, TiZir. Further information on the Company's investment in TiZir is detailed in note 11 to the financial statements.

19. EARNINGS PER SHARE

	Consolidated	
	31 Dec 2017 US cents	31 Dec 2016 US cents
Basic and diluted EPS	**(11.7)**	**(26.2)**

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Loss for the year attributable to owners of the Company	(20,612)	(27,123)
Earnings used in the calculation of basic and diluted EPS	**(20,612)**	**(27,123)**
Weighted average number of ordinary shares for the purpose of basic EPS ('000)	**176,667**	**103,676**
Shares deemed to be issued for no consideration in respect of performance rights ('000)(i)	-	-
Weighted average number of ordinary shares for the purpose of diluted EPS ('000)	**176,667**	**103,676**

(i) Performance rights are not considered dilutive as the Company recognised a loss for the year ended 31 December 2017.

20. DIVIDENDS

During the year, no dividends were paid. The directors have not recommended the payment of a dividend in relation to the year ended 31 December 2017.

21. COMMITMENTS FOR EXPENDITURE

Commitment to joint venture

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 were primarily used to refinance the $275 million TiZir senior secured bonds which matured in September 2017. As a condition of the new issue, the remaining $28 million ($14 million from each of MDL and ERAMET) of the $60 million committed facility established by the joint venture partners in favour of TiZir in December 2015 is to remain in place until January 2020 (unless certain financial conditions arise allowing for earlier release). This facility remains available to TiZir for the payment of interest and principal only under the new bond issue.

Other than the above, there are no further outstanding commitments to TiZir as at 31 December 2017.

22. LEASES

Operating leases predominately relates to the lease of the Company's head office at Level 17, 530 Collins Street, Melbourne. The initial lease term of five years expired in October 2016. Prior to that date, the Company elected to exercise its option for a further five years and five months on similar terms and conditions as the initial term. Rental increases of 4% per annum are levied on the anniversary date of the establishment of the lease contract.

Details of operating lease commitments are shown below:

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Payments recognised as an expense during the year		
Minimum lease payments	**267**	**202**
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
– not later than 12 months	285	252
– between 12 months and five years	959	1,144
Total operating lease liability	**1,244**	**1,396**

23. CONTINGENT LIABILITIES

MDL and controlled entities

The Company:

- has a deed of cross guarantee with its wholly-owned subsidiaries MDL (Mining) Limited and MDL Gold Limited;
- confirmed directly or via its holding subsidiaries that it will continue to provide financial support to its subsidiaries to enable them to meet their obligations as they fall due for a period of not less than 12 months;
- faces potential contingent liabilities in relation to its rehabilitation obligations on its New South Wales tenements. The nature of these rehabilitation obligations includes revegetation. Some aspects of the rehabilitation obligations extend for a period in excess of 10 years after the cessation of previous mining activities. Rehabilitation work therefore continued at Mineral Deposits (Operations) Pty Ltd's former processing site in New South Wales, Australia. No adverse situations were reported and required work was performed; and
- has no outstanding native title claims against it which could or would have a financial impact.

The directors are not aware of any other contingent liabilities at 31 December 2017.

TiZir

The Company faces contingent liabilities relating to its 50% interest in TiZir. The amounts disclosed below represent the Company's share of these potential liabilities:

TiZir faces potential liabilities in respect of GCO and has agreed that the following amounts will be payable during the term of the Mining Concession and the entire period of validity of the Mining Convention:

- a total amount of $250,000 during the pre-production phase and thereafter $200,000 per annum during the production phase on social development of local communities in the Grande Côte and surrounding region; and
- $25,000 per year of production on training of Directorate of Mines and Geology officers and logistical support to the technical services of the Ministry for Mines.

24. SUBSIDIARIES

	Country of Incorporation	Auditor	Percentage owned 31 Dec 2017	Percentage owned 31 Dec 2016
Subsidiary entities consolidated				
Company and head of tax consolidation group:				
– MDL*(i)	Australia	Deloitte Touche Tohmatsu		
Subsidiaries of MDL:				
– MDL (Mining) Limited*(i)	Australia	Deloitte Touche Tohmatsu	100	100
– MDL Gold Limited*(i)	Australia	Deloitte Touche Tohmatsu	100	100
– Mineral Deposits (Operations) Pty Ltd*	Australia	Deloitte Touche Tohmatsu	100	100
– HNFL (Holdings) Pty Ltd*	Australia	Deloitte Touche Tohmatsu	100	100
– ZTF Investments Pty Ltd*	Australia	Deloitte Touche Tohmatsu	100	100
– Mineral Deposits International Pty Ltd*	Australia	Deloitte Touche Tohmatsu	100	100
– MDML (Capital) Limited	Mauritius	Deloitte Mauritius	100	100

* Members of tax consolidation group

(i) These wholly-owned entities have entered into a deed of cross guarantee and have been granted relief of the requirement to prepare financial statements in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. Refer to note 25 for further details.

There were no controlled entities acquired or disposed of during the period ended 31 December 2017.

The lead auditor of MDL is Deloitte Touche Tohmatsu.

25. DEED OF CROSS GUARANTEE

The wholly-owned entities detailed in note 24 have entered into a deed of cross guarantee with MDL pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 and are relieved of the requirement to prepare and lodge an audited financial report. These entities became parties to the deed of cross guarantee on 29 April 2008. The effect of the deed of cross guarantee is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the Corporations Act 2001.

If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

The consolidated statement of profit or loss and other comprehensive income and statement of financial position of the entities party to the deed of cross guarantee, after eliminating all transactions between parties to the deed of cross guarantee, at 31 December 2017 are:

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Share of net loss of joint venture	(16,147)	(31,893)
Other revenue	6,584	5,228
Administration expenditure	(4,329)	(3,969)
Finance costs	(281)	(756)
(Reversal)/impairment of intercompany receivables	(23)	3,071
Foreign currency (loss)/gains	(6,428)	867
Loss before tax	**(20,624)**	**(27,452)**
Income tax expense	-	-
Loss for the year	**(20,624)**	**(27,452)**

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
STATEMENT OF FINANCIAL POSITION		
Current assets		
Cash and cash equivalents	12,616	4,472
Trade and other receivables	119	418
Other	90	59
Total current assets	**12,825**	**4,949**
Non-current assets		
Receivables	90,542	80,961
Investment in joint venture	158,000	172,066
Property, plant and equipment	39	44
Other intangible assets	2	3
Total non-current assets	**248,583**	**253,074**
Total assets	**261,408**	**258,023**
Current liabilities		
Trade and other payables	1,488	1,248
Borrowings	-	13,813
Provisions	246	200
Total current liabilities	**1,734**	**15,261**
Non-current liabilities		
Trade and other payables	586	181
Provisions	21	31
Total non-current liabilities	**607**	**212**
Total liabilities	**2,341**	**15,473**
Net assets	**259,067**	**242,550**
Equity		
Issued capital	418,785	390,255
Reserves	70,403	61,792
Accumulated losses	(230,121)	(209,497)
Total equity	**259,067**	**242,550**

26. PARENT ENTITY DISCLOSURE

	31 Dec 2017 US$'000	31 Dec 2016 US$'000
FINANCIAL POSITION		
Assets		
Current assets	12,825	4,928
Non-current assets	276,590	238,809
Total assets	**289,415**	**243,737**
Liabilities		
Current liabilities	1,565	1,283
Non-current liabilities	652	253
Total liabilities	**2,217**	**1,536**
Equity		
Issued capital	418,785	390,255
Accumulated losses	(145,805)	(141,260)
	272,980	**248,995**
Reserves		
Foreign currency translation reserve	4,371	(16,524)
Equity-settled share-based payment reserve	9,847	9,730
	14,218	(6,794)
Total equity	**287,198**	**242,201**
FINANCIAL PERFORMANCE		
Loss for the year	**(4,545)**	**(397)**
Other comprehensive income/(loss)	21,019	(2,952)
Total comprehensive income/(loss)	**16,474**	**(3,349)**

(a) Guarantees entered into by the parent in relation to the debts of its subsidiaries

The parent entity, MDL, has not entered into guarantees in relation to the debts of its subsidiaries, except for below.

(b) Contingent liabilities of the parent

The parent entity, MDL, and its wholly-owned subsidiaries MDL (Mining) Limited and MDL Gold Limited entered into a deed of cross guarantee pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 on 29 April 2008. The effect of the deed of cross guarantee is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

(c) Commitments for the acquisition of property, plant and equipment by the parent

No commitments for the acquisition of property, plant and equipment by the parent entity exist.

27. CASH FLOW INFORMATION

	Consolidated 31 Dec 2017 US$'000	Consolidated 31 Dec 2016 US$'000
(a) Reconciliation of cash and cash equivalents		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash on hand and at bank	3,443	2,813
Other – term deposits	9,199	2,080
Total cash and cash equivalents at end of year	**12,642**	**4,893**
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	**(20,612)**	**(27,123)**
Depreciation and amortisation	20	118
Amortisation of lease incentive	-	37
Share of net loss of equity accounted joint venture	16,147	31,893
Share-based remuneration	120	19
Foreign exchange gain/(loss)	5,955	(823)
Gain on disposal of investment in listed company – World Titanium Resources Limited	-	(3,431)
Interest expense (paid)/accrued	(624)	749
Interest income received and receivable	(5,756)	(4,259)
Changes in assets and liabilities:		
Decrease/(increase) in trade and term debtors	46	(868)
(Increase)/decrease in prepayments	(24)	4
(Increase)/decrease in accrued income	(6)	5
Increase in trade creditors and accruals	153	162
Increase/(decrease) in employee entitlements	16	(489)
Decrease in rehabilitation provisions	-	(20)
Net cash used in operating activities	**(4,565)**	**(4,026)**

(c) Non-cash financing and investing activities

On 22 December 2015, MDL (Mining) Limited entered into a subordinated loan agreement with Eralloys in order to provide funding to its joint venture entity, TiZir. As part of this loan agreement, on 4 January 2016, Eralloys advanced $0.5 million to TiZir on behalf of MDL as part of a subordinated loan agreement between the Company and TiZir. This loan was secured and interest was accrued at LIBOR (three months) plus seven percent (see note 15).

On 6 April 2016, MDL (Mining) Limited entered into a subordinated loan agreement with Eralloys in order to provide funding to TiZir. As part of this loan agreement, Eralloys advanced $1.8 million to TiZir on behalf of MDL as part of a subordinated loan agreement between the Company and TiZir. This loan was secured and interest was accrued at LIBOR (three months) plus seven percent (see note 15).

During the year ended 31 December 2016, Eralloys advanced two tranches of $6.2 million on 22 March 2016 and 26 September 2016 to TiZir on behalf of MDL as part of ERAMET's underwriting obligations to the committed facility established in accordance with the amendments to the terms of senior secured corporate bonds issued by TiZir (as outlined in note 15).

As outlined in Note 15, following successful completion of a capital raising in 1Q 2017, the Company repaid all outstanding principal and accrued interest owing to Eralloys in March 2017, and shares pledged as security were released in full.

(d) Cash balances not available for use

The Company has $301,745 (2016 – $256,077) in term deposits included in the cash and cash equivalents that are not readily available for use by the Group. These term deposits are held as security over the Company's corporate credit card, credit charge facility and lease of corporate head office premises in the form of bank guarantees.

28. FINANCIAL INSTRUMENTS

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Capital risk management

The Group manages its capital to ensure that entities of the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in note 15 offset by cash and cash equivalents) and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in the statement of changes in equity.

The gearing ratio at year-end was as follows:

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Financial assets		
Debt	-	13,813
Cash and cash equivalents (Note 27(a))	(12,642)	(4,893)
Net debt	(12,642)	8,920
Total equity	259,728	243,202
Net debt to equity ratio	N/A	3.67%

(b) Categories of financial instruments

	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Financial assets		
Other receivables – current	119	418
Other assets – current	32	29
Other receivables – non current	90,287	80,727
Investment in joint venture	158,000	172,066
Cash and cash equivalents	12,642	4,893
Financial liabilities		
Other payables and accruals	1,452	1,213
Borrowings	-	13,813

(c) Foreign currency risk management

The Group has certain financial instruments denominated in AUD. Consequently, the Group is exposed to the risk that the exchange rate of the USD relative to the AUD may change in a manner which has a material effect on the reported values of the Group's assets and liabilities which are denominated in AUD.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities that are denominated in a currency other than the functional currency of the entity that holds the financial asset or financial liability at the reporting date is as follows:

	Financial assets		Financial liabilities	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000	31 Dec 2017 US$'000	31 Dec 2016 US$'000
AUD	2,702	2,604	1,320	1,083

Foreign currency sensitivity analysis

The Group is mainly exposed to AUD. Ten percent represents management's assessment of the reasonably possible change in foreign exchange rates. Sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at period end for a ten percent change in the functional currency rates. A negative number indicates a decrease in profit or equity where the functional currency strengthens ten per cent against the relevant currency for financial assets and where the functional currency weakens against the relevant currency for financial liabilities. For a ten percent weakening of USD against the relevant currency for financial assets and a ten percent strengthening for financial liabilities, there would be an equal and opposite impact on net assets and the balances would be positive.

	Financial assets		Financial liabilities	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000	31 Dec 2017 US$'000	31 Dec 2016 US$'000
AUD impact				
Profit or loss	(270)	(260)	(132)	(108)

Foreign currency exchange contracts

The Company has not entered into forward exchange contracts to buy or sell specified amounts of foreign currencies in the future at stipulated exchange rates.

(d) Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in the market interest rates. The Company has exposure to interest rate risk relating to its bank balances, subordinate loans receivable from TiZir and borrowings.

	Consolidated	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Financial assets		
Cash and cash equivalents	12,642	4,893
Other receivables	87,287	78,227
Financial liabilities		
Borrowings	-	13,813

Interest rate sensitivity analysis

Variable rate of interest is the sensitivity rate used in management's assessment of the reasonably possible change in interest rates.

If interest rates had been higher by 50 basis points and all other variables were held constant, the profit and net assets would increase/decrease by:

	Financial assets		Financial liabilities	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Group				
Profit or loss	500	416	-	69

If interest rates had been 50 basis points lower, the impact would be equal and opposite.

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the Group has minimal trade receivables primarily due to the nature of its assets. The Group limits its credit risk by carrying out transactions only with its related parties in some instances.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board which has built an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining sufficient cash balances.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for their non-derivative financial assets and liabilities. The tables have been drawn up based on the cash flows of financial liabilities and the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Due on demand US$'000	Due one to three months US$'000	Due three months to one year US$'000	Due one to five years US$'000	Total US$'000
Consolidated						
31 December 2017						
Financial liabilities						
Non-interest bearing	-	**1,323**	**87**	**42**	**-**	**1,452**
31 December 2016						
Financial liabilities						
Variable interest rate[i]	-	7,499	6,314	-	-	13,813
Non-interest bearing	-	1,019	154	40	-	1,213
		8,518	**6,468**	**40**	**-**	**15,026**
Consolidated						
31 December 2017						
Financial assets						
Variable interest rate[ii]	5.37	3,026	8,897	308	87,287	99,518
Non-interest bearing	-	417	144	-	3,000	3,561
		3,443	**9,041**	**308**	**90,287**	**103,079**
31 December 2016						
Financial assets						
Variable interest rate[ii]	5.81	2,534	-	1	78,227	80,762
Non-interest bearing	-	2,359	446	-	2,500	5,305
		4,893	**446**	**1**	**80,727**	**86,067**

(i) Amounts disclosed as variable interest rate financial liabilities related to funds advanced by Eralloys to TiZir on behalf of MDL. As outlined in Note 15, following successful completion of a capital raising in 1Q 2017, the Company repaid all outstanding principal and accrued interest owing to Eralloys in March 2017.

(ii) Balance includes principal and accrued interest.

(g) Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

29. SEGMENT REPORTING

The Company's reportable segments are mineral sands activities incorporating the Company's joint venture interest in TiZir.

'Unallocated' is the aggregation of the Company's other operating segments that are not separately reportable and is predominantly the corporate head office.

Information regarding these segments is presented below. The accounting policies of the new reportable segments are the same as the Company's accounting policies.

(a) Segment revenue and results

The mineral sands division is the Company's only operating segment and incorporates the Company's joint venture interest in TiZir which is accounted for on an equity accounting basis. The Company only recognises its share of the profit of TiZir and share of other comprehensive income in the statement of profit or loss and other comprehensive income and therefore there is no disclosure of revenue and results for this operating segment.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	Assets		Liabilities	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Mineral sands division	248,288	252,793	-	13,937
Unallocated	13,159	5,666	1,719	1,320
Total segment assets and liabilities	**261,447**	**258,459**	**1,719**	**15,257**

(c) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Unallocated	**20**	**118**	**10**	**13**

(d) Segment revenue and result

The following is an analysis of the Group's revenue and result by reportable operating segment:

	Segment revenue		Segment result	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000	31 Dec 2017 US$'000	31 Dec 2016 US$'000
Mineral sands division[i]	6,060	4,658	(16,081)	(27,058)
Unallocated	524	570	(4,531)	(65)
Total revenue and result	**6,584**	**5,228**	**(20,612)**	**(27,123)**

(i) Segment revenue represents management fees and interest charged to TiZir during the year.

(e) Geographical information

The Group operates in various geographical areas, predominantly in the United Kingdom and Australia. The following is an analysis of the Group's other revenue and its non-current assets by geographical location:

	Revenue		Non-current assets	
	31 Dec 2017 US$'000	31 Dec 2016 US$'000	31 Dec 2017 US$'000	31 Dec 2016 US$'000
United Kingdom	6,060	4,658	248,288	252,793
Australia	524	570	274	263
Total	**6,584**	**5,228**	**248,562**	**253,056**

The non-current assets in the United Kingdom comprise: the investment in the joint venture company TiZir which beneficially holds operations in Senegal, Mauritius and Norway; subordinated loans advanced to TiZir; and management fees receivable from TiZir.

(f) Information about major customers

As the Group's operating segment incorporates the Company's joint venture interest in TiZir, there are no major customers of MDL.

30. SHARE-BASED PAYMENTS

Performance rights issued to KMP under the PRP as long-term incentives

The Company granted unlisted performance rights as LTIs to nominated members of its executive team under the MDL PRP. The issue of these rights, their vesting conditions, participants, and the PRP were approved by shareholders of the Company at the AGM held on 20 May 2016 (MDLAA rights) and 4 May 2017 (MDLAB rights) respectively. Each performance right entitles the holder to one share upon vesting and exercise. There is no exercise price pertaining to the performance rights. Performance rights carry no voting or dividend rights.

The following share-based payment arrangements were on issue as at 31 December 2017:

Unlisted performance rights	Grant date	Vesting date	Expiry date	Exercise price A$	No. of performance rights issued	Fair value at date of grant A$
MDLAA	30 Jun 2016	31 Jan 2019	31 Jan 2021	-	1,170,000	132,795
MDLAB	30 Jun 2017	31 Jan 2020	31 Jan 2022	-	1,168,209	531,535
					2,338,209	**664,330**

The above performance rights granted are subject to the following conditions:

MDLAA & MDLAB performance rights vesting conditions

Absolute TSR

Fifty percent of the MDLAA and MDLAB performance rights are subject to an absolute TSR hurdle over the three year performance period being:

- 1 February 2016 to 31 January 2019 for MDLAA rights
- 1 February 2017 to 31 January 2020 for MDLAB rights

Absolute TSR rights will vest according to the following schedule:

Measure	Performance level to be achieved	Performance vesting outcome	Percentage of total grant that will vest	Maximum percentage of total grant
Absolute TSR	Above 25% CAGR	100%	50%	50%
	Above 15% & up to 25% CAGR	Pro rata vesting from 50% – 100%	Between 25% & 50%	50%
	At 15% CAGR	50%	25%	25%
	Less than 15% CAGR	0%	0%	0%

For the purposes of calculating the CAGR over the duration of the performance period the following base prices for MDL shares apply:

- MDLAA: A$0.50 per share, as determined by the Board (where the 20 trading day VWAP would have set the base price at A$0.23)
- MDLAB: A$0.501 per share, being the 20 trading day VWAP preceding 1 February 2017

Vesting will occur on a proportionate straight-line basis from 50% to 100% for performance between 15% and 25% CAGR.

Relative TSR

Fifty percent of the MDLAA and MDLAB performance rights are subject to a relative TSR hurdle over the three year performance period being:

- 1 February 2016 to 31 January 2019 for MDLAA rights
- 1 February 2017 to 31 January 2020 for MDLAB rights

Relative TSR rights will vest according to the following schedule:

Measure	Performance level to be achieved	Performance vesting outcome	Percentage of total grant that will vest	Maximum percentage of total grant
Relative TSR	P75 or above	100%	50%	50%
	Between P50 & P75	Pro rata vesting from 50% – 100%	Between 25% & 50%	50%
	At P50	50%	25%	25%
	Below P50	0%	0%	0%

For the purposes of calculating the relative TSR performance over the duration of the performance period, the Board determined that the price for MDL shares would be calculated on the basis of the 20 trading day VWAP preceding:

- 1 February 2016 for MDLAA rights, being A$0.23 per share
- 1 February 2017 for MDLAB rights, being A$0.501 per share

Vesting will occur on a proportionate straight-line basis from 50% to 100% where the TSR performance is between 50% and 75% of the comparator group. The comparator group is the S&P/ASX 300 Resources Index. The comparator group is intended to reflect any competitors, companies and sectors where investors may choose to invest their money if not in MDL with particular regard to those companies of similar industry and market capitalisation.

In its absolute discretion, the Board may determine that no relative TSR performance rights will vest if the Company's TSR performance is negative.

Performance rights vesting schedule

The performance rights issued expire on:

- MDLAA 31 January 2021
- MDLAB 31 January 2022

and vest on the earliest to occur of:

- 31 January 2019 for MDLAA rights and 31 January 2020 for MDLAB rights, being three years from date of grant respectively;
- the date of a change of control event (as defined in the PRP) in respect of the Company or where the Board determines that it expects a change of control to occur, the date determined by the Board (the relevant date in both cases being the DCCD). In these circumstances, if the DCCD occurs during the vesting period, the amount of MDLAA and MDLAB performance rights that will vest will be calculated in accordance with the following schedule:

Measure	Performance level to be achieved	Performance vesting outcome	Percentage of total grant that will vest
Absolute TSR	Above 25% CAGR	100%	100%
	Above 15% & up to 25% CAGR	Pro rata vesting from 50% – 100%	Between 50% & 100%
	At 15% CAGR	50%	50%
	Less than 15% CAGR	0%	0%

Vesting will occur on a proportionate straight-line basis from 50% to 100% for performance between 15% and 25% CAGR. For the purposes of calculating the CAGR over the duration of the relevant performance period, being, in these circumstances, from 1 February 2016 for MDLAA rights and 1 February 2017 for MDLAB rights to the DCCD:

- with respect to MDLAA rights, the Board determined that the price for MDL shares as at 1 February 2016 would be calculated on the basis of the 20 trading day VWAP preceding 1 February 2016, being A$0.23;
- with respect to MDLAB rights the Board determined that the price for MDL shares as at 1 February 2017 would be calculated on the basis of the 20 trading day VWAP preceding 1 February 2017, being A$0.501; and
- the price for MDL shares as at the DCCD will be the price per MDL share (as applicable) approved by MDL shareholders, or paid by the acquirer of the MDL shares obtaining the relevant control, the subject of the change of control event.

In those circumstances, the vested performance rights will expire on the earlier of:

- five business days after the occurrence of a change of control event; and
- if the Board determines that it expects a change of control event to occur, the date determined by the Board (in which case the Company must give the participant notice that the Board has determined the performance rights will expire in those circumstances at least five business days prior to the determined date for expiry).

- termination of employment of the relevant executive being a 'good leaver', as defined in the PRP, a portion will vest in accordance with the plan;
- where a participant is a 'bad leaver' as defined in the PRP, all unvested incentives held by that participant will immediately lapse and all vested rights will expire within five days after employment ceases.

Valuation of performance rights

Performance rights issued are measured at fair value at the date of grant and are expensed where there are no vesting conditions and in cases where a vesting restriction exists, amortised over the vesting period. In accordance with Australian Accounting Standards, fair value is determined using a generally accepted valuation model.

Fair value of performance rights granted under the PRP

All performance rights are granted for nil consideration.

The fair value of the performance rights granted has been estimated at the date of grant adopting a Monte Carlo simulation model using the following assumptions:

Absolute TSR fair value assumptions

	MDLAA	MDLAB
Valuation date	30 June 2016	30 June 2017
Share price	A$0.23	A$0.61
Strike price	Nil	Nil
Total life of performance rights	2.6 years	2.6 years
Share price volatility	65%	70%
Risk free rate	1.63%	1.87%
Dividend yield	0%	0%
Exercise multiple	Nil	Nil
Share price targets – maximum 100% vested	A$0.98[i]	A$0.98[ii]
Share price targets – minimum 50% vested	A$0.76[i]	A$0.76[ii]
Iterations	50,000	>10 million

(i) MDLAA – Under the MDL PRP, the Board set the base price for MDL shares as at 1 February 2016 at A$0.50. The minimum share price target at which 50% of the performance rights will vest is A$0.76, which equates to a CAGR of 15% over three years from the base price of A$0.50. The maximum share price target at which 100% of the performance rights will vest is A$0.98, which equates to a CAGR of 25% over three years from the base price of A$0.50.

(ii) MDLAB – Under the MDL PRP, the Board set the base price for MDL shares as at 1 February 2017 at A$0.501, being the 20 trading day VWAP preceding 1 February 2017. The minimum share price target at which 50% of the performance rights will vest is A$0.76, which equates to a CAGR of 15% over three years from the base price of A$0.501. The maximum share price target at which 100% of the performance rights will vest is A$0.98, which equates to a CAGR of 25% over three years from the base price of A$0.501.

Relative TSR fair value assumptions

The value of the performance rights subject to relative TSR has been estimated using a correlated simulation analysis to simultaneously calculate returns from MDL and the companies within a peer group as at the test date based on each company's volatility and correlation. The peer group is the S&P/ASX 300 Resources index which, at the respective grant dates, contained 44 companies (MDLAA) and 52 companies (MDLAB). Other than volatilities of each of the other companies and the calculated correlation between MDL and the peer group, all other assumptions in this simulation such as stock price, strike price, option life, risk free rate, and dividend are the same as those used in testing the absolute TSR above.

Therefore, the fair value of the performance rights as at grant date are summarised as follows:

Performance rights	MDLAA		MDLAB	
Grant date	30 Jun 16		30 Jun 17	
Vesting date	31 Jan 19		31 Jan 20	
Expiry date	31 Jan 21		31 Jan 22	
Performance measure	Absolute TSR	Relative TSR	Absolute TSR	Relative TSR
No. of performance rights	585,000	585,000	584,105	584,104
Price per performance rights	A$0.06	A$0.17	A$0.40	A$0.51
Fair value at date	A$33,930	A$98,865	A$233,642	A$297,893

Share-based payment expense

Share-based payment expenses are included under administration expenses in the statement of profit or loss and other comprehensive income and relate to the performance rights component of equity-settled share-based payment transactions issued to a director and executives amortised over the vesting period.

Unlisted performance rights	31 Dec 2017 US$	31 Dec 2016 US$
MDLAA	39,330	19,494
MDLAB	80,654	-
Employee benefits – amortisation of performance rights	**119,984**	**19,494**

Movement in performance rights issued under the PRP

The following reconciles the outstanding performance rights on issue at the end of the financial year:

Unlisted performance rights	Grant date	Expiry date	Movement during the year: No. at beginning of year	Granted	Exercised, lapsed, forfeited	No. at end of year	No. exercisable at end of year	Weighted average remaining contractual life (years)
MDLAA	30 Jun 2016	31 Jan 2021	1,170,000		-	1,170,000	-	1.08
MDLAB	30 Jun 2017	31 Jan 2022	-	1,168,209	-	1,168,209	-	2.08
			1,170,000	**1,168,209**	**-**	**2,338,209**	**-**	

No performance rights lapsed, were forfeited or were exercised during the period.

31. AUDITORS' REMUNERATION

	Consolidated 31 Dec 2017 US$	Consolidated 31 Dec 2016 US$
Auditor of the parent entity		
Audit or review of financial reports of the entity	131,950	129,025
Advice and other related assurance services	-	37,905
Assistance with the tax return	19,936	19,671
Total remuneration – Deloitte Touche Tohmatsu	**151,886**	**186,601**
Network firm of parent entity auditor		
Audit or review of financial reports of the entity	5,533	3,240
Assistance with the tax return	1,967	2,038
Total remuneration – related practice of parent entity auditor	**7,500**	**5,278**

The auditors did not receive any other benefits. The auditor of the Company is Deloitte Touche Tohmatsu.

32. SUBSEQUENT EVENTS

There has been no matter or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

33. KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated 31 Dec 2017 US$'000	Consolidated 31 Dec 2016 US$'000
Short-term employee benefits	2,072	1,972
Post-employment benefits	143	181
Other employee benefits (incl. leave entitlements paid on termination)	13	11
Equity-settled share-based payments	119	19
	2,347	**2,183**

34. RELATED PARTY TRANSACTIONS

Equity interests in related parties

Details of percentages of ordinary shares held in subsidiaries are disclosed in note 24 to the financial statements.

Transactions between MDL and its related parties

Balances and transactions between the Company and its related parties have been eliminated on consolidation.

The following balances existed between the Company and its related parties at year-end:

	31 Dec 2017 US$	31 Dec 2016 US$
MDL (Mining) Limited	271,216,574	233,819,174
Mineral Deposits (Operations) Pty Ltd	6,305,410	5,801,237
HNFL (Holdings) Pty Ltd	258,878	236,923
ZTF Investments Pty Ltd	7,904,508	7,297,286
MDL Gold Limited	4,436	3,247
Mineral Deposits (Operations) Pty Ltd	(44,593)	(41,169)
Mineral Deposits International Pty Ltd	(585,700)	(180,759)
	285,059,513	**246,935,939**

The above receivables and loans were non-interest bearing with no fixed repayment terms and payable on demand.

Transactions between the Group and its related parties

During the year ended 31 December 2017, there were no transactions between the Group and its related parties.

(a) Transactions with TiZir

During the financial year ended 31 December 2017, the following transaction occurred between the Group and the TiZir joint venture:

- the Group charged TiZir a management fee of $0.5 million (2016 – $0.5 million) for office, accounting, administrative and management support provided;
- the Company advanced $3.5 million (2016 – $0.5 million) to TiZir on 21 March 2017 as part of a subordinated loan agreement. Interest accrues on this loan at LIBOR (three months) plus seven percent and is repayable on 29 September 2018. However, no repayment of this loan is allowed under the terms of the corporate bonds issued on 19 July 2017 until the first bond amortisation payment is made on 19 July 2019; and
- the Company charged $5,560,389 (2016 – $4,158,748) interest on outstanding subordinated loans disclosed in note 9.

Amounts due from TiZir are disclosed as amounts due from other related parties in note 9. None are considered to be impaired.

(b) Transactions with ERAMET

Following successful completion of a capital raising in March 2017, the Company made a full and final payment of $14.1 million (including accrued interest of $0.9 million) to ERAMET in relation to advances made to TiZir on behalf of the Company in 2015 and 2016.

35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board and authorised for issue on 21 February 2018.

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in note 3 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 applies, as detailed in note 25 to the financial statements, will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject because of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors

T. H. Whiting

R. W. Sennitt

Tom Whiting
Director

Robert Sennitt
Director

Melbourne, 21 February 2018

Deloitte.

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Independent Auditor's Report to the Members of Mineral Deposits Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mineral Deposits Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of Group's financial position as at 31 December 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>
Carrying Value of Investment in Joint Venture

Refer to Note 11 Investment in Joint Venture

At 31 December 2017, the Group's Consolidated Statement of Financial Position includes an "Investment in joint venture" amounting to US$158.0 million which relates to its TiZir joint venture. The asset represents 60% of the Group's total assets.

The Group equity accounts its investment in the TiZir joint venture and within the results there are several accounting estimates and judgements. These estimates and judgements have a direct impact on the results reported by the Group as it recognises its share of profits or losses and movements in equity from the date of acquisition.

The key estimates and judgements involved in determining the results of the TiZir joint venture and the Group's investment in TiZir are outlined as follows:

Impairment assessment of GCO Assets

At 31 December 2017, management identified an indicator of impairment with respect to the Group's investment in the TiZir joint venture.
Each of the two operations owned by the TiZir joint venture, being the Grande Côte mineral sands operation ("GCO") and the TiZir Titanium & Iron ilmenite upgrading facility ("TTI"), is regarded as a separate cash generating unit ("CGU") for the purposes of impairment testing. As a result of the impairment indicator, TiZir management prepared a fair value less cost of disposal ("FVLCTD") valuation model which was obtained and refined by MDL management, who formed their own view on certain key assumptions.

The FVLCTD valuation model is based on the discounted cash flow forecast for GCO and is used to assess that the carrying value of GCO's assets does not exceed the recoverable value.

The assessment of the recoverable value of GCO's assets involves the exercise of significant judgement in determining the assumptions to be used in the FVLCTD valuation model, including future commodity prices, life of mine, future operating performance (including production and utilisation rates), operating expenses and discount rate. Refer to Note 4 "Critical Accounting Judgements and Key Sources of Estimation Uncertainty".

Due to the significant judgement involved in the forecasting of future GCO cash flows and the selection of key assumptions, we considered this area to be a key audit matter.
</td><td>
Our procedures included but were not limited to:

• Understanding management's process for identifying the existence of impairment indicators in respect of the Group's interest in the TiZir joint venture and the GCO and TTI CGUs;

• Understanding the process that management had undertaken to assess the recoverable amount of the GCO CGU;

• In conjunction with our valuation specialists:

– Evaluating the appropriateness of the model used by management to calculate the recoverable amount of the GCO CGU;

– Challenging key inputs to the FVLCTD valuation model by:

➢ Assessing key market based assumptions such as forecast commodity prices and Brent oil prices to external expert reports and published industry reports;

➢ Corroborating the life of mine to the reserves and resources report prepared by management's experts, including assessing the reasonableness of the significant assumptions and methods used by management's experts in preparing the reserves and resources report and evaluating the competence and objectivity of management's experts;

➢ Corroborating key non-market based assumptions such as production yield profile, utilisation rates, operating expenses and sales volumes by comparing forecasts to historical performance to assess the accuracy of management's projections; and

➢ Challenging the discount rate by reference to an independently developed discount rate;

• Performing sensitivity analysis on key inputs including the discount rate, future commodity prices, utilisation rates and operating expenses, to evaluate the magnitude of their impacts on the calculation of the recoverable amount of the GCO CGU; and

• Assessing the appropriateness of the related disclosures in the financial report.
</td></tr>
</table>

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Other Information

The directors are responsible for the other information. The other information comprises the Mineral Resources and Ore Reserves, Corporate Governance Statement and Directors' Report, which we obtained prior to the date of this auditor's report, the other information also includes the following documents which will be included in the annual report (but does not include the financial report and our auditor's report thereon): Chairman's Report, MDL at a Glance, 2017 Highlights, Sales & Marketing, Financial Summary & Strategic Outlook and Sustainability Report which are expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Report, MDL at a Glance, 2017 Highlights, Sales & Marketing, Financial Summary & Strategic Outlook and Sustainability Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 38 of the Directors' Report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Mineral Deposits Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Suzana Vlahovic
Partner
Chartered Accountants
Melbourne, 21 February 2018

GLOSSARY OF ABBREVIATIONS & DEFINED TERMS

Term	
$ or US$ or USD	United States dollars
A$ or AUD	Australian dollars
A&RC	Audit & risk committee of the Company
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
AFGCO	L'Amicale des Femmes de GCO, Women's Association of GCO
AGM	Annual general meeting
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX
Board	The board of directors of the Company
CAGR	Compound annual growth rate
CEO	Chief executive officer
CFO	Chief financial officer
CGC	The Corporate Governance Council of the ASX
CGS	Corporate governance statement of the Company
CGU	Cash-generating unit
Company	Mineral Deposits Limited ABN 19 064 377 420
COO	Chief operating officer
CoSec	Company secretary & general manager – corporate affairs
DCCD	Determined change of control date
director	A member of the Board
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EITI	Extractive Industries Transparency Initiative
EPS	Earnings per share
Eralloys	Eralloys Holding AS (Company number 990 888 140), a subsidiary of ERAMET
ERAMET	ERAMET SA (French Company Number B 632 045 381), the Company's joint venture partner in TiZir
ERT	Emergency response team
ESP	Ecole Supérieure Polytechnique de Dakar
GCO	Grande Côte mineral sands operation
Group	The Company and its controlled entities
GST	Goods and services tax
HM	Heavy minerals
HMC	Heavy mineral content
HPPI	High-purity pig iron
IFRS	International Financial Reporting Standards
JOC	Joint Operating Committee of TiZir

Term	
JORC Code 2012	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition
KMP	Key management personnel
KPI	Key performance indicator(s)
kt	Kilotonne
ktpa	Kilotonne per annum
LIBOR	London Inter-bank Offered Rate is the average of interest rates estimated by each of the leading banks in London that it would be charged were it to borrow from other banks
LSL	Long service leave
LTI	Long-term incentive
MD	Managing director
MDL	Mineral Deposits Limited ABN 19 064 377 420
MGZS	Medium-grade zircon sands
MSP	Mineral separation plant
Mt	Million tonnes
N&RC	Nomination & remuneration committee of the Company
NED	Non-executive director
P50	Market fiftieth percentile
P75	Market seventy-fifth percentile
PRP	The performance rights plan of the Company
S&P/ASX 300 Resources	A sector sub-index of the S&P/ASX 300 Index, this index provides investors with a sector exposure to the Resources sector of the Australian equity market classified as members of the GICS® resources sector
STI	Short-term incentive
t	Tonne
TFR	Total fixed remuneration
TiZir	TiZir Limited (UK Company Number 7727671), the joint venture company owned 50/50 by MDL and ERAMET
tpa	Tonnes per annum
tph	Tonnes per hour
TRIFR	Total reportable injury frequency rate
TSR	Total shareholder return
TSX	Toronto Stock Exchange
TTI	TiZir Titanium & Iron ilmenite upgrading facility
US cents	United States cents
VWAP	Volume weighted average price
WCP	Wet concentrator plant

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the ASX in respect of listed public companies only.

1. SHAREHOLDING

The issued capital of the Company as at 19 February 2018 was 196,985,649 ordinary shares fully paid.

(a) Distribution of shareholder numbers

Size of holding	Number of shareholders	Number of shares held	%
1 – 1,000	1,472	427,369	0.22
1,001 – 5,000	603	1,520,092	0.77
5,001 – 10,000	193	1,548,809	0.79
10,001 – 100,000	294	10,440,952	5.30
100,001 and over	80	183,048,427	92.92
	2,642	**196,985,649**	**100.00**

(b) There were 1,058 shareholders who held less than a marketable parcel (439 shares) based on the market price of A$1.14.

(c) The names of the substantial shareholders of the Company as disclosed in substantial holding notices given to the Company are:

Name	Number of shares held
Allan Gray Australia Pty Ltd	31,590,144
Ellerston Capital Limited	18,523,741
L1 Capital Pty Ltd	17,415,717
Farjoy Pty Ltd	15,395,823
H.E.S.T. Australia (as Trustee for Health Employees Superannuation Trust Australia)	14,099,615
Commonwealth Bank of Australia	11,969,558
Tiga Trading Pty Ltd	10,725,000
United Super Pty Ltd	10,397,746
Mitsubishi UFJ Financial Group Inc	10,309,724
Morgan Stanley Australia Securities Limited	10,309,724
	150,736,792

(d) 20 Largest shareholders – ordinary shares

Name	Number of shares held	%
J P Morgan Nominees Australia Limited	28,969,243	14.71
HSBC Custody Nominees (Australia) Limited	28,194,477	14.31
CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	19,413,248	9.85
Citicorp Nominees Pty Limited	15,760,521	8.00
Farjoy Pty Ltd	15,395,823	7.82
Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	11,198,823	5.69
UBS Nominees Pty Ltd	10,575,000	5.37
NGE Capital Limited	7,945,527	4.03
National Nominees Limited	5,810,097	2.95
One Managed Invt Funds Ltd <Sandon Capital Inv Ltd A/C>	3,380,832	1.72
Mr Raymond Edward Munro & Mrs Susan Roberta Munro <Munro Family Super Fund A/C>	3,377,597	1.71
National Nominees Limited <DB A/C>	3,053,105	1.55
Henoch Investments Pty Ltd <CBH A/C>	2,671,754	1.36
Mrs Barbara Hirschowitz	2,614,086	1.33
BNP Paribas Noms Pty Ltd <DRP>	2,006,438	1.02
Mrs Barbara Hirschowitz	2,000,000	1.01
BNP Paribas Noms (NZ) Ltd <DRP>	1,978,220	1.00
Fountain Oaks Pty Ltd <Limbs Family Super Fund A/C>	1,694,968	0.86
Majestic Travel Pty Limited	1,400,000	0.71
Dr Harry Hirshowitz	851,000	0.43
	168,290,759	**85.43**

(e) Voting rights

Voting rights of members are governed by the Company's constitution. In summary, on a show of hands, every member present in person or by proxy shall have one vote and, upon a poll, every such attending member shall be entitled to one vote for every share held.

(f) Performance rights

A total of 2,338,209 performance rights (MDLAA 1,170,000 and MDLAB 1,168,209) are held by four executives of the Company.

Performance rights do not carry a right to vote.

2. TENEMENT SCHEDULE

Project	Tenement Number	Interest %
Australia		
Hawks Nest	Special Lease 400	100
Hawks Nest	Mining Purposes Lease 217	100
Hawks Nest	Mining Purposes Lease 1398	100

CORPORATE DIRECTORY

Directors

Nic Limb (non-executive chairman)
Robert Sennitt (managing director)
Martin Ackland (non-executive)
Tom Whiting (non-executive)
Charles (Sandy) MacDonald (non-executive)

Executive

Jozsef Patarica (chief operating officer)
Greg Bell (chief financial officer)
Michaela Evans (company secretary)

Registered office

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Share registry

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T 1300 850 505
F +61 3 9473 2500

Auditor

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne VIC 3000
Australia

Tax agents and advisers

Deloitte Private
550 Bourke Street
Melbourne VIC 3000
Australia

Solicitors

Minter Ellison
Level 23 525 Collins Street
Melbourne VIC 3000
Australia

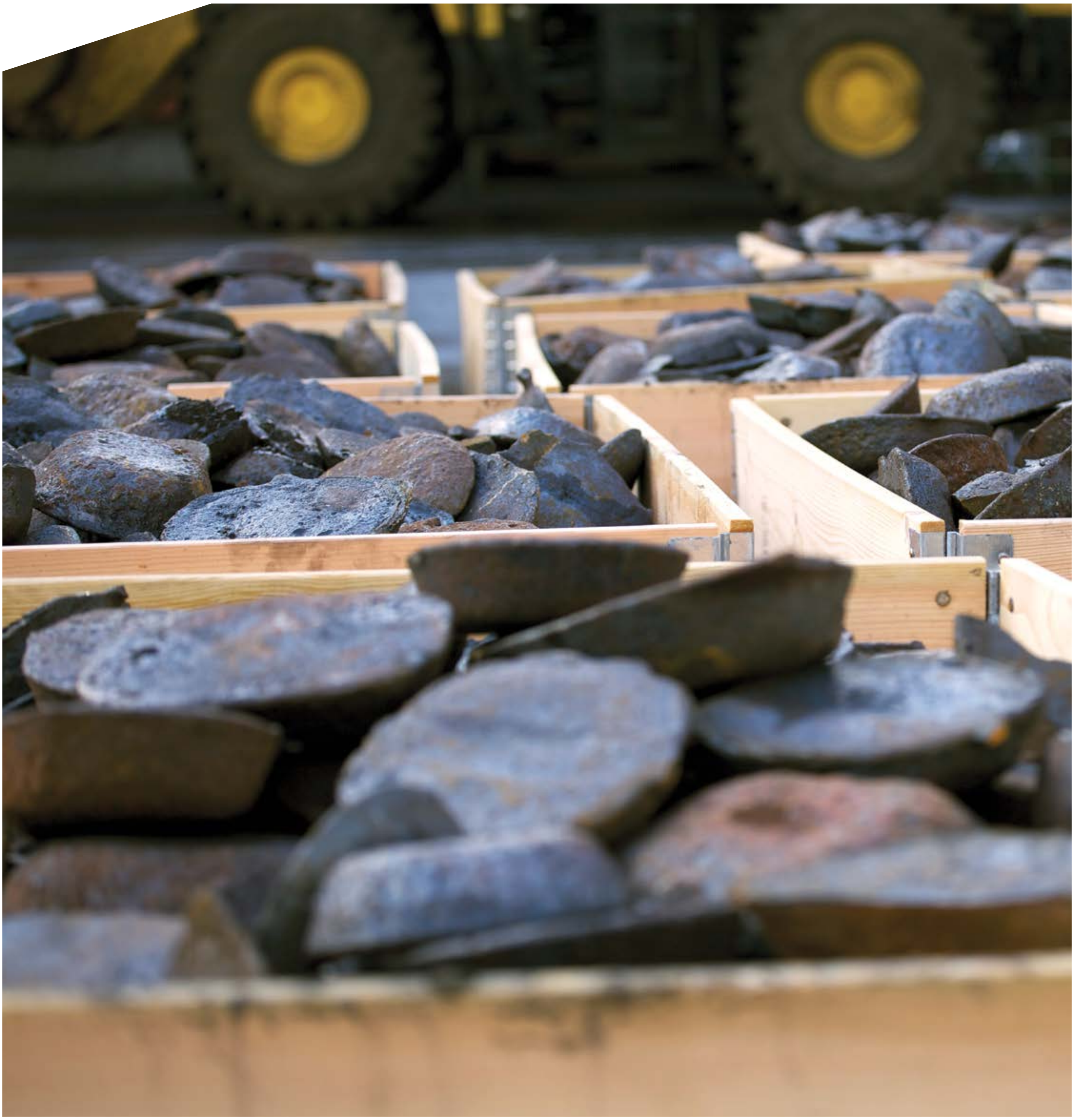
Bankers

Westpac Banking Corporation
303 Collins Street
Melbourne VIC 3000
Australia

Home exchange

Australian Securities Exchange (ASX)
Level 4 North Tower Rialto
525 Collins Street
Melbourne VIC 3000
Australia

Trading Code: MDL



Mineral Deposits Limited ABN 19 064 377 420

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