

ASX ANNOUNCEMENT

CHAIRMAN'S 2018 ANNUAL GENERAL MEETING ADDRESS

Fellow Shareholders, Ladies and Gentleman,

It is a pleasure to welcome you to the 24th annual general meeting of Mineral Deposits Limited (**MDL**).

2017 results reflected the significant efforts of MDL and TiZir to deliver on objectives outlined at the end of 2016, in particular:

- our safety performance over the year continued to strengthen with a number of initiatives successfully implemented to underpin GCO's and TTI's safety culture;
- successful refinancing of TiZir's corporate bond in July;
- a strong return to production at TTI;
- optimisation of GCO operations, as evidenced in improvements in runtime, recovery and throughput and most importantly the delivery of positive free cash flows; and
- restructuring joint venture management for clearer accountability within the operations and a flatter, more cost-effective structure via the establishment of a joint operating committee comprising representatives of MDL and Eramet SA (**Eramet**).

These efforts, together with an improved commodity price environment, contributed to TiZir achieving its best financial results to date, with EBITDA of US\$62.5 million, up 158.8% on 2016. GCO generated positive free cash flows in each quarter and TTI returned to positive free cash flows in 4Q 2017.

In addition, at MDL, we recapitalised the company with the strong support of our long-standing shareholders and repaid outstanding debt.

2018 is certainly shaping up to be an even better year. Over several tough years, we have created a strong platform at TiZir capable of generating strong free cash flows as well as providing a springboard to launch value-adding initiatives for our shareholders. TiZir's position has been further strengthened by the mineral sands price momentum currently evident. We see this continuing in the near-term due to underinvestment in the sector, ongoing resource depletion and other supply side disruptions emerging across the industry.

However, our joint venture partner has decided it would like to take advantage of this situation for the benefit of its own shareholders through its off-market takeover offer for all of the shares in MDL (**Offer**).

We remain disappointed that, after working closely together since the formation of the joint venture in 2011, Eramet chose not to approach us to discuss a fair price for MDL shareholders. Don't get me wrong, we understand Eramet's desire to own 100% of TiZir. Now that the Offer has been made, your directors are focused, as always, on the best interests of MDL shareholders. To that end, we remain open to discussions with Eramet or any other party that will deliver fair value to our shareholders.

In this respect, we continue to reiterate our view that Eramet's Offer of A\$1.46 per MDL share is grossly inadequate. I am pleased to say that Grant Samuel, as Independent Expert, also supports our view in its conclusion that the Offer is neither fair nor reasonable.

Grant Samuel has estimated the fair value of MDL shares to be in the range of A\$2.04 to A\$2.52. This independent valuation is well above Eramet's Offer price and I urge you to read the Grant Samuel report in full which is included in MDL's Target's Statement released on 22 May 2018. Commenting on its conclusions, Grant Samuel notes that "even for very conservative (and in Grant Samuel's view unrealistically conservative) assumptions, the value of MDL is well above the Eramet Offer price."¹

¹ Page 2 of the cover letter of the Independent Expert's Report in Appendix 1 of MDL's Target's Statement of 22 May 2018.

While responding to a hostile takeover is never pleasant, and we end up paying a lot of money to various advisers, what is most disappointing is that our joint venture partner has chosen to devalue the successful performance of GCO and TTI and the significant contributions made by our dedicated employees in Senegal and Norway. In the past, Eramet has repeatedly joined MDL in praising the good performance of TiZir, but has recently changed its tune, at least when addressing MDL shareholders. We remain incredibly proud of what we have been able to achieve in creating TiZir and are grateful to our employees and other stakeholders for their efforts in helping us achieve our goals. I clearly remember standing on the Grande Côte dunes more than 15 years ago, so when I look at TiZir today, I am struck by the extent of what has been achieved. On that note, there is no doubt Eramet's Offer is causing uncertainty at our sites, but I would encourage all our employees in Senegal and Norway to remain focused on safety and to continue to strive to meet their operational targets in 2018.

We have had communication from Eramet this morning, indicating that Eramet will query the basis of MDL's previous TiZir guidance. We are reviewing in conjunction with our legal advisers. We do not intend to maintain a public dialogue with Eramet on these issues but will correct any misleading information issued by Eramet. ASIC has robust guidelines relating to the preparation of independent expert reports and we stand by our approach to providing informed and independent viewpoints to our shareholders. In contrast, Eramet has not provided any credible and objective value-justification for its Offer. Obviously, Eramet has a vested interest and Eramet's statements appear inconsistent with its actions.

In my last correspondence with you, I outlined reasons to reject the Offer, as follows:

REASON 1 Your directors have determined that the Offer is **grossly inadequate**, and the Independent Expert has concluded that the Offer is **neither fair nor reasonable**

REASON 2 TiZir's **strategically integrated** assets are **operating at or near record highs**, with **potential for future growth**

REASON 3 If you accept the Offer, you will lose the option to participate in **any subsequent superior offer for your MDL Shares from any third party**, should one emerge

REASON 4 The price of **MDL Shares on the ASX has traded consistently higher than ERAMET's Offer Price**

REASON 5 Key shareholders publicly support your Directors' view that the Offer does not represent full value

REASON 6 Eramet's **inadequate and opportunistic Offer would deprive MDL shareholders of the full value of their investment**

REASON 7 Eramet's **A\$1.46 per share Offer does not reflect MDL's full value relative to peer market valuations and premiums paid to shareholders in comparable takeover transactions.**

I encourage you to read the Target's Statement in full.

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 increased profitability in the current market environment.

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; and
- working with our joint venture partner to realise the full potential of TiZir's assets and pricing environment.

Clearly, we are focused on ensuring that MDL shareholders are not disadvantaged by Eramet's grossly inadequate Offer. If MDL is to be acquired, then MDL shareholders are entitled to fair value.

Finally, 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. I would also like to thank our shareholders, partners and stakeholders for their ongoing support. I reiterate my earlier comments that we will continue to work hard to ensure the full value of investing in MDL is delivered to you, our shareholders.

Nic Limb
Chairman

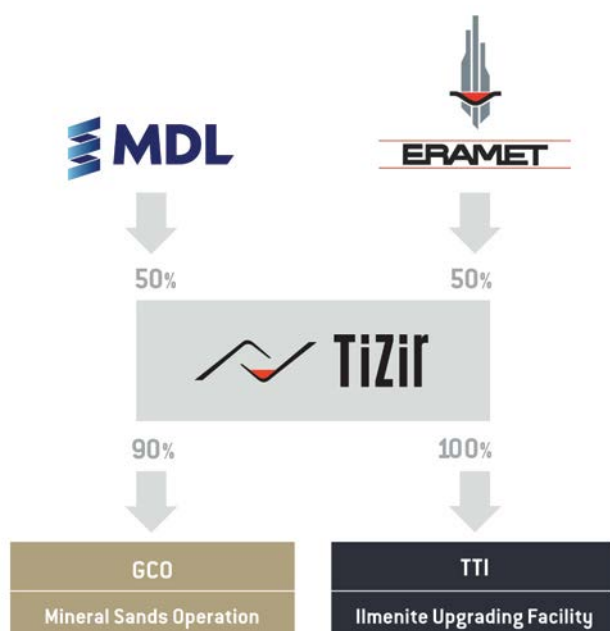
ABOUT MDL

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

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

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

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



Forward looking statements

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

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

Any past performance information given in this release 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 release is, or shall be relied upon as, a promise, representation, warranty or guarantee as to MDL's past, present or future performance.

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 release.

Information in this release should be read in conjunction with other announcements made by MDL to the ASX.

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

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