Mineral Deposits

Appendix 4D

Half-year report

for the half-year ended 30 June 2014

*Expressed in **United States dollars** unless otherwise stated*

Results for announcement to the market

This information should be read in conjunction with the attached consolidated financial report for the half-year ended 30 June 2014 of Mineral Deposits Limited

From continuing and discontinued operations		Percentage change		Amount
		%		$'000
Revenues from ordinary activities	Up	88.83	to	1,525
Loss from ordinary activities after tax attributable to equity holders of the parent	Down	28.79	to	(5,757)
Loss for the period attributable to equity holders of the parent	Down	28.79	to	(5,757)

Commentary on the results for the half-year ended 30 June 2014

For commentary on the result for the half-year ended 30 June 2014, please refer to the Review of Operations in the Directors' Report.

Net tangible assets per ordinary share

	30 Jun 2014	31 Dec 2013
Net tangible asset backing per ordinary share (cents)	398.74	418.30

Mineral Deposits

ABN 19 064 377 420

Financial Report
for the half-year ended 30 June

2014

This report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report should be read in conjunction with the annual report of Mineral Deposits Limited for the year ended 31 December 2013. It is also recommended that this financial report be considered together with any public announcement made by Mineral Deposits Limited and its controlled entities during the half-year ended 30 June 2014, in accordance with the continuous disclosure requirements of the Corporations Act 2001, including its quarterly reports lodged with the Australian Securities Exchange.

*Expressed in **United States dollars** unless otherwise stated*

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This report contains "forward-looking statements" which are subject to various risks and uncertainties that could cause actual results and future events to differ materially from those expressed or implied by such statements. Investors are cautioned that such statements are not guarantees of future performance and results. Risks and uncertainties about the company's business are more fully discussed in the company's disclosure documents filed from time to time with the Australian securities authorities.

CONTENTS

DIRECTORS' REPORT

The directors of Mineral Deposits Limited ("MDL" or the "Company") present their report together with the consolidated financial report of the Company and its controlled entities for the half-year ended 30 June 2014 and the auditor's review report thereon.

DIRECTORS

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

Nicholas Limb
Rick Sharp
Martin Ackland
Robert Danchin
David Isles
Tom Whiting
Charles (Sandy) MacDonald (appointed 21 February 2014)

PRINCIPAL ACTIVITIES

The principal activities of the Company for the half-year ended 30 June 2014 continued to be focused on the mineral sands sector through the joint venture interest in TiZir Limited ("TiZir"). MDL and Eramet SA each own 50% of TiZir, which owns the Grande Côte Mineral Sands Project in Senegal and the Tyssedal ilmenite upgrading facility in Norway.

Grande Côte, over an expected mine life of at least 25 years, is anticipated to produce on average approximately 85 kilo-tonnes per annum ("ktpa") of zircon and 575ktpa of ilmenite (and small amounts of rutile and leucoxene) when in full production. Mining activities began in March 2014 with processing activities commencing in the second quarter of 2014. Ramp-up to full production capacity is expected to take up to approximately 12 months.

The Tyssedal ilmenite upgrading facility smelts ilmenite to produce a high TiO_2 titanium slag which is sold to pigment producers and a high purity pig iron which is sold as a valuable co-product to ductile iron foundries. The facility currently produces approximately 200ktpa of titanium slag and 110ktpa of high purity pig iron.

OPERATING RESULTS

The underlying earnings for the half-year ended 30 June 2014 were $0.3 million (half-year ended 30 June 2013 – profit of $8.4 million).

After recognition of a non-cash impairment charge of $2.2 million against the investment in World Titanium Resources Limited, the Company's share of TiZir's amortisation of assets recognised on acquisition of $0.6 million (after tax), and foreign exchange losses of $3.3 million, the Company reported a net loss after tax of $5.8 million (2013 – net loss after tax of $8.1 million).

FINANCIAL POSITION

The statement of financial position at 30 June 2014 comprises net assets of $412.9 million (31 December 2013 – $401.6 million), made up of:

- the 50% interest in TiZir valued at $339.8 million (31 December 2013 – $339.1 million);
- cash of $29.2 million (31 December 2013 – $32.0 million);
- an interest bearing, subordinate loan to TiZir of $40.8 million (31 December 2013 – $5.0 million);
- shareholding in World Titanium Resources Limited valued at $3.1 million (31 December 2013 - $5.0 million); and
- other assets and liabilities netting to $Nil (31 December 2013 – net liability of $0.2 million).

During the half-year ended 30 June 2014, the Company settled the disposal of its shareholding in Teranga Gold Corporation for net proceeds of $20.0 million.

The Company had no external borrowings as at 30 June 2014.

CASH FLOW

Cash balances reduced by $4.2 million during the half-year ended 30 June 2014 as a result of:

- payment of $35.0 million as a subordinated loan to TiZir;
- the receipt of net proceeds of $20.0 million relating to the disposal of the shareholding in Teranga Gold Corporation;
- the receipt of net proceeds of $12.5 million from an issue of shares (being Tranche 2 of the share issue announced in December 2013).
- other net cash outflows of $1.7 million; and
- positive impact of exchange rates on cash holdings of $1.4 million.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Tyssedal Ilmenite Upgrading Plant, Norway

		1H 2014	1H 2013	Change
Titanium slag produced	(kt)	90.4	99.3	-9%
Titanium slag sold	(kt)	86.5	80.6	+7%
High purity pig iron produced	(kt)	50.9	55.7	-9%
High purity pig iron sold	(kt)	58.2	66.3	-12%
Revenue	(US$m)	77.8	96.2	-19%
Underlying EBITDA	(US$m)	11.3	28.0	-60%

Tyssedal's revenue of $77.8 million in 1H 2014 was 19% lower than 1H 2013, attributable to 28% lower prices for titanium slag (partly offset by higher titanium slag sales volumes) and 12% lower sales volumes of high purity pig iron (combined with marginally lower pricing). Underlying EBITDA of $11.3 million in 1H 2014 was 60% lower than 1H 2013, due to the lower revenue, partly offset by a slight reduction in costs.

Grande Côte Mineral Sands Project, Senegal

Following construction completion in 1Q 2014, significant advancement in the ramp-up of mining operations at Grande Côte has been made since the effective commencement in early-May. Whilst it is expected to take up to 12 months to reach full production rates on a steady state basis, the progress achieved in the first few months of mining has been pleasing. Feed rates through the Wet Concentrator Plant ("WCP") will remain restricted during 3Q 2014 as tails are pumped through land-based lines off the mine path to enable the size of the dredge pond to be increased.

Processing through the Mineral Separation Plant ("MSP") commenced in June, with more than 30,000 tonnes of mined Heavy Mineral Concentrate ("HMC") being processed through the Wet Plant for the production of over 21,000 tonnes of magnetic concentrate and nearly 3,000 tonnes of non-magnetic concentrate. More than 12,000 tonnes of magnetic concentrate was also processed through the Ilmenite Circuit of the Dry Plant, with 11,463 tonnes of ilmenite produced. Following a further two week campaign in early July, the Ilmenite Circuit is now fully operational at nameplate throughput, producing both 54% TiO_2 and 58% TiO_2 ilmenite to specification. The first non-magnetic concentrate was processed through the Primary Circuit of the Dry Plant in mid-July, giving rise to the first production of zircon.

The first ilmenite shipment is expected in September, giving rise to the commencement of revenue from Grande Côte.

Corporate

New Appointments

On 21 February 2014, MDL announced the appointment of Mr Charles (Sandy) MacDonald as an independent, non-executive director. Sandy has over 40 years' experience specialising in the design and construction of non-ferrous metallurgical and other mining projects. For the last 10 years Sandy has worked as an independent consultant on process design and implementation, technology development, plant expansion and project management for companies including TiZir Limited, BeMaX Resources NL, Tiomin Resources Inc., Xstrata Copper Limited, Western Mining Limited and BHP Billiton Limited.

He holds a Bachelor of Science (Honours) degree in Chemical Engineering from Edinburgh University and is a Fellow of the Australasian Institute of Mining and Metallurgy. Sandy is based in Queensland and currently holds no other directorships.

OUTLOOK

The priority for the second half of 2014 and in 2015 is the continued ramp-up in activities of Grande Côte in order to reach full operating capacity during the first half of 2015. The first shipment of ilmenite is expected in September.

DIVIDENDS

During the half-year, no dividends were paid. The directors have not recommended the payment of a dividend.

CHANGE IN STATE OF AFFAIRS

Other than noted above, there was no significant change in the state of affairs of the Company during the financial year.

SUBSEQUENT EVENTS

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

DIRECTORS' REPORT

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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence statement is included on page 4 of the financial report.

ROUNDING OFF OF ACCOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

This directors' report is signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the directors

Robert Danchin
Deputy Chairman

Rick Sharp
Managing Director

Melbourne, 18 August 2014

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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18 August 2014

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

Dear Board Members,

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 review of the financial statements of Mineral Deposits Limited for the half-year ended 30 June 2014, 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 review; and

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

Yours sincerely,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the members of Mineral Deposits Limited

We have reviewed the accompanying half-year financial report of Mineral Deposits Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2014, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 20.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mineral Deposits Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mineral Deposits Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mineral Deposits Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants

Melbourne, 18 August 2014

DIRECTORS' DECLARATION

The directors of the Company declare that, in the directors' opinion:

1. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

2. the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards, and give a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors

Robert Danchin
Deputy Chairman

Rick Sharp
Managing Director

Melbourne, 18 August 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 30 June 2014

		Consolidated	
		2014	2013
	Note	US$'000	US$'000
Share of TiZir Limited net profit using equity accounting	7	1,213	7,754
Other income	4	1,525	808
Administration expenses	4	(3,027)	(3,593)
Impairment of investment in Teranga Gold Corporation		-	(13,275)
Impairment of investment in World Titanium Resources		(2,219)	-
Net foreign exchange (losses)/gains		(3,249)	221
Loss before tax		(5,757)	(8,085)
Income tax benefit		-	-
Loss for the period		**(5,757)**	**(8,085)**
Other comprehensive loss, net of income tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		4,891	(8,142)
Share of other comprehensive loss of equity accounted joint venture	7	(509)	(7,645)
Loss on available for sale investment		-	(49,352)
Other comprehensive income/(loss) for the period (net of income tax)		4,382	(65,139)
Total comprehensive loss for the period		**(1,375)**	**(73,224)**

	2014	2013
	US Cents	US Cents
Earnings per share		
Basic earnings per share (cents)	(5.6)	(9.7)
Diluted earnings per share (cents)	(5.6)	(9.7)

Notes to the condensed consolidated financial statements are included on pages 12 to 20.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Note	Consolidated 30 June 2014 US$'000	Consolidated 31 Dec 2013 US$'000
Current assets			
Cash and cash equivalents	5	29,178	32,004
Trade and other receivables		1,647	1,146
Other financial assets	6	3,067	24,922
Other		118	142
Total current assets		**34,010**	**58,214**
Non-current assets			
Investment in joint venture entity	7	339,761	339,057
Receivables		40,849	5,009
Property, plant and equipment	8	709	741
Intangible assets		5	5
Total non-current assets		**381,324**	**344,812**
Total assets		**415,334**	**403,026**
Current liabilities			
Trade and other payables	9	1,466	340
Provisions		980	1,079
Total current liabilities		**2,446**	**1,419**
Non-current liabilities			
Provisions		33	29
Total non-current liabilities		**33**	**29**
Total liabilities		**2,479**	**1,448**
Net assets		**412,855**	**401,578**
Equity			
Issued capital	10	389,859	377,338
Reserves		79,748	75,235
Accumulated losses		(56,752)	(50,995)
Total equity		**412,855**	**401,578**

Notes to the condensed consolidated financial statements are included on pages 12 to 20.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2014

			Reserves					
	Issued capital US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Investment revaluation reserve US$'000	Equity-settled share-based payments reserve US$'000	Cash flow hedge reserve US$'000	Actuarial gains and losses reserve US$'000	Total US$'000
Balance at 1 January 2013	**356,122**	**(34,369)**	**82,631**	**52,223**	**9,672**	**957**	**53**	**467,289**
Loss attributable to members of the consolidated entity	-	(8,085)	-	-	-	-	-	(8,085)
Exchange difference arising on translation of foreign operations	-	-	(8,142)	-	-	-	-	(8,142)
Share of other comprehensive income of TiZir Limited	-	-	(5,042)	-	-	(2,599)	(4)	(7,645)
Revaluation of available for sale investments	-	-	-	(49,352)	-	-	-	(49,352)
Total comprehensive income/(loss) for the period	-	(8,085)	(13,184)	(49,352)	-	(2,599)	(4)	(73,224)
Issue of performance rights to directors	-	-	-	-	109	-	-	109
Balance at 30 June 2013	**356,122**	**(42,454)**	**69,447**	**2,871**	**9,781**	**(1,642)**	**49**	**394,174**
Balance at 1 January 2014	**377,338**	**(50,995)**	**66,564**	**-**	**9,934**	**(1,325)**	**62**	**401,578**
Loss attributable to members of the consolidated entity	-	(5,757)	-	-	-	-	-	(5,757)
Exchange difference arising on translation of foreign operations	-	-	4,891	-	-	-	-	4,891
Share of other comprehensive income of TiZir Limited	-	-	(907)	-	-	398	-	(509)
Total comprehensive income/(loss) for the period		(5,757)	3,984	-	-	398	-	(1,375)
Shares issued during the year	13,158	-	-	-	-	-	-	13,158
Costs of shares issued during the year	(637)	-	-	-	-	-	-	(637)
Issue of performance rights to directors	-	-	-	-	131	-	-	131
Balance at 30 June 2014	**389,859**	**(56,752)**	**70,548**	**-**	**10,065**	**(927)**	**62**	**412,855**

Notes to the condensed consolidated financial statements are included on pages 12 to 20.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 30 June 2014

	Note	Consolidated 2014 US$'000	Consolidated 2013 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		164	379
Payments to suppliers and employees		(2,078)	(3,491)
Net cash used in operating activities		(1,914)	(3,112)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(3)	(12)
Payments for other intangible assets		(1)	(1)
Proceeds from sale of investment in Teranga Gold Corporation		19,953	-
Payments for investment in listed companies		-	(617)
Interest received		252	536
Advances to TiZir Limited as part of subordinate loan agreement		(35,000)	-
Payments for investment in TiZir Limited		-	(25,000)
Net cash used in investing activities		(14,799)	(25,094)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		13,158	-
Payment for share issue costs		(637)	-
Net cash provided by investing activities		12,521	-
Net decrease in cash and cash equivalents held		**(4,192)**	**(28,206)**
Cash and cash equivalents at the beginning of the period		32,004	50,223
Effect of exchange rates on cash holdings in foreign currencies		1,366	(2,410)
Cash and cash equivalents at the end of the period	5	29,178	19,607

Notes to the condensed consolidated financial statements are included on pages 12 to 20.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 30 June 2014

1. GENERAL INFORMATION

Mineral Deposits Limited ("MDL" or the "Company") is a public company listed on the Australian Securities Exchange (ASX Code: MDL), incorporated in Australia. The MDL consolidated group comprises the Company and its subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards Boards AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standards IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent Annual Report.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain current assets. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States dollars unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the condensed half-year financial report are consistent with those adopted and disclosed in the Company's Annual Report for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Boards ("AASB") that are relevant to its operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the group's accounting policies and has no effect on the amounts reported for current or prior periods. The new and revised Standards and Interpretations have not had a material impact and not resulted in changes to the group's presentation of, or disclosure in, its half-year financial report.

Estimates

The preparation of half-year financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial report, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2013.

Financial Risk Management

The group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 December 2013.

3. SEGMENT INFORMATION

The Company's reportable segments under AASB 8 are as follows:

- mineral sands activities incorporating the Company's joint venture interest in TiZir Limited.

'Other' 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.

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 Limited (which is accounted for on an equity accounting basis) and the Company's investment in World Titanium Resources Limited. The Company only recognises its share of the profit of TiZir Limited 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.

Segment Assets and Liabilities

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

	30 June 2014 US$'000	31 Dec 2013 US$'000
Assets		
Segment assets – Mineral Sands Division	384,928	350,035
Other	30,406	52,991
Total assets	**415,334**	**403,026**
Liabilities		
Other	2,479	1,448
Total liabilities	**2,479**	**1,448**

4. RESULTS FOR THE PERIOD

	Half-year ended 30 June	
	2014 US$'000	2013 US$'000
Interest revenue from:		
- bank deposits	1,088	424
Other revenue:		
- rental received	58	57
- other	379	327
Total other income	**1,525**	**808**
Depreciation of non-current assets:		
- office furniture	67	74
- computer equipment and software	12	15
	79	89
Amortisation of intangible assets:		
- computer software	1	2
Employee benefits:		
- amortisation of share performance rights	118	131
- remuneration expense	1,186	2,400
- superannuation contributions	122	107
- provision for leave entitlements	(43)	(15)
	1,383	2,623
Administration and other overheads(i)	1,564	879
Total administration expenses	**3,027**	**3,593**

(i) Included in the above expenditure for administration and other overheads is an amount of $936,860 (A$1.0 million) recognised in relation to previously disclosed contingent liabilities arising from the Company's establishment of Grande Côte Operations SA.

5. CASH

	30 June 2014 US$'000	31 Dec 2013 US$'000
Cash and cash equivalents	10,616	27,252
Term deposits (i)	18,562	4,752
	29,178	**32,004**

(i) The Company has $335,393 (31 December 2013 - $315,317) 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 and held in favour of bank guarantees.

6. OTHER FINANCIAL ASSETS

	30 June 2014 US$'000	31 Dec 2013 US$'000
Current		
Available for sale investments carried at fair value		
- shares in listed company – Teranga Gold Corporation [(i)]	-	19,952
- shares in listed company – World Titanium Resources Limited [(ii)]	3,067	4,970
	3,067	24,922

(i) The Company disposed of its shareholding in Teranga Gold Corporation in January 2014 for net proceeds of $20.0 million.

(ii) At 30 June 2014, the Company revalued its shareholding in World Titanium Resources Limited to its fair value as at that date and subsequently recognised an impairment loss of $2.2 million.

7. INVESTMENT IN JOINT VENTURE ENTITY

	30 June 2014 US$'000	31 Dec 2013 US$'000
Investment in TiZir Limited	**339,761**	**339,057**
Movement in investment in joint ventures:		
Opening balance	339,057	315,028
Equity contributions during the period	-	25,000
Share of net profit of TiZir Limited	1,213	7,492
Share of other comprehensive loss of TiZir Limited	(509)	(8,463)
Investment in TiZir Limited	**339,761**	**339,057**

TiZir Limited impairment review

An impairment review was undertaken as at 30 June 2014 in relation to TiZir's two cash generating units ("CGUs"), Tyssedal and Grande Côte. The basis on which the recoverable amount of each CGU is assessed is its fair value less costs of disposal, using a discounted cash flow financial model. As a result of this review it was assessed that no impairment charge was required for either CGU.

In the case of Grande Côte, the recoverable amount is particularly sensitive to certain key assumptions, being life of mine, discount rate (12% nominal post-tax), commodity prices, production and sales volumes, and operating costs. A life of mine of 25 years has been used, incorporating the established reserves which provide for a mine path of 14 years covering approximately 40% of the mining concession, along with additional resources (beyond the area covered by the initial 14 year mine path) that are based on studies undertaken prior to the definitive feasibility study released in 2010.

For the purpose of assessing for impairment MDL's investment in TiZir, the recoverable amount of the investment is determined by aggregating the individual recoverable amounts of both Tyssedal and Grande Côte.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 30 June 2014

The following tables set out the financial performance of TiZir Limited for the half-year ended 30 June 2014 by operating segment:

	Half-year ended 30 June 2014 US$'000					Half-year ended 30 June 2013 US$'000
	Tyssedal	Grande Côte	TiZir Limited	Consolidation Adjustments(i)	Consolidated TiZir Limited	Consolidated
Sales	77,848	-	-	-	77,848	96,158
Cost of goods sold	(65,831)	-	-	-	(65,831)	(71,223)
Gross profit	**12,017**	**-**	**-**	**-**	**12,017**	**24,935**
Other revenue	(268)	3,328	-	-	3,060	15,025
Administration expenditure	(484)	(406)	(1,687)	-	(2,577)	(2,232)
EBITDA	**11,265**	**2,922**	**(1,687)**	**-**	**12,500**	**37,728**
Finance costs	(461)	-	508	-	47	53
Foreign exchange gains/(losses)	346	(277)	352	-	421	1,968
Depreciation and amortisation expense	(4,419)	(3,451)	(62)	-	(7,932)	(6,946)
Amortisation of assets recognised on acquisition	-	-	-	(1,360)	(1,360)	(9,583)
Profit/(loss) before tax	**6,731**	**(806)**	**(889)**	**(1,360)**	**3,676**	**23,220**
Income tax expense	(1,810)	-	-	-	(1,810)	(10,853)
Amortisation of deferred tax liability recognised on acquisition	-	-	-	176	176	2,683
Profit/(loss) for the period	**4,921**	**(806)**	**(889)**	**(1,184)**	**2,042**	**15,050**
Attributable to non-controlling interest					384	458
Profit attributable to joint venture partners					2,426	15,508
Share of net profit of joint venture attributable to MDL shareholders					**1,213**	**7,754**

(i) Consolidation adjustments include amortisation of identifiable intangible assets, property, plant and equipment acquired and related deferred tax liabilities recognised on the establishment of TiZir Limited. The amortisation of such assets during the period amounted to $1.4 million ($1.2 million including impact of taxation) and, while entirely relating to assets associated with Tyssedal, it has been disclosed separately to properly reflect the operating results of the Tyssedal operations. The comparable prior period amount was $9.6 million ($6.9 million including impact of taxation).

	30 June 2014 US$'000 Consolidated TiZir Limited	30 June 2013 US$'000 Consolidated TiZir Limited
Other comprehensive income		
Exchange differences arising on translation of operations	(1,813)	(10,084)
Exchange differences on translation of actuarial gains and losses	-	(8)
Change in revaluation reserve for hedging financial instruments	1,106	(7,218)
Income tax on other comprehensive income	(310)	2,021
Other comprehensive loss for the period, net of income tax	(1,017)	(15,289)
Share of other comprehensive loss attributable to MDL shareholders	**(509)**	**(7,645)**
Disclosed in statement of changes in equity as:		
Foreign currency translation reserve	(907)	(5,042)
Cash flow hedge reserve	398	(2,599)
Actuarial gains and losses reserve	-	(4)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 30 June 2014

	As at 30 June 2014 US$'000				As at 31 Dec 2013 US$'000
	Tyssedal	Grande Côte	Other(i)	Consolidated TiZir Limited	Consolidated TiZir Limited
Current assets					
Cash and cash equivalents	-	415	73,555	73,970	11,552
Trade and other receivables	21,478	5,254	498	27,230	22,315
Inventories	31,755	17,600	-	49,355	46,877
Total current assets	**53,233**	**23,269**	**74,053**	**150,555**	**80,744**
Non-current assets					
Receivables	-	209	-	209	263
Other financial assets – investments	147	-	-	147	124
Property, plant and equipment	40,229	735,671	36,768	812,668	740,577
Mine development expenditure	-	51,591	-	51,591	51,591
Capitalised mining convention and concession costs	-	2,510	-	2,510	2,510
Mineral reserves recognised on acquisition	-	-	109,321	109,321	109,321
Intangible assets recognised on acquisition	-	-	19,018	19,018	19,924
Other intangible assets	330	-	-	330	339
Total non-current assets	**40,706**	**789,981**	**165,107**	**995,794**	**924,649**
Total assets	**93,939**	**813,250**	**239,160**	**1,146,349**	**1,005,393**
Current liabilities					
Trade and other payables	19,470	15,594(ii)	2,739	37,803	51,808
Borrowings	1,971	-	5,549	7,520	2,755
Current tax liabilities	2,352	-	-	2,352	18,454
Derivative financial liabilities	2,797	-	-	2,797	3,993
Total current liabilities	**26,590**	**15,594**	**8,288**	**50,472**	**77,010**
Non-current liabilities					
Deferred tax liabilities	1,957	-	6,975	8,932	9,427
Shareholder loans	-	-	128,298	128,298	55,420
Borrowings	-	-	273,247	273,247	179,160
Provisions	14	-	-	14	14
Total non-current liabilities	**1,971**	**-**	**408,520**	**410,491**	**244,021**
Total liabilities	**28,561**	**15,594**	**416,808**	**460,963**	**321,031**
Net assets	**65,378**	**797,656**	**(177,648)**	**685,386**	**684,362**
Equity					
Issued capital				621,741	621,741
Reserves				(8,674)	(7,657)
Retained earnings				66,456	64,030
				679,523	678,114
Non-controlling interest				5,863	6,248
Total equity				**685,386**	**684,362**

(i) 'Other' represents TiZir Limited parent entity results and applicable consolidation adjustments.

(ii) During 2013, Grande Côte Operations SA received a tax assessment from the Senegalese tax authorities claiming unpaid withholding tax of approximately $0.8 million on payments made to foreign providers.

	30 June 2014 US$'000	31 Dec 2013 US$'000
Reconciliation of financial information to carrying amount of TiZir Limited		
Equity attributable to equity holders of TiZir Limited	679,523	678,114
Portion of equity held by the group	50.0%	50.0%
Total carrying amount of TiZir Limited	**339,761**	**339,057**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 30 June 2014

	Half-year ended 30 June 2014 US$'000				Half-year ended 30 June 2013 US$'000
	Tyssedal	Grande Côte	Other[i]	Consolidated TiZir Limited	Consolidated TiZir Limited
Cash flows from operating activities					
Profit/(Loss) for the period	4,921	(806)	(2,073)	2,042	15,050
Elimination of non-cash and non-operating income and expenses					
- Depreciation and amortisation	4,419	3,452	1,422	9,293	16,730
- Deferred tax	(586)	-	(176)	(762)	(3,266)
- Loss on disposal of non-current assets	-	5	-	5	-
- Amortisation of borrowing costs	-	-	-	-	(180)
- Foreign exchange losses	-	276	(353)	(77)	1,398
Cash generated by operating activities	**8,754**	**2,927**	**(1,180)**	**10,501**	**29,732**
(Increase)/Decrease in inventories	3,819	(2,492)	-	1,327	(223)
(Increase)/Decrease in trade receivables	(5,503)	297	(123)	(5,329)	39,084
Increase/(Decrease) in trade payables	(907)	(1,776)	479	(2,204)	(411)
Change in other assets and liabilities	2,110	(34)	(493)	1,583	7,609
Interest income	-	-	-	-	(108)
Interest paid	(536)	-	-	(536)	38
Tax paid	(18,527)	-	-	(18,527)	-
Net change in current operating assets and liabilities	(19,544)	(4,005)	(137)	(23,686)	45,989
Net cash generated by operating activities	**(10,790)**	**(1,078)**	**(1,317)**	**(13,185)**	**75,721**
Cash flows from investing activities					
Payments for non-current assets	(738)	(83,991)	-	(84,729)	(196,033)
Interest received	-	-	-	-	108
Payments for capitalised interest costs	-	-	(6,750)	(6,750)	-
Proceeds from/advances to related parties	41,000	80,350	(121,350)	-	-
Net cash provided by/(used in) investing activities	**40,262**	**(3,641)**	**(128,100)**	**(91,479)**	**(195,925)**
Cash flows from financing activities					
Proceeds of borrowings	2,007	-	200,320	202,327	-
Repayment of borrowings	(31,365)	-	-	(31,365)	(7,685)
Payment of borrowing costs	-	-	(3,693)	(3,693)	(275)
Net change in current financial assets and liabilities	(25)	-	-	(25)	-
Proceeds from issue of shares	-	-	-	-	50,000
Net cash provided by/(used in) financing activities	**(29,383)**	**-**	**196,627**	**167,244**	**42,040**
Net (decrease)/increase in cash held	89	(4,719)	67,210	62,580	(78,164)
Cash and cash equivalents at beginning of the period	-	5,193	6,359	11,552	128,293
Effect of exchange rates on cash holdings in foreign currencies	(89)	(59)	(14)	(162)	(2,622)
Cash and cash equivalents at end of the period	**-**	**415**	**73,555**	**73,970**	**47,507**

(i) 'Other' represents TiZir Limited parent entity results and applicable consolidation adjustments.

8. PROPERTY, PLANT AND EQUIPMENT

	30 June 2014 US$'000	31 Dec 2013 US$'000
Carrying amounts of each class:		
Land, buildings and property improvement	579	601
Office equipment	130	140
	709	741

9. TRADE AND OTHER PAYABLES

	30 June 2014 US$'000	31 Dec 2013 US$'000
Trade payables	227	98
Sundry creditors and accrued expenses	295	242
Other payables (i)	944	-
	1,466	340

(i) Includes an amount of $936,860 (A$1.0 million) recognised in relation to previously disclosed contingent liabilities arising from the Company's establishment of Grande Côte Operations SA.

10. ISSUED CAPITAL

	30 June 2014 No.	31 Dec 2013 No.
(a) Movement in fully paid ordinary shares		
Number of fully paid ordinary shares	**103,538,786**	**96,038,786**
Opening number of shares	96,038,786	83,538,786
Shares issued during the year:		
- 19 December 2013	-	12,500,000
- 4 February 2014	7,500,000	-
Closing number of shares	103,538,786	96,038,786
	US$'000	**US$'000**
(b) Fully paid ordinary shares		
Paid up capital	**389,859**	**377,338**
At beginning of the financial year	**377,338**	**356,122**
Shares issued during the year:		
- 19 December 2013	-	22,260
- 4 February 2014	13,158	-
Less costs associated with share placement	(637)	(1,044)
Total issued capital at the end of the financial year	**389,859**	**377,338**

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.

Share Options & Performance Rights

There were no share options outstanding during the period to 30 June 2014.

The 250,000 performance rights issued to three Executive Directors under the MDL Employee Incentive Plan in August 2011 remain outstanding. No further performance rights were issued during the period.

There were no other movements in the ordinary share capital or other securities of the Company in the current reporting period.

11. DIVIDENDS

During the period, no dividends were paid. The directors have not recommended the payment of a dividend.

12. COMMITMENTS

Commitment to Joint Venture

During the year ended 31 December 2013, the Company entered into a $40 million subordinated loan agreement with TiZir Limited. This loan is interest bearing at a rate of LIBOR (three month) plus five percent and is repayable on or before 29 September 2018. According to the loan agreement, no repayment of the loan may be made unless the Corporate Bonds issued by TiZir Limited on 29 September 2012 are fully repaid. The Company advanced $5 million to TiZir as part of this loan agreement in December 2013, whilst the remaining $35 million was advanced during the half-year ended 30 June 2014. There are no further outstanding commitments to TiZir.

13. CONTINGENT LIABILITIES

Mineral Deposits Limited and Controlled Entities

The Company:

(a) has a deed of cross guarantee with its wholly-owned subsidiaries MDL (Mining) Limited and MDL Gold Limited;

(b) 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;

(c) faces potential contingent liabilities in relation to its rehabilitation obligations on its New South Wales ("NSW") exploration and mining 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. Ongoing rehabilitation work therefore continued at Mineral Deposits (Operations) Pty Ltd's former mining sites in NSW, Australia. No adverse situations were reported and work was performed to schedule; and

(d) 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 30 June 2014.

TiZir Limited

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

TiZir Limited faces potential liabilities in respect of the Grande Côte Mineral Sands Project and has agreed that the following amounts will be payable:

(a) during the term of the Mining Concession and the entire period of validity of the Mining Convention an amount of $250,000 in total 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

(b) $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.

14. SUBSEQUENT EVENTS

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

15. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

16. FINANCIAL INSTRUMENTS

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

Other financial assets, disclosed in Note 6, are measured at fair value (representing the Company's investment in World Titanium Resources Limited) are categorised as Level 1 financial assets as the fair value is derived from quoted market prices in active markets.

CORPORATE DIRECTORY

DIRECTORS

Nic Limb (Executive Chairman)
Rick Sharp (Managing Director)
Martin Ackland (Executive)
Robert Danchin (Non-executive/Deputy Chairman)
David Isles (Non-executive)
Tom Whiting (Non-executive)
Charles (Sandy) MacDonald (Non-executive)

COMPANY SECRETARY

Michaela Evans

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