MDL

APPENDIX 4E (RULE 4.3A)

FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Expressed in United States Dollars unless otherwise stated

RESULTS ANNOUNCEMENT TO THE MARKET

All comparisons to the year ended 31 December 2013

This information should be read in conjunction with the attached 2014 consolidated Annual Report of Mineral Deposits Limited.

		Change %		Amount $'000
Revenue from ordinary activities	Up	40.7	to	3,238
Loss from ordinary activities after tax attributable to equity holders of the parent	Up	331.4	to	(71,732)
Loss for the period attributable to equity holders of the parent	Up	331.4	to	(71,732)

Commentary on the results for the year ended 31 December 2014

For commentary on the results for the year ended 31 December 2014, please refer to the attached Annual Report.

Net tangible assets per ordinary share

	31 Dec 2013	31 Dec 2014
Net tangible asset backing per ordinary share (cents)	418.30	315.28

Additional Appendix 4E disclosure requirements and commentary can be found in the accompanying Annual Report for the period ended 31 December 2014.

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

Mineral Deposits Limited ABN 19 064 377 420
Level 17 530 Collins Street Melbourne VIC 3000 Australia T +61 3 9618 2500 F +61 3 9621 1460 E mdlmail@mineraldeposits.com.au mineraldeposits.com.au

ANNUAL REPORT 2014

MINE > INTEGRATE > TRANSFORM

MDL

CONTENTS

FORWARD LOOKING STATEMENTS

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

Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. MDL cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of MDL to be materially different from the company's estimated future results, performance or achievements expressed or implied by those forward-looking statements.

These factors include the inherent risks involved in exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of zircon, ilmenite and other key inputs, changes in the regulatory environment and other government actions, changes in mine plans and other factors, such as business and operational risk management, many of which are beyond the control of MDL.

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

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

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

2014 HIGHLIGHTS

DURING 1Q

Grande Côte construction completed:

11 MILLION
MAN HOURS OF WORK
LTI RATE = 0.27

MARCH

MINING COMMENCED AT GRANDE CÔTE

GCO

JUNE

TIZIR TITANIUM & IRON **AWARDED:**

The Sikkerhetsprisen 2013
for health & safety excellence

DURING 3Q

SUCCESSFUL COMMISSIONING OF MINERAL SEPARATION PLANT

MSP

OCTOBER

A key part of the strategic vision:

1ST ILMENITE SHIPMENT
COMPLETED TO
TIZIR TITANIUM & IRON

DURING 4Q

PRODUCTION OF ON-SPEC PREMIUM ZIRCON

40 Zr 40 Zr 40 Zr

CHAIRMAN'S REPORT

Dear Shareholder,

During the past year, your Company has made substantial progress towards completing its near term strategy of becoming an integrated mineral sands producer with a global footprint. The benefits of the 2011 transaction with ERAMET are currently being realised as MDL and its shareholders are now able to take advantage of the synergies between its two producing assets, the Grande Cote mineral sands operation ('GCO') in Senegal and the TiZir Titanium & Iron ilmenite upgrading facility ('TTI') in Tyssedal, Norway.

In the context of a subdued mineral sands market, your Company's achievements during 2014 have been impressive. After nearly three years of construction and 11 million man hours, mining activities at GCO commenced in March of 2014 with production of finished goods following shortly thereafter. The ramp-up of GCO has encountered normal commissioning issues although we are optimistic that these interruptions are now behind us. GCO's skilled and professional operations team is focussing all efforts to reach nameplate capacity during the third quarter of 2015.

The first shipment of ilmenite to Tyssedal was completed in late-October.

This shipment was a significant moment in the history of MDL and the realisation of the initial vision that led to the establishment of TiZir.

To finance, construct and commission a mine in the current environment while simultaneously ensuring that TTI continues to be a steady performer is testament to the high quality and dedicated personnel at all levels of the TiZir Joint Venture and I thank them all.

This hard work will continue in 2015 as we seek to consolidate the position of TiZir as a preferred supplier of high quality mineral sand feedstock to our global customers.

Key objectives for this year will include:

- successful ramp up of GCO to nameplate capacity
- maximising benefits from the vertical integration of GCO and TTI
- completing the TTI furnace refurbishment and capacity expansion on-time and on-budget

Sourcing ilmenite from GCO together with the TTI refurbishment and expansion will create significant flexibility and important optionality for TiZir as it seeks to maximise returns for MDL and its shareholders through its ability to respond to changes in market dynamics.

I am also pleased to report that TiZir progressed a number of key sustainability targets in 2014 including GCO's rehabilitation programme (which occurs concurrently with mining) kicking off in earnest. GCO's sustainability and community departments continued to reinforce relationships with the local community, as well as a range of government and not for profit organisations to progress community identified development goals. I am particularly delighted that TTI was awarded the Sikkerhetsprisen 2013 in June (2014), an award that recognises TTI's impressive health and safety culture. Initiatives in 2015 will focus on innovations to reduce CO_2 emissions at TTI and, at GCO, future initiatives are expected to increasingly focus on community capacity building programmes in the areas of agricultural practice and small business development.

I have had the pleasure of representing MDL as Chair of the TiZir Joint Venture since October 2013. In addition to overseeing the important developments above, during my tenure, TiZir has also strengthened its management structures and practices, implementing committees in the areas of strategy & development, sustainability, finance, disclosure, audit and corporate governance.

MDL recorded an underlying loss for the year of $18.5 million primarily as a result of operating losses incurred at GCO as we ramp-up operations. Unfortunately, as with many of our colleagues in the mining industry, the decline in commodity prices has meant it is difficult to support current balance sheet values of assets. As such, TiZir has recognised a non-cash impairment loss of $110.8 million for the year ended 31 December 2014. MDL's share of this impairment amounted to $49.9 million and is the primary reason for the after tax loss of $71.7 million for MDL. While this result is disappointing, the assets that have been impaired primarily relate to non-cash mining reserves created on establishment of TiZir, and do not represent a cash outflow for the Company.

In December 2014, the Board took the decision to make the role of Managing Director redundant, resulting in Rick Sharp's departure. The decision is part of an ongoing structural review of the Board that will set solid foundations for the Company's future. On behalf of my fellow directors, I would like to take this opportunity to thank Rick for his efforts with MDL.

MDL has launched a rebranding campaign that will be progressively rolled-out during the year. The Company's new logo and branding reflects its positioning as an integrated mineral sands player and its focus on the future.

I would like to take this opportunity to thank our valued shareholders and other key stakeholders for their continued support as we move forward together towards what I envisage is a bright future.

Nic Limb
Chairman

MDL OVERVIEW

Flexibility, optionality & quality assets drive corporate strategy, enhanced by risk awareness and environmental responsibility.

WHY MDL?

MDL is positioned to grow shareholder value through:

- well located, high quality assets
- benefits of vertical integration
- operational flexibility to adapt to changing market conditions and maximise returns
- quality Board with multi-jurisdictional operating experience and historical knowledge of GCO and TTI
- strong capital structure
- partnership with ERAMET, a major global player in manganese and nickel mining & smelting.

ABOUT US

Mineral Deposits Limited (ASX: MDL) is an Australian-based mining company in the business of mining, integrating and transforming mineral sands resources.

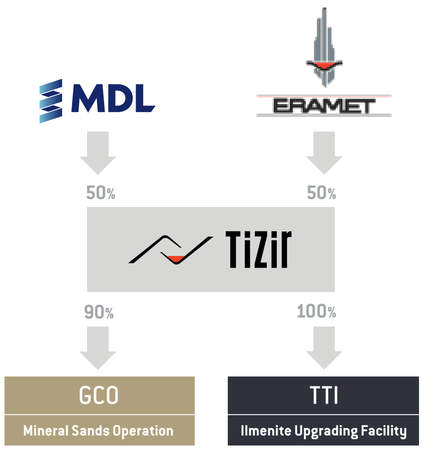
MDL is a growing mineral sands player through its 50% equity interest in TiZir Limited ('TiZir').

In 2011, MDL entered into a joint venture agreement with ERAMET, a French global resource company. Each entity owns 50% of TiZir.

TiZir owns two highly strategic assets – the Grande Côte mineral sands operation in Senegal, West Africa and an ilmenite upgrading facility in Tyssedal, Norway.

GCO is anticipated to produce on average approximately 85ktpa of zircon and 575ktpa of ilmenite (and small amounts of rutile and leucoxene) when in full production over an expected mine life of at least 25 years.

The TTI 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 to ductile iron foundries as a valuable co-product. The facility currently produces approximately 200ktpa of titanium slag and 110ktpa of high purity pig iron.



STRATEGY

2014 marked the realisation of a number of key elements of the strategic rationale of integrating two world class assets – GCO and TTI– through the TiZir joint venture transaction.

Securing offtake: With GCO regularly shipping its ilmenite to TTI, off-take of a majority of GCO's production is secure.

Ensuring supply: On-stream production at GCO now provides greater long-term security of ilmenite supply for TTI.

Vertical integration: Integration of GCO and TTI limits MDL's exposure to the lower value, volatile ilmenite market, while mitigating the risk profile of the business.

Strengthening flexibility: The combination of GCO's ilmenite and TTI's operational capacity enables the joint venture to provide both sulphate and chloride process feedstock for pigment producers, enhancing potential to maximise returns in the face of potential changes to market dynamics.

Advantageous logistics: GCO's integrated logistics from mine-to-ship and the proximity of Senegal and Norway to customers in Europe and the eastern seaboard of the United States provide considerable logistical advantages.

High quality zircon: Product output from GCO is anticipated to represent approximately six to seven percent of world zircon production, a significant majority of which is high quality.

Competitive, high quality producer: Once GCO is at full production capacity, TiZir will be a competitive producer of high quality zircon and upgraded titanium slag, accounting for approximately seven percent of both zircon and titanium feedstock supply.

MINE > GRANDE CÔTE OPERATIONS REVIEW

ABOUT GRANDE CÔTE

Grande Côte is located on a coastal, mobile dune system starting approximately 50 kilometres north-east of Dakar, and extends northwards along the coast for more than 100 kilometres. The mineralised dune system averages four kilometres in width and contains largely unvegetated sand masses. The project area is 445.7 square kilometres.

Once GCO is at nameplate capacity, Senegal is projected to be one of the world's largest producers of zircon and ilmenite.

BACKGROUND

GCO is the biggest single-dredge mineral sands operation in the world with operations managed by an experienced team focused on ramping-up production to reach nameplate capacity by the third quarter of 2015.

In September 2004, MDL was selected by the Government of the Republic of Senegal ('RoS') to explore and develop the Grande Côte Mineral Sands Project. A Presidential Decree was granted in 2007, providing MDL a Mining Concession of 25 years.

Ownership of GCO was transferred to TiZir as part of the MDL/ERAMET joint venture in late-2011. The RoS is a valued project partner, holding a 10% interest.

Construction of GCO began in 2011 and was completed in March 2014 after 11 million man hours at a cost of $650 million. The project is based on a mine life of 25 years.

MINING AND PROCESSING

Mining operations at GCO are based on a non-chemical, large scale, cost effective dredge mining operation, enabled by the consistent and free flowing orebody and ready access to water.

The dredge moves through the mobile coastal dunes by floating on an artificial pond. Sand is mined from the front of the dredge pond and pumped to the floating wet concentrator plant ('WCP'). The sand is then washed through spirals, which separate the heavy mineral concentrate ('HMC') from the lighter quartz. To the rear of the floating concentrator, a tailings stacker deposits the quartz tailings to fill the mined canal and restore the landscape that is progressively rehabilitated and returned to its original form.

HMC from the floating concentrator is then trucked to the mineral separation plant ('MSP') where it is stockpiled for batch processing using methods that require no chemicals.

The MSP consists of three separate circuits:

1. WET CIRCUIT
2. ZIRCON DRY CIRCUIT
3. ILMENITE DRY CIRCUIT

Using magnetic, electrostatic and gravity processes within the MSP, HMC is separated into:

575,000 tonnes per year ILMENITE
85,000 tonnes per year ZIRCON
6,000 tonnes per year RUTILE
10,000 tonnes per year LEUCOXENE

Once GCO is at full capacity, the dredge and WCP will operate 24/7 all year round.

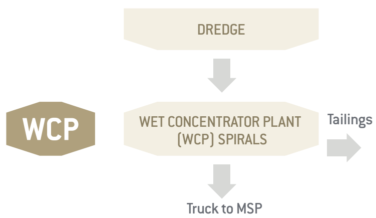
LOGISTICS AND INFRASTRUCTURE

Ensuring control of product from mine to ship is central to GCO's cost effectiveness. This logistics and infrastructure self-sufficiency is secured by virtue of owning and controlling:

- **Power:** A fully commissioned and operational 36 megawatt tri-fuel (heavy fuel oil, diesel and gas) power station
- **Rail:** Rail line from the MSP to the Port of Dakar in addition to ownership of locomotives and rolling stock
- **Port:** Large warehousing and ship loading facilities and guaranteed mole access at Dakar port

1 Wet mining – dredge & floating concentrator

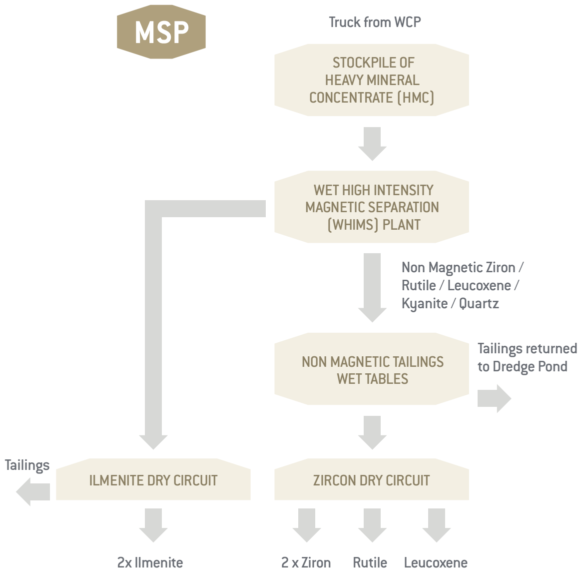
Moving through mobile coastal dunes, the dredge extracts ore from the front of the dredge pond and pumps slurry (sand and water) to the floating Wet Concentrator Plant (WCP) which separates the heavy mineral concentrate (HMC) from the lighter sand through a staged spiral gravity separation process. HMC is then trucked to the Mineral Separation Plant (MSP).



‘Once GCO is at full capacity, it will operate 24/7 all year round.’

2 Processing to separate minerals

Within the Mineral Separation Plant (MSP), magnetic, electrostatic and gravity processes separate HMC into GCO’s product streams – two grades of zircon, two grades of ilmenite and small quantities of rutile and leucoxene. Located next to the MSP, the laboratory is the central quality control hub of the production process, ensuring products meet requisite technical specifications.



3 Power

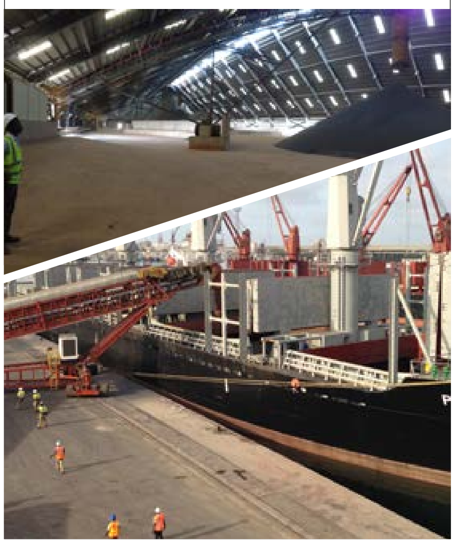
A 36 MW power station has been built at the MSP, capable of being powered by heavy fuel oil, natural gas or diesel. This facility gives GCO security of power supply.

4 Rail

A concession for use of approx. 100km of refurbished rail links the MSP to GCO’s rail spur line, providing controlled rail from the MSP to port. Ilmenite is loaded in bulk, while zircon is containerised. GCO owns and maintains its own rolling stock.

5 Port & Shipping

GCO has its own warehousing and ship loading facilities as well as secure mole access at Dakar port.



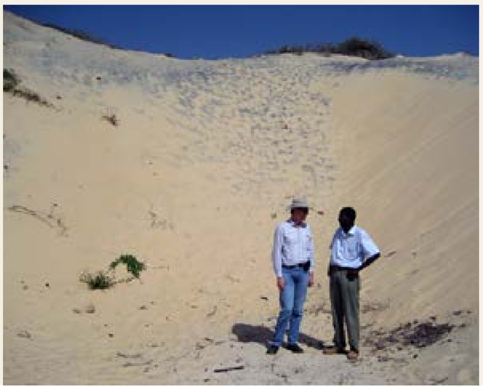
ABOUT SENEGAL

GCO is located in Senegal, West Africa. Having gained independence in 1960, Senegal enjoys a stable and investor friendly political and social environment. Senegal is widely considered one of the most stable democracies in Africa and has a population of 14 million.

Having avoided coups and military dictatorships, its relative economic and political stability have seen Senegal become a desired location for embassies and consulates. The country is a member of the United Nations, is engaged in international peacekeeping activities and has a strong profile in many international organisations.

The government's new development strategy – 'Plan Senegal Emergent' – highlights the country's ambition of becoming an emerging economy by promoting a world-class economic environment, developing infrastructure and achieving accelerated growth.

Grande Côte has a project area totalling 445.7 km^2



PRODUCTION

GCO's ramp-up continued to gain momentum throughout the reporting period, with dredging operations commencing in March and processing operations shortly thereafter in June.

Despite some normal commissioning issues in relation to mechanical seals and impellors (both of which have been resolved), ramp-up continues on schedule to achieve nameplate capacity by the third quarter of 2015.

The dredge operated at an average of 51% of capacity throughout the last quarter of 2014.

The ramp-up of the MSP also continues to go well. The Wet Plant and the Ilmenite Circuit of the Dry Plant continue to operate at design feed rates. The Primary Zircon Circuit of the Dry Plant has also been producing premium zircon since start-up in October. GCO achieved its best result to date in December for ilmenite and premium zircon production. The production of ilmenite and zircon has been increasing month-to-month and will continue to increase with the ramp-up of mining and associated increase in heavy mineral concentrate feedstock supply.

SALES

Processing operations commenced in June and, after a build of inventory during the following months, GCO's first shipment of approximately 5,000 tonnes of chloride ilmenite left the port of Dakar on 28 August.

Shortly thereafter, approximately 22,000 tonnes of sulphate ilmenite and 1,200 tonnes of containerised zircon were shipped.

In October, GCO completed its first shipment of ilmenite to Tyssedal, marking the realisation of a key element of the strategic rationale of integrating GCO and TTI within TiZir.

During the fourth quarter, GCO also completed its first shipments of premium zircon, with feedback from customers indicating that these quality products were meeting or exceeding expectations.

On a revenue basis, shipments to China, Norway and the USA accounted for approximately 58% of total revenue. The remaining shipments primarily relate to customers located in Europe and South America. No one customer accounted for more than 20% of revenue during 2014.

Production and sales results

100% basis		2Q 2014	3Q 2014	4Q 2014	CY 2014
Mining					
Ore mined	(kt)	2,609	4,717	6,776	14,102
Heavy mineral concentrate produced	(t)	37,240	57,526	89,333	184,099
MSP production					
Ilmenite	(t)	11,463	47,702	41,425	100,590
Zircon	(t)	-	3,762	5,278	9,040
Rutile & Leucoxene	(t)	-	190	473	663
Sales volume					
Ilmenite	(t)	-	28,074	46,850	74,924
Zircon	(t)	-	1,205	5,848	7,053
Rutile	(t)	-	-	162	162

INTEGRATE >

TIZIR TITANIUM & IRON OPERATIONS REVIEW

ABOUT TYSSEDAL

Tyssedal is located in Norway approximately 180 kilometres south-east of Bergen and 365 kilometres from Oslo. Positioned on the edge of the Hardanger fjord, which comes off the North Sea, TTI is able to take advantage of hydroelectric power and undertakes all ship handling activities on-site.

Tyssedal is located in close proximity to the majority of TTI's European-based customers, with most receiving-ports able to be reached within two to three days.

TTI smelts ilmenite to produce titanium rich slag and high purity pig iron.

TTI will undertake a furnace refurbishment and capacity expansion in the third quarter of 2015.

BACKGROUND

The TTI ilmenite upgrading facility is one of only five facilities of its type in the world and the only one in Europe.

Commencing ilmenite upgrading operations in 1986, the facility was acquired by ERAMET in 2008 and subsequently transferred to TiZir as part of the establishment of the joint venture with MDL. TTI has a long and stable production history.

'TTI is located in close proximity to the majority of its European-based customers.'

Facilities at TTI : Quay / Coal storage / Ilmenite storage / Pre-reduction Plant / Filters /Smelter/ Continuous Casting Machine / Crushing Plant / Silos for finished slag / Slag shipping /Pig Iron shipping

PRODUCTION PROCESS

TTI uses a process of pre-reduction, metallisation and smelting to upgrade ilmenite into titanium slag and high purity pig iron. Simplistically, the process involves the metallisation of the iron within the ilmenite in a pre-reduction rotary kiln, followed by the smelting of this pre-reduced feedstock in an electric arc furnace the outcome of which is the production of titanium rich slag and high purity pig iron. The primary purpose of this process is to increase the titanium dioxide content of the resulting titanium slag, with the resultant high purity pig iron being a valuable co-product.

Processing stages

1 INPUT

The ilmenite is crushed in a ball mill, then filtered and pelletised

2 PRE-REDUCTION

In a rotary kiln the iron oxide is reduced within the pelletised ilmenite to achieve high metallisation of the iron

3 SMELTING

In an electric arc furnace the material is smelted to extract out the iron as a high purity pig iron with everything else reporting to the titanium rich slag

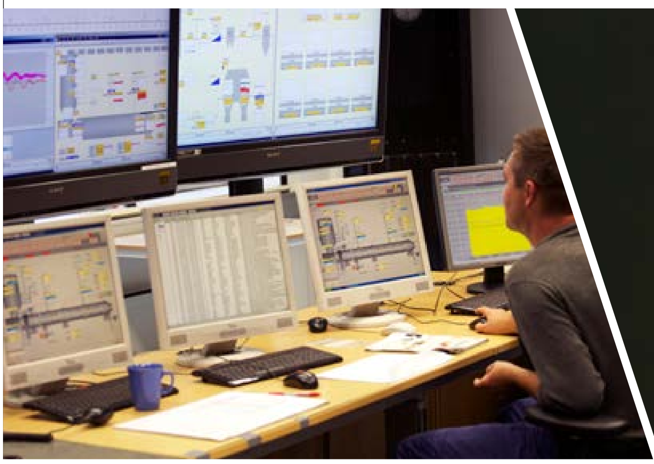
4 OUTPUTS

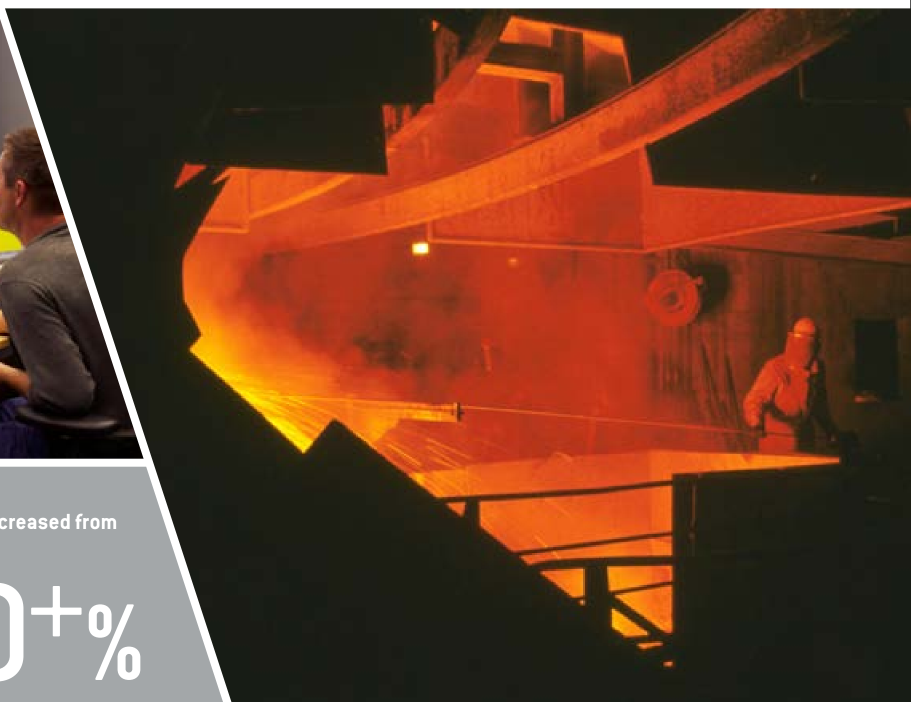
The titanium slag and iron is processed to obtain the required quality specifications

5 CUSTOMERS

Titanium slag customers are currently primarily European-based pigment producers, while a varied and large number of customers purchase TTI's high purity pig iron.

ILMENITE → ROTARY KILN
COAL → ROTARY KILN
ROTARY KILN → ELECTRIC FURNACE
ELECTRIC FURNACE → TITANIUM SLAG → PIGMENT PRODUCERS
ELECTRIC FURNACE → HIGH PURITY PIG IRON → FOUNDRIES





During this process the titanium dioxide content is increased from

~50% Original ILMENITE feedstock → **80+%** TITANIUM SLAG

ABOUT NORWAY

Norway is located in Northern Europe on the western and northern part of the Scandinavian Peninsula, bordering the North Sea and the North Atlantic Ocean (Norwegian Sea).

Norway has a low population and high standard of living with the third highest GDP per person in the world. A majority of Norway's wealth has been generated by its large oil deposits, contributing significantly to the country's Sovereign Wealth Fund, high quality infrastructure and social welfare system.

Further, Norway has developed a highly educated workforce which has helped build strong industrial and service sectors whilst maintaining traditional Norwegian industries such as timber and fisheries. There is also a burgeoning technology industry in Norway.

Norway remains steadfastly independent and has not joined the European Union ('EU') or adopted the Euro currency. Norway is a member of the European Economic Area (EAA) and adheres to many environmental and other regulations issued by the EU.

TTI is 1 of only 5 such facilities in the world and the only 1 in Europe.

PRODUCTION

Production at TTI was largely in line with expectations for 2014.

Titanium slag volumes were three percent lower in 2014 compared to 2013, primarily due to shutdown maintenance on the pre-reduction rotary kiln in March 2014.

High purity pig iron volumes were also lower in 2014 compared to 2013, consistent with the reduction in slag volumes experienced during the shutdown maintenance as outlined above.

Some Grande Côte ilmenite is now being used in the feed at TTI.

SALES

Sales volumes at TTI were consistent with expectations during 2014.

Titanium slag volumes were 11% lower in 2014 compared to 2013. This reduction is primarily due to lower production volumes, timing of shipments in the 2012 and 2013 years and a concerted effort to build up inventory levels towards the end of the year in preparation for the furnace expansion in the third quarter of 2015.

Average pricing for titanium slag decreased in the first and second quarters of 2014 before stabilising throughout the second half of the year.

High purity pig iron volumes were eight percent lower in 2014 as a result of lower titanium slag production and timing of shipments in the 2012 and 2013 years.

Average pricing for high purity pig iron remained consistent throughout the year, with no significant movements on a quarterly basis.

Current approximate production capacity

200,000
tonnes per year
TITANIUM SLAG

110,000
tonnes per year
HIGH PURITY PIG IRON

Production and sales results

100% basis		4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	CY 2014	CY 2013
Titanium Slag								
Produced	(kt)	44.5	42.0	48.4	45.8	47.5	183.7	190.3
Sold	(kt)	45.9	38.4	48.1	43.9	47.8	178.2	197.1
High Purity Pig Iron								
Produced	(kt)	25.4	23.5	27.4	25.7	26.4	103.0	106.9
Sold	(kt)	21.8	29.9	28.3	27.0	20.5	105.7	114.5

TRANSFORM

MARKET DYNAMICS

MINERAL SANDS INDUSTRY

The mineral sands sector comprises two product streams: titanium minerals (often referred to as titanium feedstocks) and zircon.

Mineral sands orebodies typically include both titanium minerals (such as ilmenite, rutile and leucoxene) and zircon and vary depending on the characteristics and location of the orebodies.

Titanium minerals and zircon have physical and chemical properties which make them suitable for a wide range of industrial and domestic applications.

TITANIUM FEEDSTOCKS

Titanium minerals are in demand for their TiO_2 content. Ilmenite is the most abundant titanium bearing mineral, generally containing 45 to 60% TiO_2. Rutile is at the other end of the spectrum, being scarce and containing 92 to 96% TiO_2.

Almost 90% of TiO_2 is used in the production of TiO_2 pigment, which imparts brilliant whiteness, brightness and opacity. Approximately 56% of global TiO_2 pigment production is used to make paint, with the balance mainly used in plastics (24%) and paper (nine per cent).

The remainder is used to produce welding fluxes and pure titanium metal. Titanium metal has high strength, relatively low weight, and is highly resistant to corrosion, making it ideal for use in a range of applications from aeroplane components to medical uses.

ZIRCON

Unlike titanium minerals, zircon is a relatively uniform product, its quality specifications being largely determined by the relative ability to opacify and by minor impurity levels. Zircon is a highly resilient substance that provides strength and durability as well as bright white finishes. Zircon is also chemically inert and has high heat conductivity, making it suitable for use in moulds for very hot metals and components used in refractories to produce steel and glass.

The main end-use segments for zircon can be broadly categorised as ceramics, specialty chemicals & materials, refractories and foundry casting.

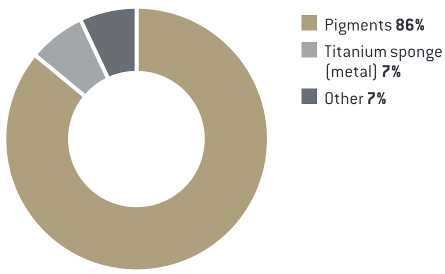
'Ceramics' (mostly tiles, sanitary ware such as toilets and baths and tableware) is the major end use segment accounting for approximately 50% of global zircon consumption. In ceramics, zircon is primarily used to enhance the appearance of the surface finish and impart brilliant whites and colours to the glaze of a tile.

'Specialty chemicals and materials' is the fastest growing of all the zircon end-use sectors, accounting for approximately 18% of total global zircon demand. Zircon, in the form of zirconia, zirconium chemicals and zirconium metal is used in a range of specialty chemicals and materials.

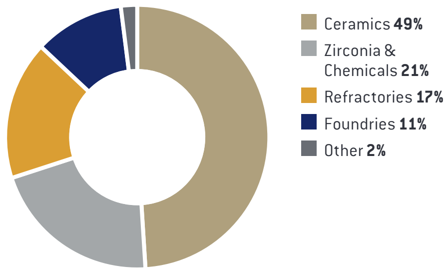
Unlike titanium dioxide, zircon requires very little treatment after it has been mined. Zircon is far less common than titanium dioxide and in periods of short supply its price can increase.

The zircon at Grande Côte is some of the highest quality in the world.

Titanium feedstock consumption



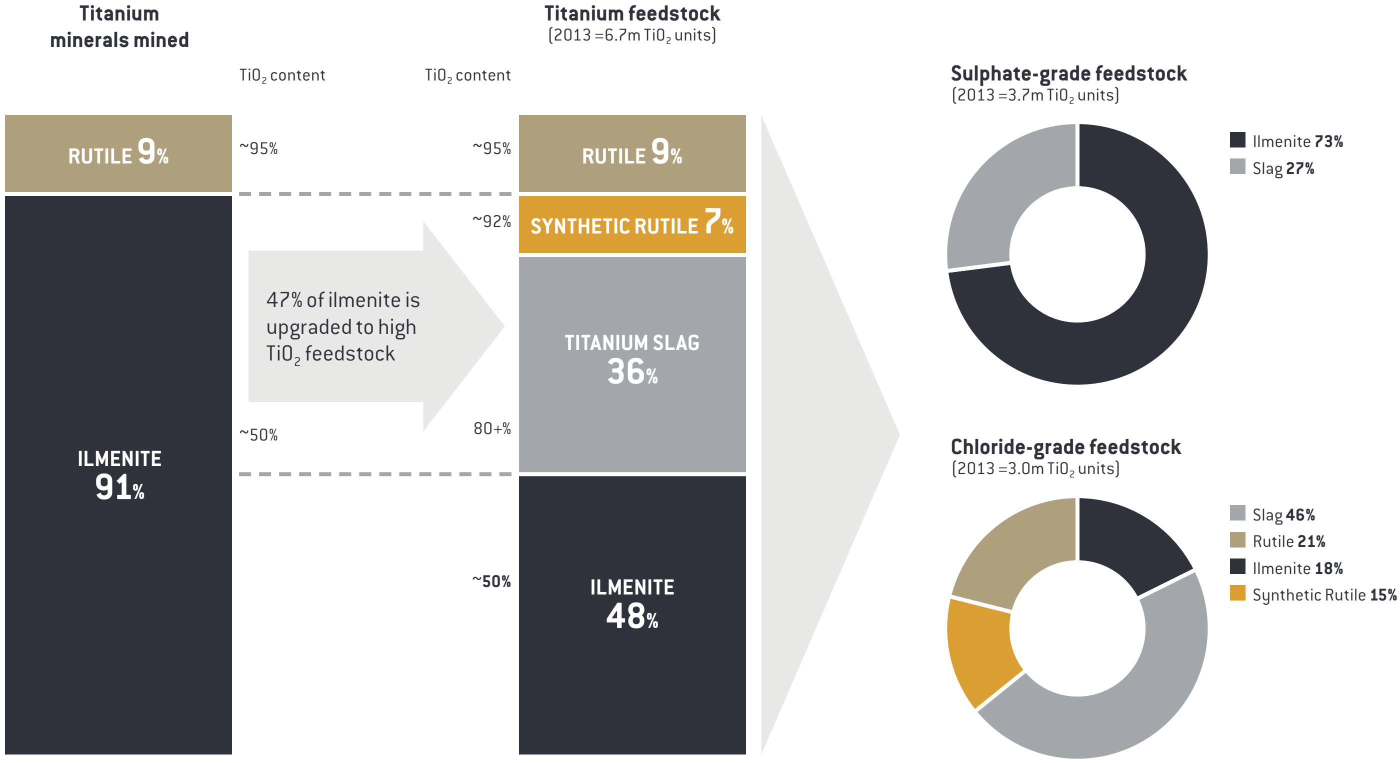
Zircon end-use



Source: TZMI

'The zircon at Grande Côte is some of the highest quality in the world.'

‘Sulphate & Chloride are two alternative process technologies for the production of TiO_2 pigment.’



Source: TZMI & TiZir research

TITANIUM FEEDSTOCK SUPPLY

TiO_2 pigment producers only require the TiO_2 in feedstocks. The higher the component of feedstock that is not TiO_2 (i.e. the higher the impurities), the greater the by-products that are generated during pigment manufacture which may lead to environmental problems and associated costs.

As a result, while ilmenite (with a TiO_2 content averaging around 50%) accounts for over 90% of total titanium ore mined, approximately 47% of ilmenite is first upgraded to titanium slag (with a TiO_2 content of 80 to 87%) or synthetic rutile (85 to 92% TiO_2) by extraction of iron from the ilmenite before being received as a feedstock by pigment producers.

PIGMENT PRODUCTION PROCESS

There are two alternative process technologies for the production of TiO_2 pigment: the sulphate process (involving digestion of the feedstock in sulphuric acid) and the chloride process (which is based on chlorination in fluidised bed reactors). In addition to the totally different chemistry, the two processes use different raw materials and produce different quantities and types of waste products. The sulphate process can produce either the rutile or the anatase form of TiO_2 pigment, while the chloride process will result only in rutile grade pigment.

The sulphate pigment segment uses two feedstocks: ilmenite and sulphate grade slag, with the slag users mainly situated in Europe.

The chloride pigment segment primarily uses ‘high TiO_2’ feedstocks, comprising mainly chloride grade slag, rutile and synthetic rutile, as well as some ilmenite (containing higher grades of TiO_2). Slag users are primarily located in North America and Europe, with China projected to be an emerging consumer.

At present, TTI produces sulphate slag and a high purity pig iron as a valuable co-product.

TRANSFORM

STRATEGIC OUTLOOK

GCO RAMP-UP

Operations at Grande Côte will continue to ramp-up during 2015 with an expectation that full operating capacity will be reached in the third quarter of 2015.

TTI ILMENITE UPGRADING FACILITY – FURNACE REFURBISHMENT AND CAPACITY EXPANSION

During the third quarter of 2015, the electric furnace at TTI is scheduled to be relined and the existing roof upgraded with a water-cooled copper-ceramic roof. The upgrade will increase smelting capacity by approximately 15% and lengthen periods between scheduled shutdowns. A number of health & safety and environmental improvements will also be incorporated. The reline is part of the normal maintenance of the furnace, as the furnace lining is subject to extreme temperatures during the smelting process and therefore its integrity deteriorates over time. The current lining has lasted 10 years and produced over 1,900,000 tonnes of titanium slag.

The cost of the furnace expansion will be approximately $70 - $80 million and the plant will be shut down for three months while this maintenance is performed.

STRATEGIC FLEXIBILITY

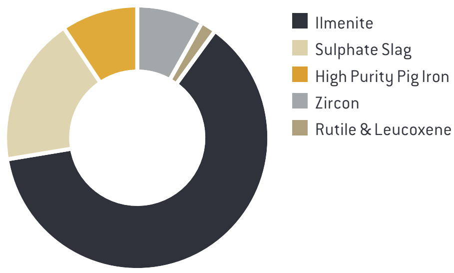
The refurbishment and capacity expansion of the furnace is a key part in the strategic vision for TiZir and represents another major step in the evolution of the joint venture. The project will create the flexibility to produce both chloride and sulphate titanium slag within the same furnace, providing the ability to alternate between products as dictated by supply and demand dynamics within the market. Also, the production of chloride titanium slag will be completely supplied by ilmenite produced by GCO, which will both secure supply of ilmenite from within the group and reduce any reliance on third party sales of ilmenite.

Thus, when the furnace reline is completed, TiZir will have the ability to supply a range of titanium feedstock to customers and the flexibility to produce different feedstocks depending on market demand.

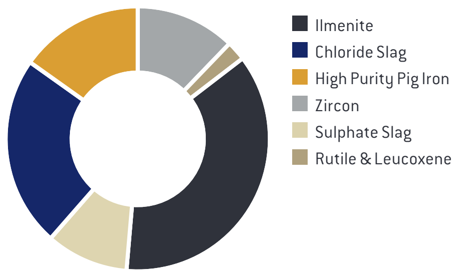
The pie charts on the right illustrate the change in the expected product mix after the completion of the furnace reline during 2015.

The proportion of revenue generated by sulphate slag and sulphate ilmenite significantly decreases in 2016 and is replaced with revenue generated by chloride slag and chloride fines. Other products within TiZir's product suite remain consistent and primarily represent the sale of zircon and high purity pig iron.

2015 Sales volume by product



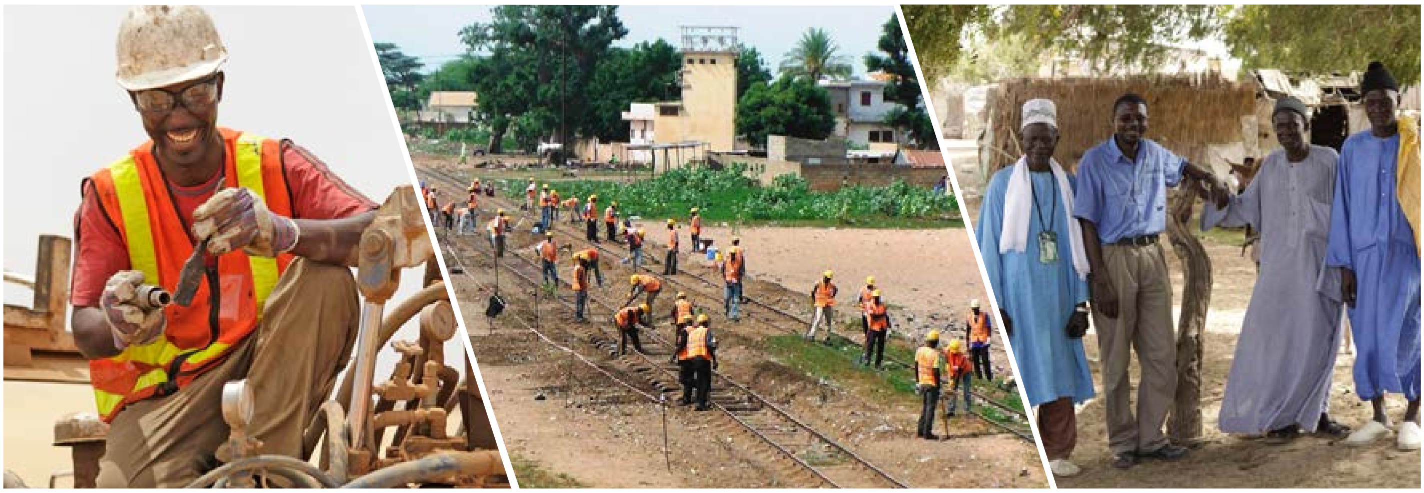
2016 Sales volume by product



Full operating capacity expected to be reached **3Q/2015**

Upgrade to increase smelting capacity by approximately **15%**

Through its joint venture interests 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. 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. In 2014, TiZir implemented a range of Board Committees, charters and policies that have strengthened MDL's ability to oversee the joint venture's governance and sustainability performance.



GCO

Employment

GCO's employment initiatives have – and will continue to – focus on enhancing employment opportunities for local communities, expanding capacity building opportunities, strengthening the recruitment of the Senegalese contingent of the permanent operational workforce and implementing programmes at GCO that incentivise and retain committed, high-potential staff.

Recruitment and training: At the height of construction, GCO retained the services of over 2,000 Senegalese nationals in construction activities and implemented a worker pre-selection Recruitment Committee and training programme to ensure equitable local community representation and employment opportunities. Since construction completion, this committee has been reorganised and extended to incorporate the requirements of a number of established mining and energy businesses in the surrounding area. GCO has also embarked on a training partnership with the Office National de Formation Professionnelle (ONFP, National Vocational Training Office) and the Recruitment Committee to select and provide training to members of the local community to maximise the potential for local community employment opportunities at GCO. This joint initiative training programme provides students with skills training in 12 different professions, such as mechanical and electrical maintenance and environmental management. GCO will not be able to employ all trainees so, consequently, programmes have been designed to assist graduates seeking work with other potential employers across Senegal.

Employee housing cooperative: Established in November 2013, the main aims of the Cooperative are to promote and support access to reduced cost family housing for local GCO employees (near their workplace) and to incentivise and retain staff. The Cooperative has over 100 members and has established a partnership with the Housing Bank of Senegal. The current target for the programme is the construction of 500 homes.

As at 31 December 2014:

923 Total number of EMPLOYEES

72 EXPATS

238 NATIONAL EMPLOYEES

613 NATIONAL CONTRACTORS

14% FEMALE EMPLOYEES

1% WOMEN in senior management team

14% SENEGALESE NATIONALS in senior managerial positions

320 LOCALS trained through the ONFP partnership

80 PEOPLE employed by GCO following ONFP training

Note: When GCO reaches nameplate operations, staffing levels will reduce to approximately 650 individuals.

Community

GCO is committed to the development of an ongoing and mutually beneficial relationship with local communities and other key stakeholders. GCO's socio-economic development strategy is underpinned by a series of plans and committees developed through ongoing community and government consultation and participation. Sustainable development community activities to date have focused on:

Health: malaria control and health programmes in local villages in addition to donations in 2014 of beds and mattresses to five local health posts.

Water: improved drinking water access and quality alongside training in water resource and facilities management. In this area, 2014 activities included the provision of potable water to two central villages and nine hamlets.

Transport: local road and other transport infrastructure upgrades and community traffic awareness training. Activities in 2014 included the relocation and upgrade of Fass Boye's community bus station due to community-identified safety and security issues.

Education: in 2014 GCO renovated Darou Fall Primary School and has almost completed building the college of Diogo in Ndjiligne and the primary school of Thiare.

Waste management: involving 13 villages, the aim of this project is to establish and support sustainable community waste programmes managed by local communities with support from local health services & councils and GCO personnel.

General community engagement: support of local women's groups, local traditional and religious events, community celebrations, local administrations and rural councils. To the maximum extent possible, GCO supports local suppliers and contractors.

Future community initiatives: future initiatives are expected to increasingly focus on community capacity building programmes in the areas of agricultural practice and small business development, particularly for women and young people.

In broad terms, GCO's financial commitment involves:

$500,000

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

$400,000 PER YEAR

on **social development programmes** for local communities in the production period

$50,000 PER YEAR

to 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 and 'production-share' contributions.

GCO will pay a yearly five percent gross production royalty to the Government of the Republic of Senegal in addition to a 10% production share contribution.

Health and safety

Since completing construction with a world-class safety performance record, GCO has undertaken a review of its OH&S culture, policies, procedures and protocols to ensure sound operational readiness and performance. Training packages have also been reviewed and developed and continue to be delivered in English, French and Wolof (the most widely used local dialect).

The Emergency Response Team has recently completed a procurement programme to enhance the team's capacity to respond to site-based emergencies, service outlying areas within the mine lease and assist the local fire department in the event of a significant emergency.

To ensure the safety and well-being of GCO's workforce at all times, an on-site, hi-tech and fully equipped medical clinic staffed by four occupational nurses and one occupational doctor – all of whom are Senegalese – has been established. One advanced life support paramedic is also on site at all times. A 4WD ambulance helps the medical team respond to emergencies in areas surrounding the mine site. Both ambulance and clinic are configured to treat patients at an advanced life-support level.

GCO recorded two LTIs during the reporting period. The underlying causes have been identified, recommended corrective actions implemented and necessary re-training undertaken.

Environment

GCO's environmental management strategy has been shaped 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; as a minimum to comply with applicable regulatory requirements; and continuously improve through annual improvement plans, training programmes and effective corrective action systems.

A collaborative protocol has been established between Senegal's Forestry Service and GCO regarding ongoing rehabilitation and a programme has been developed to align with local community strategic plans for reforestation and community benefit.

GCO has been collecting soil and seed from the local dunes, growing seeds in an onsite nursery and undertaking reclamation trials to determine optimum environmental rehabilitation initiatives emphasising food and income-security for the local population. Samples include medicinal and fruit-bearing species including cashews, mangoes, dates and coconuts, which, if successful, will create new sources of employment, income and food for the local population. In addition to the introduction of medicinal and fruit bearing species, the improvement of dune stabilisation techniques is important for the long-term viability of market gardening in the area.

GCO aims to stabilise and revegetate 200 hectares of land annually and to date has collected over seven tonnes of seed.

GCO also provides capacity building assistance as well as financial, technical and equipment assistance to the Senegal Forestry Service, where appropriate. In September, 14,661 seedlings were distributed, including 10,000 provided to the National Forest Service in collaboration with GCO's Community Department.

Land access & resettlement

Significant progress was made during the reporting period regarding resettlement activities. The Resettlement Committee – composed of project affected people, local administrative officials, rural councils and GCO employees – was given official status in April and in December a collaborative protocol was established with ANEV. Specialising in agricultural technology and finance, ANEV is a Senegal government agency focussed on the development of eco-villages.

Resettlement activities in 2014 focussed on the selection of an appropriate relocation site for seven hamlets (35 households) located within the dredge path. Following intensive community consultation, construction of the resettlement village commenced in January 2015, with fruit tree planting and due stabilisation activities having occurred in late 2014.

GCO has adopted compensation rates that are above Senegalese official rates (approximately five times higher) and comply with World Bank standards.

‘TTI’s goal is to maintain its position as an active and responsible member of the local community. ‘

TTI

Employment

TTI is committed to creating capacity-building jobs by maintaining an active apprenticeship programme and increasing employment opportunities for women at the facility. TTI also provides support to the Norwegian University of Science and Technology by employing a Research and Development faculty member and financially subsidising postgraduate students. Tyssedal currently has 176 employees (12% of whom are women) and 13 apprentices.

Community

As one of the area’s largest employers, TTI’s goal is to maintain its position as an active and responsible member of the local community. A fund has been established to foster improvements in the health and cultural vibrancy of the Tyssedal community. Over the years, the company has provided assistance to local clubs and organisations such as the Tyssedal Sport and Athletics club and the community choir. Neighbouring businesses are also supported through subscriptions to the local newspaper and the distribution of locally sourced fruit to employees. 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 retired and current) and their families. The company also ensures that its neighbours and key stakeholders are regularly informed of its activities via the distribution of reports published in Norwegian and English.

Health and safety

TTI has a comprehensive health and safety culture which is a crucial element of the facility’s success and longevity. The company’s integrated health, safety and environmental management system is ISO 9001 and 14001 certified and independently audited annually.

In June 2014, TTI was awarded the Sikkerhetsprisen 2013 (the Safety Prize 2013), a Norwegian smelting industry award that recognises excellence in health and safety performance. Jointly administered by Norsk Industri (Norway Industry – employer body) and Industri og Energi (Industry and Energy – employee body), the annual safety prize is awarded based on an extensive review of participating smelters in Norway. TTI’s 2013 performance was assessed alongside 20 industry peers, with the audit panel examining factors such as: training rates, safe working environments, in-plant tidiness and injury statistics & reporting. Receipt of the prize is testament to the daily efforts of TTI’s workforce and commitment to continuous improvement in the field of health and safety.

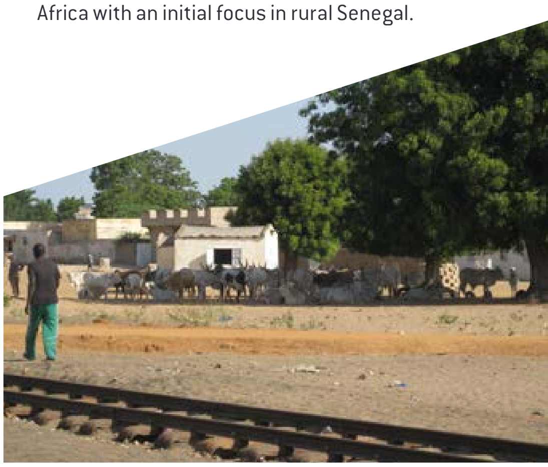
TTI’s first LTI in over 732 days occurred in October. The underlying causes have been identified and recommended corrective actions implemented.

Environment

TTI rigorously monitors dust precipitation and production, emissions to 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 improvements in these fields. TTI has also instituted a practice of recycling the hot water generated in the smelting process. This water is used for heating buildings in the district and for fish farming, illustrating a number of community benefits arising from this recycling policy. TTI has also been a member of RENAS (a recycling company for commercial electrical and electronic equipment) since 2000. TTI is running a comprehensive programme to reduce its environmental footprint, aimed at becoming the number one green alternative in the industry.

AFFRI

MDL and ERAMET are ‘seed funders’ of the African Foundation for Resources and Industry (‘AFFRI), an independent organisation registered in the United Kingdom. AFFRI was established to develop interlinked clean energy, industry and employment projects in Sub-Saharan Africa with an initial focus in rural Senegal.



Mineral Deposits Limited ('MDL' or the 'Company') 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 ('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') 2nd edition 'Corporate Governance Principles and Recommendations with 2010 amendments.

MDL initiated a review of its corporate governance framework in 2014 in response to the publication of the CGC's 3rd edition principles and recommendations. Recommended governance changes and revisions that have not already been implemented to align, where appropriate, with the 3rd edition recommendations will occur throughout 2015 and be reported in MDL's 2015 Annual Report.

PRINCIPLE 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1:

Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

MDL practice: Upon appointment, directors and senior executives are provided with an induction pack and an employment agreement letter or a non-executive director appointment letter which communicate Company expectations as well as key duties. An integral part of this induction pack is the Company's Board Charter (implemented in July 2013), which formalises the following Board roles and responsibilities:

- to carry out its duties and responsibilities in accordance with the laws of Australia, the jurisdiction of incorporation of the Company and, where relevant, in the other countries in which the Company operates;
- to oversee and monitor the performance of the Company in the context of the long-term interests of its shareholders;
- to promote a culture of integrity and responsibility; and
- together with management of the Company, to develop a system for the timely and accurate public disclosure of information that is material to the Company and ensure that system is managed and operating effectively.

Specifically, the Board:

- is responsible for the stewardship of the Company and has final accountability for the governance of the Company's business;
- is actively involved in the definition and adoption of the Company's strategic and business plans by working with management to determine how those plans are implemented and taking responsibility for monitoring the implementation of those plans;
- has delegated the day-to-day management of the business and affairs of the Company to the senior management of the Company, subject to compliance with strategic and capital plans approved from time to time by the Board;
- is responsible for succession planning, remuneration and performance assessment of senior management of the Company;
- keeps its shareholders informed as to the status of the Company's affairs through its interim statements, annual reports and announcements and website;
- monitors and assesses the integrity of the internal controls and management information systems designed and implemented by management; and
- monitors and assesses the integrity of the risk management strategies developed and implemented by management.

During the reporting period, a strategic balance was maintained between the responsibilities of the Executive Chairman, the Managing Director, each of the executive and non-executive directors and the Company Secretary. As the Chairman, Mr Limb, has an executive role, the independent oversight of corporate governance and related matters has been specifically delegated to the non-executive Deputy Chairman, Dr Robert Danchin.

As Executive Chairman, Mr Nic Limb is primarily responsible for:

- formulating, in association with the senior executive team, the strategic and business direction of the Company, as well as seeking new opportunities, for consideration by the Board;
- managing relations with the Company's principal joint venture partner; and
- oversight of the capital needs of the Company.

During his tenure as Managing Director, Mr Rick Sharp was primarily responsible for:

- day-to-day management of the Company's business;
- enacting the Company's annual strategic plan in conjunction with other management;
- keeping the Board informed of all major project proposals and developments by way of specific reports;
- ensuring that resource development was in accordance with the Company's approved business strategy and any specific directions of the Board;
- the identification of material business risks and the design and implementation of strategies and systems to manage and insure, where possible, the Company's material business risks; and
- maintaining relations with investors, analysts, brokers and advisors.

Jointly, the executive directors are responsible for oversight of the Company's principal asset, a 50% interest in TiZir Limited ('TiZir').

Other Board members assist the Executive Chairman and Managing Director as necessary.

Following an assessment of the core competencies of the current executives, market conditions and the circumstances of the Company, the Board resolved to make the position of Managing Director redundant. Consequently, on 15 December 2014, Rick Sharp ceased to be Managing Director of the Company. Following Rick's departure, the remaining executive directors assumed the core functions and duties of the Managing Director role (outlined above) and continue to perform their oversight responsibility of TiZir.

As announced in December, the Company has no immediate plans to appoint a Managing Director. The structure of the Board and Executive is currently under review. The financial year ending 31 December 2015 is pivotal for the Company as it completes its transition from being the owner of an undeveloped mineral sands asset (Grande Côte) to 50% owner of an integrated mineral sands producer (TiZir). MDL expects to be in a position to outline its strategy with respect to a Board and Executive structure to best serve the Company and its shareholders going forward towards the end of 2015.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

MDL practice: The performance of senior executives who are not also members of the Board is reviewed annually by the remuneration committee against appropriate measures. Where considered necessary or desirable, the committee conducts confidential discussions with the Chairman and other persons in relation to the performance of the Company's senior executives including matters such as work programmes, interaction with management and perceived strengths and weaknesses. The committee's recommendations are then brought to the Board for consideration and adoption.

MDL has a small corporate team totalling seven employees, allowing the Board to engage with and have direct oversight of the performance of all employees (not just those at executive level).

Recommendation 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1.

MDL practice: The Company operates in accordance with the processes outlined above.

A performance evaluation for senior executives was undertaken during the reporting period. The evaluation was in accordance with the process disclosed.

MDL's Board Charter is available on the Company's website.

PRINCIPLE 2. STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1:

A majority of the board should be independent directors.

MDL practice: It is the stated intention of the Board to be composed of a majority of independent directors. With the appointment of Charles (Sandy) MacDonald as an independent non-executive director on 21 February 2014 the Board complies with this recommendation. For the majority of the reporting period MDL's Board was composed of three executive directors (including the Executive Chairman) and four independent, non-executive directors. Since the departure of the Managing Director, the Board now comprises two executive and four independent directors.

The Company recognises the fundamental importance of a Board comprising a balance of complementary skills, knowledge and expertise as well as operational and international experience. The Directors believe that the Board currently comprises such a balance to fulfil the needs of the Company in its present circumstances. Mr MacDonald's appointment has strengthened the Board's technical competency and reflects the Company's growing focus on mineral production as well as the Board's commitment to ensuring that it is structured to fulfil MDL's long-term strategic aims.

As noted above, the structure of the Board is under active consideration as the needs of the business change with the ramp-up of Grande Côte and refurbishment and expansion of the Tyssedal facility.

The Board has adopted a number of measures to ensure that independent judgement is achieved and maintained in respect of its decision-making processes, which include the following:

- directors are entitled to seek independent professional advice at the Company's expense;
- the non-executive directors are encouraged to meet or confer on a regular basis for private discussion of management issues;
- directors having a conflict of interest must immediately declare the conflict to the Chairperson and, in relation to a particular item of business, must absent themselves from the board meeting before commencement of discussion and the taking of a vote on the matter;
- independent directors are required to complete an Independent Directors Declaration annually, confirming that no circumstances exist which may affect their independence; and
- directors are encouraged to discuss and make enquiries regarding business and strategic matters with senior executives.

Determinations as to whether a director is independent are made by the other members of the Board.

Recommendation 2.2:

The chair should be an independent director.

MDL practice: The Company's Chairman, Mr Nic Limb, is employed in an executive capacity by the Company and therefore is not independent.

Mr Limb has been a director of the Company since it listed on ASX and has an intimate knowledge of its affairs. He is an experienced company director with special expertise in the resources sector and is committed to providing the time necessary to effectively discharge his role as Chairman, taking into account his executive responsibilities for the Company and time commitments associated with his other roles. Notwithstanding recent executive changes, the directors consider that Mr Limb continues to be capable of discharging his role as Chairman but are cognisant of Recommendation 2.2 and will, with Mr Limb, continue to review his position and performance in that capacity in the context of prevailing circumstances and Company needs.

Dr Robert Danchin, who is an independent, non-executive director, is Deputy Chairman of the Company with special responsibility for corporate governance and related areas.

Recommendation 2.3:

The roles of chair and chief executive officer should not be exercised by the same individual.

MDL practice: For the majority of the reporting period, the Company's Chairman, Mr Nic Limb, and the Managing Director and Chief Executive Officer, Mr Rick Sharp, had separate roles and responsibilities which were outlined under Recommendation 1.1.

Following the Managing Director's departure on 15 December 2014, the remaining executive directors assumed the core functions and duties of the Managing Director and, consequently, the roles of the chair and chief executive officer are being exercised by the same individual. As announced in December, the Company has no immediate plans to appoint a Managing Director. While diverging from the ASX CGC's recommendations, the Board believes that the current structure is appropriate given the size and nature of the Company, current market conditions, and the strong independent oversight of the Board's non-executive directors. As part of the ongoing review, a succession plan aimed at facilitating the separation of these roles by 2016 will also be completed.

Recommendation 2.4:

The board should establish a nomination committee.

MDL practice: The Company established a nomination committee on 27 November 2012. The nomination committee functions on the basis of a formally adopted charter which is available on the Company's website. The committee met four times during the reporting period.

The nomination committee comprises three members. The current members are Dr Tom Whiting, Dr Robert Danchin and Mr Nic Limb. Dr Whiting, who is not the Chairman of the Board, is the Chairman of the nomination committee.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

MDL practice: The Board has adopted processes to measure its own performance and that of its committees and individual directors. The annual performance evaluation reviews the performance of the Board against its responsibilities and the performance of the committees against the terms of their respective charters. It also reviews the contribution of each member of the Board and each committee and considers changes that may be required to relevant charters, taking into account prevailing corporate governance practices and Company and business developments over the preceding year.

The review process involves the provision of formal questionnaires to individual Board and committee members as well as a skills matrix analysis. The Chairman also conducts confidential discussions with each director in relation to matters such as work programme, interaction with management and perceived strengths and weaknesses of the Board and its committees. Following review of the data collected, any significant performance related issues identified, or changes recommended, are referred to the Board for action. The annual performance evaluation provides an avenue for the Board to discuss the strategic direction of the Company and whether the structure and membership of the Board and its committees are facilitating the achievement of strategic goals.

Recommendation 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2.

MDL practice: The skills, experience and expertise relevant to the position of director held by each director in office during the reporting period are set out in the Company's annual report and on its website. The period of office held by the Company's directors is also disclosed in the Directors' Report of this Annual Report.

The Board is responsible for determining the composition of its members, with Board appointments being based on merit and informed by recommendations of the nomination committee. The Board Charter and the Nomination Committee Charter are available on the Company's website.

As stated above in relation to Recommendation 2.1, the directors considered independent by the Board are Dr David Isles, Dr Robert Danchin, Dr Tom Whiting, and Mr Sandy MacDonald (appointed to the Board on 21 February 2014). There are no relationships which may affect their independent status. There is a procedure agreed by the Board for directors to take independent professional advice at the expense of the Company.

The Chairman of the Company is not independent, and, as such, independent, non-executive director Dr Robert Danchin performs the role of Deputy Chairman with special responsibility for corporate governance and related areas.

The Board seeks to achieve a mix of skills, knowledge, expertise as well as operational and international experience in its directors. While the Board recognises the diverse range of backgrounds and qualifications in its current directors, it also recognises the current gender imbalance. The Board has adopted a Diversity Policy to address all areas of diversity throughout the Company and to promote equal opportunity. The Diversity Policy is set out in Recommendation 3.2 and is also available on the Company's website.

The Board is dedicated to ensuring that it is structured in such a way as to optimise short- and long-term strategic and business performance. While focussed on ensuring stability at Board-level in the near-term, the Directors – under the guidance of the nomination committee – are undertaking a review of the structure of the Board and Executive including the development of a succession plan that looks beyond the achievement of nameplate production at Grande Côte and the refurbishment and expansion of the Tyssedal facility and that reflects the Company's position as an integrated producer of high quality mineral sands feedstocks.

PRINCIPLE 3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Recommendation 3.1:

Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- **the practices necessary to maintain confidence in the Company's integrity;**
- **the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

MDL practice: The Board has responsibility for protecting, guiding and monitoring the business affairs of the Company in the interests and for the benefit of all stakeholders. It continues to be the policy of the Company for directors, senior executives and employees to observe high standards of conduct and ethical behaviour in all of the Company's activities. This includes dealings with shareholders, joint venture partners, government representatives, service providers, suppliers and the general communities in which it operates. The Board has formally adopted a Code of Conduct which sets out the principles and standards with which all Company officers and employees are expected to comply in the performance of their respective functions. The Code is available on the Company's website.

During the period, the Company's directors and employees completed compulsory in-house anti-bribery and corruption training.

A number of policies in the areas of anti-bribery & corruption, diversity, environment & sustainability, human rights & child protection, market disclosure & communications, risk oversight & management, and securities trading support the Company's Code of Conduct. These policies are also available on the Company's website.

Recommendation 3.2:

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

MDL practice: Formally adopted in 2011, MDL's Diversity Policy applies to all personnel engaged by MDL and under MDL's operational control. The policy is available on the Company's website. Every employee within the Company is responsible for supporting and maintaining MDL's corporate culture and integrity, including its commitment to diversity in the workplace.

The Company benefits by bringing together high quality people of different gender, age, ethnicity and cultural backgrounds who possess a diverse range of experiences and perspectives. Consequently, the Company aims to:

- recruit the right people from a diverse pool of high quality candidates;
- make more informed and innovative decisions, drawing on a wide range of ideas, experiences, approaches and perspectives that employees from diverse backgrounds and differing skill sets bring to their roles; and
- better represent the diversity of its stakeholders and the global community in which the Company operates.

Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

MDL practice: The Board has set the following measurable objectives for achieving gender diversity:

- At least one female candidate be considered when the board is next appointing a director.
- At least one female candidate be considered when the board is next appointing an executive.
- Aim to have a minimum of 20% of MDL's workforce female at all times.

Recommendation 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

MDL practice: As at 31 December 2014 MDL had the following workforce profile:

Name	Female	Female %	Male	Male %
Board of directors	0	0	6	100
Executive management (including executive directors)	1	25	3	75
Other	2	66	1	33
Total (excluding non-executive directors)	**3**	**43**	**4**	**57**

Recommendation 3.5:

Companies should provide the information indicated in the Guide to reporting on Principle 3.

MDL practice: The Code of Conduct, Diversity Policy and other policies promoting ethical and responsible decision making including Anti-Bribery & Corruption Policy, the Human Rights & Child Protection Policy, and the Environment & Sustainability Policy are available on the Company's website. All other information has been provided above.

PRINCIPLE 4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1:

The board should establish an audit committee.

MDL practice: The Board has an audit committee. The committee met twice during the reporting period. On 11 December 2014, the Board resolved to form a combined audit and risk committee, to ensure effective oversight of the Company's risks. The audit committee's structure, membership and charter will be reviewed and revised (where appropriate) in 2015 to reflect the Board's decision.

Recommendation 4.2:

The audit committee should be structured so that it:

- **consists only of non-executive directors;**
- **consists of a majority of independent directors;**
- **is chaired by an independent chair who is not chair of the board; and**
- **has at least three members.**

MDL practice: The audit committee comprises three members, all of whom are independent, non-executive directors of the Company. The current members are Dr David Isles, Dr Robert Danchin and Dr Tom Whiting. Dr Isles, who is not the Chairman of the Board, is the Chairman of the audit committee.

Recommendation 4.3:

The audit committee should have a formal charter.

MDL practice: The Board of MDL has adopted a formal charter for the audit committee. The charter is structured to separately address objectives, membership, authority, responsibilities and procedures.

The responsibilities of the audit committee include:

- ensuring the integrity of external financial reporting;
- ensuring that the directors are provided with financial and non-financial information that is of high quality and relevant to the judgments to be made by them;
- ensuring that controls are established and maintained in order to safeguard the Company's financial and physical resources;
- ensuring that systems or procedures are in place so that the Company complies with relevant statutory, regulatory and reporting requirements and achieves best practice including implementation of these principles and recommendations; and
- assessing financial risks arising from the Company's operations and consider the adequacy of measures taken to moderate those risks.

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4.

MDL practice: A copy of the charter of the audit committee is available on the Company's website. It includes information relating to the appointment and review of the external auditor.

PRINCIPLE 5. MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

MDL practice: The Board is responsible for monitoring compliance with ASX Listing Rules. The Company Secretary is responsible, under the ASX Listing Rules, for all communications with ASX. A disclosure committee that reports regularly to the Board operates to manage the Company's continuous disclosure obligations. For the majority of the reporting period, the Executive Chairman, Managing Director and Company Secretary were the committee's members. The Managing Director has recently been replaced on this committee by the interim Chief Financial Officer. The disclosure committee is guided by the Company's Market Disclosure & Communications Policy. The operation and performance of the disclosure committee is formally assessed by the Board on an annual basis.

Recommendation 5.2:

Companies should provide the information indicated in the Guide to reporting on Principle 5.

MDL practice: The Company's Market Disclosure & Communications Policy is available on the MDL website. The policy covers the obligations under the Listing Rules of ASX.

PRINCIPLE 6. RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

MDL practice: Directors recognise that shareholders are the ultimate owners of the Company and are entitled to receive timely and relevant high quality information about their investment. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of MDL shares.

The Company has adopted a Market Disclosure & Communications Policy which is available on the Company's website. This policy is designed to encourage effective communication through:

- clear and concise disclosures;
- the timely release of information;
- providing information updates to investors by email; and
- providing the last three years' of announcements to the ASX on the Company's website.

The Board encourages full participation of shareholders at general meetings to: ensure a high level of accountability, strengthen understanding of the Company's strategy and goals, and enable shareholder participation in decision-making.

Recommendation 6.2:

Companies should provide the information indicated in the Guide to reporting on Principle 6.

MDL practice: All information is provided in Recommendation 6.1 above.

PRINCIPLE 7. RECOGNISE AND MANAGE RISK

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

MDL practice: The Board is responsible for the oversight of the group's risk management and control framework. The audit committee assists the Board in fulfilling its responsibilities in this regard by reviewing the financial and reporting aspects of the framework. As mentioned under Principle 4, the Board has resolved to form a combined audit and risk committee in 2015 to ensure effective oversight of the Company's risks. The audit committee's structure, membership and charter will be reviewed and revised (where appropriate) to reflect the Board's decision.

The Board has implemented a policy framework designed to ensure that the group's risks are identified and that controls are adequate, in place and functioning effectively.

Arrangements put in place by the Board to monitor risk management include:

- regular reporting to the Board in respect of operations and the financial position of the group and weekly reporting of the financial position;
- reports by the Chairman of the audit committee to the Board at least twice a year;
- attendance of appropriate managers/personnel at Board meetings whenever required by the Board;
- commissioning of special reports on aspects of risk mitigation as considered necessary;
- review of the Company's risk matrix and register; and
- presentations to the Board by appropriate managers/personnel (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which have been or can be adopted to manage or mitigate the risk.

Political risk insurance

- Some key MDL assets, in particular Grande Côte 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 MDL 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.

Recommendation 7.2:

The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

MDL practice: During the reporting period, the Managing Director and Company Secretary of MDL were responsible to the Board for the global risk management and control framework. That responsibility included the identification of material business risks and the design and implementation of strategies and systems to manage and insure, where possible, the Company's material business risks, where appropriate in conjunction with the audit committee. Areas of significant business risk are highlighted in the strategic plan presented to the Board by the Managing Director and/or Executive Chairman each year. The Managing Director and Company Secretary are required to report to the Board annually as to whether the Company's material business risks are being managed effectively and did so during the reporting period. With the departure of the Managing Director in December, the current executive directors (Nic Limb and Martin Ackland) and the Company Secretary are now responsible to the Board for the global risk management and control framework.

Recommendation 7.3:

The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

MDL practice: During the reporting period, MDL's Managing Director and Chief Executive Officer reported in writing to the Board (through the audit committee) that:

- the declaration given in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control; and
- the Company's system of risk management and internal control is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4:

Provide information on reporting on Principle 7.

MDL practice: The Board has received the report from management under Recommendation 7.2 and assurance from the Chief Executive Officer under Recommendation 7.3. The Company's Risk Oversight & Management Policy is available on the Company's website.

PRINCIPLE 8. REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1:

The board should establish a remuneration committee.

MDL practice: The Company has a remuneration committee. The committee functions on the basis of a formally adopted charter which is available on the Company's website. The committee met three times during the reporting period.

Recommendation 8.2:

The remuneration committee should be structured so that it:

- **consists of a majority of independent directors**
- **is chaired by an independent chair**
- **has at least three members.**

MDL practice: The remuneration committee is comprised of three independent, non-executive directors. The current members of the committee are Dr David Isles, Dr Robert Danchin and Dr Tom Whiting. Dr Isles, who is not the Chairman of the Board, is the Chairman of the committee.

Recommendation 8.3:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Detailed commentary on the remuneration of directors (both executive and non-executive) and senior executives is set out in the Remuneration Report which forms part of the Company's Annual Report. The Annual Report is available on MDL's website. In summary the following remuneration policy applies:

Non–executive directors
Non-executive directors each receive a fixed fee for their services as directors and statutory superannuation (where applicable). In addition, non-executive directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred whilst engaged on Company business. Non-executive directors do not receive retirement benefits. No additional fees are paid for participation on any Board committees. The non-executive directors do not receive performance-based remuneration.

Executive directors and senior executives
The Company's remuneration structure for executives comprises both 'fixed' and 'variable' elements.

- The 'fixed' component includes base salary and superannuation. The Board conducts regular benchmarking of executive positions and takes into account recommendations of external remuneration consultants to ensure fixed remuneration for executives remains competitive with companies in similar industries and those of similar market capitalisation.
- The 'variable' component may comprise both a short term incentive (STI) and a long term incentive (LTI). Executives are eligible to participate. Any reward is tied to satisfaction of performance hurdles.

Recommendation 8.4:

Companies should provide the information indicated in the Guide to reporting on Principle 8.

MDL practice: The information required for Recommendation 8.4 is set out above in Recommendations 8.1, 8.2 and 8.3. The Remuneration Committee Charter is available on the Company's website. As mentioned, further details on the Company's remuneration policies, practices and outlook are provided in the Remuneration Report of this Annual Report.

MINERAL RESOURCES AND ORE RESERVES

The following Mineral Resource and Ore Reserve estimates are provided in relation to the Grande Côte mineral sands operation ('GCO') in Senegal, West Africa (100% basis). MDL owns 50% of TiZir Limited, which in turn owns 90% of GCO. The Mineral Resource and Ore Reserve estimates were prepared by AMC Consultants Pty Ltd ('AMC') on 11 February 2015. The 2015 Mineral Resource and Ore Reserve estimates provided below replace the previous estimates prepared in accordance with the 2004 edition of the JORC Code, and first disclosed in 2010 (reference: ASX release, 16 June 2010). The updated 2015 estimates include:

- extension of the resource model – Yodi deposit (north of the Central area) and Mboro Hotel deposit (south)
- updated mine design, dredge path and schedule
- exclusion of depleted material for mining from March 2014 to the end of December 2014
- reporting in accordance with the JORC Code 2012 edition[1]

The information below (along with supporting statements and Table 1 disclosures) was first released to the ASX on 19 February 2015 and is available on both the Company's and ASX website.

Mineral Resource Estimate

The updated Mineral Resource includes the 2010 Mineral Resource estimate (depleted for mining from March 2014 to December 2014) and two along strike deposit extensions, which have added to the Indicated Mineral Resource. The main Heavy Mineral ('HM') deposits identified to date are Diogo, Mboro, Mboro Hotel, Fass Boye, Lompoul and Yodi. Both the dunes and the underlying marine sands contain HMs, principally ilmenite with accessory zircon, rutile and leucoxene. Zircon and ilmenite are the main HMs of interest.

Based on the drilling undertaken, AMC has prepared a Mineral Resource estimate for the identified deposits which is set out below:

Mineral Resource Estimate

Resource Category	Tonnes Mt	In Situ HM Mt	HM %	Zircon %	Rutile %	Leucoxene %	Ilmenite %
Measured	1,620	24.2	1.5	10.7	2.5	3.2	74.5
Indicated	210	3.1	1.4	10.7	2.5	3.2	74.5
Measured & Indicated	1,840	27.3	1.5	10.7	2.5	3.2	74.5

Note:

1. Quantities and grades have been derived by accumulating the grades to 6 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 has been applied to the accumulated grades.
3. Tonnes have been rounded to the nearest 10,000,000 t. Totals may not sum due to rounding.
4. Grades have been rounded to one decimal place.
5. The mineral assemblage (zircon, ilmenite, 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 R L Webster, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of the AMC Consultants Pty Ltd. Mr Webster has been engaged as an external independent consultant and 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 R L Webster 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 have been partially explored within the Mining Concession and there is potential to identify additional deposits beyond the limits of present drilling.

Ore Reserve Estimate

The mine design, dredge path and schedule have been reviewed and altered to produce a longer mine life and includes previously excluded low-grade and Indicated material. The mine life now extends to 2043. Based on the 2015 depleted Mineral Resource and updated life-of-mine plan, the Ore Reserve estimate is as follows:

Classific-ation	Ore Tonnes Mt	HM Mt	HM %	Zircon %	Rutile %	Leucoxene %	Ilmenite %
Proved	1,210	18.3	1.5	10.7	2.5	3.2	74.5
Probable	320	3.4	1.1	10.7	2.5	3.2	74.5
Proved & Probable	1,530	21.7	1.4	10.7	2.5	3.2	74.5

Note:

1. The Ore Reserve estimate is based on Indicated and Measured Mineral Resource contained within the mine design and not defined by optimisation or application of a cut-off grade.
2. The Ore Reserve estimate is the part of the Mineral Resource contained within the dredge path design, it is inclusive of waste dilution and is based on the project's economics.
3. Ore tonnes have been rounded to the nearest 10,000,000 t.
4. Grades have been rounded to one decimal place.
5. The mineral assemblage (zircon, ilmenite, 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 Ore Reserve estimates is based on information compiled by Mr P Federici, a Competent Person who is a Member and Chartered Professional of The Australasian Institute of Mining and Metallurgy and a full-time employee of the AMC Consultants Pty Ltd. Mr Federici has been engaged as an external independent consultant and 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 P Federici consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

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.

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 year ended 31 December 2014 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
Martin Ackland
Robert Danchin
David Isles
Tom Whiting
Charles (Sandy) MacDonald (appointed 21 February 2014)
Rick Sharp (ceased 15 December 2014)

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:

Nicholas Limb (Executive Chairman) BSc (Hons) MAusIMM ASIA

Nic has been Chairman of MDL since 1994. 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 has discovered and subsequently developed the large Sabodala Gold Project in Senegal and progressed GCO to its current production ramp-up status. Nic is the chairman of TiZir Limited and serves as an MDL representative on the boards of TiZir and Grande Cote Operations SA. 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 at FAR Limited and World Titanium Resources Limited. Nic is a member of the nomination committee.

Period of office: 21 years.

Directorships of other listed companies since 1 January 2012:
FAR Limited (November 2011 to present)
World Titanium Resources Limited (October 2013 to present)

Martin Ackland (Executive Director) B App. Sc. (Prim Met) MAusIMM, MSME, FAICD

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. He brings to MDL a very strong background in project development, particularly in mineral sands, at a time when GCO is a primary focus of attention. His experience ranges from project development through to finance and capital raising. Martin has prime responsibility for the project implementation and engineering aspects of the Company's projects and serves as an MDL representative on the board of TiZir Limited and TiZir Titanium & Iron AS, where his technical understanding of the $FeTiO_2$ system is particularly relevant.

Period of office: 11.5 years.

No directorships of other listed companies held since 1 January 2012.

Robert Danchin (Non-Executive, Independent Director) 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 programme. Bobby is also Deputy Chairman of MDL with special responsibility for corporate governance and related areas. He is a member of the audit, remuneration and nomination committees.

Period of office: 8 years.

Directorships of other listed companies since 1 January 2012:
Cluff Gold plc (May 2004 to September 2012)
Cluff Natural Resources plc (August 2012 to present)
Predictive Discovery Limited (June 2010 to May 2013)

David Isles (Non-Executive, Independent Director) BSc (Hons) PhD SEG ASEG AIG

David is a geophysicist and recognised specialist in aeromagnetic interpretation. He has worked in operational exploration with BHP Minerals and in the area of exploration technology development with World Geoscience Corporation. Between 1995 and 2004 he held executive directorships with New Hampton Goldfields, Grenfell Resources and Gravity Capital Limited. From 2004 to 2014 David held a non-executive directorship with Australian listed exploration company Stellar Resources Limited. David consults widely in his area of expertise in aeromagnetics. He is Chair of the audit and remuneration committees.

Period of office: 12 years.

Directorships of other listed companies since 1 January 2012:
Stellar Resources Limited (April 2004 to May 2014)

Tom Whiting (Non-executive, Independent Director)
BSc (Hons) PhD MAppFin MASEG AICD

Tom has over 30 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 BHP Billiton from 2000 to 2004. In this role, Tom was responsible for BHP Billiton's global minerals exploration programme whilst based in Melbourne. His other roles included strategic overview of Brownfield's Exploration programmes 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 includes 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 Chair of the nomination committee and is also a member of the audit and remuneration committees.

Period of office: 3 years.

Directorships of other listed companies since 1 January 2012:
Exco Resources Limited (September 2011 to November 2012)
Predictive Discovery Limited (November 2010 to May 2013)
Stellar Resources Limited (February 2011 to present)

Charles (Sandy) MacDonald (Non-executive, Independent Director)
BSc (Hons) FAusIMM (appointed 21 February 2014)

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. 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, 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 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.

Period of office: 1 year.

No directorships of other listed companies held since 1 January 2012.

Rick Sharp (Managing Director) BEc (ceased 15 December 2014)

Rick was Managing Director of MDL from July 2011 to December 2014. He joined MDL in July 2009 in the position of Chief Financial Officer. His role at MDL was broad, covering strategy, business development (including M&A activities), capital raising initiatives and finance. Prior to joining MDL, Rick had a finance background which included more than 15 years in corporate advisory and investment banking, specialising in both M&A and equity capital market transactions, and six years in chartered accounting. Rick is a member of the Institute of Chartered Accountants in Australia and Financial Services Institute of Australasia (FINSIA), and has a Bachelor of Economics from Monash University. Rick served as an MDL representative on the board of TiZir Limited.

Period of office: 3.5 years.

No directorships of other listed companies held since 1 January 2012.

DIRECTORS' SHAREHOLDINGS

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

Name	No. of fully paid ordinary shares
Nic Limb	543,553
Martin Ackland	133,202
Robert Danchin	862
David Isles	43,755
Tom Whiting	50,000
Charles (Sandy) MacDonald	40,000

COMPANY SECRETARY

Michaela Evans BA(Hons) PhD GradDipACG

Michaela joined MDL in 2012 as Communications Manager – Corporate & Social Responsibility. She has over eight years of administrative and executive assistance experience with FAR Limited, an ASX listed oil and gas explorer, including shareholder management & communications, logistics and corporate information management. Over the years, Michaela has also been employed in a research capacity by Curtin University and The University of Western Australia.

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 the Company for the year ended 31 December 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 a 90% interest in the Grande Côte mineral sands operation in Senegal ('GCO'), and the TiZir Titanium & Iron ilmenite upgrading facility in Tyssedal, Norway ('TTI').

GCO, over an expected mine life of at least 25 years, is anticipated to produce on average approximately 85ktpa 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. GCO's ramp-up gained momentum throughout the reporting period, with first shipments of product occurring in late-August.

TTI 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 to ductile iron foundries as a valuable co-product. The facility currently produces approximately 200ktpa of titanium slag and 110ktpa of high purity pig iron.

Once GCO completes ramp-up and reaches nameplate capacity, TiZir will be producing approximately 7% of both global zircon and titanium feedstock supply.

Further information is included under Review of Operations.

OPERATING RESULTS

The underlying loss for the year ended 31 December 2014 was $18.5 million (2013 – underlying profit of $11.3 million) and included the Company's share of TiZir's underlying loss of $21.2 million (2013 – underlying profit of $14.2 million), other income of $3.2 million, administration expenses (including depreciation and amortisation) of $5.4 million and net foreign exchange gains of $4.9 million.

After recognition of the Company's share of a non-cash impairment charge of $49.9 million against TiZir's consolidated assets, a non-cash impairment charge of $1.8 million against the investment in World Titanium Resources Limited, and the Company's share of TiZir's amortisation of assets recognised on acquisition of $1.5 million (after tax), the Company reported a net loss after tax of $71.7 million (2013 – net loss after tax of $16.6 million).

TiZir Limited Impairment Review

Impairment reviews were undertaken as at 30 June 2014 and 31 December 2014 in relation to TiZir's two cash-generating units ('CGUs'), TTI and GCO. 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. While no impairment was recognised at 30 June 2014, due to the residual impact of softening mineral sands market conditions, an impairment loss of $110.8 million (100% basis) was attributed to GCO at 31 December 2014. No impairment was recognised for TTI. GCO's impairment loss is primarily related to the assets of GCO that were recognised as part of the purchase price allocation performed when TiZir was established in 2011.

During 2012, pursuant to accounting standard requirements, a purchase price allocation was undertaken in relation to the fair value of assets and liabilities TiZir acquired on its establishment (effective 1 October 2011). As part of the allocation, mining rights of $109.3 million were recognised within the consolidated balance sheet of TiZir and represents the excess of the fair value of equity consideration paid by TiZir over the fair value of GCO assets and liabilities contributed by the Company. The value assigned to the mining rights did not represent a cash expenditure of the Company prior to the establishment of TiZir. The impairment loss outlined above has been applied to the entire balance of mining rights at 31 December 2014 and represents a non-cash loss on a non-cash asset.

Key assumptions and sensitivity analysis

The recoverable amount is particularly sensitive to certain key assumptions, being life of mine, discount rate (11.5% 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 in 2014 to define the optimal dredge mining path. Further deterioration of these assumptions in isolation may result in additional impairment.

Grande Côte Operations – Cessation of Capitalisation

All expenditure incurred during the construction, pre-operations and commissioning phases of GCO have been capitalised in accordance with the Company's accounting policy.

Under AASB 116, there are a number of costs that can be included as part of the initial cost of property, plant and equipment:

- Costs incurred while an item capable of operating in the manner intended by management has yet to be brought into use or operated at less than capacity;
- Initial operating losses, such as those incurred while demand for the item's output builds up; and
- Costs of relocating or reorganising part or all of an entity's operations.

In accordance with this standard, TiZir board and management set the following key performance indicators that provided an indication as to when the asset was operating in a manner intended by management:

- Dredge throughput feed of 4,000 tonnes per hour;
- Wet Concentrator Plant ('WCP') throughput feed of 3,500 tonnes per hour;
- Dredge utilisation over 70%;
- WCP utilisation over 70%;
- Wet Mill of the Mineral Separation Plant ('MSP') operating at design feed rates;
- Ilmenite plant operating at design feed rates; and
- Production of primary finished goods – ilmenite and zircon – ready for sale.

During July 2014, a majority of the above key performance indicators were met and reported to TiZir board and management. As such, capitalisation of expenses ceased on 1 July 2014 and any costs incurred after this date have been recognised in the income statement. Further, from an accounting perspective, all capitalised costs incurred during the different phases of development at GCO were deemed to be commissioned and therefore amortisation and depreciation of these costs commenced at the same date.

FINANCIAL POSITION

The Statement of Financial Position at 31 December 2014 comprises net assets of $326.4 million (31 December 2013: $401.6 million), made up of:

- the 50% equity interest in TiZir carried at $255.7 million (31 December 2013: $339.1 million);
- cash of $25.3 million (31 December 2013: $32 million);
- an interest bearing, subordinate loan (including accrued interest) to TiZir of $41.9 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 an asset of $0.4 million (31 December 2013: net asset of $0.5 million).

The Company had no external borrowings as at 31 December 2014.

CASH FLOW

Cash balances reduced by $6.7 million during the year ended 31 December 2014 as a result of:

- the receipt of net proceeds of $12.5 million from an issue of shares (being Tranche 2 of a two tranche issue).
- the receipt of net proceeds of $20.0 million relating to the disposal of the Company's shareholding in Teranga Gold Corporation;
- payment of $35.0 million as a subordinated loan to TiZir;
- other net cash outflows of $3.7 million; and
- impact of exchange rates on cash holdings of negative $0.5 million.

REVIEW OF OPERATIONS

Grande Côte Mineral Sands Operation, Senegal

Production

GCO's ramp-up gained momentum throughout the reporting period, with dredging operations commencing in March and processing operations shortly thereafter in June.

Despite some normal commissioning issues in relation to mechanical seals and impellors (both of which have been resolved), ramp-up continues on schedule to achieve nameplate capacity by the third quarter of 2015.

The dredge operated at an average of 51% of capacity throughout the last quarter of 2014, including a December result which represented the best month to date for ore mined.

The ramp-up of the MSP also continues to go well. The Wet Plant and the Ilmenite Circuit of the Dry Plant continue to operate at design feed rates. The Primary Zircon Circuit of the Dry Plant has also been producing premium zircon since start-up in October. GCO achieved its best result to date in December for ilmenite and premium zircon production. The production of ilmenite and zircon has been increasing month-to-month and will continue to increase with the ramp-up of mining and associated increase in heavy mineral concentrate feedstock supply.

Sales

Processing operations commenced in June and after a build of inventory during the following months, GCO's first shipment of approximately 5,000 tonnes of chloride ilmenite left the port of Dakar on 28 August.

Shortly thereafter, approximately 22,000 tonnes of sulphate ilmenite and 1,200 tonnes of containerised zircon were shipped.

In October, GCO completed its first shipment of ilmenite to TTI marking the realisation of a key element of the strategic rationale of integrating GCO and TTI within TiZir.

During the fourth quarter, GCO also completed its first shipments of premium zircon, with feedback from customers indicating that these quality products were meeting or exceeding expectations.

On a revenue basis, shipments to China, Norway and the USA accounted for approximately 58% of total revenue. The remaining shipments primarily relate to customers located in Europe and South America. No one customer accounted for more than 20% of revenue during 2014.

The following table summarises quarterly sales and production volumes for the year ended 31 December 2014:

100% basis		2Q 2014	3Q 2014	4Q 2014	CY 2014
Mining					
Ore mined	(kt)	2,609	4,717	6,776	14,102
Heavy mineral concentrate produced	(t)	37,240	57,526	89,333	184,099
MSP production					
Ilmenite	(t)	11,463	47,702	41,425	100,590
Zircon	(t)	-	3,762	5,278	9,040
Rutile & Leucoxene	(t)	-	190	473	663
Sales volume					
Ilmenite	(t)	-	28,074	46,850	74,924
Zircon	(t)	-	1,205	5,848	7,053
Rutile	(t)	-	-	162	162

TiZir Titanium & Iron Ilmenite Upgrading Facility, Norway

Production

Production at TTI was largely in line with expectations for 2014.

Titanium slag volumes were three per cent lower in 2014 compared to 2013, primarily due to shutdown maintenance on the pre-reduction rotary kiln in March 2014.

High purity pig iron volumes were also lower in 2014 compared to 2013, consistent with the reduction in slag volumes experienced during the shutdown maintenance as outlined above.

Some Grande Côte ilmenite is now being used in the feed at TTI.

Sales

Sales volumes at TTI were consistent with expectations during 2014. Titanium slag volumes were 11% lower in 2014 compared to 2013. This reduction is primarily due to lower production volumes, timing of shipments in the 2012 and 2013 years and a concerted effort to build up inventory levels towards the end of the year in preparation for the furnace refurbishment and capacity expansion in the third quarter of 2015.

Average pricing for titanium slag decreased in the first and second quarters of 2014 before stabilising throughout the second half of the year.

High purity pig iron volumes were eight per cent lower in 2014 as a result of lower titanium slag production and timing of shipments in the 2012 and 2013 years.

Average pricing for high purity pig iron remained consistent throughout the year, with no significant movements on a quarterly basis.

The following table summarises quarterly sales and production volumes for the year ended 31 December 2014:

100% basis		1Q 2014	2Q 2014	3Q 2014	4Q 2014	CY 2014	CY 2013
Titanium Slag							
Produced	(kt)	42.0	48.4	45.8	47.5	183.7	190.3
Sold	(kt)	38.4	48.1	43.9	47.8	178.2	197.1
High Purity Pig Iron							
Produced	(kt)	23.5	27.4	25.7	26.4	103.0	106.9
Sold	(kt)	29.9	28.3	27.0	20.5	105.7	114.5

Sustainability

Through its Joint Venture interests 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. 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.

In 2014, TiZir implemented a range of Board Committees, charters and policies that have strengthened MDL's ability to oversee the joint venture's governance and sustainability performance.

Further details are available in the Sustainability Report section of this Annual Report.

Health & safety

The safety of all MDL's employees, business partners and the communities in which it operates forms an integral part of the way in which the Company 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 programmes that comply with international safety management standards using a system and behavioural-based approach to safety and training.

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

Environment & social

MDL strives to achieve or better world's best practice in regard to the management of the impact it has on the environment in which it operates. 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, Human Rights & Child Protection Policy and Environment & 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 on a programmed basis at MDL's former mining sites in New South Wales. No adverse situations have been reported and work continues on schedule as expected.

Risk & 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 as well as being integrated into risk management practices.

There are a number of risks, both specific to MDL and the entities within TiZir, and of a general nature, 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 and the disclaimer that accompanies this Annual Report.

Key risks

- Commodity prices and global demand for TiZir's products are expected to remain uncertain
- Fluctuations in exchange rates
- Political, legal and fiscal changes in the places where MDL and TiZir operate
- Changes, limitations, withdrawal and/or challenge to MDL and TiZir's mining rights and title interests

- Restrictions on repatriation of earnings
- Adverse changes to emissions regulations and pricing
- Health, safety, environment and/or community incidents impacting MDL and TiZir's operations and/or reputation
- Inability to obtain/retain financing on acceptable terms or a contravention of financing covenants
- Inability/incapacity to effectively compete for future business opportunities
- Current expectations of future cash flows and available funding may not be realised, inhibiting planned expenditure and growth
- Cost inflation adversely impacting capital, operating costs and project expansion viability
- Uncertainty of resource, reserve and production estimates adversely impacting the profitability of mining and/or processing
- Loss of key personnel
- General operational risks, including (but not limited to): natural disasters and events; capital equipment breakdowns; limitations or interruptions to transportation/port infrastructure, power generation and water supplies; breakdown/cyberattacks of information technology infrastructure and process control systems; a major smelter incident; labour disputes; and supply chain failure
- Delays or difficulties with the production ramp-up of GCO
- Inadequate insurance cover
- Unanticipated or higher than expected rehabilitation, closure and reclamation costs

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 MDL 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

New appointments

On 21 February 2014, MDL announced the appointment of Mr Charles (Sandy) MacDonald as an independent, non-executive director. Sandy brings to the Company extensive technical and project management experience in the minerals industry and, in particular, a strong background in plant optimisation. Mr MacDonald's qualifications are outlined above. Sandy's appointment strengthened the non-executive component of the Board, creating a majority of non-executive directors.

Director redundancy

Following an assessment of the core competencies of the current executives, market conditions and the circumstances of the Company, the Board resolved to make the position of Managing Director redundant. Consequently, on 15 December 2014, Rick Sharp ceased to be Managing Director of the Company. The remaining executive directors assumed the core functions and duties of the Managing Director role and continue to perform their oversight responsibility of the Company's principal asset (50% equity interest in TiZir). As announced in December, the Company has no immediate plans to appoint a Managing Director.

Disposal of Teranga shareholding

On 15 January 2014, the Company disposed of its shareholding in Teranga Gold Corporation for net proceeds of US$20.0 million.

Share placement

On 28 January 2014, shareholders approved the issue of shares comprising Tranche 2 of a share placement undertaken in December 2013. As such, 7,500,000 shares were issued on 5 February 2014 at A$2.00 per share for gross proceeds of A$15 million.

Vesting and exercise of performance rights

On 31 August 2014, 137,555 performance rights issued to executive directors of the Company vested and were ultimately exercised on the same date resulting in the issue of 137,555 MDL shares. The remaining 112,445 performance rights lapsed due to non-satisfaction of performance hurdles.

SUBSEQUENT EVENTS

There are no further matters or circumstances occurring subsequent to the end of the financial year that have 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.

OUTLOOK

GCO Ramp-up

Operations at Grande Côte will continue to ramp-up during 2015 with an expectation that full operating capacity will be reached in the third quarter of 2015.

TTI Ilmenite Upgrading Facility – Furnace Refurbishment and Capacity Expansion

During the third quarter of 2015, the electric furnace at TTI is scheduled to be relined and the existing roof will be upgraded with a water-cooled copper-ceramic roof. The upgrade will increase smelting capacity by approximately 15% and lengthen periods between scheduled shutdowns. A number of health & safety and environmental improvements will also be included. The reline is part of the normal maintenance of the furnace, as the furnace lining is subject to extreme temperatures during the smelting process and therefore its integrity deteriorates over time. The current lining has lasted ten years and produced over 1,900,000 tonnes of titanium slag.

The cost of the furnace expansion will be approximately $70 - $80 million and the plant will be shut down for three months whilst this maintenance is performed.

Strategic Flexibility

The refurbishment and capacity expansion of the furnace is a key part in the strategic vision for TiZir and represents another major step in the evolution of the joint venture. The project will create the flexibility to produce both chloride and sulphate titanium slag within the same furnace, providing the ability to alternate between products as dictated by supply and demand dynamics within the market. Also, the production of chloride titanium slag will be completely supplied by ilmenite produced by GCO, which will both secure supply of ilmenite from within the group and reduce the exposure of the Company from any reliance on third party sales of ilmenite.

Thus, when the relining of the furnace is completed, TiZir will have the ability to supply a range of titanium feedstock to customers and the flexibility to produce different feedstocks depending on market demand.

FUTURE DEVELOPMENTS

Over 2015, the Company, through its interest in TiZir, intends to complete ramp-up of GCO and the furnace refurbishment and capacity expansion at the TTI ilmenite upgrading facility. Finalisation of these projects will largely complete the near-term strategy of combining GCO and TTI in a single joint venture.

MDL will continue to seek and assess further opportunities to add value for shareholders.

CHANGE IN STATE OF AFFAIRS

Other than as stated above, there was no significant change in the state of affairs of the consolidated entity during the financial period.

ENVIRONMENTAL REGULATIONS

The Company's previous Hawks Nest operations remain subject to significant 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 raft of approvals and licences granted until such date(s) as its mining leases are relinquished.

During the year ended 31 December 2014, there were no instances of non-compliance by the Company in relation to licences and approvals.

DIVIDENDS

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

OPTIONS AND PERFORMANCE RIGHTS

At the date of this report, there were no outstanding options or performance rights over ordinary shares.

On 31 August 2014, the following performance rights over ordinary shares were exercised following the satisfaction of specific performance hurdles as follows:

Unlisted Security	Grant date	Expiry date	Exercise price (A$)	No. exercised	No. lapsed
Performance Rights	31 August 2011	31 August 2016	-	137,555	112,445

The remaining 112,445 performance rights lapsed due to non-satisfaction of performance hurdles.

Further details of options and performance rights are contained in Note 29 to the financial statements.

No person entitled to exercise an option or performance right had or has any rights by virtue of the option or performance right to participate in any share issue of any other body corporate.

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 2014, there were 10 directors meetings, 3 remuneration committee meetings, 2 audit committee meetings, and 4 nomination committee meetings. Eligibility and attendances were as follows:

Name	Eligible	Attended
Nic Limb	9	9
Rick Sharp	9	9
Martin Ackland	10	10
Robert Danchin	10	10
David Isles	10	10
Charles (Sandy) MacDonald	8	8
Tom Whiting	10	10

Included in the directors' meetings above 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.

	Remuneration Committee		Audit Committee		Nomination Committee	
Name	Eligible	Attended	Eligible	Attended	Eligible	Attended
David Isles	3	3	2	2		
Robert Danchin	3	3	2	2	4	4
Nic Limb					4	4
Tom Whiting	3	3	2	2	4	4

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 30 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 30 to the financial statements do not compromise the external auditor's independence, based on advice received from the audit committee, 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 35 of the financial report.

ROUNDING OFF OF ACCOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise stated.

REMUNERATION REPORT

This Remuneration Report forms part of the Directors' Report for the year ended 31 December 2014 and outlines the remuneration arrangements for the Company's directors and senior managers who have the authority and responsibility for planning, directing and controlling the activities of MDL ('Key Management Personnel', hereafter referred to as 'KMP').

1. Directors and Senior Management Details

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

Non-Executive Directors

Robert Danchin	(Deputy Chairman)
David Isles	
Tom Whiting	
Charles (Sandy) MacDonald	(appointed 21 February 2014)

Executive Directors

Nicholas Limb	Executive Chairman
Rick Sharp	Managing Director (ceased 15 December 2014)
Martin Ackland	Executive Director

Other Key Management Personnel

Michaela Evans	Company Secretary
Greg Bell	Interim Chief Financial Officer (appointed 15 December 2014)

2. Reporting in United States Dollars

In this report, the remuneration and benefits have been presented in United States Dollars, unless otherwise stated. This is consistent with the Consolidated Financial Report of the Company. Remuneration is usually paid in Australian Dollars and, for reporting purposes, converted to United States Dollars based on the average exchange rate for the payment period. Share and option prices throughout this Remuneration Report are in Australian Dollars where noted.

3. Remuneration Committee

The role of the Remuneration Committee is to assist the Board in determining and implementing appropriate remuneration policies and structures. Duties of the Remuneration Committee are outlined in the Charter of the Remuneration Committee, available on the MDL website. The key purpose and responsibilities of the Committee are to:

- determine and review the overall philosophy, strategy, plans, policies and practices for the recruitment, remuneration and retention of executives;
- 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 as regards the proposed remuneration package of the Managing Director/CEO and other KMP based on their evaluation;
- consider the adoption of appropriate incentive/bonus plans and review adopted plans on a regular basis to ensure they comply with legislation and regulatory requirements, reflect industry standards and are effective in achieving Company objectives; and
- approve the participants and total level of award under any employee short-term and long-term incentive plans.

From 1 July 2011, the Corporations Amendment (Improving Accountability on Director and Executive Remuneration Act) 2011 took effect and requires, amongst other things, that all contracts entered into with remuneration consultants, and reporting of any subsequent recommendations, are made directly to the Remuneration Committee. The Remuneration Committee Charter has been updated to ensure compliance with the legislation.

4. Remuneration Policy

The Board's remuneration policy is to set remuneration for KMP and other employees at a level that is competitive in the market in order to attract, retain and motivate key individuals and remunerate fairly and responsibly and to ensure that remuneration practices are aligned to the Company's strategic and business objectives and the creation of shareholder value.

Given that MDL has a small corporate team totalling seven employees, the Remuneration Committee has direct oversight of the performance of all Company employees (not just those at executive level).

4.1. Non-executive directors

The Company's Remuneration Policy for non-executive directors considers the following factors when determining levels of remuneration:

- the size and activities of the Company;
- the location and jurisdictions in which the Company operates;
- the responsibilities and work commitment requirements of the board members; and
- the level of fees paid to non-executive directors relative to comparable companies.

Fees paid to non-executive directors are determined by the Board and are subject to an aggregate limit of A$750,000 per annum in accordance with the Company's constitution and as approved by shareholders at the Annual General Meeting held in May 2013.

Non-executive directors each receive a fixed fee for their services as directors and statutory superannuation (where applicable). In addition, non-executive directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred whilst engaged on Company business. No additional fees are paid for participation on any Board committees. Non-executive directors do not receive retirement benefits. No non-executive directors participated in any incentive plans during the year ended 31 December 2014. Non-executive directors are not eligible to participate in any future issues arising from Company incentive plans.

4.2. Executives

The Company's Remuneration Policy for executives 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 and business objectives; and
- comply with applicable legal requirements and appropriate governance standards.

The remuneration committee advises the Board on remuneration for executives.

The Company's remuneration structure for executives comprises both 'fixed' and 'variable' components:

- The 'fixed' component includes base salary and superannuation. The Board conducts regular benchmarking of executive positions and takes into account recommendations of external remuneration consultants (when received) to ensure fixed remuneration for executives remains competitive with companies in similar industries and those of similar market capitalisation.
- The 'variable' component may comprise both a short term incentive (STI) and a long term incentive (LTI).

In June 2011, the Remuneration Committee engaged KPMG to provide advice on variable remuneration structures, including STIs and LTIs. The Board recognised the importance of including a variable remuneration component in an executive's remuneration package that is only paid on the achievement of key objectives that the Board considers will deliver increased shareholder value.

The STI comprises cash remuneration and is determined by the Board having regard to the relevant area of responsibility for that executive and to such factors as execution of strategic, financial, operational, health & safety and environmental objectives. The Board holds the view that STIs should only be paid in the event of exceptional performance and maintains overall discretion as to the amount of award (if any) and those executives to whom a STI will be granted. This discretionary capacity allows the Board to adjust STI outcomes to properly reflect performance and to ensure alignment of awards of variable remuneration with group strategy and long term shareholder value.

The LTI comprises equity remuneration which is tied to satisfaction of performance hurdles. In August 2011, an issue of Performance Rights (being a right to receive fully paid shares in the Company for nil consideration) was granted to certain executives subject to specified performance hurdles being satisfied over a three year vesting period. These Performance Rights vested in August 2014. Details are provided in section 8 of this Remuneration Report.

4.3. Remuneration Outlook

While a number of the key milestones in the TiZir joint venture strategy were realised in 2014, the Board has determined that in light of current market conditions, prior-period variable remuneration, and the Company's share price performance during the period, no variable remuneration will be paid to KMP in relation to 2014 achievements.

No remuneration increases are proposed for KMP (including non-executive directors, executive directors and existing senior executives) for 2015.

The Company's STI and LTI plans are currently under review to ensure future schemes are appropriately benchmarked against industry best practice and are aligned with the Company's strategy and succession plans.

5. MDL Five Year Performance

The Five Year Performance measures of MDL are set out in Table 1 below.

Table 1: Five Year Performance

		12 months ended 31 Dec 2014	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012	6 months ended 31 Dec 2011	12 months ended 30 June 2011
Revenue from discontinued operations	US$'000	-	-	-	-	77,699
Revenue from continuing operations	US$'000	3,238	2,301	2,091	2,382	-
Total revenue from discontinued and continuing operations	US$'000	3,238	2,301	2,091	2,382	77,699
Net profit/(loss) after tax	US$'000	(71,732)	(16,626)	16,221	70,417	254,447
Gold produced	Ounces	-	-	-	-	56,302
Gold sold	Ounces	-	-	-	-	61,661
Basic EPS from continuing and discontinued operations	US cents	(69.7)	(19.8)	19.4	85.0	423.5
Share price at end of year/period	A$	0.745	2.80	3.85	5.08	5.68

6. Remuneration of Directors and Key Executives

6.1. Non-executive Director Remuneration

As disclosed, non-executive directors of the Company are not eligible to participate in incentive plans nor do they receive retirement benefits. Non-executive directors are also not provided additional remuneration for participation on committees of the Board.

Dr Danchin is remunerated at a higher rate than the other non-executive directors in recognition of his role and responsibilities as Deputy Chair. His annual remuneration of A$100,000 has remained unchanged since 2008. All of the other non-executive directors are remunerated at the same rate (being A$75,000 per annum), which has remained unchanged for David Isles since 2011 and for Tom Whiting since his appointment in January 2012.

Total fees paid to non-executive directors during the year amounted to A$325,000.

No increase of non-executive director remuneration is proposed for 2015.

6.2. Executive Director Remuneration

The fixed component of remuneration of the Company's executive directors has remained unchanged since July 2011, being A$560,000 for Nic Limb, A$550,000 for Rick Sharp and A$378,400 for Martin Ackland, and will remain unchanged for Mr Limb and Mr Ackland in 2015.

The variable component of remuneration of the Company's executive directors since July 2011 has comprised:

- an issue of Performance Rights per executive director, approved by shareholders, in August 2011: The 2011 Performance Rights were awarded as an incentive to grow shareholder value and meet key GCO project targets. At the vesting date, two of the three key performance hurdles were not fully met and therefore only a portion of the performance rights vested (thereby being eligible for exercise). Further details are provided in section 8 of this Remuneration Report; and
- a cash bonus in March 2013 of A$250,000 per executive director:

  Cash bonuses were paid to each executive director in recognition of achievements in 2012 most notably being: securing a US$150 million bond for TiZir (a required component of the funding package for GCO); leadership and technical guidance in relation to the development of GCO; and technical and cost saving initiatives in relation to the TTI ilmenite upgrading facility.

As stated earlier, while a number of the key milestones in the TiZir joint venture strategy were realised in 2014, the Board has determined that in light of current market conditions, prior-period variable remuneration (as outlined above), and the Company's share price performance during the period, no variable remuneration will be paid in relation to 2014 achievements. No remuneration increases are proposed for executive directors for 2015.

6.3. Cash bonuses paid in the 2014 year

No cash bonuses were paid to KMP in 2014. No cash bonuses will be paid in 2015 to KMP in relation to 2014 performance.

6.4. Key Management Personnel Remuneration

The remuneration of KMP during the year ended 31 December 2014 was as follows:

Table 2: Key Management Personnel Remuneration

	Short term benefits				Post-employment benefits	Equity settled share based payments[i]	Total	Performance related
	Salary and fees US$	Non-cash benefits US$	Cash bonus US$	Redundancy US$	Superannuation contributions US$	Performance rights US$	US$	%
Directors								
Year ended 31 December 2014								
Executive Directors								
Nic Limb	478,479	-	-	-	27,084	61,895	567,458	11
Rick Sharp[ii]	460,550	8,901	-	511,355	35,562	61,895	1,078,263	6
Martin Ackland	317,040	-	-	-	24,576	30,948	372,564	8
Non-Executive Directors								
Robert Danchin	54,167	-	-	-	36,112	-	90,279	-
David Isles	37,465	-	-	-	30,245	-	67,709	-
Charles (Sandy) MacDonald[iii]	52,867	-	-	-	4,968	-	57,835	-
Tom Whiting	53,780	-	-	-	13,929	-	67,709	-
	1,454,348	**8,901**	**-**	**511,355**	**172,476**	**154,738**	**2,301,818**	**-**
Year ended 31 December 2013								
Executive Directors								
Nic Limb	509,163	9,092	242,175	-	24,217	99,803	884,450	39
Rick Sharp	499,834	8,734	242,175	-	24,217	99,803	874,763	39
Martin Ackland	347,644	-	242,175	-	18,912	49,902	658,633	44
Non-Executive Directors								
Robert Danchin	74,106	-	-	-	22,764	-	96,870	-
David Isles	53,278	-	-	-	19,374	-	72,652	-
James (Murray) Grant[iv]	21,223	-	-	-	-	-	21,223	-
Tom Whiting	66,577	-	-	-	6,075	-	72,652	-
	1,571,825	**17,826**	**726,525**	**-**	**115,559**	**249,508**	**2,681,243**	**-**
Key Executives								
Year ended 31 December 2014								
Michaela Evans	163,727	-	-	-	16,831	-	180,558	-
Greg Bell[v]	5,496	-	-	-	522	-	6,018	-
	169,223	**-**	**-**	**-**	**17,353**	**-**	**186,576**	**-**
Year ended 31 December 2013								
Michaela Evans[vi]	119,794	-	-	-	10,981	-	130,775	-
Kathryn Davies[vi]	47,838	1,913	-	-	3,989	-	53,740	-
	167,632	**1,913**	**-**	**-**	**14,970**	**-**	**184,515**	**-**

(i) The figures provided in 'Equity Settled Share Based Payments' in Table 2 were not actually provided in cash to the KMP during the financial period. These amounts are calculated in accordance with accounting standards and are the amortised accounting fair values of performance rights that have been granted to KMP in this or in 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. The 'Total Remuneration' 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.

Of the 250,000 performance rights issued in 2011, performance hurdles were satisfied for 137,555 rights and, following exercise by each of the executive director, the rights were issued as MDL securities on 31 August 2014. The remainder, being 112,445 rights, lapsed due to non-satisfaction of performance hurdles. Further details are provided in section 8 of the remuneration report.

(ii) Following an assessment of the core competencies of the current executives, market conditions and the circumstances of the Company, the Board resolved to make the position of Managing Director redundant. Consequently, on 15 December 2014, Rick Sharp ceased to be Managing Director of the Company. He received payment in lieu of notice (12 months) in accordance with the terms of his Executive Employment Agreement, plus annual leave, and superannuation entitlements in accordance with the law. At the time of his cessation, no entitlements were held under long or short term incentive plans.

(iii) Charles (Sandy) MacDonald was appointed as a director of the Company on 21 February 2014. Sandy did not receive a payment as part of his consideration for agreeing to hold the position.

(iv) James (Murray) Grant retired as a director of the Company on 1 May 2013.

(v) Greg Bell was appointed interim Chief Financial Officer on 15 December 2014. Greg did not receive a payment as part of his consideration for agreeing to hold the position.

(vi) Kathryn Davies resigned as Company Secretary on 22 March 2013. Michaela Evans was appointed to the position of Company Secretary on the same date.

7. Share Options Exercised or Forfeited by KMP During the Period

No share options were issued to KMP during the year ended 31 December 2014. No share options have been exercised or forfeited by KMP during the year.

8. Performance Rights Exercised or Forfeited by KMP During the Period

The Performance Rights granted to the Company's three executive directors in 2011 entitled the holder to receive one fully paid share of the Company for nil consideration and were subject to certain vesting conditions and performance hurdles being satisfied, which are detailed below. Shareholder approval to issue the Performance Rights was obtained at the Company's Annual General Meeting on 18 November 2011.

Of the 250,000 performance rights issued in 2011, 137,555 vested as a result of satisfaction of performance hurdles and, following exercise by each of the executives, were issued as MDL securities on 31 August 2014. The remainder, being 112,445 rights, lapsed due to non-satisfaction of performance hurdles.

The breakdown of vesting by performance condition is outlined below:

- 83,333 performance rights issued to executive directors vested as a result of satisfaction of the performance hurdle in relation to continued employment until 31 August 2014.
- 54,222 performance rights vested as a result of the Total Shareholder Return ('TSR') of MDL outperforming 57.5% of a comparator group of S&P/ASX Resources 300 (excluding S&P/ASX Resources 100 companies) from 31 August 2011 to 31 August 2014. Of the comparator group (which comprised 73 companies), only seven companies had a positive total return, whilst 55 companies had a negative total return of more than 50%.
- No performance rights vested in relation to GCO achieving commercial sales of product prior to 1 July 2014.

Table 3 outlines the number of performance rights held directly, indirectly or beneficially by all KMP during the year ended 31 December 2014.

Table 3: Performance Rights Holdings of Key Management Personnel

	Balance as at 1 Jan 2014[i]	Performance rights granted	Performance rights exercised	Performance rights lapsed[ii]	Balance as at 31 Dec 2014[i]	Total vested & exercisable at 31 Dec 2014[i]	Fair value at grant date A$
Directors							
Nic Limb	100,000	-	(55,022)	(44,978)	-	-	309,084
Rick Sharp	100,000	-	(55,022)	(44,978)	-	-	309,084
Martin Ackland	50,000	-	(27,511)	(22,489)	-	-	154,543
Total	**250,000**	**-**	**(137,555)**	**(112,445)**	**-**	**-**	**772,711**

(i) Vesting conditions and performance hurdles were as follows:

The performance hurdles for these grants took into consideration the Company's size, activities, growth prospects, project locations and stage of development of its projects. The hurdles for the Performance Rights issued in August 2011 were an equal mix of continued employment, an external hurdle and an internal hurdle being:

- Continued employment hurdle – means the executive must remain employed by MDL in order to receive the reward thereby ensuring that executives commit to MDL for the long term.
- External hurdle – a calculation of the relative Total Shareholder Return ('TSR') of MDL measured against a comparator group whereby the relative TSR hurdle vests:
  - 50% where the TSR performance is better than 50% of the comparator group
  - 100% where the TSR performance is better than 75% of the comparator group
  - linear vesting from 50% to 100% where the TSR performance is between 50% and 75% of the comparator group

  The comparator group will be the S&P/ASX Resources 300 Index less those companies which are also in the S&P/ASX Resources 100 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.
- Internal hurdle – GCO achieving commercial sales of product prior to 1 July 2014.

The Performance Rights were issued with an expiry date of 31 August 2016 and the following timing conditions that determined the earliest vesting period:

- 31 August 2014, being three years from date of grant;
- upon a change of control of the Company whereby if the change of control occurs:
  - during the first year of the vesting period, 50% vest;
  - during the second year of the vesting period, 75% vest; and
  - during the third year of the vesting period, 100% vest;
- termination of employment of the relevant director without cause by the Company (a proportion will vest); and
- employment of the relevant director ceases under 'good leaver' provisions (a proportion will vest).

(ii) A portion of performance rights issued on 31 August 2011 did not vest during the period as a result of certain conditions and performance hurdles not being satisfied.

Table 4 reconciles the fair value of performance rights at grant date and the value of shares issued upon exercise of performance rights on 31 August 2014:

Table 4: Fair value of performance rights exercised and lapsed

	Fair value at grant date 31 Aug 2011[i]	Fair value at exercise date 31 Aug 2014[ii]	Fair value of performance rights lapsed 31 Aug 2014[iii]
Nic Limb	309,084	84,734	69,266
Rick Sharp	309,084	84,734	69,266
Martin Ackland	154,543	42,367	34,633
Total	**772,711**	**211,385**	**173,165**

(i) The value of the performance rights at grant date represents the fair value of performance rights issued to directors on 31 August 2011. The fair value was measured in accordance with Accounting Standards, using a generally accepted valuation model at the date of grant and has subsequently been amortised over the vesting period, 31 August 2011 – 31 August 2014.

(ii) The value at exercise date has been determined by the Company's share price at the close of business on the last day of trading before exercise date multiplied by the number of performance rights exercised (nil exercise price).

(iii) The value of performance rights on the date of lapse has been determined by the Company's share price at the close of business on the last day of trading before lapse date multiplied by the number of performance rights lapsed.

9. Contracts for Executives

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 Table 5:

Table 5: Key terms of executive contracts

Name	Contract duration	Termination notice by the Company	Termination notice by executive
Nic Limb	Ongoing, no fixed term	12 months	3 months
Rick Sharp[i]	Ongoing, no fixed term	12 months	3 months
Martin Ackland	Ongoing, no fixed term	12 months	3 months
Michaela Evans	Ongoing, no fixed term	3 months	3 months
Greg Bell[ii]	Ongoing, no fixed term	3 months	3 months

(i) Rick Sharp ceased to be a KMP member on 15 December 2014.
(ii) Greg Bell became a KMP member on 15 December 2014.

In the event of termination for cause, contracts may be terminated immediately. The Company will only pay remuneration to the date of termination, plus annual leave, long service leave and superannuation entitlements in accordance with the law. On termination, any entitlements held under the Company's long term and short term incentive plans will be treated (and may be retained or forfeited) in accordance with the applicable plan rules from time to time.

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

10. Loans to Key Management Personnel

No loans were made to key management personnel during the period.

11. Director and Executive Equity Holdings

The number of shares and performance rights held, directly, indirectly or beneficially, by parent company directors and key executives are outlined in Table 6.

Nic Limb, Tom Whiting, Charles (Sandy) MacDonald, David Isles and Rick Sharp all purchased MDL shares on market during the reporting period. Nic Limb also increased his shareholding in the Company via shareholder approved participation in the Tranche 2 placement completed in February and via the exercise (for nil consideration) of vested performance rights. Martin Ackland increased his holding during the period via the exercise (for nil consideration) of vested performance rights.

11.1 Shareholdings

The aggregate number of shares held by directors of the Company or their director related entities at year-end was 811,372 (31 December 2013 – 567,030).

Table 6: Key Management Personnel shareholdings

	Balance as at 1 Jan 2014	Received as remuneration	Performance rights exercised	Net change other[i]	Balance as at 31 Dec 2014
31 December 2014					
Directors					
Nic Limb	328,531	-	55,022	160,000	543,553
Rick Sharp[ii]	98,191	-	55,022	(153,213)	-
Martin Ackland	105,691	-	27,511	-	133,202
Robert Danchin	862	-	-	-	862
David Isles	33,755	-	-	10,000	43,755
Tom Whiting	-	-	-	50,000	50,000
Charles (Sandy) MacDonald	-	-	-	40,000	40,000
Key Executives					
Michaela Evans	-	-	-	-	-
Greg Bell	-	-	-	-	-
Total	**567,030**	**-**	**137,555**	**106,787**	**811,372**

(i) Net change other represents shares purchased or sold on market during the period.
(ii) Rick Sharp ceased to be a KMP member on 15 December 2014.

Table 6: Key Management Personnel shareholdings (Cont'd)

	Balance as at 1 Jan 2013	Received as remuneration	Performance rights exercised	Net change other	Balance as at 31 Dec 2014
31 December 2013					
Directors					
Nic Limb	328,531	-	-	-	328,531
Rick Sharp	119,803	-	-	(21,612)	98,191
Martin Ackland	105,691	-	-	-	105,691
Robert Danchin	862	-	-	-	862
David Isles	33,755	-	-	-	33,755
Tom Whiting	-	-	-	-	-
Key Executives					
Michaela Evans(iii)	-	-	-	-	-
Kathryn Davies(iv)	10,000	-	-	(10,000)	-
Total	**598,642**	**-**	**-**	**(31,612)**	**567,030**

(iii) Michaela Evans was appointed Company Secretary on 22 March 2013 and as such became a KMP member at that date.

(iv) Kathryn Davies resigned from her position of Company Secretary on 22 March 2013 and as such ceased to be a KMP member at that date.

11.2 Options and Performance Rights Holdings

There were no outstanding share options held by directors of the Company or their director related entities at year-end (31 December 2013: nil).

Number of performance rights held directly, indirectly or beneficially by Company directors and key management personnel:

Table 7: Key Management Personnel options and performance rights holdings

	Balance as at 1 Jan 2014	Granted as remuneration	Performance rights exercised	Net change other(i)	Balance as at 31 Dec 2014
31 December 2014					
Directors					
Nic Limb	100,000	-	(55,022)	(44,978)	-
Rick Sharp (ii)	100,000	-	(55,022)	(44,978)	-
Martin Ackland	50,000	-	(27,511)	(22,489)	-
Robert Danchin	-	-	-	-	-
David Isles	-	-	-	-	-
Tom Whiting	-	-	-	-	-
Charles (Sandy) MacDonald	-	-	-	-	-
Key Executives					
Michaela Evans(iii)	-	-	-	-	-
Greg Bell(iv)	-	-	-	-	-
Total	**250,000**	**-**	**(137,555)**	**(112,445)**	**-**
31 December 2013					
Directors					
Nic Limb	100,000	-	-	-	100,000
Rick Sharp	100,000	-	-	-	100,000
Martin Ackland	50,000	-	-	-	50,000
Robert Danchin	-	-	-	-	-
David Isles	-	-	-	-	-
Tom Whiting	-	-	-	-	-
Key Executives					
Michaela Evans(iii)	-	-	-	-	-
Kathryn Davies(v)	-	-	-	-	-
Total	**250,000**	**-**	**-**	**-**	**250,000**

(i) Net change other represents performance rights lapsed during the year.

(ii) Rick Sharp ceased to be a KMP member on 15 December 2014.

(iii) Michaela Evans was appointed Company Secretary on 22 March 2013 and as such became a KMP member at that date.

(iv) Greg Bell was appointed interim Chief Financial Officer on 15 December 2014 and as such became a KMP member at that date.

(v) Kathryn Davies resigned from her position of Company Secretary on 22 March 2013 and as such ceased to be a KMP member at that date.

12. Director related transactions

(a) Loans to related parties

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

(b) Transactions with director related entities

During the financial year ended 31 December 2014, the following transaction occurred between the group and its director related entities:

- office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to FAR Limited of which Mr Nic Limb is a non-executive chairman. The Company charged $126,932 (31 December 2013: $95,055) (excluding GST) in relation to the provision of these services to 31 December 2014;
- office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Stellar Resources Limited of which Dr Tom Whiting continues as non-executive director. The Company charged $49,063 (31 December 2013: $57,278) (excluding GST) in relation to the provision of these services to 31 December 2014;

Amounts due from FAR Limited and Stellar Resources Limited are disclosed as amounts due from other related parties in Note 8. None are considered to be impaired.

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

Robert Danchin **Deputy Chairman**	**Martin Ackland** **Director**

Melbourne, 23 February 2015

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

23 February 2015

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 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 audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	Consolidated 31 Dec 2014 US$'000	Consolidated 31 Dec 2013 US$'000
Share of net (loss)/profit of joint venture using equity accounting	22	(72,652)	7,492
Other income	5	3,238	2,301
Administration expenses	6	(5,482)	(5,976)
Impairment of financial assets	9	(1,767)	(21,196)
Net foreign exchange gains		4,931	753
Loss before tax		**(71,732)**	**(16,626)**
Income tax expense	7	-	-
Loss for the year		**(71,732)**	**(16,626)**
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		(5,435)	(9,877)
Share of other comprehensive loss of equity accounted joint venture	22	(10,664)	(8,463)
Loss on available for sale investment		-	(52,223)
Other comprehensive loss for the year, net of tax		(16,099)	(70,563)
Total comprehensive loss for the year		**(87,831)**	**(87,189)**
Loss attributable to:			
– owners of the parent		(71,732)	(16,626)
– non-controlling interests		-	-
		(71,732)	**(16,626)**
Total comprehensive loss attributable to:			
– owners of the parent		(87,831)	(87,189)
– non-controlling interests		-	-
		(87,831)	**(87,189)**

	Note	31 Dec 2014 US Cents	31 Dec 2013 US Cents
Earnings per share (EPS)			
Basic EPS	17	(69.7)	(19.8)
Diluted EPS	17	(69.7)	(19.8)

Notes to the financial statements are included on pages 40 to 71.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	Consolidated 31 Dec 2014 US$'000	Consolidated 31 Dec 2013 US$'000
Current assets			
Cash and cash equivalents	26(a)	25,302	32,004
Trade and other receivables	8	125	1,146
Other financial assets	9	3,102	24,922
Other	10	71	142
Total current assets		**28,600**	**58,214**
Non-current assets			
Investment in joint venture entity	22	255,741	339,057
Receivables	8	43,427	5,009
Property, plant and equipment	11	546	741
Intangible assets	12	3	5
Total non-current assets		**299,717**	**344,812**
Total assets		**328,317**	**403,026**
Current liabilities			
Trade and other payables	13	1,061	340
Provisions	14	812	1,079
Total current liabilities		**1,873**	**1,419**
Non-current liabilities			
Provisions	14	3	29
Total non-current liabilities		**3**	**29**
Total liabilities		**1,876**	**1,448**
Net assets		**326,441**	**401,578**
Equity			
Issued capital	15	390,255	377,338
Reserves	16	58,851	75,235
Accumulated losses		(122,665)	(50,995)
Total equity		**326,441**	**401,578**

Notes to the financial statements are included on pages 40 to 71.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

			Reserves					
	Issued capital US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Investments revaluation reserve US$'000	Equity-settled employee benefits reserve US$'000	Cash flow hedge reserve US$'000	Actuarial gains and losses reserve US$'000	Attributable to equity holders of the parent US$'000
Consolidated Balance at 1 January 2013	**356,122**	**(34,369)**	**82,630**	**52,223**	**9,672**	**957**	**54**	**467,289**
Loss attributable to members of the consolidated entity	-	(16,626)	-	-	-	-	-	(16,626)
Exchange difference arising on translation of operations	-	-	(9,877)	-	-	-	-	(9,877)
Share of other comprehensive loss of equity accounted joint venture	-	-	(6,189)	-	-	(2,282)	8	(8,463)
Revaluation of available for sale investments	-	-	-	(52,223)	-	-	-	(52,223)
Total comprehensive (loss)/ income for the year	-	(16,626)	(16,066)	(52,223)	-	(2,282)	8	(87,189)
Shares issued during the year	22,260	-	-	-	-	-	-	22,260
Vesting of performance rights issued to directors	-	-	-	-	262	-	-	262
Balance at 31 December 2013	**377,338**	**(50,995)**	**66,564**	**-**	**9,934**	**(1,325)**	**62**	**401,578**
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	-	(71,732)	-	-	-	-	-	(71,732)
Exchange difference arising on translation of operations	-	-	(5,435)	-	-	-	-	(5,435)
Change in actuarial gains & losses	-	62	-	-	-	-	(62)	-
Share of other comprehensive loss of equity accounted joint venture	-	-	(10,622)	-	-	(42)	-	(10,664)
Total comprehensive (loss)/ income for the year	-	(71,670)	(16,057)	-	-	(42)	(62)	(87,831)
Shares issued during the year	13,158	-	-	-	-	-	-	13,158
Costs of shares issued during the year	(639)	-	-	-	-	-	-	(639)
Transfer of performance rights exercised	398	-	-	-	(398)	-	-	-
Vesting of performance rights issued to directors	-	-	-	-	175	-	-	175
Balance at 31 December 2014	**390,255**	**(122,665)**	**50,507**	**-**	**9,711**	**(1,367)**	**-**	**326,441**

Notes to the financial statements are included on pages 40 to 71.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	Consolidated 31 Dec 2014 US$'000	Consolidated 31 Dec 2013 US$'000
Cash flows related to operating activities			
Receipts from customers		313	565
Payments to suppliers and employees		(4,438)	(5,652)
Net cash used in operating activities	26(b)	**(4,125)**	**(5,087)**
Cash flows related to investing activities			
Payments for purchase of property, plant and equipment		(4)	(11)
Payments for intangible assets		-	(2)
Payments for investment in listed company		-	(2,856)
Proceeds from sale of investment in Teranga Gold Corporation	9	19,952	-
Interest received		451	856
Loans to joint venture – TiZir Limited	8	(35,000)	(5,000)
Equity contributions to joint venture – TiZir Limited	22	-	(25,000)
Net cash used in investing activities		**(14,601)**	**(32,013)**
Cash flows related to financing activities			
Proceeds from issue of equity securities		13,158	22,260
Payment for share issue costs		(639)	(1,044)
Net cash generated by financing activities		**12,519**	**21,216**
Net decrease in cash and cash equivalents held		**(6,207)**	**(15,884)**
Cash and cash equivalents at beginning of financial period		32,004	50,223
Effect of exchange rates on cash holdings in foreign currencies		(495)	(2,335)
Cash and cash equivalents at end of financial period	26(a)	**25,302**	**32,004**

Notes to the financial statements are included on pages 40 to 71.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

1. GENERAL INFORMATION

Mineral Deposits Limited ('MDL' or the 'Company') is a public company listed on the Australian Securities Exchange (ASX: MDL) incorporated in Australia and holds interests in Norway and Senegal, West Africa through a United Kingdom based joint venture (TiZir Limited) and comprises the Company and its subsidiaries.

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 Company and its subsidiaries (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 (the '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 1031 'Materiality'(2013)
- AASB 2013-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-4 ' Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 ' Amendments to Australian Accounting Standards – Investment Entities'
- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'
- AASB 2013-9 'Amendments to Australia Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'
- Interpretation 21 – Levies

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 the relevant amending standards	1 January 2018	31 December 2018
AASB 1055 'Budgetary Reporting' and AASB 2013-1 'Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements'	1 July 2014	31 December 2015
AASB 1056 'Superannuation Entities'	1 July 2016	31 December 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' – Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' – Part C: 'Materiality'	1 July 2014	31 December 2015
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	31 December 2016
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	31 December 2017
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	31 December 2016
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	31 December 2016
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	31 December 2016
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	31 December 2016
ASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	31 December 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	31 December 2016

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 23 February 2015.

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 values, 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 United States Dollars 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 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 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.

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order 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 23 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 long service leave 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 reporting date.

Defined contribution plan

Contributions to defined contribution superannuation plans are expensed when employees have rendered service 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, 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 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 27. 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 investments 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 United States Dollars (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 are translated at period-end exchange rates prevailing at the reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits/(losses) are translated 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 ('GST')

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 Cash Flow Statement 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 assets

At each reporting date the group reviews the carrying amounts of its 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 cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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 cash-generating unit) 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 cash-generating unit) 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 the cost basis. Plant and equipment are measured on the 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.

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.

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 29.

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 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 and 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 loses. 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 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. 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 or 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.

The following useful life is used in the calculation of amortisation: Software – 2.5 years.

(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 A-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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Mine rehabilitation provision

The consolidated entity assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provisions for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and cost of rehabilitation activities, technological changes, regulatory change, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the Statement of Financial Position by adjusting the rehabilitation asset and liability.

Mine development expenditure

The consolidated entity's accounting policy requires judgment in determining whether it is likely that future economic benefits are recoverable, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recoverability is unlikely, these amounts are written off in the period in the Statement of Profit or Loss and Other Comprehensive Income to the extent of their recoverable amount.

Impairment of assets

The group assesses each cash-generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value. Management has assessed its cash-generating units as being an individual mine site or operating segment, which is the lowest level for which cash flows are largely independent of other assets.

Recovery of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised on the Statement of Financial Position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the group will generate taxable earnings in future periods in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the Statement of Financial Position date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the group to obtain tax deductions in future periods.

Share based payments

The Company measures the cost of equity settled share-based payments at fair value at the grant date using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted and expected vesting period as disclosed in Note 29.

The following items are relevant in explaining the financial result:

5. OTHER INCOME

The following is an analysis of the group's revenue for the year from continuing operations:

	Consolidated	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000
The following is an analysis of the group's revenue for the year from continuing operations:		
Interest revenue from:		
– bank deposits	451	738
– interest on subordinate loan to TiZir Limited	1,917	9
	2,368	747
Other revenue:		
– management fees charged to TiZir Limited	500	1,000
– rental received	107	106
– recharges & recoveries	236	359
– other	27	89
	870	**1,554**
Total other income	**3,238**	**2,301**

6. ADMINISTRATION EXPENSES

	Consolidated	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Depreciation of non-current assets:		
– land, buildings and property improvements	115	123
– office furniture	17	18
– computer equipment and software	23	29
	155	170
Amortisation of intangible assets:		
– computer software	2	4
Employee benefits:		
– amortisation of performance rights	157	249
– remuneration expense	2,845	3,616
– superannuation contributions	255	204
– provision for leave entitlements	(111)	57
	3,146	4,126
Administration and other overheads	2,179	1,676
Total administration expenses	**5,482**	**5,976**

7. INCOME TAXES

	Consolidated 31 Dec 2014 US$'000	Consolidated 31 Dec 2013 US$'000
Income tax recognised in profit or loss		
Tax expense/(benefit) comprises:		
Current tax expense/(benefit)	855	(685)
Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period that is used to reduce current tax expense	378	441
Current tax expense/(benefit)	**1,233**	**(244)**
Deferred tax expense relating to the origination and reversal of temporary differences	(1,033)	(231)
Benefit arising from previously unrecognised temporary differences of a prior period that is used to reduce deferred tax expense	(378)	(441)
Effect of unused tax losses not recognised as deferred tax assets	178	916
Deferred tax (benefit)/expense	**(1,233)**	**244**
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	(71,732)	(16,626)
Income tax expense/(benefit) calculated at 30% (2013: 30%)	(21,520)	(4,988)
Effect of revenue that is exempt from taxation	-	(1,956)
Effect of expenses that are not deductible in determining taxable profit	22,009	6,176
Effect of unused tax losses and temporary differences not recognised as deferred tax assets in the current year	(855)	685
Effect of different tax rates of subsidiaries operating in other jurisdictions	366	83
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	50,954	53,410
Tax losses – capital	85,823	8,040
Temporary differences	(3,018)	459
	133,759	**61,909**

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 Mineral Deposits Limited. The members of the tax consolidation group are identified at Note 23.

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.

8. TRADE AND OTHER RECEIVABLES

	Consolidated 31 Dec 2014 US$'000	Consolidated 31 Dec 2013 US$'000
Current		
Other receivables[i]	77	116
Amounts due from other related parties[ii][iii]	48	1,030
	125	**1,146**
Non-current		
Amounts due from related parties – other[iii]	1,500	-
Amounts due from related parties – subordinate loan[iv]	41,927	5,009
	43,427	**5,009**

(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 $0.5million to TiZir Limited for corporate, accounting and administrative support. The amount of $1.0 million charged in the prior year related to the calendar years of 2012 and 2013.

(iv) 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 and 23 May 2014 are fully repaid. In 2014, the Company advanced $35 million to TiZir under the terms of the loan agreement (2013: $5 million). During the year ended 31 December 2014, the Company charged $1.9 million (2013: $8,730) interest on the subordinated loan, which has been accrued and capitalised.

At 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.

9. OTHER FINANCIAL ASSETS

	Consolidated 31 Dec 2014 US$'000	Consolidated 31 Dec 2013 US$'000
Current		
Available for sale investments carried at fair value		
– shares in listed company – World Titanium Resources Limited[i]	3,102	4,970
– shares in listed company – Teranga Gold Corporation[ii]	-	19,952
	3,102	**24,922**

(i) The Company holds a 19.1% (2013 – 19.1%) interest in the ordinary shares of World Titanium Resources Limited (ASX: WTR).
There was no movement in the ordinary share capital of WTR during the reporting period.
In the prior year, the Company participated in the following share issues of World Titanium Resources Limited:
- On 17 April 2013 – a 1:16 rights issue where the Company acquired an additional 3,575,285 shares at A$0.17 per share.
- On 28 October 2013 – a private placement where the Company acquired an additional 18,000,000 shares at A$0.13 per share.

(ii) On 15 January 2014, the Company announced the disposal of its 12.6% interest in Teranga Gold Corporation for net proceeds of US$20.0 million.

Impairment of financial assets

During the year ended 31 December 2014, the Company made the following impairment charges on its other financial assets as a result of significant decline in the fair value of each investment:

	Consolidated 31 Dec 2014 US$'000	Consolidated 31 Dec 2013 US$'000
Shares in listed company – World Titanium Resources Limited	1,767	5,665
Shares in listed company – Teranga Gold Corporation	-	15,531
	1,767	**21,196**

10. OTHER ASSETS

	Consolidated 31 Dec 2014 US$'000	Consolidated 31 Dec 2013 US$'000
Current		
Prepayments	70	140
Security deposit	1	2
	71	**142**

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land, buildings & property improvement US$'000	Office furniture & equipment US$'000	Total US$'000
Cost			
Balance at 1 January 2013	**970**	**541**	**1,511**
Additions	-	10	10
Net foreign currency exchange differences	(140)	(78)	(218)
Balance at 31 December 2013	**830**	**473**	**1,303**
Additions	-	4	4
Net foreign currency exchange differences	(68)	(37)	(105)
Balance at 31 December 2014	**762**	**440**	**1,202**
Accumulated depreciation			
Balance at 1 January 2013	**(136)**	**(339)**	**(475)**
Depreciation expense	(123)	(47)	(170)
Net foreign currency exchange differences	30	53	83
Balance at 31 December 2013	**(229)**	**(333)**	**(562)**
Depreciation expense	(115)	(40)	(155)
Net foreign currency exchange differences	30	31	61
Balance at 31 December 2014	**(314)**	**(342)**	**(656)**
Carrying amount of property, plant and equipment:			
As at 31 December 2013	**601**	**140**	**741**
As at 31 December 2014	**448**	**98**	**546**

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 & equipment	2.5 –10.0

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

12. INTANGIBLES

	Computer Software US$'000
Cost	
Balance at 1 January 2013	**293**
Additions	1
Net foreign currency exchange differences	(42)
Balance at 31 December 2013	**252**
Additions	-
Net foreign currency exchange differences	(20)
Balance at 31 December 2014	**232**
Accumulated depreciation	
Balance at 1 January 2013	**(284)**
Depreciation expense	(4)
Net foreign currency exchange differences	41
Balance at 31 December 2013	**(247)**
Depreciation expense	(2)
Net foreign currency exchange differences	20
Balance at 31 December 2014	**(229)**
Carrying amount of intangible assets:	
As at 31 December 2013	**5**
As at 31 December 2014	**3**

The following useful lives are used in the calculation of depreciation is 2.5 years.

13. TRADE AND OTHER PAYABLES

	Consolidated	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Current		
Unsecured liabilities:		
– trade payables[i]	15	99
– sundry creditors and accrued expenses[ii]	1,046	241
	1,061	**340**

(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 $815,800 (A$1.0 million) recognised in relation to previously disclosed contingent liabilities arising from the Company's establishment of Grande Côte Operations SA.

14. PROVISIONS

	Consolidated	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Current		
Employee benefits[i]	771	951
Mine restoration and rehabilitation[ii]	41	128
	812	**1,079**
Non-Current		
Employee benefits[i]	**3**	**29**

(i) Employee benefits represent annual leave and long service leave in respect of employee's services up to the reporting date. The reduction in non-current employee benefits is a result of terminations and resignations whereby rights to the entitlement have not been satisfied.

(ii) Mine restoration and rehabilitation (current):

Balance at 31 December 2013	128	149
Additional provisions recognised	58	115
Reductions arising from payments	(143)	(113)
Net foreign currency exchange differences	(2)	(23)
Balance at 31 December 2014	**41**	**128**

15. ISSUED CAPITAL

	31 Dec 2014 No.	31 Dec 2013 No.
(a) Movement in fully paid ordinary shares		
Number of fully paid ordinary shares	**103,676,341**	**96,038,786**
Opening number of shares	96,038,786	83,538,786
Shares issued during the year:		
4 February 2014	7,500,000	-
1 September 2014	137,555	-
19 December 2013	-	12,500,000
Closing number of shares	**103,676,341**	**96,038,786**
	US$'000	**US$'000**
(b) Fully paid ordinary shares		
Paid up capital	**390,255**	**377,338**
At beginning of the financial year	**377,338**	**356,122**
Shares issued during the year:		-
4 February 2014	13,158	-
1 September 2014	398	-
19 December 2013	-	22,260
Less costs associated with shares issued	(639)	(1,044)
Total issued capital at the end of the financial year	**390,255**	**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 carry rights to dividends.

(c) Share options and performance rights

There were no share options or performance rights outstanding at the end of the reporting period 31 December 2014.

During the period, 137,555 shares were issued to three executive directors upon the vesting and exercise of unlisted performance rights issued in August 2011. Of the 250,000 performance rights issued, 112,445 lapsed due to non-satisfaction of the performance hurdles.

Full details of performance rights are contained in Note 29 – Share Based Payments.

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

16. RESERVES

	Consolidated	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Reserves (net of income tax)		
Foreign currency translation	50,507	66,564
Equity-settled employee benefits	9,711	9,934
Cash flow hedge	(1,367)	(1,325)
Actuarial gains and losses	-	62
	58,851	**75,235**

The foreign currency translation reserve records exchange differences arising on translation from the functional currencies of the group's Australian controlled entities into United States Dollars which are brought to account by entries made directly to the foreign currency translation reserve and the revaluation of intercompany loans.

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset is recognised in the profit or loss. Where a revalued financial asset is impaired, that portion of the reserve is reversed to the extent that the revalued amount is higher than the historical cost. Any further impairment losses below historical cost are recognised in profit or loss.

The equity-settled employee benefits reserve arises on the grant of share options to directors, employees and financiers. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments is detailed in Note 29 to the financial statements.

The cash flow hedge reserve and the actuarial gains and losses reserve arises from the recognition of the Company's share of movements in cash flow hedge instruments and actuarial gains and losses relating to defined benefit plans recognised in other comprehensive income of its joint venture, TiZir Limited. Further information on the Company's investment in TiZir Limited is detailed in Note 22 to the financial statements.

17. EARNINGS PER SHARE (EPS)

	Consolidated	
	31 Dec 2014 US cents	31 Dec 2013 US cents
Basic and diluted EPS (US cents)		
From continuing operations	(69.7)	(19.8)
Total basic and diluted EPS from continuing operations	**(69.7)**	**(19.8)**

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 2014 US$'000	31 Dec 2013 US$'000
Loss for the year attributable to owners of the Company	(71,732)	(16,626)
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	**(71,732)**	**(16,626)**
Weighted average number of ordinary shares for the purpose of basic EPS ('000)	102,865	83,950
Shares deemed to be issued for no consideration in respect of performance rights ('000)	-	-
Weighted average number of ordinary shares for the purpose of diluted EPS ('000)	102,865	83,950

In the prior period, the performance rights were not considered dilutive for the purposes of earnings per share.

18. DIVIDENDS

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

19. COMMITMENTS FOR EXPENDITURE

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 and 23 May 2014 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 first half of 2014.

There are no further outstanding commitments to TiZir as at 31 December 2014.

20. LEASES

Operating leases relate to the lease of the Company's head office at Level 17, 530 Collins Street, Melbourne. The lease term is for five years with an option of a further five year term at the expiry of the current lease term. Rental increases of 4% per annum are levied at the anniversary date of the establishment of the lease contract.

	Consolidated	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Payments recognised as an expense during the year		
Minimum lease payments	218	230
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements payable:		
– not later than 12 months	263	269
– between 12 months and five years	205	506
Total operating lease liability	**468**	**775**

21. CONTINGENT LIABILITIES

Mineral Deposits Limited 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 ('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;
- 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 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 operation 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 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
- $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.

22. INVESTMENT IN JOINT VENTURE

	Consolidated	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Investment in TiZir Limited	**255,741**	**339,057**
Movement in investment in joint venture:		
Opening balance	339,057	315,028
Equity contributions during the period	-	25,000
Share of net (loss)/profit of joint venture for the period	(72,652)	7,492
Share of other comprehensive loss for the period	(10,664)	(8,463)
Investment in TiZir Limited	**255,741**	**339,057**

The following tables set out the financial performance of TiZir Limited for the year ended 31 December 2014 by operating segment:

	Year ended 31 Dec 2014 US$'000					Year ended 31 Dec 2013 US$'000
	TTI	GCO	TiZir Limited	Consolidation Adjustments[i]	Consolidated TiZir Limited	Consolidated TiZir Limited
Sales	147,648	14,235	1	-	161,884	201,314
Cost of goods sold	(124,138)	(40,805)	-	-	(164,943)	(150,478)
Gross profit/(loss)	**23,510**	**(26,570)**	**1**	**-**	**(3,059)**	**50,836**
Other revenue	2,314	3,047	-	-	5,361	13,789
Administration expenses	(1,353)	(670)	(2,241)	-	(4,264)	(7,343)
EBITDA	**24,471**	**(24,193)**	**(2,240)**	**-**	**(1,962)**	**57,282**
Finance costs	(11,469)	-	(15,806)	-	(27,275)	(683)
Foreign exchange gains/(losses)	2,194	(308)	4,421	-	6,307	1,886
Depreciation and amortisation expense	(8,289)	(13,715)	(123)	(249)	(22,376)	(14,360)
Impairment of assets recognised on acquisition	-	-	-	(108,400)	(108,400)	-
Impairment of mine development expenditure	-	-	-	(2,400)	(2,400)	-
Amortisation of assets recognised on acquisition	-	-	-	(3,641)	(3,641)	(19,165)
Profit/(loss) before tax	**6,907**	**(38,216)**	**(13,748)**	**(114,690)**	**(159,747)**	**24,960**
Income tax expense	(1,442)	-	-	-	(1,442)	(16,633)
Amortisation of deferred tax liability recognised on acquisition	-	-	-	543	543	5,829
Profit/(loss) for the year	**5,465**	**(38,216)**	**(13,748)**	**(114,147)**	**(160,646)**	**14,156**
Attributable to non-controlling interest					15,342	829
(Loss)/profit attributable to joint venture partners					(145,304)	14,985
Share of net (loss)/profit of joint venture attributable to MDL shareholders					**(72,652)**	**7,492**

(i) Consolidation adjustments include the following:

- Impairment of assets as outlined in Note 22 'TiZir Limited impairment review';
- 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 $3.6 million ($3.1 million including impact of taxation). It has been disclosed separately to properly reflect the operating results of TTI and GCO. The comparable prior year amount was $19.2 million ($13.8 million including impact of taxation); and
- Amortisation of borrowing costs in relation to qualifying loans drawn down to fund the construction of GCO and thereby capitalised within property, plant and equipment.

	31 Dec 2014 US$'000 Consolidated TiZir Limited	31 Dec 2013 US$'000 Consolidated TiZir Limited
Other comprehensive income directly recognised in equity		
Exchange differences arising on translation of operations	(21,243)	(12,374)
Exchange differences on translation of actuarial gains and losses	-	(4)
Change in revaluation for actuarial gains and losses	-	19
Change in revaluation reserve for hedging financial instruments	(116)	(6,339)
Income tax on other comprehensive income	32	1,771
Other comprehensive loss for the period, net of income tax	(21,327)	(16,927)
Share of other comprehensive loss attributable to MDL shareholders	**(10,664)**	**(8,463)**
Disclosed as:		
Foreign currency translation reserve	(10,622)	(6,189)
Cash flow hedge reserve	(42)	(2,282)
Actuarial gains and losses reserve	-	8

During the period, the defined benefit pension scheme operated by TiZir Titanium & Iron AS was closed. As such, the balance of the actuarial gains & losses reserve was realised and reallocated to accumulated losses of TiZir. The Company's share of this reallocation has been recognised within equity and is shown in the Statement of Changes in Equity.

Grande Côte Operations – Cessation of capitalisation

All expenditure incurred during the construction, pre-operations and commissioning phases of GCO have been capitalised in accordance with the Company's accounting policy.

Under AASB 116, there are a number of costs that can be included as part of the initial cost of property, plant and equipment:

- Costs incurred while an item capable of operating in the manner intended by management has yet to be brought into use or operated at less than capacity;
- Initial operating losses, such as those incurred while demand for the item's output builds up; and
- Costs of relocating or reorganising part or all of an entity's operations.

In accordance with this standard, TiZir board and management set the following key performance indicators that provided an indication as to when the asset was operating in a manner intended by management:

- Dredge throughput feed of 4,000 tonnes per hour;
- Wet Concentrator Plant throughput feed of 3,500 tonnes per hour;
- Dredge utilisation over 70%;
- Wet Concentrator Plant utilisation over 70%;
- Wet Mill of the Mineral Separation Plant operating at design feed rates;
- Ilmenite plant operating at design feed rates; and
- Production of primary finished goods – ilmenite and zircon – ready for sale.

During July 2014, a majority of the above key performance indicators were met and reported to TiZir board and management. As such, capitalisation of expenses ceased on 1 July 2014 and any costs incurred after this date have been recognised in the income statement. Further, from an accounting perspective, all capitalised costs incurred during the different phases of development at GCO were deemed to be commissioned and therefore amortisation and depreciation of these costs commenced at the same date.

TiZir Limited impairment review

Impairment reviews were undertaken as at 30 June 2014 and 31 December 2014 in relation to TiZir's two cash-generating units ('CGUs'), TTI and GCO. 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. While no impairment was recognised at 30 June 2014, due to the residual impact of softening mineral sands market conditions, an impairment loss of $110.8 million (100% basis) was attributed to GCO at 31 December 2014. No impairment was recognised for TTI. GCO's impairment loss is primarily related to the assets of GCO that were recognised as part of the purchase price allocation performed when TiZir was established in 2011.

During 2012, pursuant to accounting standard requirements, a purchase price allocation was undertaken in relation to the fair value of assets and liabilities TiZir acquired on its establishment (effective 1 October 2011). As part of the allocation, mining rights of $109.3 million were recognised within the consolidated balance sheet of TiZir and represents the excess of the fair value of equity consideration paid by TiZir over the fair value of GCO assets and liabilities contributed by the Company. The value assigned to the mining rights did not represent a cash expenditure of the Company prior to the establishment of TiZir. The impairment loss outlined above has been applied to the entire balance of mining rights at 31 December 2014 and represents a non-cash loss on a non-cash asset.

Key assumptions and sensitivity analysis

The recoverable amount is particularly sensitive to certain key assumptions, being life of mine, discount rate (11.5% 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 in 2014 to define the optimal dredge mining path. Further deterioration of these assumptions in isolation may result in additional impairment.

The table below outlines the impact of the impairment loss on the individual assets within TiZir:

	31 Dec 2014 US$'000
Allocation of impairment loss	
Mineral reserves recognised on acquisition	108,400
Mine development expenditure	2,400
Total impairment loss	**110,800**
Impairment loss attributable to non-controlling interest	11,080
Impairment loss attributable to joint venture partners	99,720
Share of impairment loss attributable to MDL shareholders	**49,860**

For clarity, the below table reconciles the amount recognised as part of the purchase price allocation process with the impairment loss recognised above:

	31 Dec 2014 US$'000
Balance of mineral reserves recognised on acquisition at 31 December 2013	109,321
Amortisation of mining rights during the year ended 31 December 2014	921
Written down value of mineral reserves recognised on acquisition before impairment	**108,400**
Allocation of impairment loss at 31 December 2014	(108,400)
Written down value of mineral reserves recognised on acquisition at 31 December 2014	-

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 TTI and GCO.

The following table sets out the financial position of TiZir Limited as at 31 December 2014 by operating segment:

	As at 31 Dec 2014 US$'000					As at 31 Dec 2013 US$'000
	TTI	GCO	TiZir Limited	Other[i]	Consolidated TiZir Limited	Consolidated TiZir Limited
Current assets						
Cash and cash equivalents	-	785	7,616	-	8,401	11,552
Trade and other receivables	23,682	7,258	782	-	31,722	22,315
Inventories	33,819	29,949	-	-	63,768	46,877
Total current assets	**57,501**	**37,992**	**8,398**	**-**	**103,891**	**80,744**
Non-current assets						
Receivables	-	198	-	-	198	263
Other financial assets – investments	123	-	-	-	123	124
Property, plant and equipment	34,242	731,954	245	35,688	802,129	740,577
Mine development expenditure	-	51,134	-	(2,400)	48,734	51,591
Capitalised mining convention and concession costs	-	2,510	-	-	2,510	2,510
Mineral reserves recognised on acquisition	-	-	-	-	-	109,321
Intangible assets recognised on acquisition	-	-	-	18,113	18,113	19,924
Other intangible assets	547	-	-	-	547	339
Total non-current assets	**34,912**	**785,796**	**245**	**51,401**	**872,354**	**924,649**
Total assets	**92,413**	**823,788**	**8,643**	**51,401**	**976,245**	**1,005,393**
Current liabilities						
Trade and other payables	21,287	16,742	3,294	-	41,323	51,808
Borrowings	9,126	-	5,636	-	14,762	2,755
Current tax liabilities	1,742	-	-	-	1,742	18,454
Derivative financial liabilities	2,984	-	-	-	2,984	3,993
Total current liabilities	**35,139**	**16,742**	**8,930**	**-**	**60,811**	**77,010**
Non-current liabilities						
Deferred tax liabilities	1,299	-	-	6,608	7,907	9,427
Borrowings	-	-	405,303	-	405,303	234,580
Provisions	-	-	-	-	-	14
Total non-current liabilities	**1,299**	**-**	**405,303**	**6,608**	**413,210**	**244,021**
Total liabilities	**36,438**	**16,742**	**414,233**	**6,608**	**474,021**	**321,031**
Net assets	**55,975**	**807,046**	**(405,590)**	**44,793**	**502,224**	**684,362**
Equity						
Issued capital					621,741	621,741
Reserves					(29,105)	(7,657)
(Accumulated losses)/Retained earnings					(81,153)	64,030
					511,483	678,114
Non-controlling interest					(9,259)	6,248
Total equity					**502,224**	**684,362**

(i) 'Other' represent applicable consolidation elimination entries relating to purchase price allocation, capitalised borrowing costs and impairment losses recognised during the period as outlined in Note 22 'TiZir Limited impairment review'.

	31 Dec 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	511,483	678,114
Portion of equity held by the group	50%	50%
Total carrying amount of TiZir Limited	**255,741**	**339,057**

The following table sets out the cash flows of TiZir Limited for the year ended 31 December 2014 by operating segment:

	Year ended 31 Dec 2014 US$'000				Year ended 31 Dec 2013 US$'000
	TTI	GCO	Other[i]	Consolidated TiZir Limited	Consolidated TiZir Limited
Operating activities					
Profit/(loss) for the year	5,465	(38,216)	(127,895)	(160,646)	14,156
Elimination of non-cash income and expenses:					
– Depreciation and amortisation	8,275	13,715	4,013	26,003	33,461
– Impairment of assets recognised on acquisition	-	-	108,400	108,400	-
– Impairment of mine development expenditure	-	-	2,400	2,400	-
– Deferred tax	(626)	-	(543)	(1,169)	(8,160)
– Loss on disposal of non-current assets	-	(16)	-	(16)	-
– Unrealised foreign exchange losses	(1,393)	(895)	(4,418)	(6,706)	3,319
Cash generated by/(used in) operating activities	**11,721**	**(25,412)**	**(18,043)**	**(31,734)**	**42,776**
(Increase)/decrease in inventories	(5,355)	(14,841)	-	(20,196)	5,628
(Increase)/decrease in trade receivables	(10,913)	(6,048)	(316)	(17,277)	44,997
Increase/(decrease) in trade payables	10,043	1	2,660	12,704	5,013
Change in other assets and liabilities	(4,264)	(1,794)	4,693	(1,365)	15,777
Amortisation of borrowing costs	-	-	399	399	(180)
Interest income	-	-	-	-	(108)
Tax paid	(17,828)	-	-	(17,828)	(25,574)
Net change in current operating assets and liabilities	**(28,317)**	**(22,682)**	**7,436**	**(43,563)**	**45,553**
Net cash (used in)/ generated by operating activities	**(16,596)**	**(48,094)**	**(10,607)**	**(75,297)**	**88,329**
Cash flows from investing activities					
Payments for non-current assets	(6,268)	(88,295)	(2)	(94,565)	(321,206)
Payments for capitalised interest costs	-	-	(11,256)	(11,256)	(13,500)
Proceeds from disposal of non-current assets	-	133	-	133	-
Interest received	-	-	-	-	108
Net change in non-current financial assets and liabilities	(26)	-	-	(26)	-
Net proceeds from/(payments to) related parties	41,000	132,350	(173,350)	-	-
Net cash generated by/(used in) investing activities	**34,706**	**44,188**	**(184,608)**	**(105,714)**	**(334,598)**
Cash flows from financing activities					
Proceeds from issue of shares	-	-	-	-	50,000
Proceeds from borrowings	10,828	-	200,320	211,148	87,250
Repayment of borrowings	(30,181)	-	(3,745)	(33,926)	(7,892)
Payment of borrowing costs	-	-	-	-	(275)
Net cash (used in)/generated by financing activities	**(19,353)**	**-**	**196,575**	**177,222**	**129,083**
Net (decrease)/increase in cash held	(1,243)	(3,906)	1,360	(3,789)	(117,186)
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	1,243	(502)	(103)	638	445
Cash and cash equivalents at end of the period	**-**	**785**	**7,616**	**8,401**	**11,552**

(i) 'Other' represents TiZir Limited parent entity results and applicable consolidation elimination entries relating to purchase price allocation, capitalised borrowing costs and impairment losses recognised during the period as outlined in Note 22 'TiZir Limited impairment review'.

23. SUBSIDIARIES

	Note	Country of Incorporation	Auditor	Percentage owned 31 Dec 2014 %	31 Dec 2013 %
Subsidiary entities consolidated					
Company and head of tax consolidation group:					
– Mineral Deposits Limited*	(i)	Australia	Deloitte Touche Tohmatsu		
Subsidiaries of Mineral Deposits Limited:					
– 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	Kemp Chatteris Deloitte	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 Class order 98/1418. Refer to Note 24 for further details.

The lead auditor of Mineral Deposits Limited is Deloitte Touche Tohmatsu.

24. DEED OF CROSS GUARANTEE

The wholly-owned entities detailed in Note 23 have entered into a deed of cross guarantee with MDL pursuant to ASIC Class Order 98/1418 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 2014 are:

	Consolidated 31 Dec 2014 US$'000	31 Dec 2013 US$'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Share of net (loss)/profit of joint venture	(72,652)	7,492
Other revenue	3,238	2,180
Administration expenditure	(5,396)	(5,687)
Fair value loss on financial assets	-	(15,531)
Impairment of intercompany receivables	(2,058)	(5,607)
Net foreign exchange gains	4,957	807
Loss before tax	**(71,911)**	**(16,346)**
Income tax expense	-	-
Loss for the year	**(71,911)**	**(16,346)**

	Consolidated 31 Dec 2014 US$'000	Consolidated 31 Dec 2013 US$'000
STATEMENT OF FINANCIAL POSITION		
Current assets		
Cash and cash equivalents	24,837	31,518
Trade and other receivables	125	1,145
Other financial assets – investments	-	19,952
Other	68	138
Total current assets	**25,030**	**52,753**
Non-current assets		
Receivables	46,790	10,258
Other financial assets – investments	255,741	339,057
Property, plant and equipment	301	475
Other intangible assets	3	6
Total non-current assets	**302,835**	**349,796**
Total assets	**327,865**	**402,549**
Current liabilities		
Trade and other payables	1,093	377
Provisions	772	951
Total current liabilities	**1,865**	**1,328**
Non-current liabilities		
Trade and other payables	205	223
Provisions	3	29
Total non-current liabilities	**208**	**252**
Total liabilities	**2,073**	**1,580**
Net assets	**325,792**	**400,969**
Equity		
Issued capital	390,255	377,338
Reserves	75,562	91,807
Accumulated losses	(140,025)	(68,176)
Total equity	**325,792**	**400,969**

25. PARENT ENTITY DISCLOSURE

	Consolidated	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000
FINANCIAL POSITION		
Assets		
Current assets	25,001	51,754
Non-current assets	254,877	244,482
Total assets	**279,878**	**296,236**
Liabilities		
Current liabilities	1,818	1,327
Non-current liabilities	255	253
Total liabilities	**2,073**	**1,580**
Equity		
Issued capital	390,255	377,338
Accumulated losses	(137,724)	(131,833)
	252,531	**245,505**
Reserves		
Foreign currency translation reserve	15,563	39,217
Equity settled share based payment reserve	9,711	9,934
	25,274	49,151
Total equity	**277,805**	**294,656**
FINANCIAL PERFORMANCE		
Loss for the year	**(5,891)**	**(24,833)**
Other comprehensive (loss)	(23,653)	(101,603)
Total comprehensive (loss)	**(29,544)**	**(126,436)**

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

The parent entity, Mineral Deposits Limited, 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, Mineral Deposits Limited, and its wholly-owned subsidiaries MDL (Mining) Limited and MDL Gold Limited entered into a deed of cross guarantee pursuant to ASIC Class Order 98/1418 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.

26. CASH FLOW INFORMATION

	Consolidated	
	31 Dec 2014 US$'000	31 Dec 2013 US$'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	13,929	27,252
Other – term deposits	11,373	4,752
Total cash and cash equivalents at end of year	**25,302**	**32,004**
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(71,732)	(16,626)
Depreciation & amortisation	157	175
Amortisation of lease incentive	49	53
Share of net loss/(profit) of joint venture using equity accounting	72,652	(7,492)
Share based remuneration	157	249
Foreign exchange gain	(4,788)	(651)
Impairment of financial assets	1,767	21,196
Interest income received and receivable	(451)	(856)
Changes in assets and liabilities:		
(Increase)/decrease in trade and term debtors	(746)	(1,119)
Decrease/(increase) in prepayments	66	3
(Increase)/decrease in accrued income	(1,920)	142
Increase/(decrease) in trade creditors and accruals	889	(192)
(Decrease)/increase in employee entitlements	(140)	30
(Decrease)/increase in rehabilitation provisions	(85)	1
Net cash (used in) operating activities	**(4,125)**	**(5,087)**

(c) Non-cash financing and investing activities

There were no non-cash financing and investing activities during the year ended 31 December 2014.

(d) Cash balances not available for use

The Company has $289,875 (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 a bank guarantee.

27. FINANCIAL INSTRUMENTS

The board of directors 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 cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in Statement of Changes in Equity.

The gearing ratio at year-end was as follows:

	Consolidated	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Financial assets		
Cash and cash equivalents (Note 26(a))	25,302	32,004
Debt	-	-
Net cash	25,302	32,004
Total equity	326,441	401,732
Net debt to equity ratio	N/A	N/A

(b) Categories of financial instruments

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Financial assets:		
Other receivables – current	125	1,146
Other receivables – non current	43,427	5,009
Other financial assets – current	3,102	24,922
Investment in joint venture	255,741	339,057
Cash and cash equivalents	25,302	32,004
Financial liabilities:		
Other payables and accruals	1,061	340

(c) Foreign currency risk management

The Company and group have certain financial instruments denominated in AUD. Consequently, the Company 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 Company'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 2014 US$'000	31 Dec 2013 US$'000	31 Dec 2014 US$'000	31 Dec 2013 US$'000
AUD	14,352	42,852	1,046	326

Foreign currency sensitivity analysis

The Company and group are mainly exposed to AUD. Ten per cent 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 per cent 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 per cent weakening of USD against the relevant currency for financial assets and a ten per cent 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 2014 US$'000	31 Dec 2013 US$'000	31 Dec 2014 US$'000	31 Dec 2013 US$'000
AUD impact				
Profit or loss	(1,435)	(4,285)	(105)	(33)
Other equity	-	-	-	-

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.

	Consolidated	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Financial assets		
Cash at bank	25,302	32,004

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 2014 US$'000	31 Dec 2013 US$'000	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Company and group				
Profit or loss	127	160	-	-
Other equity	-	-	-	-

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 as the group is at the construction stage with respect to the mineral sands division. The Company 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 of directors who have 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 Company's and 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 based on 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 %	Maturity				
		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 Dec 2014						
Financial Liabilities						
Non-interest bearing	-	851	80	89	41	1,061
31 Dec 2013						
Financial Liabilities						
Non-interest bearing	-	340	-	-	-	340
Consolidated						
31 Dec 2014						
Financial Assets						
Variable interest rate	1.15	17,628	7,004	-	41,927	66,559
Non-interest bearing	-	670	125	-	1,500	2,295
		18,298	7,129	-	43,427	68,854
31 Dec 2013						
Financial Assets						
Variable interest rate	2.04	27,252	4,752	-	5,009	37,013
Non-interest bearing	-	-	146	1,000	-	1,146
		27,252	4,898	1,000	5,009	38,159

(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.

Other financial assets 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.

28. SEGMENT REPORTING

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 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. 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:

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Assets		
Segment assets – Mineral sands division	302,270	350,035
Unallocated assets	26,047	52,991
Total assets	**328,317**	**403,026**
Liabilities		
Unallocated liabilities	1,876	1,448
Total liabilities	**1,876**	**1,448**

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Mineral sands division	-	-	-	-
Unallocated	157	175	4	12
Total	**157**	**175**	**4**	**12**

Revenue from segment

The following is an analysis of the group's revenue by reportable operating segment:

	Year ended	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Continuing operations		
Other revenue from mineral sands division[i]	2,417	1,130
Unallocated revenue	821	1,171
Total other revenue	**3,238**	**2,301**

(i) Represents management fees and interest charged to TiZir Limited during the year and technical assistance fees to Grande Côte Operations SA.

Impairment charges by segment

The following is an analysis of the group's impairment charges by reportable operating segment:

	Year ended 31 Dec 2014 US$'000	Year ended 31 Dec 2013 US$'000
Continuing operations		
Mineral sands division – investment in World Titanium Resources Limited	1,767	5,665
Unallocated – investment in Teranga Gold Corporation	-	15,531
Total impairment expenses	**1,767**	**21,196**

Geographical information

The group operates in various geographical areas, predominantly in the United Kingdom, Australia and Mauritius. 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 2014 US$'000	31 Dec 2013 US$'000	31 Dec 2014 US$'000	31 Dec 2013 US$'000
United Kingdom	2,417	1,010	299,168	344,066
Australia	821	1,171	549	746
Mauritius	-	120	-	-
Total	**3,238**	**2,301**	**299,717**	**344,812**

The non-current assets in the United Kingdom comprise the investment in the joint venture company TiZir Limited which beneficially holds operations in Senegal, Mauritius and Norway.

Information about major customers

As the group's operating segment incorporates the Company's joint venture interest in TiZir Limited, there are no major customers of Mineral Deposits Limited.

29. SHARE-BASED PAYMENTS

(a) The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Performance rights issued to directors

Grant date	Expiry date	No. at beginning of year	Other movements – refer Note 29(b)	No. at end of year	Fair value at grant date A$	Note
31 August 2011	31 Aug 2016	250,000	(250,000)	-	772,711	(i)

(i) There has been no alteration of the terms and conditions of the share based arrangements since the grant date. The terms and conditions are as follows:

Performance rights were granted on 31 August 2011 to directors to accept ordinary shares at any time subject to vesting conditions:

- one-third – vest provided the director remains employed with MDL until 31 August 2014;
- one-third – a calculation of the relative Total Shareholder Return ('TSR') of MDL measured against a pre-determined comparator group (the comparator group being the S&P/ASX Resources 300 Index excluding those companies which are also in the S&P/ASX Resources 100 Index) during the period from 1 September 2011 to 31 August 2014, whereby the relative TSR hurdle vests:
  - 50% where the TSR performance is better than 50% of the comparator group
  - 100% where the TSR performance is better than 75% of the comparator group
  - Proportionate straight line vesting from 50% to 100% where the TSR performance is between 50% and 75% of the comparator group; and
- one-third – achievement of commercial sales of product from GCO prior to 1 July 2014.

The performance rights issued expire on 31 August 2016 and vest on the earliest to occur of:

- 31 August 2014, being three years from date of grant;
- upon a change of control of the Company whereby if the change of control occurs:
  - during the first year of the vesting period, 50% vest;
  - during the second year of the vesting period, 75% vest; and
  - during the third year of the vesting period, 100% vest;
- termination of employment of the relevant director without cause by the Company (a proportion will vest); and
- employment of the relevant director ceases under 'good leaver' provisions (a proportion will vest).

Performance Rights issued to directors 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 Accounting Standards, fair value is determined using a generally accepted valuation model.

Performance rights hold no voting or dividend rights and are not transferable except with prior written approval of the Board.

(b) Movements in performance rights during the period

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

	No. of Performance rights	
	31 Dec 2014	31 Dec 2013
Balance at the beginning of the financial period	250,000	250,000
Exercised during the financial year– Note 29(c)	(137,555)	-
Lapsed during the financial period	(112,445)	-
Balance at end of the financial period[i]	-	250,000
Exercisable at end of the financial period	-	-

(i) There were no performance rights outstanding at the end of the financial year (2013: the performance rights outstanding at the end of the financial period had a weighted average remaining contractual life of 2.67 years).

Included under administration expenses in the Statement of Profit or Loss and Other Comprehensive Income is $157,646 (2013: $249,508) and relates, in full, to performance rights component of equity settled share based payment transactions issued to directors amortised over the vesting period.

(c) Performance rights exercised during the year

The following performance rights were exercised during the year:

	No. of performance rights exercised	Exercise date	Exercise Price	Share price at exercise date	Value of share at exercise date
Performance rights granted 31 August 2011	137,555	31 August 2014	A$0.00	A$1.54	A$211,835

(d) Performance rights lapsed during the year

The following table reconciles the fair value of performance rights at grant date and the fair value of shares issued upon exercise of performance rights on 31 August 2014:

	Fair value at grant date 31 Aug 2011[i]	Fair value at exercise date 31 Aug 2014[ii]	Fair value of performance rights lapsed 31 Aug 2014[iii]
Performance rights granted 31 August 2011	A$772,711	A$211,835	A$173,165

(i) The value of the performance rights at grant date represents the fair value of performance rights issued to directors on 31 August 2011. The fair value was measured in accordance with Accounting Standards, using a generally accepted valuation model at the date of grant and has subsequently been amortised over the vesting period, 31 August 2011 – 31 August 2014.

(ii) The value at exercise date has been determined by the company's share price at the close of business on the last day of trading before exercise date multiplied by the number of performance rights exercised (nil exercise price).

(iii) The value of performance rights on the date of lapse has been determined by the Company's share price at the close of business on the last day of trading before lapse date multiplied by the number of performance rights lapsed.

There were no share based payments outstanding at the end of the year.

30. AUDITORS' REMUNERATION

	Consolidated	
	31 Dec 2014 US$	31 Dec 2013 US$
Amounts in dollars		
Auditor of the parent entity		
Audit or review of financial reports of the entity	133,158	86,390
Preparation of the tax return	23,439	24,236
Total remuneration – Deloitte Touche Tohmatsu	156,597	110,626
Network firm of parent entity auditor		
Audit or review of financial reports of the entity	10,463	13,848
Preparation of the tax return	2,135	1,912
Total remuneration – related practice of parent entity auditor	12,598	15,760

The auditors did not receive any other benefits.

The auditor of the Company is Deloitte Touche Tohmatsu.

31. SUBSEQUENT EVENTS

There has been no matter or circumstances occurring subsequent to the end of the financial year that have 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.

32. KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000
The compensation of key management personnel of the consolidated entity is set out below:		
Short term employee benefits	1,632	2,485
Post-employment benefits	701	130
Equity-settled share-based payments	155	250
	2,488	**2,865**

33. RELATED PARTY TRANSACTIONS

(a) Equity interests in related parties

Details of percentages of ordinary shares held in subsidiaries are disclosed in Note 23 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 2014 US$	31 Dec 2013 US$
MDL (Mining) Limited	245,876,403	232,982,932
HNFL (Holdings) Pty Ltd	260,560	279,871
ZTF Investments Pty Ltd	3,102,158	4,969,607
MDL Gold Limited	1,794	964
Mineral Deposits (Operations) Pty Ltd	(46,603)	(50,693)
Mineral Deposits International Pty Ltd	(205,016)	(223,219)
	248,989,296	**237,959,462**

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 2014, there were no transactions between the group and its related parties.

(b) Transactions with TiZir Limited

During the financial year ended 31 December 2014, the following transaction occurred between the group and its joint venture, TiZir Limited:

- during the year, the group charged TiZir Limited a management fee of $0.5 million (31 December 2013 – $1.0million) for office, accounting, administrative and management support provided. The amount charged in the financial year ended 31 December 2013 related to the management for the 2012 and 2013 years;
- 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 and 23 May 2014 are fully repaid. The Company advanced $5 million to TiZir as part of this loan agreement in December 2013, with the remaining $35 million advanced during the first half of 2014. During the year ended 31 December 2014, the Company charged 1.9 million (2013: $8,730) interest on the subordinated loan.

Amounts due from TiZir Limited are disclosed as amounts due from other related parties in Note 8. None are considered to be impaired.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 23 February 2015.

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 Class Order 98/1418. 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 the ASIC Class Order applies, as detailed in Note 24 to the financial statements, will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue 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

Robert Danchin
Deputy Chairman

Martin Ackland
Director

Melbourne, 23 February 2015

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

Independent Auditor's Report
to the members of Mineral Deposits Limited

Report on the Financial Report

We have audited the accompanying financial report of Mineral Deposits Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 36 to 72.

Directors' Responsibility 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 Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Mineral Deposits Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 34 of the directors' report for the year ended 31 December 2014. 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.

Opinion

In our opinion the Remuneration Report of Mineral Deposits Limited for the year ended 31 December 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 23 February 2015

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Securities Exchange in respect of listed public companies only.

1. SHAREHOLDING

The issued capital of the Company as at 19 February 2015 was 103,676,341 ordinary shares fully paid.

(a) Distribution of Shareholder Numbers

Size of Holding	Number of Shareholders	Number of Shares Held	%
1 - 1,000	1,560	450,167	0.43
1,001 - 5,000	538	1,311,786	1.27
5,001 - 10,000	120	899,347	0.87
10,001 - 100,000	132	4,041,455	3.90
100,001 and over	20	96,973,586	93.53
	2,370	103,676,341	100.00

(b) There were 1,324 shareholders who held less than a marketable parcel (658 shares) based on the market price of A$0.76

(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
1	Allan Gray Australia Pty Ltd	15,135,630
2	Commonwealth Bank of Australia	8,646,103
3	Ellerston Capital Limited	8,496,081
4	Renaissance Smaller Companies Pty Ltd	7,065,213
5	Northcape Capital Pty Ltd	6,659,458
6	H.E.S.T. Australia	5,188,374
		51,190,859

(d) 20 Largest shareholders – ordinary shares

	Name	Number of Shares Held	%
1	HSBC Custody Nominees (Australia) Limited	25,044,347	24.16
2	J P Morgan Nominees Australia Limited	24,355,338	23.49
3	National Nominees Limited	19,276,080	18.59
4	Citicorp Nominees Pty Limited	16,503,308	15.92
5	BNP Paribas Noms Pty Ltd <DRP>	4,164,026	4.02
6	UBS Nominees Pty Ltd	2,087,472	2.01
7	RBC Investor Services Australia Nominees Pty Limited <Piselect>	980,474	0.95
8	HSBC Custody Nominees (Australia) Limited – A/C 3	811,829	0.78
9	Zero Nominees Pty Ltd	706,672	0.68
10	HSBC Custody Nominees (Australia) Limited – A/C 2	616,111	0.59
11	Fountain Oaks Pty Ltd <Limbs Family Super Fund A/C>	518,553	0.50
12	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	441,461	0.43
13	Qic Limited	379,848	0.37
14	Latsod Pty Ltd <Dostal Superfund A/C>	262,700	0.25
15	RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	226,165	0.22
16	Mrs Penelope Margaret Ackland & Mr Martin Clyde Ackland <MC & PM 1 Ackland S/F A/C>	130,702	0.13
17	Warwick Lee Sharp	130,022	0.13
18	Neweconomy Com Au Nominees Pty Limited <900 Account>	121,000	0.12
19	HSBC Custody Nominees (Australia) Limited – GSI EDA	113,071	0.11
20	Bond Street Custodians Limited <Pure Indexed Equities A/C>	104,407	0.10
		96,973,586	93.53

(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.

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 (Executive Chairman)

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

Registered Office

Level 17 530 Collins Street
Melbourne VIC 3000
Australia
T +61 3 9618 2500
F +61 3 9621 1460
E mdlmail@mineraldeposits.com.au
mineraldeposits.com.au

Share Registry

Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford VIC 3067
Australia
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 Lawyers
550 Bourke Street
Melbourne VIC 3000
Australia

Solicitors

Minter Ellison
Level 23 525 Collins Street
Melbourne VIC 3000
Australia

Bankers

Westpac Banking Corporation
360 Collins Street
Melbourne VIC 3000
Australia

Home Exchange

Australian Securities Exchange
Level 4 North Tower
Rialto
525 Collins Street
Melbourne VIC 3000
Australia
Trading Code: MDL

Mineral Deposits Limited ABN 19 064 377 420

Level 17 530 Collins Street Melbourne VIC 3000 Australia
T +61 3 9618 2500 F +61 3 9621 1460
E mdlmail@mineraldeposits.com.au
mineraldeposits.com.au