APPENDIX 4E (RULE 4.3A)

FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Expressed in United States Dollars unless otherwise stated

RESULTS FOR ANNOUNCEMENT TO THE MARKET

All comparisons to the year ended 31 December 2014

This information should be read in conjunction with the attached 2015 consolidated annual report of Mineral Deposits Limited.

		Change %		Amount $'000
Revenue from ordinary activities	Up	8.26	to	3,505
Loss from ordinary activities after tax attributable to equity holders of the parent	Down	41.41	to	42,031
Loss for the period attributable to equity holders of the parent	Down	41.41	to	42,031

Commentary on the results for the year ended 31 December 2015

For commentary on the results for the year ended 31 December 2015, please refer to the attached Annual Report.

Net tangible assets per ordinary share

	31 Dec 2015	31 Dec 2014
Net tangible asset backing per ordinary share (cents)	258.64	315.28

Controlled entities acquired or disposed of

There were no controlled entities acquired or disposed of during the period ended 31 December 2015.

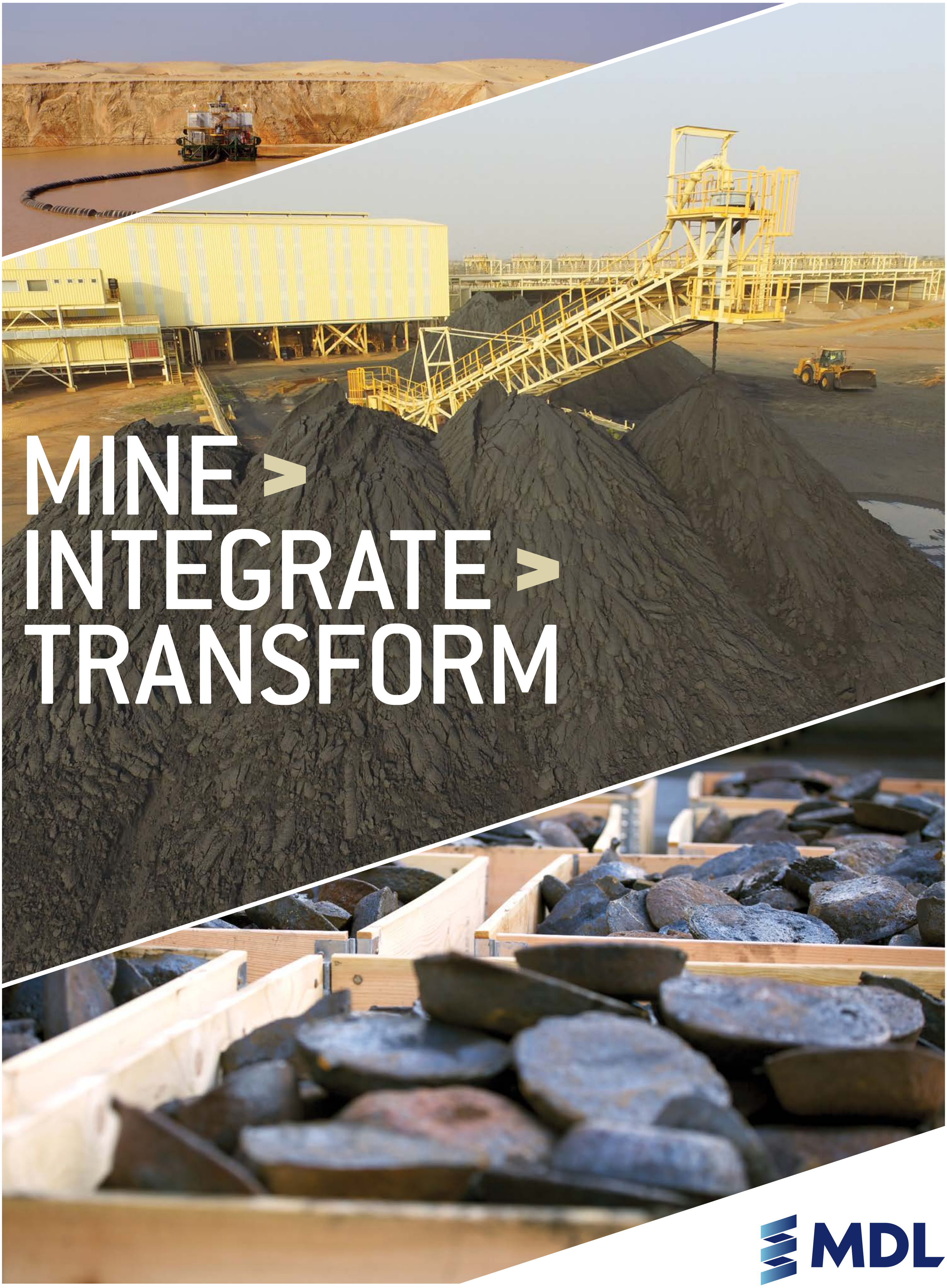
Details of joint venture entities

		31 Dec 2015	31 Dec 2014
Ownership interest held in TiZir Limited	%	50	50
Contribution to net loss (refer Note 23 – Investment in Joint Venture)	$'000	(46,325)	(72,652)

Additional Appendix 4E disclosure requirements and commentary can be found in the accompanying Annual Report for the year ended 31 December 2015.

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

ANNUAL REPORT 2015



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 mining and mineral processing operations, 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.

CONSECUTIVE RECORD
quarterly production of heavy mineral concentrate

INTEGRATION OF TTI & GCO MARKS THE REALISATION OF THE TIZIR STRATEGIC VISION

POSITIVE EBITDA
at GCO over the final five months of 2015

GCO

DREDGE
achieving design throughput rates towards the end of 2015

ON BUDGET COMPLETION
of TTI furnace reline and capacity expansion project

SUCCESSFUL RESTART
of upgraded TTI operations in December 2015

TTI received a grant of

$14.2 MILLION

from ENOVA for development of carbon reduction technology

TiZir produced **644.2kt** product during the year:

539.8kt titanium feedstocks

45.2kt zircon

59.2kt high-purity pig iron

'Shareholders will now realise the benefits of synergies generated by the integration of GCO & TTI.'

Fellow Shareholders,

There is no doubt that 2015 was a tough year for those of us invested in the resources sector. In what was largely a successful year for your Company, where a number of key milestones were achieved, it was also very frustrating and disappointing not to see this success translated into an improved share price performance for shareholders.

The 2015 year will be remembered as the year we realised the original strategic vision of the TiZir joint venture, via the successful integration of the Grande Côte mineral sands operation ('GCO') in Senegal and the TiZir Titanium & Iron ilmenite upgrading facility ('TTI') in Tyssedal, Norway. Shareholders will now realise the benefits of synergies generated by the integration of these two producing assets.

In light of the current resources market, this strategy will best position your Company to be competitive during the cyclical downturn with significant leverage to the upside when commodity prices recover. Specific advantages include:

- security of offtake for GCO ilmenite, limiting exposure to the lower value, more volatile ilmenite market
- ensuring security of ilmenite supply for TTI
- production of chloride titanium feedstocks while retaining production flexibility to maximise returns in the face of potential changes to market dynamics
- considerable logistical advantages

Whilst the ramp-up of GCO encountered normal commissioning issues during the first half of the year, the implementation of a number of optimisation projects resulted in numerous production records being achieved, including:

- HMC production steadily increasing during 2015 with 188.7kt produced in 4Q 2015
- HMC production for a month (August) of 80.2kt
- the dredge reaching design throughput rates towards the end of 2015

GCO also achieved a positive EBITDA for the final five months of 2015 – an excellent result given the near-record low commodity prices.

GCO's skilled management team is now focusing on maintaining elevated throughput rates whilst also increasing the efficiency of both the Wet Concentrator Plant and Mineral Separation Plant thereby enabling sustainable and cost effective production.

The successful completion of the furnace reline and capacity expansion project was an outstanding achievement by the dedicated and highly skilled team at TTI. A project of this scale and complexity has an infinite number of risks that need to be appropriately mitigated and I sincerely thank all involved for their diligence and professionalism.

TTI was also awarded a grant of NOK 122.0 million (US$14.2 million) from ENOVA (a Norwegian Government environmental agency) for research and development of carbon emission reduction technology, which forms part of the furnace reline and capacity expansion project. This funding will enable TTI to move further towards its goal of reducing carbon emissions.

In December, TiZir and its joint venture partners successfully negotiated with bondholders a number of revisions to the Bond Agreement that governs TiZir's senior secured bonds. As a consequence of these negotiations, TiZir now has the capacity to 'cure' all of the covenants attaching to the bond (should such a cure be necessary) during the period leading up to the maturity of the bond in September 2017. This cure capacity should provide comfort to MDL shareholders, given it creates improved optionality with respect to the operation and management of the bond covenants.

The relationship with our joint venture partner ERAMET is very strong. We continue to work in close collaboration with ERAMET and TiZir management to ensure ongoing optimisation of the joint venture. ERAMET recently assisted MDL with an amount of short-term funding on terms specified in the Shareholders' Agreement that provide significant optionality for your Company at this time in the commodity cycle.

We are in the process of transitioning the management team at your Company. During 2015, we successfully put in place a new management team who have hit the ground running and are performing well. Collectively, the appointments of Rob Sennitt (Chief Executive Officer), Jozsef Patarica (Chief Operating Officer) and Greg Bell (Chief Financial Officer) bring important expertise and great energy to develop the next stage of the evolution of your Company.

It is my intention to step down from my role as Executive Chairman at the 2016 Annual General Meeting to become non-executive Chairman. At the same time, subject to shareholder approval, Rob Sennitt will transition to the position of Managing Director. David Isles, a long-serving director and major contributor to your Company's successes over the years, will also retire at the upcoming AGM.

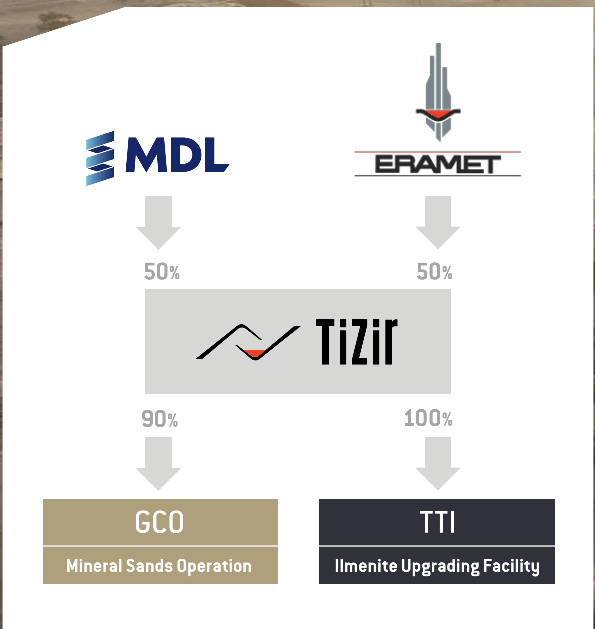
Our new management team will focus on MDL's key objectives for 2016, which include:

- **GCO building on the commissioning successes of 2015 through a focus on operational utilisation and sustainable throughput rates, whilst also increasing efficiencies with respect to mining recoveries and processing yields to bolster its capacity to operate as a Tier 1 asset**
- **successful ramp-up of TTI operations to produce chloride titanium slag and continue production of high-purity pig iron**
- **continued cost reduction initiatives to enhance product competitiveness throughout the group**

Your Company recorded an underlying loss for the year of $27.2 million, primarily as a result of operating losses incurred at GCO as operations continued to ramp-up, along with a small operating loss at TTI as a result of the planned shutdown for the completion of the furnace reline and capacity expansion project. Unfortunately, as with many of our mining industry peers, the decline in commodity prices has meant it is difficult to support current balance sheet values of assets. As such, MDL has recognised a non-cash impairment loss of $26.7 million against its investment in TiZir for the year ended 31 December 2015. Your Company's share of this impairment amounted to $12.0 million and is the primary reason for the after tax loss of $42.0 million for MDL. While this result is disappointing, the assets that have been impaired primarily relate to costs incurred at the mine development phase of the project.

I would like to take this opportunity to thank you – our valued shareholders and other key stakeholders – for your continued support.

Nic Limb
Chairman



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

The TiZir joint venture comprises two integrated, producing assets – GCO & TTI. The joint venture benefits from MDL's development expertise and mineral sands mining experience as well as ERAMET's broad expertise in mining, metallurgy, logistics, R&D and marketing.

WHY MDL?

- Well located, high quality assets
- Vertical integration drives cost efficiencies
- Significant leverage to improved markets
- Strategic market positioning
- Operational flexibility
- Partnership with ERAMET, a major global mining & smelting player

INTEGRATED ASSETS

GCO is a large-scale, cost competitive mineral sands operation that is fully integrated from mine-to-ship, using owned or controlled infrastructure.

GCO produces high-quality zircon and ilmenite as well as small amounts of rutile and leucoxene.

TTI upgrades GCO ilmenite to produce high-quality titanium feedstocks and high-purity pig iron.

TTI benefits from excellent logistics with respect to cheap & clean power access, year-round shipping capacity and customer proximity.

MINE > INTEGRATE

GCO

1 **WET MINING – DREDGE & FLOATING CONCENTRATOR**

Moving through mobile coastal dunes, the dredge extracts ore from the front of the dredge pond and pumps sand and water to the floating wet concentrator plant which separates heavy mineral concentrate (HMC) from the lighter sand through a staged spiral gravity separation process.

2 **PROCESSING TO SEPARATE MINERALS**

Within the Mineral Separation Plant (MSP), magnetic, electrostatic and gravity processes separate HMC into GCO's product streams: zircon, ilmenite, rutile and leucoxene.

3 **POWER**

An on-site 36MW tri-fuel power station gives GCO security of power supply.

4 **RAIL**

Using GCO's own locomotives and rolling stock, product is transported daily via GCO owned or controlled rail from the MSP to the port of Dakar.

5 **PORT & SHIPPING**

GCO has its own warehousing and ship loading facilities as well as secure mole access at Dakar port. Zircon is shipped to global customers, while the majority of GCO's ilmenite is shipped to TTI for upgrading.

TTI

6 **INPUT**

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

7 **PRE-REDUCTION**

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

8 **SMELTING**

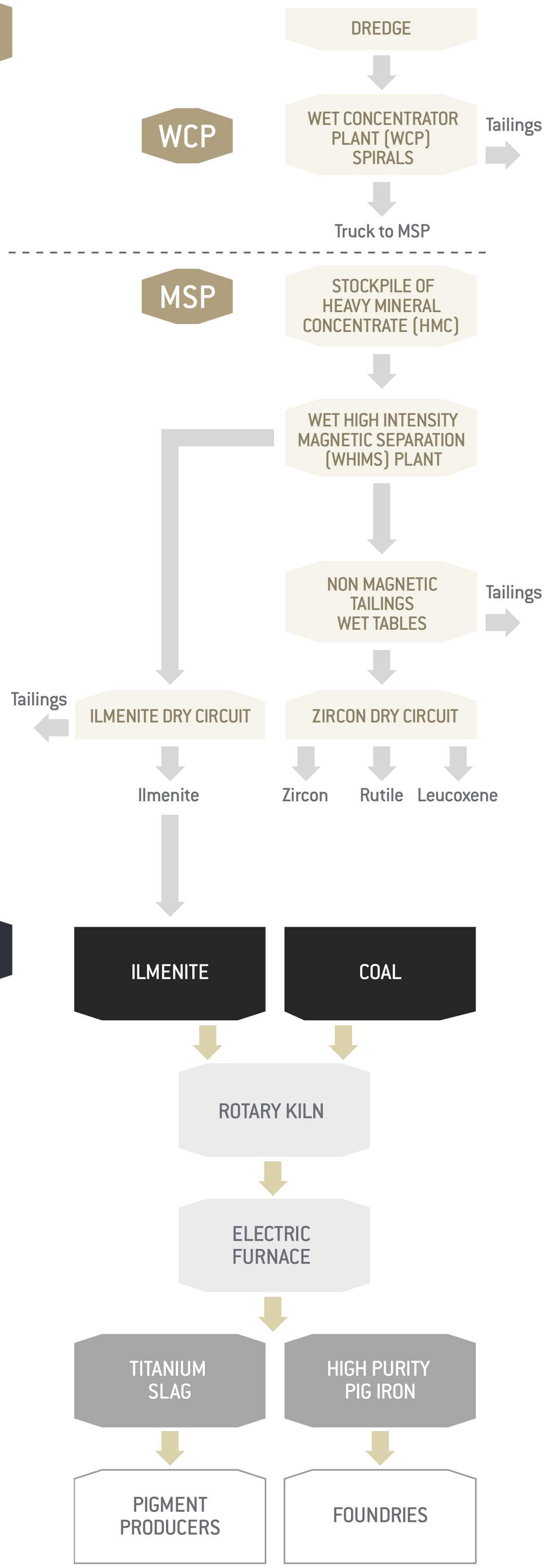
The material is smelted in an electric arc furnace to extract iron, with everything else reporting to the titanium rich slag.

9 **OUTPUTS**

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

10 **CUSTOMERS**

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



> TRANSFORM

Zircon and titanium feedstocks have physical and chemical properties which make them suitable for a wide range of industrial and domestic ‘lifestyle’ applications.

PRODUCTS

40
Zr

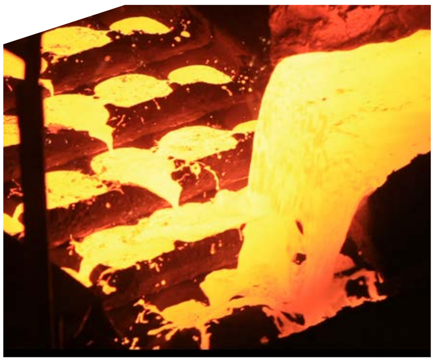
ZIRCON

- Chemically inert
- Provides strength, durability and bright white finishes
- Common end uses: ceramic tiles, sanitary ware, tableware, zirconium metals
- GCO zircon is of high quality

22
Ti

TITANIUM MINERALS

- Includes ilmenite, leucoxene, rutile and titanium slag (collectively referred to as titanium feedstocks)
- Feedstocks are valued for their TiO_2 content
- Most of the world’s TiO_2 is used to make white pigment
- Used in the manufacture of paint, plastics, paper, and titanium metal
- TTI upgrades GCO ilmenite to produce high-quality titanium slag



26
Fe

HIGH-PURITY PIG IRON

- High tensile strength
- Also known as ductile or foundry iron
- TTI’s pig iron is of high purity due to its low phosphorus and sulphur content
- Specialist end uses: windmills, automotive & engine parts, tools and heavy castings

Demand for mineral sands products generally correlates with GDP growth. Urbanisation, particularly in developing countries, is also a key demand driver.

GCO PRODUCTION

GCO continued its ramp-up throughout the reporting period with numerous operational records being achieved.

Production was inhibited in 1H 2015 by unplanned electrical outages, tailings management and other routine commissioning issues. Completion of a number of discrete commissioning projects aimed at ensuring consistent throughput from the Wet Concentrator Plant ('WCP') and improved efficiencies and recoveries at both the WCP and Mineral Separation Plant ('MSP') resulted in a significant turnaround in operational results during 2H 2015. The Company seconded its Chief Operating Officer to work directly with GCO management on these commissioning projects.

On an overall basis, the dredge operated at 65.2% capacity throughput for the reporting period. December 2015 represented the best recorded month to date with a throughput capacity of 90% and significant periods where the WCP was operating at or above design expectations.

The improvement in the operational results at the WCP consequently led to record heavy mineral concentrate ('HMC') production in 2H 2015. The final five months of the year represented five of the best six months for HMC production at the operation, including a monthly record set in August of over 80.0kt. Further, the quarterly record for HMC production of 176.0kt set in the third quarter was surpassed by HMC production in the fourth quarter of 188.7kt.

The ramp-up of the MSP met expectations throughout the year as the Wet Plant and the Ilmenite Circuit of the Dry Plant continued to operate at design feed rates. Zircon production continued to improve with a number of initiatives in place to increase production further in 2016. On an overall basis, GCO produced 478.3kt of products which included 427.7kt of ilmenite.

Significant turnaround in operational results

DURING 2H 2015

Final 5 months of the year represented:

5 of the BEST 6 months

FOR HMC PRODUCTION AT GCO

Across the year:

ACHIEVEMENT

OF NUMEROUS OPERATIONAL RECORDS

100% basis		CY 2015	CY 2014
Mining			
Ore mined	(kt)	34,759	14,263
Heavy mineral concentrate produced	(kt)	632.9	184.1
Finished goods production			
Titanium slag	(kt)	106.8	183.7
Ilmenite	(kt)	427.7	100.6
Zircon	(kt)	45.2	9.0
High-purity pig iron	(kt)	59.2	103.0
Rutile & Leucoxene	(kt)	5.3	0.7

TTI PRODUCTION

Production at TTI for 2015 was significantly impacted by the furnace reline and capacity expansion project which was completed in 4Q 2015. During this period, there was no production at TTI.

The key strategic rationale behind this project was for TTI to produce chloride feedstocks while retaining the production flexibility to maximise returns in the face of potential changes to market dynamics. In addition, the new roof on the furnace is anticipated to increase smelting capacity in the order of 15%.

There are a number of key advantages to the strategy of producing a chloride titanium slag in the current environment:

- Chloride slag generally sells at a premium to the sulphate slag previously produced by TTI
- GCO ilmenite is used in the production of chloride slag, allowing the generation of synergies from integrating GCO and TTI
- Logistically, key customers for chloride slag are well located to the TTI production facility in Norway
- TTI's enhanced environmental credentials
- TTI retains the capacity to produce sulphate slag in response to market opportunities

In light of the current resources market, this strategy will best position MDL to be competitive during the cyclical downturn with significant leverage to the upside when commodity prices recover.

100% basis		CY 2015	CY 2014
Sales volumes			
Titanium slag	(kt)	131.7	178.2
Ilmenite	(kt)	420.4	74.9
Zircon	(kt)	41.9	7.1
High-purity pig iron	(kt)	64.6	105.7
Rutile & Leucoxene	(kt)	4.6	0.2

GCO SALES

The significant increase in production at GCO saw sales volumes increase throughout the reporting period.

Despite weakening market conditions, GCO was able to negotiate sales contracts with external customers for the majority of its ilmenite production for 2015. GCO also completed two shipments to TTI in 2015 to ensure there was adequate feedstock available for the restart of the furnace in December.

Ilmenite prices remained under pressure throughout the year as markets remained supply driven, creating downward pressure on prices.

Zircon sales continued to increase throughout 2015 as production increased. Customer feedback on product quality remained positive, illustrating the acceptance of GCO zircon in the market.

Zircon pricing was relatively stable throughout the year.

POSITIVE EBITDA at GCO

OVER FINAL 5 MONTHS OF 2015

TTI SALES

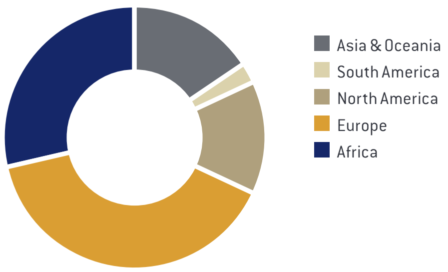
TTI sales volumes were significantly impacted by the furnace reline and capacity expansion project.

Despite a concerted effort late in 2014 and during 2015 to build up inventory for the shutdown, titanium slag sales volumes were lower than expected, and were exacerbated by titanium feedstock market conditions which saw pigment producers delaying or cancelling some purchases in 4Q 2015.

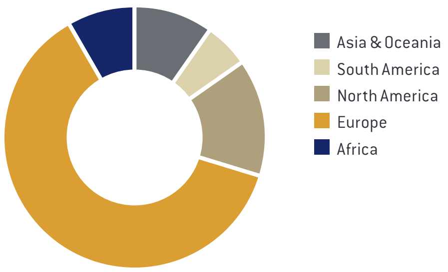
In conjunction with the decrease in sales volumes, average pricing for titanium slag remained under pressure and declined during the year.

Sales volumes for high-purity pig iron were lower due to restricted production capacity, as outlined. Pricing for high-purity pig iron was strong during 1H 2015, reflecting tighter supply due to geopolitical tensions in Eastern Europe and a weakening of the Euro against the United States Dollar. However, reduction in demand from both local European foundries and factories in China, together with increased competition from Eastern European producers during 4Q 2015, saw prices decrease towards year-end.

Revenue by region



Volume by region



Successful restart of upgraded TTI operations

DECEMBER 2015

STRATEGIC OUTLOOK

Completion of the reline and capacity expansion of the TTI furnace was a key part in the strategic vision of TiZir and represents the final step in the integration of the joint venture. Shareholders will now realise the benefits of synergies generated by the integration of GCO and TTI.

Based on expectations that 2016 will be another challenging year for mineral sands feedstock markets, the strategy for MDL and the joint venture will be to focus on production efficiencies and cost reduction initiatives to ensure the competitiveness of the operations at all stages of the commodity price cycle.

GCO PRODUCTION OPTIMISATION

GCO will continue to build on the commissioning successes of 2015 by focusing on operational utilisation and sustainable throughput rates, whilst also increasing efficiencies with respect to mining recoveries and processing yields to bolster GCO's capacity to operate as a Tier 1 asset.

Further, cost reduction initiatives to enhance GCO's competitiveness are underway and will continue during 2016.

TTI ILMENITE UPGRADING FACILITY

Following the successful completion of the furnace reline and capacity expansion project in December 2015 and the consequent restart of operations, TTI's primary focus is the ramp-up of operations. It is anticipated that the upgraded furnace and water-cooled copper-ceramic roof will increase smelting capacity by approximately 15% and improve maintenance performance by lengthening periods between scheduled shutdowns.

STRATEGIC FLEXIBILITY

The integration of GCO and TTI and completion of the refurbishment and capacity expansion project have created the flexibility to produce chloride and sulphate titanium slag, providing the ability to alternate between products as dictated by supply and demand dynamics within the market. Also, chloride titanium slag production will use ilmenite produced by GCO, which will both secure supply of ilmenite from within the group and reduce exposure to the lower value, more volatile ilmenite market, thereby mitigating the risk profile of the business.

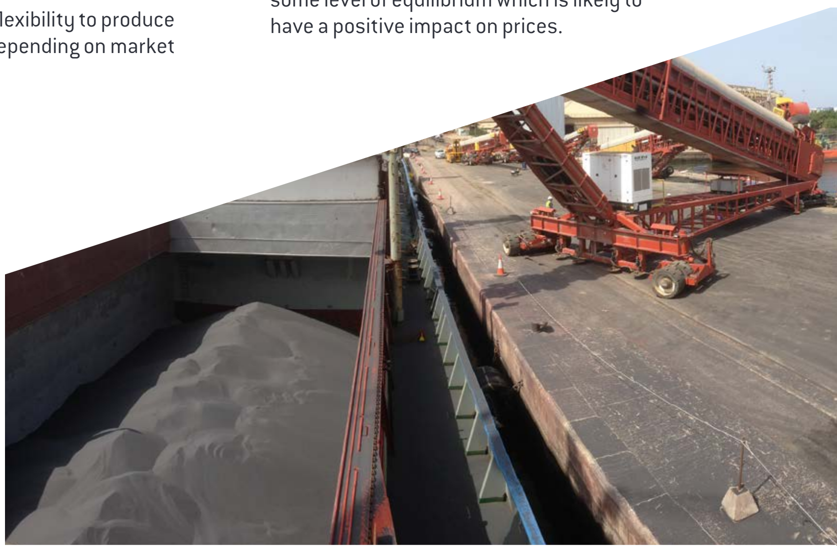
The TiZir joint venture now has the ability to supply a range of titanium feedstocks to customers and the flexibility to produce different feedstocks depending on market demand.

MARKET OUTLOOK

As previously mentioned, titanium feedstock markets remain supply driven with increased pressure on prices. Overcapacity persists in both the mineral sands and pigment production industries, mainly due to weak demand and Chinese oversupply. Continued overproduction of pigment in China has seen price deflation exported to TiZir's key markets in Europe and North America, resulting in customers cutting production and thereby putting pressure on feedstock prices and volumes. On the positive side, this situation has resulted in investment in new feedstock capacity being largely delayed or abandoned, while some US and Australian mining operations are closing due to orebody depletion. Furthermore, some pigment production capacity has also been temporarily or permanently shut down, all of which bodes well for the future recovery of the sector.

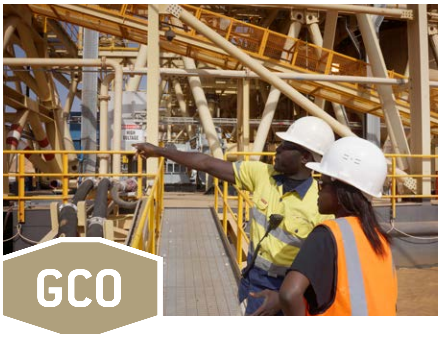
Whilst the zircon market has remained relatively stable, towards the end of 2015 there were some indications of slight weakening in the lower grade markets.

At this stage, it is anticipated that product pricing will remain under pressure until such time as the supply/demand relationship regains some level of equilibrium which is likely to have a positive impact on prices.



'Ability to supply a range of titanium feedstocks with the flexibility to adjust product mix in response to market demand.'

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



Employment & human resources

In 2015, GCO continued its emphasis on capacity building expansion programs and the ongoing recruitment of Senegalese citizens through programs aimed at attracting, training, incentivising and retaining committed, high-potential staff.

As at 31 December 2015:

822 Total number of EMPLOYEES

59 EXPATS

763 NATIONAL EMPLOYEES

240 NATIONAL CONTRACTORS

9% FEMALE EMPLOYEES

19% WOMEN in senior management team

50% SENEGALESE NATIONALS in senior managerial positions

Recruitment and training: The worker pre-selection Recruitment Committee and training program implemented during GCO's construction phase remains a cornerstone of the company's human resources program. This Committee continues to facilitate equitable local community representation and employment opportunities at GCO. Through partnership with this Committee and the Office National de Formation Professionnelle (ONFP, National Vocational Training Office), GCO facilitates training of local community members to enhance employment opportunities with GCO and other potential employers across Senegal. This joint initiative provides students with skills training in 12 different professions, including mechanical and electrical maintenance and environmental management.

During the year, GCO also partnered with various schools and universities, such as Thiès Ecole Polytechnique and the University of Dakar (including the School of Library and Information Sciences and the Institute of Earth Sciences), to facilitate work experience placements at GCO for student interns and build capacity amongst existing employees. This collaboration resulted in the roll-out of over 50 training programs aimed largely at mineral sands skills development in maintenance and operational fields.

GCO's staff training program continues to grow, with its primary aim being the development of a safe, efficient, participatory and well-informed workforce. During 2015, opportunities for the development of English language competency and literacy were enhanced. Good governance messages were also emphasised with the roll-out of four new company charters associated with ethics, safety and the environment. GCO personnel also undertook anti-bribery and corruption training via an e-learning training platform.

Employee housing cooperative: Now approaching its third year in operation with over 380 members and a target of 500 homes, the employee housing cooperative aims to promote and support access to reduced-cost family housing for local GCO employees as well as incentivise and retain staff. Having established a partnership with the Housing Bank of Senegal in 2014, the cooperative continued to progress its objectives in 2015 with the selection and retention of suitable land in Diogo, development of architectural plans and preliminary earthworks.

Social responsibility & stakeholder engagement

GCO's socio-economic development strategy is underpinned by a series of stakeholder-approved plans and committees developed through ongoing community, government and NGO consultation and participation.

Crucial to ongoing stakeholder engagement is a commitment to enhancing opportunities and aligning expectations while simultaneously minimising concerns and negative outcomes.

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

$500,000 on **social development programs** for local communities during pre-production

$400,000 PER YEAR on **social development programs** for local communities 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, 'production-share contributions' and support of local supply chains. 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.

In 2013 Senegal was accepted as a candidate for the Extractive Industries Transparency Initiative (EITI) and during 2015 published its first activity report, which will assist in its aim of becoming a full EITI member. GCO is supportive of Senegal's EITI candidature and is represented on the multi-stakeholder cooperative tasked with implementing the principles and achieving the reporting directives of the EITI.

Profiled in more detail below, 2015 activities focused on ongoing contributions to local economic development, assistance in enhancing local community infrastructure, and community capacity building and entrepreneurship programs in the areas of agricultural practice and small business development, particularly for women and young people.

Health: Health promotion activities during the reporting period focused on women's health, malaria reduction programs and the provision of medical equipment and technical support to five health posts in surrounding communities (including an ambulance, malaria nets and medical consultation sessions amongst the most vulnerable members of the community). As in prior years, GCO engaged with regional health authorities to identify collaborative health programs for support and sponsorship which, during 2015, included logistical support to assist in ensuring the wide geographic coverage of an immunisation program and malaria prevention with donations of mosquito nets to the surrounding communities. GCO also participated in government health initiatives through the distribution of HIV kits to employees.

Water: The quality of and access to drinking water is a significant community concern. GCO's activities in this area aim to improve drinking water access and quality alongside building capacity with respect to the management of water resources and facilities. During the reporting period, GCO assisted in extending the existing Diogo water supply network to an additional 13 villages in the GCO active area. Having begun in September, this project remains ongoing.

Transport: Following the completion of Fass Boye's community bus station in early 2015, transport initiatives during the reporting period focused on railway safety education programs and participatory community consultation to ensure that crossings established within the mine path were safe and suitable for community access requirements.

Education: Opportunities for educational enhancement are a priority for GCO and the communities impacted by its activities. In 2015 education infrastructure projects initiated in the prior year were completed, with the official unveiling of Diogo college (a secondary school in Ndjiligne) and Thiare primary school. The rehabilitation of Ngouye Yewatt primary school and one block of two classrooms at Diogo primary school was also completed in 2015. Construction of a new primary school in Ngouye Beye, where previously the closest primary school was 5km away, was also finished in October. Cumulative attendance for these four primary schools is 940 students and 350 students for the Diogo college. These projects were identified and prioritised in a participative way through a community committee involving local authorities and council members as well as community representatives.

Waste management: Originally established during construction of the Grande Côte mineral sands operation and involving 13 villages, the aim of this community project is to establish and support sustainable waste management programs that are run by local communities with the support of local health services, local councils and GCO. A 'tidy town' competition is held annually to garner ongoing community participation and support. This project has generated seven permanent employment positions within the participating communities.

Agriculture: Following substantive community and government consultation, GCO, in partnership with Enda LEAD Afrique Francophone, has embarked on a Community Agricultural Improvement Program (CAIP) dedicated to supporting local communities living along the Diogo-Meckhe railway corridor and those practising market gardening in areas impacted by GCO's activities. The CAIP aims to:

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

These aims are consistent with recently released government agricultural policies as well as the government's Plan Senegal Emergent. Program participants (currently five community groups involving 150 market gardeners) are variously supported through the provision of technical assistance, quality seedlings and fertilisers, infrastructure, training and microfinance loans.

As part of this partnership with Enda LEAD AF, GCO will also participate in the development of small industrial units to enhance community capacity in the preservation and processing of fruit, vegetable and fisheries products. This program largely targets women's groups and will also provide support for skills development in the use of processing infrastructure, accounting and marketing.

Enda LEAD AF is a West Africa focused non-government organisation specialising in local community sustainable development initiatives.

Other community infrastructure projects: GCO has committed to the establishment of a community radio station in Diogo, identified by the local community as an important tool for information sharing and increasing opportunities for youth participation.

GCO launched the creation of a community market in Ndoucoura (in the municipality of Meouane), with construction getting underway in October 2015. Due for completion in 2016, the market will house 50 shops and 20 stalls and was identified, through a committee involving community members and local authorities, as crucial to the ongoing economic development of the region.

A community solar access project has been initiated in partnership with FHI360 (a not for profit organisation focused on sustainable, locally driven development solutions), Total Senegal and GCO. The objective of this project is to provide communities with stand-alone solar kits for lighting and charging telecommunications equipment.

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

Health & safety

GCO operates on the basis of a 'zero incident' ethos and aims to manage and minimise health and safety risks through the development of a sound safety culture focused on prevention, the elimination of unsafe acts and conditions and continuous monitoring and improvement. GCO recorded four LTIs during the reporting period and registered a total reportable injury frequency rate of 1.9. In light of these disappointing results, a rigorous safety audit has been commissioned and will commence in early 2016.

GCO operates with an on-site, high-tech and fully equipped medical clinic staffed by a medical doctor, four state-registered nurses and a medical administrative assistant. The clinic provides critical occupational health management support as well as primary preventative activities including pre-recruitment medicals, annual medical examinations and food hygiene inspections, as well as support to local medical facilities and communities. Also available 24/7 is GCO's Emergency Response team, comprised of six Senegalese emergency response technicians, a supervisor, coordinator and two superintendent paramedics. This well-equipped team trains on a continuous basis.

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

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;
- at a minimum, comply with applicable regulatory requirements; and
- continuously progress through annual improvement plans, training programs and effective corrective action systems.

In keeping with the nature of mining activities at GCO, the company's rehabilitation program is progressive in nature and designed to ensure restoration to original or improved condition as well as maintaining biodiversity and benefitting the local community. A regulatory audit of GCO's 2014 and 2015 rehabilitation activities was conducted during the year, resulting in a reported survival rate of 96% for the 2014 blocks and 100% for the 2015 blocks. These exemplary results were officially recognised by the National Department of Forest, Fauna & Soil Conservation.

The GCO nursery cultivates trees and plants, including casuarinas, eucalypts and cashews which have been selected for their benefits in stabilising the dunes, re-establishing impacted state-owned forest areas, and providing additional crop sources for local communities. During the reporting period, the nursery successfully germinated approximately 226,240 seedlings comprising 30 different plant species. In future, GCO's nursery output will be supplemented by an initiative wherein local community members, directly impacted by the current mine path, will cultivate specified plants for future sale to GCO. To support the success of this initiative, GCO has committed to facilitating participant training in accounting and nursery techniques.

Recognising that small changes can contribute to minimising GCO's environmental footprint, an awareness raising energy saving campaign was launched in 2015 encouraging GCO's workforce to make behavioural changes to reduce energy consumption levels.

GCO complied with its environmental monitoring and reporting requirements, with zero reportable breaches during the 2015 period.

Land access & resettlement

Resettlement activities in 2015 focused on progressing the completion of GCO's first resettlement site for seven hamlets (25 households, 288 people) located within the mine path. Following intensive community consultation and the establishment of a Resettlement Committee composed of project affected people, local administrative officials, rural councils and GCO employees, construction of the resettlement village commenced in January. Resettlement activities have been undertaken in partnership with ANEV (Agence Nationale des Éco-Villages), a Senegal government agency focused on the development of eco-villages, which contribute to poverty reduction while focusing on sustainable development. The resettlement site (which is now 85% complete) involves the construction of family homes, community infrastructure (including a primary school, health centre, potable water supply and mosque), installation of solar power supply solutions, a cattle trail and an agricultural area.

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

Employment

TTI is committed to creating capacity-building jobs by maintaining an active apprenticeship program and increasing employment opportunities for women at the facility. TTI's Research and Development Department has an office at the Norwegian University of Science and Technology and provides postgraduate supervision and support.

During the reporting period TTI had:

179 Total number of EMPLOYEES

13% WOMEN

13 APPRENTICES

Social responsibility & stakeholder engagement

As one of the area's largest employers, TTI's goal is to sustain its position as an active and responsible member of the local community. Over the years, the company has provided assistance to local clubs and organisations such as the Tyssedal Sport and Athletics club and the community choir. Neighbouring businesses are also supported through subscriptions to the local newspaper and the distribution to employees of locally sourced fruit. 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 ensures that its neighbours and key stakeholders are regularly informed of its activities via the distribution of reports published in Norwegian and English.

TTI also maintains a complaints register to ensure that neighbourhood complaints are appropriately and adequately addressed in a timely manner. Two complaints were registered during the period, pertaining to dust and noise.

Health & safety

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

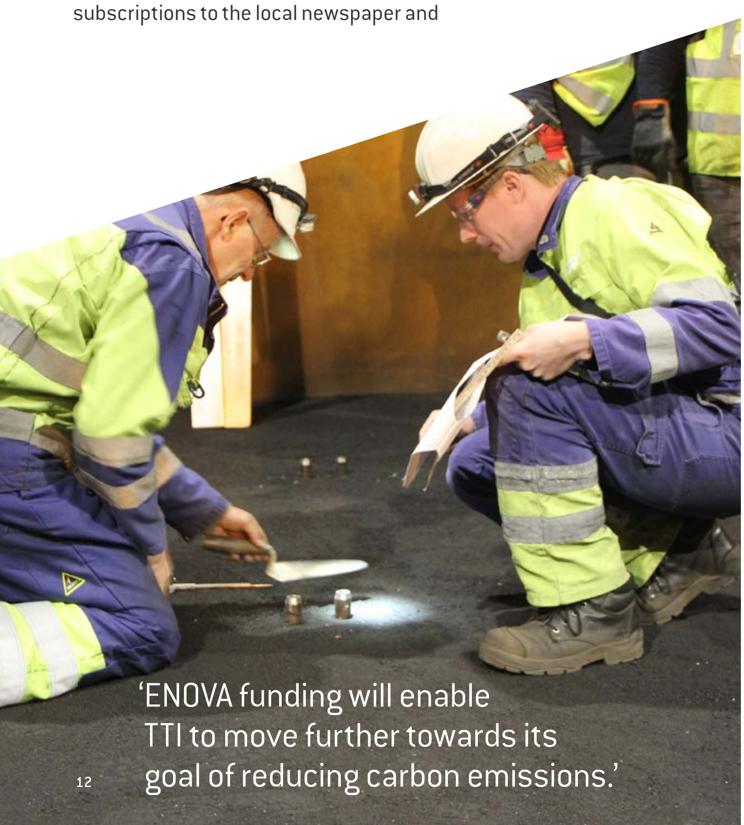
Unfortunately, TTI sustained six LTIs during the reporting period involving five contractors and one TTI employee, resulting in a total recordable injury frequency rate for TTI personnel of 2.7. This result represents a significant decline in TTI's health & safety record compared to past performance and is largely attributable to injuries sustained during the furnace reline and capacity expansion project.

Environment

TTI rigorously monitors dust precipitation and production, emissions into air and sea, and waste treatment. In addition to complying with the regulations of environmental authorities, TTI sets reduction targets and continuously identifies areas for 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 aquaculture, illustrating a number of community benefits arising from this recycling policy. The company also reduces its waste production by providing residual dust generated during production to Boliden Odda, a smelting company that extracts zinc from this material. TTI has also been a member of RENAS (a recycling company for commercial electrical and electronic equipment) since 2000.

During the reporting period, TTI received funding from Enova, a Norwegian government agency promoting energy efficiency and the use of environmentally friendly technology, providing TTI with the opportunity to install, test and continue the development of an innovative upgrading process (replacing coal with hydrogen) that could ultimately reduce TTI's CO_2 emissions by as much as 90% and reduce energy consumption by up to 40%. The technology, if developed successfully, would assist TTI's commitment to reduce its environmental footprint and enhance its reputation as a supplier with strong environmental credentials.



'ENOVA funding will enable TTI to move further towards its goal of reducing carbon emissions.'

CORPORATE GOVERNANCE STATEMENT

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 3rd edition 'Corporate Governance Principles and Recommendations'.

The Corporate Governance Statement sets out the Company's governance structure and practice for the period 1 January 2015 to 31 December 2015. The Company's key corporate governance documents (including this statement) can be found in the Governance section of the MDL website (www.mineraldeposits.com.au/governance) and are listed below:

GOVERNANCE DOCUMENTS

Constitution

A core governance document, the Constitution establishes the contract between the Company and each member; the Company and the Directors & Company Secretary; and a member and other members. MDL's constitution was last updated in 2013.

Code of Conduct

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

Corporate Governance Statement

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

Board Charter

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

Audit & Risk Committee Charter

Structured to separately address the objectives, membership, authority, responsibilities and procedures of the Audit & Risk Committee. Objectives include financial reporting integrity; external auditor independence; risk management; internal control; and compliance.

Nomination & Remuneration Committee Charter

Separately addresses the objectives, membership, authority, responsibilities and procedures of the Nomination & Remuneration Committee. Objectives include Board composition and succession; Board and Executive performance; and remuneration structure, policies and practice.

Anti-Bribery & Corruption Policy

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

Diversity Policy

Outlines the Company's commitment to creating an environment where the contribution of all personnel is received fairly and equitably.

Human Rights & Child Protection Policy

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

Market Disclosure & Communications Policy

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

Risk Oversight & Management Policy

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

Securities Trading Policy

Outlines the circumstances in which Designated Persons (including directors, executives and employees, amongst others) may trade in MDL Securities.

Sustainability Policy

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

MINERAL RESOURCES & 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 information below updates the Mineral Resource and Ore Reserve estimates released on 19 February 2015 which were prepared by AMC Consultants Pty Ltd in conjunction with GCO personnel. The AMC authorised estimates, supporting statements and Table 1 disclosure were prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition ('the JORC Code 2012')[1] and are available on both the MDL and ASX websites.

The Annual Statement of Mineral Resources and Ore Reserves as at 31 December 2015 has been prepared in accordance with the JORC Code 2012 and the ASX Listing Rules. The Company is not aware of any new information or data that materially affects the information included in this Annual Statement and confirms that all material assumptions and technical parameters underpinning the estimates included in the ASX release of 19 February 2015 continue to apply and have not materially changed.

MINERAL RESOURCE ESTIMATE

The GCO Mineral Resource is a total of 27.9 million tonnes ('Mt') of heavy minerals ('HM') (Measured and Indicated and Inferred). Changes from the previous estimate are due to the following factors:

- depletion of 0.7Mt (35Mt at 2.03%) due to 2015 mining production; and
- inclusion of an inferred mineral resource of 1.3Mt of HM (120Mt @ 1.1% HM) arising from new drilling in the 'Noto' area, located to the south of Mboro.

The main HM deposits identified to date are Diogo, Mboro, Mboro Hotel, Fass Boye, Lompoul, Yodi and Noto. Both the dunes and the underlying marine sands contain HM, principally ilmenite with accessory zircon, rutile and leucoxene. Zircon and ilmenite are the main HM of interest.

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

Resource category	Estimate as at 31 December 2015							Estimate as at 31 December 2014						
				Assemblage							Assemblage			
	Tonnes Mt	In situ HM Mt	HM %	Zir %	Leu %	Rut %	Ilm %	Tonnes Mt	In situ HM Mt	HM %	Zir %	Leu %	Rut %	Ilm %
Measured	1,585	23.5	1.5	10.7	3.2	2.5	72.0	1,620	24.2	1.5	10.7	3.2	2.5	74.5
Indicated	210	3.1	1.4	10.7	3.2	2.5	72.0	210	3.1	1.4	10.7	3.2	2.5	74.5
Inferred	120	1.3	1.1					-	-	-				
Total	**1,915**	**27.9**	**1.4**	**10.7**	**3.2**	**2.5**	**72.0**	**1,840**	**27.3**	**1.5**	**10.7**	**3.2**	**2.5**	**74.5**

Notes:

1. Quantities and grades have been derived by accumulating the grades to six metres below the natural water table except for the Mboro Hotel and Yodi deposits, where the accumulation is to the natural water table.
2. A cut-off grade of 1.0% HM has been applied to the accumulated grades.
3. Tonnes have been rounded to the nearest 1,000,000.
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 Djibril Sow, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of Grande Côte Operations SA. Mr Sow has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

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

ORE RESERVE ESTIMATE

The mine plan, dredge path and schedule have been reviewed and altered due to mining- and grade- optimisation. This modification resulted in a Reserve decrease of 201Mt at 0.73% HM compared to last year.

Based on the 2015 depleted Mineral Resource and updated life-of-mine plan, the Ore Reserve estimate is as follows:

Classification	Estimate as at 31 December 2015							Estimate as at 31 December 2014						
				Assemblage							Assemblage			
	Ore tonnes Mt	HM Mt	HM %	Zir %	Leu %	Rut %	Ilm %	Ore tonnes Mt	HM Mt	HM %	Zir %	Leu %	Rut %	Ilm %
Proved	1,143	17.6	1.5	10.7	3.2	2.5	72.0	1,210	18.3	1.5	10.7	3.2	2.5	74.5
Probable	151	1.9	1.3	10.7	3.2	2.5	72.0	320	3.4	1.1	10.7	3.2	2.5	74.5
Proved & Probable	1,294	19.5	1.5	10.7	3.2	2.5	72.0	1,530	21.7	1.4	10.7	3.2	2.5	74.5

Notes:

1. The Ore Reserve estimate is based on Indicated and Measured Mineral Resource contained within the mine design.
2. The Ore Reserve estimate is the part of the Mineral Resource contained within the dredge path design. It is inclusive of mining dilution and is based on the project's economics.
3. Ore tonnes have been rounded to the nearest 1,000,000.
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 Mouhamed Drame, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of Grande Côte Operations SA. Mr Drame 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 Drame consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The GCO deposit continues to the north and south 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.

GOVERNANCE AND INTERNAL CONTROLS

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

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

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

DIRECTORS' REPORT

The directors of Mineral Deposits Limited ('MDL' or the 'Company') present their report together with the Consolidated Financial Statements of the Company and its controlled entities, for the year ended 31 December 2015 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

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:

Executive directors

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 status. Nic has been a non-executive director of a number of public companies over the last 20 years and currently holds a non-executive Chair position with FAR Limited and World Titanium Resources Limited.

Nic is the Chairman of TiZir Limited and serves as a MDL representative on the boards of TiZir and Grande Côte Operations SA.

Period of office: 22 years.

Directorships of other listed companies since 1 January 2013:

FAR Limited (November 2011 to present)

World Titanium Resources Limited (October 2013 to present)

Martin Ackland B AppSc (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. His experience ranges from project development through to finance and capital raising. Appointed in 2003, Martin has prime responsibility for the project implementation and engineering aspects of MDL's projects.

Martin serves as a MDL representative on the board of TiZir and TiZir Titanium & Iron AS. He is also a member of the TiZir Strategy & Development Committee.

Period of office: 13 years.

No directorships of other listed companies held since 1 January 2013.

Independent, non-executive directors

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

Bobby has over 40 years' experience in the exploration industry. He was Chief Executive Officer of Anglo American plc's Exploration and Acquisition Division and the Anglo American Group's Deputy Technical Director (Geology). From 1997 to 2002, he was an executive director of Anglo American Corporation of South Africa Limited. In 1980, he joined Stockdale Prospecting Limited (an Australian subsidiary of De Beers) as Chief Geologist based in Australia. He remained with that company for 15 years, eventually becoming Exploration Manager heading up its Australian-based diamond exploration program.

Bobby is Deputy Chairman of the Company with special responsibility for corporate governance and related areas. He is also a member of the Audit & Risk Committee and the Nomination & Remuneration Committee. Bobby represents MDL on the TiZir Governance Committee.

Period of office: 9 years.

Directorships of other listed companies since 1 January 2013:

Cluff Natural Resources plc (August 2012 to May 2015)

Predictive Discovery Limited (June 2010 to May 2013)

David Isles 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.

David is Chair of the Audit & Risk Committee and a member of the Nomination & Remuneration Committee.

Period of office: 14 years.

Directorships of other listed companies since 1 January 2013:

Stellar Resources Limited (April 2004 to May 2014)

Tom Whiting 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 from 2000 to 2004. In this role, Tom was responsible for BHP Billiton's global minerals exploration program whilst based in Melbourne. His other roles included strategic overview of brownfield's exploration programs for all global BHP Billiton minerals assets. He also served on the Leadership group for BHP Billiton's Diamonds and Specialty Products Customer Sector Group, which 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 & Remuneration Committee and a member of the Audit & Risk Committees.

Period of office: 4 years.

Directorships of other listed companies since 1 January 2013:

Predictive Discovery Limited (November 2010 to May 2013)

Stellar Resources Limited (February 2011 to present)

Charles (Sandy) MacDonald **BSc (Hons) FAusIMM**

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.

Period of office: 2 years.

No directorships of other listed companies held since 1 January 2013.

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
N Limb	993,553
M Ackland	133,202
R Danchin	862
D Isles	43,755
T Whiting	160,000
C MacDonald	40,000

INFORMATION ON OFFICERS

Chief Executive Officer

Robert Sennitt BEc CA

Rob was appointed CEO on 1 June 2015 after an initial period working with MDL on strategic and business development initiatives. Prior to joining MDL, Rob spent almost 25 years in the investment banking industry where his focus was advising companies in the natural resources sector on financial and strategic transactions. During this period, Rob was a Managing Director at RBC Capital Markets, an Executive Director at Macquarie Capital and also worked with J.P. Morgan in Australia.

Rob serves as a MDL representative on the TiZir board, the Finance Committee (as Chair) and the Strategy & Development Committee.

Chief Operating Officer

Jozsef Patarica BEng MBA MAICD MAusIMM

Prior to joining MDL, Jozsef spent eight years as a Director of ASX listed Bassari Resources Limited focused on discovering and developing multimillion ounce gold deposits in the Birimian Gold Belt, Senegal, West Africa. He is a mining professional with a strong track record in the mining industry spanning 24 years. He has been involved in management, project evaluation and operational roles throughout his career in a number of mining centres across Australia and Senegal. He was involved in the development and operational management of the Fosterville Gold Mine (BIOX) in Victoria where he successfully transitioned the operation from open pit to underground mining. Prior to Fosterville, Jozsef was part of Placer Dome's Corporate and Project Development Group based in Australia. He was part of the team for Newcrest Limited involved in the construction and commissioning of Cadia Hill Gold Mine in NSW and, whilst in Western Australia, he was part of the team which successfully constructed and commissioned the Stage 3 expansion of the Fimiston Plant for Kalgoorlie Consolidated Gold Mines.

Chief Financial Officer

Greg Bell BCom CA

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

Greg is a member of the TiZir Finance Committee.

Company Secretary & General Manager – Corporate Affairs

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

Michaela joined MDL in 2012 as Communications Manager – Corporate & Social Responsibility and was appointed Company Secretary in 2013. She has previous ASX listed administrative and executive assistance experience and has, over the years, been employed in a research capacity by Curtin University and the University of Western Australia (UWA).

Michaela is a member of the TiZir Sustainability Committee.

FORMER PARTNER OF THE AUDIT FIRM

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

PRINCIPAL ACTIVITIES

The principal activities of MDL for the year ended 31 December 2015 continued to be focused on the mineral sands sector through the Company's joint venture interest in TiZir Limited ('TiZir'). MDL owns 50% of the TiZir joint venture in partnership with ERAMET of France. The TiZir joint venture comprises two integrated, operating assets – the Grande Côte mineral sands operation ('GCO') in Senegal, West Africa and the TiZir Titanium & Iron ilmenite upgrading facility ('TTI') in Tyssedal, Norway.

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

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

Further information is included under Review of Operations.

OPERATING RESULTS

The underlying loss for the year ended 31 December 2015 was $27.2 million (2014 – underlying loss of $18.5 million) and included the Company's share of TiZir's underlying loss of $33.5 million (2014 – underlying loss of $21.2 million), other income of $3.5 million, administration expenses (including depreciation and amortisation) of $3.6 million and net foreign exchange gains of $6.4 million.

After recognition of the Company's share of a non-cash impairment charge of $12.0 million against MDL's investment in TiZir, a non-cash impairment charge of $2 million against the investment in World Titanium Resources Limited, and the Company's share of TiZir's amortisation of assets recognised on acquisition of $0.8 million (after tax), the Company reported a net loss after tax of $42.0 million (2014 – net loss after tax of $71.7 million).

TiZir bond amendments

TiZir is funded by shareholder loans, senior secured corporate bonds issued on 29 September 2012 and 23 May 2014 with a face value of $275 million maturing in September 2017 and working capital facilities at each of its operations at GCO and TTI.

As announced in November and December 2015 (ASX releases: 27 November 2015 and 11 December 2015), TiZir entered into discussions with its bondholders in respect of potential amendments to the terms of the abovementioned bonds. These amendments were approved at a meeting of bondholders held on 10 December 2015.

The primary amendments to the bond agreement were:

- amendment to the interest coverage ratio covenant including measurement for the first time at 31 December 2016;
- introduction of an equity cure enabling MDL and ERAMET to 'cure' any future breach of the interest coverage ratio covenant by providing equity funding to the joint venture;
- reduction of the maximum bond issue amount to US$275 million; and
- introduction of a $60 million committed facility made available to TiZir primarily for the payment of interest up until maturity of the bond.

In addition, TiZir agreed to pay an 'early bird' fee of 2.75% of the face value of the bond to those bondholders who provided their approval prior to the date of the meeting. This fee was subsequently extended to all bondholders on acceptance of the amendments. In order to assist TiZir in making this payment and other costs associated with securing the approval, ERAMET and MDL contributed $6 million ($3 million from each party) to TiZir in the form of an additional subordinated loan.

ERAMET has agreed to fund this payment on behalf of MDL. This funding is catered for under the terms of the Shareholders' Agreement entered into by the joint venture partners upon establishment of TiZir in September 2011. Should MDL not repay this amount by 31 December 2016, ERAMET will have the option to increase its share of the joint venture. Any dilution of MDL, if applicable, would take place based on a formula that calculates the equity value of TiZir using valuations contained in the most recent TiZir balance sheet.

TiZir impairment review

Impairment reviews were undertaken as at 30 June 2015 and 31 December 2015 in relation to TiZir's two cash-generating units ('CGU'), 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 2015, due to the residual impact of softening mineral sands market conditions an impairment loss of $26.7 million (100% basis) was attributed to GCO at 31 December 2015. No impairment was recognised for TTI. GCO's impairment loss has been recognised against mine development expenditure capitalised in accordance with the Company's accounting policies between 2005 and 2010.

Key assumptions and sensitivity analysis

GCO's 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 27 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.

FINANCIAL POSITION

The Statement of Financial Position at 31 December 2015 comprises net assets of $268.2 million (2014 – $326.4 million), comprising:

- 50% equity interest in TiZir carried at $200.8 million (2014 – $255.7 million);
- cash of $8.0 million (2014 – $25.3 million);
- an interest bearing, subordinated loan (including accrued interest) to TiZir of $59.4 million (2014 –$41.9 million);
- shareholding in World Titanium Resources Limited valued at $1.5 million (2014 – $3.1 million); and
- other assets and liabilities netting to an asset of $1.5 million (2014 – net asset of $0.4 million).

The Company had external borrowings of $2.5 million as at 31 December 2015. These borrowings were provided by the Company's joint venture partner, ERAMET, in accordance with the Shareholders' Agreement as outlined above.

CASH FLOW

Cash balances reduced by $17.3 million during the year ended 31 December 2015 as a result of:

- payment of $12.5 million in September 2015 as a subordinated loan to TiZir;
- payment of $0.6 million in April 2015 to participate in a World Titanium Resources rights issue;
- other net cash outflows of $3.1 million; and
- impact of exchange rates on cash holdings of negative $1.1 million.

REVIEW OF OPERATIONS

Grande Côte Mineral Sands Operation, Senegal

Production

GCO continued its ramp-up throughout the reporting period with numerous operational records being achieved.

Production was inhibited in 1H 2015 by unplanned electrical outages, tailings management and other routine commissioning issues. Completion of a number of discrete commissioning projects aimed at ensuring consistent throughput from the Wet Concentrator Plant ('WCP') and improved efficiencies and recoveries at both the WCP and Mineral Separation Plant ('MSP') resulted in a significant turnaround in operational results during 2H 2015. The Company seconded its Chief Operating Officer to work directly with GCO management on these commissioning projects.

On an overall basis, the dredge operated at 65.2% capacity throughput for the reporting period. December 2015 represented the best recorded month to date with a throughput capacity of 90% and significant periods where the WCP was operating at or above design expectations.

The improvement in the operational results at the WCP consequently led to record heavy mineral concentrate ('HMC') production in 2H 2015. The final five months of the year represented five of the best six months for HMC production at the operation, including a monthly record set in August of over 80.0kt. Further, the quarterly record for HMC production of 176.0kt set in the third quarter was surpassed by HMC production in the fourth quarter of 188.7kt.

The ramp-up of the MSP met expectations throughout the year as the Wet Plant and the Ilmenite Circuit of the Dry Plant continued to operate at design feed rates. Zircon production continued to improve with a number of initiatives in place to increase production further in 2016. On an overall basis, GCO produced 478.3kt of products which included 427.7kt of ilmenite.

Sales

The significant increase in production at GCO saw sales volumes increase throughout the reporting period.

Despite weakening market conditions, GCO was able to negotiate sales contracts with external customers for the majority of its ilmenite production for 2015. GCO also completed two shipments to TTI in 2015 to ensure there was adequate feedstock available for the restart of the furnace in December.

Ilmenite prices remained under pressure throughout the year as markets remained supply driven, creating downward pressure on prices.

Zircon sales continued to increase throughout 2015 as production increased. Customer feedback on product quality remained positive, illustrating the acceptance of GCO zircon in the market.

Zircon pricing was relatively stable throughout the year.

The following table summarises GCO's quarterly sales and production volumes for the year ended 31 December 2015:

100% basis		1Q 2015	2Q 2015	3Q 2015	4Q 2015	CY 2015	CY 2014
Mining							
Ore mined	(kt)	8,039	7,522	8,165	11,033	34,759	14,263
HMC produced	(kt)	131.6	136.6	176.0	188.7	632.9	184.1
MSP production							
Ilmenite	(t)	89,789	97,789	113,679	126,433	427,960	100,590
Zircon	(t)	9,118	11,357	11,159	13,614	45,248	9,040
Rutile & Leucoxene	(t)	1,635	1,247	1,076	1,353	5,311	663
Sales volume							
Ilmenite	(t)	71,857	64,051	145,551	138,958	420,417	74,924
Zircon	(t)	6,502	12,196	11,415	11,742	41,855	7,053
Rutile & Leucoxene	(t)	22	1,406	1,804	1,379	4,611	162

TiZir Titanium & Iron Ilmenite Upgrading Facility, Norway

Production

Production at TTI for 2015 was significantly impacted by the furnace reline and capacity expansion project which was completed in 4Q 2015. During this period, there was no production at TTI.

The key strategic rationale behind this project was for TTI to produce chloride feedstocks while retaining the production flexibility to maximise returns in the face of potential changes to market dynamics. In addition, the new roof on the furnace is anticipated to increase smelting capacity in the order of 15%.

There are a number of key advantages to the strategy of producing a chloride titanium slag in the current environment:

- Chloride slag generally sells at a premium to the sulphate slag previously produced by TTI
- GCO ilmenite is used in the production of chloride slag, allowing the generation of synergies from integrating GCO and TTI
- Logistically, key customers for chloride slag are well located to the TTI production facility in Norway
- TTI's enhanced environmental credentials
- TTI retains the capacity to produce sulphate slag in response to market opportunities

In light of the current resources market, this strategy will best position MDL to be competitive during the cyclical downturn with significant leverage to the upside when commodity prices recover.

Sales

TTI sales volumes were significantly impacted by the furnace reline and capacity expansion project.

Despite a concerted effort late in 2014 and during 2015 to build up inventory for the shutdown, titanium slag sales volumes were lower than expected and were exacerbated by titanium feedstock market conditions which saw pigment producers delaying or cancelling some purchases in 4Q 2015.

In conjunction with the decrease in sales volumes, average pricing for titanium slag remained under pressure and declined during the year.

Sales volumes for high-purity pig iron were lower due to restricted production capacity, as outlined.

Pricing for high-purity pig iron was strong during 1H 2015, reflecting tighter supply due to geopolitical tensions in Eastern Europe and a weakening of the Euro against the United States Dollar. However, reduction in demand from both local European foundries and factories in China, together with increased competition from Eastern European producers during 4Q 2015, saw prices decrease towards year-end.

The following table summarises TTI's quarterly sales and production volumes for the year ended 31 December 2015:

100% basis		1Q 2015	2Q 2015	3Q 2015	4Q 2015	CY 2015	CY 2014
Titanium slag							
Produced	(kt)	43.8	37.1	25.9	-	106.8	183.7
Sold	(kt)	30.2	38.8	36.7	26.0	131.7	178.2
High-purity pig iron							
Produced	(kt)	24.0	20.2	15.0	-	59.2	103.0
Sold	(kt)	19.8	23.5	17.0	4.3	64.6	105.7

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 programs 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 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 some of MDL's former mining sites in New South Wales. No adverse situations have been reported.

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 and general in nature, to MDL and the entities within TiZir which may, either individually or in combination, affect the future operational and financial performance of the Company.

The summary of key risks set out below is not, and should not be considered to be, an exhaustive list of all the risks relevant to the Company and its 50% equity investment in TiZir. MDL, however, considers that these risks represent key Company risks, particularly risks to an investment in the Company. Additional risks and uncertainties that the Company is unaware of, or that the Company considers to be immaterial, may also become key risks and material. The risk factors outlined below omit how each is managed and may be mitigated and should be read in connection with the forward-looking statement 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, security, 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 production at GCO or TTI
- 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

In April, the Company participated in World Titanium Resources Limited's (ASX: WTR) 1 for 3 pro-rata non-renounceable entitlement offer. MDL accepted its full entitlement of 23,046,042 shares in WTR for a cash payment of A$806,611 (US$631,250). After completion of the issue, the Company's investment represents 20% of the total issued capital of WTR.

On 12 June 2015, MDL announced the appointments of Robert Sennitt as Chief Executive Officer and Greg Bell as Chief Financial Officer of the Company, effective from 1 June 2015. In the same month, Michaela Evans' role was expanded to Company Secretary & General Manager – Corporate Affairs.

In September, MDL announced the appointment of Jozsef Patarica as Chief Operating Officer of the Company. Mr Patarica's appointment and secondment to GCO has been an important contributor to the success of the current GCO management team in achieving strong results in the final months of the year.

As outlined above, the Company's joint venture entity, TiZir, entered into discussions with its bondholders in respect of potential amendments to the terms of senior secured bonds maturing in September 2017. These amendments were approved at a meeting of bondholders held on 10 December 2015. As part of these negotiations, TiZir was required to extend an 'early bird' fee of 2.75% of the face value of the bonds to all bondholders. In order to assist TiZir in making this payment and other costs associated with securing the approval, ERAMET and MDL contributed $6 million ($3 million from each party) to TiZir in the form of an additional subordinated loan.

ERAMET has agreed to fund this payment on behalf of MDL. This funding is catered for under the terms of the Shareholders' Agreement entered into by the joint venture partners upon establishment of TiZir in September 2011. Should MDL not repay this amount by 31 December 2016, ERAMET will have the option to increase its share of the joint venture. Any dilution of MDL, if applicable, would take place based on a formula that calculates the equity value of TiZir using valuations contained in the most recent TiZir balance sheet.

SUBSEQUENT EVENTS

On 18 January 2016, African Minerals Exploration & Development Fund II (SICAR) announced its intention to make an on market takeover bid for World Titanium Resources Limited that valued MDL's investment in the company at A$4.6 million. The Board continues to assess its options in relation to its investment in this mineral sands asset.

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

OUTLOOK

Completion of the reline and capacity expansion of the TTI furnace was a key part in the strategic vision of TiZir and represents the final step in the integration of the joint venture. Shareholders will now realise the benefits of synergies generated by the integration of GCO and TTI.

Based on expectations that 2016 will be another challenging year for mineral sands feedstock markets, the strategy for MDL and the joint venture will be to focus on production efficiencies and cost reduction initiatives to ensure the competitiveness of the operations at all stages of the commodity price cycle.

GCO production optimisation

GCO will continue to build on the commissioning successes of 2015 by focusing on operational utilisation and sustainable throughput rates, whilst also increasing efficiencies with respect to mining recoveries and processing yields to bolster GCO's capacity to operate as a Tier 1 asset.

Furthermore, cost reduction initiatives to enhance GCO's competitiveness are underway and will continue during 2016.

TTI ilmenite upgrading facility

Following the successful completion of the furnace reline and capacity expansion project in December 2015 and the consequent restart of operations, TTI's primary focus is the ramp-up of operations. It is anticipated that the upgraded furnace and water-cooled copper-ceramic roof will increase smelting capacity by approximately 15% and improve maintenance performance by lengthening periods between scheduled shutdowns.

Strategic flexibility

The integration of GCO and TTI and completion of the refurbishment and capacity expansion project have created the flexibility to produce chloride and sulphate titanium slag, providing the ability to alternate between products as dictated by supply and demand dynamics within the market. Also, chloride titanium slag production will use ilmenite produced by GCO, which will both secure supply of ilmenite from within the group and reduce exposure to the lower value, more volatile ilmenite market, thereby mitigating the risk profile of the business.

The TiZir joint venture now has the ability to supply a range of titanium feedstocks to customers and the flexibility to produce different feedstocks depending on market demand.

Market outlook

As previously mentioned, titanium feedstock markets remain supply driven with increased pressure on prices. Overcapacity persists in both the mineral sands and pigment production industries, mainly due to weak demand and Chinese oversupply. Continued overproduction of pigment in China has seen price deflation exported to TiZir's key markets in Europe and North America, resulting in customers cutting production and thereby putting pressure on feedstock prices and volumes. On the positive side, this situation has resulted in investment in new feedstock capacity being largely delayed or abandoned, while some US and Australian mining operations are closing due to orebody depletion. Furthermore, some pigment production capacity has also been temporarily or permanently shut down, all of which bodes well for the future recovery of the sector.

Whilst the zircon market has remained relatively stable, towards the end of 2015 there were some indications of slight weakening in the lower grade markets.

At this stage, it is anticipated that product pricing will remain under pressure until such time as the supply/demand relationship regains some level of equilibrium which is likely to have a positive impact on prices.

FUTURE DEVELOPMENTS

MDL's key objectives for the upcoming year include:

- GCO building on the commissioning successes of 2015 through a focus on operational utilisation and sustainable throughput rates, whilst also increasing efficiencies with respect to mining recoveries and processing yields to bolster its capacity to operate as a Tier 1 asset;
- successful ramp-up of TTI operations to produce chloride titanium slag and continue production of high-purity pig iron; and
- continued cost reduction initiatives to enhance product competitiveness throughout the group.

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

During the year ended 31 December 2015, 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 in relation to the year ended 31 December 2015.

PERFORMANCE RIGHTS AND OPTIONS

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

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 2015, there were 13 directors' meetings. Included in the directors' meetings figures are circular resolutions voted on by eligible directors which are necessary to address company business where the directors are unable to be present for formal board meetings. Eligibility and attendances were as follows:

Name	Eligible	Attended
N Limb	11	11
M Ackland	13	13
R Danchin	13	13
D Isles	13	13
T Whiting	13	13
C MacDonald	13	13

During the year ended 31 December 2015, the Board resolved to combine the Nomination Committee and Remuneration Committee (to form a Nomination & Remuneration Committee) and to restructure the Audit Committee into an Audit & Risk Committee. Further details about these committees are available in the Company's Corporate Governance Statement on the MDL website.

Meetings pre- and post-restructuring were as follows:

	Audit Committee		Remuneration Committee		Nomination Committee	
Name	Eligible	Attended	Eligible	Attended	Eligible	Attended
N Limb	N/A	N/A	N/A	N/A	-	-
R Danchin	1	1	3	3	-	-
D Isles	1	1	3	3	N/A	N/A
T Whiting	1	1	3	3	-	-

	Audit & Risk Committee		Nomination & Remuneration Committee	
Name	Eligible	Attended	Eligible	Attended
R Danchin	2	2	1	1
D Isles	2	2	1	1
T Whiting	2	2	1	1

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

AUDITOR

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

NON-AUDIT SERVICES

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

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

The directors are of the opinion that the services as disclosed in Note 31 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit & Risk 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 34 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 2015 and outlines the remuneration arrangements for the Company's non-executive directors, executive directors and other senior executives who have the authority and responsibility for planning, directing and controlling the activities of MDL ('Key Management Personnel', hereafter referred to as 'KMP').

1. Directors and KMP details

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

Non-executive directors

Robert Danchin	Independent; Deputy Chairman
David Isles	Independent; Audit & Risk Chair
Tom Whiting	Independent; Nomination & Remuneration Chair
Charles MacDonald	Independent

Executive directors

Nicholas Limb	Executive Chairman
Martin Ackland	Executive Director

Other KMP

Robert Sennitt	Chief Executive Officer ('CEO', appointed 1 June 2015)
Jozsef Patarica	Chief Operating Officer ('COO', appointed 1 October 2015)
Greg Bell	Chief Financial Officer ('CFO', appointed 1 June 2015)
Michaela Evans	Company Secretary & General Manager – Corporate Affairs

For the purposes of this report, the term 'Executive' encompasses the executive directors, CEO, COO, CFO and Company Secretary.

2. Reporting in United States Dollars

In this report, remuneration and benefits have been presented in United States Dollars, unless otherwise stated. This approach is consistent with the Consolidated Financial Statements 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.

3. Remuneration governance

3.1. Nomination & Remuneration Committee

MDL established a Remuneration Committee on 24 August 2006. Following a review of the Company's remuneration governance and structure during the reporting period, the Board resolved to establish a combined nomination and remuneration committee. The Nomination & Remuneration Committee ('N&RC') comprises three members. The current members are the same as the prior Remuneration Committee members, being Tom Whiting, Robert Danchin and David Isles. Dr Whiting, who is not the Chairman of the Board, is the current Chairman of the committee. Dr Isles was the Remuneration Committee Chair up until the committee restructure in July 2015.

The N&RC functions on the basis of a formally adopted charter which is available on the Company's website. The objectives of the committee are to oversee, appraise and make recommendations to the Board on:

- matters relating to the composition, selection, appointment and re-election of directors to the Board;
- the process for evaluating the performance of the Board, its committees, directors, senior executives and other employees; and
- the remuneration structure, policies and practices of the Company.

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

- determine and review the overall philosophy, strategy, plans, policies and practices for the recruitment, remuneration and retention of KMP;
- review and approve corporate goals and objectives relevant to KMP compensation, evaluate KMP performance in light of those corporate goals and objectives and make recommendations to the Board regarding the proposed remuneration package of KMP based on their evaluation;
- consider the adoption of appropriate incentive/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;
- approve the participants and total level of award under any employee short-term and long-term incentive plans; and
- identify circumstances wherein external remuneration advice should be sought and ensure conformance with respect to the appropriate appointment and reporting practices of remuneration consultants.

During 2015, the Company's remuneration governance and structure were reviewed to ensure appropriate benchmarking against industry best practice, alignment with Company strategy and succession planning, and delivery of increased value to shareholders. Outcomes of the remuneration review conducted during 2015 are outlined throughout this report. A high-level summary of the review outcomes is as follows:

- amalgamation of the Company's Nomination Committee and Remuneration Committee to form the N&RC and adoption of the new committee's charter
- no change to non-executive director remuneration policy
- formalisation of remuneration structure for the Executive, outlined in section 5.2

3.2. Remuneration consultants

During the reporting period, MDL did not engage remuneration consultants to provide 'remuneration recommendations', as defined in the Corporations Act 2001. Aon Hewitt was engaged to assist the Company's remuneration review, specifically through the development of an appropriate comparator group for the Company for the purposes of Executive benchmarking, delivery of benchmarking data analysis with respect to specified Executive positions, provision of a summary of trends regarding comparator group incentivisation practices and a high-level review of proposed incentivisation structure changes. The amount charged for these services totalled: A$10,250 (excl. GST). No other payments were made to Aon Hewitt during the relevant period. Aon Hewitt has confirmed that no executive or officer of the Company exercised undue influence on its reported analysis or observations.

4. Remuneration policy and practice

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

Section 4 of this report provides an overview of the Company's remuneration policy and practice for 2015.

4.1. Non-executive directors ('NEDs')

Policy

The Company's remuneration policy for NEDs 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 NEDs relative to comparable companies.

Fees paid to NEDs 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.

NEDs each receive a fixed fee for their services as directors and statutory superannuation (where applicable). In addition, NEDs 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. At the Board's discretion, additional fees may be paid for special duties or extra services performed on behalf of the Company. NEDs do not receive retirement benefits. Non-executive directors are not eligible to participate in issues arising from Company incentive plans.

Practice

Dr Danchin is remunerated at a higher rate than the other NEDs 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 NEDs are remunerated at the same rate (being A$75,000 per annum), which has remained unchanged for Dr Isles since 2011 and for Dr Whiting and Mr MacDonald since their appointment dates (respectively January 2012 and February 2014).

As per the Company's stated policy, the NEDs of the Company did not participate in Company incentive plans during the period and did not receive retirement benefits. No special duty or extra service fees were paid to NEDs during the period.

Following a review of the quantum and structure of NED remuneration in 2015, no increase of individual NED remuneration is proposed for 2016.

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

Name	2015 total fixed remuneration	2015 special exertion fees	Date of last total fixed remuneration adjustment	Total fixed remuneration at appointment	Appointment date
R Danchin	A$100,000	Nil	1 May 2008	A$70,000	9 Februrary 2007
D Isles	A$75,000	Nil	1 June 2011	A$15,000	23 December 2002
C MacDonald	A$75,000	Nil	N/A	A$75,000	21 February 2014
T Whiting	A$75,000	Nil	N/A	A$75,000	19 January 2012

4.2. Executives

Policy

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

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

From June 2011 up until the conclusion of the Company's remuneration review during 2015, the Company's executive remuneration structure was comprised as follows:

- A 'fixed' component including base salary and superannuation in line with the prevailing statutory Superannuation Guarantee legislation, regularly benchmarked. No guaranteed increase to fixed remuneration was provided in any Executive contract, and amendments to fixed remuneration typically only occurred in response to promotions, role and/or responsibility adjustments and changed market circumstances.
- A 'variable' component comprising potential for both a short-term incentive ('STI') that was subject to exceptional performance and director discretion and aimed at the delivery of key strategic, financial and operational objectives, and a long-term incentive ('LTI') in the form of performance rights subject to performance hurdles being satisfied over a three year vesting period. Variable remuneration has only been paid on the achievement of key objectives that the Board considered would deliver increased value to shareholders.

Following completion of the Company's 2015 remuneration review, and with the assistance of independent information prepared by Aon Hewitt, revisions to the Executive remuneration structure, to be effective 1 January 2016, are outlined in section 5.

Executive remuneration practice

Executive remuneration paid during the reporting period consisted solely of fixed remuneration. No variable remuneration (including cash bonuses) will be paid to the Executive in 2016 in relation to the year ended 31 December 2015.

Executive director remuneration

The fixed component of remuneration of the Company's current executive directors has remained unchanged since July 2011, being A$560,000 for Nic Limb and A$378,400 for Martin Ackland. Subject to unforeseen circumstances pertaining to role and/or responsibility adjustments or changed market conditions, Mr Ackland's remuneration will remain unchanged in 2016 and Mr Limb's will be revised in 2016 in accordance with the progression of the Company's succession plans, as outlined further below.

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 in August 2014, 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); 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 $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 TTI.

STI key performance indicators set by the N&RC for the executive directors in 2015 were largely associated with the Company's financial performance, realisation of the vertical integration of GCO and TTI, and progression of the Board's executive recruitment and mentoring strategy in line with the Company's succession plans. No LTI component was established for the executive directors for the 2015 year.

While the N&RC determined that the executive directors met a number of the Company's 2015 STI key performance indicators, the Board resolved 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 the executive directors during 2016 in relation to 2015 achievements.

Senior executive remuneration

During 2015, the Company appointed Robert Sennitt as CEO, Jozsef Patarica as COO and Greg Bell as CFO and promoted Michaela Evans to Company Secretary and General Manager – Corporate Affairs.

These executives were not eligible to participate in the Company's 2015 STI plan.

Amongst MDL's comparator group, fixed senior executive remuneration is typically set at or above the fiftieth percentile ('P50') with total potential remuneration (being, fixed and variable STIs and LTIs 'at target') at or above the seventy-fifth percentile ('P75'). Benchmarking results provided by Aon Hewitt indicated that the fixed remuneration of the CEO, CFO and Company Secretary is at or below P50. While outside the Company's preferred benchmark target, the Board has no present intention of increasing fixed remuneration for these positions.

The total fixed annual remuneration of these executives (which includes statutory superannuation) is as follows:

Name	Position	Effective date	Total fixed remuneration as at effective date
R Sennitt[i]	Chief Executive Officer	1 June 2015	A$500,000
J Patarica[ii]	Chief Operating Officer	1 October 2015	A$400,000
G Bell[iii]	Chief Financial Officer	1 June 2015	A$250,000
M Evans[iv]	Company Secretary and General Manager – Corporate Affairs	1 June 2015	A$250,000

(i) Appointed Business Development Manager 28 January 2015.

(ii) For the period wherein Jozsef Patarica's services are retained by GCO, his total fixed remuneration is A$450,000. Upon cessation of his secondment to GCO or by mutual agreement, the fixed component of Mr Patarica's remuneration will revert to A$400,000.

(iii) Appointed interim Chief Financial Officer 15 December 2014.

(iv) Appointed Company Secretary 22 March 2013.

4.3. KMP remuneration summary FY2015

The remuneration of KMP during the year ended 31 December 2015 was as follows:

	Short term benefits				Post-employment benefits	Other employee benefits[ii]	Equity-settled share-based payments[iii]	Total	Perform-ance related
	Salary and fees[i] US$	Non-cash benefits US$	Cash bonus US$	Redundancy US$	Superannuation contributions US$	US$	Performance rights US$	US$	%
Directors									
Year ended 31 December 2015									
Executive directors									
N Limb	395,324	-	-	-	26,355	(32,701)	-	388,978	-
M Ackland	258,580	-	-	-	26,355	-	-	284,935	-
Non-executive directors									
R Danchin	48,945	-	-	-	26,355	-	-	75,300	N/A
D Isles	31,624	-	-	-	24,851	-	-	56,475	N/A
T Whiting	38,021	-	-	-	18,454	-	-	56,475	N/A
C MacDonald	60,867	-	-	-	4,900	-	-	65,767	N/A
Key executives									
R Sennitt[iv]	203,648	-	-	-	15,976	16,619	-	236,243	N/A
J Patarica[v]	81,535	-	-	-	3,177	6,448	-	91,160	N/A
G Bell[vi]	160,049	-	-	-	13,925	18,519	-	192,493	N/A
M Evans	149,976	-	-	-	22,587	5,948	-	178,511	N/A
	1,428,569	**-**	**-**	**-**	**182,935**	**14,833**	**-**	**1,626,337**	**-**

(i) For Mr MacDonald, this figure includes fees paid in advance and forms part of his cash salary which he has elected to salary sacrifice during the reporting period and 2016.

(ii) Other employee benefits represent annual leave and long service leave entitlements, measured on an accrual basis. The amount included above relates to movement in each Executive's entitlements over the year, along with movements in the AUD:USD exchange rate as these entitlements are denominated in Australian dollars.

(iii) No equity-settled share-based payments were made to the KMP during the 2015 financial period.

(iv) Robert Sennitt was appointed Chief Executive Officer on 1 June 2015. Mr Sennitt did not receive a payment as part of his consideration for agreeing to hold the position.

(v) Jozsef Patarica was appointed Chief Operating Officer on 1 October 2015. Mr Patarica did not receive a payment as part of his consideration for agreeing to hold the position.

(vi) Greg Bell was appointed interim Chief Financial Officer on 15 December 2014 and was formally appointed to the position on 1 June 2015. Mr Bell did not receive a payment as part of his consideration for agreeing to hold the position.

4.3. KMP remuneration summary FY2015 (continued)

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

	Short term benefits				Post-employment benefits	Other employee benefits(i)	Equity-settled share-based payments(ii)	Total	Perform-ance related
	Salary and fees US$	Non-cash benefits US$	Cash bonus US$	Redundancy US$	Superannuation contributions US$	US$	Performance rights US$	US$	%
Year ended 31 December 2014									
Executive directors									
N Limb	478,479	-	-	-	27,084	(1,723)	61,895	565,735	11
R Sharp(iii)	460,550	8,901	-	511,355	35,562	-	61,895	1,078,263	6
M Ackland	317,040	-	-	-	24,576	-	30,948	372,564	8
Non-executive directors									
R Danchin	54,167	-	-	-	36,112	-	-	90,279	N/A
D Isles	37,465	-	-	-	30,245	-	-	67,710	N/A
T Whiting	53,780	-	-	-	13,930	-	-	67,710	N/A
C MacDonald	52,867	-	-	-	4,968	-	-	57,835	N/A
Key executives									
G Bell(iv)	5,496	-	-	-	522	457	-	6,475	N/A
M Evans	163,727	-	-	-	16,831	(571)	-	179,987	N/A
	1,623,571	**8,901**	**-**	**511,355**	**189,830**	**(1,837)**	**154,738**	**2,486,558**	**-**

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

(ii) The figures provided in 'Equity-settled share-based payments' were not provided in cash to the KMP during the financial period. These amounts are calculated in accordance with accounting standards and represent the amortisation of accounting fair values of performance rights that have been granted to KMP in this or prior financial years. The fair value of performance rights have been valued as at their date of grant and in accordance with the requirements of AASB 2 Share Based Payments. The fair value of performance rights is measured using a generally accepted valuation model. The fair values are then amortised over the entire vesting period of the equity instruments. 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 directors, 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.

(iii) 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.

(iv) Greg Bell was appointed interim Chief Financial Officer on 15 December 2014 and was formally appointed to the position on 1 June 2015. Mr Bell did not receive a payment as part of his consideration for agreeing to hold the position.

5. Remuneration outlook: Key proposed remuneration changes

As outlined above, no variable remuneration will be paid to KMP during 2016 in relation to 2015 achievements. Additionally, no remuneration increases are proposed for KMP (including NEDs, executive directors and existing senior executives) for 2016. Exceptions may be made where changes to a KMP's accountabilities and/or duties require an adjustment to remuneration.

As mentioned, the N&RC undertook a review of the Company's remuneration framework during 2015. Key outcomes of this review are outlined below and establish a formalised incentive structure to guide future remuneration practice.

5.1. NED remuneration structure

2016 NED remuneration policy is consistent with the Company's 2015 policy (summarised below but provided in greater detail in section 4.1):

- Fees paid are within the aggregate amount approved by shareholders
- Remuneration includes a fixed fee for service, paid in cash, and statutory superannuation (where applicable)
- No provision for retirement benefits other than statutory superannuation entitlements
- No entitlement to participate in incentive based remuneration schemes
- No additional fees paid for participation on any Board committees
- At the Board's discretion, additional fees may be paid for special duties or extra services performed on behalf of the Company

Nic Limb will transition from his Executive Chairman position to non-executive Chair of MDL following the Company's Annual General Meeting in 2016; however, he will continue in his role as the Chair of TiZir. Following this transition, the N&RC will review Mr Limb's remuneration.

Upon transition, Mr Limb will be eligible to receive remuneration to the date of termination of his role as executive Chair, plus annual leave, long service leave and superannuation entitlements in accordance with the law. As at 31 December 2015, the Company has no outstanding STI or LTI entitlements owing to Mr Limb.

As mentioned in the Chair Report of this Annual Report, David Isles, a long-serving director and major contributor to MDL's successes over the years, will retire at the Company's 2016 Annual General Meeting.

5.2. Executive remuneration structure

The philosophy underpinning MDL's remuneration strategy remains largely unchanged, with the fundamental purpose being to attract, retain and motivate key individuals; remunerate fairly and responsibly; ensure alignment to the Company's strategic and business objectives; and create value for shareholders.

Eligibility to participate in the Company's STI and/or LTI plans is typically set out in an employee's service contract; however, participation will be determined annually by the Board based on N&RC recommendations. The Board will have overriding discretion to amend STI and LTI outcomes to properly reflect performance, adjust for anomalous outcomes and to ensure alignment of awards of 'at risk' remuneration with Company strategy and long-term shareholder value creation. Where appropriate, the Board will establish a minimum level of expected performance related, for example, to Company earnings, operational cash flow or health, safety and environmental objectives, which must be achieved for any STI award to become payable under the STI plan.

As in the past, an annual review of Executive 'pay mix' will be undertaken via benchmarking against peer companies within the resources sector that are of a similar size, market capitalisation and revenue base. This review will be undertaken by the N&RC with the assistance of an independent external remuneration consultant (where required).

The tables that follow outline, in brief, guidance regarding MDL's proposed Executive remuneration policy and practice for FY2016 and beyond:

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

	Short-term incentive structure
Remuneration vehicle	• Cash bonus
Purpose and guidance	• 'At risk'/'variable' remuneration • Incentivise and provide competitive reward for achievement of Company-wide and individual performance targets linked to strategic objectives
Link to performance	*Grant structure* • STIs based on 'at target' and 'stretch' opportunities that will be reviewed annually by the N&RC at the beginning of the financial year, giving due consideration to the Company's remuneration principles • Opportunity percentages relative to total fixed remuneration proposed for FY2016 are as follows:

Employee	'At target' STI opportunity % of TFR	'Stretch' STI opportunity % of TFR
CEO	30%	50%
COO	24%	40%
CFO	24%	40%
Company Secretary	Board discretion	Board discretion
Other employees	Board discretion	Not applicable

Overall performance weighting

STI performance criteria to be weighted between 'financial performance' (typically 50%) and individual performance (typically 50%). Key Performance Indicators (KPIs) within these two broad performance areas will also typically be weighted

Targets

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

Financial performance criteria

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

Individual performance criteria

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

Assessment structure

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

Payment timing

Payments will be made in the first quarter following the relevant performance year (i.e. payment for 2016 performance – if achieved – would be made between January and March 2017)

Leaver provisions

Subject to Board discretion, no payment of an STI will occur should an eligible participant leave before the relevant testing period

	Long-term incentive structure
Remuneration vehicle	• Performance rights • Performance rights granted under the Company's LTI plan will carry no dividend or voting rights
Purpose and guidance	• 'At risk'/'variable' remuneration • Incentivise and provide competitive reward for continued service and achievement of long-term strategic/growth objectives
Link to performance	See below

Link to performance

Grant structure

- LTI opportunities will be established annually by the N&RC at the beginning of each period, giving due consideration to the Company's remuneration principles
- Performance will be measured over three years with grants being made annually (i.e. annual grant testing occurring three years after corresponding grant date)
- Opportunity percentages relative to total fixed remuneration proposed for FY2016 are outlined below:

Employee	Maximum LTI Opportunity % of TFR
CEO	50%
COO	40%
CFO	40%
Company Secretary	30%

Performance conditions

- Generally applied performance conditions will be those that return value to shareholders and that incentivise executives to focus on the Company's long-term strategy and growth opportunities. Measures proposed and likely to be used in future include:
  - Relative TSR
  - Absolute TSR
  - Shareholder return measures (such as Return on Equity)
  - Delivery of strategic objectives
- Proposed performance conditions for 2016 are as follows:
  - Absolute TSR
  - Relative TSR

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

*CAGR = Compound Annual Growth Rate

Measure	Performance level to be achieved	Performance vesting outcome	Percentage of total grant that will vest	Maximum percentage of total grant
Relative TSR	75P or above	100%	50%	50%
	Between P50 & P70	Pro rata vesting from 50% – 100%	Between 25% and 50%	
	At 50P	50%	25%	
	Below 50P	0%	0%	

Vesting occurs on a straight-line basis for performance between threshold and target (Absolute TSR) and 50P and 75P (Relative TSR). If at the end of the performance period the performance criteria have not been met, there will be no entitlement to the performance rights

Timing

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

Calculation

Typically, VWAP on the 20 days preceding the start of each three year cycle. No retesting of performance criteria hurdles will be performed after agreement of calculation

	Long-term incentive structure (continued)
Link to performance	*Share trading* Shares issued to executives under the Company's incentive scheme will be subject to compliance with the Company's share trading policy. KMP participating in an equity-based incentive plan of the Company will be prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in MDL's securities *Clawback* Unvested LTI equity awards will be subject to clawback (forfeiture or lapse) in certain circumstances (including serious misconduct, unlawful, fraudulent, dishonest behaviour) *Leaver provisions* Vesting of performance rights will typically be subject to continuing employment of the eligible executives. Subject to director discretion, rights will generally lapse on an executive's resignation or dismissal. In exceptional circumstances and where a termination is for reasons including retirement, death, total and permanent disablement, change of control and bona fide redundancy, unless it determines otherwise, the Board has the discretion to determine the extent to which all or part of any unvested equity may vest and the specific performance testing to be applied

At risk summary table

The table below shows the relative mix of remuneration components for FY2016 as a percentage of total remuneration:

Executive[i]	Fixed remuneration	At risk remuneration[ii] Maximum STI opportunity	At risk remuneration[ii] Maximum LTI opportunity	Maximum total 'at risk' remuneration
CEO	50.0%	25.0%	25.0%	50.0%
COO	55.6%	22.2%	22.2%	44.4%
CFO	55.6%	22.2%	22.2%	44.4%

(i) Company secretary remuneration mix cannot be presented due to STI opportunity being subject to Board discretion.

(ii) Maximum STI and LTI opportunity is subject to achievement of all STI objectives at 'stretch' and LTI vesting hurdles.

6. MDL five year performance

As outlined, MDL's remuneration policy is aimed at the alignment of KMP remuneration with strategic and commercial objectives and the creation of shareholder value. The following table outlines MDL's financial performance over the last five years as required by the Corporations Act 2001. The Board and N&RC take a broad view with respect to performance and, consequently, the below indicators may not always directly align with Executive remuneration outcomes. While the Company's share price has been significantly impacted by the market downturn and general resource industry sentiment, the Board believes the Company is well placed to enhance shareholder value and return over the medium to long-term.

Having successfully accomplished the original strategic vision of the TiZir joint venture in 2015 through the integration of GCO and TTI, MDL is now well positioned to be competitive during cyclical downturns with significant leverage to the upside during periods of commodity price strength.

		12 months ended 31 Dec 2015	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012	6 months ended 31 Dec 2011
Revenue	US$'000	3,505	3,238	2,301	2,091	2,382
Net profit/(loss) after tax	US$'000	(42,031)	(71,732)	(16,626)	16,221	70,417
Titanium feedstocks produced	kt	539.8	285.0	-	-	-
Titanium feedstocks sold	kt	556.7	253.3	-	-	-
Zircon produced	kt	45.2	9.0	-	-	-
Zircon sold	kt	41.9	7.1	-	-	-
Basic EPS	US cents	(40.5)	(69.7)	(19.8)	19.4	85.0
Share price at end of year/period	A$	0.205	0.745	2.80	3.85	5.08

7. Performance rights and share options exercised or forfeited by KMP during the period

No performance rights or share options were issued to, exercised by or forfeited by KMP during the year ended 31 December 2015.

8. Contracts for executives

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

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

	N Limb	M Ackland	R Sennitt	J Patarica	G Bell	M Evans
Position	Executive Chairman	Executive Director	Chief Executive Officer	Chief Operating Officer	Chief Financial Officer	Company Secretary & General Manager – Corporate Affairs
Appointment date[i]	26 August 1993	21 July 2003	28 January 2015	1 October 2015	13 September 2010	1 August 2012
Contract date[ii]	1 July 2011	1 July 2011	1 June 2015	1 October 2015	1 June 2015	1 June 2015
Total fixed remuneration[iii]	A$560,000	A$378,400	A$500,000	A$400,000[iv]	A$250,000	A$250,000
STI/LTI eligibility	No participation in proposed 2016 STI/LTI awards	No participation in proposed 2016 STI/LTI awards	Eligible, subject to ongoing N&RC approval	Eligible, subject to ongoing N&RC approval	Eligible, subject to ongoing N&RC approval	Eligible, subject to ongoing N&RC approval
Contract length	Ongoing, no fixed term	Ongoing, no fixed term	Ongoing, no fixed term	Ongoing, no fixed term	Ongoing, no fixed term	Ongoing, no fixed term
Notice for termination by the Company	12 months	12 months	Three months	Three months	Three months	Three months
Termination for serious misconduct	No notice required. No STI/LTI payment	No notice required. No STI/LTI payment	No notice required. No STI/LTI payment	No notice required. No STI/LTI payment	No notice required. No STI/LTI payment	No notice required. No STI/LTI payment
Notice for resignation by the employee	Three months	Three months	Three months	Three months	Three months	Three months
Change of control	No provision	No provision	100% of fixed remuneration in the event of material diminution of status / responsibilities	100% of fixed remuneration in the event of material diminution of status / responsibilities	100% of fixed remuneration in the event of material diminution of status / responsibilities	100% of fixed remuneration in the event of material diminution of status / responsibilities
Statutory entitlements	All leave and benefits (annual leave, long service leave, superannuation entitlements) in accordance with the law	All leave and benefits (annual leave, long service leave, superannuation entitlements) in accordance with the law	All leave and benefits (annual leave, long service leave, superannuation entitlements) in accordance with the law	All leave and benefits (annual leave, long service leave, superannuation entitlements) in accordance with the law	All leave and benefits (annual leave, long service leave, superannuation entitlements) in accordance with the law	All leave and benefits (annual leave, long service leave, superannuation entitlements) in accordance with the law
Post-employment restraints	No provision	No provision	Six months	Six months	Six months	Six months

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

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

(iii) No guaranteed increase.

(iv) For the period wherein Jozsef Patarica's services are retained by GCO, his total fixed remuneration is A$450,000. Upon cessation of his secondment to GCO or by mutual agreement, the fixed component of Mr Patarica's remuneration will revert to A$400,000.

9. Loans to KMP

No loans were made to KMP during the period.

10. 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 below and in Note 30 of the Company's Consolidated Financial Statements. The Company has no formal policy with respect to minimum shareholding requirements, however, share ownership is encouraged.

Mr Limb, Dr Whiting and Mr Sennitt purchased MDL shares on market during the reporting period.

10.1. Shareholdings

The aggregate number of shares held by directors of the Company or their director related entities at year-end was 1,406,372 (2014 – 811,372).

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

	Balance as at 1 Jan 2015	Received as remuneration	Performance rights exercised	Net change other[i]	Balance as at 31 Dec 2015
31 December 2015					
Directors					
N Limb	543,553	-	-	450,000	993,553
M Ackland	133,202	-	-	-	133,202
R Danchin	862	-	-	-	862
D Isles	43,755	-	-	-	43,755
T Whiting	50,000	-	-	110,000	160,000
C MacDonald	40,000	-	-	-	40,000
Key executives					
R Sennitt[ii]	-	-	-	35,000	35,000
J Patarica[iii]	-	-	-	-	-
G Bell	-	-	-	-	-
M Evans	-	-	-	-	-
Total	**811,372**	**-**	**-**	**595,000**	**1,406,372**

	Balance as at 1 Jan 2014	Received as remuneration	Performance rights exercised	Net change other[i]	Balance as at 31 Dec 2014
31 December 2015					
Directors					
N Limb	328,531	-	55,022	160,000	543,553
R Sharp[iv]	98,191	-	55,022	(153,213)	-
M Ackland	105,691	-	27,511	-	133,202
R Danchin	862	-	-	-	862
D Isles	33,755	-	-	10,000	43,755
T Whiting	-	-	-	50,000	50,000
C MacDonald	-	-	-	40,000	40,000
Key executives					
G Bell[v]	-	-	-	-	-
M Evans	-	-	-	-	-
Total	**567,030**	**-**	**137,555**	**106,787**	**811,372**

(i) 'Net change other' represents shares purchased or sold on market during the period as well as shareholdings recognised upon KMP appointment.
(ii) Robert Sennitt became a KMP member on 1 June 2015 and consequently his existing shareholding position has been recognised in 'net change other'.
(iii) Jozsef Patarica became a KMP member on 1 October 2015.
(iv) Rick Sharp ceased to be a KMP member on 15 December 2014.
(v) Greg Bell became a KMP member on 15 December 2014.

10.2. Performance rights and option holdings

No performance rights were held directly, indirectly or beneficially by Executive members during the reporting period. There were no outstanding share options held by directors or executives of the Company or their director related entities at year-end (2014 – nil).

Non-executive directors are not eligible to participate in issues arising from Company incentive plans.

Number of performance rights held directly, indirectly or beneficially by executive directors for the previous corresponding period:

	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					
Executive directors					
N Limb	100,000	-	(55,022)	(44,978)	-
R Sharp[ii]	100,000	-	(55,022)	(44,978)	-
M Ackland	50,000	-	(27,511)	(22,489)	-
Total	**250,000**	-	**(137,555)**	**(112,445)**	**-**

(i) 'Net change other' represents performance rights lapsed during the year ended 31 December 2014.

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

11. Director related transactions

11.1. Loans to related parties

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

11.2. Transactions with director related entities

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

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

On behalf of the directors

Robert Danchin
Deputy Chairman

Martin Ackland
Director

Melbourne, 18 February 2016

Deloitte.

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

18 February 2016

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 2015, 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 2015

	Note	Consolidated 31 Dec 2015 US$'000	Consolidated 31 Dec 2014 US$'000
Share of net loss of equity accounted joint venture	23	(46,325)	(72,652)
Other income	5	3,505	3,238
Administration expenses	6	(3,682)	(5,482)
Disposal of non-current assets		(4)	-
Impairment of financial assets	9	(1,973)	(1,767)
Net foreign exchange gains		6,448	4,931
Loss before tax		**(42,031)**	**(71,732)**
Income tax expense	7	-	-
Loss for the year		**(42,031)**	**(71,732)**
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		(7,655)	(5,435)
Share of other comprehensive loss of equity accounted joint venture	23	(8,601)	(10,664)
Other comprehensive loss for the year, net of tax		(16,256)	(16,099)
Total comprehensive loss for the year		**(58,287)**	**(87,831)**
Loss for the year attributable to:			
– owners of the parent		(42,031)	(71,732)
– non-controlling interests		-	-
		(42,031)	**(71,732)**
Total comprehensive loss for the year attributable to:			
– owners of the parent		(58,287)	(87,831)
– non-controlling interests		-	-
Total comprehensive loss for the year		**(58,287)**	**(87,831)**
		31 Dec 2015 US Cents	**31 Dec 2014 US Cents**
Earnings per share (EPS)			
Basic EPS	18	(40.5)	(69.7)
Diluted EPS	18	(40.5)	(69.7)

Notes to the financial statements are included on pages 39 to 71.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	Consolidated 31 Dec 2015 US$'000	Consolidated 31 Dec 2014 US$'000
Current assets			
Cash and cash equivalents	27(a)	8,036	25,302
Trade and other receivables	8	176	125
Other financial assets	9	1,481	3,102
Other	10	68	71
Total current assets		**9,761**	**28,600**
Non-current assets			
Investment in joint venture	23	200,815	255,741
Receivables	8	61,381	43,427
Property, plant and equipment	11	368	546
Intangible assets	12	-	3
Total non-current assets		**262,564**	**299,717**
Total assets		**272,325**	**328,317**
Current liabilities			
Trade and other payables	13	938	1,061
Borrowings	14	2,500	-
Provisions	15	713	812
Total current liabilities		**4,151**	**1,873**
Non-current liabilities			
Provisions	15	20	3
Total non-current liabilities		**20**	**3**
Total liabilities		**4,171**	**1,876**
Net assets		**268,154**	**326,441**
Equity			
Issued capital	16	390,255	390,255
Reserves	17	42,595	58,851
Accumulated losses		(164,696)	(122,665)
Total equity		**268,154**	**326,441**

Notes to the financial statements are included on pages 39 to 71.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Issued capital US$'000	Accumulated losses US$'000	Reserves: Foreign currency translation reserve US$'000	Reserves: Equity-settled employee benefits reserve US$'000	Reserves: Cash flow hedge reserve US$'000	Reserves: Actuarial gains and losses reserve US$'000	Attributable to equity holders of the parent US$'000
Consolidated							
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 and losses	-	62	-	-	-	(62)	-
Share of other comprehensive loss of equity accounted joint venture	-	-	(10,622)	-	(42)	-	(10,664)
Total comprehensive loss 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**
Balance at 1 January 2015	**390,255**	**(122,665)**	**50,507**	**9,711**	**(1,367)**	**-**	**326,441**
Loss attributable to members of the consolidated entity	-	(42,031)	-	-	-	-	(42,031)
Exchange difference arising on translation of operations	-	-	(7,655)	-	-	-	(7,655)
Share of other comprehensive loss of equity accounted joint venture	-	-	(7,545)	-	(1,056)	-	(8,601)
Total comprehensive loss for the year	-	(42,031)	(15,200)	-	(1,056)	-	(58,287)
Balance at 31 December 2015	**390,255**	**(164,696)**	**35,307**	**9,711**	**(2,423)**	**-**	**268,154**

Notes to the financial statements are included on pages 39 to 71.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	Consolidated 31 Dec 2015 US$'000	Consolidated 31 Dec 2014 US$'000
Cash flows related to operating activities			
Receipts from customers		386	313
Payments to suppliers and employees		(3,737)	(4,438)
Net cash used in operating activities	27(b)	**(3,351)**	**(4,125)**
Cash flows related to investing activities			
Proceeds from sale of property, plant and equipment		2	-
Payments for purchase of property, plant and equipment		(3)	(4)
Payments for investment in listed company		(607)	-
Proceeds from sale of investment in Teranga Gold Corporation		-	19,952
Interest received		252	451
Loans to joint venture – TiZir	8	(12,500)	(35,000)
Net cash used in investing activities		**(12,856)**	**(14,601)**
Cash flows related to financing activities			
Proceeds from issue of equity securities		-	13,158
Payment for share issue costs		-	(639)
Net cash generated by financing activities		**-**	**12,519**
Net decrease in cash and cash equivalents held		**(16,207)**	**(6,207)**
Cash and cash equivalents at beginning of financial period		25,302	32,004
Effect of exchange rates on cash holdings in foreign currencies		(1,059)	(495)
Cash and cash equivalents at end of financial period	27(a)	**8,036**	**25,302**

Notes to the financial statements are included on pages 39 to 71.

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 holding interests in Norway and Senegal, West Africa through a United Kingdom based joint venture (TiZir Limited). The 'Group' 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 Group are described the Directors' Report.

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

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

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

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

- AASB 2014-1 (Part A) Amendments to Australian Accounting Standards – Annual Improvements 2010-2012 and 2011-2013 Cycles
- AASB 2013-4 (Part B) Amendments to Australian Accounting Standards – Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)
- AASB 2014-1 (Part C) Amendments to Australian Accounting Standards – Materiality
- AASB 2015-3 Withdrawal of AASB 1031 Materiality

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.

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 14 Regulatory Deferral Accounts and AASB 2014-1 (Part D) Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts	1 January 2016	31 December 2016
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2016	31 December 2016
AASB 2014-1 (Part D) Amendments to Australian Accounting Standards – Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts	1 January 2016	31 December 2016
AASB 2014-1 (Part E) Amendments to Australian Accounting Standards – Financial Instruments	1 January 2016	31 December 2016
AASB 2014-3 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	31 December 2016
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	31 December 2016
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018	31 December 2018
AASB 2014-6 Agriculture: Bearer Plants	1 January 2016	31 December 2016
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2016	31 December 2016
AASB 2014-9 Equity Method in Separate Financial Statements	1 January 2016	31 December 2016
AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	31 December 2016
AASB 2015-1 Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	31 December 2016
AASB 2015-2 Disclosure Initiative: Amendments to AASB 101	1 January 2016	31 December 2016
AASB 2015-3 Amendments to Australian Accounting Standards arising from Withdrawal of AASB 1031 Materiality	1 January 2016	31 December 2016
AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent	1 January 2016	31 December 2016
AASB 2015-5 Investment Entities: Applying the Consolidation Exception	1 January 2016	31 December 2016
AASB 2015-6 Extending Related Party Disclosures to Not-For-Profit Public Sector Entities	1 July 2016	31 December 2016
AASB 2015-7 Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]	1 July 2016	31 December 2016
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 January 2018	31 December 2018
AASB 1056 Superannuation Entities	1 July 2016	31 December 2016
AASB 15 Revenue from Contracts with Customers	1 January 2018	31 December 2018
AASB 9 Financial Instruments 2014	1 January 2018	31 December 2018
IFRS 16 Leases	1 January 2019	31 December 2019

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 18 February 2016.

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 2 or value in use in AASB 136.

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

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

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

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

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

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

(b) Cash and cash equivalents

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

When applicable, bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(c) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and 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 the reporting date.

Defined contribution plan

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

(d) Mine development

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

(e) Provisions

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

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

(f) Restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development and/or production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

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

(g) Financial assets

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

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

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

On disposal of an investment, the difference in the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit or Loss and Other Comprehensive Income.

Effective interest method

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

Available-for-sale financial assets

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

Loans and receivables

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

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

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

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

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

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

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

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

Derecognition of financial assets

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

(h) Foreign currency transactions and balances

Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in 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 at period-end exchange rates prevailing at the reporting date;
- income and expenses at average exchange rates for the period; and
- retained profits/(losses) at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of Australian operations are transferred directly to the Group's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the Statement of Changes in Equity in the period.

(i) Goods and Services Tax

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

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

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

Cash flows are included in the 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 ('CGU') to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

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

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

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

(k) Income tax

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

Current tax

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

Deferred tax

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

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

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

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

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

Current and deferred tax for the year

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

Tax consolidation

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

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

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

(l) Property, plant and equipment

Property is measured on 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 described in Note 3(o).

Financial liabilities

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

Other financial liabilities

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

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

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

(o) Revenue recognition

Interest revenue

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

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

(p) Share-based payments

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

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

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

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

(q) Comparative figures

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

(r) Joint venture arrangements

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

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity accounting method, except where the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in a joint venture is initially recognised in the Consolidated Statement of Financial Position at cost and adjusted thereafter to recognise the Group's share of the profit and loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further 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 of production basis as appropriate over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period with any changes in these accounting estimates being accounted for on a prospective basis.

(t) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgments in applying the entity's accounting policies

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

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

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

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

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 CGU 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 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. 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 30.

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

5. OTHER INCOME

	Consolidated	
	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Interest revenue from:		
– bank deposits	211	451
– interest on subordinated loan to TiZir	2,454	1,917
	2,665	2,368
Other revenue:		
– management fees charged to TiZir	500	500
– rental received	96	107
– recharges and recoveries	221	236
– other	23	27
	840	870
Total other income	**3,505**	**3,238**

6. ADMINISTRATION EXPENSES

	Consolidated	
	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Depreciation of non-current assets:		
– land, buildings and property improvements	96	115
– office furniture	13	17
– computer equipment and software	14	23
	123	155
Amortisation of intangible assets:		
– computer software	1	2
Employee benefits:		
– amortisation of performance rights	-	157
– remuneration expense	2,030	2,845
– superannuation contributions	226	255
– provision for leave entitlements	26	(111)
	2,282	3,146
Administration and other overheads	1,276	2,179
Total administration expenses	**3,682**	**5,482**

7. INCOME TAXES

	Consolidated	
	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Income tax recognised in profit or loss		
Tax expense/(benefit) comprises:		
Current tax expense	1,768	855
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
Current tax expense	**1,768**	**1,233**
Deferred tax expense relating to the origination and reversal of temporary differences	(550)	(1,033)
Benefit arising from previously unrecognised temporary differences of a prior period that is used to reduce deferred tax expense	(216)	(378)
Effect of unused tax losses not recognised as deferred tax assets	(1,002)	178
Deferred tax benefit	**(1,768)**	**(1,233)**
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	(42,031)	(71,732)
Income tax benefit calculated at 30% (2014 – 30%)	(12,609)	(21,520)
Effect of revenue that is exempt from taxation	13,645	21,539
Effect of expenses that are not deductible in determining taxable profit	555	470
Effect of unused tax losses and temporary differences not recognised as deferred tax assets in the current year	(1,768)	(855)
Effect of different tax rates of subsidiaries operating in other jurisdictions	177	366
Income tax expense recognised in loss	**-**	**-**
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 3(k) occur:		
Tax losses – revenue	43,773	50,954
Tax losses – capital	76,818	85,823
Temporary differences	(4,489)	(3,018)
	116,102	**133,759**

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 24.

Nature of tax funding arrangements

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

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

8. TRADE AND OTHER RECEIVABLES

	Consolidated 31 Dec 2015 US$'000	Consolidated 31 Dec 2014 US$'000
Current		
Other receivables[i]	19	77
Amounts due from other related parties[ii]	157	48
	176	**125**
Non-current		
Amounts due from related parties – other[iii]	2,000	1,500
Amounts due from related parties – subordinated loan[iv]	59,381	41,927
	61,381	**43,427**

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

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

(iii) During the year, the Company charged a management fee of $0.5 million to TiZir for corporate, accounting and administrative support (2014 – $0.5 million).

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

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
At the beginning of the period	41,927	5,010
Amounts advanced during the period	15,000	35,000
Interest accrued during the period	2,454	1,917
At end of the period	**59,381**	**41,927**

During the year ended 31 December 2015, the Company entered into two new subordinated loan agreements with TiZir as follows:

- $12.5 million subordinated loan agreement dated 21 September 2015. This loan is interest bearing at a rate of LIBOR (three month) plus five percent and is repayable on or before 29 September 2018; and
- $3.0 million subordinated loan agreement dated 22 December 2015. This loan is interest bearing at a rate of LIBOR (three month) plus seven percent and is repayable on or before 29 September 2018. Using loan funding from Eramet (refer Note 14), the Company advanced $2.5 million to TiZir under the terms of this agreement and the remaining $0.5 million is due and payable no later than 4 January 2016.

Under the terms of the respective subordinated loan agreements, no repayment of the loans may be made unless the corporate bonds issued by TiZir on 29 September 2012 and 23 May 2014 are fully repaid.

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 2015 US$'000	Consolidated 31 Dec 2014 US$'000
Current		
Available for sale investments carried at fair value		
– shares in listed company – World Titanium Resources Limited[i]	1,481	3,102

(i) The Company holds a 20.0% (2014 – 19.1%) interest in the ordinary shares of World Titanium Resources Limited (ASX: WTR). On 9 April 2015, the Company participated in a 1:16 rights issue where the Company acquired an additional 23,046,042 shares at A$0.035 per share in WTR.

On 18 January 2016, African Minerals Exploration & Development Fund II (SICAR) announced its intention to make an on market takeover bid for World Titanium Resources Limited that valued MDL's investment in the company at A$4.6 million. The Board continues to assess its options in relation to its investment in this mineral sands asset.

Impairment of financial assets

During the year ended 31 December 2015, the Company made the following impairment charges on its other financial assets as a result of significant decline in the fair value of this investment:

	Consolidated 31 Dec 2015 US$'000	Consolidated 31 Dec 2014 US$'000
Shares in listed company – World Titanium Resources Limited	1,973	1,767

10. OTHER ASSETS

	Consolidated 31 Dec 2015 US$'000	Consolidated 31 Dec 2014 US$'000
Current		
Prepayments	68	70
Security deposit	-	1
	68	**71**

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 2014	**830**	**473**	**1,303**
Additions	-	4	4
Net foreign currency exchange differences	(68)	(37)	(105)
Balance at 31 December 2014	**762**	**440**	**1,202**
Additions	-	3	3
Disposals	-	(8)	(8)
Net foreign currency exchange differences	(80)	(47)	(127)
Balance at 31 December 2015	**682**	**388**	**1,070**
Accumulated depreciation			
Balance at 1 January 2014	**(229)**	**(333)**	**(562)**
Depreciation expense	(115)	(40)	(155)
Net foreign currency exchange differences	30	31	61
Balance at 31 December 2014	**(314)**	**(342)**	**(656)**
Depreciation expense	(96)	(27)	(123)
Disposals	-	4	4
Net foreign currency exchange differences	37	36	73
Balance at 31 December 2015	**(373)**	**(329)**	**(702)**
Carrying amount of property, plant and equipment:			
As at 31 December 2014	**448**	**98**	**546**
As at 31 December 2015	**309**	**59**	**368**

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

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

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

12. INTANGIBLES

	Computer software US$'000
Cost	
Balance at 1 January 2014	**252**
Net foreign currency exchange differences	(20)
Balance at 31 December 2014	**232**
Disposals	(5)
Net foreign currency exchange differences	(24)
Balance at 31 December 2015	**203**
Accumulated amortisation	
Balance at 1 January 2014	**(247)**
Amortisation expense	(2)
Net foreign currency exchange differences	20
Balance at 31 December 2014	**(229)**
Amortisation expense	(1)
Disposals	3
Net foreign currency exchange differences	24
Balance at 31 December 2015	**(203)**
Carrying amount of intangible assets:	
As at 31 December 2014	**3**
As at 31 December 2015	**-**

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

13. TRADE AND OTHER PAYABLES

	Consolidated	
	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Current		
Unsecured liabilities:		
– trade payables[i]	63	15
– sundry creditors and accrued expenses[ii]	875	1,046
	938	**1,061**

(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 $730,000 (A$1.0 million) recognised in relation to previously disclosed contingent liabilities arising from the Company's establishment of Grande Côte Operations SA.

14. BORROWINGS

	Consolidated 31 Dec 2015 US$'000	Consolidated 31 Dec 2014 US$'000
Current		
Loans payable – Eralloys Holdings AS (ERAMET subsidiary)	2,500	-

TiZir is funded by shareholder loans, senior secured corporate bonds issued on 29 September 2012 and 23 May 2014 with a face value of $275 million maturing in September 2017 and working capital facilities at each of its operations at GCO and TTI.

As announced in November and December 2015 (ASX releases: 27 November 2015 and 11 December 2015), TiZir entered into discussions with its bondholders in respect of potential amendments to the terms of the abovementioned bonds. These amendments were approved at a meeting of bondholders held on 10 December 2015.

The primary amendments to the bond agreement were:

- amendment to the interest coverage ratio covenant including measurement for the first time at 31 December 2016;
- introduction of an equity cure enabling MDL and ERAMET to 'cure' any future breach of the interest coverage ratio covenant by providing equity funding to the joint venture;
- reduction of the maximum bond issue amount to $275 million; and
- introduction of a $60 million committed facility made available to TiZir primarily for the payment of interest up until maturity of the bond.

In addition, TiZir agreed to pay an 'early bird' fee of 2.75% of the face value of the bond to those bondholders who provided their approval prior to the date of the meeting. However, this fee was subsequently extended to all bondholders on acceptance of the amendments. In order to assist TiZir in making this payment and other costs associated with securing the approval, ERAMET and MDL contributed $6 million ($3 million from each party) to TiZir in the form of an additional subordinated loan. The first tranche of this funding ($5 million) was advanced on 22 December 2015. The Company's share of this amount was $2.5 million.

ERAMET has agreed to fund this payment on behalf of MDL. This funding is catered for under the terms of the Shareholders' Agreement entered into by the joint venture partners upon establishment of TiZir in September 2011. Should MDL not repay this amount by 31 December 2016, ERAMET will have the option to increase its share of the joint venture. Any dilution of MDL, if applicable, would take place based on a formula that calculates the equity value of TiZir using valuations contained in the most recent TiZir balance sheet.

15. PROVISIONS

	Consolidated 31 Dec 2015 US$'000	Consolidated 31 Dec 2014 US$'000
Current		
Employee benefits[i]	694	771
Mine restoration and rehabilitation[ii]	19	41
	713	**812**
Non-current		
Employee benefits[i]	**20**	**3**

(i) Employee benefits represent annual leave and long service leave in respect of employee services up to the reporting date.

(ii) Mine restoration and rehabilitation (current):

	31 Dec 2015	31 Dec 2014
Balance at 31 December 2014	41	128
Additional provisions recognised	28	58
Reductions arising from payments	(46)	(143)
Net foreign currency exchange differences	(4)	(2)
Balance at 31 December 2015	**19**	**41**

16. ISSUED CAPITAL

	31 Dec 2015 No.	31 Dec 2014 No.
(a) Movement in fully paid ordinary shares		
Number of fully paid ordinary shares	**103,676,341**	**103,676,341**
Opening number of shares	103,676,341	96,038,786
Shares issued during the year:		
– 4 February 2014	-	7,500,000
– 1 September 2014	-	137,555
Closing number of shares	**103,676,341**	**103,676,341**

	US$'000	US$'000
(b) Fully paid ordinary shares		
Paid up capital	**390,255**	**390,255**
At beginning of the financial year	**390,255**	**377,338**
Shares issued during the year:		-
– 4 February 2014	-	13,158
– 1 September 2014	-	398
Less costs associated with shares issued	-	(639)
Total issued capital at the end of the financial year	**390,255**	**390,255**

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) Performance rights and share options

There were no performance rights or share options outstanding at the end of the reporting period 31 December 2015.

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

17. RESERVES

	Consolidated	
	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Reserves (net of income tax)		
Foreign currency translation	35,307	50,507
Equity-settled employee benefits	9,711	9,711
Cash flow hedge	(2,423)	(1,367)
Total reserves	**42,595**	**58,851**

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. The Company also recognises its share of movements in the foreign currency translation reserve of its joint venutre, TiZir. Further information on the Company's investment in TiZir is detailed in Note 23 to the financial statements.

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 30 to the financial statements.

The cash flow hedge reserve arises from the recognition of the Company's share of movements in cash flow hedge instruments recognised in other comprehensive income of its joint venture, TiZir. Further information on the Company's investment in TiZir is detailed in Note 23 to the financial statements.

18. EARNINGS PER SHARE (EPS)

	Consolidated	
	31 Dec 2015 US cents	31 Dec 2014 US cents
Basic and diluted EPS	(40.5)	(69.7)

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 2015 US$'000	31 Dec 2014 US$'000
Loss for the year attributable to owners of the Company	(42,031)	(71,732)
Earnings used in the calculation of basic and diluted EPS	**(42,031)**	**(71,732)**
Weighted average number of ordinary shares for the purpose of diluted EPS ('000)	103,676	102,865

19. DIVIDENDS

During the financial period, no dividends were paid. The directors have not recommended the payment of a dividend in relation to the year ended 31 December 2015.

20. COMMITMENTS FOR EXPENDITURE

Commitment to joint venture

(a) On 22 December 2015, the Company entered into a $3 million subordinated loan agreement with TiZir. This loan is interest bearing at a rate of LIBOR (three month) plus seven 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 on 29 September 2012 and 23 May 2014 are fully repaid. The Company advanced $2.5 million to TiZir under the terms of this loan agreement in December 2015, and the remaining $0.5 million is due and payable no later than 4 January 2016.

ERAMET has agreed to fund this payment on behalf of MDL. This funding is catered for under the terms of the Shareholders' Agreement entered into by the joint venture partners upon establishment of TiZir in September 2011. Should MDL not repay this amount by 31 December 2016, ERAMET will have the option to increase its share of the joint venture. Any dilution of MDL, if applicable, would take place based on a formula that calculates the equity value of TiZir using valuations contained in the most recent TiZir balance sheet.

(b) As announced in November and December 2015 (ASX releases: 27 November 2015 and 11 December 2015), the Company's joint venture entity, TiZir, entered into discussions with its bondholders in respect of potential amendments to the terms of senior secured bonds maturing in September 2017. These amendments were approved at a meeting of bondholders held on 10 December 2015. A key part of these amendments was the introduction of a $60 million committed facility made available to TiZir primarily for the payment of interest (if required) up until maturity of the bond. The Company is committed to meeting its future obligations in relation to this facility.

Other than the above, there are no further outstanding commitments to TiZir as at 31 December 2015.

21. 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 2015 US$'000	31 Dec 2014 US$'000
Payments recognised as an expense during the year		
Minimum lease payments	191	218
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
– not later than 12 months	181	263
– between 12 months and five years	3	205
Total operating lease liability	**184**	**468**

22. 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 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 New South Wales, Australia. No adverse situations were reported and required work was performed; and
- has no outstanding native title claims against it which could or would have a financial impact.

The directors are not aware of any other contingent liabilities at 31 December 2015.

TiZir Limited

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

TiZir faces potential liabilities in respect of 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.

23. INVESTMENT IN JOINT VENTURE

	Consolidated	
	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Investment in TiZir	**200,815**	**255,741**
Movement in investment in joint venture:		
Opening balance	255,741	339,057
Equity contributions during the period	-	-
Share of net loss of joint venture for the period	(46,325)	(72,652)
Share of other comprehensive loss for the period	(8,601)	(10,664)
Investment in TiZir	**200,815**	**255,741**

The following tables set out the financial performance of TiZir for the year ended 31 December 2015 by operating segment:

	Year ended 31 Dec 2015 US$'000					Year ended 31 Dec 2014 US$'000
	TTI	GCO	TiZir	Consolidation Adjustments[i]	Consolidated TiZir	Consolidated TiZir
Sales	86,963	81,988	-	-	168,951	161,884
Cost of goods sold	(81,944)	(86,350)	-	-	(168,294)	(164,943)
Gross profit/(loss)	**5,019**	**(4,362)**	**-**	**-**	**657**	**(3,059)**
Other (expense)/revenue	(489)	145	(97)	-	(441)	5,361
Administration expenses	(624)	(3,213)	(3,073)	-	(6,910)	(4,264)
EBITDA	**3,906**	**(7,430)**	**(3,170)**	**-**	**(6,694)**	**(1,962)**
Finance costs	(947)	(415)	(33,266)	-	(34,628)	(27,275)
Foreign exchange (losses)/gains	(2,280)	(116)	3,357	-	961	6,307
Depreciation and amortisation expense	(6,954)	(23,951)	(121)	(748)	(31,774)	(22,376)
Impairment of assets recognised on acquisition	-	-	-	-	-	(108,400)
Impairment of mine development expenditure	-	-	-	(26,710)	(26,710)	(2,400)
Amortisation of assets recognised on acquisition	-	-	-	(2,720)	(2,720)	(3,641)
Loss before tax	**(6,275)**	**(31,912)**	**(33,200)**	**(30,178)**	**(101,565)**	**(159,747)**
Income tax benefit/(expense)	1,850	-	-	-	1,850	(1,442)
Amortisation of deferred tax liability recognised on acquisition	-	-	-	1,170	1,170	543
Loss for the year	**(4,425)**	**(31,912)**	**(33,200)**	**(29,008)**	**(98,545)**	**(160,646)**
Attributable to non-controlling interest					5,895	15,342
Loss attributable to joint venture partners					(92,650)	(145,304)
Share of net loss of joint venture attributable to MDL shareholders					**(46,325)**	**(72,652)**

(i) Consolidation adjustments include:

- impairment of assets as outlined below;
- amortisation of identifiable intangible assets and property, plant and equipment acquired and related deferred tax liabilities recognised on the establishment of TiZir. The amortisation of such assets during the period amounted to \$2.7 million (\$1.6 million including the impact of taxation). Asset amortisation has been disclosed separately to properly reflect the operating results of TTI and GCO. The comparable prior year amount was \$3.6 million (\$3.1 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 2015 US$'000 Consolidated TiZir	31 Dec 2014 US$'000 Consolidated TiZir
Other comprehensive loss directly recognised in equity		
Exchange differences arising on translation of operations	(15,091)	(21,243)
Change in revaluation reserve for hedging financial instruments	(2,892)	(116)
Income tax on other comprehensive income	781	32
Other comprehensive loss for the period, net of income tax	(17,202)	(21,327)
Share of other comprehensive loss attributable to MDL shareholders	**(8,601)**	**(10,664)**
Disclosed as:		
Foreign currency translation reserve	(7,545)	(10,622)
Cash flow hedge reserve	(1,056)	(42)
Share of other comprehensive loss attributable to MDL shareholders	**(8,601)**	**(10,664)**

TiZir bond amendments

TiZir is funded by shareholder loans, senior secured corporate bonds issued on 29 September 2012 and 23 May 2014 with a face value of $275 million maturing in September 2017 and working capital facilities at each of its operations at GCO and TTI.

As announced in November and December 2015 (ASX releases: 27 November 2015 and 11 December 2015), TiZir entered into discussions with its bondholders in respect of potential amendments to the terms of the abovementioned bonds. These amendments were approved at a meeting of bondholders held on 10 December 2015.

The primary amendments to the bond agreement were:

- amendment to the interest coverage ratio covenant including measurement for the first time at 31 December 2016;
- introduction of an equity cure enabling MDL and ERAMET to 'cure' any future breach of the interest coverage ratio covenant by providing equity funding to the joint venture;
- reduction of the maximum bond issue amount to $275 million; and
- introduction of a $60 million committed facility made available to TiZir primarily for the payment of interest up until maturity of the bond.

In addition, TiZir agreed to pay an 'early bird' fee of 2.75% of the face value of the bond to those bondholders who provided their approval prior to the date of the meeting. However, this fee was subsequently extended to all bondholders on acceptance of the amendments. In order to assist TiZir in making this payment and other costs associated with securing the approval, ERAMET and MDL contributed $6 million ($3 million from each party) to TiZir in the form of an additional subordinated loan. The first tranche of this funding ($5 million) was advanced on 22 December 2015 – the Company's share of this amount was $2.5 million.

ERAMET has agreed to fund this payment on behalf of MDL. This funding is catered for under the terms of the Shareholders' Agreement entered into by the joint venture partners upon establishment of TiZir in September 2011. Should MDL not repay this amount by 31 December 2016, ERAMET will have the option to increase its share of the joint venture. Any dilution of MDL, if applicable, would take place based on a formula that calculates the equity value of TiZir using valuations contained in the most recent TiZir balance sheet.

TiZir impairment review

Impairment reviews were undertaken as at 30 June 2015 and 31 December 2015 in relation to TiZir's two 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 2015, due to the residual impact of softening mineral sands market conditions, an impairment loss of $26.7 million (100% basis) was attributed to GCO at 31 December 2015. No impairment was recognised for TTI. GCO's impairment loss has been recognised against mine development expenditure capitalised in accordance with the Company's accounting policies between 2005 and 2010.

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 27 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.

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

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Allocation of impairment loss		
Mineral reserves recognised on acquisition	-	108,400
Mine development expenditure	26,710	2,400
Total impairment loss	**26,710**	**110,800**
Impairment loss attributable to non-controlling interest	2,671	11,080
Impairment loss attributable to joint venture partners	24,039	99,720
Share of impairment loss attributable to MDL shareholders	**12,020**	**49,860**

For clarity, the below table reconciles the amount recognised as part of the purchase price allocation process with the impairment loss recognised in the previous corresponding period 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 as at 31 December 2015 by operating segment:

	As at 31 Dec 2015 US$'000					As at 31 Dec 2014 US$'000
	TTI	GCO	TiZir	Other[i]	Consolidated TiZir	Consolidated TiZir
Current assets						
Cash and cash equivalents	-	1,164	1,489	-	2,653	8,401
Trade and other receivables	15,330	22,074	996	-	38,400	31,722
Deferred tax asset	1,629	-	-	-	1,629	-
Inventories	20,875	38,060	-	-	58,935	63,768
Total current assets	**37,834**	**61,298**	**2,485**	-	**101,617**	**103,891**
Non-current assets						
Receivables	-	200	-	-	200	198
Other financial assets – investments	91	-	-	-	91	123
Property, plant and equipment	64,200	715,488	124	34,031	813,843	802,129
Mine development expenditure	-	49,852	-	(29,110)	20,742	48,734
Capitalised mining convention and concession costs	-	2,425	-	-	2,425	2,510
Intangible assets recognised on acquisition	-	-	-	16,302	16,302	18,113
Other intangible assets	1,809	-	-	-	1,809	547
Total non-current assets	**66,100**	**767,965**	**124**	**21,223**	**855,412**	**872,354**
Total assets	**103,934**	**829,263**	**2,609**	**21,223**	**957,029**	**976,245**
Current liabilities						
Trade and other payables	26,067	22,702	5,012	-	53,781	41,323
Borrowings	38,610	24,959	535	-	64,104	14,762
Current tax liabilities	97	-	-	-	97	1,742
Derivative financial liabilities	7,427	-	-	-	7,427	2,984
Total current liabilities	**72,201**	**47,661**	**5,547**	**-**	**125,409**	**60,811**
Non-current liabilities						
Deferred tax liabilities	-	-	-	5,438	5,438	7,907
Borrowings	-	-	439,882	-	439,882	405,303
Total non-current liabilities	**-**	**-**	**439,882**	**5,438**	**445,320**	**413,210**
Total liabilities	**72,201**	**47,661**	**445,429**	**5,438**	**570,729**	**474,021**
Net assets	**31,733**	**781,602**	**(442,820)**	**15,785**	**386,300**	**502,224**
Equity						
Issued capital					621,741	621,741
Reserves					(46,308)	(29,105)
Accumulated losses					(173,803)	(81,153)
					401,630	**511,483**
Non-controlling interest					(15,330)	(9,259)
Total equity					**386,300**	**502,224**

(i) 'Other' represents applicable consolidation elimination entries relating to purchase price allocation, capitalised borrowing costs and impairment losses recognised during the period as outlined above.

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Reconciliation of financial information to carrying amount of TiZir		
Equity attributable to equity holders of TiZir	401,630	511,483
Portion of equity held by the Group	50%	50%
Total carrying amount of TiZir	**200,815**	**255,741**

The following table sets out the cash flows of TiZir for the year ended 31 December 2015 by operating segment:

	Year ended 31 Dec 2015 US$'000				Year ended 31 Dec 2014 US$'000
	TTI	GCO	Other[i]	Consolidated TiZir	Consolidated TiZir
Operating activities					
Loss for the year	(4,425)	(31,912)	(62,208)	(98,545)	(160,646)
Elimination of non-cash income and expenses:					
– Depreciation and amortisation	6,954	23,951	3,589	34,494	26,003
– Impairment of assets recognised on acquisition	-	-	-	-	108,400
– Impairment of mining concession and convention costs	-	-	26,710	26,710	2,400
– Deferred tax	(1,956)	-	(1,170)	(3,126)	(1,169)
– Loss on disposal of non-current assets	-	-	-	-	(16)
– Unrealised foreign exchange losses	-	(1,346)	(3,346)	(4,692)	(6,706)
Cash generated by/(used in) operating activities	**573**	**(9,307)**	**(36,425)**	**(45,159)**	**(31,734)**
Decrease/(increase)in inventories	8,362	(8,111)	-	251	(20,196)
Decrease/(increase)in trade receivables	13,007	(16,108)	1,598	(1,503)	(17,277)
Increase/(decrease) in trade payables	3,158	7,168	2,026	12,352	12,704
Change in other assets and liabilities	(12,642)	56	7,449	(5,137)	(1,365)
Amortisation of borrowing costs	-	1,229	1,087	2,316	399
Interest received	-	-	(2)	(2)	-
Tax paid	(1,614)	-	-	(1,614)	(17,828)
Net change in current operating assets and liabilities	10,271	(15,766)	12,158	6,663	(43,563)
Net cash generated by/(used in)operating activities	**10,844**	**(25,073)**	**(24,267)**	**(38,496)**	**(75,297)**
Cash flows from investing activities					
Payments for non-current assets	(45,666)	(6,117)	-	(51,783)	(94,565)
Payments for capitalised interest costs	-	-	-	-	(11,256)
Proceeds from disposal of non-current assets	-	-	-	-	133
Interest received	-	-	2	2	-
Net change in non-current financial assets and liabilities	-	-	-	-	(26)
Net (payments to)/proceeds from related parties	(3,500)	7,030	(3,530)	-	-
Net cash (used in)/generated by investing activities	**(49,166)**	**913**	**(3,528)**	**(51,781)**	**(105,714)**
Cash flows from financing activities					
Proceeds from borrowings	33,902	24,959	30,000	88,861	211,148
Repayment of borrowings	-	-	-	-	(33,926)
Payment of borrowing costs	-	-	(8,253)	(8,253)	-
Net cash generated by financing activities	**33,902**	**24,959**	**21,747**	**80,608**	**177,222**
Net (decrease)/increase in cash held	(4,420)	799	(6,048)	(9,669)	(3,789)
Cash and cash equivalents at beginning of the period	-	785	7,616	8,401	11,552
Effect of exchange rates on cash holdings in foreign currencies	4,420	(420)	(79)	3,921	638
Cash and cash equivalents at end of the period	**-**	**1,164**	**1,489**	**2,653**	**8,401**

(i) 'Other' represents TiZir parent entity results and applicable consolidation elimination entries.

24. SUBSIDIARIES

	Note	Country of Incorporation	Auditor	Percentage owned 31 Dec 2015 %	Percentage owned 31 Dec 2014 %
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	Deloitte Mauritius	100	100

* Members of tax consolidation group

(i) These wholly-owned entities have entered into a deed of cross guarantee and have been granted relief of the requirement to prepare financial statements in accordance with Class order 98/1418. Refer to Note 25 for further details.

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

25. DEED OF CROSS GUARANTEE

The wholly-owned entities detailed in Note 24 have entered into a deed of cross guarantee with MDL pursuant to ASIC 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 2015 are:

	Consolidated 31 Dec 2015 US$'000	Consolidated 31 Dec 2014 US$'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Share of net loss of joint venture	(46,325)	(72,652)
Other revenue	3,502	3,238
Administration expenditure	(3,623)	(5,396)
Impairment of intercompany receivables	(2,053)	(2,058)
Foreign currency unrealised gains	6,479	4,957
Loss before tax	**(42,020)**	**(71,911)**
Income tax expense	-	-
Loss for the year	**(42,020)**	**(71,911)**

	Consolidated	
	31 Dec 2015 US$'000	31 Dec 2014 US$'000
STATEMENT OF FINANCIAL POSITION		
Current assets		
Cash and cash equivalents	7,597	24,837
Trade and other receivables	176	125
Other	61	68
Total current assets	**7,834**	**25,030**
Non-current assets		
Receivables	63,098	46,790
Investment in joint venture	200,815	255,741
Property, plant and equipment	149	301
Other intangible assets	-	3
Total non-current assets	**264,062**	**302,835**
Total assets	**271,896**	**327,865**
Current liabilities		
Trade and other payables	969	1,093
Borrowings	2,500	-
Provisions	694	772
Total current liabilities	**4,163**	**1,865**
Non-current liabilities		
Trade and other payables	183	205
Provisions	21	3
Total non-current liabilities	**204**	**208**
Total liabilities	**4,367**	**2,073**
Net assets	**267,529**	**325,792**
Equity		
Issued capital	390,255	390,255
Reserves	59,319	75,562
Accumulated losses	(182,045)	(140,025)
Total equity	**267,529**	**325,792**

26. PARENT ENTITY DISCLOSURE

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
FINANCIAL POSITION		
Assets		
Current assets	7,833	25,001
Non-current assets	239,584	254,877
Total assets	**247,417**	**279,878**
Liabilities		
Current liabilities	1,621	1,818
Non-current liabilities	246	255
Total liabilities	**1,867**	**2,073**
Equity		
Issued capital	390,255	390,255
Accumulated losses	(140,863)	(137,724)
	249,392	**252,531**
Reserves		
Foreign currency translation reserve	(13,553)	15,563
Equity-settled share-based payment reserve	9,711	9,711
	(3,842)	25,274
Total equity	**245,550**	**277,805**
FINANCIAL PERFORMANCE		
Loss for the year	**(3,139)**	**(5,891)**
Other comprehensive loss	(29,116)	(23,653)
Total comprehensive loss	**(32,255)**	**(29,544)**

(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.

27. CASH FLOW INFORMATION

	Consolidated 31 Dec 2015 US$'000	Consolidated 31 Dec 2014 US$'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	4,127	13,929
Other – term deposits	3,909	11,373
Total cash and cash equivalents at end of year	**8,036**	**25,302**
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	**(42,031)**	**(71,732)**
Depreciation and amortisation	124	157
Amortisation of lease incentive	40	49
Loss on disposal of fixed assets	4	-
Share of net loss of equity accounted joint venture	46,325	72,652
Share based remuneration	-	157
Foreign exchange gain	(6,249)	(4,788)
Impairment of financial assets	1,973	1,767
Interest income received and receivable	(252)	(451)
Changes in assets and liabilities:		
Increase in trade and term debtors	(818)	(746)
(Increase)/decrease in prepayments	(5)	66
Increase in accrued income	(2,444)	(1,920)
(Decrease)/increase in trade creditors and accruals	(22)	889
Increase/(decrease) in employee entitlements	22	(140)
Decrease in rehabilitation provisions	(18)	(85)
Net cash used in operating activities	**(3,351)**	**(4,125)**

(c) Non-cash financing and investing activities

On 22 December 2015, MDL (Mining) Limited entered into a subordinated loan agreement with Eralloys Holdings AS (a subsidiary of ERAMET) in order to provide funding to its joint venture entity, TiZir. As part of this loan agreement, Eralloys Holdings AS advanced $2.5 million on behalf of the Company to TiZir as part of a subordinated loan agreement between the Company and TiZir (as outlined in Note 34(b)). This loan is unsecured and interest is accrued at LIBOR three months plus seven percent.

This funding is catered for under the terms of the Shareholders' Agreement entered into by the joint venture partners upon establishment of TiZir in September 2011. Should the Company not repay this amount by 31 December 2016, ERAMET will have the option to increase its share of the joint venture. Any dilution of the Company, if applicable, would take place based on a formula that calculates the equity value of TiZir using valuations contained in the most recent TiZir balance sheet.

(d) Cash balances not available for use

The Company has $259,388 (2014 – $289,875) 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.

28. 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 2015 US$'000	31 Dec 2014 US$'000
Financial assets		
Cash and cash equivalents (Note 27(a))	8,036	25,302
Debt	(2,500)	-
Net debt	5,536	25,302
Total equity	268,154	326,441
Net debt to equity ratio	2.06%	N/A

(b) Categories of financial instruments

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Financial assets:		
Other receivables – current	176	125
Other receivables – non current	61,381	43,427
Other financial assets – current	1,481	3,102
Investment in joint venture	200,815	255,741
Cash and cash equivalents	8,036	25,302
Financial liabilities:		
Other payables and accruals	938	1,061
Borrowings	2,500	-

(c) Foreign currency risk management

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

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

	Financial assets		Financial liabilities	
	31 Dec 2015 US$'000	31 Dec 2014 US$'000	31 Dec 2015 US$'000	31 Dec 2014 US$'000
AUD	8,066	14,352	928	1,046

Foreign currency sensitivity analysis

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

	Financial assets		Financial liabilities	
	31 Dec 2015 US$'000	31 Dec 2014 US$'000	31 Dec 2015 US$'000	31 Dec 2014 US$'000
AUD impact				
Profit or loss	(807)	(1,435)	(93)	(105)

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 2015 US$'000	31 Dec 2014 US$'000
Financial assets		
Cash at bank	8,036	25,302

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 2015 US$'000	31 Dec 2014 US$'000	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Group				
Profit or loss	40	127	-	-

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

(e) Credit risk management

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

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

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

(f) Liquidity risk management

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

	Weighted average effective interest rate %	Due on demand US$'000	Due one to three months US$'000	Due three months to one year US$'000	Due one to five years US$'000	Total US$'000
Consolidated						
31 December 2015						
Financial liabilities						
Variable interest rate	-	-	-	-	2,500	2,500
Non-interest bearing	-	755	114	69	-	938
	-	755	114	69	2,500	3,438
31 December 2014						
Financial liabilities						
Non-interest bearing	-	851	80	89	41	1,061
Consolidated						
31 December 2015						
Financial assets						
Variable interest rate[i]	1.30	6,409	-	-	59,381	65,790
Non-interest bearing	-	1,627	176	-	2,000	3,803
		8,036	176	-	61,381	69,593
31 December 2014						
Financial assets						
Variable interest rate[i]	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

(i) Balance includes principal and accrued interest.

(g) Fair value of financial instruments

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

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.

29. SEGMENT REPORTING

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

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

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

Segment revenue and results

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

Segment assets and liabilities

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

	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Assets		
Segment assets – Mineral sands division	263,677	302,270
Unallocated assets	8,648	26,047
Total assets	**272,325**	**328,317**
Liabilities		
Unallocated liabilities	4,171	1,876
Total liabilities	**4,171**	**1,876**

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	31 Dec 2015 US$'000	31 Dec 2014 US$'000	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Unallocated	124	157	3	4

Revenue from segment

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

	Year ended	
	31 Dec 2015 US$'000	31 Dec 2014 US$'000
Other revenue from mineral sands division[i]	2,955	2,417
Unallocated revenue	550	821
Total other revenue	**3,505**	**3,238**

(i) Represents management fees and interest charged to TiZir during the year.

Impairment charges by segment

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

	Year ended 31 Dec 2015 US$'000	Year ended 31 Dec 2014 US$'000
Mineral sands division – investment in World Titanium Resources Limited	1,973	1,767

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 2015 US$'000	31 Dec 2014 US$'000	31 Dec 2015 US$'000	31 Dec 2014 US$'000
United Kingdom	2,955	2,417	262,196	299,168
Australia	550	821	368	549
Total	**3,505**	**3,238**	**262,564**	**299,717**

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

Information about major customers

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

30. SHARE-BASED PAYMENTS

There were no share based payments in existence during or at the end of the year ended 31 December 2015.

(a) The following share-based payment arrangements were in existence during the year ended 31 December 2014:

Performance rights issued to executive directors

Grant date	Expiry date	No. at 1 Jan 2014	Other movements – refer Note 30(b)	No. at 31 Dec 2014	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 year ended 31 December 2014

The following reconciles the outstanding performance rights on issue at the beginning and end of the financial year ended 31 December 2014:

	No. of performance rights 31 Dec 2014
Balance at the beginning of the financial period – 31 December 2013	250,000
Exercised during the financial year – Note 30(c)	(137,555)
Lapsed during the financial period	(112,445)
Balance at end of the financial period[i] – 31 December 2014	-
Exercisable at end of the financial period – 31 December 2014	-

(i) There were no performance rights outstanding at the end of the 2014 and the 2015 financial year.
Included under administration expenses in the Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2014 ($157,646) 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 ended 31 December 2014

The following performance rights were exercised on 31 August 2014:

	No. of performance rights exercised	Exercise date	Exercise price	Share price at exercise date	Share value 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 ended 31 December 2014

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.

31. AUDITORS' REMUNERATION

	Consolidated	
	31 Dec 2015 US$	31 Dec 2014 US$
Auditor of the parent entity		
Audit or review of financial reports of the entity	144,196	133,158
Preparation of the tax return	29,607	23,439
Total remuneration – Deloitte Touche Tohmatsu	173,803	156,597
Network firm of parent entity auditor		
Audit or review of financial reports of the entity	3,565	10,463
Preparation of the tax return	1,868	2,135
Total remuneration – related practice of parent entity auditor	5,433	12,598

The auditors did not receive any other benefits.

The auditor of the Company is Deloitte Touche Tohmatsu.

32. SUBSEQUENT EVENTS

On 18 January 2016, African Minerals Exploration & Development Fund II (SICAR) announced its intention to make an on market takeover bid for World Titanium Resources Limited that valued MDL's investment in the company at A$4.6 million. The Board continues to assess its options in relation to its investment in this mineral sands asset.

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.

33. KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated	
	31 Dec 2015 US$'000	31 Dec 2014 US$'000
The compensation of key management personnel of the consolidated entity is set out below:		
Short-term employee benefits	1,428	1,632
Post-employment benefits	183	701
Other employee benefits	15	-
Equity-settled share-based payments	-	155
	1,626	**2,488**

34. RELATED PARTY TRANSACTIONS

(a) Equity interests in related parties

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

Transactions between MDL and its related parties:

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

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

	31 Dec 2015 US$	31 Dec 2014 US$
MDL (Mining) Limited	232,969,953	245,876,403
HNFL (Holdings) Pty Ltd	236,526	260,560
ZTF Investments Pty Ltd	1,480,478	3,102,158
MDL Gold Limited	2,441	1,794
Mineral Deposits (Operations) Pty Ltd	(41,701)	(46,603)
Mineral Deposits International Pty Ltd	(183,276)	(205,016)
	234,464,421	**248,989,296**

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 2015, there were no transactions between the Group and its related parties.

(b) Transactions with TiZir

During the financial year ended 31 December 2015, the following transaction occurred between the Group and its joint venture, TiZir:

- the Group charged TiZir a management fee of $0.5 million (2014 – $0.5 million) for office, accounting, administrative and management support provided;
- the Company charged $2,454,738 (2014 – $1,917,458) interest on the subordinated loans;
- the Company advanced $12.5 million to TiZir as part of a subordinated loan agreement. Interest accrues on this loan at LIBOR three months plus five percent and is repayable on 29 September 2018. No repayment of this loan is allowed until the corporate bonds issued on 29 September 2012 and 23 May 2014 are fully repaid; and
- the Company advanced $2.5 million to TiZir as part of a subordinated loan agreement. Interest accrues on this loan at LIBOR three months plus seven percent and is repayable on 29 September 2018. No repayment of this loan is allowed until the corporate bonds issued on 29 September 2012 and 23 May 2014 are fully repaid. This subordinated loan was funded by ERAMET under the terms and conditions set out in the Shareholders' Agreement as outlined in Note 14 to the financial statements.

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

(c) Transactions with ERAMET

On 22 December 2015, MDL (Mining) Limited entered into a subordinated loan agreement with Eralloys Holdings AS (a subsidiary of ERAMET) in order to provide funding to its joint venture entity, TiZir. As part of this loan agreement, Eralloys Holdings AS advanced $2.5 million on behalf of the Company to TiZir as part of a subordinated loan agreement between the Company and TiZir (as outlined in Note 34(b) above). This loan is unsecured and interest is accrued at LIBOR three months plus seven percent.

This funding is catered for under the terms of the Shareholders' Agreement entered into by the joint venture partners upon establishment of TiZir in September 2011. Should the Company not repay this amount by 31 December 2016, ERAMET will have the option to increase its share of the joint venture. Any dilution of the Company, if applicable, would take place based on a formula that calculates the equity value of TiZir using valuations contained in the most recent TiZir balance sheet

35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 18 February 2016.

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 25 to the financial statements, will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject 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, 18 February 2016

Deloitte.

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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 2015, 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 35 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 2015 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 23 to 33 of the directors' report for the year ended 31 December 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 18 February 2016

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 16 February 2016 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	1,523	437,301	0.42
1,001 – 5,000	487	1,172,354	1.13
5,001 – 10,000	117	904,189	0.87
10,001 – 100,000	182	6,005,605	5.79
100,001 and over	37	95,156,892	91.78
	2,346	**103,676,341**	**100.00**

(b) There were 1,772 shareholders who held less than a marketable parcel (2,084 shares) based on the market price of A$0.24.

(c) The names of the substantial shareholders of the Company as disclosed in substantial holding notices given to the Company are:

Name	Number of shares held
Allan Gray Pty Ltd	18,081,358
Ellerston Capital Limited	8,496,081
Farjoy Pty Ltd	7,346,600
Renaissance Smaller Companies Pty Ltd	7,065,213
H.E.S.T Australia Limited as Trustee for Health Employees Superannuation Trust Australia	6,201,738
	47,190,990

(d) 20 Largest shareholders – ordinary shares

Name	Number of shares held	%
HSBC Custody Nominees (Australia) Limited	25,317,956	24.42
JP Morgan Nominees Australia Limited	21,776,465	21.00
Citicorp Nominees Pty Limited	11,728,698	11.31
National Nominees Limited	10,441,434	10.07
Farjoy Pty Ltd	7,346,600	7.09
UBS Nominees Pty Ltd	3,350,000	3.23
BNP Paribas Noms Pty Ltd <DRP>	1,840,375	1.78
Inkese Pty Ltd	1,650,000	1.59
RBC Investor Services Australia Nominees Limited <Piselect>	980,474	0.95
BNP Paribas Noms (NZ) Ltd <DRP>	978,875	0.94
Fountain Oaks Pty Ltd < Limbs Family Super Fund A/C>	968,553	0.93
Zero Nominees Pty Ltd	916,814	0.88
Ajava Holdings Pty Ltd	700,000	0.68
Mr Jay Hughes and Mrs Linda Hughes <Inkese Super A/C>	700,000	0.68
Latsod Pty Ltd <Dostal Superfund A/C>	640,000	0.62
HSBC Custody Nominees (Australia) Limited – A/C 2	617,710	0.60
Mr Paul Dostal	500,000	0.48
Mr Christopher Stuart King <The King Super Fund A/C>	360,000	0.35
Stone Axe Pty Ltd <The Carmody Baird S/F A/C>	330,500	0.32
ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/C>	306,061	0.30
	91,450,515	**88.21**

(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 (Independent/Deputy Chairman)
David Isles (Independent)
Tom Whiting (Independent)
Charles (Sandy) MacDonald (Independent)

Executive

Robert Sennitt (Chief Executive Officer)
Jozsef Patarica (Chief Operating Officer)
Greg Bell (Chief Financial Officer)
Michaela Evans (Company Secretary)

Registered Office

Level 17 530 Collins Street
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E mdlmail@mineraldeposits.com.au
W 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

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