



## INDEPENDENT MARKET STUDY SUPPORTS HIGHER PRICES FOR MDL'S PRODUCTS

Further to its *TiZir Financial and Operations Guidance for 2018 and 2019* release of 10 May 2018, Mineral Deposits Limited (**MDL** or the **Company**) is pleased to provide an independent market study authored by leading industry specialist TZ Minerals International Pty Ltd (**TZMI**) commissioned by the Company. This report provides support for the pricing assumptions used in the guidance prepared for 2019. A copy of the report is available [here](#) on the MDL website.

Key findings include:

### *Titanium Slag Market*

- "With the global TiO<sub>2</sub> pigment market remaining robust and most pigment producers operating at high utilisation rates to meet customer orders, the general trend of feedstock prices in 2018 is expected to remain upwards, with varying short-term trends for individual feedstock types dependent on contract terms and other market factors."
- "The current forecast assumes chloride slag prices to trend towards the inducement level of approximately US\$900 per tonne FOB (real 2017 dollars) by 2020."

### *Zircon Market*

- "Supply remains the greatest cause of uncertainty in the global zircon market, as it is not obvious where future supply will be sourced to meet the ongoing demand requirements of the sector."
- "The long-term inducement price for zircon remains unchanged at around US\$1,400-1,500 per tonne FOB (real 2017 dollars)."

MDL encourages shareholders to read the TZMI study in full as it contains important information regarding the current and future value of your investment in MDL.

### *Eramet's Second Supplementary Bidder's Statement 16 May 2018*

MDL notes yesterday's release by Eramet of its second supplementary Bidder's Statement in which Eramet criticises the reliability of the financial and operational guidance for the TiZir joint venture released by MDL to ASX on 10 May 2018. MDL stands by its guidance and rejects any assertion that it does not have a reasonable or reliable basis for that guidance. MDL will respond to Eramet's assertions in its forthcoming Target's Statement. In the meantime, MDL briefly notes the following points:

- MDL guidance was informed by TZMI whose work underpins investment decisions regarding many projects undertaken by peer mineral sands companies. Recent examples include Iluka Resources Limited (see ILU ASX release of 12 December 2017) and Sheffield Resources Limited (see SFX ASX release of 24 March 2017).
- It is worth noting that Eramet approved the use of TZMI to provide market due diligence in the TiZir bond refinancing process (successfully completed in July 2017) and for the impairment assessment of TiZir's assets at 31 December 2017 (approved by the TiZir Board on 4 April 2018).
- In its announcements of 10 May 2018, MDL did not provide pricing forecasts or guidance on price, but showed a balanced range of potential outcomes (ranging from low to high pricing cases) from which shareholders could draw their own conclusions.
- MDL has retained Grant Samuel and Associates Pty Limited (**Grant Samuel**) as an Independent Expert. The Independent Expert will express a view on the value of MDL. Grant Samuel's report will be included in MDL's forthcoming Target's Statement.
- MDL believes free cash flow multiples are the relevant supporting valuation metric as it is most reflective of the high cash flow conversion at the TiZir joint venture, supported by its low capital intensity and tax exemption period in Senegal.

- MDL reiterates its position that TiZir's historical performance reflects outcomes consistent with operations on a pathway to maturity as they reach steady state production. As an insider, Eramet is aware of the nature of the industry and of TiZir's performance. Eramet's view on TiZir's operational performance has not been an obstacle to launching an opportunistically timed bid as commodity prices improve.
- Eramet's comparative reference to MDL's non-disclosure of forward-looking guidance in its 2017 capital raising is misconceived. MDL's disclosure obligations for its 2017 capital raising presupposed what was then an undisturbed and continuing joint venture. Eramet's unsolicited and opportunistic offer now fundamentally changes the disclosure context. MDL concluded that it was necessary and appropriate to release its forward-looking guidance on the TiZir joint venture so that shareholders have all material information they need to assess Eramet's offer.

MDL remains focused on ensuring that MDL shareholders receive all information that is material to their assessment of Eramet's offer.

Updates in relation to the offer will be made available on MDL's website ([www.mineraldeposits.com.au](http://www.mineraldeposits.com.au)) and we encourage shareholders to call us directly to address any queries.

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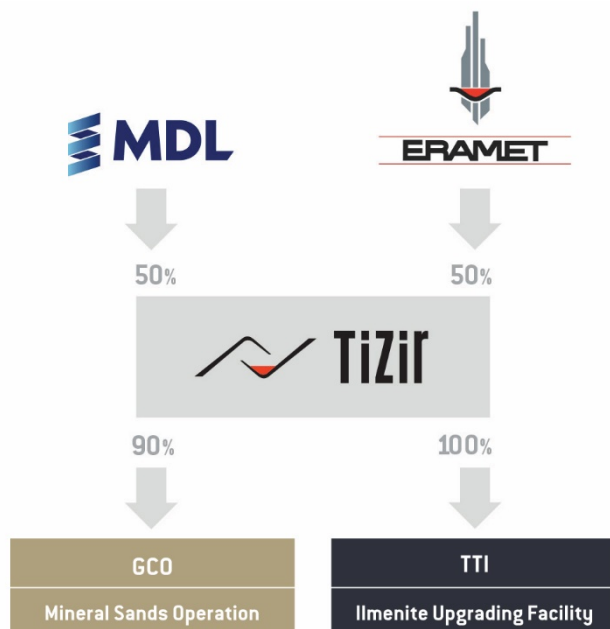
## About MDL

Mineral Deposits Limited (ASX: **MDL**) is an established, ASX-listed, integrated mining company which jointly owns and manages TiZir Limited (**TiZir**) in partnership (50/50) 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 currently projected to 2050, 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. The government of the Republic of Senegal is a valued project partner, holding a 10% interest in Grande Côte Operations SA.

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



## Forward-looking statements

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

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

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

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

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

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

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