

MDL ANNUAL GENERAL MEETING 2018

Friday, 25 May 2018



ASX: MDL



PROXY DETAILS

RESOLUTIONS	FOR	AGAINST	PROXY'S DISCRETION	ABSTAIN
1. Adoption of Remuneration Report	79,306,075 (99.55%)	304,659 (0.38%)	53,390 (0.07%)	34,910 N/A
2. Re-election of Mr Martin Ackland	80,178,912 (97.87%)	1,706,225 (2.08%)	42,390 (0.05%)	4,454 N/A
3. Approve Grant of Performance Rights to Robert Sennitt	81,532,416 (99.52%)	341,433 (0.42%)	52,690 (0.06%)	5,442 N/A

Instructions given to validly appointed proxies (as at proxy close)

STATEMENTS

MDL OVERVIEW

- Mineral Deposits Limited (**MDL**) jointly owns and manages the TiZir Limited (**TiZir**) joint venture, which owns 90% of the Grande Côte mineral sands operation (**GCO**) in Senegal, West Africa and 100% of the TiZir Titanium & Iron ilmenite upgrading facility (**TTI**) in Tyssedal, Norway. ERAMET SA of France is MDL's 50% joint venture partner in TiZir.

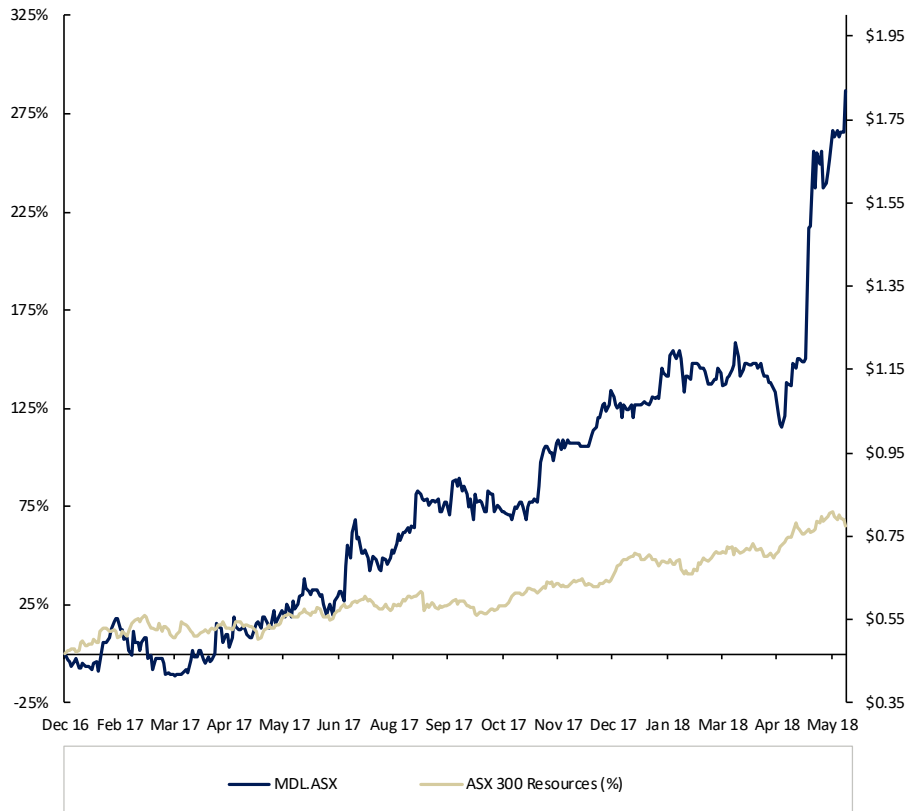
FORWARD-LOOKING STATEMENTS

- Certain information contained in this presentation 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, operation of mineral processing facilities, 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.
- Past performance information given in this presentation 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 presentation is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or future performance 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 presentation.
- Information in this presentation should be read in conjunction with other announcements made by MDL to the ASX.
- Nothing in this presentation should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.

2017 MDL HIGHLIGHTS

A TRANSFORMATIONAL YEAR FOR TIZIR AND MDL

MDL share price performance



Market cap (as at 24 May 2018) ~A\$342m

Net cash (Debt) (as at 31 March 2018) A\$14.6

TiZir

- Record EBITDA of US\$62.5m (2016: US\$24.1m)
- TiZir senior secured bond refinanced
- Positive cash flow at GCO and TTI operations in 4Q 2017
- Joint venture management restructure

GCO

- Mine life extended from 2043 to 2050
- Updated and optimised mine path
- Continuous improvement and optimisation
- Record EBITDA and free cash flow

TTI

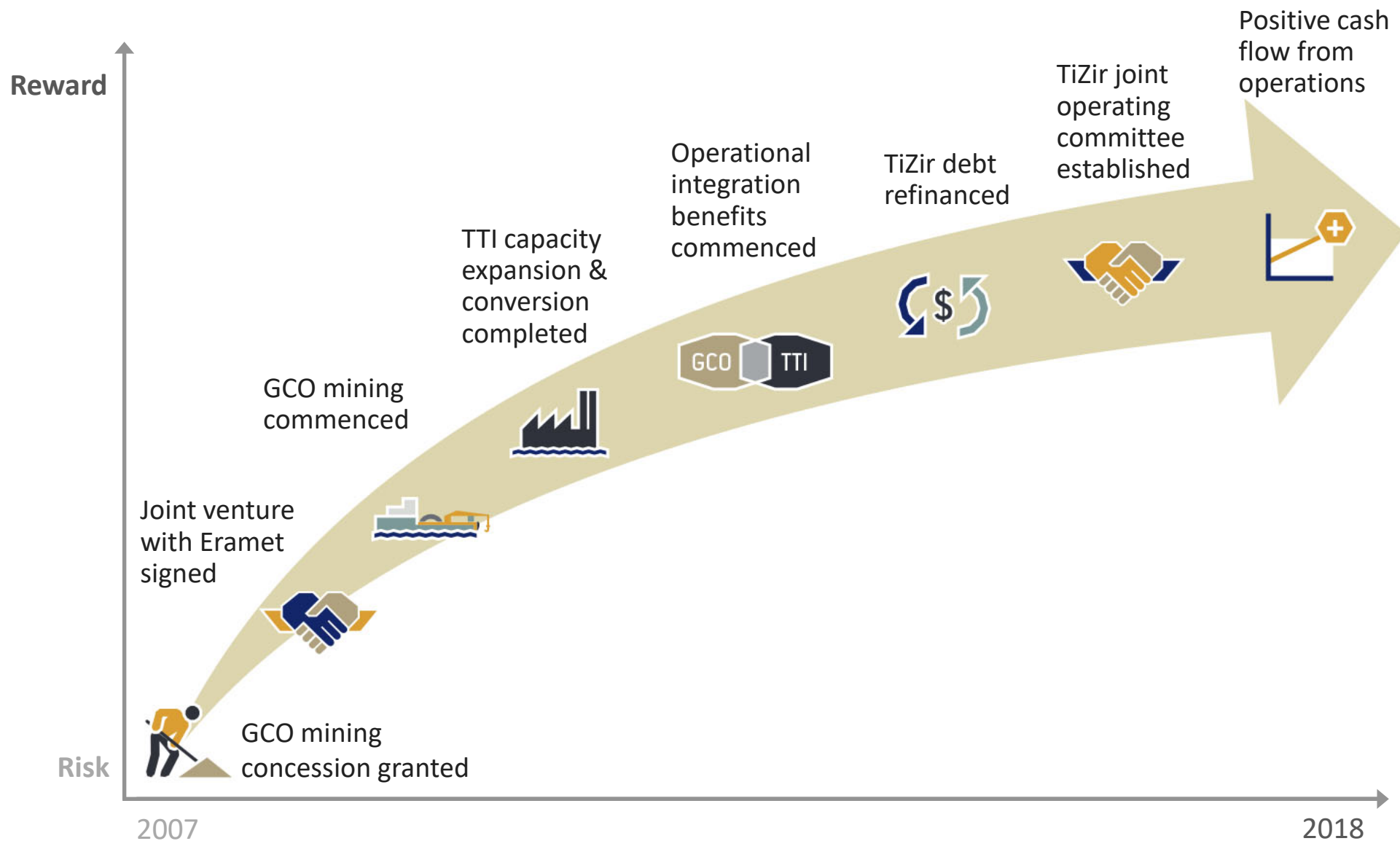
- Successful production ramp up
- Improved furnace efficiency

MDL Corporate

- Recapitalisation of balance sheet
- Outstanding debt repaid

TIZIR CONTINUED TO DE-RISK IN 2017

ONGOING ACHIEVEMENT OF SIGNIFICANT MILESTONES



2017 OPERATIONS REVIEW

CONSISTENT MINING PERFORMANCE AT GCO, PRODUCTION EFFICIENCIES AT TTI



GCO

- Ongoing operational improvements delivered record performance in 2017:¹
 - Ore mined increased by 14.9% (45Mt)
 - Operational runtime up 10.1% (81%)
 - Throughput increased by 4.7% (6,363tph)
 - HMC production up 18.1% (724.8kt)
 - Total finished goods production up 22% (584.2kt)

Safety

- 0 LTIs in 2017

TTI

- Titanium slag production for the year of 181.1kt
- Ramp up to full production achieved ahead of schedule
- Realisation of production efficiencies
- Multiple production records achieved in 2H 2017
- High-purity pig iron (HPPI) continues to add valuable co-product revenue

Safety

- 2 LTIs in 2017

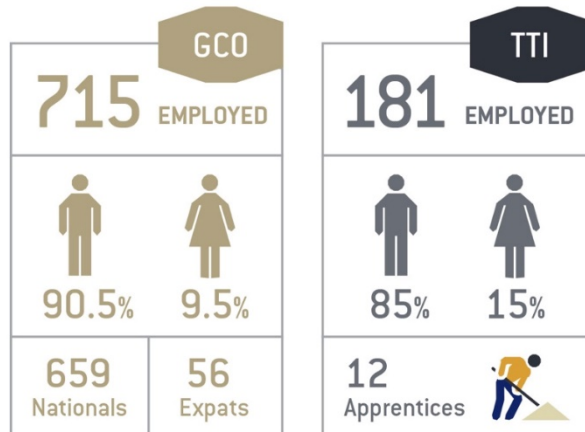
FOCUS ON SUSTAINABILITY

DELIVERING POSITIVE OUTCOMES



Employment

Direct employee profile as at 31 Dec 2017



Environment

- GCO
 - Chemical free mining and processing
 - Progressive rehabilitation
- Norwegian agency (ENOVA) support for technology development to reduce CO₂ emissions at TTI

Social & community

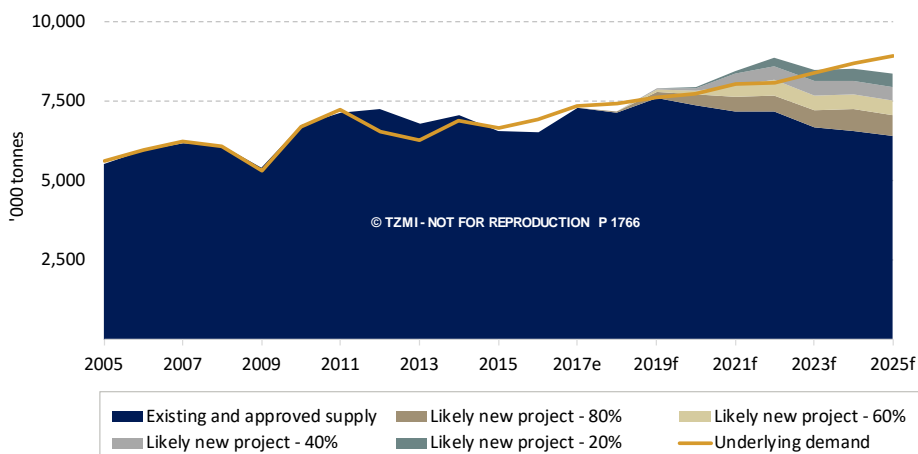
- Stakeholder approved social development programs at GCO focused on community identified priorities
- TTI is a responsible and active neighbour through support of local organisations



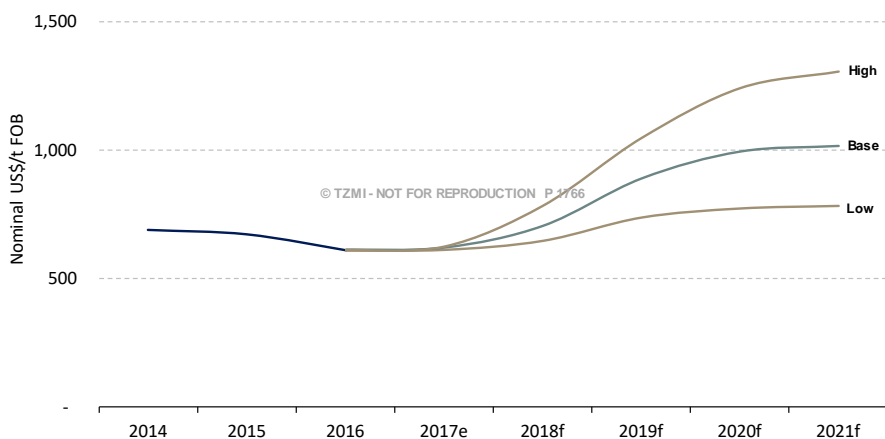
POSITIVE OUTLOOK FOR HIGH-GRADE TITANIUM FEEDSTOCKS

VERTICAL INTEGRATION THE KEY TO DELIVERING SUSTAINABLE VALUE FOR TIZIR

TZMI TiO₂ feedstock supply/demand forecast¹



TZMI chloride slag price forecasts²



Tightness in pigment sector

- Global TiO₂ pigment market remains robust
- Pigment producers operating at high utilisation rates
- Current prices are 30-50% higher than 2016 levels

Market developments and trend analysis

- TZMI expects:
 - from 2018-2021, high-grade feedstock supply will not meet demand, exacerbated by production disruptions
 - ongoing supply deficit expected to develop from 2020 unless new projects are committed in 2018
 - significant supply gap for rutile emerging
 - chloride ilmenite supply for beneficiation is declining

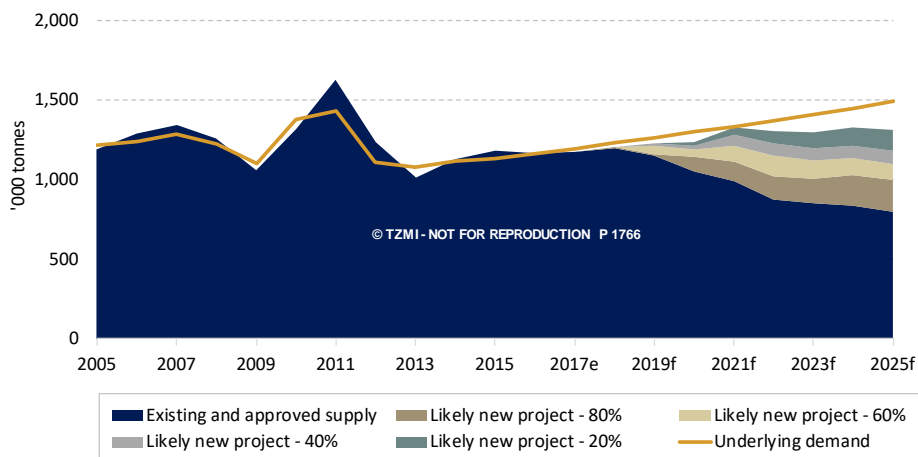
Positive outlook for prices

- TZMI forecast anticipates chloride slag prices to trend towards inducement level of ~US\$900/t³ by 2020

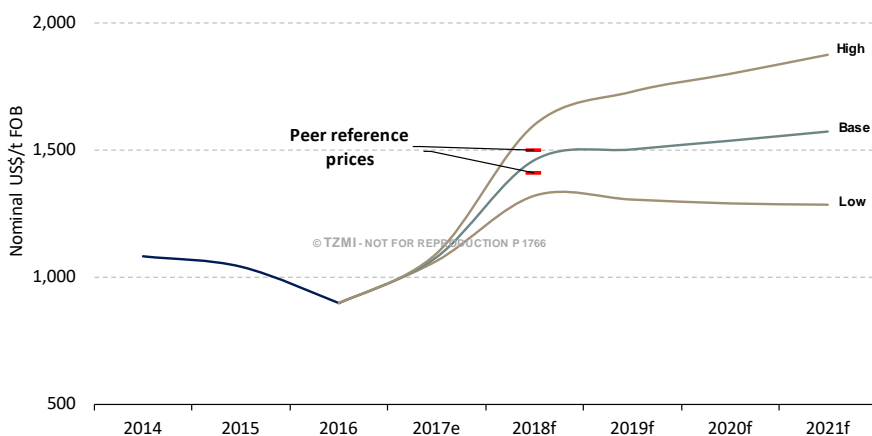
SUPPLY SHORTFALLS EXPECTED TO DRIVE ZIRCON PRICING

TIZIR'S QUALITY ZIRCON IN HIGH DEMAND

TZMI supply/demand forecast¹



TZMI premium zircon price forecasts²



Market developments and trends

- Strong demand in all major markets, with prices in China already reaching ~US\$1,700/t
- Supply remains the greatest cause of uncertainty
 - Depletion of existing resources
 - Inventories largely exhausted
 - Key customers on 'rationed' volumes
- No significant new sources of supply forecast to come online in the near-term

Positive outlook for prices

- TZMI expects long-term inducement pricing of US\$1,400-\$1,500³
- TiZir's zircon quality ensures pricing at or above reference prices of major peers
- Characteristics of TiZir's zircon make it ideal for chemical applications, reducing substitution threat

1. Source: TZMI May 2018 Feedstock & Zircon Market Study

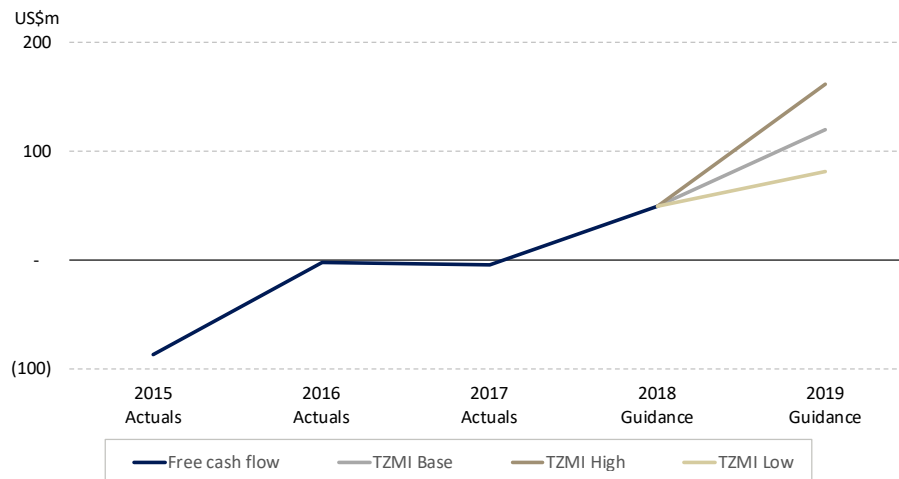
2. Source: TZMI February 2018 Price Forecast, peer company disclosures

3. Real 2017 terms

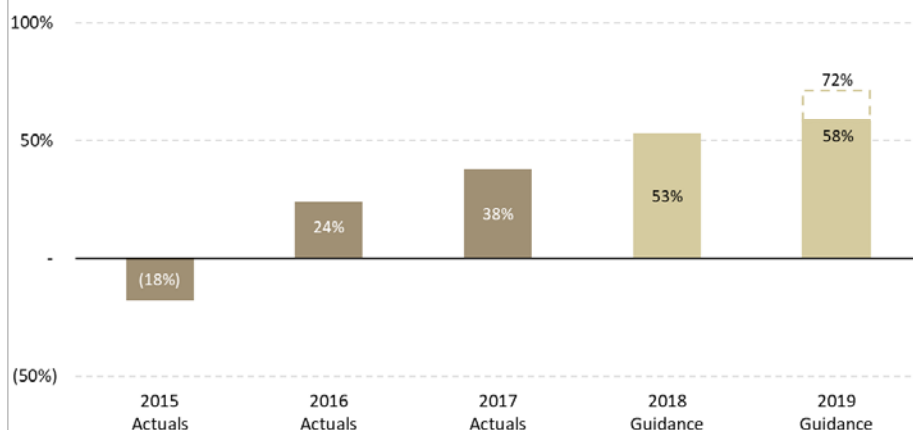
TIZIR GUIDANCE FOR 2018 AND 2019

STRONG PLATFORM FOR FUTURE PERFORMANCE

Historical and guidance free cash flow¹



Implied cash operating margin on zircon/slag basis²



Quality assets

- 30+ year mine life at GCO
- TTI proprietary smelting technology
- No major capital requirements
- High-quality zircon product
- Benefits of integration and operational flexibility
- Logistical advantages

Operational performance

- 2018 performance on track to exceed previous records
 - Further improvements expected in 2019
- Mine and smelter optimisation projects underway
- Generating attractive margins

Future growth

- Strong platform to pursue value enhancing opportunities
- Potential for a second mine at GCO and expansion at TTI

Market outlook

- Commodity price momentum expected to continue

1. Free cash flow is defined as operating cash flow (after interest paid on external debt, tax paid and change in working capital) less investing cash flow

2. Implied operating cash margin calculated as (zircon and titanium slag revenue divided by zircon and slag sales volumes) divided by (operating cash production costs net of rutile/leucoxene/MGZS/HPPI revenue over combined zircon and titanium slag production volumes). Guidance for 2019 uses TZMI High and Low case price forecasts to generate a range of outcomes

ERAMET TAKEOVER OFFER¹

OPPORTUNISTIC, UNSOLICITED & GROSSLY INADEQUATE

YOUR DIRECTORS' REASONS TO REJECT THE OFFER


1. The Offer is **grossly inadequate**, and the Independent Expert has concluded that the Offer is **neither fair nor reasonable**
2. TiZir's strategically integrated assets are operating at or near record highs, with potential for future growth
3. If you accept the Offer, you will lose the option to participate in any subsequent superior offer for your MDL shares from any third party, should one emerge
4. The price of MDL shares on the ASX has traded consistently higher than Eramet's Offer Price
5. Key shareholders publicly support your Directors' view that the Offer does not represent full value
6. Eramet's inadequate and opportunistic Offer would deprive MDL shareholders of the full value of their investment
7. Eramet's A\$1.46 per share Offer does not reflect MDL's full value relative to peer market valuations and premiums paid to shareholders in comparable takeover transactions

TARGET'S STATEMENT

Financial Adviser
FLAGSTAFF



Legal Adviser
MinterEllison

YOUR DIRECTORS UNANIMOUSLY
RECOMMEND THAT YOU

 **REJECT**
Eramet's Offer

To **REJECT** Eramet's Offer **DO NOTHING**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.
If you are in any doubt as to how to deal with this document, please contact your legal, financial, taxation or other professional adviser.



1. Eramet's off-market takeover bid of A\$1.46 per MDL share as announced on 27 April 2018 (**Offer**)

ERAMET TAKEOVER OFFER

INDEPENDENT EXPERT'S REPORT PREPARED BY GRANT SAMUEL, SUPPORTED BY AMC CONSULTANTS

Grant Samuel values MDL in the range of A\$2.04 to A\$2.52 and concludes that the Offer is neither fair nor reasonable to MDL shareholders:

"... Grant Samuel's analysis suggests that even for very conservative (and in Grant Samuel's view unrealistically conservative) assumptions, the value of MDL is well above the Eramet Offer price."¹

"[The Grant Samuel valuation] does not reflect any special value that may be available exclusively to Eramet, including the value for Eramet of acquiring 100% control of TiZir."²

"Adoption of TZMI's long term price forecasts would yield net present values ("NPVs") for GCO and TTI materially above Grant Samuel's valuation ranges for GCO and TTI. For example, using a discount rate of 10% and AMC's base case production forecasts, calculated NPVs would be approximately US\$1.168 billion for GCO and US\$763 million for TTI. These NPVs would imply values for MDL representing multiples of the Eramet Offer price."³

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

2. Ibid, page 7

3. Ibid, page 8

ERAMET'S PUBLIC COMMENTARY ON TIZIR

SHAREHOLDERS SHOULD NOT RELY ON STATEMENTS MADE BY ERAMET

Statements to Eramet shareholders

*"With the launch of the Grande Côte project in Senegal in the first half of 2014, TiZir has become one of the **world's leading players** in zircon and titaniferous raw materials."*¹

*"These results highlight TiZir's **good performance** in a favourable environment."*²

*"The operation also benefits from access to **unique technology** [...] and over thirty years of operating history. The flexible nature of TTI's production process [...] and its unique access to a competitive source of energy make **TTI a major asset** ..."*³

*"The **outlook** for the beginning of **2018** is **positive** for all of TiZir's product markets"*⁴

Statements to MDL shareholders

*"After **failing** to reach nameplate capacity at GCO and TTI (on an annual basis) in each of the past four calendar years since GCO commenced production, it is clear that running GCO's large dredge operation and TTI's approximately **30 year old** processing plant presents **certain challenges**."*⁵

*"... MDL shareholders should be aware that TiZir has been unable to consistently meet its internal operational targets and plans ..."*⁶

*"TiZir itself is vulnerable to **unexpected shocks**"*⁵

*"MDL relies on forecast mineral sands prices which are inherently **volatile and unpredictable**"*⁵

1. Eramet's Registration Document released to EURONEXT on 28 March 2018, page 27, emphasis added

2. Ibid, page 30, emphasis added

3. Ibid, page 32, emphasis added

4. Ibid, page 34, emphasis added

5. Eramet's Second Supplementary Bidder's Statement released to the ASX 17 May 2018, page 2, emphasis added

6. Ibid, page 3

ERAMET TAKEOVER OFFER

THESIS OF AN INVESTMENT IN MDL



Strategically integrated assets



Operations producing at or near record highs



30+ year mine life and no major capex required to maintain production



Strong cash flow generation potential



Foundations in place to pursue value adding growth opportunities



Commodity price momentum expected to continue in the near-term

CONTACT DETAILS

For further information please contact:

Rob Sennitt

Managing Director

Jozsef Patarica

Chief Operating Officer

Greg Bell

Chief Financial Officer

Level 17, 530 Collins Street
Melbourne Victoria 3000
Australia

T +61 3 9618 2500

F +61 3 9621 1460

E mdlmail@mineraldeposits.com.au

W mineraldeposits.com.au

