

2014 FULL YEAR FINANCIAL RESULTS



STATEMENTS

FORWARD LOOKING STATEMENTS

- Certain information contained in this report, including any information on MDL's plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute forward-looking statements. Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. MDL cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of MDL to be materially different from the company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. These factors include the inherent risks involved in exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of zircon, ilmenite and other key inputs, changes in the regulatory environment and other government actions, changes in mine plans and other factors, such as business and operational risk management, many of which are beyond the control of MDL. Except as required by applicable regulations or by law, MDL does not undertake any obligation to publicly update, review or release any revisions to any forward looking statements to reflect new information, future events or circumstances after the date of this report.
- Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.
- Expressed in United States Dollars unless otherwise stated.

2014 HIGHLIGHTS

MDL CONTINUES TO REALISE THE TIZIR VISION

- Construction completed at Grande Côte Mineral Sands Operation ('GCO')
- Despite normal commissioning issues – ramp-up to full capacity remains on track for 3rd quarter 2015
 - Dredge ramp-up gaining momentum
 - Wet plant and ilmenite circuit operating at design feed rates
 - On-spec premium zircon produced during the 4th quarter
- First shipments of product to TiZir Titanium & Iron ilmenite upgrading facility ('TTI') and other customers
- Strong customer feedback as to product quality, particularly premium zircon
- TTI facility continues to operate as expected in the lead up to the furnace reline and expansion scheduled for 3rd quarter 2015
 - Post this program, TiZir will be a fully integrated producer, with the ability to produce either chloride or sulphate slag to meet prevailing market conditions
- 2014 result for MDL was an underlying loss of US\$18.5million – reflects a company in transition
- Despite significant capital expenditure in recent years, MDL retains a good financial position with no debt, cash of US\$25.3 million and no future scheduled cash commitments to TiZir

2014 HIGHLIGHTS

US\$m	FY 2014	FY 2013
MDL		
50% share of TiZir underlying (loss)/earnings	(21.2)	14.2
Underlying (loss)/earnings	(18.5)	11.3
Underlying EPS (cents)	(18.0)	32.4
Reported loss	(71.7)	(16.6)
TiZir		
TTI EBITDA	24.5	63.6
GCO EBITDA	(24.2)	(1.9)
Underlying loss	(42.4)	28.3
Cash flow from operations	(75.3)	88.3
Capital expenditure	94.6	321.2

- Underlying net loss of \$18.5 million
- MDL's share of TiZir's underlying loss totalled \$21.2 million
- TTI remains profitable – EBITDA of \$24.5 million despite current market conditions
- As a consequence of prevailing market environment and declining commodity prices, TiZir recognised an impairment loss of \$110.8 million during the year – MDL's share amounted to \$49.9 million
- TiZir funded by cash of \$8.4 million along with available working capital facilities of \$41 million at TTI and \$50 million at GCO
- MDL has cash of \$25.3 million, no debt and no future cash commitments to TiZir

2014 FULL YEAR FINANCIAL RESULTS



2014 MDL FINANCIAL RESULTS



MDL FINANCIAL RESULTS

US\$m	FY 2014	FY 2013
50% share of TiZir underlying (loss)/earnings	(21.2)	14.2
Interest and other revenue	3.2	0.7
Administration expenses	(5.4)	(4.4)
Foreign exchange gains	4.9	0.9
Underlying (loss)/earnings	(18.5)	11.3
Share of items excluded from TiZir underlying (loss)/earnings	(51.4)	(6.7)
Impairment of Teranga shareholding	-	(15.5)
Impairment of WTR shareholding	(1.8)	(5.7)
Reported loss	(71.7)	(16.6)

- Underlying loss reflects a lower contribution from TTI due to lower titanium slag prices and lower volumes due to maintenance shutdown, along with operating losses from GCO as mining and production continue to ramp-up
- Share of items excluded from TiZir underlying earnings relate to a non-cash impairment charge of \$49.9 million and amortisation of assets recognised on acquisition of \$1.5 million (after tax)
- MDL continues to own 19.1% of World Titanium Resources Ltd ('WTR'). Current environment and trading illiquidity in WTR shares has resulted in a small impairment of this investment
- The recent unsuccessful takeover of WTR demonstrates its strategic value. MDL remains committed to investigating the potential of this asset

2014 FINANCIAL POSITION

DESPITE SIGNIFICANT CAPITAL EXPENDITURE IN RECENT YEARS, MDL RETAINS A STRONG CAPITAL STRUCTURE

US\$m	FY 2014	FY 2013
Cash	25.3	32.0
Investment in WTR	3.1	5.0
Investment in Teranga	-	20.0
Other current assets	0.2	1.2
Current assets	28.6	58.2
Investment in TiZir	255.7	339.1
Receivables from TiZir	43.4	5.0
Other non-current assets	0.6	0.7
Non-current assets	299.7	344.8
Total assets	328.3	403.0
Liabilities		
Trade payables and provisions	1.9	1.4
Total liabilities	1.9	1.4
Net assets	326.4	401.6

- Strong cash balances
 - Decline in cash balance is largely represented by the advance of \$35.0 million as a subordinated loan to TiZir
 - This advance was largely offset by the proceeds of the sale of Teranga shareholding (\$20.0 million) and the second tranche of the December 2013 share placement (\$12.5 million)
- Debt free balance sheet
- No future scheduled cash commitments to the joint venture
- Decrease in TiZir investment due to equity accounting of the loss reported by the joint venture during the period

2014 FULL YEAR FINANCIAL RESULTS



2014 TIZIR FINANCIAL RESULTS

TIZIR FINANCIAL RESULT

TIZIR RESULT DRIVEN BY ADVERSE MARKET CONDITIONS AND THE COMMISSIONING OF GCO

US\$m	FY 2014	FY 2013
Revenue	161.9	201.3
Cost of goods sold	(164.9)	(150.5)
Gross (loss)/profit	(3.0)	50.8
Other revenue	5.4	13.8
Administration expenses	(4.4)	(7.3)
EBITDA	(2.0)	57.3
Depreciation and amortisation	(22.3)	(14.4)
EBIT	(24.3)	42.9
Foreign exchange gains	6.3	1.9
Net finance costs	(27.3)	(0.7)
Profit before tax	(45.3)	44.1
Income tax	(1.4)	(16.6)
Minority interest	4.3	0.8
TiZir underlying net profit	(42.4)	28.3
MDL 50% share	(21.2)	14.2

- Result largely impacted by weak titanium feedstock markets and the commencement of commissioning at GCO
- Average prices for titanium slag decreased in first half of 2014 before stabilising throughout the second half of the year
- TTI EBITDA was \$24.5 million – 61% lower than 2013, primarily due to lower prices combined with lower volumes of titanium slag and lower volumes of high purity pig iron following planned maintenance shutdown of the smelter in March
- GCO recorded an EBITDA loss of \$24.2 million – with the commencement of commissioning relevant costs are now being recognised in the income statement rather than being capitalised
- GCO's first shipment of ilmenite made in August 2014, followed by containerised zircon in September
- First shipment to Tyssedal made in late October, marking the realisation of a key element of the joint venture's strategic rationale

TIZIR FINANCIAL RESULT

TIZIR IMPAIRMENT DRIVEN BY SOFTENING MARKET CONDITIONS

US\$m	FY 2014	FY 2013
TiZir underlying net (loss)/profit	(42.4)	28.3
Impairment of assets	(110.8)	-
Minority interest share of impairment	11.0	-
Amortisation of assets	(3.1)	(13.3)
TiZir reported net (loss)/profit	(145.3)	15.0
MDL 50% share	(72.7)	7.5

- Impairment reviews were undertaken as at 30 June 2014 and 31 December 2014 in relation to TiZir's two cash generating units, TTI and GCO. While no impairment was recognised at 30 June 2014, due to the residual impact of softening market conditions, an impairment loss of \$110.8 million (100% basis) was attributed to GCO at year end. No impairment was recognised for TTI during the year

GCO's impairment loss is primarily related to mining reserves which were recognised as part of the purchase price allocation completed when TiZir was established in 2011 and represents a non-cash loss on a non-cash asset

- As part of the establishment of TiZir in October 2011, specifically identified intangible assets, property, plant & equipment and related deferred tax liabilities were recognised on consolidation and amortised over the useful lives of these assets. The amortisation of such assets during the year amounted to US\$3.6 million pre-tax and US\$3.1 million on an after-tax basis

JOINT VENTURE OVERVIEW

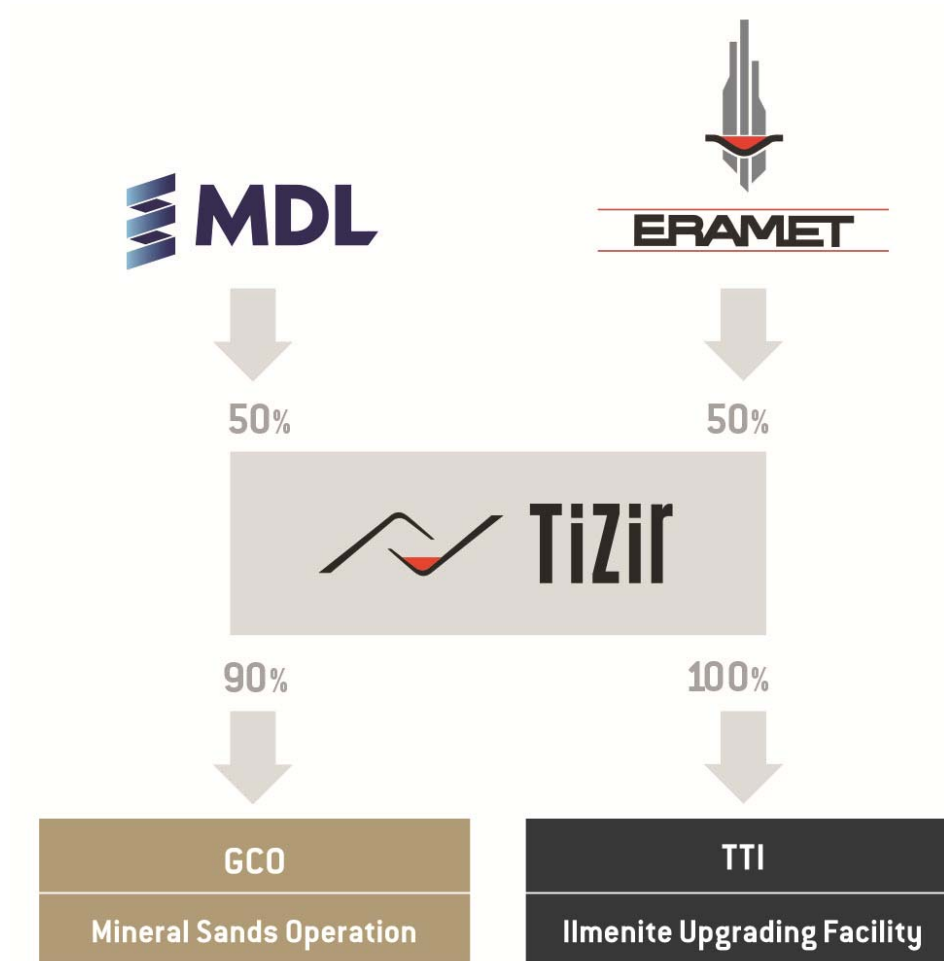


MINE > INTEGRATE > TRANSFORM



TIZIR – A 50/50 INCORPORATED JOINT VENTURE

TIZIR BENEFITS FROM THE ADVANTAGES OF BEING A VERTICALLY INTEGRATED FEEDSTOCK PRODUCER WITH TWO WELL LOCATED, HIGH QUALITY ASSETS



TWO STRATEGIC MINERAL SANDS ASSETS

GCO AND TTI CREATE SIGNIFICANT VALUE AS A VERTICALLY INTEGRATED OPERATION

GCO (Grande Côte, Senegal) – Mineral Sands Operation

A major new mineral sands mine

- Biggest single-dredge mineral sands operation in the world
- \$650M construction cost – completed March 2014
- Production ramp-up on target for nameplate capacity 3Q 2015
- 85ktpa of zircon & 575ktpa of ilmenite
- 25+ year mine life – potential for significantly longer

TTI (Tyssedal, Norway) – Ilmenite Upgrading Facility

Smelts ilmenite to produce a high-TiO₂ titanium slag and high purity pig iron

- Operational since 1986
- Very stable production history
- 1 of only 5 such assets of its type globally (only one in Europe)
- Refurbishment and expansion project to create flexibility to produce different feedstocks to meet customer demand aimed at maximising returns

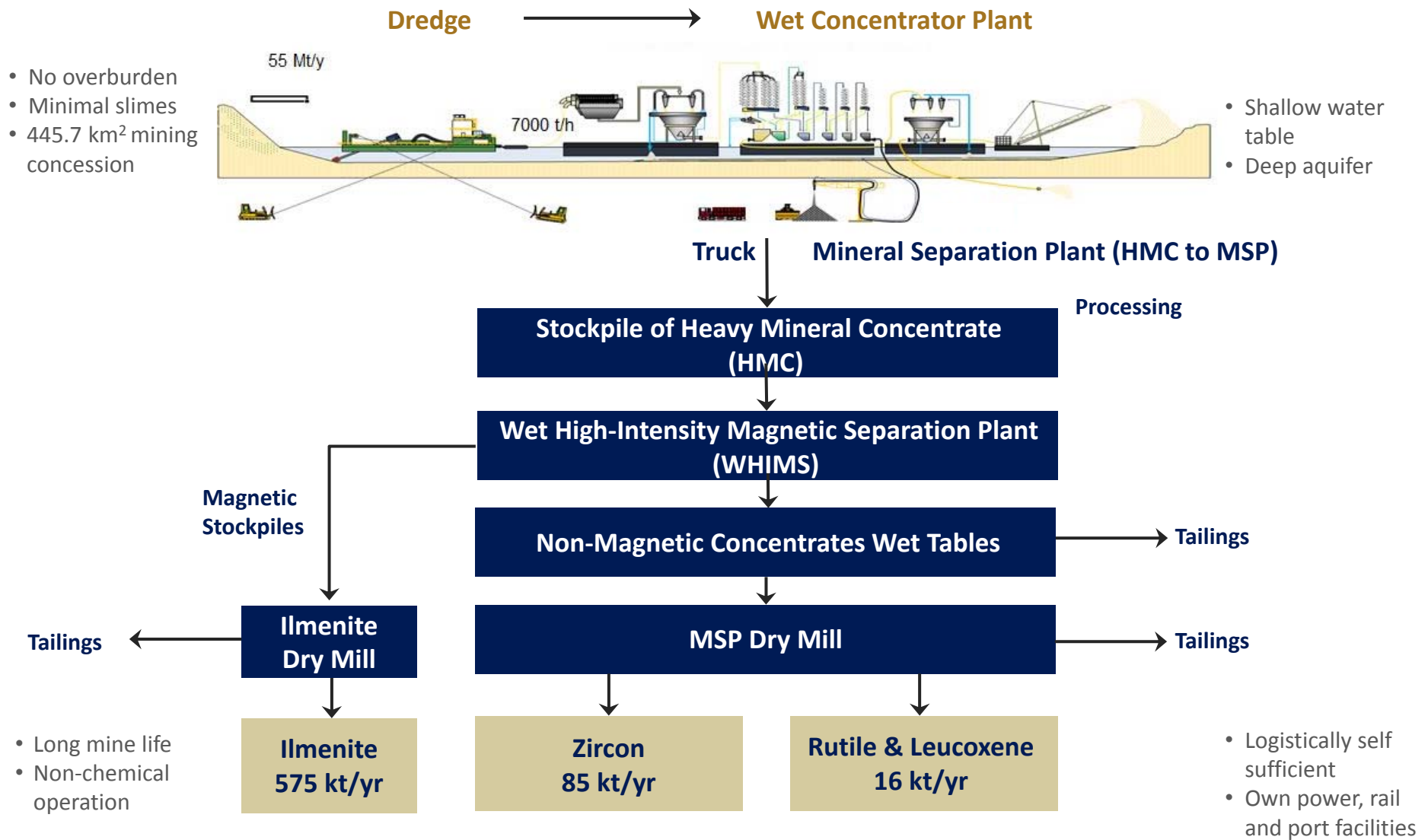


GRANDE CÔTE OPERATIONS



RAMPING-UP TO NAMEPLATE

CONVENTIONAL MINING & BENEFICIATION



DREDGE & WET CONCENTRATOR PLANT (WCP)



CONVENTIONAL PROCESSING TO SEPARATE MINERALS



INTEGRATED LOGISTICS



TIZIR TITANIUM & IRON



STRATEGIC INTEGRATION



TTI FACILITY

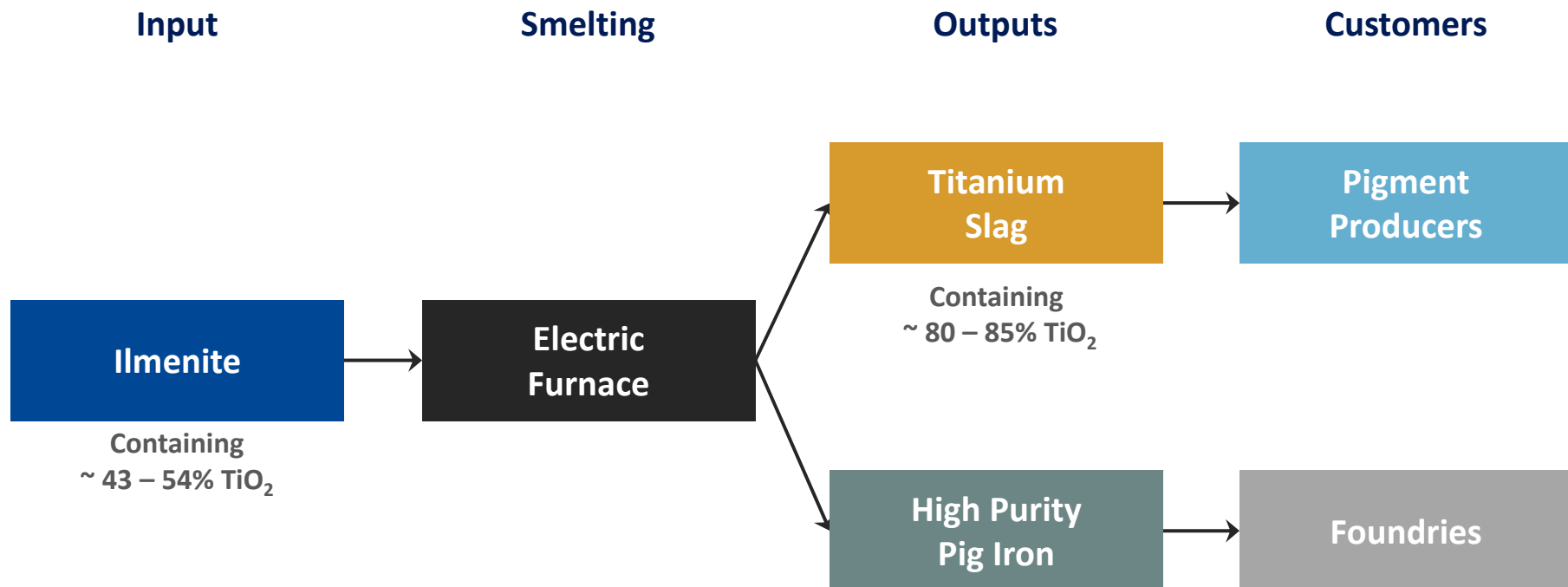


SELF CONTAINED LOGISTICS



QUALITY PRODUCTS

TTI SMELTS ILMENITE TO PRODUCE A TITANIUM RICH SLAG & HIGH PURITY PIG IRON

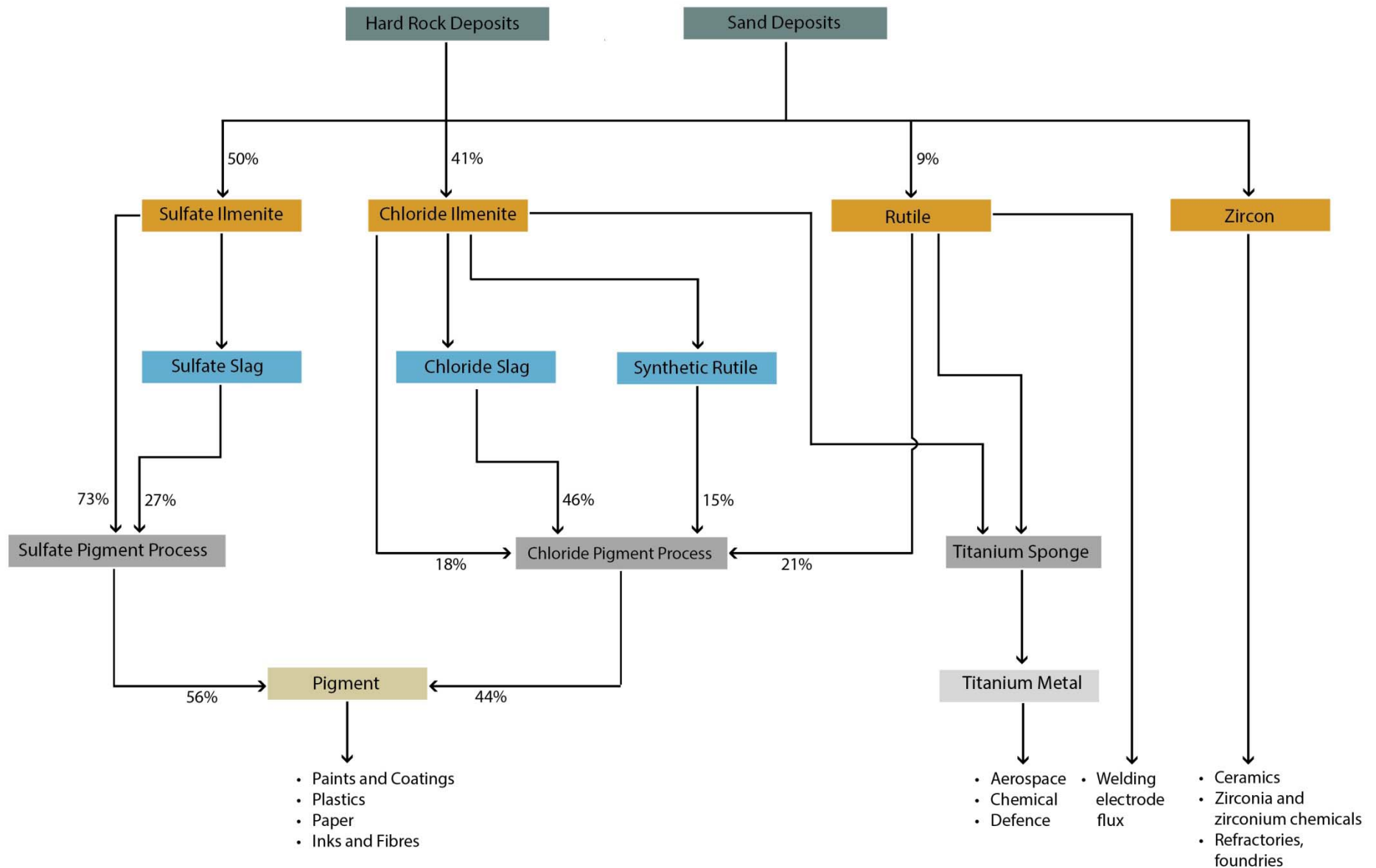


MARKET & STRATEGY



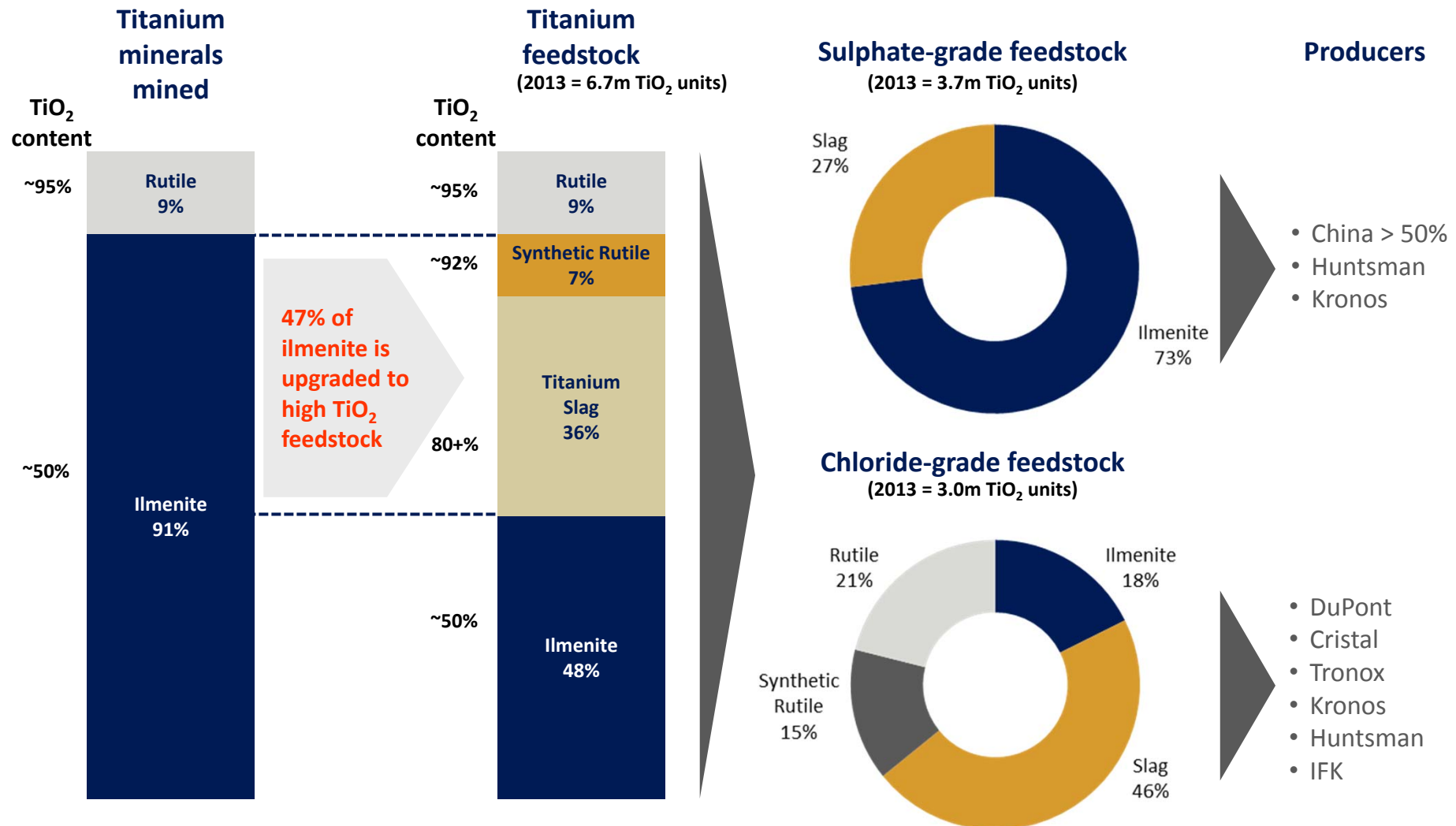
MARKET DYNAMICS

THE MINERAL SANDS INDUSTRY - OVERVIEW



TITANIUM FEEDSTOCK CHAIN

CHINA NOW DOMINATES PRODUCTION OF SULPHATE GRADE FEEDSTOCK & SULPHATE PIGMENT

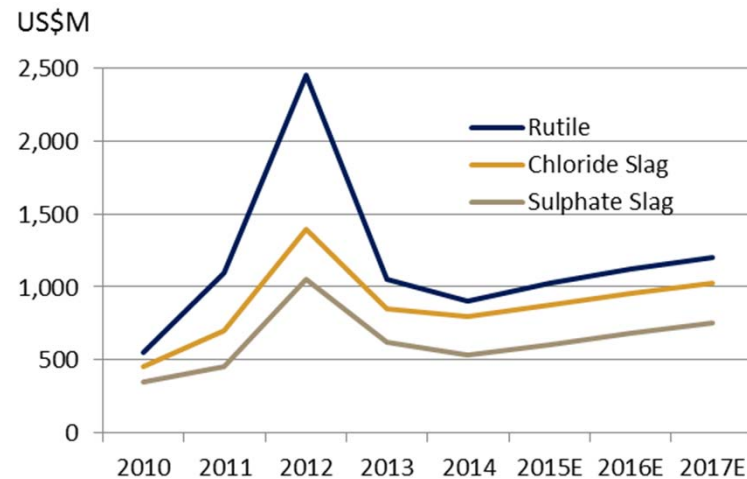


Source: TZMI

MARKET DYNAMICS – MINERAL SANDS SECTOR

POTENTIAL FOR IMPROVEMENT IN MARKET CONDITIONS

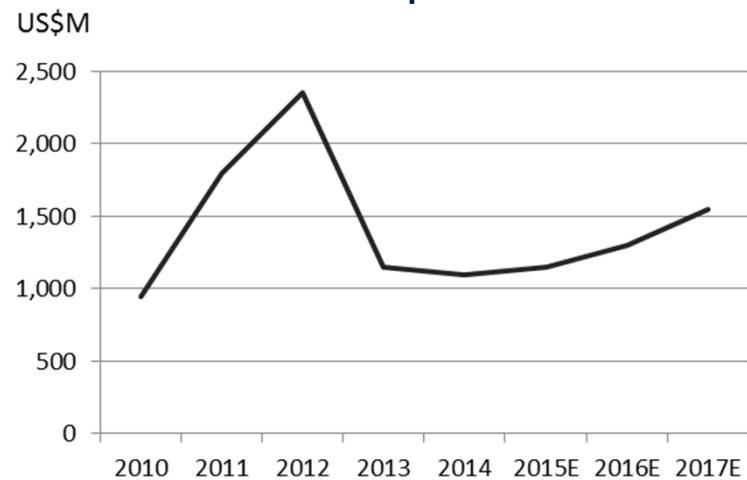
TiO₂ feedstock prices



Recently the industry has been characterised by declining commodity prices

- Sector reliant on global growth in GDP
- Increasing importance of the Chinese market (now one third of global demand) and its ability to source local supply of sulphate ilmenite and slag
- Destocking by pigment producers

Zircon prices



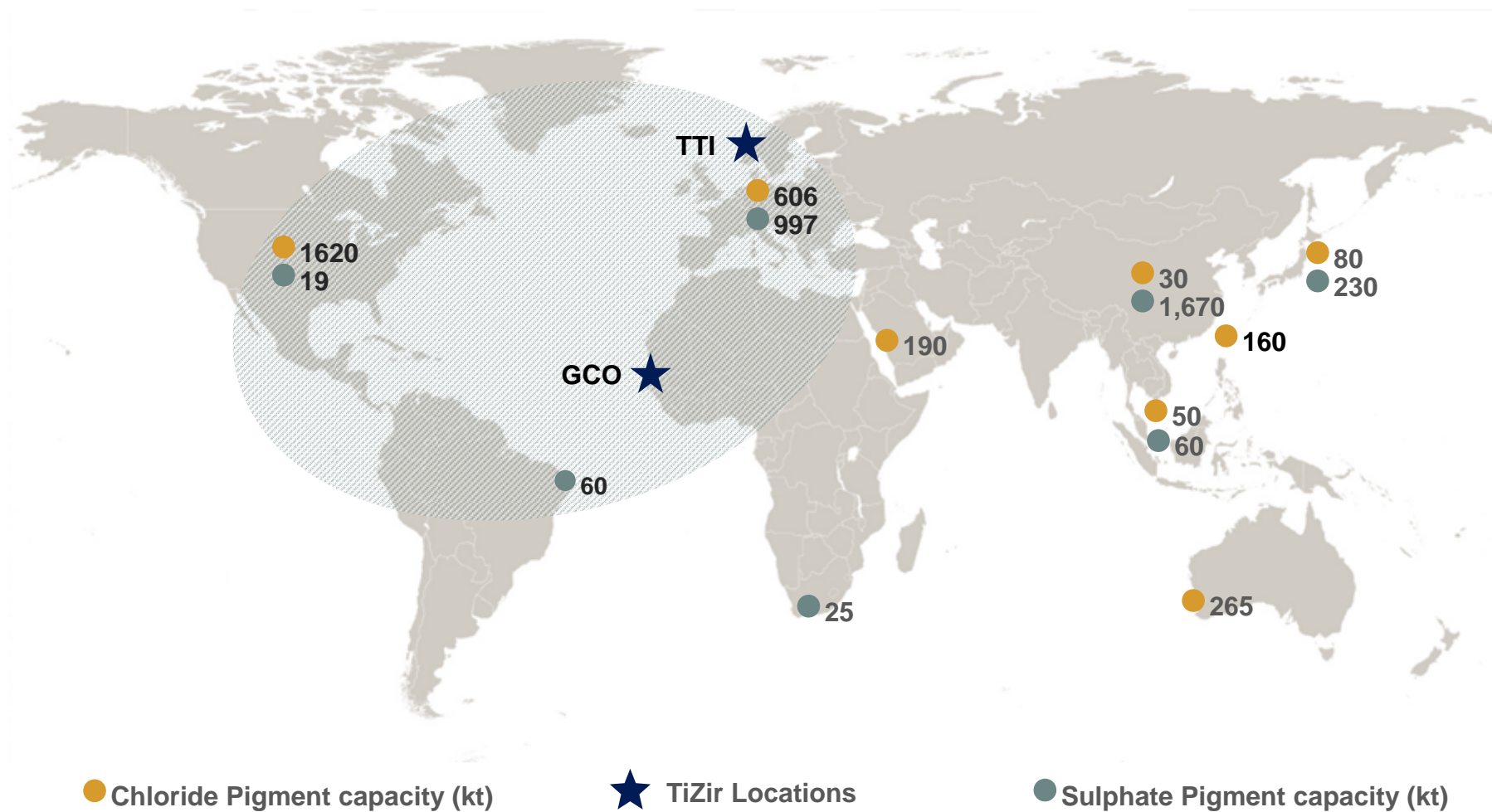
Source: TZMI

Potential for improvement in market conditions

- US recovery
- China's consumption of TiO₂ expected to continue growing but with a greater focus on chloride pigment
- Stockpiles reducing (now in the hands of producers)
- Reducing price of iron ore may limit Chinese ilmenite production
- Corporate restructuring and consolidation

PIGMENT CUSTOMER DISTRIBUTION

CHLORIDE & SULPHATE PIGMENT CUSTOMERS WELL LOCATED TO TIZIR OPERATIONS



Source: TZMI

TYSSDAL – FLEXIBLE SLAG PRODUCER

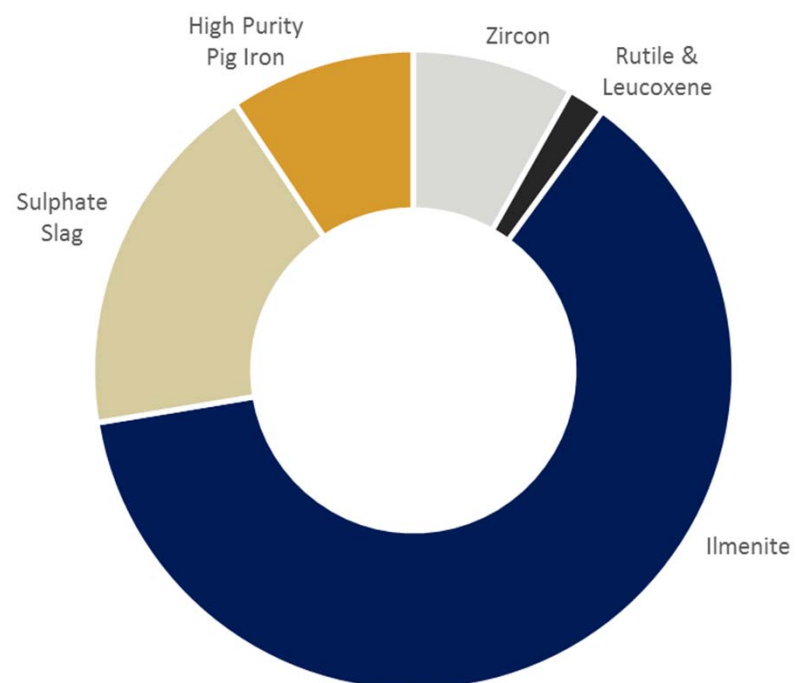
PRODUCTION FLEXIBILITY AIMED AT MAXIMISING FINANCIAL RETURNS

Ilmenite source	3 rd party / GCO	GCO
Ilmenite volume	3 rd party – (70%) GCO – (30%)	GCO – (100%)
Slag volume	Sulphate slag (80% TiO ₂)	Chloride slag (86% TiO ₂) Chloride fines (86% TiO ₂)
Slag customers	Sulphate pigment producers	Chloride slag – chloride pigment producers Chloride fines – sulphate pigment producers

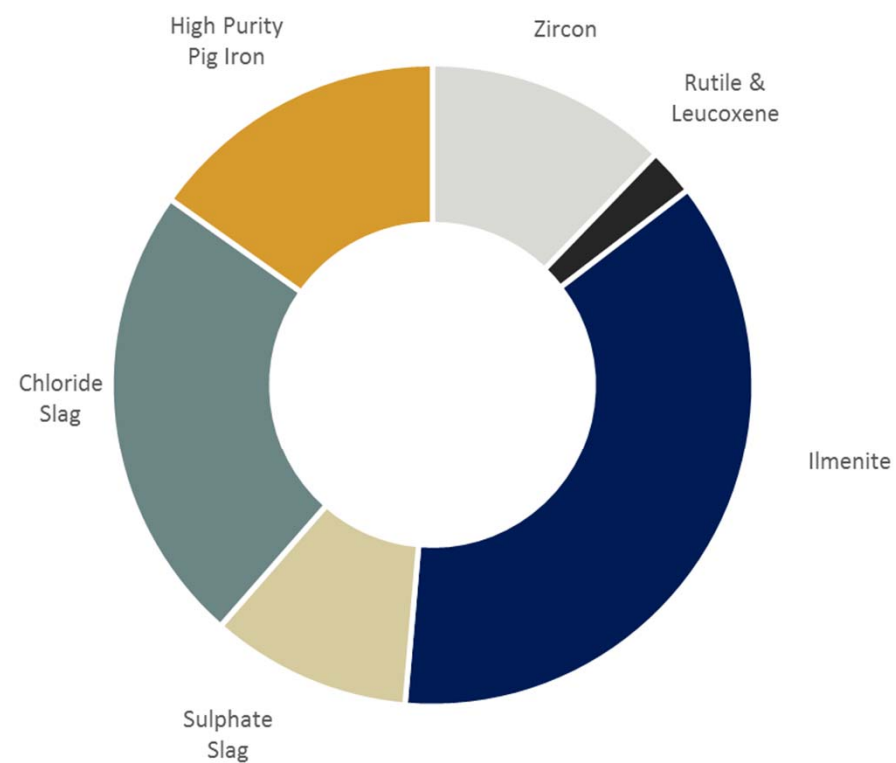
IMPACT OF THE TRANSITION

ABILITY TO PRODUCE SULPHATE OR CHLORIDE SLAG DEPENDING ON MARKET CONDITIONS

2015 Sales volume mix – a transition year



2016 Sales volume mix – post transition



CORPORATE STRATEGY

FLEXIBILITY, OPTIONALITY AND QUALITY ASSETS DRIVE CORPORATE STRATEGY, ENHANCED BY RISK AWARENESS AND ENVIRONMENTAL RESPONSIBILITY

Positioning for sector recovery

- **High quality assets**
- Ramp-up of **GCO** in progress
- Transition of **TTI** during 3Q 2015 – **US\$70 - \$80M capex funded**

Maximise returns

- **Higher margins** from production flexibility
- Maintain production of **important by-products**, premium zircon and high purity pig iron
- Significant advantages in **strengthening flexibility** subject to market conditions
- **Logistical advantages** from Senegal to Norway to key customers in Europe and the eastern seaboard of the US

Reduce risk profile

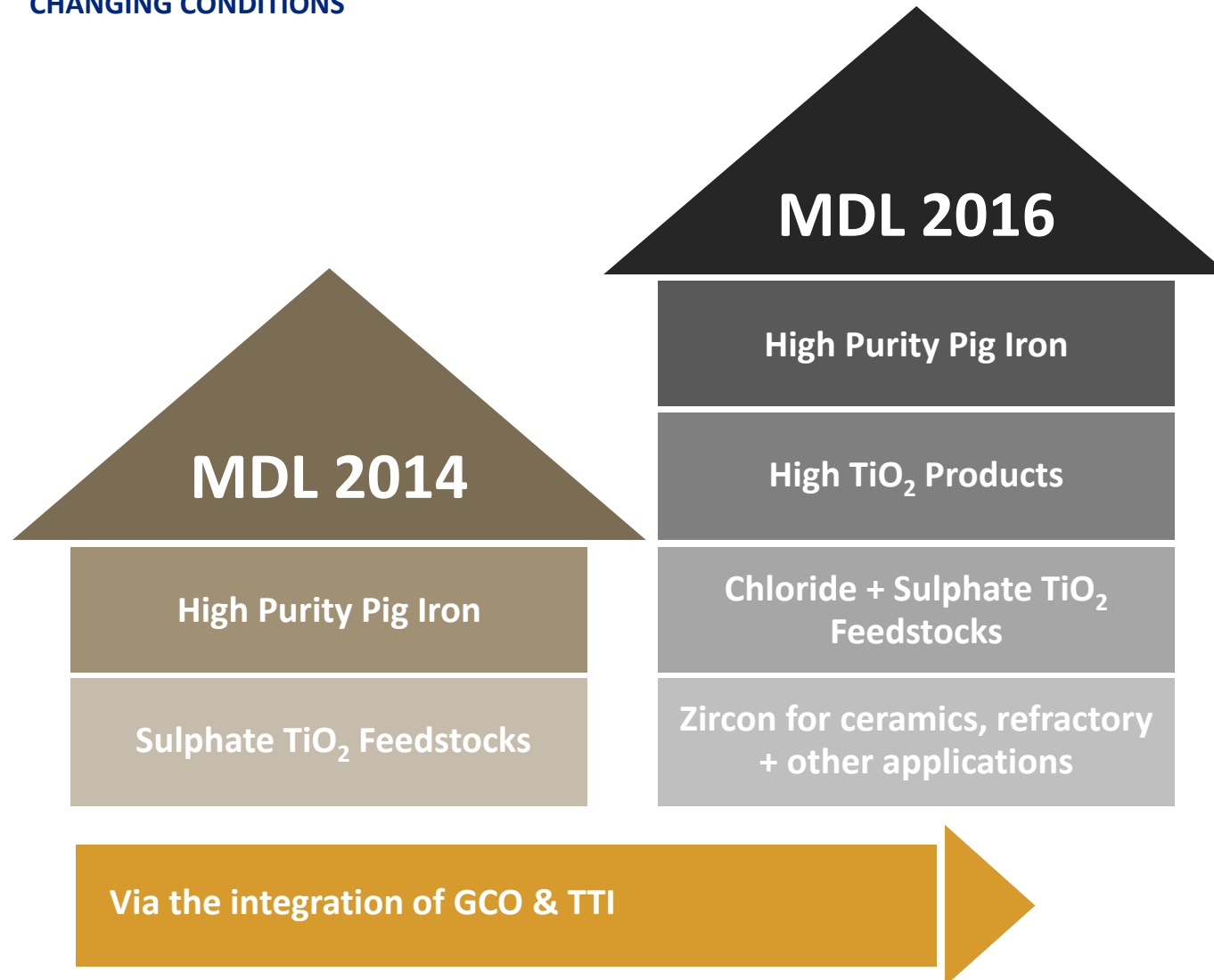
- **Vertical integration** provides security of offtake for GCO and ilmenite supply for TTI
- Following ramp-up of GCO, TiZir will be a **cost-competitive producer** – enabling competitiveness at all stages of the mineral sands pricing cycle

Environmental responsibility

- Focus on chloride slag aids production of the **more eco-friendly** chloride pigment
- Continue to **upgrade and expand environmental and social activities** in Africa
- Innovation to **substantially reduce CO₂ emissions** at TTI is well underway

2015 A YEAR OF TRANSITION

WITHIN VERY VERSATILE & CYCLICAL MARKETS MDL'S SIZE & POSITIONING ENABLE THE FLEXIBILITY AND CAPACITY TO ADAPT TO CHANGING CONDITIONS



WHY MDL?

A STRONG PLATFORM FROM WHICH TO GROW SHAREHOLDER VALUE

- ✓ Well located, high quality assets
- ✓ Benefits of vertical integration
- ✓ Operational flexibility to adapt to changing market conditions to maximise returns
- ✓ Quality board with multi-jurisdictional operating experience and historical knowledge of GCO & TTI
- ✓ Strong capital structure
- ✓ Partnership with ERAMET, a major global player in manganese and nickel mining & smelting

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