Mineral Deposits

Third Quarter 2012 Results

All dollar amounts are expressed in US$ unless otherwise stated

- Mineral Deposits' third-quarter 2012 underlying earnings were $4.8 million, giving underlying earnings for the nine months year to date of $18.3 million, equating to earnings per share of 21.8 cents
- Third-quarter 2012 EBITDA of TiZir* was $23.2 million, giving EBITDA for the nine months year-to-date of $73.5 million
- Tyssedal's third-quarter revenue (on a 100% basis) was $48.7 million, 10% above the second-quarter primarily due to increased volumes sold of titanium slag and high purity pig iron
- Tyssedal's third-quarter EBITDA was $24.4 million, giving EBITDA for the nine months year-to-date of $74.8 million
- Grande Côte construction expenditure during the quarter was $87 million – the biggest quarterly spend to date – with $236 million now spent on the build. Major construction work has now commenced on site, and the dredge assembly has been completed and is now being readied to ship from Thailand to site in November. At September end, the estimated cost to completion stood at approximately $325 million, of which $140 million is already committed under purchase orders
- MDL cash balances at September end were $50.8 million, following $40 million of equity contributions to TiZir during the third quarter. A further $25 million of equity funding remains committed to TiZir
- During the third quarter TiZir completed a US$150 million offering of secured bonds with an interest rate of 9.0% and a maturity date of 28 September 2017 (5 years). The offering was sold to a broad geographic spread of institutional and other investors with documentation completed under Norwegian law. The net proceeds are to be used for the partial funding of Grande Côte as planned
- TiZir cash balances at September end were $192 million – primarily reflecting the net proceeds from the bond offering, US$60 million of equity contributions from the owners, Tyssedal operational cash flows of $12 million, offset by $87 million of Grande Côte construction expenditure during the quarter

* Mineral Deposits owns 50% of TiZir Limited which owns the Tyssedal, Norway ilmenite upgrading facility and the Grande Côte Mineral Sands Project in Senegal, West Africa which is under construction.

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Financial Summary US$ million	1Q 2012	2Q 2012	3Q 2012	9 mths 2012
Share of TiZir Underlying NPAT	10.0	5.0	6.8	21.8
Interest revenue	0.5	0.4	0.3	1.2
Administration expenses	(1.8)	(1.7)	(1.3)	(4.8)
Foreign exchange gains (losses)	(0.9)	1.6	(1.0)	(0.3)
Other	0.2	0.2	-	0.4
Income tax	-	-	-	-
Underlying NPAT	**8.0**	**5.5**	**4.8**	**18.3**
Share of TiZir amortisation of PPA adjustments*	-	(3.5)	(1.5)	(5.0)
Reported NPAT	**8.0**	**2.0**	**3.3**	**13.3**
Underlying EPS (cents)	9.6	6.6	5.6	21.8
Reported EPS (cents)	9.6	2.5	3.8	15.9
Cash	103.5	91.1	50.8	50.8
Investments (TGZ & WTR)	106.9	73.9	101.0	101.0

TiZir (MDL 50% owned)

Financial Summary (100% basis) US$ million	1Q 2012	2Q 2012	3Q 2012	9 mths 2012
Revenue	63.0	44.4	48.7	156.1
Operating costs	(33.2)	(25.8)	(23.1)	(82.1)
Foreign exchange gains (losses)	0.4	1.5	(2.4)	(0.5)
EBITDA	**30.2**	**20.1**	**23.2**	**73.5**
Depreciation & amortisation	(2.5)	(5.6)	(3.2)	(11.3)
EBIT	**27.7**	**14.5**	**20.0**	**62.2**
Finance costs	-	-	(0.1)	(0.1)
Profit before tax	**27.7**	**14.5**	**19.9**	**62.1**
Income tax	(7.8)	(4.6)	(6.2)	(18.6)
Minority interests	0.1	-	-	0.1
TiZir underlying NPAT	**20.0**	**9.9**	**13.7**	**43.6**
MDL 50% share	**10.0**	**5.0**	**6.8**	**21.8**
Amortisation of PPA Adjustments*	-	(6.9)	(3.1)	(10.0)
Reported NPAT	**20.0**	**3.0**	**10.6**	**33.6**
MDL 50% Share	**10.0**	**1.5**	**5.3**	**16.8**
Cash	**77.6**	**62.5**	**192.4**	**192.4**

* Pursuant to accounting standard requirements, work was undertaken during the first half of 2012 in relation to purchase price allocation (PPA) to the fair value of assets and liabilities TiZir acquired on its establishment (effective 1 October 2011). As a consequence, with effect from 1 October 2011, $50.6 million previously recognised as goodwill in relation to the acquisition of TiZir Titanium & Iron (Tyssedal) has been reclassified as: $61 million of identifiable intangible assets; $9.3 million of incremental property, plant and equipment; offset by $19.7 million attributable to the associated deferred tax liabilities. The $61 million pre-tax reclassified to identifiable intangible assets comprised $37 million to a supplier contract that will be amortised over the 2.25 years to 31 December 2013 and $24 million to a power contract that will be amortised over 13.25 years. The amortisation of the PPA adjustments during the 9 months ended 30 September 2012 was $10.0 million on an after-tax basis and has been excluded from underlying NPAT.

TiZir Business Segment Performance

EBITDA Contribution US$ million	**1Q 2012**	**2Q 2012**	**3Q 2012**	**9 mths 2012**
Tyssedal	29.7	20.7	24.4	74.8
Grande Côte	-	0.7	(0.7)	0.0
Other	0.5	(1.3)	(0.5)	(1.3)
Total TiZir EBITDA	**30.2**	**20.1**	**23.2**	**73.5**

Tyssedal (TiZir 100% owned)

100% basis		3Q 2011	4Q 2011	1Q 2012	2Q 2012	**3Q 2012**	9 Mths 2011	**9 Mths 2012**
Titanium Slag								
Produced	(kt)	41.5	49.5	45.7	32.1	**52.8**	128.6	**130.6**
Sold	(kt)	43.0	53.4	43.7	29.0	**35.3**	114.3	**108.1**
High Purity Pig Iron								
Produced		23.2	27.6	25.3	18.0	**30.0**	72.5	**73.2**
Sold		21.2	21.7	28.6	23.5	**19.7**	72.7	**71.9**

Tyssedal had a strong third quarter with 52.8 thousand tonnes of titanium slag (27% above 3Q 2011) and 30.0 thousand tonnes of high purity pig iron (HPPI) produced. This followed reduced production in the second quarter due to a one-month shutdown of the pre-reduction rotary kiln for a major maintenance programme. The average selling price of titanium slag and HPPI remained consistent with the previous two quarters of the year and the average cost per tonne of slag produced was lower for the quarter due to the increased volume of slag.

Grande Côte (TiZir 100% owned)

Construction expenditure at Grande Côte during the September quarter was $87 million, the biggest quarterly spend to date, with $236 million spent in total on the build to September end. Major milestones during the quarter were:

- completion of the fabrication, assembly and shore-based factory acceptance testing of the dredge in Thailand;
- commencement of major construction works on-site (particularly in relation to the power station);
- the arrival on site of the first of 41 floating plant pontoons – which was a massive logistical exercise (with the Dakar Port Authority stating that these are the biggest single items in memory to come through the port); and
- commencement of rail and sleeper laying for track construction between site and the existing rail line at Meckhe.

The estimated cost to completion at September end stood at approximately $325 million, of which $140 million is already committed under purchase orders. Funding for the balance of the project is proposed to be sourced within TiZir from $192 million of existing cash balances (as at 30 September 2012), $115 million of further equity and debt contributions from the owners ($25 million from MDL and $90 million from Eramet) and internally generated cash flows from the Tyssedal operation.

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