

First half 2013 results

All dollar amounts are expressed in US\$ unless otherwise stated

MDL owns 50% of TiZir Limited, which owns an ilmenite upgrading facility in Tyssedal, Norway and the Grande Côte mineral sands project in Senegal, West Africa

Mineral Deposits	<ul style="list-style-type: none"> • Underlying earnings: \$8.7 million, compared to \$13.5 million in 1H 2012. • Underlying EPS: 10.3 cents, compared to 16.2 cents in 1H 2012. • Cash: \$19.6 million, down from \$50.2 million at December 2012 primarily due to remaining \$25 million of equity contributed to TiZir. • Debt: Nil. • Investments: \$34.7 million (value at 30 June 2013).
TiZir (50% owned by MDL)	<ul style="list-style-type: none"> • EBITDA: \$39.7 million (including insurance proceeds of \$11.4 million), 21% lower than 1H 2012 which primarily reflects reduced titanium slag pricing. • Equity injection: remaining \$50 million of committed equity was injected by MDL (\$25 million) and Eramet (\$25 million) during the second quarter. • Cash: \$47.5 million. • Debt: \$150.3 million (5 year bond issued September 2012). • Additional funding sources: a US\$50 million working capital facility was finalised during the June quarter which is available to be drawn upon; and US\$45 million of unsecured debt remains to be injected by Eramet, which when combined with existing cash (\$47.5 million) gives total funding of \$142.5 million.
Tyssedal Operational performance	<ul style="list-style-type: none"> • Titanium slag production: 99.3kt, 28% higher than 1H 2012, reflecting the plant operating at effective capacity. • Titanium slag sales: 80.6kt, 11% higher than 1H 2012, with increased sales in the second quarter (43.3kt) compared to the first quarter (37.2kt). • Titanium slag pricing: on average approximately 30% lower than average full-year 2012 levels, with prices softening through the half. • High purity pig iron (HPPI) sales volumes: 66.3kt, 27% higher than 1H 2012, with the increased sales volumes partially reflecting the introduction of an intermediate grade product that is accessing a different customer segment. • HPPI pricing: approximately 20% lower than average full-year 2012 levels, partially a result of the introduction of the intermediate grade product.
Grande Côte Construction status	<ul style="list-style-type: none"> • Construction completion: over 80%. • Estimated cost to complete construction: approximately \$100 million (at 30 June 2013). • Work to do: with the dredge and power station completed, and the rail and port facilities on-track for completion in October, the majority of the final construction phase centres on the wet concentrator plant (including the tails densification module) and mineral separation plant, with piping and electricals being the major works to be undertaken. • Schedule: commissioning of the WCP and MSP is scheduled during the March 2014 quarter (unchanged from the March 2013 quarterly report).
Outlook	<ul style="list-style-type: none"> • Titanium slag production: approximately 100kt of production is anticipated in 2H 2013, giving around 200kt for the 2013 year, an uplift from 190kt guided at the commencement of the year and some 10% above 2012 levels. • Titanium slag sales volumes: approximately 100kt is anticipated in 2H 2013, some 25% higher than 1H 2013. • HPPI sales volumes: approximately 55kt is anticipated in 2H 2013.

Mineral Deposits

Financial Summary US\$ million	1H 2012	1H 2013	Change 13 v 12
Share of TiZir Underlying NPAT	15.0	11.2	-25%
Interest revenue	0.9	0.4	
Administration expenses	(3.2)	(3.1)	
Foreign exchange gains (losses)	0.7	0.2	
Income tax	-	-	
Underlying NPAT	13.5	8.7	-36%
Impairment of Teranga shareholding ⁽¹⁾	-	(13.3)	
Share of TiZir amortisation of assets recognised on acquisition (after tax) ⁽²⁾	(3.5)	(3.5)	
Reported NPAT	10.0	(8.1)	
Underlying EPS (cents)	16.2	10.3	
Reported EPS (cents)	12.0	(9.7)	
Cash	91.1	19.6	
Debt	-	-	
Investments (TGZ & WTR)	73.9	34.7	

TiZir (MDL 50% owned)

Financial Summary (100% basis) US\$ million	1H 2012	1H 2013	Change 13 v 12
Revenue	107.4	96.2	-11%
Other income	2.0	15.0	
Operating costs	(59.5)	(71.2)	
General and administrative costs	(1.5)	(2.2)	
Foreign exchange gains (losses)	1.9	2.0	
EBITDA	50.3	39.7	-21%
Depreciation & amortisation	(8.1)	(6.9)	
EBIT	42.2	32.8	
Finance costs ⁽³⁾	-	-	
Profit before tax	42.2	32.8	
Income tax	(12.4)	(10.9)	
Minority interests	0.1	0.5	
TiZir underlying NPAT	29.9	22.4	-25%
MDL 50% share	15.0	11.2	
Amortisation of assets recognised on acquisition (after tax) ⁽²⁾	(6.9)	(6.9)	
Reported NPAT	23.0	15.5	
MDL 50% Share	11.5	7.8	
Cash	62.5	47.5	
Borrowings	-	150.3	

TiZir Business Segment Performance

EBITDA Contribution US\$ million	1H 2012	1H 2013	Change 13 v 12
Tyssedal	50.4	42.7	-15%
Grande Côte	0.7	(2.3)	
Other	(0.8)	(0.7)	
Total TiZir EBITDA	50.3	39.7	-21%

Notes to financial information

- (1) A non-cash impairment charge of \$13.3 million has been recognised on the equity interest in Teranga Gold Corporation (Teranga) as a result of the revaluation to market value at 30 June 2013.
- (2) As part of the establishment of TiZir Limited in October 2011, specifically identified intangible assets, property, plant & equipment and related deferred tax liabilities are recognised on consolidation and amortised over the useful lives of these assets. The amortisation of such assets during the half amounted to \$9.6 million pre-tax and \$6.9 million on an after-tax basis and has been excluded from underlying NPAT.
- (3) Interest charged on US\$150.0 million of corporate bonds issued by TiZir Limited on 29 September 2012 is capitalised to construction costs during the construction phase of Grande Côte. When production commences interest and other associated borrowings costs will be recognised as an expense in the income statement.

About MDL

Mineral Deposits Limited (ASX: MDL) is an Australian based mining company in the business of finding, mining and processing mineral sands resources.

MDL owns 50% of TiZir Limited which owns an ilmenite upgrading facility in Tyssedal, Norway and the Grande Côte mineral sands project in Senegal, West Africa.

The Tyssedal ilmenite upgrading facility smelts ilmenite to produce a high-TiO₂ titanium slag which is sold to pigment producers and a high purity pig iron which is sold as a valuable co-product to ductile iron foundries. The facility currently produces approximately 200ktpa of titanium slag and 110ktpa of high-purity pig iron.

Grande Côte, with construction now over 80% complete, is anticipated to produce on average approximately 85ktpa of zircon and 575ktpa of ilmenite (and small amounts of rutile and leucoxene) when in full production over an expected mine life of at least 20 years.

Once Grande Côte reaches expected average production rates, TiZir will be producing approximately 7% of both global zircon and titanium feedstock supply.

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 mine plans and other factors, such as project execution delays, many of which are beyond the control of MDL. Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.

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