

‘MDL is on its way to becoming an integrated mineral sands producer with a global footprint.’



Dear Shareholder,

MDL has made substantial progress towards completing its near-term strategy of becoming an integrated mineral sands producer with a global footprint. The benefits of the 2011 TiZir Joint Venture transaction with ERAMET are currently being realised as MDL and its shareholders are now able to benefit from the synergies between its two producing assets, the Grande Côte mineral sands operation (‘GCO’) in Senegal and the TiZir Titanium & Iron ilmenite upgrading facility (‘TTI’) in Tyssedal, Norway.

In the context of a subdued mineral sands market, MDL’s achievements during 2014 and 2015 so far have been impressive. After nearly three years of construction and 11 million man hours, mining activities at GCO commenced in March 2014 with production of finished goods following shortly thereafter. The ramp-up of GCO continues to go well and we are on track to reach nameplate capacity during the third quarter of 2015.

To finance, construct and commission a mine in the current environment while simultaneously ensuring that TTI continues to be a steady performer is testament to the high quality and dedicated personnel at all levels of the TiZir Joint Venture, and I thank them all.

This hard work continues in 2015 as we seek to consolidate the position of TiZir as a preferred supplier of high quality mineral sands products to our global customers. Main objectives for this year include:

- successful ramp-up of GCO to nameplate capacity
- completing the TTI furnace refurbishment and capacity expansion on time and on budget
- maximising benefits from the vertical integration of GCO and TTI

Managing GCO and TTI as a single, vertically integrated operation will create a number of important advantages for MDL and its shareholders. In particular:

- securing offtake for a majority of GCO’s ilmenite, thereby limiting MDL’s exposure to the lower value, more volatile ilmenite market

- ensuring long-term security of ilmenite supply for TTI
- providing the flexibility to produce either a chloride or sulphate feedstock for key global customers

Each of these elements will minimise the risk of the combined business, while increasing flexibility and optionality to respond to changes in market dynamics, thereby enhancing the potential to maximise returns to MDL shareholders.

A vitally important component of our strategic vision is to continue efforts to enhance TiZir’s reputation as a supplier of products with very strong environmental credentials. As part of the furnace refurbishment and capacity expansion, scheduled to begin in September, TTI will install, test and continue the development of a more environmentally friendly upgrading process that could ultimately reduce TTI’s CO₂ emissions by as much as 90% and reduce energy consumption by up to 40%. This programme is supported by Enova which has approved TTI’s funding application totalling NOK122 million (approximately US\$16.2 million). Enova is a Norwegian government agency promoting energy efficiency and the use of environmentally friendly energy technology. These funds will be received upon final approval by the European Free Trade Association Surveillance Authority.

I am also pleased to report that TiZir progressed a number of key sustainability targets in 2014 including GCO’s rehabilitation programme (which occurs concurrently with mining) kicking off in earnest. GCO’s sustainability and community departments continued to reinforce relationships with the local community, as well as with a range of government and not for profit organisations to progress community identified development goals. I am particularly delighted that TTI was awarded the Sikkerhetsprisen 2013 in June (2014), an award that recognises TTI’s impressive health and safety culture. Initiatives in 2015 are focused on innovations to reduce CO₂ emissions at TTI and, at GCO, future initiatives are

expected to increasingly focus on community capacity building programmes in the areas of agricultural practice and small business development.

I have had the pleasure of representing MDL as Chair of the TiZir Joint Venture since October 2013. In addition to overseeing the important developments above, during my tenure TiZir has also strengthened its management structures and practices, implementing committees in the areas of strategy & development, sustainability, finance, disclosure, audit and corporate governance.

MDL has launched a rebranding campaign that will be progressively rolled-out during the year. The Company’s new logo and branding reflects its positioning as an integrated mineral sands player and its focus on the future.

Accompanying this letter is your Company’s Notice of Annual General Meeting & proxy form and, if you requested it, the 2014 Annual Report. If you have not already seen it, I would encourage you to read the Business Review section contained within the annual report which includes a description of operations at GCO and TTI, joint venture plans for 2015 and an overview of the mineral sands industry & market.

I would like to take this opportunity to thank you, our valued shareholders, and other key stakeholders for your continued support as together we move forward towards what I envisage to be a bright future.



Nic Limb
Chairman

MINE > INTEGRATE >

GRANDE CÔTE OPERATIONS

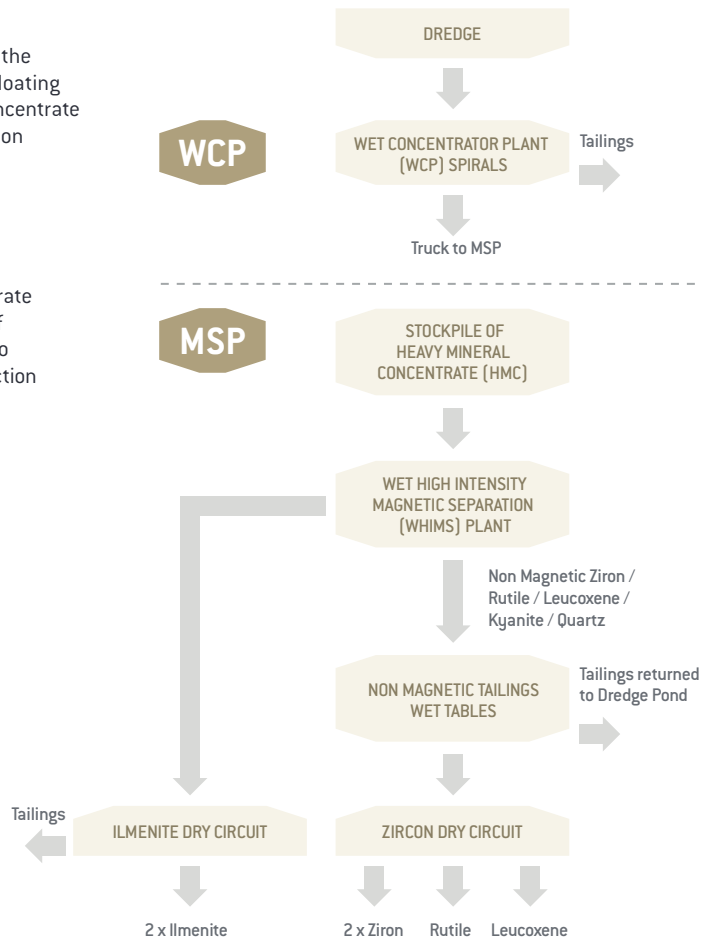
1 WET MINING – DREDGE & FLOATING CONCENTRATOR
 Moving through mobile coastal dunes, the dredge extracts ore from the front of the dredge pond and pumps slurry (sand and water) to the floating Wet Concentrator Plant (WCP) which separates the heavy mineral concentrate (HMC) from the lighter sand through a staged spiral gravity separation process. HMC is then trucked to the Mineral Separation Plant (MSP).

2 PROCESSING TO SEPARATE MINERALS
 Within the MSP, magnetic, electrostatic and gravity processes separate HMC into GCO's product streams – two grades of zircon, two grades of ilmenite and small quantities of rutile and leucoxene. Located next to the MSP, the laboratory is the central quality control hub of the production process, ensuring products meet requisite technical specifications.

3 POWER
 A 36 MW power station has been built at the MSP, capable of being powered by heavy fuel oil, natural gas or diesel. This facility gives GCO security of power supply.

4 RAIL
 A concession for use of approx. 100km of refurbished rail links the MSP to GCO's rail spur line, providing controlled rail from the MSP to port. Ilmenite is loaded in bulk, while zircon is containerised. GCO owns and maintains its own rolling stock.

5 PORT & SHIPPING
 GCO has its own warehousing and ship loading facilities as well as secure mole access at Dakar port.



TRANSFORM

An overview of mining and processing at MDL's 50% owned producing assets. Personnel at GCO and TTI ensure efficient and cost-competitive operations with a high standard of health and safety, environmental sustainability and community responsibility.

TIZIR TITANIUM & IRON



TTI uses a process of pre-reduction, metallisation and smelting to upgrade ilmenite into titanium slag and high purity pig iron.

Simplistically, the process involves the metallisation of the iron within the ilmenite in a pre-reduction rotary kiln, followed by the smelting of this pre-reduced feedstock in an electric arc furnace the outcome of which is the production of titanium rich slag and high purity pig iron.

The primary purpose of this process is to increase the titanium dioxide content of the resulting titanium slag, with the resultant high purity pig iron being a valuable co-product.

During the upgrading process the titanium dioxide content is increased from **~50%** in the ilmenite feedstock to **80+%** in the titanium slag.

6

INPUT

The ilmenite is crushed in a ball mill, then filtered and pelletised.

7

PRE-REDUCTION

In a rotary kiln the iron oxide is reduced within the pelletised ilmenite to achieve high metallisation of the iron.

8

SMELTING

In an electric arc furnace the material is smelted to extract out the iron as a high purity pig iron with everything else reporting to the titanium rich slag.

9

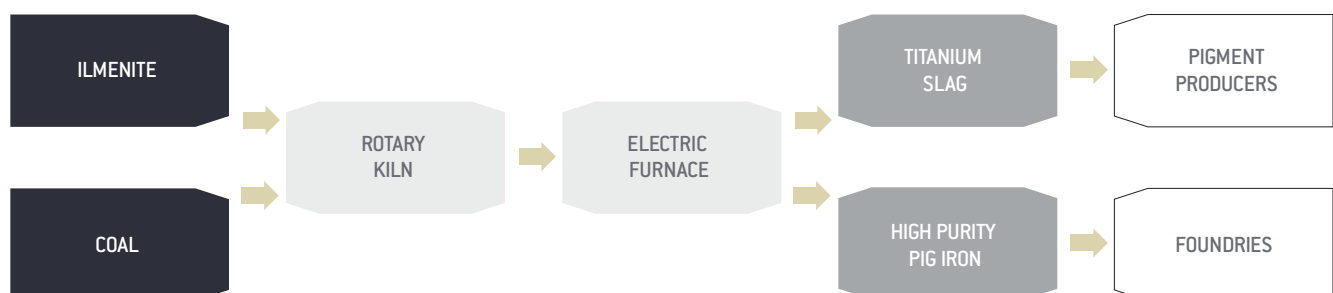
OUTPUTS

The titanium slag and iron is processed to obtain the required quality specifications.

10

CUSTOMERS

Titanium slag customers are currently primarily European-based pigment producers, while a varied and large number of customers purchase TTI's high purity pig iron.



Flexibility, optionality & quality assets drive corporate strategy, enhanced by risk awareness and environmental responsibility.

WHY MDL?

MDL is positioned to grow shareholder value through:

- well located, high quality assets
- benefits of vertical integration
- operational flexibility to adapt to changing market conditions and maximise returns
- quality Board with multi-jurisdictional operating experience and historical knowledge of GCO and TTI
- strong capital structure
- partnership with ERAMET, a major global player in manganese and nickel mining & smelting



ABOUT US

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

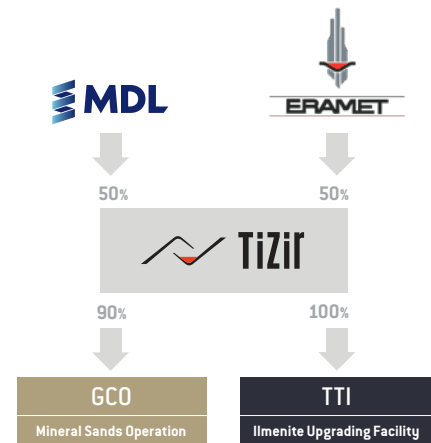
MDL is a growing mineral sands player through its 50% equity interest in TiZir Limited ('TiZir').

In 2011, MDL entered into a joint venture agreement with ERAMET, a French global resource company. Each entity owns 50% of TiZir.

TiZir owns two highly strategic assets – the Grande Côte mineral sands operation in Senegal, West Africa and an ilmenite upgrading facility in Tyssedal, Norway.

GCO 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 25 years.

The TTI 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 to ductile iron foundries as a valuable co-product. The facility currently produces approximately 200ktpa of titanium slag and 110ktpa of high purity pig iron.



STRATEGY

2014 marked the realisation of a number of key elements of the strategic rationale of integrating two world class assets – GCO and TTI – through the TiZir joint venture transaction.

Securing offtake: With GCO regularly shipping its ilmenite to TTI, offtake of a majority of GCO's production is secure.

Ensuring supply: On-stream production at GCO now provides greater long-term security of ilmenite supply for TTI.

Vertical integration: Integration of GCO and TTI limits MDL's exposure to the lower value, volatile ilmenite market, while mitigating the risk profile of the business.

Strengthening flexibility: The combination of GCO's ilmenite and TTI's operational capacity enables the joint venture to provide both sulphate and chloride process feedstock for pigment producers, enhancing potential to maximise returns in the face of potential changes to market dynamics.

Advantageous logistics: GCO's integrated logistics from mine-to-ship and the proximity of Senegal and Norway to customers in Europe and the eastern seaboard of the United States provide considerable logistical advantages.

High quality zircon: Product output from GCO is anticipated to represent approximately six to seven percent of world zircon production, a significant majority of which is high quality.

Competitive, high quality producer: Once GCO is at full production capacity, TiZir will be a competitive producer of high quality zircon and upgraded titanium slag, accounting for approximately seven percent of both zircon and titanium feedstock supply.



Mineral Deposits Limited ABN 19 064 377 420

Level 17 530 Collins Street Melbourne VIC 3000 Australia
 T +61 3 9618 2500 F +61 3 9621 1460
 E mdlmail@mineraldeposits.com.au
 W mineraldeposits.com.au

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. 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.