FINANCIAL RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2015

MDL's primary asset is a 50% interest in the TiZir joint venture ('TiZir'), which owns the Grande Côte mineral sands operation ('GCO') in Senegal, West Africa and the TiZir Titanium & Iron ilmenite upgrading facility ('TTI') in Tyssedal, Norway. ERAMET of France is MDL's 50% joint venture partner in TiZir.

(Denominated in United States Dollars unless otherwise stated)

HIGHLIGHTS

- Underlying net loss of $14.3 million
- MDL's share of TiZir's underlying loss totalled $17.9 million
- TTI returns EBITDA of $7.4 million despite weakness in pigment sector
- GCO continues commissioning – EBITDA loss of $12.6 million a function of ramp-up production volumes, shipment timing and weak commodity price environment
- TiZir funded by cash of $7.6 million along with working capital facilities at TTI and GCO
- MDL has cash of $22.5 million (A$29.4 million) and no debt

FINANCIAL SUMMARY

$m	1H 2015	1H 2014 (i)
MDL		
50% share of TiZir's underlying (loss)/earnings	**(17.9)**	1.8
Underlying loss	**(14.3)**	(2.9)
Underlying EPS (cents)	**(13.8)**	(2.9)
Reported loss	**(16.7)**	(5.8)
TiZir (100% basis)		
TTI EBITDA	**7.4**	11.3
GCO EBITDA	**(12.6)**	2.9
Total underlying EBITDA	**(7.0)**	12.5
Underlying (loss)/earnings	**(35.7)**	3.6
Cash flow used in operations	**(20.7)**	(13.2)
Capital expenditure	**17.0**	84.7

(i) As previously announced, GCO ceased capitalisation of its operating costs at 30 June 2014. As such, the comparative period results for 1H 2014 do not include the operating losses incurred by GCO. These have been capitalised and recognised as an asset in the balance sheet for this period.

Mineral Deposits Limited (ASX: MDL) has today announced an underlying net loss of $14.3 million for the half-year ended 30 June 2015, compared to an underlying net loss of $2.9 million in 1H 2014. As noted above, the 1H 2014 result does not provide a meaningful comparison to the result from the current period as operating losses incurred by GCO in 1H 2014 were capitalised and recognised as an asset on the balance sheet.

The result reflects operating losses from GCO as mining and production continue to ramp-up along with a reduced contribution from TTI as tight economic conditions and lower demand levels persist in the titanium feedstock market.

After recognition of the Company's share of a non-cash impairment charge of $1.9 million against the investment in World Titanium Resources Limited ('WTR') and the Company's share of TiZir's amortisation of assets recognised on acquisition of $0.5 million (after tax), the Company reported a net loss after tax of $16.7 million.

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Executive Chairman Nic Limb commented that “2015 was always going to be a transitional year for MDL as GCO ramped up and TTI completed its furnace reline and expansion program. The first half result has also been affected by the continuing pressure on commodity prices. By the end of the year we expect all commissioning and development work to be completed and the Company to be well positioned to generate positive earnings and cash flows from its interest in TiZir.”

TIZIR

MDL’s 50% share of TiZir’s underlying loss in 1H 2015 was $17.9 million and was primarily attributable to operating losses from GCO as mining and production continue to ramp-up along with a reduced contribution from TTI.

TTI’s EBITDA (on a 100% basis) for 1H 2015 was $7.4 million, 35% lower than 1H 2014, a result of decreased sales and production volumes as well as weaker prices in the titanium feedstock market.

Average pricing for sulphate titanium slag decreased in 1Q 2015 before stabilising throughout 2Q 2015. Sulphate titanium slag sales volumes decreased primarily due to lower production volumes at TTI resulting from an unplanned shutdown of the pre-reduction kiln in April and customers delaying shipments throughout the half-year due to lower demand levels and strong competition prevailing in the market.

Cost optimisation initiatives implemented at TTI throughout 2014 continued to be successful in reducing operational costs and maintaining the competitiveness of TTI products within the market.

GCO recorded an EBITDA loss of $12.6 million in 1H 2015 compared to an EBITDA loss of $24.2 million in 2H 2014 as operations continued to ramp-up. The dredge has now operated in excess of design capacity of 7,000tph although this rate is yet to be achieved on a consistent basis. Steady state operation at the floating wet concentrator plant (‘WCP’) is now the primary focus to enable increased volumes of ore to be received from the dredge. Mining throughputs were deliberately constrained to 5,500tph in 2Q 2015 as the operation focused on improving the performance of various WCP circuits. Consequently, the dredge and WCP operated at an average of 55% of nameplate capacity (based on ore mined) in 2Q 2015 compared with 61% in 1Q 2015. Excluding downtime associated with commissioning issues, the throughput rate was 78% of capacity (based on tonnes per operating hour capacity) or 5,447tph.

Despite constrained throughput, production of finished and intermediate products increased as the Mineral Separation Plant continued to meet expectations and the Primary Circuit of the Dry Plant continued to produce two grades of zircon. June represented the best month to date of ilmenite and zircon production (approximately 40kt and 5kt respectively). It is anticipated that ilmenite and zircon production will continue to rise with the ramp-up of mining and associated increase in heavy mineral concentrate feedstock supply.

Sales of zircon increased for the third consecutive quarter as customer demand for GCO’s product continued to outstrip supply. Ilmenite sales increased in 1H 2015 compared to 2H 2014; however, timing of shipments to offtake customers resulted in variations in quarterly sales volumes. GCO has successfully negotiated sales contracts for the majority of its 2015 budgeted ilmenite production, which will ensure that a majority will be sold to external customers.

GCO recorded its first positive monthly EBITDA in March 2015; however, timing of shipments and constrained production (as outlined above) have resulted in the operations not reaching this level on a consistent basis. More recently, the operations have achieved significant cost savings in energy and labour through cost efficiency initiatives, lower oil prices and positive exchange rate movements.

TiZir’s cash flow from operations in 1H 2015 was negative $20.7 million compared to negative $13.2 million in 1H 2014. The primary reasons for the decrease included reduced EBITDA, build-up of inventory and receivables at GCO (due to ramp-up activities) and inventory at TTI (due to the upcoming furnace reline and expansion shutdown), offset by positive movements in other working capital balances at both operations along with lower corporate tax paid on 2014 profits (compared with 2013 profits) by TTI during the half-year.

TiZir’s capital expenditure reduced substantially in 1H 2015 to $17.0 million as construction at GCO was completed in early 2014. Current period capital expenditure predominantly relates to the furnace reline and capacity expansion project at TTI where expectations are that the project will be completed on time and within budget.

TIZIR LIMITED – FUNDING

At 30 June 2015 external borrowings (excluding shareholder loans) by TiZir amounted to $324.3 million, comprising $279.5 million of senior secured bonds (including accrued interest) due September 2017, $26.8 million outstanding of a $50 million working capital facility tied to TTI and $18.0 million outstanding of a $50.0 million working capital facility tied to GCO.

The working capital facilities currently being drawn at TTI and GCO are based on the receivables and inventories of each operation. As such, the available facility limits vary on a month-to-month basis depending on the production and sales results of each operation.

Cash and cash equivalents at 30 June 2015 were $7.6 million, giving net external debt of $316.7 million.

MDL – FUNDING

MDL's cash and cash equivalents at 30 June 2015 were $22.5 million. The decrease in cash balances during the period primarily relate to payments for corporate administration expenditure of $1.7 million and participation in WTR's 1 for 3 pro-rata non-renounceable entitlement offer. The Company accepted its full entitlement of 23,046,042 shares in exchange for a cash payment of A$806,611 (US$631,250). After completion of the rights issue, MDL's investment now represents 20% of the total issued capital of WTR.

OUTLOOK

For the remainder of 2015 the Company will continue to focus on completing all development activities at TiZir; namely, the commissioning of GCO and the furnace reline and expansion project at TTI such that TiZir enters 2016 best positioned to maximise its cash flow and financial returns. The primary areas of focus for the second half of the year are:

GCO ramp-up

Operations at Grande Côte will continue to ramp-up over the remainder of 2015 with a focus on increasing the mechanical availability and throughput capacity of the WCP and increasing recoveries of intermediate and finished products. A range of discrete commissioning projects have been identified and are currently being implemented. The projects are generally straightforward and minor in terms of capital but require some time to complete due to timing of equipment deliveries and associated engineering works.

TTI Ilmenite Upgrading Facility – Furnace reline and capacity expansion

Work on the furnace reline and capacity expansion project at TTI is well advanced as the planned shut down in September approaches. Primary contractors and a majority of capital equipment and supplies required to complete the project are on site. Current expectations are that the project will be completed within budget and on time.

The reline and capacity expansion of the furnace is a key part in the strategic vision for TiZir and represents another major step in the evolution of the joint venture. The project will create the flexibility to produce both chloride and sulphate titanium slag within the same furnace, providing the ability to alternate between products as dictated by supply and demand dynamics within the market.

Maximising the benefits of vertical integration of GCO and TTI

Following the furnace reline and expansion project, TTI will commence processing 100% GCO ilmenite. Thereon, the joint venture operations will be fully integrated. 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 the Company's exposure to the lower value, more volatile ilmenite market;
- ensuring long-term security of ilmenite supply for TTI; and
- 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 the Company's shareholders.

MDL financial summary

$m	1H 2015	1H 2014
50% share of TiZir's underlying (loss)/earnings	**(17.9)**	1.8
Interest and other revenue	**1.6**	1.1
Administration expenses	**(1.7)**	(2.6)
Foreign exchange gains/(losses)	**3.7**	(3.3)
Income tax	**-**	-
Underlying loss	**(14.3)**	(3.0)
Share of TiZir's items excluded from underlying loss	**(0.5)**	(0.6)
Impairment of WTR shareholding	**(1.9)**	(2.2)
Reported loss	**(16.7)**	(5.8)

TiZir financial summary (100% basis)

	Revenue		EBITDA		EBIT	
$m	1H 2015	1H 2014	1H 2015	1H 2014	1H 2015	1H 2014
TTI	52.3	77.8	7.4	11.3	4.6	6.8
GCO	32.5	-	(12.6)	2.9	(23.9)	(0.5)
Corporate	-	-	(1.8)	(1.7)	(2.2)	(1.7)
Total	**84.8**	**77.8**	**(7.0)**	**12.5**	**(21.5)**	**4.6**
Foreign exchange gains					0.5	0.4
Net finance costs(i)					(16.7)	0.0
(Loss)/profit before tax					**(37.7)**	**5.0**
Income tax					(0.4)	(1.8)
Minority interest					2.4	0.4
TiZir underlying NPAT					**(35.7)**	**3.6**
MDL 50% share					**(17.9)**	**1.8**
Amortisation of assets recognised on acquisition(ii)					(1.0)	(1.2)
TiZir reported NPAT					**(36.7)**	**2.4**
MDL 50% share					**(18.4)**	**1.2**

Notes to the financial information

(i) Net finance costs comprise:

$m	1H 2015	1H 2014
Interest charged on TiZir bond	**(12.3)**	-
Interest charged on subordinate loans from joint venture partners	**(3.5)**	-
Interest on working capital facility	**(0.5)**	(0.5)
Other net interest, borrowing and other finance costs	**(0.4)**	0.5
Total net finance costs	**(16.7)**	0.0

Interest and borrowing costs charged on the TiZir bond and subordinate loans were previously capitalised as part of the construction costs of GCO. From 1 July 2014, interest costs of these borrowings are being recognised within the income statement.

(ii) As part of the establishment of TiZir 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 period amounted to US$1.3 million pre-tax and US$1.0 million on an after-tax basis and has been excluded from underlying NPAT.

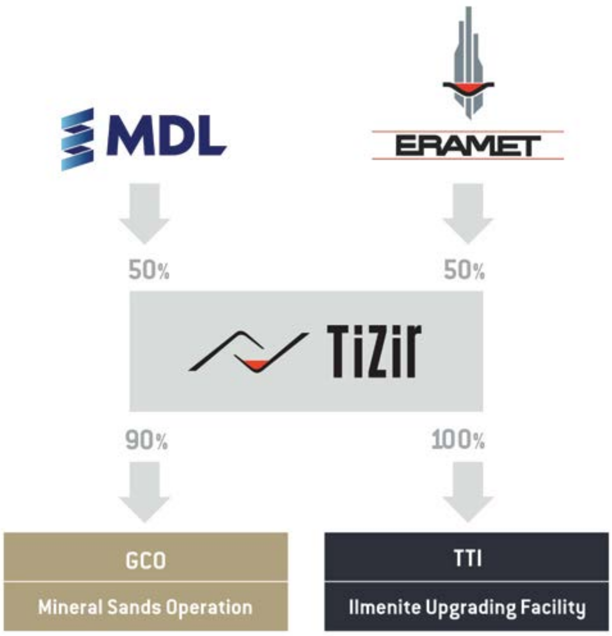
ABOUT MDL

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

MDL owns 50% of the TiZir joint venture in partnership with ERAMET of France. The TiZir joint venture comprises two integrated, operating assets – the Grande Côte mineral sands operation ('GCO') in Senegal, West Africa and the TiZir Titanium & Iron ilmenite upgrading facility ('TTI') in Tyssedal, Norway.

GCO commenced mining activities in March 2014 and is in the process of ramping up to full capacity. Over an expected mine life of at least 25 years, GCO will primarily produce high quality zircon and ilmenite. A majority of ilmenite production will be sold to TTI, thereby vertically integrating the operations. GCO also produces small amounts of rutile and leucoxene.

TTI smelts ilmenite to produce a high TiO_2 titanium slag which is sold to pigment producers and a high purity pig iron (a valuable co-product) which is sold to ductile iron foundries.



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 mining and mineral processing operations, 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.

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