

ASX ANNOUNCEMENT

OPERATIONS & FINANCE UPDATE – CHLORIDE SLAG PRODUCTION COMMENCES

Mineral Deposits Limited ('MDL') is pleased to announce that the joint venture operations continue to perform well. As previously announced, the furnace at the TiZir Titanium and Iron ilmenite upgrading facility was restarted following successful completion of a three month shutdown for works associated with the furnace reline and capacity expansion project. Chloride slag production commenced this week with slag tapping now occurring routinely. The Grande Côte mineral sands operation is also on track for another strong performance in the December quarter.

As announced on 11 December 2015, certain amendments to the TiZir Limited ('TiZir') Bond Agreement were approved at a meeting of Bondholders on 10 December 2015.

One of the conditions of this approval was that TiZir is required to extend the 'early bird' fee of 2.75% to all bondholders.

In order to assist TiZir in meeting this payment and other costs associated with securing the approval, ERAMET and MDL have contributed US\$6 million (US\$3 million from each party) to TiZir in the form of an additional subordinated loan.

ERAMET has agreed to fund this payment on behalf of MDL. This funding is catered for under the terms of the Shareholders' Agreement entered into by the joint venture partners upon establishment of TiZir in September 2011. If MDL does not repay this amount by 31 December 2016, ERAMET will have the option to increase its share of the joint venture. Any dilution of MDL, if applicable, would take place based on a formula that calculates the equity value of TiZir using valuations contained in the most recent TiZir balance sheet.



Slag tapping underway at the TiZir Titanium & Iron ilmenite upgrading facility, Tyssedal, Norway

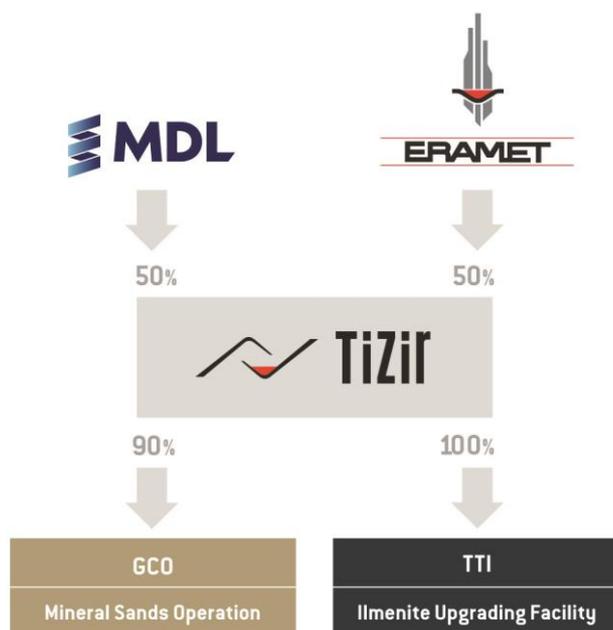
ABOUT MDL

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 Tysseidal, 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 TiO₂ 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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