

ASX ANNOUNCEMENT

TIZIR TITANIUM & IRON AND ERAMET FINANCING UPDATE

Reference is made to recent disclosures in respect of the incident that occurred at the TiZir Titanium and Iron ilmenite upgrading facility ('TTI') in Tyssedal, Norway on 15 August 2016, resulting in damage to and the extended shutdown of the furnace.

After taking final delivery of the lining in mid-December, the relining of the furnace and preparation for return to operations is proceeding according to plan. TiZir expects to commence production by mid-January 2017 and ramp up to commercial volumes over approximately four weeks.

As previously announced, TiZir has property damage and business interruption insurance cover. The full extent of the damage and loss of profits in relation to this incident has now been assessed. TTI has agreed with its insurer on a full and final settlement of NOK305 million (US\$35 million based on the current USD/NOK exchange rate of 8.65). As previously disclosed, the insurance company has been advancing funding to TTI to assist with financing requirements for the repair of the furnace. Net of already received advances from the insurance company, TTI is set to receive NOK155 million (US\$17.9 million) before the end of this year in final settlement of this claim.

As previously announced, Mineral Deposits Limited ('MDL') has a loan agreement with its joint venture partner ERAMET in relation to its 50/50 owned joint venture company TiZir Limited. As at 31 December 2016, the total amount owed plus accrued interest will be US\$13.8 million. Of this amount, US\$7.5 million is payable by MDL on or before 31 December 2016, with the remaining balance payable on or before 31 March 2017.

Under the terms of the TiZir Shareholders Agreement, should MDL elect not to repay this loan by the due date then ERAMET is entitled to dilute MDL's equity in the TIZIR joint venture. Any dilution would take place based on a formula that calculates the equity value of TiZir using valuations contained in the most recent TiZir balance sheet. A dilution based on the amount due on 31 December 2016 would result in MDL's share of the TiZir JV falling from 50% to approximately 48.5%.

In respect of the payment due on 31 December 2016, ERAMET has informed MDL that it will not seek to dilute MDL's interest on the due date. As Eramet did not provide a revised due date in respect of this loan, the loan will continue under the same terms and conditions as specified under the Shareholders Agreement including an effective interest rate of USD Libor plus 7%.

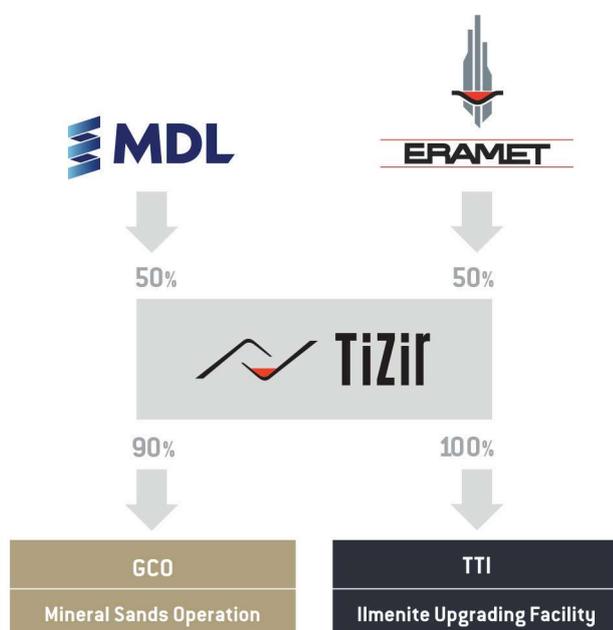
ABOUT MDL

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 is a large-scale, cost competitive mineral sands operation located in Senegal that is fully integrated from mine-to-ship, using owned or controlled infrastructure. GCO commenced mining activities in March 2014 and, over an expected mine life of at least 25 years, will primarily produce high quality zircon and ilmenite. A majority of GCO's ilmenite is sold to TTI. GCO also produces small amounts of rutile and leucoxene.

TTI upgrades GCO ilmenite to produce high quality titanium feedstocks, primarily sold to pigment producers, and a high-purity pig iron, a valuable co-product, which is sold to ductile iron foundries. TTI benefits from access to cheap and clean power, and excellent logistics, in particular, year-round shipping capacity and customer proximity.



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.

Contact details

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

For further information please contact:

Rob Sennitt
Managing Director
T +61 3 9618 2500
E rob.sennitt@mineraldeposits.com.au

Greg Bell
Chief Financial Officer
T +61 3 9618 2500
E greg.bell@mineraldeposits.com.au