Appendix 4E

Full year report

for the year ended 31 December 2013

*Expressed in **United States dollars** unless otherwise stated*

Results for announcement to the market

This information should be read in conjunction with the attached 2013 consolidated annual report of Mineral Deposits Limited

From continuing and discontinued operations		Change		Amount
		%		$'000
Revenues from ordinary activities	Up	10.00	to	2,301
Profit from ordinary activities after tax attributable to equity holders of the parent	Down	202.49	to	(16,626)
Profit for the period attributable to equity holders of the parent	Down	202.49	to	(16,626)

Commentary on the results for the year ended 31 December 2013

For commentary on the results for the year ended 31 December 2013, please refer to the attached Directors' Report.

Net tangible assets per ordinary share

	31 Dec 2013	31 Dec 2012
Net tangible asset backing per ordinary share (cents)	418.30	559.34

Mineral Deposits

ABN 19 064 377 420

Annual Report
for the year ended 31 December

2013

Expressed in ***United States dollars*** *unless otherwise stated*

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This report contains "forward-looking statements" which are subject to various risks and uncertainties that could cause actual results and future events to differ materially from those expressed or implied by such statements. Investors are cautioned that such statements are not guarantees of future performance and results. Risks and uncertainties about the Company's business are more fully discussed in the Company's disclosure documents filed from time to time with the Australian securities authorities.

CONTENTS

CORPORATE GOVERNANCE STATEMENT

Mineral Deposits Limited ("MDL" or the "Company") seeks to achieve high standards of corporate governance and has designed its corporate governance practices to be consistent with this objective. As an Australian listed public company, the Board of Directors ("Board") has adopted governance practices which are, to the maximum extent considered appropriate in the Company's present circumstances, in line with the ASX Corporate Governance Council's "*Corporate Governance Principles and Recommendations with 2010 amendments*" ("Recommendations").

PRINCIPLE 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1:

Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

MDL practice: The Board adopted a Board Charter on 31 July 2013. This Charter formalises the following roles and responsibilities of the Board:

- to carry out its duties and responsibilities in accordance with the laws of Australia, the jurisdiction of incorporation of the Company and, where relevant, in the other countries in which the Company operates;
- to oversee and monitor the performance of the Company in the context of the long-term interests of its shareholders;
- to promote a culture of integrity and responsibility; and
- together with management of the Company, to develop a system for the timely and accurate public disclosure of information that is material to the Company and ensure that system is managed and operating effectively.

Specifically, the Board:

- is responsible for the stewardship of the Company and has final accountability for the governance of the Company's business;
- is actively involved in the definition and adoption of the Company's strategic and business plans by working with management to determine how those plans are implemented and taking responsibility for monitoring the implementation of those plans;
- has delegated the day-to-day management of the business and affairs of the Company to the senior management of the Company, subject to compliance with strategic and capital plans approved from time to time by the Board;
- is responsible for succession planning, remuneration and performance assessment of senior management of the Company;
- keeps its shareholders informed as to the status of the Company's affairs through its interim statements, annual reports and announcements and a comprehensive website;
- monitors and assesses the integrity of the internal controls and management information systems designed and implemented by management; and
- monitors and assesses the integrity of the risk management strategies developed and implemented by management.

A strategic balance is maintained between the responsibilities of the Executive Chairman, the Managing Director, each of the executive and non-executive directors and the Company Secretary. As the Chairman, Mr Limb, has an executive role, the independent oversight of corporate governance and related matters has been specifically delegated to the non-executive Deputy Chairman, Dr Robert Danchin.

As Executive Chairman, Mr Nic Limb is primarily responsible for:

- formulating, in association with the senior executive team, the strategic and business direction of the Company, as well as seeking new opportunities, for consideration by the Board;
- managing relations with the Company's principal joint venture partner; and
- oversight of the capital needs of the Company.

As Managing Director, Mr Rick Sharp is primarily responsible for:

- day-to-day management of the Company's business;
- enacting the Company's annual strategic plan in conjunction with other management;
- keeping the Board informed of all major project proposals and developments by way of specific reports;
- ensuring that resource development is in accordance with the Company's approved business strategy and any specific directions of the Board;
- the identification of material business risks and the design and implementation of strategies and systems to manage and insure, where possible, the Company's material business risks; and
- maintaining relations with investors, analysts, brokers and advisors.

Jointly, the executive directors are responsible for oversight of the Company's principal asset, a 50% interest in TiZir Limited.

Other Board members assist the Executive Chairman and Managing Director as necessary.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

MDL practice: The performance of senior executives who are not also members of the Board is reviewed annually by the remuneration committee against appropriate measures. Where considered necessary or desirable, the committee conducts confidential discussions with the Chairman and other persons in relation to the performance of the Company's senior executives including matters such as work programmes, interaction with management and perceived strengths and weaknesses. The committee's recommendations are then brought to the Board for adoption.

Recommendation 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1.

MDL practice: The Company operates in accordance with the processes discussed above.

A performance evaluation for senior executives was undertaken during the reporting period.

MDL's Board Charter is available on the Company's website.

PRINCIPLE 2. STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1:

A majority of the board should be independent directors.

MDL practice: It is the stated intention of the Board to be composed of a majority of independent directors. Following the retirement of non-executive director Murray Grant from the Board on 1 May 2013, the Board has comprised a balance of executive and non-executive directors. With the appointment of Charles (Sandy) MacDonald as an independent non-executive director on 21 February 2014 the Board complies with this recommendation, having three executive directors (including the executive Chairman) and four independent, non-executive directors.

The Company recognises the fundamental importance of a Board comprising a balance of complementary skills, knowledge and expertise as well as operational and international experience. The Directors believe that the Board currently comprises such a balance to fulfil the needs of the Company in its present circumstances. Mr MacDonald's appointment has strengthened the Board's technical competency and reflects the Company's growing focus on mineral production as well as the Board's commitment to ensuring that it is structured to fulfil MDL's long-term strategic aims.

The Board has adopted a number of measures to ensure that independent judgement is achieved and maintained in respect of its decision-making processes, which include the following:

- directors are entitled to seek independent professional advice at the Company's expense;
- the non-executive directors are encouraged to meet or confer on a regular basis for private discussion of management issues;
- directors having a conflict of interest must immediately declare the conflict to the Chairperson and, in relation to a particular item of business, must absent themselves from the board meeting before commencement of discussion and the taking of a vote on the matter;
- independent directors are required to complete an Independent Directors Declaration annually, confirming that no circumstances exist which may affect their independence; and
- directors are encouraged to discuss and make enquiries regarding business and strategic matters with senior executives.

Determinations as to whether a director is independent are made by the other members of the Board.

Recommendation 2.2:

The chair should be an independent director.

MDL practice: The Company's Chairman, Mr Nic Limb, is employed in an executive capacity by the Company and therefore is not independent.

Mr Limb has been a director of the Company since it listed on ASX more than 16 years ago and has an intimate knowledge of its affairs. He is an experienced company director with special expertise in the resources sector and is committed to providing the time necessary to effectively discharge his role as Chairman, taking into account his executive responsibilities for the Company and time commitments associated with his other roles. His executive responsibilities are limited (see under Recommendation 1.1 above) and he is not the chief executive officer of the Company. The directors consider that Mr Limb continues to be capable of discharging his role as Chairman but are cognisant of Recommendation 2.2 and will, with Mr Limb, continue to review his position and performance in that capacity in the context of prevailing circumstances and needs of the Company.

Dr Robert Danchin, who is an independent, non-executive director, is Deputy Chairman of the Company with special responsibility for corporate governance and related areas.

Recommendation 2.3:

The roles of chair and chief executive officer should not be exercised by the same individual.

MDL practice: The Company's Chairman, Mr Nic Limb, and the Managing Director and Chief Executive Officer, Mr Rick Sharp, have separate roles. The primary responsibilities of Mr Limb and Mr Sharp are outlined under Recommendation 1.1 above.

Recommendation 2.4:

The board should establish a nomination committee.

MDL practice: The Company established a nomination committee on 27 November 2012. The nomination committee functions on the basis of a formally adopted charter which is available on the Company's website.

The nomination committee comprises three members. The current members are Dr Tom Whiting, Dr Robert Danchin and Mr Nic Limb. Dr Whiting, who is not the Chairman of the Board, is the Chairman of the nomination committee.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

MDL practice: The Board has adopted processes to measure its own performance and that of its committees and individual directors. The annual performance evaluation reviews the performance of the Board against its responsibilities and the performance of the committees against the terms of their respective charters. It also reviews the contribution of each member of the Board and each committee and considers the changes that may be required to relevant charters, taking into account developments in the Company and its businesses over the preceding year, and in corporate governance practices. The annual performance evaluation also sets forth the goals and objectives of the Board for the following year. The Chairman conducts confidential discussions with each director in relation to matters such as work programme, interaction with management and perceived strengths and weaknesses of the Board and its committees. The Company Secretary is accountable to the Board on all governance and compliance matters. After discussion between the Chairman, Deputy Chairman and Company Secretary, any significant performance related issues identified, or changes recommended, are referred to the Board for action in its ongoing development programme.

Recommendation 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2.

MDL practice: The skills, experience and expertise relevant to the position of director held by each director in office as at 31 December 2013 are set out in the Company's annual report and on its website.

The Board is responsible for determining the composition of its members, with Board appointments being based on merit and informed by recommendations of the nomination committee. The Board Charter and the Nomination Committee Charter are available on the Company's website.

As stated above in relation to Recommendation 2.1, the directors considered by the Board to constitute independent directors are Dr David Isles, Dr Robert Danchin, Dr Tom Whiting, Mr Sandy MacDonald (appointed to the Board on 21 February 2014) and Mr Murray Grant (who retired from the Board on 1 May 2013). There are no relationships which may affect their independent status.

Also as stated above, there is a procedure agreed by the Board for directors to take independent professional advice at the expense of the Company.

The Chairman of the Company is not independent, and, as such, independent, non-executive director Dr Robert Danchin performs the role of Deputy Chairman with special responsibility for corporate governance and related areas.

The Board seeks to achieve a mix of skills, knowledge, expertise as well as operational and international experience in its directors. While the Board recognises the diverse range of backgrounds and qualifications in its current directors, it also recognises the current gender imbalance. The Board has adopted a Diversity Policy to address all areas of diversity throughout the Company and to promote equal opportunity. The Diversity Policy is set out in Recommendation 3.2 and is also available on the Company's website.

The Board is dedicated to ensuring that it is structured in such a way as to optimise short- and long-term strategic and business performance. While focussed on ensuring stability at Board-level in the near-term, the Directors – under the guidance of the Nomination Committee – continue to develop a succession plan that looks beyond the commissioning of the Grande Côte mineral sands project and reflects the Company's growing emphasis on mineral production.

PRINCIPLE 3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Recommendation 3.1:

Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- **the practices necessary to maintain confidence in the Company's integrity;**
- **the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

MDL practice: The Board has responsibility for protecting, guiding and monitoring the business affairs of the Company in the interests and for the benefit of all stakeholders. It continues to be the policy of the Company for directors, senior executives and employees to observe high standards of conduct and ethical behaviour in all of the Company's activities. This includes dealings with suppliers, business partners, public servants and the general communities in which it operates. The Board has formally adopted a Code of Conduct which sets out the principles and standards with which all Company officers and employees are expected to comply in the performance of their respective functions. Under the code, officers and employees are expected to:

- comply with the law;
- act honestly, fairly and with integrity;

- be sensitive to and respectful of cultural and religious differences, sites and objects;
- not place themselves in situations which result in divided loyalties;
- use MDL's assets responsibly and in the interests of the Company;
- respect the confidentiality of information received while performing their duties; and
- be responsible and accountable for their actions.

The group conducts its business within the Code of Conduct, and in accordance with the group's core values which are to:

- act with integrity and fairness;
- create a safe, challenging and rewarding workplace;
- respect and protect the environment;
- be commercially competitive; and
- foster a performance driven culture.

A number of policies in the areas of anti-bribery and corruption, diversity, environment and sustainability, human rights and child protection, market disclosure and communications, risk oversight and management, and securities trading support the Company's Code of Conduct.

Recommendation 3.2

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

MDL practice: The Board has adopted a Diversity Policy. The policy is set out below and is also available on the Company's website.

Benefits of diversity

MDL recognises that a talented and diverse workforce is a key competitive advantage and our success is a reflection of the quality and skills of our people. The Company benefits by bringing together high quality people of different gender, age, ethnicity and cultural backgrounds who possess a diverse range of experiences and perspectives.

MDL values diversity in all aspects of its business and is committed to creating an environment where the contribution of all its personnel is received fairly and equitably.

Objectives

Workplace diversity contributes to achieving MDL's corporate objectives and enhances its corporate image and reputation. To this end the Company aims to:

- recruit the right people from a diverse pool of high quality candidates;
- make more informed and innovative decisions, drawing on a wide range of ideas, experiences, approaches and perspectives that employees from diverse backgrounds and differing skill sets bring to their roles; and
- better represent the diversity of its stakeholders and the global community in which the Company operates.

Strategy

MDL seeks to achieve these objectives by:

- recruiting and managing on the basis of competence and performance regardless of age, ethnicity, gender or cultural background;
- providing equal opportunities based on merit;
- fostering a culture that empowers people to act in accordance with this policy;
- fostering an inclusive, supportive and respectful culture to enable all personnel to reach their full potential;
- respecting the unique attributes that each individual brings to the workplace; and
- establishing and reviewing measurable objectives, particularly on gender diversity.

Application

The Board of MDL takes responsibility for monitoring and ensuring this policy is implemented. This policy applies to all personnel engaged by MDL and under MDL's operational control. Every employee within MDL is responsible for supporting and maintaining MDL's corporate culture and integrity, including its commitment to diversity in the workplace.

Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

MDL practice: The Board has set the following measurable objectives for achieving gender diversity:

- At least one female candidate be considered when the board is next appointing a director.
- At least one female candidate be considered when the board is next appointing an executive.
- Aim to have a minimum of 20% of MDL's workforce female at all times.

Recommendation 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

MDL practice: As at 31 December 2013 MDL had the following workforce profile:

	Female	Female %	Male	Male %
Board of directors	0	0	6	100
Executive management (including executive directors)	1	25	3	75
Other	4	67	2	33
Total (excluding non-executive directors)	**5**	**50**	**5**	**50**

Recommendation 3.5:

Companies should provide the information indicated in the Guide to reporting on Principle 3.

MDL practice: The Code of Conduct and Diversity Policy in addition to other policies promoting ethical and responsible decision making including but not limited to the Anti-Bribery and Corruption Policy, the Human Rights and Child Protection Policy, and the Environment and Sustainability Policy are available on the Company's website. All other information has been provided above.

PRINCIPLE 4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1:

The board should establish an audit committee.

MDL practice: The Board has an audit committee.

Recommendation 4.2:

The audit committee should be structured so that it:

- **consists only of non-executive directors;**
- **consists of a majority of independent directors;**
- **is chaired by an independent chair who is not chair of the board; and**
- **has at least three members.**

MDL practice: The audit committee comprises three members, all of whom are independent, non-executive directors of the Company. The current members are Dr David Isles, Dr Robert Danchin and Dr Tom Whiting, who replaced Mr Murray Grant following Mr Grant's retirement from the Board on 1 May 2013. Dr Isles, who is not the Chairman of the Board, is the Chairman of the audit committee.

Recommendation 4.3:

The audit committee should have a formal charter.

MDL practice: The Board of MDL has adopted a formal charter for the audit committee. The charter is structured to separately address objectives, membership, authority, responsibilities and procedures.

The responsibilities of the audit committee include:

- ensuring the integrity of external financial reporting;
- ensuring that the directors are provided with financial and non-financial information that is of high quality and relevant to the judgments to be made by them;
- ensuring that controls are established and maintained in order to safeguard the Company's financial and physical resources;
- ensuring that systems or procedures are in place so that the Company complies with relevant statutory, regulatory and reporting requirements and achieves best practice including implementation of these principles and recommendations; and
- assessing financial risks arising from the Company's operations and consider the adequacy of measures taken to moderate those risks.

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4.

MDL practice: A copy of the charter of the audit committee is available on the Company's website. It includes information relating to the appointment and review of the external auditor.

PRINCIPLE 5. MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

MDL practice: The Board is responsible for monitoring compliance with ASX Listing Rules. The Company Secretary is responsible, under the ASX Listing Rules, for all communications with ASX. The Executive Chairman, Managing Director and Company Secretary are the members of the disclosure committee which has been established to manage the Company's continuous disclosure obligations reporting to the Board. The operation and performance of the disclosure committee is formally assessed by the Board on an annual basis.

Recommendation 5.2:

Companies should provide the information indicated in the Guide to reporting on Principle 5.

MDL practice: The Board has adopted a Market Disclosure and Communications Policy for the Company which is available on the Company's website. The policy covers the obligations under the Listing Rules of ASX.

PRINCIPLE 6. RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

MDL practice: Directors recognise that shareholders are the ultimate owners of the Company and are entitled to receive timely and relevant high quality information about their investment. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of MDL shares.

The Company has adopted a Market Disclosure and Communications Policy which is available on the Company's website. This policy is designed to encourage effective communication through:

- clear and concise disclosures;
- the timely release of information;
- providing information updates to investors by email; and
- providing information about the last three years' announcements on the Company's website.

The Board encourages full participation of shareholders at general meetings to: ensure a high level of accountability, strengthen understanding of the Company's strategy and goals, and enable their participation in decision-making.

Recommendation 6.2:

Companies should provide the information indicated in the Guide to reporting on Principle 6.

MDL practice: All information is provided in Recommendation 6.1 above.

PRINCIPLE 7. RECOGNISE AND MANAGE RISK

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

MDL practice: The Board is responsible for the oversight of the group's risk management and control framework. The audit committee assists the Board in fulfilling its responsibilities in this regard by reviewing the financial and reporting aspects of the framework.

The Board has implemented a policy framework designed to ensure that the group's risks are identified and that controls are adequate, in place and functioning effectively.

Arrangements put in place by the Board to monitor risk management include:

- regular reporting to the Board in respect of operations and the financial position of the group and weekly reporting of the financial position;
- reports by the Chairman of the audit committee to the Board at least twice a year;
- attendance of appropriate managers/personnel at Board meetings whenever required by the Board;
- commissioning of special reports on aspects of risk mitigation as considered necessary; and
- presentations to the Board by appropriate managers/personnel (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which have been or can be adopted to manage or mitigate the risk.

Political Risk Insurance

- Some key MDL assets, in particular Grande Côte in Senegal, West Africa, which is held via MDL's interest in TiZir Limited, are located in countries where political risks are potentially higher than in more developed regions. The MDL Board has considered the benefits and cost of political risk insurance and has determined that at this time it will not maintain political risk insurance on the equity component of its investment in TiZir Limited or its interest in Senegal.
- MDL does not currently maintain any political risk insurance policy on any of its assets or interests.

Recommendation 7.2:

The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

MDL practice: The Managing Director and Company Secretary of MDL are responsible to the Board for the global risk management and control framework. That responsibility includes the identification of material business risks and the design and implementation of strategies and systems to manage and insure, where possible, the Company's material business risks, where appropriate in conjunction with the audit committee. Areas of significant business risk are highlighted in the strategic plan presented to the Board by the Managing Director each year. The Managing Director and Company Secretary are required to report to the Board annually as to whether the Company's material business risks are being managed effectively.

Recommendation 7.3:

The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

MDL practice: MDL's Managing Director and Chief Executive Officer reports in writing to the Board (through the audit committee) that:

- the declaration given in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control; and
- the Company's system of risk management and internal control is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4:

Provide information on reporting on Principle 7.

MDL practice: The Board has received the report from management under Recommendation 7.2 and assurance from the Managing Director under Recommendation 7.3. The Company's Risk Oversight and Management Policy is available on the Company's website.

PRINCIPLE 8. REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1:

The board should establish a remuneration committee.

MDL practice: The Company has a remuneration committee.

Recommendation 8.2:

The remuneration committee should be structured so that it:

- **consists of a majority of independent directors**
- **is chaired by an independent chair**
- **has at least three members.**

MDL practice: The remuneration committee is comprised of three independent, non-executive directors. The current members of the MDL remuneration committee are Dr David Isles, Dr Robert Danchin and Dr Tom Whiting, who replaced Mr Murray Grant following his retirement from the Board on 1 May 2013. Dr Isles, who is not the Chairman of the Board, is the Chairman of the committee.

Recommendation 8.3:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Detailed commentary on the remuneration of directors (both executive and non-executive) and senior executives is set out in the Remuneration Report which forms part of the Company's Annual Report. The Annual Report is available on MDL's website. In summary the following remuneration policy applies:

Non–executive directors

Non-executive directors each receive a fixed fee for their services as directors and statutory superannuation (where applicable). No additional fees are paid for participation on any Board committees. In addition, non-executive directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred whilst engaged on Company business. Non-executive directors do not receive retirement benefits. No non-executive directors participated in any incentive plans during the year. Non-executive directors are not eligible to participate in any future issues arising from Company incentive plans.

Executive directors and senior executives

The Company's remuneration structure for executives comprises both "fixed" and "variable" elements.

- The "fixed" component includes base salary, superannuation and other allowances such as parking and vehicles (where applicable). The Board conducts regular benchmarking of executive positions and takes into account recommendations of external remuneration consultants to ensure fixed remuneration for executives remains competitive with companies in similar industries and those of similar market capitalisation.
- The "variable" component may comprise both a short term incentive (STI) and a long term incentive (LTI). Executives are eligible to participate. Any reward is tied to satisfaction of performance hurdles.

Recommendation 8.4:

Companies should provide the information indicated in the Guide to reporting on Principle 8.

MDL practice: The information required for Recommendation 8.4 is set out above in Recommendations 8.1, 8.2 and 8.3. Details of meetings are contained within the Directors Report for the year ended 31 December 2013. The Remuneration Committee Charter is available on the Company's website.

MINERAL RESOURCES AND ORE RESERVES

The following Mineral Resource and Ore Reserve estimates are provided in relation to the Grande Côte mineral sands project ("Grande Côte") in Senegal, West Africa and represent TiZir Limited's 100% interest. Mineral Deposits owns 50% of TiZir Limited. The figures reported represent estimates prepared by AMC Consultants Pty Ltd ("AMC") and have not changed since the Definitive Feasibility Study was released by the Company on 17 June 2010. The information was prepared and first disclosed under the JORC code 2004 and has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Also available for review is the Grande Côte mineral sands project Technical Report released on 30 July 2010. Copies of these two documents are available on the Company's website. The Mineral Resource estimate is inclusive of the Ore Reserve estimate.

Mineral Resource Estimate

The main Heavy Mineral ("HM") deposits identified to date are Diogo, Mboro, Fass Boye and Lompoul. Other deposits have been partially explored within the Mining Concession and there is potential to identify additional deposits beyond the limits of present drilling. Both the dunes and the underlying marine sands contain HMs, principally ilmenite with accessory zircon, rutile and leucoxene. Zircon and ilmenite are the main HMs of interest.

Based on the drilling undertaken to date, AMC has estimated a Mineral Resource estimate for the Diogo, Mboro, Fass Boye and Lompoul areas of the deposit which is set out below:

Mineral Resource Estimate for the Diogo, Mboro, Fass Boye and Lompoul areas

Resource Category	Total Tonnes (M)	HM (%)
Measured	980	1.73
Indicated	50	1.72
Measured + Indicated	1,030	1.73

(Based on the total sand accumulated to 6 metres below the natural water table with 1.25% HM cut-off grade)

Mineral Resource Estimate by cut-off % HM

Cut-Off (% HM)	Tonnes (Billion)	HM (%)
0.50	4.14	1.05
0.75	2.90	1.23
1.00	1.72	1.48
1.25	1.03	1.73

The above Mineral Resource estimates were based on information compiled by Mineral Deposit Limited's Chief Geologist, Chris Young BSc, who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Young has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken. He is qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the "JORC Code"). Mr Young has consented to the inclusion of this information in the form and context in which it appears.

Ore Reserve Estimate

Mining will be carried out by dredging a continuous canal (dredge path) through the dunal orebody at a projected rate of approximately 55 Mt of sand per annum. The dredge will float in an artificial pond accompanied by a floating spiral concentrator ("WCP"). To the rear of the WCP a tailings stacker will deposit the tailings to infill the mined canal and achieve a final landform. Vegetation will be cleared in advance of the dredge pond and rehabilitation will be completed on the final landform.

Based on the mineral resource block model, a mine dredge path for the first 14 years of the operation has been developed and the Ore Reserve estimate is as follows:

Ore Reserve Estimate for first 14 years of operation (designed mine path)

Classification	Total Tonnes (M)	HM (%)	HM Tonnes (M)
Proved	746	1.8	13.2
Probable	5	1.7	0.1
Proved and Probable	751	1.8	13.3

This Ore Reserve estimate is the mineral resource contained within the dredge path design and is based on the project's economics and engineering performed as part of the Definitive Feasibility Study.

This Ore Reserve estimate comprises part of the mineral resource contained within the dredge path design inclusive of waste dilution and is based on the project's economics and engineering performed as part of the Definitive Feasibility Study.

The above Ore Reserve estimate has been prepared by Pier Federici who is a full-time employee of AMC, and a member and chartered professional of The Australasian Institute of Mining and Metallurgy. Mr Federici is qualified as a Competent Person as defined in the "JORC Code". Mr Federici has consented to the inclusion of this information in the form and context in which it appears.

The deposit continues to the north and south on the Mining Concession beyond these Ore Reserves. Additional mine life will depend on the success of additional drilling and the future economics of Grande Côte.

DIRECTORS' REPORT

The directors of Mineral Deposits Limited ("MDL" or the "Company") present their report together with the consolidated financial report of the Company and its controlled entities, for the year ended 31 December 2013 and the Audit Report thereon.

DIRECTORS

The names of directors in office during the year and up to the date of this report are:

Nicholas Limb
Rick Sharp
Martin Ackland
Robert Danchin
David Isles
James (Murray) Grant (retired 1 May 2013)
Tom Whiting
Charles (Sandy) MacDonald (appointed 21 February 2014)

INFORMATION ON DIRECTORS

The names and details of the directors in office during the period and as at the date of this report are:

Nicholas Limb (Executive Chairman) BSc (Hons) MAusIMM ASIA

Nic has been Chairman of MDL since 1994. He has professional qualifications as a geoscientist and worked in the mineral exploration sector for 10 years. In 1983 he joined a stockbroking firm as a corporate financier in the natural resources finance division and subsequently joined a major international investment bank as an executive director, again working in resources finance. In 1993 he became Managing Director of a small listed gold explorer which grew to a substantial gold producer prior to being taken over in 2000. In 1994 he formed MDL and has acted as Chairman since that time. During his tenure as Chairman, MDL has discovered and subsequently developed the large Sabodala Gold Project in Senegal and progressed the Grande Côte mineral sands project to its current commissioning status. Nic is the chairman of TiZir Limited and serves as an MDL representative on the board. He has been a non-executive director of a number of public companies over the last 20 years and currently holds a non-executive Chair position at FAR Limited and World Titanium Resources Limited. Nic is a member of the Nomination Committee.
Period of office: 20 years.

Directorships of other listed companies since 1 January 2011:
FAR Limited (November 2011 to present)
World Titanium Resources Limited (October 2013 to present)

Rick Sharp (Managing Director) BEc

Rick has been Managing Director of Mineral Deposits since July 2011. He joined MDL in July 2009 in the position of Chief Financial Officer. His role at MDL has been broadly focused, covering strategy, business development (including M&A activities), capital raising initiatives and finance. Prior to joining MDL, Rick had a finance background which included more than 15 years in corporate advisory and investment banking, specialising in both M&A and equity capital market transactions, and six years in chartered accounting. Rick is a member of the Institute of Chartered Accountants in Australia and Financial Services Institute of Australasia (FINSIA), and has a Bachelor of Economics from Monash University. Rick serves as an MDL representative on the board of TiZir Limited.
Period of office: 2.5 years.

No directorships of other listed companies held since 1 January 2011

Martin Ackland (Executive Director) B App. Sc. (Prim Met) MAusIMM, MSME, FAICD

Martin is a qualified metallurgist who has spent over 40 years in the resources industry in a variety of roles that involved the creation of major resource groups from small capital bases. He has served as a director of a number of listed mining companies involved in gold, uranium and base metal production. From 1987 to 1995, Martin was an executive director of Ticor Limited (formerly Minproc Holdings Limited) where he was responsible for the successful implementation of the Tiwest Project - the world's only integrated mineral sands mine, synthetic rutile and TiO_2 pigment operation. He brings to MDL a very strong background in project development, particularly in mineral sands, at a time when the Grande Côte mineral sands project is a primary focus of attention. His experience embraces a range from project development through financing and capital raising in both the project and corporate areas. Martin has prime responsibility for the project implementation and engineering aspects of the Company's projects and serves as an MDL representative on the board of TiZir Limited and TiZir Titanium & Iron AS, where his technical understanding of the $FeTiO_2$ system is particularly relevant.
Period of office: 10.5 years.

No directorships of other listed companies held since 1 January 2011

DIRECTORS' REPORT

Robert Danchin (Non-Executive, Independent Director) BSc (Hons) MSc PhD FAusIMM

Bobby has over 40 years' experience in the exploration industry. He was Chief Executive Officer of Anglo American plc's Exploration and Acquisition Division and the Anglo American Group's Deputy Technical Director (Geology). From 1997 to 2002, he was an executive director of Anglo American Corporation of South Africa Limited. In 1980, he joined Stockdale Prospecting Limited (an Australian subsidiary of De Beers) as Chief Geologist based in Australia. He remained with that company for 15 years, eventually becoming Exploration Manager heading up its Australian-based diamond exploration programme. Bobby is also Deputy Chairman of MDL with special responsibility for corporate governance and related areas. He is a member of the Audit, Remuneration and Nomination Committees.
Period of office: 7 years.

Directorships of other listed companies since 1 January 2011:
Cluff Gold plc (May 2004 to September 2012)
Cluff Natural Resources plc (August 2012 to present)
Predictive Discovery Limited (June 2010 to May 2013)

David Isles (Non-Executive, Independent Director) BSc (Hons) PhD SEG ASEG AIG

David is a geophysicist and recognised specialist in aeromagnetic interpretation. He has worked in operational exploration with BHP Minerals and in the area of exploration technology development with World Geoscience Corporation. Between 1995 and 2004 he held executive directorships with New Hampton Goldfields, Grenfell Resources and Gravity Capital Limited. David is also a director of Stellar Resources Limited, an Australian listed exploration company, and consults widely in his area of expertise in aeromagnetics. He is Chair of the Audit and Remuneration Committees.
Period of office: 11 years.

Directorships of other listed companies since 1 January 2011:
Stellar Resources Limited (April 2004 to present)

James (Murray) Grant (Non-Executive, Independent Director) BSc (Hons) (Engineering) MBA (Retired 1 May 2013)

Murray has been a Partner of Actis LLP since its formation in 2004 and prior to that was a Director of CDC Group plc. He joined CDC in 2001 after a 13 year investment career with 3i Group plc. There he worked on a diverse range of investments in over 300 businesses across a range of industry sectors. Prior to working at 3i, Murray spent four years in the construction industry working on large infrastructure projects in Africa, Australia and Papua New Guinea. These projects were broadly split between the mining and power sectors. He remains on the boards of African Fabrics BV (The Netherlands) and DFCU Limited (Uganda), and is a trustee of AMREF UK. Murray holds an MBA from London Business School and a BSc (Hons) in Engineering from Edinburgh University. Prior to his retirement from the Board, Murray was a member of the Audit and Remuneration Committees.
Period of office: 4 years.

Directorships of other listed companies since 1 January 2011:
DFCU Limited (November 2009 to present)

Tom Whiting (Non-executive, Independent Director) BSc (Hons) PhD MAppFin MASEG AICD

Tom has over 30 years' experience in global minerals exploration management including a very successful discovery track record. He held numerous senior management roles over a 20 year career with BHP Billiton, including Vice President of Minerals Exploration BHP Billiton from 2000-2004. In this role, Tom was responsible for BHP Billiton's global minerals exploration programme whilst based in Melbourne. His other roles included strategic overview of Brownfield's Exploration programmes for all global BHP Billiton minerals assets. He also served on the Leadership group for BHP Billiton's Diamonds and Specialty Products Customer Sector Group, which includes its mineral sands business. Prior to joining BHP, Tom worked for CRA Exploration Pty Ltd based in Melbourne and Geoterrex Pty Ltd (an international geophysical contractor) in Australia and Canada. He started his career with Delhi Oil based in Adelaide, Australia. He is currently non-executive Chairman of the Deep Exploration Technologies Cooperative Research Centre. Tom is Chair of the Nomination Committee and is also a member of the Audit and Remuneration Committees.
Period of office: 2 years.

Directorships of other listed companies since 1 January 2011:
Predictive Discovery Limited (November 2010 to May 2013)
Stellar Resources Limited (February 2011 to present)
Exco Resources Limited (September 2011 to November 2012)

Charles (Sandy) MacDonald (Non-executive, Independent Director) BSc (Hons) FAusIMM (Appointed 21 February 2014)

Sandy has over 40 years' experience specialising in the design and construction of non-ferrous metallurgical and other mining projects. For the last 10 years Sandy has worked as an independent consultant on process design and implementation, technology development, plant expansion and project management for companies including TiZir Limited, BeMaX Resources NL, Tiomin Resources Inc, Xstrata Copper Limited, Western Mining Limited and BHP Billiton Limited. As a co-founder and technical director of Ausenco Limited, Sandy was responsible for feasibility studies and projects for a wide variety of mineral sands companies, including Iluka Resources, TiWest, Kenmare Resources plc, Murray Basin Titanium and Basin Minerals Limited, as well as other mineral processing companies. He has also held senior engineering positions with Minproc Engineers, Noranda of Canada, Allis Chalmers of Great Britain, and Nchanga Consolidated Copper Mines of Zambia. In addition to acting as a director of Ausenco for 14 years, Sandy has also been a non-executive director of Austpac Resources NL. He holds a Bachelor of Science (Honours) degree in Chemical Engineering from Edinburgh University and is a Fellow of the Australasian Institute of Mining and Metallurgy.

No directorships of other listed companies held since 1 January 2011

DIRECTORS' REPORT

DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares and performance rights over shares of the Company as at the date of this report.

Name	No. of fully paid ordinary shares	No. of unvested performance rights over ordinary shares
Nic Limb	428,531	100,000
Rick Sharp	98,191	100,000
Martin Ackland	105,691	50,000
Robert Danchin	862	-
David Isles	33,755	-
Tom Whiting	-	-
Charles (Sandy) MacDonald	10,000	-

COMPANY SECRETARY

Kathryn Davies BBus CPA (resigned 22 March 2013)

Kathryn has over 20 years' work experience, 14 of which have been in the resources industry. She has worked for several listed companies, including six years as Company Secretary of Hardman Resources Limited, an oil and gas company with international interests which held dual listings on ASX and AIM. During that time, Kathryn also held the position of Chief Financial Officer of Hardman for four years. She has a Bachelor of Business (Accounting and Business Law) and is a Certified Practising Accountant.

Dr Michaela Evans BA(Hons) PhD (appointed 22 March 2013)

Michaela joined MDL in 2012 as Communications Manager – Corporate & Social Responsibility. She has over eight years of administrative and executive assistance experience with FAR Limited, an ASX listed oil and gas explorer including shareholder management & communications, logistics and corporate information management. Over the years, Michaela has also been employed in a research capacity by Curtin University and The University of Western Australia.

FORMER PARTNER OF THE AUDIT FIRM

No current or former audit partners are directors or officers of the Company.

PRINCIPAL ACTIVITIES

The principal activities of the Company for the year ended 31 December 2013 continued to be focused on the mineral sands sector through the joint venture interest in TiZir Limited ("TiZir"). MDL and Eramet SA each own 50% of TiZir, which owns the Grande Côte mineral sands project in Senegal, and the Tyssedal ilmenite upgrading facility in Norway.

Grande Côte, over an expected mine life of at least 20 years, 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. With commissioning well progressed, production is expected to commence in March 2014.

The Tyssedal ilmenite upgrading facility smelts ilmenite to produce a high TiO_2 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.

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

Further information is included under Review of Operations below.

OPERATING RESULTS

The underlying profit for the year ended 31 December 2013 was $11.3 million (2012 - $27.1 million) and included the Company's share of TiZir's underlying profit of $14.2 million (2012 - $31.4 million), other income of $2.3 million, administration expenses (including depreciation and amortisation) of $6.0 million and net foreign exchange gains of $0.8 million.

After recognition of a non-cash impairment charge of $15.5 million against the investment in Teranga Gold Corporation, a non-cash impairment charge of $5.7 million against the investment in World Titanium Resources Limited, and the Company's share of TiZir's amortisation of assets recognised on acquisition of $6.7 million (after tax), the Company reported a net loss after tax of $16.6 million (2012 – net profit after tax of $16.2 million).

DIRECTORS' REPORT

FINANCIAL POSITION

The Statement of Financial Position at 31 December 2013 comprises net assets of $401.6 million (31 December 2012 - $467.3 million), made up of:

- the 50% shareholding in TiZir carried at $339.1 million (31 December 2012 - $315.0 million);
- cash of $32.0 million (31 December 2012 - $50.2 million);
- an interest bearing, subordinate loan to TiZir of $5.0 million; (31 December 2012 – nil);
- shareholding in Teranga Gold Corporation carried at $20.0 million (31 December 2012 - $93.0 million) – subsequently sold in January 2014 for net proceeds of $20.0 million;
- shareholding in World Titanium Resources Limited valued at $5.0 million (31 December 2012 - $9.4 million); and
- other assets and liabilities netting to an asset of $0.5 million (31 December 2012 – net liability of $0.3 million).

The Company had no external borrowings as at 31 December 2013.

CASH FLOW

Cash balances reduced by $18.2 million during the year ended 31 December 2013 as a result of:

- payment of $25.0 million as an equity contribution to TiZir;
- payment of $5.0 million as a subordinated loan to TiZir;
- payment of $2.9 million for shares in World Titanium Resources;
- other net cash outflows of $4.2 million;
- impact of exchange rates on cash holdings of negative $2.3 million; and
- the receipt of net proceeds of $21.2 million from an issue of shares (being tranche one only of a two tranche issue).

REVIEW OF OPERATIONS

Tyssedal Ilmenite Upgrading Facility, Norway

Titanium slag production for 2013 was 190.3kt, 5% higher than 2012.

Titanium slag sales volumes for 2013 were 197.1kt, 26% ahead of 2012 levels, and reflected a particularly strong second half as regular European pigment customers returned to normal buying patterns following a weak first half when they were pursuing significantly reduced pigment production to lower the highly elevated pigment inventory levels with which they entered the 2013 year. Average pricing for 2013 was 33% lower than 2012 levels, leading to 16% lower revenue.

Revenue from high purity pig iron was 10% lower for 2013 compared to 2012, reflecting 10% higher sales volumes offset by 20% lower pricing.

Grande Côte Mineral Sands Project, Senegal

After approximately 11 million man hours over two and a quarter years, construction of Grande Côte is now complete.

Following the flooding of the start-up pond containing the dredge and wet concentrator plant (WCP) in January 2014, and subsequent to the finalisation of commissioning, the mining of sand and production of heavy mineral concentrate (HMC) will soon commence, with the production of finished product expected by end-March 2014.

Health & Safety

The safety of all MDL's employees, business partners and the communities in which it operates forms an integral part of the way in which the Company undertakes its activities.

MDL's philosophy is that all work-related injuries, diseases and property losses are preventable. The Company continues to develop and implement programmes that comply with international safety management standards using a system and behavioural-based approach to safety and training.

The Company has policies in place with respect to the management of its health and safety responsibilities.

Environment & Social

MDL strives to achieve or better world's best practice in regard to the management of the impact it has on the environment in which it operates. MDL is committed to operating in a responsible manner, seeking to integrate leading international best practices of the mining industry into all its activities. The Company's Code of Conduct, Anti-Bribery and Corruption Policy, Human Rights & Child Protection Policy and Environment & Sustainability Policy underpin its approach to implementing environmental and social management strategies.

MDL abides by numerous codes and regulations issued by the relevant mining and environmental authorities of the countries in which it operates. The relevance of these codes and regulations is reviewed periodically to determine if there has been any change of status.

Rehabilitation work in Australia continues to be undertaken on a programmed basis at MDL's former mining sites in New South Wales. No adverse situations have been reported and work continues on schedule as expected.

Risk & Insurance

MDL faces a range of risks in its business activities, including strategic, operational, environmental, compliance, financial reporting, sustainability and other market risks. Where considered appropriate, these risks are insured against as well as being integrated into risk management practices.

Some key MDL assets, in particular Grande Côte in Senegal, West Africa, which is held via MDL's interest in TiZir, are located in countries where political risks are potentially higher than in more developed regions. The MDL Board has considered the benefits and cost of political risk insurance and has determined that at this time it will not maintain political risk insurance on the equity component of its investment in TiZir or its interest in Senegal. MDL does not currently maintain any political risk insurance policy on any of its assets or interests.

Corporate

New Appointments

On 21 February 2014, MDL announced the appointment of Mr Charles (Sandy) MacDonald as an independent, non-executive director.

On 22 March 2013, MDL announced the appointment of Dr Michaela Evans as Company Secretary. Michaela joined MDL in 2012 as Communications Manager – Corporate & Social Responsibility.

The qualifications of Mr MacDonald and Dr Evans are outlined above.

SUBSEQUENT EVENTS

On 15 January 2014, the Company disposed of its shareholding in Teranga Gold Corporation for net proceeds of $20 million. The carrying value of this investment at 31 December 2013 is the same as net proceeds of this disposal.

On 28 January 2014, shareholders approved the issue of shares comprising Tranche 2 of a share placement undertaken in December 2013. As such, 7,500,000 shares were issued on 5 February 2014 at A$2.00 per share for gross proceeds of A$15 million.

Other than the above, there are no further matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

OUTLOOK

Tyssedal Ilmenite Upgrading Facility, Norway

Earnings from Tyssedal are expected to be lower in 2014 compared with 2013, primarily due to expected lower pricing for titanium slag sales.

Grande Côte Mineral Sands Project, Senegal

The mining of sand and production of heavy mineral concentrate will soon commence, with production of finished product expected by end March 2014. It is anticipated that it will take approximately one year for operations to ramp-up to expected capacity.

FUTURE DEVELOPMENTS

Over 2014, the Company, through its interest in TiZir, intends to complete commissioning and progress production ramp-up of Grande Côte and participate in the operations of the Tyssedal ilmenite upgrading facility.

MDL will continue to seek and assess further opportunities in the mineral sands sector.

CHANGE IN STATE OF AFFAIRS

Other than as stated above, there was no significant change in the state of affairs of the consolidated entity during the financial period.

ENVIRONMENTAL REGULATIONS

The Company's previous Hawks Nest operations remain subject to significant environmental regulation under the laws of the Commonwealth of Australia and New South Wales State legislation. The Company is therefore required to continue to comply with the terms and conditions of the raft of approvals and licences granted until such date(s) as its mining leases are relinquished.

During the year ended 31 December 2013, there were no instances of non-compliance by the Company in relation to licences and approvals.

DIVIDENDS

During the financial period, no dividends were paid. The directors have not recommended the payment of a dividend.

DIRECTORS' REPORT

OPTIONS AND PERFORMANCE RIGHTS

At the date of this report, there were no outstanding options over ordinary shares.

At the date of this report, the unissued ordinary shares of the Company are as follows:

Unlisted Security	Grant date	Expiry date	Exercise price (A$)	No.
Performance Rights	31 August 2011	31 August 2016	-	250,000

During the year ended 31 December 2013, no options or performance rights over ordinary shares were exercised.

Further details of options and performance rights are contained in Note 29 to the financial statements.

No person entitled to exercise an option or performance right had or has any rights by virtue of the option or performance right to participate in any share issue of any other body corporate.

INDEMNIFICATION OF OFFICERS AND AUDITOR

The Company's constitution requires the Company to indemnify each director and the company secretary against liabilities (to the extent permitted by law and subject to the Corporations Act 2001) for certain costs and expenses incurred by any of them in defending any legal proceedings arising out of their conduct while acting as an officer of the Company. The Company has paid premiums to insure each of its directors and the company secretary against liabilities and has entered into deeds of indemnity with each of its directors and the company secretary.

DIRECTORS' MEETINGS

Throughout the year ended 31 December 2013, there were 12 directors meetings, 2 audit committee meetings, 1 remuneration committee meeting and 2 nomination committee meetings. Eligibility and attendances were as follows:

Name	Eligible	Attended
Nic Limb	12	12
Rick Sharp	12	12
Martin Ackland	12	12
Robert Danchin	12	12
David Isles	12	12
James (Murray) Grant	4	3
Tom Whiting	12	12

Included in the directors' meetings above are circular resolutions voted on by the directors which are necessary to address company business where the directors are unable to be present for formal board meetings.

	Remuneration Committee		Audit Committee		Nomination Committee	
Name	Eligible	Attended	Eligible	Attended	Eligible	Attended
David Isles	1	1	2	2	-	-
Robert Danchin	1	1	2	2	2	2
James (Murray) Grant	1	1	1	1	-	-
Nic Limb	-	-	-	-	2	2
Tom Whiting	-	-	1	1	2	2

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

AUDITOR

Deloitte Touche Tohmatsu continues in office in accordance with the Corporations Act 2001.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 30 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence statement is included on page 22 of the financial report.

ROUNDING OFF OF ACCOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise stated.

DIRECTORS' REPORT

REMUNERATION REPORT

This Remuneration Report forms part of the Directors' Report for the year ended 31 December 2013 and outlines the remuneration arrangements for the Company's directors and senior managers who have the authority and responsibility for planning, directing and controlling the activities of MDL ("Key Management Personnel", hereafter referred to as "KMP").

1. Directors and Senior Management Details

The names and positions held by KMP in office at any time during or since the end of the financial year were:

Nicholas Limb	Executive Chairman
Rick Sharp	Managing Director
Martin Ackland	Executive Director
Robert Danchin	Non-executive Director and Deputy Chairman
David Isles	Non-executive Director
James (Murray) Grant	Non-executive Director (retired 1 May 2013)
Tom Whiting	Non-executive Director
Charles (Sandy) MacDonald	Non-executive Director (appointed 21 February 2014)
Kathryn Davies	Company Secretary (resigned 22 March 2013)
Michaela Evans	Company Secretary (appointed 22 March 2013)

2. Reporting in United States Dollars

In this report, the remuneration and benefits have been presented in US dollars, unless otherwise stated. This is consistent with the Consolidated Financial Report of the Company. Other than Mr Grant who was paid in US dollars, remuneration is usually paid in Australian dollars and, for reporting purposes, converted to US dollars based on the average exchange rate for the payment period. Share and option prices throughout this Remuneration Report are in Australian dollars where noted.

3. Remuneration Committee

The role of the Remuneration Committee, as described in the Company's Corporate Governance statement, is to assist the Board in determining and implementing appropriate remuneration policies and structures. Duties of the Remuneration Committee are outlined in the Charter of the Remuneration Committee, available on the MDL website. The key purpose and responsibilities of the Committee are to:

- determine and review the overall philosophy, strategy, plans, policies and practices for the recruitment, remuneration and retention of executives;
- review and approve corporate goals and objectives relevant to KMP compensation, evaluate KMP performance in light of those corporate goals and objectives and make recommendations to the Board as regards the proposed remuneration package of the Managing Director/CEO and other KMP based on their evaluation;
- consider the adoption of appropriate incentive/bonus plans and review adopted plans on a regular basis to ensure they comply with legislation and regulatory requirements, reflect industry standards and are effective in achieving Company objectives; and
- approve the participants and total level of award under any employee short-term and long-term incentive plans.

From 1 July 2011, the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration Act) 2011* took effect and requires, amongst other things, that all contracts entered into with remuneration consultants, and reporting of any subsequent recommendations, are made directly to the Remuneration Committee. The Remuneration Committee Charter has been updated to ensure compliance with the legislation.

4. Remuneration Policy

The Board's remuneration policy is to set remuneration for KMP and other employees at a level that is competitive in the market in order to attract, retain and motivate key individuals and remunerate fairly and responsibly.

4.1. Non–executive directors

The Company's Remuneration Policy for non-executive directors considers the following factors when determining levels of remuneration:

- the level of fees paid to non-executive directors relative to comparable companies;
- the size and activities of the Company;
- the location and jurisdictions in which the Company operates; and
- the responsibilities and work commitment requirements of the board members.

Fees paid to non-executive directors are determined by the Board and are subject to an aggregate limit of A$750,000 per annum in accordance with the Company's constitution and as approved by shareholders at the Annual General Meeting held in May 2013.

Non-executive directors each receive a fixed fee for their services as directors and statutory superannuation (where applicable). No additional fees are paid for participation on any Board Committees. In addition, non-executive directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred whilst engaged on Company business. Non-executive directors do not receive retirement benefits.

No non-executive directors participated in any incentive plans during the year ended 31 December 2013. Non-executive directors are not eligible to participate in any future issues arising from Company incentive plans.

4.2. Executives

The Company's Remuneration Policy for executives aims to:

- reward executives fairly and responsibly in accordance with market rates and practices to ensure that the Company provides competitive rewards that attract, retain and motivate executives of a high calibre;
- set high levels of performance which are clearly linked to an executive's remuneration;
- structure remuneration at a level that reflects the executive's duties and accountabilities;
- benchmark remuneration against appropriate comparator groups;
- align executive incentive rewards with the creation of value for shareholders;
- align remuneration with the Company's long term strategic plans and business objectives; and
- comply with applicable legal requirements and appropriate governance standards.

The Remuneration Committee advises the Board on remuneration for executives.

The Company's remuneration structure for executives comprises both "fixed" and "variable" components:

- The "fixed" component includes base salary, superannuation and other allowances such as parking and vehicles (where applicable). The Board conducts regular benchmarking of executive positions and takes into account recommendations of external remuneration consultants to ensure fixed remuneration for executives remains competitive with companies in similar industries and those of similar market capitalisation.
- The "variable" component may comprise both a short term incentive (STI) and a long term incentive (LTI).

In June 2011, the Remuneration Committee engaged KPMG to provide advice on variable remuneration structures, including STIs and LTIs. The Board recognised the importance of including a variable remuneration component in an executive's remuneration package that is only paid on the achievement of key objectives that the Board considers will deliver increased shareholder value.

The STI comprises cash remuneration and is determined by the Board having regard to the relevant area of responsibility for that executive and to such factors as execution of strategic, financial, operational, health & safety and environmental objectives. The Board has overall discretion as to the amount of award (if any) and those executives to whom a STI will be granted.

The LTI comprises equity remuneration which is tied to satisfaction of performance hurdles. In August 2011, an issue of Performance Rights (being a right to receive fully paid shares in the Company for nil consideration) was granted to certain executives subject to certain performance hurdles being satisfied over a three year vesting period.

5. MDL Five Year Performance

The Five Year Performance measures of MDL are set out in Table 1 below.

Table 1: Five Year Performance

		12 months ended 31 Dec 2013	12 months ended 31 Dec 2012	6 months ended 31 Dec 2011	12 months ended 30 June 2011	12 months ended 30 June 2010
Revenue from discontinued operations	US$'000	-	-	-	77,699	158,478
Revenue from continuing operations	US$'000	2,301	2,091	2,382	-	-
Total revenue from discontinued and continuing operations	US$'000	2,301	2,091	2,382	77,699	158,478
Net profit/(loss) after tax	US$'000	(16,626)	16,221	70,417	254,447	(28,710)
Gold produced	Ounces	-	-	-	56,302	172,140
Gold sold	Ounces	-	-	-	61,661	172,558
Basic EPS from continuing and discontinued operations	US cents	(19.8)	19.4	85.0	423.5	(50.4)
Share price at end of year/period	A$	2.80	3.85	5.08	5.68	0.94

The figures pertaining to 30 June 2010 have been adjusted where necessary to reflect the impact of the 1:10 share consolidation completed on 3 December 2010 on earnings per share and of the impact of the demerger of the Sabodala gold assets on revenue from continuing operations. The adjustments above do not take into account any investment in Teranga Gold Corporation acquired by shareholders following the in specie distribution of shares in Teranga to MDL shareholders. Accordingly, the share prices as at 30 June 2011 and 31 December 2011 are on a post consolidated / post in specie distribution basis.

6. Remuneration of Directors and Key Executives

6.1. Executive Director Remuneration

The fixed component of remuneration of the Company's executive directors has remained unchanged since July 2011, being A$560,000 for Nic Limb, A$550,000 for Rick Sharp and A$378,400 for Martin Ackland, and will remain unchanged for 2014.

The variable component of remuneration of the Company's executive directors over the past three years has comprised:

- an issue of Performance Rights in August 2011 – refer section 8 of this Remuneration Report; and
- a cash bonus in March 2013 of A$250,000 each – in recognition of achievements in 2012, most notably being securing a US$150 million bond for TiZir (a required component of the funding package for Grande Côte), leadership and technical guidance in relation to the development of Grande Côte and initiatives in relation to the Tyssedal ilmenite upgrading facility.

No variable remuneration will be paid in relation to achievements in 2013.

6.2. Key Management Personnel Remuneration

The remuneration of KMP during the year ended 31 December 2013 was as follows:

Table 2: Key Management Personnel Remuneration

	Short term benefits			Post-employment benefits	Equity settled share based payments[1]	Total	Performance related
	Salary and fees US$	Non-cash benefits US$	Cash bonus US$	Superannuation contributions US$	Performance Rights US$	US$	%
Directors							
Year ended 31 December 2013							
Executive Directors							
Nic Limb	509,163	9,092	242,175	24,217	99,803	884,450	39
Rick Sharp	499,834	8,734	242,175	24,217	99,803	874,763	39
Martin Ackland	347,644	-	242,175	18,912	49,902	658,633	44
Non-Executive Directors							
Robert Danchin	74,106	-	-	22,764	-	96,870	-
David Isles	53,278	-	-	19,374	-	72,652	-
James (Murray) Grant[2]	21,223	-	-	-	-	21,223	-
Tom Whiting	66,577	-	-	6,075	-	72,652	-
	1,571,825	**17,826**	**726,525**	**115,559**	**249,508**	**2,681,243**	**-**
Year ended 31 December 2012							
Executive Directors							
Nic Limb	526,004	15,316	-	38,846	106,738	686,904	16
Rick Sharp	534,394	9,512	-	25,900	106,738	676,544	16
Martin Ackland	358,771	-	-	33,256	53,369	445,396	12
Non-Executive Directors							
Robert Danchin	69,280	-	-	34,321	-	103,601	-
David Isles	52,072	-	-	33,399	-	85,471	-
James (Murray) Grant	70,000	-	-	-	-	70,000	-
Tom Whiting[3]	67,884	-	-	6,110	-	73,994	-
	1,678,405	**24,828**	**-**	**171,832**	**266,845**	**2,141,910**	**-**

(1) The figures provided in the shaded column "Equity Settled Share Based Payments" in Table 2 were not actually provided in cash to the KMP during the financial period. These amounts are calculated in accordance with accounting standards and are the amortised accounting fair values of performance rights that have been granted to KMP in this or in prior financial years. The fair value of performance rights have been valued as at their date of grant and in accordance with the requirements of AASB 2 Share Based Payments. The fair value of performance rights is measured using a generally accepted valuation model. The fair values are then amortised over the entire vesting period of the equity instruments. The "Total Remuneration" therefore includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should these equity instruments vest and be exercised.

Performance rights issued to KMP are unvested at balance date and have no exercise price. These performance rights have vesting conditions relating to service to the Company, performance of the Company share price against established comparable companies and the first commercial product sales in respect of Grande Côte by 1 July 2014. Please refer to Table 4 and item 4.2.2 of this Remuneration report for further information.

(2) James (Murray) Grant retired as a director of the Company on 1 May 2013.

(3) Tom Whiting was appointed as a director of the Company on 19 January 2012.

Table 2: continued

	Short term benefits			Post-employment benefits	Equity settled share based payments[1]	Total	Performance related
	Salary and fees US$	Non-cash benefits US$	Cash bonus US$	Superannuation contributions US$	Performance Rights US$	US$	%
Key Executives							
Year ended 31 December 2013							
Company Secretary							
Michaela Evans[4]	119,794	-	-	10,981	-	130,775	-
Kathryn Davies[4]	47,838	1,913	-	3,989	-	53,740	-
	167,632	**1,913**	**-**	**14,970**	**-**	**184,515**	
Year ended 31 December 2012							
Company Secretary							
Kathryn Davies	**217,128**	**10,007**	**-**	**16,327**	**-**	**243,462**	**-**

(4) Kathryn Davies resigned as Company Secretary on 22 March 2013. Michaela Evans was appointed to the position of Company Secretary on the same date.

7. Share options exercised or forfeited by KMP during the period

There were no outstanding share options held by KMP at 31 December 2013. No share options were issued to KMP during the year ended 31 December 2013 and therefore no share options have been exercised or forfeited by KMP during the year.

8. Performance rights held by KMP

The Performance Rights granted to the Company's executive directors in 2011 entitle the holder to receive one fully paid share of the Company for nil consideration and are subject to certain vesting conditions and performance hurdles being satisfied, which are detailed below. Shareholder approval to issue the Performance Rights was obtained at the Company's Annual General Meeting on 18 November 2011.

Table 3 outlines the number of performance rights held directly, indirectly or beneficially by all KMP during the year ended 31 December 2013.

Table 3: Performance Rights Holdings of Key Management Personnel

	Balance as at 1 January 2013	Performance rights granted	Performance rights exercised	Net change other	Balance as at 31 Dec 2013[1]	Total vested & exercisable at 31 Dec 2013[1]	Fair value at grant date US$
2013							
Directors							
Nic Limb	100,000	-	-	-	100,000	-	309,084
Rick Sharp	100,000	-	-	-	100,000	-	309,084
Martin Ackland	50,000	-	-	-	50,000	-	154,543
Total	250,000	-	-	-	250,000	-	772,711

(1) Vesting conditions and performance hurdles are as follows:

The performance hurdles for these grants took into consideration the Company's size, activities, growth prospects, project locations and stage of development of its projects. The hurdles for the Performance Rights issued in August 2011 are an equal mix of continued employment, an external hurdle and an internal hurdle being:

- Continued employment hurdle – means the executive must remain employed by MDL in order to receive the reward thereby ensuring that executives commit to MDL for the long term.
- External hurdle – a calculation of the relative Total Shareholder Return ("TSR") of MDL measured against a comparator group whereby the relative TSR hurdle vests:
  - 50% where the TSR performance is better than 50% of the comparator group
  - 100% where the TSR performance is better than 75% of the comparator group
  - linear vesting from 50% to 100% where the TSR performance is between 50% and 75% of the comparator group

  The comparator group will be the S&P/ASX Resources 300 Index less those companies which are also in the S&P/ASX Resources 100 Index. The comparator group is intended to reflect any competitors, companies and sectors where investors may choose to invest their money if not in MDL with particular regard to those companies of similar industry and market capitalisation.
- Internal hurdle – Grande Côte achieving commercial sales of product prior to 1 July 2014.

The Performance Rights issued expire on 31 August 2016 and vest on the earliest to occur of:

- 31 August 2014, being three years from date of grant;
- upon a change of control of the Company whereby if the change of control occurs:
  - during the first year of the vesting period, 50% vest;
  - during the second year of the vesting period, 75% vest; and
  - during the third year of the vesting period, 100% vest;
- termination of employment of the relevant director without cause by the Company (a proportion will vest); and
- employment of the relevant director ceases under "good leaver" provisions (a proportion will vest).

9. Contracts for Executives

The Company has entered into employment contracts with each of its Executives. The terms of these contracts for current executives are set out in the following table:

Table 4: Key terms of executive contracts

Name	Contract duration	Termination notice by the Company	Termination notice by executive
Nic Limb	Ongoing, no fixed term	12 months	3 months
Rick Sharp	Ongoing, no fixed term	12 months	3 months
Martin Ackland	Ongoing, no fixed term	12 months	3 months
Michaela Evans	Ongoing, no fixed term	3 months	3 months

In the event of termination for cause, contracts may be terminated immediately. The Company will only pay remuneration to the date of termination, plus annual leave, long service leave and superannuation entitlements in accordance with the law. On termination, any entitlements held under the Company's long term and short term incentive plans will be treated (and may be retained or forfeited) in accordance with the applicable plan rules from time to time.

Non-executive directors are not remunerated under a contract of employment.

10. Director and Executive Shareholdings

The number of shares and performance rights held, directly, indirectly or beneficially, by parent company directors and key executives are contained above and in Note 33 of the Company's consolidated financial report.

This directors' report is signed in accordance with a resolution of directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the directors

Robert Danchin
Deputy Chairman

Rick Sharp
Managing Director

Melbourne, 26 February 2014

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Mineral Deposits Limited
Level 17
530 Collins Street
Melbourne VIC 3000

26 February 2014

Dear Members of the Board,

Mineral Deposits Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mineral Deposits Limited.

As lead audit partner for the audit of the financial statements of Mineral Deposits Limited for the financial year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Note	Consolidated 31 Dec 2013 US$'000	31 Dec 2012 US$'000
Continuing operations			
Share of net profit of joint venture using equity accounting	22	7,492	24,468
Other income	5	2,301	2,091
Administration expenses	6	(5,976)	(6,223)
Borrowing costs		-	(1)
Impairment of financial assets	10	(21,196)	(3,928)
Impairment of receivables		-	(2)
Net foreign exchange gains/(losses)		753	(237)
(Loss)/profit before tax		**(16,626)**	**16,168**
Income tax expense	7	-	-
(Loss)/profit for the year from continuing operations		**(16,626)**	**16,168**
Discontinued operations			
Profit for the year from discontinued operations - Mineral Deposits (Operations) SUARL	8	-	53
(Loss)/profit for the year		(16,626)	16,221
Other comprehensive income/(loss), net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of operations		(9,877)	2,404
Exchange difference on intercompany loans		-	7
Share of other comprehensive (loss)/income of equity accounted joint venture	22	(8,463)	6,195
Gain/(loss) on available for sale investment		(52,223)	13,615
Other comprehensive (loss)/income for the year, net of tax		(70,563)	22,221
Total comprehensive (loss)/income for the year		**(87,189)**	**38,442**
(Loss)/profit attributable to:			
- owners of the parent		(16,626)	16,221
- non-controlling interests		-	-
		(16,626)	**16,221**
Total comprehensive (loss)/income attributable to:			
- owners of the parent		(87,189)	38,442
- non-controlling interests		-	-
		(87,189)	**38,442**

	Note	31 Dec 2013 US Cents	31 Dec 2012 US Cents
Earnings per share (EPS)			
From continuing and discontinued operations			
Basic EPS	17	(19.8)	19.4
Diluted EPS	17	(19.8)	19.4
From continuing operations			
Basic EPS	17	(19.8)	19.4
Diluted EPS	17	(19.8)	19.3

Notes to the financial statements are included on pages 27 to 64.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

		Consolidated	
	Note	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Current assets			
Cash and cash equivalents	26(a)	32,004	50,223
Trade and other receivables	9	1,146	306
Other financial assets	10	24,922	99,911
Other	11	142	168
Total current assets		**58,214**	**150,608**
Non-current assets			
Investment in joint venture entity	22	339,057	315,028
Receivables	9	5,009	-
Other financial assets	10	-	2,415
Property, plant and equipment	12	741	1,036
Intangible assets		5	9
Total non-current assets		**344,812**	**318,488**
Total assets		**403,026**	**469,096**
Current liabilities			
Trade and other payables	13	340	546
Provisions	14	1,079	1,214
Total current liabilities		**1,419**	**1,760**
Non-current liabilities			
Provisions	14	29	47
Total non-current liabilities		**29**	**47**
Total liabilities		**1,448**	**1,807**
Net assets		**401,578**	**467,289**
Equity			
Issued capital	15	377,338	356,122
Reserves	16	75,235	145,536
Accumulated losses		(50,995)	(34,369)
Total equity		**401,578**	**467,289**

Notes to the financial statements are included on pages 27 to 64.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2013

	Issued capital US$'000	Accumulated losses US$'000	Reserves: Foreign currency translation reserve US$'000	Reserves: Investments revaluation reserve US$'000	Reserves: Equity-settled share-based payments reserve US$'000	Reserves: Cash flow hedge reserve US$'000	Reserves: Actuarial gains and losses reserve US$'000	Attributable to equity holders of the parent US$'000
Consolidated								
Balance at 31 December 2011	**356,122**	**(50,590)**	**75,269**	**38,608**	**9,410**	**(116)**	**-**	**428,703**
Impact of adoption of AASB 119 by TiZir Limited	-	-	-	-	-	-	(118)	(118)
Restated balance at 1 January 2012	**356,122**	**(50,590)**	**75,269**	**38,608**	**9,410**	**(116)**	**(118)**	**428,585**
Profit attributable to members of the consolidated entity	-	16,221	-	-	-	-	-	16,221
Exchange difference arising on translation of operations	-	-	2,404	-	-	-	-	2,404
Exchange difference on intercompany loans	-	-	7	-	-	-	-	7
Share of other comprehensive income of equity accounted joint venture	-	-	4,950	-	-	1,073	172	6,195
Revaluation of available for sale investments	-	-	-	13,615	-	-	-	13,615
Total comprehensive income for the year	-	16,221	7,361	13,615	-	1,073	172	38,442
Vesting of performance rights issued to directors	-	-	-	-	262	-	-	262
Balance at 31 December 2012	**356,122**	**(34,369)**	**82,630**	**52,223**	**9,672**	**957**	**54**	**467,289**
Balance at 1 January 2013	**356,122**	**(34,369)**	**82,630**	**52,223**	**9,672**	**957**	**54**	**467,289**
Loss attributable to members of the consolidated entity	-	(16,626)	-	-	-	-	-	(16,626)
Exchange difference arising on translation of operations	-	-	(9,877)	-	-	-	-	(9,877)
Share of other comprehensive loss of equity accounted joint venture	-	-	(6,189)	-	-	(2,282)	8	(8,463)
Revaluation of available for sale investments	-	-	-	(52,223)	-	-	-	(52,223)
Total comprehensive (loss)/income for the year	-	(16,626)	(16,066)	(52,223)	-	(2,282)	8	(87,189)
Shares issued during the year	22,260	-	-	-	-	-	-	22,260
Costs of shares issued during the year	(1,044)	-	-	-	-	-	-	(1,044)
Vesting of performance rights issued to directors	-	-	-	-	262	-	-	262
Balance at 31 December 2013	**377,338**	**(50,995)**	**66,564**	**-**	**9,934**	**(1,325)**	**62**	**401,578**

Notes to the financial statements are included on pages 27 to 64.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2013

	Note	Consolidated 31 Dec 2013 US$'000	Consolidated 31 Dec 2012 US$'000
Cash flows related to operating activities			
Receipts from customers		565	1,187
Payments to suppliers and employees		(5,652)	(6,355)
Interest and other costs of finance paid		-	(1)
Net cash used in operating activities	26(b)	**(5,087)**	**(5,169)**
Cash flows related to investing activities			
Payments for purchase of property, plant and equipment		(11)	(131)
Payments for intangible assets		(2)	(2)
Payments for investment in listed company		(2,856)	(4,423)
Proceeds from sale of property, plant and equipment		-	8
Interest received		856	1,390
Loans to joint venture – TiZir Limited	9	(5,000)	-
Equity contributions to joint venture – TiZir Limited	22	(25,000)	(50,000)
Net cash used in investing activities		**(32,013)**	**(53,158)**
Cash flows related to financing activities			
Proceeds from issue of equity securities		22,260	-
Payment for share issue costs		(1,044)	-
Net cash provided by financing activities		**21,216**	**-**
Net decrease in cash and cash equivalents held		**(15,884)**	**(58,327)**
Cash and cash equivalents at beginning of financial period		50,223	107,233
Effect of exchange rates on cash holdings in foreign currencies		(2,335)	1,317
Cash and cash equivalents at end of financial period	26(a)	**32,004**	**50,223**

Notes to the financial statements are included on pages 27 to 64.

1. GENERAL INFORMATION

Mineral Deposits Limited ("MDL" or the "Company") is a public company listed on the Australian Securities Exchange (ASX: MDL) incorporated in Australia and holds interests in Norway and Senegal, West Africa through a United Kingdom based joint venture (TiZir Limited) and comprises the Company and its subsidiaries.

The registered and head office of the Company and principal place of business is:

Level 17
530 Collins Street
Melbourne, Victoria 3000
Australia

The principal activities of the Company and its subsidiaries (the "group") are described in the Directors' Report.

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

The directors have considered the impact of new accounting standards that are not yet applicable and do not believe they will have a material impact on the financial performance or state of affairs of the group.

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are relevant to their operations and effective for the current year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

Standards and interpretations affecting amounts in prior periods

- AASB 119 'Employee Benefits'

  Makes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income ("OCI") and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

  In case of the group, TiZir Limited has adopted AASB 119 retrospectively, effective from 1 January 2012. The transition to AASB 119 has had an impact on the group's share of net profit and other comprehensive income from TiZir Limited for the year ended 31 December 2012 and the balance of the group's investment in TiZir Limited at 1 January 2012 and 31 December 2012 due to the difference in accounting for interest on plan assets, unvested past service costs and actuarial gains and losses. The effect of the adoption of AASB 119 is explained in Note 22.

Impact of the application of AASB 11

AASB 11 replaces AASB 131 'Interests in Joint Ventures' and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, AASB 131 'Interests in Joint Ventures' contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expense incurred jointly). Each joint operation accounts for the assets and, liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The directors of the Company reviewed and assessed the classification of the group's investments in joint arrangements in accordance with the requirements of AASB 11. The directors concluded that the group's investment in TiZir Limited, which was classified as a jointly controlled entity under AASB 131 and was accounted for using the equity method, should be classified as a joint venture under AASB 11 accounted for using the equity method. Accordingly the application of AASB 11 has resulted in no change to the accounting for the investment in TiZir Limited.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9'	1 January 2015	31 December 2015
AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2015	31 December 2015
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013	31 December 2014
Interpretation 21 - Levies	1 January 2014	31 December 2014

These Standards and Interpretations will be first applied in the financial report of the group that relates to the annual reporting period beginning after the effective date of each pronouncement.

The directors anticipate that the adoption of these Standards and Interpretations will have no material financial impact on the financial statements of the Company or the group.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the group comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the directors on 26 February 2014.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments that are measured at revalued amount or fair values, as explained in the accounting policies below. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States Dollars unless otherwise stated.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is observable or estimated using another valuation technique. In estimating fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the Company in preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (and its subsidiaries). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Profit or Loss and Other Comprehensive Income from the effective date the Company gains control until the date when the Company ceases to control the subsidiary.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A list of subsidiaries is contained in Note 23 to the financial statements. All controlled entities have a December financial year-end. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

(b) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

When applicable, bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(c) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the group in respect of services provided by employees up to reporting date.

Defined contribution plan

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(d) Mine development

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units of production basis.

(e) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events for which it is probable that the group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying value is the present value of those cash flows.

(f) Restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development, production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

(g) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Investments in subsidiaries are shown at cost and provision is only made where, in the opinion of the directors, there is impairment in value which is other than temporary. Where there has been such impairment in the value of an investment, it is recognised as an expense in the period in which the impairment is identified.

Other financial assets are classified into the following specified categories: 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

On disposal of an investment, the difference in the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit or Loss and Other Comprehensive Income.

Effective interest method

The effective interest method is a method of calculating the amortised costs of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

Available-for-sale financial assets

Certain shares and redeemable notes held by the group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 27. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For available for sale assets, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available for sale.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) Foreign currency transactions and balances

Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United States Dollars (USD), which is the presentation currency of the Company and the presentation currency for the consolidated financial statements.

Transactions and balances

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at the reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits/(losses) are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of Australian operations are transferred directly to the group's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the statement of changes in equity in the period.

(i) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(j) Impairment of assets

At each reporting date the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(k) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. MDL is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using a 'group allocation' approach.

The group allocation approach requires a notional current and deferred tax calculation for each entity as if it were a taxpayer in its own right, except that unrealised profits, distributions made and received and capital gains and losses and similar items arising on transactions within the tax-consolidated group are treated as having no tax consequence.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group). Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(l) Property, plant and equipment

Property is measured on the cost basis. Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour and borrowing costs where appropriate.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. The consolidated entity uses the units of production method when depreciating mining assets which results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine.

The assets' residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

(m) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Group as lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with AASB 123.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(n) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of the debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of:

- the amount of the obligation under the contract, as determined under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation in accordance with the revenue recognition policies described in Note 3(o).

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

(o) Revenue recognition

Interest revenue

Interest revenue is recognised on a time proportionate basis taking into account the effective yield on the financial assets.

Revenue from operating leases is recognised in accordance with the group's accounting policy outlined in Note 3(m).

(p) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of an appropriate model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in Note 29.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At each reporting date, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period with corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(q) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation in the current financial period.

(r) Joint venture arrangements

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity accounting method, except where the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, an investment in a joint venture is initially recognised in the Consolidated Statement of Financial Position at cost and adjusted thereafter to recognise the group's share of the profit and loss and other comprehensive income of the joint venture. When the group's share of losses of a joint venture exceeds the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture), the group discontinues recognising its share of further loses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former joint venture and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if no gain or loss previously recognised in other comprehensive income by the joint venture would be reclassified to the Consolidated Statement of Profit or Loss and Other Comprehensive Income on disposal of the related assets and liabilities, the group reclassified the gain or loss from equity to the Consolidated Statement of Profit or Loss and Other Comprehensive Income (as a reclassification adjustment) when the equity method is discontinued.

The group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such change in ownership interests.

When the group reduces its ownership interest in a joint venture but the group continues to use the equity method, the group reclassifies to Profit or Loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to Profit or Loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the group, profits and losses resulting from the transactions with the joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the group.

The group's interests in assets where the group does not have joint control are accounted for in accordance with the substance of the group's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the group recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

(s) Intangible assets

Intangible assets are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis or units or production basis as appropriate over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period with any changes in these accounting estimates being accounted for on a prospective basis.

The following useful life is used in the calculation of amortisation: Software – 2.5 years.

(t) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Consolidated Statement of Profit or Loss and Other Comprehensive Income as the recognised hedged item. However, when the hedged forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgments in applying the entity's accounting policies

In the application of the group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. Refer below for key sources of estimation uncertainty.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Mine rehabilitation provision

The consolidated entity assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provisions for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and cost of rehabilitation activities, technological changes, regulatory change, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the Statement of Financial Position by adjusting the rehabilitation asset and liability.

Mine development expenditure

The consolidated entity's accounting policy requires judgment in determining whether it is likely that future economic benefits are recoverable, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recoverability is unlikely, these amounts are written off in the period in the Statement of Profit or Loss and Other Comprehensive Income to the extent of their recoverable amount.

Impairment of assets

The group assesses each cash-generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value. Management has assessed its cash-generating units as being an individual mine site or operating segment, which is the lowest level for which cash flows are largely independent of other assets.

Recovery of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised on the Statement of Financial Position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the group will generate taxable earnings in future periods in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the Statement of Financial Position date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the group to obtain tax deductions in future periods.

Share based payments

The Company measures the cost of equity settled share-based payments at fair value at the grant date using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted and expected vesting period as disclosed in Note 29.

The following items are relevant in explaining the financial result:

	Consolidated	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000

5. OTHER INCOME

The following is an analysis of the group's revenue for the year from continuing operations:		
Interest revenue from:		
- bank deposits	738	1,480
- interest on subordinate loan to TiZir Limited	9	-
	747	1,480
Other revenue:		
- management fees charged to TiZir Limited	1,000	-
- rental received	106	105
- recharges & recoveries	359	450
- other	89	54
	1,554	**609**
Profit on disposal of property, plant and equipment	-	2
Total other income	**2,301**	**2,091**

6. ADMINISTRATION EXPENSES

Depreciation of non-current assets:		
- land, buildings and property improvements	123	130
- office furniture	18	19
- computer equipment and software	29	34
	170	183
Amortisation of intangible assets:		
- computer software	4	38
Employee benefits:		
- amortisation of share performance rights	249	267
- remuneration expense	3,616	3,434
- superannuation contributions	204	292
- provision for leave entitlements	57	38
	4,126	4,031
Administration and other overheads	1,676	1,971
Total administration expenses	**5,976**	**6,223**

	Consolidated	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000

7. INCOME TAXES

Income tax recognised in profit of loss		
Tax expense/(benefit) comprises:		
Current tax (benefit)/expense	(685)	(1,073)
Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period that is used to reduce current tax expense	441	889
Current tax expense	**(244)**	**(184)**
Deferred tax expense relating to the origination and reversal of temporary differences	(231)	-
Benefit arising from previously unrecognised temporary differences of a prior period that is used to reduce deferred tax expense	(441)	(889)
Effect of unused tax losses not recognised as deferred tax assets	916	1,073
Deferred tax benefit	**244**	**184**
Total tax expense	-	-
The prima facie income tax expense on pre-tax accounting losses from operations reconciles to the income tax expense in the financial statements as follows:		
(Loss)/profit from operations	(16,626)	16,168
Income tax expense/(benefit) calculated at 30% (2012 – 30%)	(4,988)	4,850
Effect of revenue that is exempt from taxation	(1,956)	(7,335)
Effect of expenses that are not deductible in determining taxable profit	6,176	1,288
Other assessable income	-	85
Effect of unused tax losses and temporary differences not recognised as deferred tax assets in the current year	685	1,073
Effect of different tax rates of subsidiaries operating in other jurisdictions	83	39
Income tax expense recognised in loss	-	-
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 3(k) occur:		
Tax losses - revenue	53,410	57,033
Tax losses - capital	8,040	9,399
Temporary differences	459	1,435
	61,909	**67,867**

Note: After submission of the income tax return for the year ended 31 December 2012, capital tax losses of A$26.2 million were reclassified to revenue tax losses. As such, both the quantum and classification of tax losses has been amended in current and comparative years.

Tax Consolidation

Relevance of tax consolidation to the group

The Company and its wholly-owned Australian subsidiaries have formed an income tax consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidation group is Mineral Deposits Limited. The members of the tax consolidation group are identified at Note 23.

Nature of tax funding arrangements

The Company is responsible for recognising the current and deferred tax assets and liabilities (in respect of tax payable or tax losses) for the tax consolidated group. The group notified the Australian Tax Office on 10 April 2005 that it formed an income tax consolidated group to apply from 1 July 2003.

The tax sharing arrangement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing arrangement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

8. DISCONTINUED OPERATIONS

Mineral Deposits (Operations) Senegal SUARL

On 27 June 2012, the Company resolved to wind up its 100% subsidiary Mineral Deposits (Operations) Senegal SUARL.

The results of Mineral Deposits (Operations) Senegal SUARL included in the consolidated Statement of Profit or Loss and Other Comprehensive Income are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Profit for the year from discontinued operations		
Revenue	-	-
Operating expenses including foreign exchange gain/(loss)	-	53
Profit before income tax	-	53
Income tax expense	-	-
Profit after income tax	-	53
Cash flows from discontinued operations		
Net cash used in operating activities	-	(64)
Net cash used in investing activities	-	(537)
Net cash outflows	-	(601)

	Consolidated 31 Dec 2013 US$'000	Consolidated 31 Dec 2012 US$'000
9. TRADE AND OTHER RECEIVABLES		
Current		
Other receivables (i)	116	253
Amounts due from other related parties (ii) (iii)	1,030	53
	1,146	**306**
Non-current		
Amounts due from related parties (iv)	**5,009**	**-**

(i) Other receivables predominantly comprise accrued interest on term deposits.

(ii) Amounts due from other related parties comprise charges for accommodation, facilities and administrative support as described in Note 33(d). Trading terms are 30 days from date of invoice.

(iii) During the year, the Company charged a management fee of $1.0 million to TiZir Limited for corporate, accounting and administrative support. This amount related to the calendar years of 2012 and 2013. In the future, the management fee will be $500,000 per annum.

(iv) During the year ended 31 December 2013, the Company entered into a $40 million subordinated loan agreement with TiZir Limited. This loan is interest bearing at a rate of LIBOR (three month) plus five percent and is repayable on or before 29 September 2018. According to the loan agreement, no repayment of the loan may be made unless the Corporate Bonds issued by TiZir Limited on 29 September 2012 are fully repaid. The Company advanced $5 million to TiZir as part of this loan agreement in December 2013, with the remaining $35 million anticipated to be advanced in 2014. During the year ended 31 December 2013, the Company charged $8,730 interest on the subordinated loan, which has been accrued.

At reporting date, the Company had no receivables which were past due and therefore there are no provision or credit issues in relation to these receivables.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

	Consolidated 31 Dec 2013 US$'000	Consolidated 31 Dec 2012 US$'000

10. OTHER FINANCIAL ASSETS

Current		
Available for sale investments carried at fair value		
- shares in listed company – Teranga Gold Corporation (ii)	19,952	92,951
- shares in listed company – World Titanium Resources Limited (i)	4,970	6,960
	24,922	99,911
Non-current		
Available for sale investments carried at fair value		
- shares in listed company – World Titanium Resources Limited (i)	-	2,415

(i) The Company holds a 19.1% (2012 – 15%) interest in the ordinary shares of World Titanium Resources Limited. A portion of these shares is restricted from being sold until 12 January 2014 and as such this portion was recognised as a non-current financial asset at 31 December 2012. In the current financial year this has been classified as an available for sale current financial asset.

During the year the Company participated in the following share issues of World Titanium Resources Limited:

- On 17 April 2013 – a 1:16 rights issue where the Company acquired an additional 2,972,679 shares at A$0.17 per share.
- On 28 October 2013 – a private placement where the Company acquired an additional 18,000,000 shares at A$0.13 per share.

(ii) On 15 January 2014, the Company announced the disposal of its 12.6% (2012 – 16%) interest in Teranga Gold Corporation.

Impairment of financial assets

During the year ended 31 December 2013, the Company made the following impairment charges on its other financial assets as a result of significant decline in the fair value of each investment:

Shares in listed company – Teranga Gold Corporation	15,531
Shares in listed company – World Titanium Resources Limited	5,665
	21,196

11. OTHER ASSETS

Current		
Prepayments	140	166
Security deposit	2	2
	142	**168**

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land, buildings & property improvement US$'000	Office furniture & equipment US$'000	Total US$'000
Gross carrying amount			
Balance at 1 January 2012	**610**	**531**	**1,141**
Additions	348	66	414
Disposals	-	(66)	(66)
Net foreign currency exchange differences	12	10	22
Balance at 31 December 2012	**970**	**541**	**1,511**
Additions	-	10	10
Net foreign currency exchange differences	(140)	(78)	(218)
Balance at 31 December 2013	**830**	**473**	**1,303**
Accumulated depreciation			
Balance at 1 January 2012	**(5)**	**(341)**	**(346)**
Depreciation expense	(130)	(53)	(183)
Disposals	-	61	61
Net foreign currency exchange differences	(1)	(6)	(7)
Balance at 31 December 2012	**(136)**	**(339)**	**(475)**
Depreciation expense	(123)	(47)	(170)
Net foreign currency exchange differences	30	53	83
Balance at 31 December 2013	**(229)**	**(333)**	**(562)**
Net book value			
As at 31 December 2012	834	202	1,036
As at 31 December 2013	601	140	741

The following useful lives are used in the calculation of depreciation:

Class of Fixed Assets	Years
Buildings and property improvements	5.0 – 20.0
Office furniture & equipment	2.5 – 10.0

Freehold land is measured at historical cost basis and approximates its fair value.

13. TRADE AND OTHER PAYABLES

	Consolidated 31 Dec 2013 US$'000	Consolidated 31 Dec 2012 US$'000
Current		
Unsecured liabilities:		
- trade payables (i)	99	156
- sundry creditors and accrued expenses	241	390
	340	**546**

(i) Trade payables comprise obligations by the Company to suppliers of goods and services to the Company. Terms are generally 30 days.

14. PROVISIONS

	Consolidated 31 Dec 2013 US$'000	Consolidated 31 Dec 2012 US$'000
Current		
Employee benefits	951	1,065
Mine restoration and rehabilitation (i)	128	149
	1,079	**1,214**
Non-Current		
Employee benefits	**29**	**47**

(i) Mine rehabilitation (current):		
Balance at 31 December 2012	149	245
Additional provisions recognised	115	-
Reductions arising from payments	(113)	(101)
Net foreign currency exchange differences	(23)	5
Balance at 31 December 2013	**128**	**149**

15. ISSUED CAPITAL

	31 Dec 2013 No.	31 Dec 2012 No.
(a) Movement in fully paid ordinary shares		
Number of fully paid ordinary shares	**96,038,786**	**83,538,786**
Opening number of shares	83,538,786	83,538,783
Shares issued during the year:		-
- 19 December 2013	12,500,000	-
Closing number of shares	96,038,786	83,538,786

	US$'000	US$'000
(b) Fully paid ordinary shares		
Paid up capital	**377,338**	**356,122**
At beginning of the financial year	**356,122**	**356,122**
Shares issued during the year:	-	-
- 19 December 2013	22,260	-
Less costs associated with share placement	(1,044)	-
Total issued capital at the end of the financial year	**377,338**	**356,122**

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998 therefore the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry rights to dividends.

(c) Share Options & Performance Rights

There were no share options outstanding during the year ended 31 December 2013.

The 250,000 performance rights issued to three Executive Directors are still outstanding. No further performance rights were issued during the year. Full details of performance rights are contained in Note 29 – Share Based Payments.

There were no other movements in the ordinary share capital or other securities of the Company in the current reporting period.

16. RESERVES

The foreign currency translation reserve records exchange differences arising on translation from the functional currencies of the group's Australian controlled entities into United States dollars which are brought to account by entries made directly to the foreign currency translation reserve and the revaluation of intercompany loans.

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset is recognised in the profit or loss. Where a revalued financial asset is impaired, that portion of the reserve is reversed to the extent that the revalued amount is higher than the historical cost. Any further impairment losses below historical cost are recognised in profit or loss.

The equity-settled share-based payment reserve arises on the grant of share options to directors, employees and financiers. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments is detailed in Note 29 to the financial statements.

The cash flow hedge reserve and the actuarial gains and losses reserve arises from the recognition of the Company's share of movements in cash flow hedge instruments and actuarial gains and losses relating to defined benefit plans recognised in other comprehensive income of its joint venture, TiZir Limited. Further information on the Company's investment in TiZir Limited is detailed in Note 22 to the financial statements.

17. EARNINGS PER SHARE (EPS)

	Consolidated	
	31 Dec 2013 US cents	31 Dec 2012 US cents
Basic EPS (US cents)		
From continuing operations	(19.8)	19.4
From discontinued operations	-	-
Total basic EPS from continuing and discontinuing operations	**(19.8)**	**19.4**
Diluted EPS (US cents)		
From continuing operations	(19.8)	19.3
From discontinued operations	-	0.1
Total diluted EPS from continuing and discontinuing operations	**(19.8)**	**19.4**

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
(Loss)/profit for the year attributable to owners of the Company	(16,626)	16,221
Earnings used in the calculation of basic and diluted earnings per share from continuing and discontinued operations	**(16,626)**	**16,221**
(Profit)/loss for the year from discontinued operations	-	(53)
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	**(16,626)**	**16,168**
Weighted average number of ordinary shares for the purpose of basic EPS ('000)	83,950	83,539
Shares deemed to be issued for no consideration in respect of performance rights ('000)	-	99
Weighted average number of ordinary shares for the purpose of diluted EPS ('000)	83,950	83,638

Due to the decrease in the Company's share price during 2013, the performance rights were not considered dilutive for the purposes of earnings per share.

18. DIVIDENDS

During the financial period, no dividends were paid. The directors have not recommended the payment of a dividend.

19. COMMITMENTS FOR EXPENDITURE

Commitment to Joint Venture

Upon establishment of TiZir Limited on 1 October 2011, the joint venture partners each committed to contributing $75 million of equity funding in order to fund construction of the Grande Côte mineral sands project.

During the year ended 31 December 2013, the Company contributed $25 million of equity, being the remainder of the committed equity funding.

During the year ended 31 December 2013, the Company entered into a $40 million subordinated loan agreement with TiZir Limited. This loan is interest bearing at a rate of LIBOR (three month) plus five percent and is repayable on or before 29 September 2018. According to the loan agreement, no repayment of the loan may be made unless the Corporate Bonds issued by TiZir Limited on 29 September 2012 are fully repaid. The Company advanced $5 million to TiZir as part of this loan agreement in December 2013, with the remaining $35 million anticipated to be advanced in 2014.

20. LEASES

Operating leases relate to the lease of the Company's head office at Level 17, 530 Collins Street, Melbourne. The lease term is for five years with an option of a further five year term at the expiry of the current lease term. Rental increases of 4% per annum are levied at the anniversary date of the establishment of the lease contract.

	Consolidated	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Payments recognised as an expense during the year		
Minimum lease payments	230	193
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements payable:		
- not later than 12 months	269	299
- between 12 months and five years	506	857
Total operating lease liability	775	1,156

21. CONTINGENT LIABILITIES

Mineral Deposits Limited and controlled entities

The Company:

- has a deed of cross guarantee with its wholly-owned subsidiaries MDL (Mining) Limited and MDL Gold Limited;
- confirmed directly or via its holding subsidiaries that it will continue to provide financial support to its subsidiaries to enable them to meet their obligations as they fall due for a period of not less than 12 months;
- faces potential contingent liabilities in relation to its rehabilitation obligations on its New South Wales ("NSW") exploration and mining tenements. The nature of these rehabilitation obligations includes revegetation. Some aspects of the rehabilitation obligations extend for a period in excess of 10 years after the cessation of previous mining activities. Ongoing rehabilitation work therefore continued at Mineral Deposits (Operations) Pty Ltd's former mining sites in NSW, Australia. No adverse situations were reported and work was performed to schedule;
- faces a potential contingent liability of A$500,000 within 30 days of securing all the necessary funding either by debt or equity from an internationally recognised banking or financial institution for the development of the Grande Côte mineral sands project;
- faces a potential contingent liability of A$500,000 within 30 days of receipt of the first payment for a commercial arm's-length sale of product by the Grande Côte mineral sands project; and
- has no outstanding native title claims against it which could or would have a financial impact.

The directors are not aware of any other contingent liabilities at 31 December 2013.

TiZir Limited

The Company faces contingent liabilities relating to its 50% interest in TiZir Limited. The amounts disclosed below represent the Company's share of these potential liabilities:

TiZir Limited faces potential liabilities in respect of the Grande Côte mineral sands project and has agreed that the following amounts will be payable:

- during the term of the Mining Concession and the entire period of validity of the Mining Convention an amount of $250,000 in total during the pre-production phase and thereafter $200,000 per annum during the production phase on social development of local communities in the Grande Côte and surrounding region; and
- $25,000 per year of production on training of Directorate of Mines and Geology officers and logistical support to the technical services of the Ministry for Mines.
- During the year, Grande Côte Operations SA received a tax assessment from the Senegalese tax authorities claiming unpaid withholding tax of approximately $8,782,422 (of which the group's share would be $4,391,211) on payments made to foreign providers. We have reviewed the assessment with our legal counsel and are confident that they are primarily without merit. This matter is still being reviewed and considered with the Tax authorities in Senegal and Grande Côte Operations SA ("GCO") are committed to paying all taxes deemed legitimately due. GCO responded to the tax assessment in January 2014 and negotiations with the authorities are ongoing. No provision for these amounts has been recognised at 31 December 2013 and will only be recognised if and/or when the total amount of legitimate tax required to be paid can be measured reliably.

22. INVESTMENT IN JOINT VENTURE

	Consolidated	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Investment in TiZir Limited	**339,057**	**315,028**
Movement in investment in joint venture:		
Opening balance	315,028	234,483
Restatement of opening balance as a result of application of AASB 119	-	(118)
Equity contributions during the period	25,000	50,000
Share of net profit of joint venture for the period	7,492	24,468
Share of other comprehensive (loss)/income for the period	(8,463)	6,195
Investment in TiZir Limited	**339,057**	**315,028**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

The following tables set out the financial performance of TiZir Limited for the year ended 31 December 2013 by operating segment:

	Year ended 31 December 2013 US$'000					Year ended 31 Dec 2012 US$'000
	Tyssedal	Grande Côte	TiZir Limited	Consolidation Adjustments[i]	Consolidated TiZir Limited	Consolidated
Sales	201,314	-	-	-	201,314	231,127
Cost of goods sold	(150,478)	-	-	-	(150,478)	(119,984)
Gross profit	50,836	**-**	**-**	**-**	**50,836**	**111,143**
Other revenue	13,744	45	-	-	13,789	2,038
Administration expenses	(1,004)	(1,973)	(4,366)	-	(7,343)	(4,224)
EBITDA	**63,576**	**(1,928)**	**(4,366)**	**-**	**57,282**	**108,957**
Finance costs	(360)	-	(323)	-	(683)	(115)
Foreign exchange gains/(losses)	5,200	(1,759)	(1,555)	-	1,886	(4,640)
Depreciation and amortisation expense	(8,263)	(5,975)	(122)	-	(14,360)	(14,182)
Amortisation of assets recognised on acquisition	-	-	-	(19,165)	(19,165)	(19,165)
Profit/(loss) before tax	**60,153**	**(9,662)**	**(6,366)**	**(19,165)**	**24,960**	**70,855**
Income tax expense	(16,633)	-	-	-	(16,633)	(27,870)
Amortisation of deferred tax liability recognised on acquisition	-	-	-	5,829	5,829	5,366
Profit/(loss) for the year	**43,520**	**(9,662)**	**(6,366)**	**(13,336)**	**14,156**	**48,351**
Attributable to non-controlling interest					829	585
Profit attributable to joint venture partners					14,985	48,936
Share of net profit of joint venture attributable to MDL shareholders					**7,492**	**24,468**

(i) Consolidation adjustments include amortisation of identifiable intangible assets, property, plant and equipment acquired and related deferred tax liabilities recognised on the establishment of TiZir Limited. The amortisation of such assets during the period amounted to $19.2 million ($13.3 million including impact of taxation) and, while relating totally to assets associated with Tyssedal, it has been disclosed separately to properly reflect the operating results of the Tyssedal operations. The comparable prior year amount was $19.2 million ($13.8 million including impact of taxation).

OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY

	31 Dec 2013 US$'000 Consolidated TiZir Limited	31 Dec 2012 US$'000 Consolidated TiZir Limited
Other comprehensive income		
Exchange differences arising on translation of operations	(12,374)	9,906
Exchange differences on translation of actuarial gains and losses	(4)	(4)
Change in revaluation for actuarial gains and losses	19	342
Change in revaluation reserve for hedging financial instruments	(6,339)	2,746
Income tax on other comprehensive income	1,771	(600)
Other comprehensive (loss)/income for the period, net of income tax	(16,927)	12,390
Share of other comprehensive (loss)/income attributable to MDL shareholders	**(8,463)**	**6,195**
Disclosed as:		
Foreign currency translation reserve	(6,189)	4,951
Cash flow hedge reserve	(2,282)	1,073
Actuarial gains and losses reserve	8	171

Adoption of AASB 119 – Employee Benefits

TiZir Titanium & Iron AS (a wholly owned subsidiary of TiZir Limited) offers its employees various long-term benefits in accordance with the rules and practices in force in the countries in which it operates. An actuarial appraisal of the liabilities of TiZir Titanium & Iron AS is carried out using a standard actuarial framework (assumptions and methods) defined by TiZir Limited in accordance with the principles set out in AASB 119 – Employee Benefits, at the end of each financial year. These liabilities are measured each year on a multi-annual basis (two or three years, except for non-recurring events requiring a new measurement for each case individually).

TiZir Limited has adopted AASB 119 retrospectively from 1 January 2012. As a result, actuarial gains and losses previously recognised as an expense in the Statement of Profit or Loss of TiZir Limited are now recognised as a component of other comprehensive income of TiZir Limited. As such, MDL has adjusted the equity accounting entries to reflect the impact of AASB 119 on its balance of the investment in TiZir Limited and the relevant components of equity.

Impact of transition to AASB 119 on TiZir Limited

Impact on Consolidated Statement of Financial Position

	31 Dec 2012 US$'000	1 Jan 2012 US$'000
Re-measurement of defined benefit plan obligation actuarial gains (losses)	150	(329)
Deferred tax on actuarial gains/(losses)	(42)	93
Decrease in foreign currency translation reserve	(6)	-
Decrease in retained earnings	(70)	-
Impact on equity	**32**	**(236)**
Share of impact on equity attributable to MDL shareholders	**16**	**(118)**

Impact on Consolidated Statement of Profit or Loss and Other Comprehensive Income

	31 Dec 2012 US$'000
Decrease of operating profit for the year	(97)
Increase in deferred tax expense	27
Net decrease in profit for the year	**(70)**
Share of impact on comprehensive income attributable to MDL shareholders	**(35)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

The following table sets out the financial position of TiZir Limited as at 31 December 2013 by operating segment:

	As at 31 December 2013 US$'000				As at 31 Dec 2012 US$'000
	Tyssedal	Grande Côte	Other[(i)]	Consolidated TiZir Limited	Consolidated TiZir Limited
Current assets					
Cash and cash equivalents	-	5,193	6,359	11,552	128,293
Trade and other receivables	17,502	4,425	388	22,315	71,009
Inventories	36,023	10,854	-	46,877	46,356
Other financial assets – derivative financial assets	-	-	-	-	3,490
Total current assets	**53,525**	**20,472**	**6,747**	**80,744**	**249,148**
Non-current assets					
Receivables	-	263	-	263	254
Other financial assets – investments	124	-	-	124	146
Property, plant and equipment	44,484	670,513	25,580	740,577	427,535
Mine development expenditure	-	51,591	-	51,591	51,591
Capitalised mining convention and concession costs	-	2,510	-	2,510	2,510
Mineral reserves recognised on acquisition	-	-	109,321	109,321	109,321
Intangible assets recognised on acquisition		-	19,924	19,924	38,180
Other intangible assets	334	5	-	339	23
Total non-current assets	**44,942**	**724,882**	**154,825**	**924,649**	**629,560**
Total assets	**98,467**	**745,354**	**161,572**	**1,005,393**	**878,708**
Current liabilities					
Trade and other payables	22,322	27,229	2,257	51,808	35,942
Borrowings	-	-	2,755	2,755	11,135
Current tax liabilities	18,454	-	-	18,454	27,064
Derivative financial liabilities	3,993	-	-	3,993	-
Total current liabilities	**44,769**	**27,229**	**5,012**	**77,010**	**74,141**
Non-current liabilities					
Deferred tax liabilities	2,276	-	7,151	9,427	19,721
Borrowings	31,241	-	203,339	234,580	147,375
Provisions	14	-	-	14	116
Total non-current liabilities	**33,531**	**-**	**210,490**	**244,021**	**167,212**
Total liabilities	**78,300**	**27,229**	**215,502**	**321,031**	**241,353**
Net assets	**20,167**	**718,125**	**(53,930)**	**684,362**	**637,355**
Equity					
Issued capital				621,741	571,741
Reserves				(7,657)	9,270
Retained earnings				64,030	49,045
				678,114	630,056
Non-controlling interest				6,248	7,299
Total equity				**684,362**	**637,355**

(i) 'Other' represents TiZir Limited parent entity results and applicable consolidation elimination entries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Reconciliation of financial information to carrying amount of TiZir Limited		
Equity attributable to equity holders of TiZir Limited	678,114	630,056
Portion of equity held by the group	50.0%	50.0%
Total carrying amount of TiZir Limited	**339,057**	**315,028**

The following table sets out the cash flows of TiZir Limited for the year ended 31 December 2013 by operating segment:

	Year ended 31 December 2013 US$'000				Year ended 31 Dec 2012 US$'000
	Tyssedal	Grande Côte	Other[(i)]	Consolidated TiZir Limited	Consolidated TiZir Limited
Operating activities					
Profit/(loss) for the year	43,520	(9,662)	(19,702)	14,156	48,351
Elimination of non-cash income and expenses					
- Depreciation and amortisation	8,199	5,975	19,287	33,461	33,347
- Deferred tax	(2,331)	-	(5,829)	(8,160)	(3,566)
- Loss on disposal of non-current assets	-	-	-	-	105
- Unrealised foreign exchange losses	-	1,756	1,563	3,319	4,829
Cash generated by operating activities	49,388	(1,931)	(4,681)	42,776	83,066
(Increase)/decrease in inventories	5,628	-	-	5,628	(10,303)
(Increase)/decrease in trade receivables	45,336	(41)	(298)	44,997	(43,147)
Increase/(decrease) in trade payables	2,026	1,874	1,113	5,013	(513)
Change in other assets and liabilities	15,135	142	500	15,777	23,591
Amortisation of borrowing costs	-	-	(180)	(180)	-
Interest income	-	-	(108)	(108)	-
Interest paid	-	-	-	-	286
Tax paid	(25,574)	-	-	(25,574)	(3,376)
Net change in current operating assets and liabilities	42,551	1,975	1,027	45,553	(33,462)
Net cash generated by (used in) operating activities	**91,939**	**44**	**(3,654)**	**88,329**	**49,604**
Cash flows from investing activities					
Payments for non-current assets	(1,494)	(319,706)	(6)	(321,206)	(283,063)
Payments for capitalised interest costs	-	-	(13,500)	(13,500)	-
Interest received	-	-	108	108	-
Net proceeds from/(payments to) related parties	(121,419)	314,420	(193,001)	-	-
Net cash used in investing activities	**(122,913)**	**(5,286)**	**(206,399)**	**(334,598)**	**(283,063)**
Cash flows from financing activities					
Proceeds from issue of shares	-	-	50,000	50,000	100,000
Proceeds from borrowings	32,250	-	55,000	87,250	159,807
Repayment of borrowings	(7,892)	-	-	(7,892)	(3,530)
Payment of borrowing costs	-	-	(275)	(275)	-
Net cash provided by financing activities	**24,358**	**-**	**104,725**	**129,083**	**256,277**
Net (decrease)/increase in cash held	(6,616)	(5,242)	(105,328)	(117,186)	22,818
Cash and cash equivalents at beginning of the period	6,132	10,900	111,261	128,293	105,334
Effect of exchange rates on cash holdings in foreign currencies	484	(465)	426	445	141
Cash and cash equivalents at end of the period	**-**	**5,193**	**6,359**	**11,552**	**128,293**

(i) 'Other' represents TiZir Limited parent entity results and applicable consolidation elimination entries.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

23. SUBSIDIARIES

	Note	Country of Incorporation	Auditor	Percentage owned 31 Dec 2013	Percentage owned 31 Dec 2012
(a) Subsidiary entities consolidated					
Company and head of tax consolidation group:					
- Mineral Deposits Limited*	(i)	Australia	Deloitte Touche Tohmatsu		
Subsidiaries of Mineral Deposits Limited:					
- MDL (Mining) Limited*	(i)	Australia	Deloitte Touche Tohmatsu	100	100
- MDL Gold Limited*	(i)	Australia	Deloitte Touche Tohmatsu	100	100
- Mineral Deposits (Operations) Pty Ltd*		Australia	Deloitte Touche Tohmatsu	100	100
- HNFL (Holdings) Pty Ltd*		Australia	Deloitte Touche Tohmatsu	100	100
- ZTF Investments Pty Ltd*		Australia	Deloitte Touche Tohmatsu	100	100
- Mineral Deposits International Pty Ltd*		Australia	Deloitte Touche Tohmatsu	100	100
- MDML (Capital) Limited		Mauritius	Kemp Chatteris Deloitte	100	100

** Members of tax consolidation group*

(i) These wholly-owned entities have entered into a deed of cross guarantee and have been granted relief of the requirement to prepare financial statements in accordance with Class order 98/1418. Refer to Note 24 for further details.

The lead auditor of Mineral Deposits Limited is Deloitte Touche Tohmatsu.

(b) Details of controlled entities acquired or disposed

Mineral Deposits (Operations) Senegal SUARL was wound up on 27 June 2012. The results of this entity have been included in the comparative year as a discontinued operation in these financial statements.

No other controlled entities have been acquired or disposed of during the year.

24. DEED OF CROSS GUARANTEE

The wholly-owned entities detailed in Note 23 have entered into a deed of cross guarantee with MDL pursuant to ASIC Class Order 98/1418 and are relieved of the requirement to prepare and lodge an audited financial report. These entities became parties to the deed of cross guarantee on 29 April 2008. The effect of the deed of cross guarantee is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

The consolidated Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position of the entities party to the deed of cross guarantee after eliminating all transactions between parties to the deed of cross guarantee, at 31 December 2013 are:

	Consolidated 31 Dec 2013 US$'000	Consolidated 31 Dec 2012 US$'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Share of net profit of joint venture	7,492	24,468
Other revenue	2,180	1,770
Administration expenditure	(5,687)	(5,820)
Profit on disposal of property, plant and equipment	-	2
Fair value loss on financial assets	(15,531)	-
Impairment of intercompany receivables	(5,607)	(4,036)
Foreign currency losses (unrealised)	807	(237)
(Loss)/Profit before tax	**(16,346)**	**16,147**
Income tax expense	-	-
(Loss)/Profit for the year	**(16,346)**	**16,147**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

	Consolidated 31 Dec 2013 US$'000	Consolidated 31 Dec 2012 US$'000
STATEMENT OF FINANCIAL POSITION		
Current assets		
Cash and cash equivalents	31,518	49,655
Trade and other receivables	1,145	306
Other financial assets – investments	19,952	92,951
Other	138	163
Total current assets	**52,753**	**143,075**
Non-current assets		
Receivables	10,258	9,908
Other financial assets – investments	339,057	315,028
Property, plant and equipment	475	725
Other intangible assets	6	9
Total non-current assets	**349,796**	**325,670**
Total assets	**402,549**	**468,745**
Current liabilities		
Trade and other payables	377	567
Provisions	951	1,054
Total current liabilities	**1,328**	**1,621**
Non-current liabilities		
Trade and other payables	223	471
Provisions	29	47
Total non-current liabilities	**252**	**518**
Total liabilities	**1,580**	**2,139**
Net assets	**400,969**	**466,606**
Equity		
Issued capital	377,338	356,122
Reserves	91,767	162,314
Accumulated losses	(68,136)	(51,830)
Total equity	**400,969**	**466,606**

25. PARENT ENTITY DISCLOSURE

	Consolidated	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Financial Position		
Assets		
Current assets	51,754	143,075
Non-current assets	244,482	258,832
Total assets	**296,236**	**401,907**
Liabilities		
Current liabilities	1,327	1,621
Non-current liabilities	253	518
Total liabilities	**1,580**	**2,139**
Equity		
Issued capital	377,338	356,122
Accumulated losses	(131,833)	(107,000)
	245,505	**249,122**
Reserves		
Foreign currency translation reserve	39,217	88,751
Investment revaluation reserve	-	52,223
Equity settled share based payment reserve	9,934	9,672
	49,151	150,646
Total equity	**294,656**	**399,766**
Financial Performance		
Loss for the year	**(24,833)**	**(8,318)**
Other comprehensive (loss)/income	(101,603)	20,467
Total comprehensive (loss)/income	**(126,436)**	**12,149**

(a) Guarantees entered into by the parent in relation to the debts of its subsidiaries

The parent entity, Mineral Deposits Limited, has not entered into guarantees in relation to the debts of its subsidiaries, except for below.

(b) Contingent liabilities of the parent

The parent entity, Mineral Deposits Limited, and its wholly-owned subsidiaries MDL (Mining) Limited and MDL Gold Limited entered into a deed of cross guarantee pursuant to ASIC Class Order 98/1418 on 29 April 2008. The effect of the deed of cross guarantee is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

(c) Commitments for the acquisition of property, plant and equipment by the parent

No commitments for the acquisition of property, plant and equipment by the parent entity exist.

26. CASH FLOW INFORMATION

		Consolidated 31 Dec 2013 US$'000	Consolidated 31 Dec 2012 US$'000
(a)	**Reconciliation of cash and cash equivalents**		
	Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the Statement of Financial Position as follows:		
	Cash on hand and at bank	27,252	3,968
	Other – term deposits	4,752	46,255
	Total cash and cash equivalents at end of year	**32,004**	**50,223**
(b)	**Reconciliation of profit/(loss) for the year to net cash flows from operation activities**		
	(Loss)/profit for the year	(16,626)	16,221
	Depreciation & amortisation	175	221
	Amortisation of lease incentive	53	61
	Share of net profit of joint venture using equity accounting	(7,492)	(24,468)
	Share based remuneration	249	267
	Allowance for doubtful debts	-	2
	Foreign exchange (gain)/loss	(651)	231
	Profit on sale of non-current assets	-	(2)
	Impairment of financial assets	21,196	3,928
	Interest income received and receivable	(856)	(1,480)
	Changes in assets and liabilities:		
	Decrease/(increase) in trade and term debtors	(1,119)	185
	(Increase)/decrease in prepayments	3	(15)
	Increase in accrued income	142	(101)
	Decrease in trade creditors and accruals	(192)	(58)
	Increase/(decrease) in employee entitlements	30	(60)
	(Decrease)/increase in rehabilitation provisions	1	(101)
	(Decrease)/increase in income tax	-	-
	Net cash (used in) operating activities	**(5,087)**	**(5,169)**

(c) Non-cash financing and investing activities

There were no non-cash financing and investing activities during the year ended 31 December 2013.

(d) Cash balances not available for use

The Company has $315,317 (31 December 2012 - $506,530) in term deposits included in the cash and cash equivalents that are not readily available for use by the group. These term deposits are held as security over the Company's corporate credit card, credit charge facility and lease of corporate head office premises and held in favour of a bank guarantee.

27. FINANCIAL INSTRUMENTS

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Capital risk management

The group manages its capital to ensure that entities of the group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in statement of changes in equity.

The gearing ratio at year-end was as follows:

	Consolidated	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Financial assets		
Cash and cash equivalents (Note 26(a))	32,004	50,223
Debt	-	-
Net cash	32,004	50,223
Total equity	401,732	467,289
Net debt to equity ratio	N/A	N/A

(b) Categories of financial instruments

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Financial assets:		
Other receivables – current	1,146	306
Other receivables – non current	5,009	-
Other financial assets – current	24,922	99,911
Other financial assets – non-current	-	2,415
Investment in joint venture	339,057	315,028
Cash and cash equivalents	32,004	50,223
Financial liabilities:		
Other payables and accruals	340	546

Foreign currency risk management

The Company and group have certain financial instruments denominated in AUD. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to the AUD may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in AUD.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities that are denominated in a currency other than the functional currency of the entity that holds the financial asset or financial liability at the reporting date is as follows:

	Financial assets		Financial liabilities	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000	31 Dec 2013 US$'000	31 Dec 2012 US$'000
AUD	42,852	125,631	326	508

Foreign currency sensitivity analysis

The Company and group are mainly exposed to AUD. Ten per cent represents management's assessment of the reasonably possible change in foreign exchange rates. Sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at period end for a 10% change in the functional currency rates. A negative number indicates a decrease in profit or equity where the functional currency strengthens 10% against the relevant currency for financial assets and where the functional currency weakens against the relevant currency for financial liabilities. For a 10% weakening of USD against the relevant currency for financial assets and a 10% strengthening for financial liabilities, there would be an equal and opposite impact on net assets and the balances would be positive.

	Financial assets		Financial liabilities	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000	31 Dec 2013 US$'000	31 Dec 2012 US$'000
AUD impact				
Profit or loss	(4,285)	(12,563)	(33)	51
Other equity	-	-	-	-

Foreign currency exchange contracts

The Company has not entered into forward exchange contracts to buy or sell specified amounts of foreign currencies in the future at stipulated exchange rates.

(c) Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in the market interest rates. The Company has exposure to interest rate risk relating to its bank balances.

	Consolidated	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Financial assets		
Cash at bank	32,004	50,223

Interest rate sensitivity analysis

Variable rate of interest is the sensitivity rate used in management's assessment of the reasonably possible change in interest rates.

If interest rates had been higher by 50 basis points and all other variables were held constant, the profit and net assets would increase/decrease by:

	Financial assets		Financial liabilities	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Company and group				
Profit or loss	160	251	-	-
Other equity	-	-	-	-

If interest rates had been 50 basis points lower, the impact would be equal and opposite.

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the group has minimal trade receivables as the group is at the construction stage with respect to the mineral sands division. The Company limits its credit risk by carrying out transactions only with its related parties in some instances.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors who have built an appropriate liquidity risk management framework for the management of the group's funding and liquidity management requirements. The group manages liquidity risk by maintaining sufficient cash balances.

Liquidity and interest risk tables

The following tables detail the Company's and the group's remaining contractual maturity for their non-derivative financial assets and liabilities. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Due on demand US$'000	Due one to three months US$'000	Due three months to one year US$'000	Due one to five years US$'000	Total US$'000
Consolidated						
31 Dec 2013						
Financial Liabilities						
Non-interest bearing	-	340	-	-	-	340
		340	-	-	-	340
31 Dec 2012						
Financial Liabilities						
Non-interest bearing	-	546	-	-	-	546
		546	-	-	-	546
Consolidated						
31 Dec 2013						
Financial Assets						
Variable interest rate	2.04	27,252	4,752	-	5,009	37,013
Non-interest bearing	-	-	146	1,000	-	1,146
		27,252	4,898	1,000	5,009	38,159
31 Dec 2012						
Financial Assets						
Variable interest rate	2.2	3,968	46,255			50,223
Non-interest bearing	-	-	306	-	-	306
		3,968	46,561	-	-	50,529

Excluded from the above table is the anticipated funding of a loan commitment to TiZir of $35.0 million in the first half of 2014 (as outlined in Note 19 above). This is expected to be funded from existing cash reserves as outlined above along with the proceeds from the sale of the group's investment in Teranga Gold Corporation ($20.0 million) and Tranche 2 of the share placement undertaken in December 2013 ($12.8 million).

(f) Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

Other financial assets measured at fair value (representing the Company's investment in Teranga Gold Corporation and World Titanium Resources Limited) are categorised as Level 1 financial assets as the fair value is derived from quoted market prices in active markets.

28. SEGMENT REPORTING

The Company's reportable segments under AASB 8 are as follows:

- mineral sands activities incorporating the Company's joint venture interest in TiZir Limited.

'Other' is the aggregation of the Company's other operating segments that are not separately reportable and is predominantly the corporate head office.

Information regarding these segments is presented below. The accounting policies of the new reportable segments are the same as the Company's accounting policies.

Segment revenue and results

The Mineral Sands Division is the Company's only operating segment and incorporates the Company's joint venture interest in TiZir Limited which is accounted for on an equity accounting basis. The Company only recognises its share of the profit of TiZir Limited and share of other comprehensive income in the Statement of Profit or Loss and Other Comprehensive Income and therefore there is no disclosure of revenue and results for this operating segment.

Segment assets and liabilities

The following is an analysis of the group's assets and liabilities by reportable operating segment:

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Assets		
Segment assets – Mineral sands division	350,035	324,402
Unallocated assets	52,991	144,694
Total assets	**403,026**	**469,096**
Liabilities		
Unallocated liabilities	1,448	1,807
Total liabilities	**1,448**	**1,807**

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Mineral sands division	-	-		-
Unallocated	175	221	12	416
Total	**175**	**221**	**12**	**416**

Revenue from segment

The following is an analysis of the group's revenue by reportable operating segment:

	Year ended	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Continuing operations		
Other revenue from mineral sands division (i)	1,130	321
Unallocated revenue	1,171	1,770
Total other revenue	2,301	2,091

(i) Represents technical assistance fees to Grande Côte Operations SA and management fees & interest charged to TiZir Limited during the year.

Impairment charges by segment

The following is an analysis of the group's impairment charges by reportable operating segment:

	Year ended	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Continuing operations		
Mineral sands division – investment in World Titanium Resources Limited	5,665	3,928
Unallocated – investment in Teranga Gold Corporation	15,531	-
Total other revenue	21,196	3,928

Geographical information

The group operates in various geographical areas, predominantly in the United Kingdom, Australia and Mauritius. The following is an analysis of the group's revenue and its non-current assets by geographical location:

	Revenue		Non-current assets	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000	31 Dec 2013 US$'000	31 Dec 2012 US$'000
United Kingdom	1,010	-	344,066	315,028
Australia	1,171	1,770	746	3,460
Mauritius	120	321	-	-
Total	**2,301**	**2,091**	**344,812**	**318,488**

The non-current assets in the United Kingdom comprise the investment in the joint venture company TiZir Limited which beneficially holds operations in Senegal, Mauritius and Norway.

Information about major customers

As the group's operating segment incorporates the Company's joint venture interest in TiZir Limited, there are no major customers.

29. SHARE-BASED PAYMENTS

(a) The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Performance rights issued to directors

Grant date	Expiry date	No. at beginning of year	Other movements - refer Note 29(b)	No. at end of year	Fair value at grant date A$	Note
31 August 2011	31 Aug 2016	250,000	-	250,000	772,711	(1)

(1) Granted on 31 August 2011 to directors to accept ordinary shares at any time subject to vesting conditions:

- one-third – vest provided the director remains employed with MDL until 31 August 2014;
- one-third – a calculation of the relative Total Shareholder Return ("TSR") of MDL measured against a pre-determined comparator group (the comparator group being the S&P/ASX Resources 300 Index excluding those companies which are also in the S&P/ASX Resources 100 Index) during the period from 1 September 2011 to 31 August 2014, whereby the relative TSR hurdle vests:
  - 50% where the TSR performance is better than 50% of the comparator group
  - 100% where the TSR performance is better than 75% of the comparator group
  - Proportionate straight line vesting from 50% to 100% where the TSR performance is between 50% and 75% of the comparator group; and
- one-third – achievement of commercial sales of product from Grande Côte prior to 1 July 2014.

The performance rights issued expire on 31 August 2016 and vest on the earliest to occur of:

- 31 August 2014, being three years from date of grant;
- upon a change of control of the Company whereby if the change of control occurs:
  - during the first year of the vesting period, 50% vest;
  - during the second year of the vesting period, 75% vest; and
  - during the third year of the vesting period, 100% vest;
- termination of employment of the relevant director without cause by the Company (a proportion will vest); and
- employment of the relevant director ceases under "good leaver" provisions (a proportion will vest).

Performance Rights issued to directors are measured at fair value at the date of grant and are expensed where there are no vesting conditions and in cases where a vesting restriction exists, amortised over the vesting period. In accordance with Accounting Standards, fair value is determined using a generally accepted valuation model.

Performance rights hold no voting or dividend rights and are not transferrable except with prior written approval of the Board.

(b) Movements in performance rights during the period

The following reconciles the outstanding performance rights on issue at the beginning and end of the financial year:

	No. of Performance rights	
	31 Dec 2013	31 Dec 2012
Balance at the beginning of the financial period	250,000	250,000
Issued during the financial period	-	-
Balance at end of the financial period (i)	250,000	250,000
Exercisable at end of the financial period	-	-

(i) The performance rights outstanding at the end of the financial period had a weighted average remaining contractual life of 2.67 years.

Included under administration expenses in the Statement of Profit or Loss and Other Comprehensive Income is $249,508 (31 December 2012 – $266,846) and relates, in full, to performance rights component of equity settled share based payment transactions issued to directors amortised over the vesting period.

30. AUDITORS' REMUNERATION

	Consolidated	
	31 Dec 2013 US$	31 Dec 2012 US$
Amounts in dollars		
Auditor of the parent entity		
Audit or review of financial reports of the entity	86,390	82,375
Preparation of the tax return	24,236	23,429
Other non-audit services – taxation advice	-	3,081
Total remuneration – Deloitte Touche Tohmatsu	110,626	108,885
Related practice of parent entity auditor		
Audit or review of financial reports of the entity	13,848	10,533
Preparation of the tax return	1,912	2,180
Total remuneration – related practice of parent entity auditor	15,760	12,713

The auditors did not receive any other benefits.

The auditor of the Company is Deloitte Touche Tohmatsu.

31. SUBSEQUENT EVENTS

On 15 January 2014, the Company disposed of its shareholding in Teranga Gold Corporation for net proceeds of US$20.0 million. The carrying value of this investment at 31 December 2013 is the same as the net proceeds of this disposal.

On 28 January 2014, shareholders approved the issue of shares comprising Tranche 2 of a share placement undertaken in December 2013. As such, 7,500,000 shares were issued on 5 February 2014 at A$2.00 per share for gross proceeds of A$15 million.

Other than the above, there are no further matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

32. KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated 31 Dec 2013	Consolidated 31 Dec 2012
The compensation of key management personnel of the consolidated entity is set out below:		
Short term employee benefits	2,485	1,930
Post-employment benefits	130	188
Equity-settled share-based payments	250	267
	2,866	2,385

33. RELATED PARTY TRANSACTIONS

(a) Equity interests in related parties

Details of percentages of ordinary shares held in subsidiaries are disclosed in Note 23 to the financial statements.

(b) Transactions with key management personnel

Details of key management personnel compensation are disclosed in the Directors' Report.

No loans were made to directors or director-related entities during this period.

Shareholdings

Number of fully paid ordinary shares held, directly, indirectly or beneficially, by Company directors and key management personnel:

	Balance as at 1 January 2013	Received as remuneration	Options exercised	Net change other	Balance as at 31 Dec 2013
31 December 2013					
Directors					
Nic Limb	328,531	-	-	-	328,531
Rick Sharp	119,803	-	-	(21,612)	98,191
Martin Ackland	105,691	-	-	-	105,691
Robert Danchin	862	-	-	-	862
David Isles	33,755	-	-	-	33,755
Tom Whiting	-	-	-	-	-
Key Executives					
Michaela Evans (ii)	-	-	-	-	-
Kathryn Davies (i)	10,000	-	-	(10,000)	-
TOTAL	589,642	-	-	(31,612)	567,030

	Balance as at 1 January 2012	Received as remuneration	Options exercised	Net change other	Balance as at 31 Dec 2012
31 December 2012					
Directors					
Nic Limb	328,531	-	-	-	328,531
Rick Sharp	119,803	-	-	-	119,803
Martin Ackland	105,691	-	-	-	105,691
Robert Danchin	862	-	-	-	862
David Isles	33,755	-	-	-	33,755
James (Murray) Grant (iii)	-	-	-	-	-
Tom Whiting	-	-	-	-	-
Key Executives					
Kathryn Davies (i)	10,000	-	-	-	10,000
TOTAL	598,642	-	-	-	598,642

(i) Kathryn Davies resigned from her position of Company Secretary on 22 March 2013 and as such ceased to be a member of Key Management Personnel at that date.

(ii) Michaela Evans was appointed Company Secretary on 22 March 2013 and as such became a member of Key Management Personnel at that date.

(iii) James (Murray) Grant retired from the Board on 1 May 2013 and as such ceased to be a member of Key Management Personnel at that date.

The aggregate number of shares held by directors of the Company or their director related entities at year-end was 567,030 (31 December 2012 – 598,642). There were no share options granted as remuneration to directors or key management personnel during the financial period.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

Options and Performance Rights Holdings

There were no share options held by directors of the Company or their director related entities at year-end (31 December 2012 – nil).

Number of **performance rights** held directly, indirectly or beneficially by Company directors and key management personnel:

	Balance as at 1 January 2013	Granted as remuneration	Performance Rights exercised	Net change other	Balance as at 31 Dec 2013
31 December 2013					
Directors					
Nic Limb	100,000	-	-	-	100,000
Rick Sharp	100,000	-	-	-	100,000
Martin Ackland	50,000	-	-	-	50,000
Robert Danchin	-	-	-	-	-
David Isles	-	-	-	-	-
Tom Whiting	-	-	-	-	-
Key Executives					
Michaela Evans (ii)	-	-	-	-	-
Kathryn Davies (i)	-	-	-	-	-
Total	250,000	-	-	-	250,000

	Balance as at 1 January 2012	Granted as remuneration	Performance Rights exercised	Net change other	Balance as at 31 Dec 2012
31 December 2012					
Directors					
Nic Limb	100,000	-	-	-	100,000
Rick Sharp	100,000	-	-	-	100,000
Martin Ackland	50,000	-	-	-	50,000
Robert Danchin	-	-	-	-	-
David Isles	-	-	-	-	-
James (Murray) Grant	-	-	-	-	-
Tom Whiting	-	-	-	-	-
Key Executives					
Kathryn Davies (i)	-	-	-	-	-
Total	250,000	-	-	-	250,000

(i) Kathryn Davies resigned from her position of Company Secretary on 22 March 2013 and as such ceased to be a member of Key Management Personnel at that date.

(ii) Michaela Evans was appointed Company Secretary on 22 March 2013 and as such became a member of Key Management Personnel at that date.

(iii) James (Murray) Grant retired from the Board on 1 May 2013 and as such ceased to be a member of Key Management Personnel at that date.

(c) Transactions with other related parties

Transactions between MDL and its related parties:

Balances existed between the Company and its related parties at year-end:

	31 Dec 2013 US$	31 Dec 2012 US$
MDL (Mining) Limited	232,982,932	241,446,872
HNFL (Holdings) Pty Ltd	279,871	323,152
ZTF Investments Pty Ltd	4,969,607	9,375,295
MDL Gold Limited	964	-
Mineral Deposits (Operations) Pty Ltd	(50,693)	(59,261)
Mineral Deposits International Pty Ltd	(223,219)	(261,189)
	237,959,462	250,824,869

The above receivables and loans were non-interest bearing with no fixed repayment terms and payable on demand.

Transactions between the group and its related parties:

During the year ended 31 December 2013, there were no transactions between the group and its related parties.

(d) Transactions with director related entities

During the financial year ended 31 December 2013, the following transaction occurred between the group and its director related entities:

- office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to FAR Limited of which Mr Nic Limb is a non-executive director. The Company charged $95,055 (31 December 2012 – $101,919) (excluding GST) in relation to the provision of these services to 31 December 2013;
- office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Stellar Resources Limited of which Dr David Isles and Dr Tom Whiting continue as non-executive directors. The Company charged $57,278 (31 December 2012 – $72,423) (excluding GST) in relation to the provision of these services to 31 December 2013;
- office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Predictive Discovery Limited of which Dr Robert Danchin and Dr Tom Whiting held non-executive director positions until 21 May 2013. The Company charged $15,790 (31 December 2012 – $18,523) (excluding GST) in relation to the provision of these services to 31 December 2013; and
- technical assistance was provided by the consolidated entity at commercial rates to TiZir Mauritius Limited of which Messrs Nic Limb, Rick Sharp and Martin Ackland continue as directors. The Company charged $120,000 (31 December 2011 – $320,934) (excluding GST) in relation to the provision of these services to 31 December 2013.

Amounts due from FAR Limited, Stellar Resources Limited, Predictive Discovery Limited and TiZir Mauritius Limited are disclosed as amounts due from other related parties in Note 9. None are considered to be impaired.

(e) Transactions with TiZir Limited

During the financial year ended 31 December 2013, the following transaction occurred between the group and its joint venture, TiZir Limited:

- during the year, the group charged TiZir Limited a management fee of $1.0 million (31 December 2012 – nil) for office, accounting, administrative and management support provided in the 2012 and 2013 years. For future years, the management fee will be $500,000 per annum; and
- during the year ended 31 December 2013, the Company entered into a $40 million subordinated loan agreement with TiZir Limited. This loan is interest bearing at a rate of LIBOR (three month) plus five percent and is repayable on or before 29 September 2018. According to the loan agreement, no repayment of the loan may be made unless the Corporate Bonds issued by TiZir Limited on 29 September 2012 are fully repaid. The Company advanced $5 million to TiZir as part of this loan agreement in December 2013, with the remaining $35 million anticipated to be advanced in 2014. During the year ended 31 December 2013, the Company charged $8,730 interest on the subordinated loan.

Amounts due from TiZir Limited are disclosed as amounts due from other related parties in Note 9. None are considered to be impaired.

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in Note 3 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 24 to the financial statements, will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors

Robert Danchin
Deputy Chairman

Rick Sharp
Managing Director

Melbourne, 26 February 2014

Deloitte.

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Independent Auditor's Report
to the members of Mineral Deposits Limited

Report on the Financial Report

We have audited the accompanying financial report of Mineral Deposits Limited, which comprises the Consolidated Statement of Financial Position as at 31 December 2013, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 23 to 65.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mineral Deposits Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte.

Opinion

In our opinion:

(a) the financial report of Mineral Deposits Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 21 of the directors' report for the year ended 31 December 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Mineral Deposits Limited for the year ended 31 December 2013 complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 26 February 2014

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Securities Exchange in respect of listed public companies only.

1. SHAREHOLDING

The issued capital of the Company as at 25 February 2014 was 103,538,786 ordinary shares fully paid.

(a) Distribution of Shareholder Numbers

Size of Holding	Number of Shareholders	Number of Shares Held	%
1 - 1,000	1,634	485,188	0.47
1,001 - 5,000	556	1,330,860	1.28
5,001 - 10,000	115	856,860	0.83
10,001 - 100,000	103	3,184,496	3.08
100,001 - 999,999,999	19	97,681,382	94.34
	2,427	103,538,786	100.00

(b) There were 795 shareholders who held less than a marketable parcel (213 shares) based on the market price of A$2.35

(c) The names of the substantial shareholders of the Company as disclosed in substantial holding notices given to the Company are:

	Name	Number of Shares Held
1.	Commonwealth Bank of Australia	8,165,528
2.	BlackRock Group	7,976,994
3.	AMP Limited	6,362,572
4.	Ellerston Capital Limited	4,360,455
		26,865,549

(d) 20 Largest shareholders – ordinary shares

	Name	Number of Shares Held	%
1.	National Nominees Limited	25,200,155	24.34
2.	HSBC Custody Nominees (Australia) Limited	21,124,772	20.40
3.	J P Morgan Nominees Australia Limited	19,393,975	18.73
4.	Citicorp Nominees Pty Limited	10,896,850	10.52
5.	BNP Paribas Noms Pty Ltd <DRP>	5,650,164	5.46
6.	UBS Nominees Pty Limited	3,820,759	3.69
7.	AMP Life Limited	3,006,043	2.90
8.	J P Morgan Nominees Australia Limited <Cash Income A/C>	2,558,665	2.47
9.	HSBC Custody Nominees (Australia) Limited – A/C 3	1,166,812	1.13
10.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	955,501	0.92
11.	HSBC Custody Nominees (Australia) Limited – A/C 2	845,824	0.82
12.	Zero Nominees Pty Ltd	836,396	0.81
13.	RBC Investor Services Australia Nominees Pty Limited <PISELECT>	563,141	0.54
14.	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	513,937	0.50
15.	Fountain Oaks Pty Ltd <Limbs Family Super Fund A/C>	403,531	0.39
16.	QIC Limited	373,988	0.36
17.	CS Fourth Nominees Pty Ltd	157,444	0.15
18.	MLEQ Nominees Pty Limited <Unpaid1 A/C>	110,234	0.11
19.	Mrs Penelope Margaret Ackland + Mr Martin Clyde Ackland <MC & PM Ackland S/F A/C>	103,191	0.10
20.	TAIF Telecom Trading SARL <Account 1>	100,000	0.10
		97,781,382	94.44

(e) Voting Rights

Voting rights of members are governed by the Company's Constitution. In summary, on a show of hands, every member present in person or by proxy shall have one vote and, upon a poll, every such attending member shall be entitled to one vote for every share held.

(f) Performance Rights

250,000 performance rights are held by three individual holders. Performance rights do not carry a right to vote.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

2. TENEMENT SCHEDULE

Project	Tenement Number	Interest %
Australia		
Hawks Nest	Special Lease 400	100
Hawks Nest	Mining Purposes Lease 217	100
Hawks Nest	Mining Purposes Lease 1398	100

CORPORATE DIRECTORY

DIRECTORS

Nic Limb (Executive Chairman)
Rick Sharp (Managing Director)
Martin Ackland (Executive)
Robert Danchin (Non-executive/Deputy Chairman)
David Isles (Non-executive)
Tom Whiting (Non-executive)
Charles (Sandy) MacDonald (Non-executive)

COMPANY SECRETARY

Michaela Evans

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Trading Code: MDL

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