

REALISING THE TIZIR VISION

Melbourne Mining Club Cutting Edge
13 September 2016



 **MDL**

STATEMENTS

MDL OVERVIEW

- MDL's primary asset is a 50% interest in the TiZir joint venture ('TiZir'), which owns the Grande Côte mineral sands operation ('GCO') in Senegal, West Africa and the TiZir Titanium & Iron ilmenite upgrading facility ('TTI') in Tyssedal, Norway. ERAMET of France is MDL's 50% joint venture partner in TiZir.
- MDL's product suite includes zircon, titanium feedstocks (ilmenite, rutile, leucoxene and a high-grade chloride titanium slag) as well as a high purity pig iron ('HPPI').

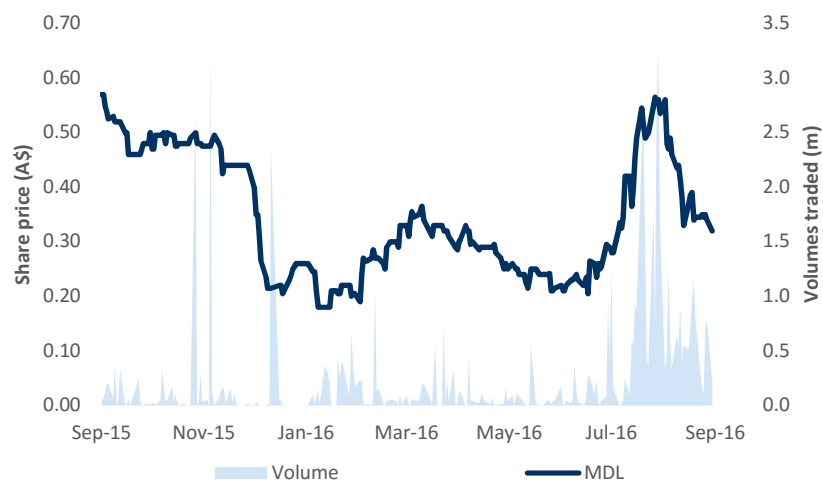
FORWARD LOOKING STATEMENTS

- Certain information contained in this report, including any information on MDL's plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute forward-looking statements. Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. MDL cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of MDL to be materially different from the company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. These factors include the inherent risks involved in mining, operation of mineral processing facilities, exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of zircon, ilmenite and other key inputs, changes in the regulatory environment and other government actions, changes in mine plans and other factors, such as business and operational risk management, many of which are beyond the control of MDL. Except as required by applicable regulations or by law, MDL does not undertake any obligation to publicly update, review or release any revisions to any forward-looking statements to reflect new information, future events or circumstances after the date of this report.
- Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.
- Expressed in **United States dollars** unless otherwise stated.

MDL – 50% OWNERSHIP OF THE TIZIR JOINT VENTURE

SIGNIFICANT MINERAL SANDS EXPERIENCE

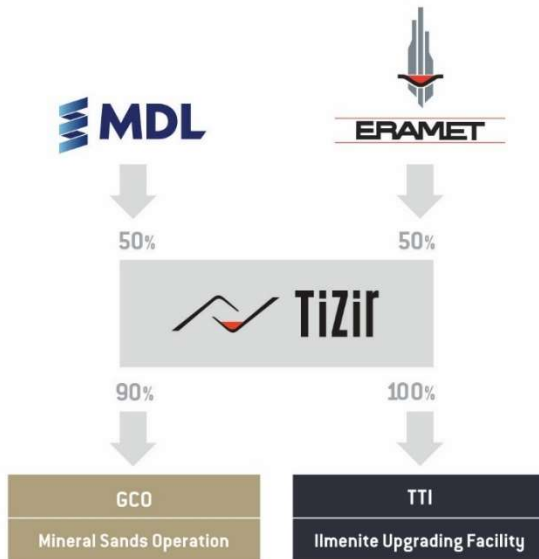
Share price (as at 12 September 2016)	A\$0.315
Shares on issue	103.7m
Market capitalisation	A\$32.7m
12 month high	A\$0.62
12 month low	A\$0.175



- Significant mineral sands industry experience
 - acquisition of Hawks Nest operation from BHP in 1998
- Management significantly involved in resource sector development in Senegal
- Key asset is a 50% interest in the TiZir joint venture ('JV')
 - MDL balance sheet dominated by JV investment (\$185m) and loans to the JV (\$72m)
 - MDL effectively has zero net debt
- Share register transitioning
 - top 10 shareholders own 68%
 - major shareholder is Allan Gray Australia Pty Ltd (17.5%)
- Recent share price volatility a function of:
 - improving sector sentiment
 - ramp up and operational optimisation
 - improving trading liquidity
 - recent operational incident at TTI

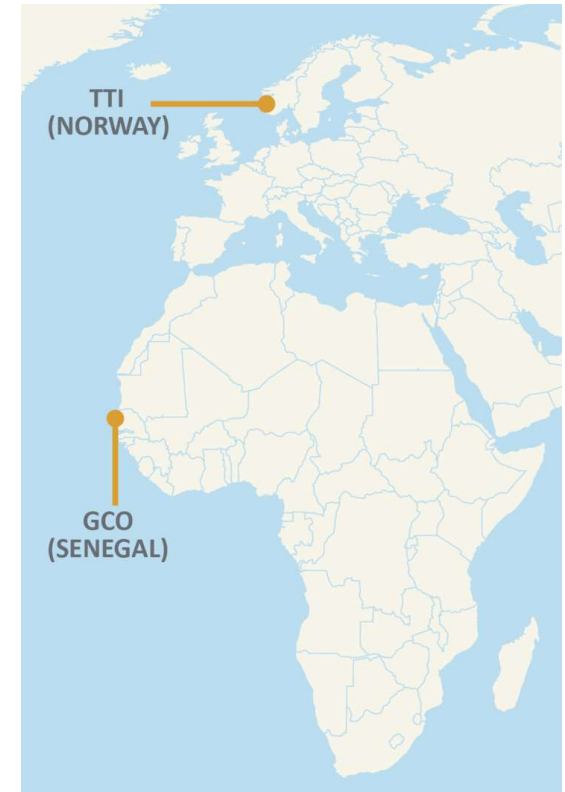
THE TIZIR JOINT VENTURE

AN INTEGRATED PRODUCER OF HIGH GRADE ZIRCON AND TITANIUM SLAG



TIZIR SNAPSHOT

- GCO mine
 - high quality zircon, ilmenite (largely consumed by TTI), rutile and leucoxene
 - 25 year expected mine life
- TTI facility
 - operating since 1986
 - current capacity of 230ktpa chloride titanium slag & 100ktpa of HPPI
- Capital expenditure program complete
 - GCO ~\$650m mine construction
 - TTI ~\$70m smelter upgrade & expansion
- 1H 2016 balance sheet
 - total assets of \$969m (net assets \$473m)
 - funded by: corporate bond (\$275m), working capital facilities (drawn to \$80m) and shareholder loans (\$191m)
- Experienced management teams at GCO & TTI



THE TIZIR JOINT VENTURE



MINE > INTEGRATE > TRANSFORM



BENEFITS OF INTEGRATION

INTEGRATION STRATEGY FOCUSED ON MAXIMISING RETURNS AND MINIMISING RISK PROFILE



Flexible production

- Able to produce two types of upgraded titanium slag (chloride or sulphate)
- Emphasis on maximising returns
- Ability to respond to changes in market dynamics

Chloride slag focus

- Strong market fundamentals
- Higher margin product
- Produced using GCO ilmenite
- Prior history of chloride slag production at TTI
- Logistical advantages for customer access (Europe & North America)
- Environmental benefits

Minimise risk profile

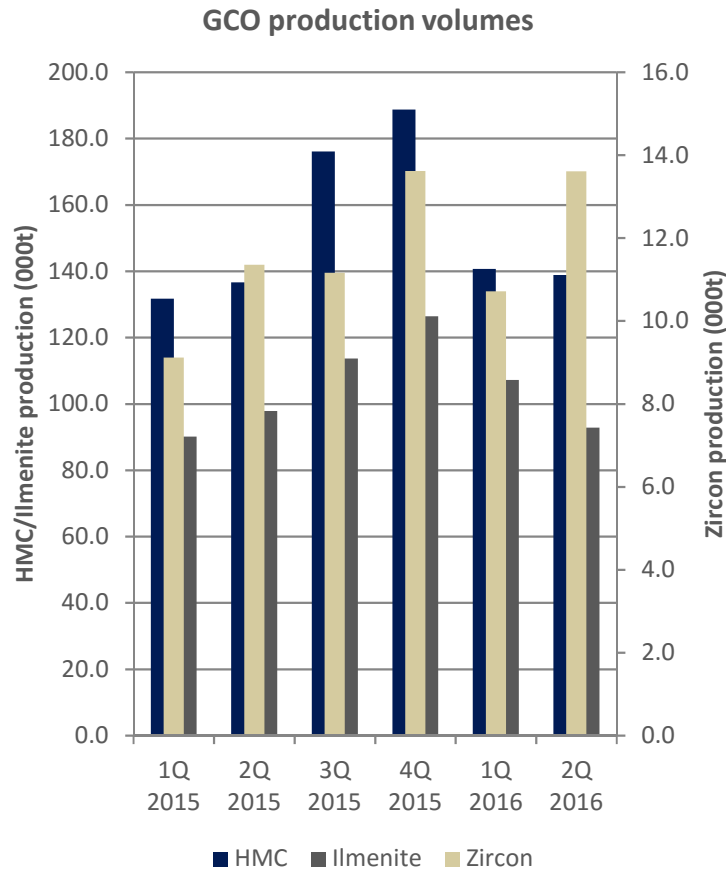
- GCO offtake security limits exposure to lower value, more volatile ilmenite markets
- TTI supply security mitigates exposure to ilmenite price risk

Improved margins

- Cost efficiencies
- Maximise value on sale
- Targeted production capacity expansion (approx. 15%)

GCO STATUS UPDATE 2Q 2016

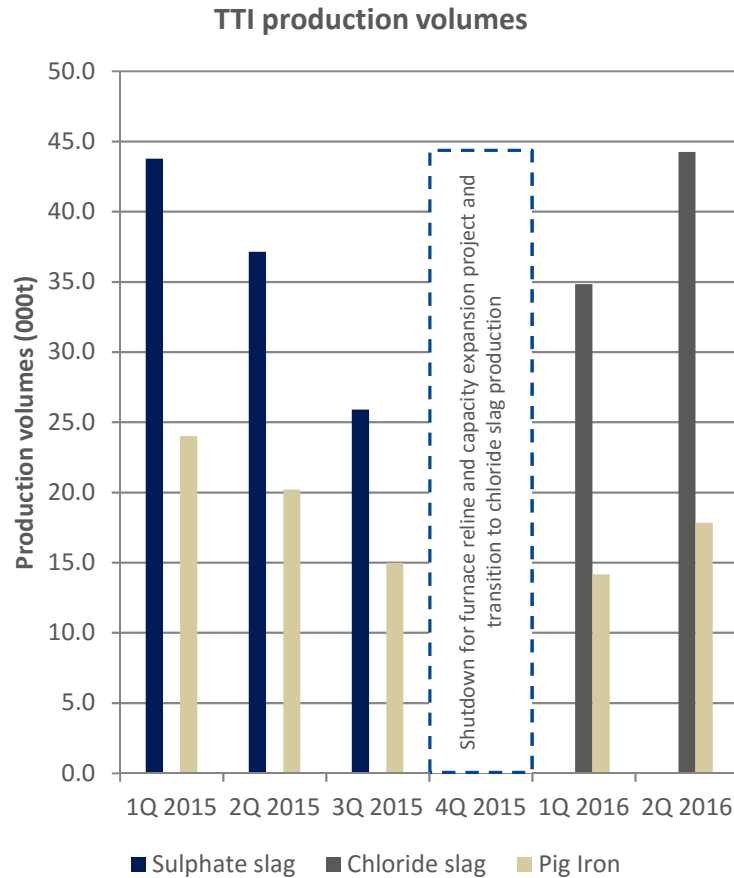
KEY FOCUS IS OPERATIONAL OPTIMISATION



- Key optimisation projects underway
 - maximise availability, throughput and operational consistency
- Dredge has shown ability to operate consistently at rates above 7,000tpoh
 - average throughput rate of 7,350tpoh for the month of June
- Significant periods where WCP has operated at or above design capacity
- Wet plant and ilmenite circuit of the MSP dry plant operating to expectations
 - significant improvement in zircon yields following completion of a number of optimisation projects during 2Q 2016
- With improved production levels and record sales in 1H 2016, GCO achieved its first half-year of positive cash flows

TTI STATUS UPDATE 2Q 2016

FURNACE RELINE AND CAPACITY EXPANSION PROJECT COMPLETED SUCCESSFULLY



- On the back of strong sales performance, TTI achieved a positive EBITDA of US\$6m for 1H 2016
- Up until 15 August 2016, ramp up of operations was proceeding well with the furnace, in particular, exceeding expectations
- Periods during 2Q where the furnace was operating close to expanded nameplate capacity
- Both chloride slag and iron specifications have been consistent with expectations and well received by the market
- As announced, an operational incident occurred at TTI on 15 August 2016
 - insurance claim with respect to property damage and business interruption in progress
 - no connection between the incident and the recent project to expand furnace capacity

MINERAL SANDS MARKET UPDATE

INDUSTRY STRUCTURE CONTRIBUTES TO IMPROVING MARKET DYNAMICS



INDUSTRY CHARACTERISTICS

- Supply-chain for TiO₂ pigment is long and highly consolidated
- Demand and global GDP strongly correlated
- Opaque product pricing
- Emergence of China in 2010

RECENT INDUSTRY DEVELOPMENTS

- Pricing currently at historic lows
- Industry response by major producers
 - match production to demand
 - closures/idled capacity
 - inventory destocking
- Greenfield & brownfield investment cancelled or deferred
- Increasing rationalisation in China
- Excess capacity and some inventory overhang prevail

INDUSTRY OUTLOOK

- Confirmed signs of market recovery
- Tighter market for chloride slag continues to justify strategy
- Increasing global pigment demand
 - several price increases for producers since end 2015, with potential for more
- Downstream pigment users enjoying healthy margins
- Financial pressures encouraging consolidation and rationalisation

SIGNIFICANT LEVERAGE FOR SHAREHOLDERS & NEW INVESTORS

A STRONG PLATFORM FROM WHICH TO GROW SHAREHOLDER WEALTH



Significant value leverage

- Present market value not reflective of current industry fundamentals and asset replacement value
- Improving sector outlook presents opportunity for significant value leverage



Substantial five year capital program complete



Realisation of benefits from implementation of recent corporate strategy

- Integrated operation to maximise margin and minimise risk



Improving financial performance at TiZir even in the current commodity price environment



50/50 Partnership with ERAMET, a major global player in manganese and nickel mining & smelting

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