

# MDL ANNUAL GENERAL MEETING

4 May 2017



ASX: MDL



# STATEMENTS

## MDL OVERVIEW

- MDL's primary asset is a 50% interest in the TiZir joint venture, which owns the Grande Côte mineral sands operation in Senegal, West Africa and the TiZir Titanium & Iron ilmenite upgrading facility 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 and fines) as well as a high-purity pig iron.

## FORWARD-LOOKING STATEMENTS

- Certain information contained in this presentation 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, financing risks, 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.
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- Nothing in this presentation should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.

## 2016 HIGHLIGHTS

### SIGNIFICANT ACHIEVEMENTS IN CHALLENGING CIRCUMSTANCES



#### Operations generated EBITDA of US\$24m

- Cash flow positive at GCO
- Impressive performance given commodity price environment

#### GCO delivering on its potential

- Numerous production records with improving operational consistency and run time
- Successful projects focused on optimising operations and cost efficiencies
- Improved safety performance

#### Successful restart of TTI operations

- Ramp up approximated expanded capacity rates in 3Q 2016 before August shutdown

#### Bond refinancing well progressed



# MDL SHARE PRICE PERFORMANCE

## SIGNIFICANT LEVERAGE AVAILABLE FOR SHAREHOLDERS

Share price (as at 3 May 2017)	A\$0.515
Shares on issue	~197.0m
Market capitalisation	~A\$101.4m
12 month high	A\$0.62
12 month low	A\$0.20



### Building platform to deliver shareholder returns

- Operations
  - Improved production consistency and run times at GCO
  - Successful furnace upgrade at TTI
  - Focus on safety
  - Implementation of cost efficiencies
- Financing
  - MDL recapitalisation complete
  - TiZir bond refinancing progressing to schedule with key milestones being achieved

### Improving market conditions

- Positive signs for both titanium feedstocks and zircon

# THE TIZIR ADVANTAGE

INTEGRATION STRATEGY REMAINS THE KEY TO SUCCESS

## GCO

- Long life, low-cost mine
- High-quality product suite
- Reliable power and access to water
- Ownership or control of key infrastructure

## INTEGRATION BENEFITS

- Production flexibility
- Minimise risk profile
- Maximise margins

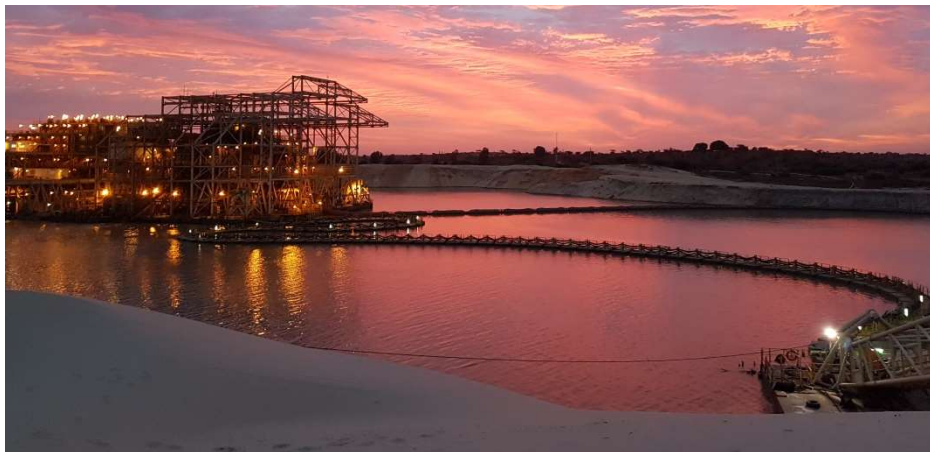
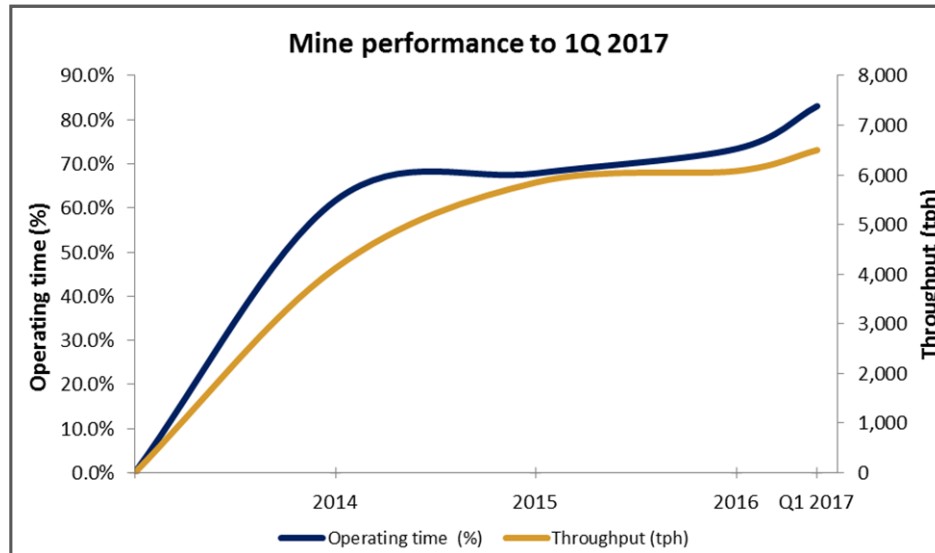
## TTI

- Operating for over 30 years
- Valuable technology, intellectual property
- Abundant, hydro-sourced electric power
- Recent capacity upgrade



# GCO UPDATE

## CONTINUED FOCUS ON HIGHER UTILISATION AND THROUGHPUT



### First year of positive cash flows in 2016

### Intensive year culminating in the strong 4Q 2016 result

- New mine management team
- Multiple production records
- Record dredge and WCP runtime
- Continued progress in 1Q 2017

### Completion of Mine Optimisation Study

- Focused on maximising cash flows
- Optimised mine path and schedule

### Continuous Improvement Program

- To deliver improved performance and cost efficiencies

### Increase in Ore Reserve to 21.7Mt of heavy mineral<sup>1</sup>

- GCO mine life to 2043

1: ASX release – 22 February 2017 (Grande Côte Mineral Resource and Ore Reserve Update) and 24 February 2017 (Annual Statement of Mineral Resources and Ore Reserves as at 31 December 2016). MDL confirms that it is not aware of any new information or data that materially affects the information included in the ASX releases of 22 February 2017 and 24 February 2017 and that all material assumptions and technical parameters underpinning the estimates in the release continue to apply and have not materially changed.

# GCO

## FOCUS ON SUSTAINABILITY



### FINANCIAL & EMPLOYMENT

- Government owns 10% of GCO
- 5% gross production royalty
- Focus on:
  - maximising local employment
  - use of local suppliers and service providers
  - capacity building and training

### ENVIRONMENT & SAFETY

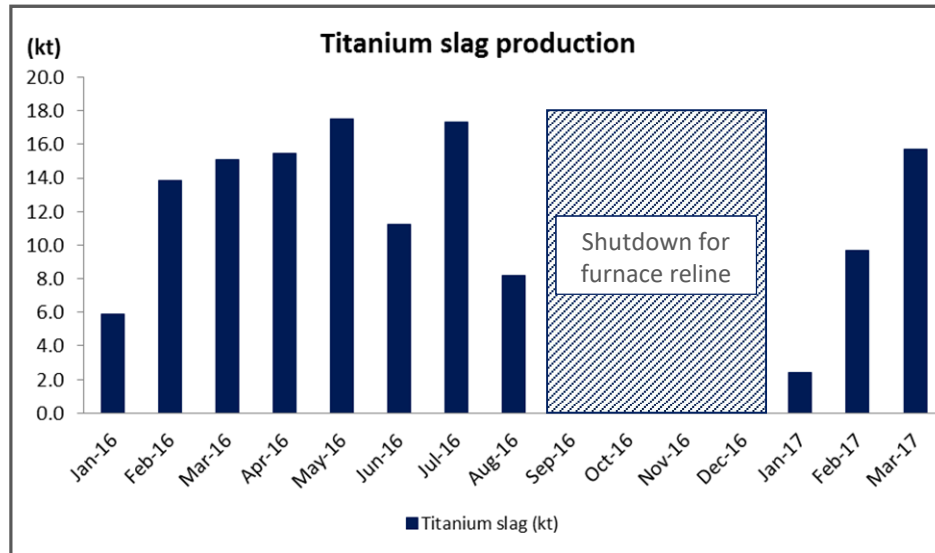
- Chemical free mining and processing
- Progressive rehabilitation
  - government commendation
  - 136ha rehabilitated to date
- Zero lost time incidents in 2016

### SOCIAL & COMMUNITY

- Stakeholder approved social development programs
- First resettlement village completed in 2017
  - intensive stakeholder consultation and participation
  - eco-village with key community infrastructure

# TTI UPDATE

## UPGRADE PROJECT A SUCCESS



### Initial ramp up in early 2016 exceeded expectations

- Production rates achieved in 3Q 2016 approximated expanded capacity targets

### Furnace incident in August 2016 not related to upgrade project

- Insurance claim settled and proceeds received in full
- Updated procedures implemented

### Furnace restart in January 2017 ahead of schedule

- First shipments of titanium slag ahead of plan

### Smelter production consolidation phase to expanded capacity

### Cost efficiency programs continue



## FOCUS ON SUSTAINABILITY



### ENVIRONMENT

- Ongoing and stringent monitoring framework
- Emphasis on recycling and waste reduction programs
- Norwegian agency (ENOVA) support for technology development to reduce CO<sub>2</sub> emissions

### SAFETY

- Integrated health, safety and environmental management system
  - ISO 9001 and 14001 certified
  - annual independent audit
  - targeting zero lost time incidents in 2017

### SOCIAL & COMMUNITY

- Community employer
- Responsible and active neighbour
  - support of local organisations
  - active community engagement
  - postgraduate supervision and support (Norwegian University of Science & Technology)

# MINERAL SANDS MARKET UPDATE

## INDUSTRY MARKET DYNAMICS



### INDUSTRY CHARACTERISTICS

- Demand and global GDP/urbanisation strongly correlated
- Opaque product pricing
- Emergence of China in 2010

### IMPROVING MARKET CONDITIONS

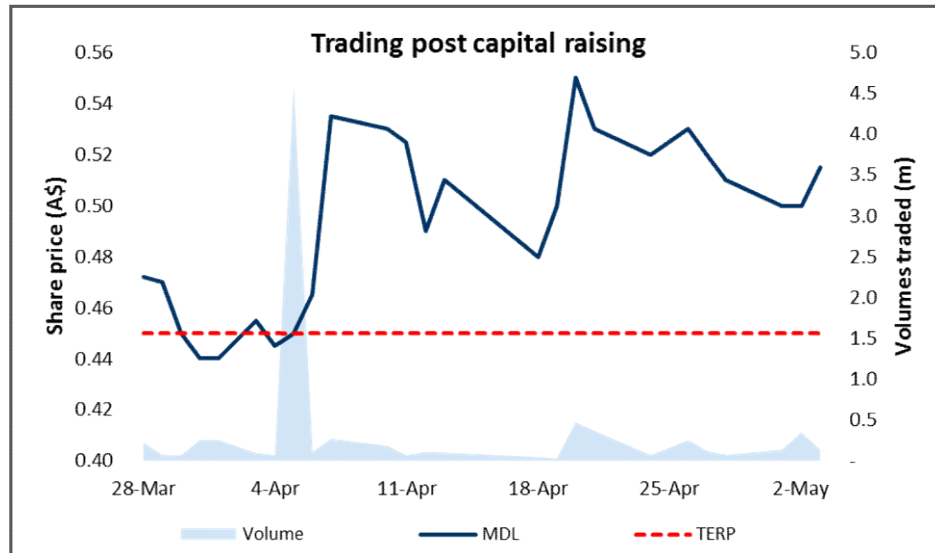
- Demand growth driven by improving economic fundamentals
- Inventory destocking at all levels of supply chain
- Downtime events
- Investment deferrals
- Export restrictions (Vietnam, India)
- Environmental pressure driving rationalisation in China

### INDUSTRY OUTLOOK

- Pigment
  - contract price continues to rise
- High-grade titanium feedstock
  - increasing production and restart of idled operations
- Zircon
  - improved conditions in European and North American markets
  - supply limitations indicate possible further price recovery

# MDL RECAPITALISATION

## STRONGLY SUPPORTED BY SHAREHOLDERS



### Raising targeted at current shareholders

- Existing shareholders accounted for 83.8% of share issue

### Purpose:

- Repay outstanding debt to ERAMET
- Assist TiZir to fund its March interest obligations
- Working capital contingency

**As at 31 March 2017, MDL had a cash balance of US\$14.9m**

**As at 31 December 2016, MDL had net assets of US\$243.2m**

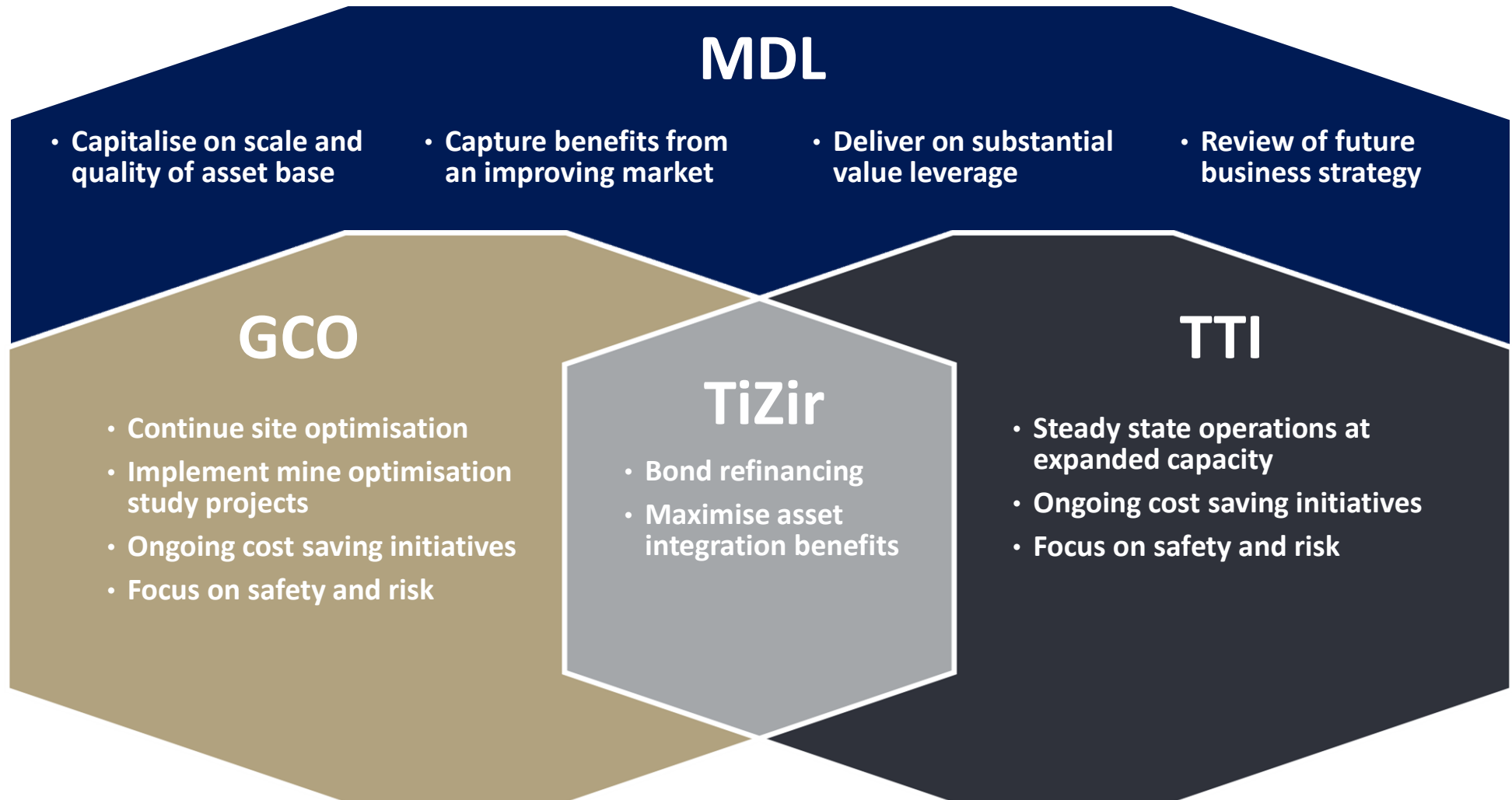
- Compares to current market capitalisation of US\$76.6m<sup>1</sup>

**As at 31 December 2016, TiZir had net assets of US\$340.2m**

1. AUD:USD exchange rate of 0.7483

## 2017 STRATEGY

### DELIVERING SHAREHOLDER VALUE



## SIGNIFICANT LEVERAGE FOR SHAREHOLDERS

### STRONG PLATFORM TO GROW SHAREHOLDER WEALTH



**Improving sector outlook**



**Value leverage**

- Present market value not reflective of current industry fundamentals and asset replacement value



**Substantial five year capital program complete**

- GCO ~US\$650 million mine construction; TTI ~US\$70 million furnace reline and capacity expansion project



**Integrated operations maximising margin and minimising risk**



**Improving operational and financial performance**



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

## CONTACT DETAILS

For further information please contact:

**Rob Sennitt**

Managing Director

**Jozsef Patarica**

Chief Operating Officer

**Greg Bell**

Chief Financial Officer

Level 17, 530 Collins Street  
Melbourne Victoria 3000  
Australia

T +61 3 9618 2500

F +61 3 9621 1460

E [mdlmail@mineraldeposits.com.au](mailto:mdlmail@mineraldeposits.com.au)

W [mineraldeposits.com.au](http://mineraldeposits.com.au)

