



Appendix 4D

Half-year report

for the half-year ended 30 June 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 consolidated financial report for the
half-year ended 30 June 2013 of Mineral Deposits Limited

From continuing and discontinued operations	Percentage change			Amount
		%		\$'000
Revenues from ordinary activities	Down	31.1	to	808
Profit from ordinary activities after tax attributable to equity holders of the parent	Down	179.3	to	(8,085)
Profit for the period attributable to equity holders of the parent	Down	179.3	to	(8,085)

Commentary on the results for the half-year ended 30 June 2013

For commentary on the result for the half-year ended 30 June 2013, please refer to the Review of Operations in the Directors' Report.

Net tangible assets per ordinary share

	30 Jun 2013	31 Dec 2012
Net tangible asset backing per ordinary share (cents)	471.84	502.26



Mineral Deposits

ABN 19 064 377 420



FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2013



This report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report should be read in conjunction with the annual report of Mineral Deposits Limited for the year ended 31 December 2012. It is also recommended that this financial report be considered together with any public announcement made by Mineral Deposits Limited and its controlled entities during the half-year ended 30 June 2013, in accordance with the continuous disclosure requirements of the Corporations Act 2001, including its quarterly reports lodged with the Australian Securities Exchange.

*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.



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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 half-year ended 30 June 2013 and the auditor's review report thereon.

DIRECTORS

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

Nic Limb
Rick Sharp
Martin Ackland
Robert Danchin
David Isles
Tom Whiting
James (Murray) Grant (retired 1 May 2013)

PRINCIPAL ACTIVITIES

The principal activities of the company for the half-year ended 30 June 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. Currently under construction, production is expected to commence during the March 2014 quarter.

The Tyssedal ilmenite upgrading facility smelts ilmenite to produce a high TiO₂ 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.

OPERATING RESULTS

The underlying profit for the half-year ended 30 June 2013 was \$8.7 million (half-year ended 30 June 2012 – \$13.5 million) and included the company's share of TiZir's underlying profit of \$11.2 million (2012 – \$15.0 million).

After recognition of a non-cash impairment charge of \$13.3 million against the investment in Teranga Gold Corporation, and the company's share of TiZir's amortisation of assets recognised on acquisition of \$3.5 million (after tax), the company reported a net loss after tax of \$8.1 million (2012 net profit after tax of \$10.0 million).

FINANCIAL POSITION

The statement of financial position at 30 June 2013 comprises net assets of \$394.2 million (31 December 2012 – \$467.3 million), made up of:

- ▶ the 50% interest in TiZir valued at \$340.1 million (31 December 2012 – \$315.0 million);
- ▶ cash of \$19.6 million (31 December 2012 – \$50.2 million);
- ▶ investments in Teranga Gold Corporation and World Titanium Resources Limited valued at \$34.7 million (31 December 2012 – \$102.4 million);
- ▶ other assets and liabilities netting to a liability of \$0.2 million (31 December 2012 – net liability of \$0.3 million).

The company had no external borrowings as at 30 June 2013.

CASH FLOW

Cash balances reduced by \$30.6 million during the half-year ended 30 June 2013 as a result of:

- ▶ payment of \$25.0 million as an equity contribution to TiZir;
- ▶ payment of \$0.6 million as part of a rights issue by World Titanium Resources Limited;
- ▶ other net cash outflows of \$2.6 million; and
- ▶ impact of exchange rates on cash holdings of negative \$2.4 million.



DIRECTORS' REPORT

REVIEW OF OPERATIONS

Tyssedal Ilmenite Upgrading Plant, Norway

Titanium slag production for first half 2013 was 99.3kt, 28% higher than first half 2012. The production performance reflected the plant operating at effective capacity during the first half of 2013 compared to the one month shutdown of the pre-reduction kiln in the second quarter of 2012 which curtailed production at that time.

Titanium slag sales for first half 2013 were 80.6kt, 11% higher than first half 2012. Pricing during first half 2013 was on average approximately 30% lower than average full-year 2012 levels, with prices softening through the half.

High purity pig iron ("HPPI") sales volumes for first half 2013 were 66.3kt, 27% higher than first half 2012. The increased sales volumes reflect the introduction of an intermediate grade product that is accessing a different customer segment.

HPPI pricing during first half 2013 was approximately 20% lower than average full-year 2012 levels, partially a result of the introduction of the intermediate grade product, with prices softening during the half.

Grande Côte Mineral Sands Project, Senegal

Construction at Grande Côte is now over 80% complete.

The dredge is fully constructed and in the start-up pond, the power station is complete and fully commissioned, the last of the 12 deep water bores (which have taken 18 months to drill) is nearing completion, and the rail and port are on-track for completion in September/October.

The majority of the final construction phase centres on the wet concentrator plant (WCP) (which includes the tails densification module) and the mineral separation plant (MSP), with piping and electricals being the major works to be undertaken.

Commissioning of the WCP and MSP is scheduled during the March 2014 quarter.

Corporate

New Appointments

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. She has over eight years of administrative and executive assistance experience with FAR Limited, an ASX listed oil and gas explorer. Over the years, Michaela has also been employed in a research capacity by Curtin University and The University of Western Australia.

OUTLOOK

Tyssedal Ilmenite Upgrading Plant, Norway

Titanium slag production of approximately 100kt is anticipated in the second half of 2013, giving approximately 200kt for the 2013 year, an uplift from 190kt projected at the commencement of the year and some 10% above 2012 levels.

Titanium slag sales volumes of approximately 100kt is anticipated in the second half of 2013, some 25% higher than the first half of 2013.

HPPI sales volumes of approximately 55kt is anticipated in the second half of 2013, compared to 66.3kt in the first half of 2013.

Grande Côte Mineral Sands Project, Senegal

Commissioning of the wet concentrator plant and mineral separation plant is scheduled during the March 2014 quarter. As at 30 June 2013, the estimated cost to complete construction was approximately \$100 million.

DIVIDENDS

During the half-year, no dividends were paid. The directors have not recommended the payment of a dividend.

CHANGE IN STATE OF AFFAIRS

Other than noted above, there was no significant change in the state of affairs of the company during the financial year.

SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the reporting period that has 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.

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.



DIRECTORS' REPORT

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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence statement is included on page 4 of the financial report.

ROUNDING OFF OF ACCOUNTS

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

This directors' report is signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the directors

Robert Danchin
Deputy Chairman

Rick Sharp
Managing Director

Melbourne, 14 August 2013

14 August 2013

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

Dear Board Members,

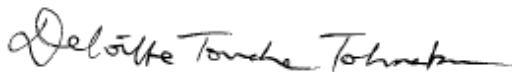
Mineral Deposits Limited

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.

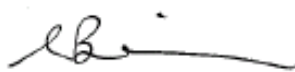
As lead audit partner for the review of the financial statements of Mineral Deposits Limited for the half-year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,



DELOITTE TOUCHE TOHMATSU



Chris Biermann
Partner
Chartered Accountants

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

We have reviewed the accompanying half-year financial report of Mineral Deposits Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2013, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 21.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mineral Deposits Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

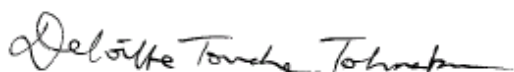
Auditor's Independence Declaration

In conducting our review, 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 review report.

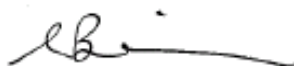
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mineral Deposits Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Chris Biermann
Partner
Chartered Accountants

Melbourne, 14 August 2013



DIRECTORS' DECLARATION

The directors of the company declare that, in the directors' opinion:

1. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and
2. the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards, and give a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors

Robert Danchin
Deputy Chairman

Rick Sharp
Managing Director

Melbourne, 14 August 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 30 June 2013

	Note	Consolidated 2013 US\$'000	2012 US\$'000
Share of TiZir Limited net profit using equity accounting	7	7,754	11,505
Other income	4	808	1,172
Administration expenses	4	(3,593)	(3,378)
Borrowing costs		-	(1)
Impairment of investment in Teranga Gold Corporation		(13,275)	-
Net foreign exchange gains		221	740
Profit/(loss) before tax		(8,085)	10,038
Income tax benefit		-	-
Profit/(loss) for the period		(8,085)	10,038
Other comprehensive loss, net of income tax:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		(8,142)	(250)
Share of other comprehensive income of equity accounted joint venture	7	(7,645)	(1,760)
Loss on available for sale investment		(49,352)	(17,383)
Other comprehensive loss for the period (net of income tax)		(65,139)	(19,393)
Total comprehensive loss for the period		(73,224)	(9,355)
		2013 US Cents	2012 US Cents
Earnings per share			
Basic earnings per share (cents)		(9.7)	12.0
Diluted earnings per share (cents)		(9.7)	12.0

Notes to the condensed consolidated financial statements are included on pages 12 to 21.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2013

	Note	Consolidated 30 June 2013 US\$'000	31 Dec 2012 US\$'000
Current assets			
Cash and cash equivalents	5	19,607	50,223
Trade and other receivables		226	306
Other financial assets	6	34,741	99,911
Other		145	168
Total current assets		54,719	150,608
Non-current assets			
Investment in joint venture entity	7	340,137	315,028
Other financial assets	6	-	2,415
Property, plant and equipment	8	844	1,036
Intangible assets		7	9
Total non-current assets		340,988	318,488
Total assets		395,707	469,096
Current liabilities			
Trade and other payables		395	546
Provisions		1,108	1,214
Total current liabilities		1,503	1,760
Non-current liabilities			
Provisions		30	47
Total non-current liabilities		30	47
Total liabilities		1,533	1,807
Net assets		394,174	467,289
Equity			
Issued capital	9	356,122	356,122
Reserves		80,506	145,536
Accumulated losses		(42,454)	(34,369)
Total equity		394,174	467,289

Notes to the condensed consolidated financial statements are included on pages 12 to 21.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2013

	Issued capital US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Investment revaluation reserve US\$'000	Equity-settled share- based payments reserve US\$'000	Cash flow hedge reserve US\$'000	Actuarial gains and losses reserve US\$'000	Total US\$'000
Balance at 1 January 2012	356,122	(50,590)	75,269	38,608	9,410	(116)	-	428,703
Impact of adoption of AASB119 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 for the period	-	10,038	-	-	-	-	-	10,038
Exchange difference arising on translation of foreign operations	-	-	(250)	-	-	-	-	(250)
Share of other comprehensive income of TiZir Limited	-	-	(1,624)	-	-	(136)	-	(1,760)
Revaluation of available for sale investments	-	-	-	(17,383)	-	-	-	(17,383)
Total comprehensive income/(loss) for the period	-	10,038	(1,874)	(17,383)	-	(136)	-	(9,355)
Issue of performance rights to directors	-	-	-	-	131	-	-	131
Balance at 30 June 2012	356,122	(40,552)	73,395	21,225	9,541	(252)	(118)	419,361
Balance at 1 January 2013	356,122	(34,334)	82,633	52,223	9,672	957	-	467,273
Impact of adoption of AASB119 by TiZir Limited	-	(35)	(2)	-	-	-	53	16
Restated balance at 1 January 2013	356,122	(34,369)	82,631	52,223	9,672	957	53	467,289
Loss for the period	-	(8,085)	-	-	-	-	-	(8,085)
Exchange difference arising on translation of foreign operations	-	-	(8,142)	-	-	-	-	(8,142)
Share of other comprehensive income of TiZir Limited	-	-	(5,042)	-	-	(2,599)	(4)	(7,645)
Revaluation of available for sale investments	-	-	-	(49,352)	-	-	-	(49,352)
Total comprehensive income/(loss) for the period	-	(8,085)	(13,184)	(49,352)	-	(2,599)	(4)	(73,224)
Issue of performance rights to directors	-	-	-	-	109	-	-	109
Balance at 30 June 2013	356,122	(42,454)	69,447	2,871	9,781	(1,642)	49	394,174

Notes to the condensed consolidated financial statements are included on pages 12 to 21.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 30 June 2013

	Note	Consolidated 2013 US\$'000	2012 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		379	545
Payments to suppliers and employees		(3,491)	(3,954)
Interest and other costs of finance paid		-	(1)
Net cash used in operating activities		(3,112)	(3,410)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(12)	(124)
Payments for other intangible assets		(1)	-
Proceeds from sale of fixed assets		-	8
Payments for investment in listed companies		(617)	(4,151)
Interest received		536	843
Payments for investment in TiZir Limited		(25,000)	(10,000)
Net cash used in investing activities		(25,094)	(13,424)
Net decrease in cash and cash equivalents held		(28,206)	(16,834)
Cash and cash equivalents at the beginning of the period		50,223	107,233
Effect of exchange rates on cash holdings in foreign currencies		(2,410)	654
Cash and cash equivalents at the end of the period	5	19,607	91,053

Notes to the condensed consolidated financial statements are included on pages 12 to 21.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended at 30 June 2013

1. GENERAL INFORMATION

Mineral Deposits Limited ("MDL" or the "company") is a public company listed on the Australian Securities Exchange (ASX Code: MDL), incorporated in Australia. The MDL consolidated group comprises the company and its subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standards IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent Annual Report.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain current assets. 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 noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the condensed half-year financial report are consistent with those adopted and disclosed in the company's Annual Report for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Boards ("AASB") that are relevant to its operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the group's accounting policies and has no effect on the amounts reported for current or prior periods except for those outlined below. The new and revised Standards and Interpretations have not had a material impact and not resulted in changes to the group's presentation of, or disclosure in, its half-year financial report.

AASB119 'Employee Benefits' includes 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 AASB119 retrospectively, effective from 1 January 2012. The transition to AASB119 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 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 AASB119 is explained in Note 7.

Further, the group has adopted AASB11 'Joint Arrangements' effective from 1 January 2012 in relation to its joint venture interest in TiZir Limited. The group considers the TiZir Limited investment to be a joint venture entity and continues to recognise its investment in accordance with equity accounting principles.

Estimates

The preparation of half-year financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial report, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2012.

Financial Risk Management

The group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 December 2012.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended at 30 June 2013

3. SEGMENT INFORMATION

The company's reportable segments under AASB8 are as follows:

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

"Unallocated assets" 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) and the company's investment in World Titanium Resources Limited. 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:

	30 June 2013 US\$'000	31 Dec 2012 US\$'000
Assets		
Segment assets – Mineral Sands Division	351,830	324,402
Unallocated assets	43,877	144,694
Total assets	395,707	469,096
Liabilities		
Unallocated liabilities	1,533	1,807
Total liabilities	1,533	1,807



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended at 30 June 2013

4. RESULTS FOR THE PERIOD

	Half-year ended 30 June	
	2013	2012
	US\$'000	US\$'000
Interest revenue from:		
- bank deposits	424	896
Other revenue:		
- rental received	57	59
- other	327	215
Gain from sale of fixed assets	-	2
Total other income	808	1,172
Depreciation of non-current assets:		
- office furniture	74	73
- computer equipment and software	15	17
	89	90
Amortisation of intangible assets:		
- computer software	2	23
Employee benefits:		
- amortisation of share performance rights	131	133
- remuneration expense	2,400	1,669
- superannuation contributions	107	181
- provision for leave entitlements	(15)	(1)
	2,623	1,982
Administration and other overheads	879	1,283
Total administration expenses	3,593	3,378

5. CASH

	30 June 2013	31 Dec 2012
	US\$'000	US\$'000
Cash and cash equivalents	5,563	3,698
Term deposits (i)	14,044	46,255
	19,607	50,223

- (i) The company has \$324,982 (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 bank guarantees.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended at 30 June 2013

6. OTHER FINANCIAL ASSETS

	30 June 2013 US\$'000	31 Dec 2012 US\$'000
Current		
Available for sale investments carried at fair value		
- shares in listed company – Teranga Gold Corporation (i)	23,048	92,951
- shares in listed company – World Titanium Resources Limited (ii)	11,693	6,960
	34,741	99,911
Non-Current		
Available for sale investments carried at fair value		
- shares in listed company – World Titanium Resources Limited (ii)	-	2,415

- (ii) At 30 June 2013, MDL revalued the investment in Teranga Gold Corporation to its fair value as at that date and subsequently recognised an impairment loss of \$13.3 million.
- (iii) The company holds a 16% (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.

Further, during the period the company participated in a 1:16 rights issue of World Titanium Resources Limited. As a result, the company acquired an additional 2,972,679 shares at A\$0.17 per share.

7. INVESTMENT IN JOINT VENTURE ENTITY

	30 June 2013 US\$'000	31 Dec 2012 US\$'000
Investment in TiZir Limited	340,137	315,028
Movement in investment in joint ventures:		
Opening balance	315,028	234,483
Restatement of opening balance as a result of application of AASB119	-	(118)
Equity contributions during the period	25,000	50,000
Share of net profit of TiZir Limited	7,754	24,468
Share of other comprehensive income of TiZir Limited	(7,645)	6,195
Investment in TiZir Limited	340,137	315,028

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended at 30 June 2013

The following tables set out the financial performance of TiZir Limited for the half-year ended 30 June 2013 by operating segment:

	Half-year ended 30 June 2013 US\$'000					Half-year ended 30 June 2012 US\$'000
	Tyssedal	Grande Côte	TiZir Limited	Consolidation Adjustments ⁽ⁱ⁾	Consolidated TiZir Limited	Consolidated
Sales	96,158	-	-	-	96,158	107,435
Cost of goods sold	(71,223)	-	-	-	(71,223)	(59,519)
Gross profit	24,935	-	-	-	24,935	47,916
Other revenue	15,021	4	-	-	15,025	2,018
Administration expenditure	(513)	(968)	(751)	-	(2,232)	(1,497)
Finance costs	(17)	-	70	-	53	(39)
Foreign exchange gains/(losses)	3,270	(1,361)	59	-	1,968	1,973
Depreciation and amortisation expense	(3,967)	(2,918)	(61)	-	(6,946)	(8,133)
Amortisation of assets recognised on acquisition	-	-	-	(9,583)	(9,583)	(9,634)
Profit/(loss) before tax	38,729	(5,243)	(683)	(9,583)	23,220	32,604
Income tax expense	(10,853)	-	-	-	(10,853)	(12,340)
Amortisation of deferred tax liability recognised on acquisition	-	-	-	2,683	2,683	2,697
Profit/(loss) for the period	27,876	(5,243)	(683)	(6,900)	15,050	22,961
Attributable to non-controlling interest					458	49
Profit attributable to joint venture partners					15,508	23,010
Share of net profit of joint venture attributable to MDL shareholders					7,754	11,505

- (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 \$9.6 million (\$6.9 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 period amount was \$9.6 million (\$6.9 million including impact of taxation).

	30 June 2013 US\$'000 Consolidated TiZir Limited	30 June 2012 US\$'000 Consolidated TiZir Limited
Other comprehensive income		
Exchange differences arising on translation of operations	(10,084)	(3,248)
Exchange differences on translation of actuarial gains and losses	(8)	-
Change in revaluation reserve for hedging financial instruments	(7,218)	(377)
Income tax on other comprehensive income	2,021	105
Other comprehensive loss for the period, net of income tax	(15,289)	(3,520)
Share of other comprehensive loss attributable to MDL shareholders	(7,645)	(1,760)
Disclosed as:		
Foreign currency translation reserve	(5,042)	(1,624)
Cash flow hedge reserve	(2,599)	(136)
Actuarial gains and losses reserve	(4)	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended at 30 June 2013

	As at 30 June 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	13,404	3,318	30,785	47,507	128,293
Trade and other receivables	23,562	4,250	309	28,121	71,009
Inventories	41,935	6,308	-	48,243	46,356
Other financial assets – derivative financial assets	-	-	-	-	3,490
Total current assets	78,901	13,876	31,094	123,871	249,148
Non-current assets					
Receivables	-	254	-	254	254
Other financial assets – investments	152	-	-	152	146
Property, plant and equipment	48,767	533,581	18,910	601,258	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	-	-	29,052	29,052	38,180
Other intangible assets	-	14	-	14	23
Total non-current assets	48,919	587,950	157,283	794,152	629,560
Total assets	127,820	601,826	188,377	918,023	878,708
Current liabilities					
Trade and other payables	18,010	10,578	759	29,347	35,942
Borrowings	107	-	2,699	2,806	11,135
Current tax liabilities	32,575	-	-	32,575	27,064
Derivative financial liabilities	4,500	-	-	4,500	-
Total current liabilities	55,192	10,578	3,458	69,228	74,141
Non-current liabilities					
Deferred tax liabilities	3,772	-	10,297	14,069	19,721
Borrowings	-	-	147,539	147,539	147,375
Provisions	94	-	-	94	116
Total non-current liabilities	3,866	-	157,836	161,702	167,212
Total liabilities	59,058	10,578	161,294	230,930	241,353
Net assets	68,762	591,248	27,083	687,093	637,355
Equity					
Issued capital				621,741	571,741
Reserves				(6,019)	9,270
Retained earnings				64,553	49,045
				680,275	630,056
Non-controlling interest				6,818	7,299
Total equity				687,093	637,355

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended at 30 June 2013

Adoption of AASB119 – 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 AASB119 – 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 AASB119 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 AASB119 on its relevant components of equity.

Further, defined benefit obligations of TiZir Titanium & Iron AS are measured at the end of the financial year and therefore there is no impact on the Statement of Profit or Loss during the half-year ended 30 June 2012 and 2013. The full impact will be recognised in the 31 December 2012 and 2013 financial years.

Impact of transition to AASB119

Impact on interim condensed consolidated statement of financial position

	30 June 2013 US\$'000	30 June 2012 US\$'000
Increase in value of actuarial gains and losses reserve	(4)	53
Increase/(decrease) in foreign currency translation reserve	4	(2)
Decrease in retained earnings	-	(35)
Impact on equity	-	16

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended at 30 June 2013

	Half-year ended 30 June 2013 US\$'000				Half-year ended 30 June 2012 US\$'000
	Tyssedal	Grande Côte	Other ⁽ⁱ⁾	Consolidated TiZir Limited	Consolidated TiZir Limited
Cash flows from operating activities					
Profit/(loss) for the period	27,876	(5,243)	(7,583)	15,050	22,961
Elimination of non-cash and non-operating income and expenses					
- Depreciation and amortisation	3,967	3,119	9,644	16,730	17,767
- Deferred tax	(583)	-	(2,683)	(3,266)	(1,917)
- Amortisation of borrowing costs	-	-	(180)	(180)	-
- Foreign exchange losses	-	1,361	37	1,398	(559)
Cash generated by operating activities	31,260	(763)	(765)	29,732	38,252
Increase in inventories	(223)	-	-	(223)	(1,621)
(Increase)/decrease in trade receivables	39,561	(242)	(235)	39,084	(145)
Increase/(decrease) in trade payables	(692)	158	123	(411)	905
Change in other assets and liabilities	6,946	663	-	7,609	6,529
Interest income	-	-	(108)	(108)	-
Interest paid	-	-	38	38	39
Tax paid	-	-	-	-	(3,364)
Net change in current operating assets and liabilities	45,592	579	(182)	45,989	2,343
Net cash generated by operating activities	76,852	(184)	(947)	75,721	40,595
Cash flows from investing activities					
Payments for non-current assets	(904)	(188,375)	(6,754)	(196,033)	(103,994)
Interest received	-	-	108	108	-
Net proceeds from/(payments to) related parties	(58,936)	181,630	(122,694)	-	-
Proceeds on disposal of non-current assets	-	-	-	-	20
Net cash used in investing activities	(59,840)	(6,745)	(129,340)	(195,925)	(103,974)
Cash flows from financing activities					
Proceeds of borrowings	-	-	-	-	653
Repayment of borrowings	(7,685)	-	-	(7,685)	-
Payment of borrowing costs	-	-	(275)	(275)	-
Proceeds from issue of shares	-	-	50,000	50,000	20,000
Net cash provided by financing activities	(7,685)	-	49,725	42,040	20,653
Net (decrease)/increase in cash held	9,327	(6,929)	(80,562)	(78,164)	(42,726)
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	(2,055)	(653)	86	(2,622)	(83)
Cash and cash equivalents at end of the period	13,404	3,318	30,785	47,507	62,525

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

8. PROPERTY, PLANT AND EQUIPMENT

	30 June 2013 US\$'000	31 Dec 2012 US\$'000
Carrying amounts of each class:		
Land, buildings and property improvement	677	834
Office equipment	167	202
	844	1,036

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended at 30 June 2013

9. ISSUED CAPITAL

	30 June 2013 No.	30 June 2013 US\$'000	31 Dec 2012 No.	31 Dec 2012 US\$'000
Issued Capital	83,538,786	356,122	83,538,786	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 a right to dividends.

Share Options & Performance Rights

There were no share options outstanding during the period to 30 June 2013.

The 250,000 performance rights issued to three Executive Directors under the MDL Employee Incentive Plan are still outstanding. No further performance rights were issued during the period.

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

10. DIVIDENDS

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

11. COMMITMENTS

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 half-year ended 30 June 2013, the company contributed \$25.0 million of equity being the remainder of the committed equity funding.

12. 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 completion of a bankable feasibility study and upon 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 30 June 2013.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended at 30 June 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:

- (a) 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
- (b) \$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.

13. SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the reporting period that has 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.

14. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.



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)
James (Murray) Grant (Non-executive) (retired 1 May 2013)

COMPANY SECRETARY

Michaela Evans

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