

## Financial Results for 2013 year

- **Underlying net profit of US\$11.3 million – with MDL’s 50% share of TiZir’s underlying profit being US\$14.2 million**
- **Tyssedal delivered underlying EBITDA of US\$52.2 million in a difficult trading environment**
- **Grande Côte construction now complete – on track for production commencement late-March**
- **MDL in a strong cash position following A\$40 million equity placement in December and US\$20 million of proceeds from disposal of an investment**

Mineral Deposits Limited (ASX: MDL) has today announced an underlying net profit of US\$11.3 million for the year ending 31 December 2013, compared to US\$27.1 million in 2012. The result reflects a lower contribution from the Tyssedal ilmenite upgrading facility in Norway, primarily due to lower titanium slag prices, and a negative contribution from the Grande Côte mineral sands project in Senegal as construction neared completion.

After recognition of non-cash impairment charges of US\$15.5 million against the investment in Teranga Gold Corporation (which was subsequently sold in January 2014) and US\$5.7 million against the investment in World Titanium Resources, to reflect market value at 31 December 2013, together with MDL’s share of amortisation of assets recognised on the establishment of TiZir Limited of US\$6.7 million (after tax), a net loss after tax of US\$16.6 million has been reported.

### TiZir

MDL owns 50% of TiZir Limited, which owns the Grande Côte mineral sands project in Senegal, West Africa and the Tyssedal ilmenite upgrading facility in Norway.

MDL’s 50% share of TiZir’s underlying profit was US\$14.2 million, compared to US\$31.4 million in 2012.

EBITDA for TiZir (on a 100% basis) was US\$57.3 million, 42% lower than US\$109.0 million in 2012, primarily reflecting a reduced contribution from Tyssedal.

At period end, TiZir had cash balances of US\$11.5 million and US\$18.8 million undrawn on a working capital facility.

### Tyssedal

At Tyssedal, titanium slag sales of 197.1kt were 26% higher than 2012, however average pricing was 33% lower than 2012 levels which led to 16% lower revenue. In addition, sales volumes of high purity pig iron of 114.5kt were 10% higher than 2012, but with average pricing 20% lower than 2012 levels, revenue was 10% lower.

With 15% lower revenue overall, and a modest increase in costs on a per tonne basis (largely due to costs associated with expansion projects that have since been wound back), EBITDA at Tyssedal decreased from US\$112.2 million in 2012 to US\$52.2 million in 2013 (excluding the benefit of \$11.4 million of insurance proceeds).

The reduced pricing for titanium slag, which declined throughout the year, was associated with weak demand for titanium dioxide products (particularly high-grade products like slag) across the board from pigment producers, our primary customers. As has been widely reported, this was a result of pigment producers pursuing significantly reduced pigment production to lower the highly elevated pigment inventory levels with which they entered the 2013 year. Several pigment producers have recently reported that their inventory levels are now back, or near to more normal levels and have accordingly increased their plant yields back to more typical operating levels.

## **Grande Côte**

After two and a quarter years involving some 11 million man hours, and at a cost of approximately US\$650 million, construction of Grande Côte is now complete (as of mid-February). This truly massive project involved a very diverse construction effort encompassing the construction of a 7,000 tonne per hour dredge, a four-module floating wet concentrator plant, a full mineral processing plant, a 36 megawatt power station, 22 kilometres of new rail, as well as water, electrical, office and road infrastructure, and the erection of a storage and ship-loading facility at the Port of Dakar and the refurbishment of over 120 kilometres of existing rail. Additionally, our own locomotives and rolling stock provide a totally integrated logistics solution from mine to ship.

Flooding of the start-up pond containing the dredge and wet concentrator plant occurred late-January 2014. With the operating team now at the back end of commissioning the wet concentrator plant, the mining of sand and production of heavy mineral concentrate (HMC) is expected to commence in the next 2-3 weeks, leading to the expected production of finished product by end-March 2014.

## **MDL Cash**

MDL ended the period with cash balances of US\$32.0 million. This followed a two-tranche placement being undertaken in December 2013 involving the issue of 20 million shares at A\$2.00 each raising gross proceeds of A\$40 million. Tranche 1 of the placement (12.5 million shares) was completed prior to year end.

In January 2014, US\$32.8 million of additional cash of was received from (i) the disposal of the company's Teranga shareholding for US\$20.0 million, and (ii) Tranche 2 of the December 2013 share placement, giving total cash balances of over US\$64 million.

In December 2013, MDL and Eramet each committed to advance US\$40 million to TiZir (US\$80 million total), US\$5 million of which was paid prior to 31 December 2013, leaving US\$35 million remaining to be contributed by MDL during first half 2014.

## **Outlook**

Production from Tyssedal in 2014 is anticipated to be consistent with 2013, however earnings are expected to be lower due to anticipated lower average pricing for titanium slag sales. While the titanium dioxide pigment market has begun to improve from one of the most weakened positions experienced for many, many years, the timing of a full recovery is unlikely before the second half of this year at the earliest.

With Grande Côte coming on stream in 2014, and building towards full production over the course of the year, this world-class asset will become a new and major source of earnings and cash flow for many years to come.

## **For further information please contact:**

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## Mineral Deposits

<b>Financial Summary</b> <b>US\$ million</b>	<b>2012</b>	<b>2013</b>	<b>Change</b> <b>13 v 12</b>
Share of TiZir Underlying NPAT	31.4	14.2	-55%
Interest revenue	1.5	0.7	
Administration expenses	(5.6)	(4.4)	
Foreign exchange gains (losses)	(0.2)	0.8	
Income tax	-	-	
<b>Underlying NPAT</b>	<b>27.1</b>	<b>11.3</b>	<b>-58%</b>
Impairment of Teranga shareholding <sup>(1)</sup>	-	(15.5)	
Impairment of WTR shareholding <sup>(2)</sup>	(3.9)	(5.7)	
Share of TiZir amortisation of assets recognised on acquisition (after tax) <sup>(3)</sup>	(6.9)	(6.7)	
<b>Reported NPAT</b>	<b>16.3</b>	<b>(16.6)</b>	
Underlying EPS (cents)	32.4	13.5	
Reported EPS (cents)	19.5	(19.8)	
Cash	50.2	32.0	
Debt	-	-	
Investments (TGZ & WTR)	102.3	24.9	

## TiZir (MDL 50% owned)

<b>Financial Summary (100% basis)</b> <b>US\$ million</b>	<b>2012</b>	<b>2013</b>	<b>Change</b> <b>13 v 12</b>
Revenue	231.1	201.3	-13%
Other income	2.0	13.8	
Operating costs	(120.0)	(150.5)	
General and administrative costs	(4.2)	(7.3)	
<b>EBITDA</b>	<b>109.0</b>	<b>57.3</b>	<b>-42%</b>
Depreciation & amortisation	(14.2)	(14.4)	
<b>EBIT</b>	<b>94.8</b>	<b>42.9</b>	
Finance costs <sup>(4)</sup>	(0.1)	(0.7)	
Foreign exchange gains (losses)	(4.6)	1.9	
<b>Profit before tax</b>	<b>90.1</b>	<b>44.1</b>	
Income tax	(27.9)	(16.6)	
Minority interests	0.6	0.8	
<b>TiZir underlying NPAT</b>	<b>62.8</b>	<b>28.3</b>	<b>-55%</b>
<b>MDL 50% share</b>	<b>31.4</b>	<b>14.2</b>	
Amortisation of assets recognised on acquisition (after tax) <sup>(3)</sup>	(13.8)	(13.3)	
<b>Reported NPAT</b>	<b>49.0</b>	<b>15.0</b>	
<b>MDL 50% Share</b>	<b>24.5</b>	<b>7.5</b>	
Cash	128.3	11.6	
Borrowings – external	158.5	181.9	
Borrowings – joint venture partners	-	55.4	

## TiZir Business Segment Performance

<b>EBITDA Contribution</b> <b>US\$ million</b>	<b>2012</b>	<b>2013</b>	<b>Change</b> <b>13 v 12</b>
Tyssedal	112.2	63.6	-37%
Grande Côte	(1.6)	(1.9)	
Other	(1.6)	(4.4)	
<b>Total TiZir EBITDA</b>	<b>109.0</b>	<b>57.3</b>	<b>-42%</b>

## Notes to financial information

- (1) The Company disposed of its shareholding in Teranga Gold Corporation in January 2014 for net proceeds of US\$20.0 million. The value of this investment at 31 December 2013 has been adjusted to reflect the net proceeds of this disposal. A non-cash impairment charge of US\$15.5 million has been recognised during the 2013 year.
- (2) The shareholding in World Titanium Resources Limited was revalued to US\$5.0 million at 31 December 2013, resulting in a non-cash impairment charge of US\$5.7 million during the 2013 year.
- (3) As part of the establishment of TiZir in October 2011, specifically identified intangible assets, property, plant & equipment and related deferred tax liabilities are recognised on consolidation and amortised over the useful lives of these assets. The amortisation of such assets during the year amounted to US\$19.2 million pre-tax and US\$13.3 million on an after-tax basis and has been excluded from underlying NPAT.
- (4) Interest charged on US\$150 million of corporate bonds issued by TiZir is capitalised to construction costs during the construction phase of Grande Côte, however it will be charged as an expense in the income statement when production commences. Finance costs for TiZir relate to interest costs on a US\$50.0 million working capital facility associated with Tyssedal, which at 31 December 2013 was drawn to US\$31.2 million.

## About MDL

Mineral Deposits Limited (ASX: MDL) is an Australian based mining company in the business of finding, mining and processing mineral sands resources.

MDL owns 50% of TiZir Limited which owns the Grande Côte mineral sands project in Senegal, West Africa and an ilmenite upgrading facility in Tyssedal, Norway.

Grande Côte, with construction complete and commissioning well progressed, is expected to commence production in March 2014. Once in full production, it is anticipated to produce on average approximately 85ktpa of zircon and 575ktpa of ilmenite (and small amounts of rutile and leucosene) over an expected mine life of at least 20 years.

The Tyssedal ilmenite upgrading facility smelts ilmenite to produce a high-TiO<sub>2</sub> 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 titanium feedstock supply and zircon.

## 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 exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of zircon, ilmenite and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of MDL. Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.