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# **Mineral Deposits**

**Joint Venture with Eramet and Equity Raising  
June 2011**

# Disclaimer and important notice

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This Presentation has been prepared by Mineral Deposits Ltd ACN 064 377 420 (MDL).

## Summary of information

This Presentation contains summary information about MDL and its activities as at 20 June 2011. The information in this Presentation does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with MDL's other periodic and continuous disclosure reports and announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

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## Financial data

All dollar values are in United States dollars (US\$) and financial data is presented within the financial year ended 30 June unless otherwise stated.

Investors should note that this Presentation contains pro forma financial information. In preparing the pro forma financial information, certain adjustments were made to the historical financial information of Tyssedal that MDL considered appropriate to reflect the operations of the Eramet joint venture. The pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

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PLEASE REFER TO THE ADDITIONAL FOREIGN SELLING RESTRICTIONS SET OUT IN SLIDES 31 TO 35.

# Summary

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## 1

### Joint Venture with Eramet<sup>1</sup>

- ◆ Proposed Joint Venture to consist of MDL's 90% interest in Grande Côte project and Eramet's Tyssedal titanium slag and high purity pig iron plant (Eramet also to contribute additional cash and JV loan)
- ◆ Proposed Joint Venture to operate 50/50 in all respects

## 2

### Strategic rationale for Joint Venture

- ◆ Creates a significant vertically-integrated player in mineral sands sector
- ◆ Grande Côte secures off-take for majority of ilmenite
- ◆ Tyssedal plant obtains new source of ilmenite – providing for expansion opportunities
- ◆ Funding of Grande Côte development shared with a major mining group

## 3

### Grande Côte update

- ◆ Development activities in ramp-up mode
- ◆ Strategy of logistics self-sufficiency is nearing completion (rail and port solution)
- ◆ Revised capital cost estimate of US\$516m (which includes revised logistics / infrastructure cost)

## 4

### Equity raising

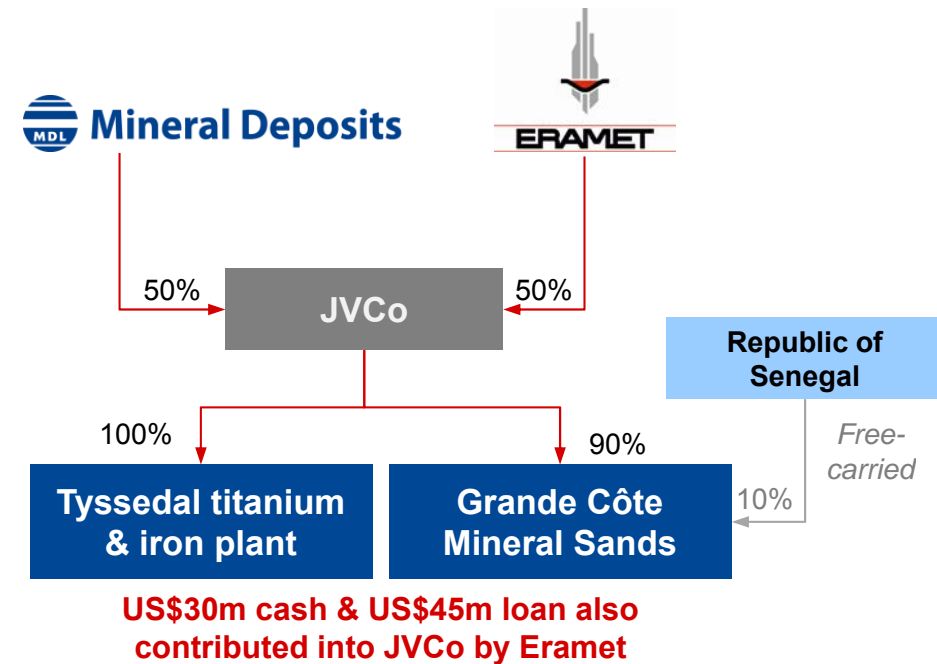
- ◆ 1:4 accelerated non-renounceable entitlement offer and institutional placement to raise up to A\$151m
- ◆ Net proceeds of offer will be utilised for MDL's equity contribution to Grande Côte development cost

#### Notes:

1. A conditional Memorandum of Understanding (MOU) has been executed. Establishment of the joint venture with Eramet is subject to certain procedural conditions including the negotiation, agreement and execution of formal documentation in relation to the joint venture, obtaining certain regulatory approvals and counterparty consents, and there being no material adverse changes (as defined in the MOU). There is an ongoing workstream continuing confirmatory due diligence investigations until execution of final documentation.

# Joint Venture with Eramet<sup>1</sup>

<b>Proposed Structure</b>	<ul style="list-style-type: none"> <li>◆ New entity (“JVCo”) to be 50/50 owned by MDL and Eramet</li> </ul>
<b>Assets contributed to JVCo</b>	<ul style="list-style-type: none"> <li>◆ <b>MDL:</b> 90% interest in the Grande Côte Mineral Sands Project in Senegal (balance of interest is held by the Republic of Senegal)</li> <li>◆ <b>Eramet:</b> 100% interest in the Tyssedal (Norway) titanium slag and iron plant + US\$30m cash + US\$45m unsecured JV loan</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>◆ 50/50 operation in all respects – including Board composition, voting, decision-making and funding</li> <li>◆ MDL appointees to JVCo Board to be Nic Limb, Rick Sharp<sup>2</sup> and Martin Ackland</li> <li>◆ Operation of Joint Venture to be documented in a Shareholders’ Agreement</li> </ul>



## Key Dates

18 June	Execution of MOU
Late July	Expected signing of formal documentation*
30 Sept	Expected completion of JV formation*

\* These dates are indicative only and subject to change without notice. The MOU remains subject to conditions that must be satisfied before the joint venture is established.

**Notes:**

1. Refer to note 1 on slide 3.
2. As announced 20-Jun, Rick Sharp is to be appointed CEO of MDL effective from 1-Jul

# Rationale for the Joint Venture

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- ✓ Will create a globally significant vertically-integrated mineral sands player
- ✓ Grande Côte secures off-take for majority of its ilmenite
- ✓ Tyssedal plant obtains a new source of high quality ilmenite supply – providing for expansion and product diversification opportunities
- ✓ Funding of Grande Côte development costs shared with Eramet – a major French-based global mining group

# Overview of Eramet

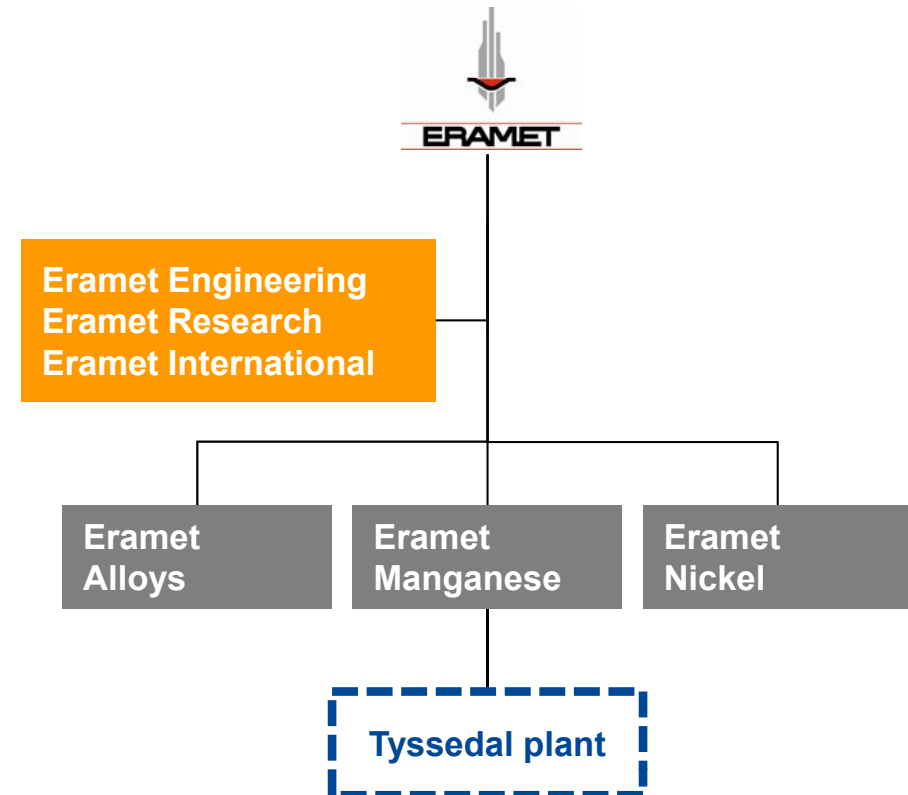
## Overview of Eramet

- ◆ French-based mining and metallurgical processing group – with a focus of integrating world class ore bodies and upscale metallurgical facilities
- ◆ Listed on Euronext Paris – market capitalisation of €5.8bn<sup>1</sup>, revenue (CY2010) of €3.6bn and net cash (as at Dec-2010) of €1.3bn
- ◆ Operates in Manganese, Nickel and Alloys where it enjoys strong world leadership positions:
  - World #2 in manganese high-grade ore and alloys and #1 in refined manganese alloys
  - World #6 in nickel, #2 in ferronickel, and one of the three world producers of high-purity nickel
  - World #1 in high-speed steels
- ◆ Eramet has operated in Africa since it acquired a stake in Comilog (Gabon) in 1995-1996

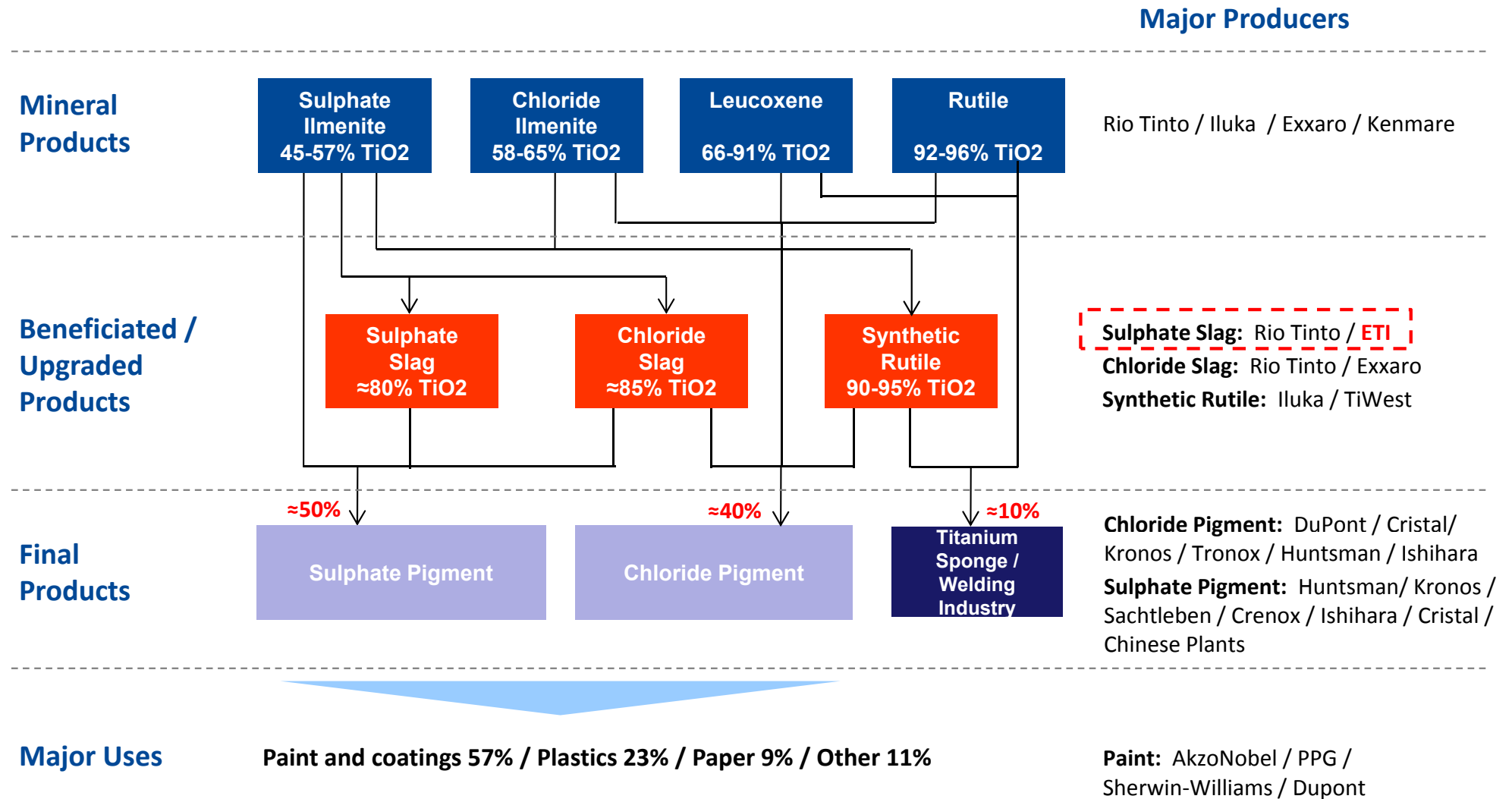
### Notes:

1. Market data as at ASX close, 17-Jun-2011.

## Eramet corporate group structure



# Titanium feedstock flow<sup>1</sup>



**Notes:**

1. Illustrative only based on MDL industry knowledge.

# Overview of the Tyssedal plant

The Tyssedal smelter essentially upgrades ilmenite with a 44%-54% TiO<sub>2</sub> content to a titanium slag with ≈80% TiO<sub>2</sub> content, and also produces high purity pig iron as a significant co-product

<b>Location</b>	<ul style="list-style-type: none"> <li>◆ Tyssedal (Norway), alongside the Hardanger Fjord, which provides for:             <ul style="list-style-type: none"> <li>– Sourcing hard-rock ilmenite from the Tellnes mine located nearby in south-west Norway</li> <li>– All shipping, discharging and loading directly at the plant</li> <li>– Close proximity to the majority of its European-based customers</li> </ul> </li> </ul>
<b>Production</b>	<ul style="list-style-type: none"> <li>◆ Current production approximately:             <ul style="list-style-type: none"> <li>– 200 ktpa of ≈80% TiO<sub>2</sub> sulphate slag</li> <li>– 110 ktpa of high purity pig iron as a significant co-product</li> </ul> </li> <li>◆ Potential to increase slag production capacity to ≈250 ktpa at an estimated capital cost of US\$60-70m</li> <li>◆ Potential also exists longer term to introduce a second furnace, lifting capacity to ≈460 ktpa</li> </ul>
<b>Consumption</b>	<ul style="list-style-type: none"> <li>◆ Key consumables in the plant are:             <ul style="list-style-type: none"> <li>– ≈345 ktpa ilmenite primarily sourced from the Tellnes mine in Norway</li> <li>– ≈115 ktpa coal – for pre-reduction in a kiln</li> <li>– ≈340 GWh power per year</li> </ul> </li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>◆ <b>Slag:</b> sulphate pigment producers primarily in Europe</li> <li>◆ <b>High purity pig iron:</b> a large number of foundries for various uses, particularly to produce wind generator parts</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>◆ Approximately 165 people</li> </ul>



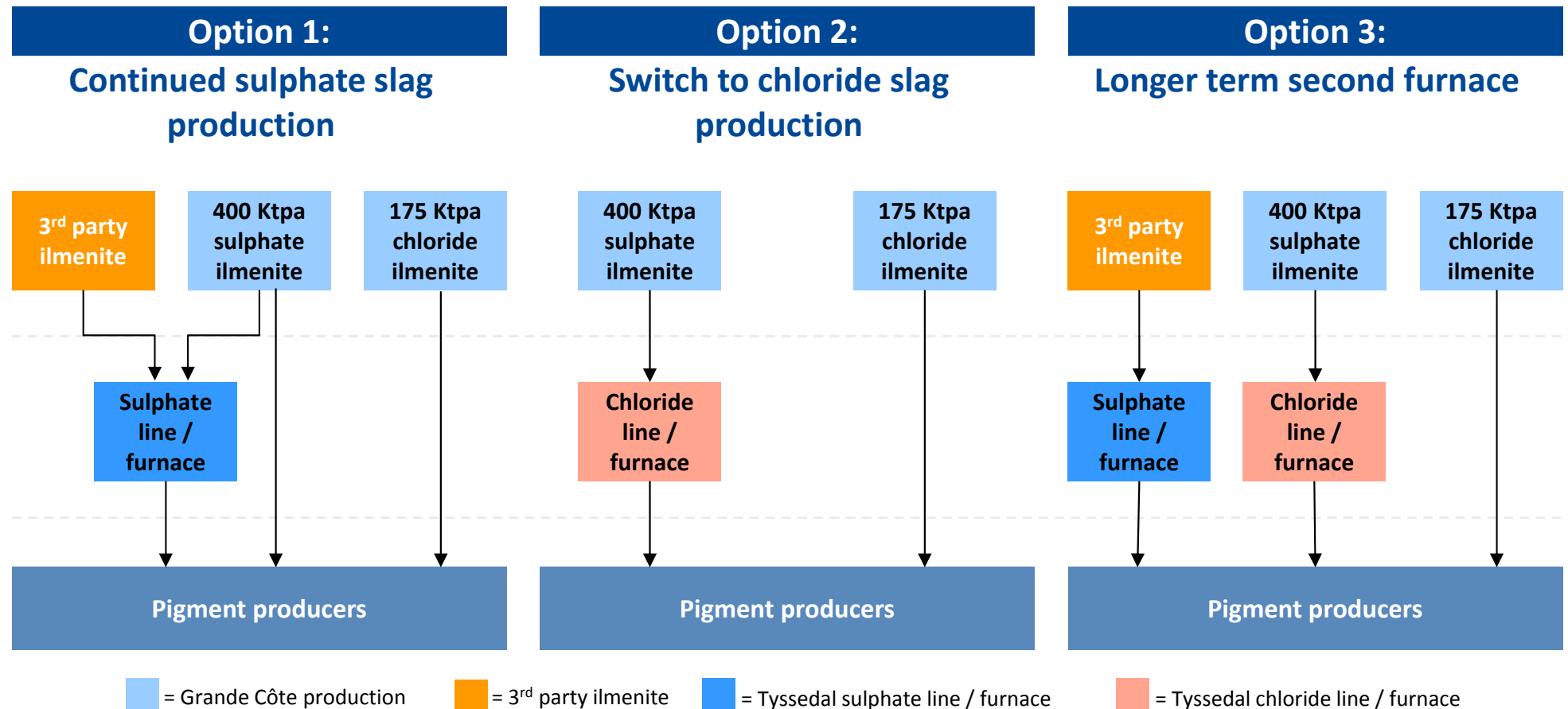
# Overview of the Tyssedal plant (cont.)

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Tyssedal titanium slag and iron plant, Norway



# Joint Venture alternatives for Grande Côte titanium feedstock



# Zircon and titanium feedstocks – market conditions

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- ◆ China and other developing economies driving demand – largely through urbanisation
- ◆ Supply deficits in both zircon and titanium feedstocks have been predicted for some time
  - Existing production is expected to decline from 2012
- ◆ Customers are now being rationed
- ◆ Outlook for zircon and titanium feedstock prices is strong
  - Zircon price expected to have increased from ≈US\$1,050/t (FOB) at end of 2010 to ≈US\$2,200/t by 3Q2011
- ◆ Significant lead time (circa 7-8 years) is required to bring major new projects on stream
- ◆ Higher prices expected to be sustained to rationally induce new supply

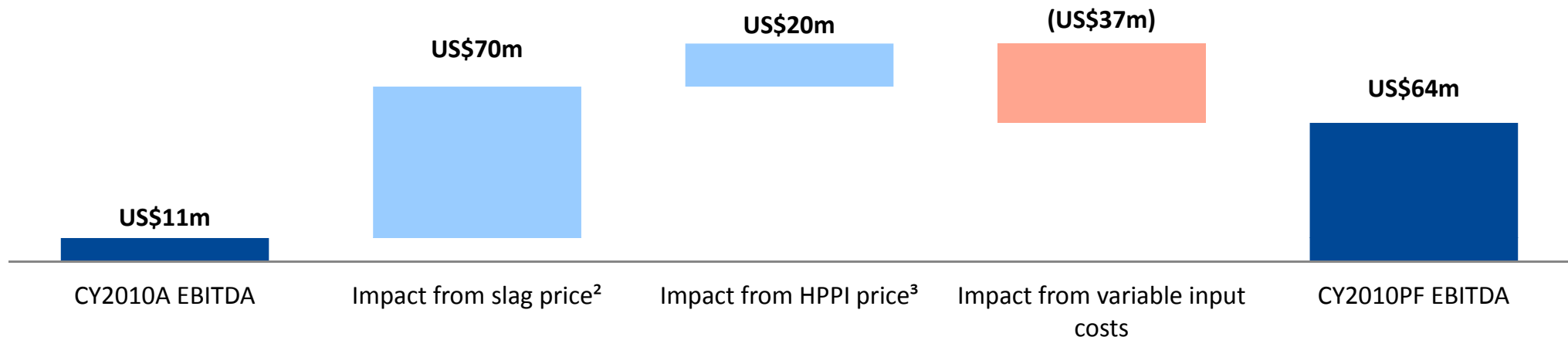
# Pro forma EBITDA for Tyssedal plant

- ◆ CY2010A<sup>1</sup> revenue of US\$129m, gross profit of US\$48m, EBITDA of US\$11m, EBIT of US\$3m
- ◆ CY2010A not indicative of current operating environment or price outlook

## Tyssedal pro forma EBITDA sensitivities

Sensitised input	EBITDA impact from +/-10% change
Slag price	+/-US\$14m
HPPI price	+/-US\$7m
Ilmenite costs	+/-US\$6m
Power / coal cost	+/-US\$4m

## Pro forma CY2010A EBITDA adjusted for current prices and input costs



### Notes:

1. Applies average annual foreign exchange rates for the year ending 31-Dec-2010 as follows; NOK/USD 6.01, NOK/EUR 8.04.
2. Titanium slag sale price of US\$700/t, subject to rounding.
3. HPPI sale price of €480/t, subject to rounding.

# Pro forma balance sheet for Tyssedal plant

## CY2010 balance sheet for Tyssedal (100% basis), pro forma for joint venture transaction

Balance sheet items, US\$m <sup>1</sup>	31-Dec-2010 Actual	31-Dec-2010 Pro forma
<b><u>Assets</u></b>		
Tangible fixed assets	55.9	55.9
Net working capital <sup>2</sup>	34.8	42.7 <sup>3</sup>
<b><u>Liabilities</u></b>		
Pension liabilities	0.5	0.5
Deferred tax liabilities	2.9	2.9
Public duties	1.5	1.5
Other short term liabilities	3.1	3.1
<b>Net assets</b>	<b>82.7</b>	<b>90.6</b>

Notes:

1. Applies NOK/USD FX rate at 31-Dec-2010 : 5.86.
2. Calculated based on trade debtors and inventory less trade creditors.
3. Based on agreed guaranteed net working capital of NOK250m.

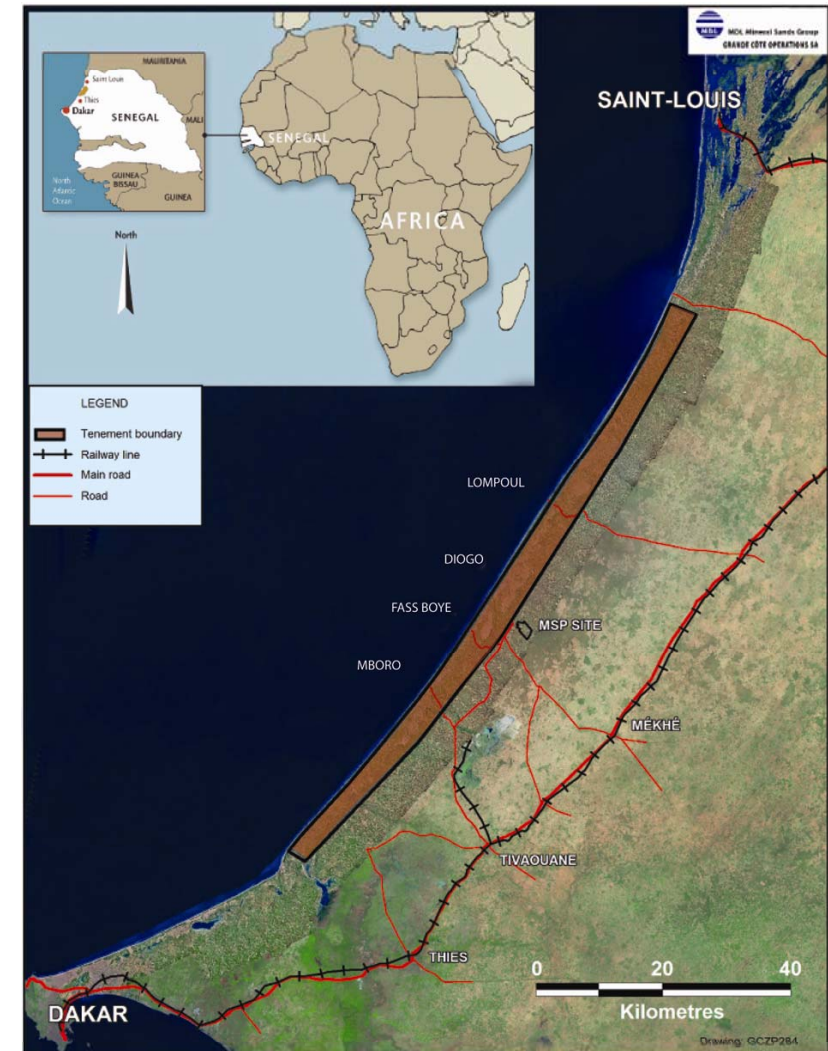
# Grande Côte update

## Overview

- ◆ Once ramped up, Grande Côte expected to produce (on average):
  - ≈85 ktpa of zircon
  - ≈575 ktpa of ilmenite (400ktpa sulphate, 175ktpa chloride)
  - small quantities of rutile and leucoxene (16ktpa)
- ◆ Mine life of more than 20 years – potential for significantly longer at lower cut off grades
- ◆ Simplicity of orebody provides for conventional large-scale, low-cost dredging
- ◆ 25 year mining concession granted
- ◆ Production expected to commence late 2013

## Development activities are in ramp-up mode

- ◆ Bids received for (i) dredge build, (ii) dual fuel (heavy fuel oil / natural gas) power station, and (iii) engineering EPCM – expect to award contracts over next 2 months
- ◆ Final works underway on the 60 tonne gearbox for the dredge cutter (a long lead time item which has been in storage)
- ◆ Design optimization of the deep water bores and lateral borefield being finalised
- ◆ Development of the IT project control software and systems framework nearing completion
- ◆ Construction camp being expanded and upgraded to accommodate 900 workers
- ◆ Key additional staff being appointed



# Grande Côte update (continued)

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## Rail and Port self-sufficiency

- ◆ Rather than utilise third party infrastructure, as proposed under the Definitive Feasibility Study (DFS), a strategy of logistics self-sufficiency is being pursued
- ◆ 25 year concession has been received from the Government of Senegal for largely exclusive use of an existing rail line which will be upgraded by MDL. When combined with a proposed 22 km rail spur from the Mineral Separation Plant this will allow full rail of all products to the Dakar port
- ◆ Concession also being negotiated for a large area of land at the Dakar port for bulk storage and exclusive use of a mole for ship loading

## Revised capital cost estimate

- ◆ **Capital cost estimate now US\$516m** – an increase of US\$110m from US\$406m in DFS due largely to:
  - US\$55m of additional infrastructure spend (now ≈US\$75m in total) associated with self-sufficient rail and port strategy – including new 22 km rail spur, existing rail refurbishment, owner locomotives and port storage and ship loading facilities
  - US\$18m increase in estimation/design allowance and contingency (now US\$49m in total)
  - US\$11m increase in wet concentrator plant – due to equipment price increases and A\$ appreciation
  - US\$6m cost of additional material removal in start-up pond for increased flexibility
- ◆ Capital cost estimate becoming increasingly robust as bids for substantial components of the build are being received

## Operating costs

- ◆ **Annual operating costs now estimated at US\$80-85m** – up from US\$75m in DFS due largely to:
  - US\$11m increase in power and fuel costs (due to higher assumed Heavy Fuel Oil price)
  - US\$3m increase in social and environment costs
  - Offset by US\$9m reduction in transportation costs due to self-sufficient rail and port strategy

# Grande Côte update (continued)

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Artist's impression of Grande Côte dredge and wet concentrator





# Grande Côte illustrative financials

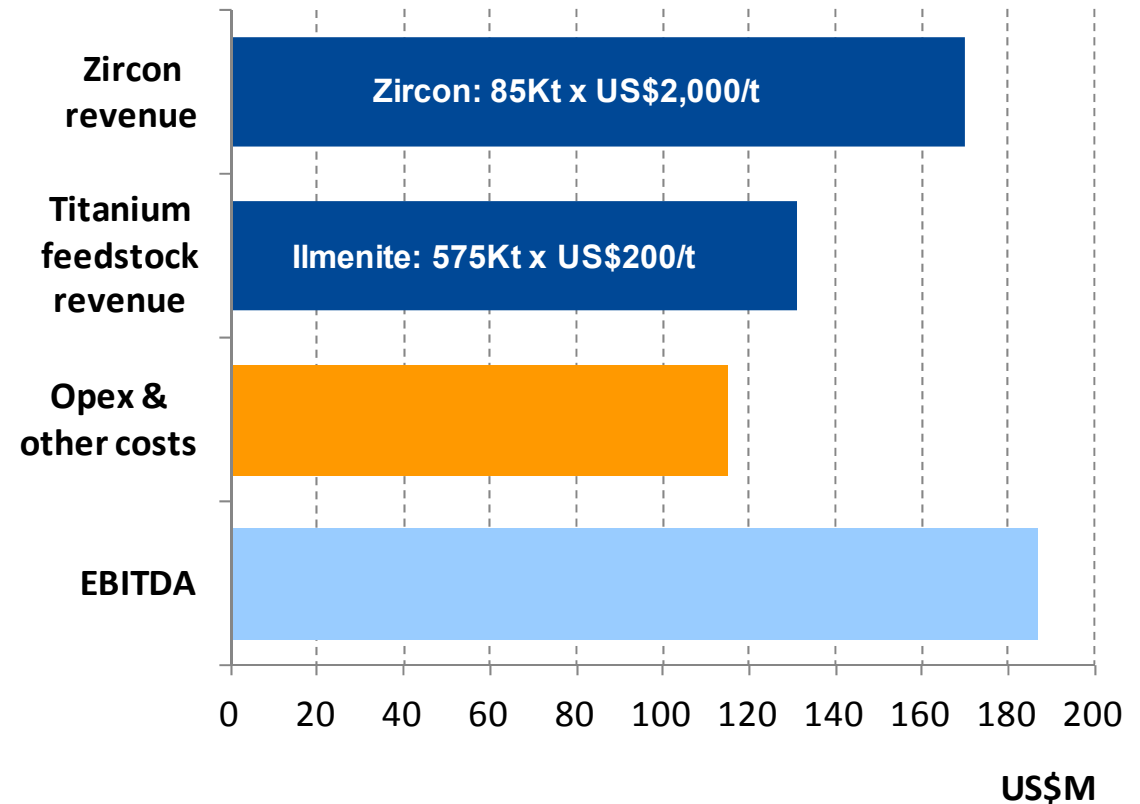
## Mining concession key terms:

- ◆ 10% Govt. interest (free carried)
  - Accrues dividends once capital invested recovered
- ◆ 5% gross royalty
- ◆ 10% government production share
- ◆ 15 years tax free

## Key financial parameters:

- ◆ Capital cost estimate: US\$516M
- ◆ Opex estimate: US\$84M pa

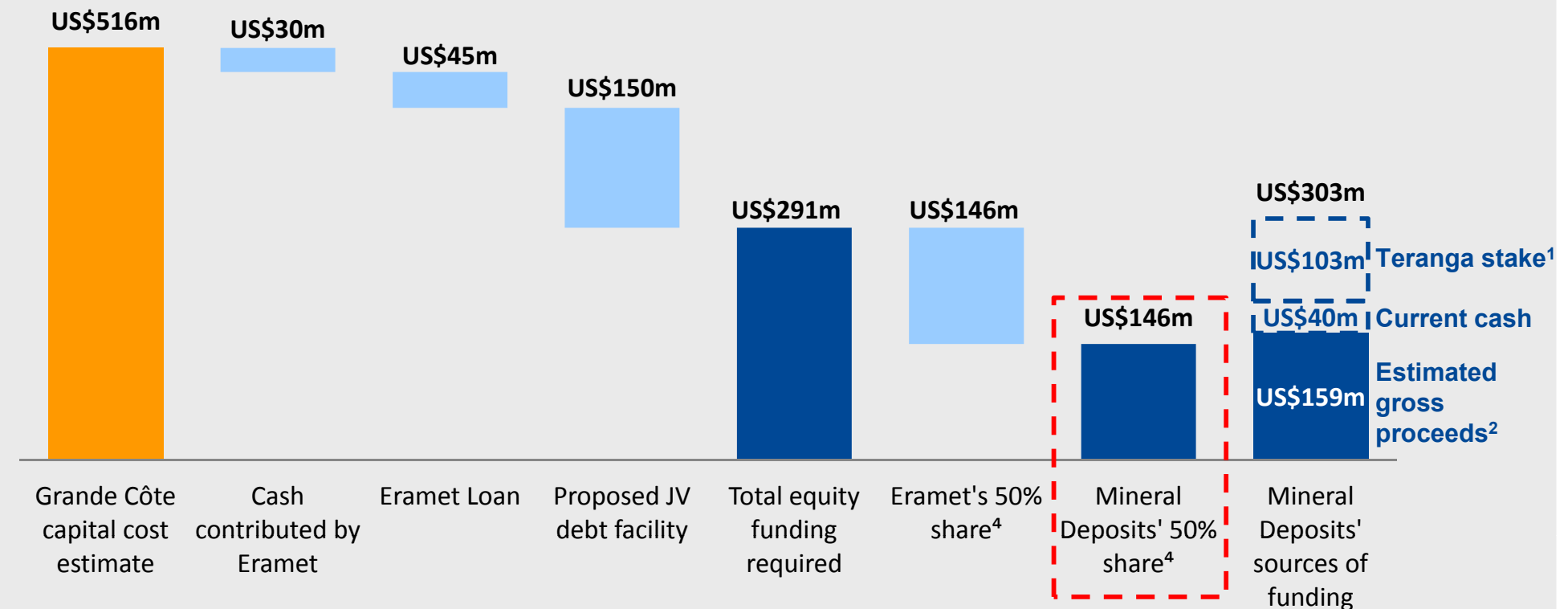
## Illustrative financials



# Overview of funding strategy for Grande Côte

## A flexible funding strategy with adequate headroom

- ◆ MDL's equity raising to fund equity contribution to joint venture and provide financial flexibility for development of Grande Côte



**Notes:**

1. Value of Teranga stake based on 40m shares held, last TSX close price of C\$2.53 and USD:CAD cross rate of 1.02 as at 17-Jun-2011.
2. Estimated gross proceeds of Offer based on assumed A\$151m Offer proceeds at USD:AUD cross rate of 1.05 as at 17-Jun-2011.
3. Assumes Eramet joint venture is completed in the terms outlined in this document.
4. Totals may not add due to rounding.

# Details of equity raising

<b>Offer structure</b>	<ul style="list-style-type: none"> <li>◆ 1:4 accelerated non-renounceable entitlement offer and institutional placement to raise a total of up to approximately A\$151m             <ul style="list-style-type: none"> <li>— Fully underwritten institutional entitlement offer to raise approximately A\$68m</li> <li>— Fully underwritten institutional placement to raise approximately A\$60m</li> <li>— Non underwritten retail entitlement offer to raise up to A\$23m</li> </ul> </li> <li>◆ Offer to be made to shareholders in Australia, Singapore, Canada, United Arab Emirates, Norway, Italy, New Zealand, Switzerland, Hong Kong, Saudi Arabia, United Kingdom and the United States</li> <li>◆ Retail shareholders will be entitled to apply for additional new shares beyond their entitlement, MDL reserves the right to allocate these additional new shares as appropriate</li> <li>◆ Offer is not contingent on MDL proceeding with the Joint Venture with Eramet</li> </ul>
<b>Offer price</b>	<ul style="list-style-type: none"> <li>◆ A\$6.00 per share under the entitlement offer             <ul style="list-style-type: none"> <li>— 12.3% discount to MDL's closing share price on 17-Jun-2011</li> <li>— 10.1% discount to theoretical ex-rights price<sup>1</sup></li> </ul> </li> <li>◆ Institutional bookbuild for placement shares and shares equal to number of entitlements not taken up by eligible and ineligible institutional shareholders from a floor price of \$6.00</li> </ul>
<b>Use of proceeds</b>	<ul style="list-style-type: none"> <li>◆ Net proceeds of equity raising to be used to fund MDL's share of equity contributions to joint venture for the development of Grande Côte</li> </ul>
<b>Ranking of New Shares</b>	<ul style="list-style-type: none"> <li>◆ New Shares issued under the Offer will rank equally with existing shares</li> </ul>

## Notes:

1. The theoretical ex rights price is the theoretical price at which MDL's shares should trade immediately after the ex-date for the entitlement offer. The theoretical ex rights price is a theoretical calculation only and the actual price at which MDL's shares trade immediately after the ex date will depend on many factors and may not be equal to the theoretical ex rights price.

# Entitlement offer timetable<sup>1</sup>

Date	Event
Saturday, 18 June 2011	Execution of MOU
Monday, 20 June 2011	Institutional Entitlement Offer and Placement opens
Tuesday, 21 June 2011	Institutional Entitlement Offer and Placement closes
Wednesday, 22 June 2011	Trading recommences
Thursday, 23 June 2011	Record date (7:00PM, Melbourne time)
Monday, 27 June 2011	Retail Entitlement Offer opens
Monday, 27 June 2011	Retail offer booklet dispatch completed
Tuesday, 28 June 2011*	Institutional settlement
Wednesday, 29 June 2011*	Institutional allotment and trading
Monday, 11 July 2011*	Retail Entitlement Offer closes
Monday, 18 July 2011*	Issue of New Shares under the Retail Entitlement Offer
Tuesday, 19 July 2011*	New Shares under Retail Entitlement Offer expected to commence trading
Friday, 30 September 2011*	Expected completion of joint venture

**Notes:**

1. All dates marked \* subject to change without notice at MDL's discretion subject, when required, to ASX approval.

# A transformational transaction

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- ✓ Joint venture with Eramet expected to create long-term value to MDL shareholders
- ✓ Creates a globally significant vertically-integrated mineral sands player
- ✓ Grande Côte secures off-take for majority of its ilmenite
- ✓ Tyssedal plant obtains a new source of high quality ilmenite supply providing for expansion and product diversification opportunities
- ✓ Funding of Grande Côte development costs shared with major French-based global mining group (effective 1 Jan 2011)
- ✓ Underwritten equity raising provides funding certainty for MDL shareholders

# **Appendix A: MDL overview and industry demand drivers**

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# Mineral Deposits – Corporate snapshot

## Capitalisation

<b>Listings</b>	ASX (MDL) / TSX (MDM)
<b>6 mth price range</b>	A\$4.67 – A\$7.65
<b>Shares</b>	60.8m
<b>Market cap as at 17-Jun-2011:</b>	A\$416m
<b>Cash</b>	US\$40m
<b>Debt</b>	Nil
<b>Investments</b>	40M Teranga (TGZ) shares (US\$103m, as at 17-Jun-2011)

## Last 10 years ...

2002	Commenced evaluation of Grande Côte Mineral Sands Project in Senegal
Aug 2003	Eastern Australian mineral sands operations concluded
Oct 2003	Grande Côte Mining Research Convention awarded
Sep 2004	Grande Côte Mining Convention executed
Oct 2004	Awarded Sabodala gold project by Govt. of Senegal
Mar 2005	Sabodala Mining Convention executed
Jul 2005	Sabodala exploration drilling commenced
Apr 2007	Sabodala Mining Concession granted
Jun 2007	Commenced construction of Sabodala mine
Nov 2007	Grande Côte Mining Concession granted
Mar 2009	Sabodala mine successfully commissioned and first gold poured
Aug 2009	Grande Côte DFS commenced
Jun 2010	Sabodala produced 172,000 ounces during FY2010
Jun 2010	Grande Côte DFS completed
Dec 2010	Sabodala gold assets “demerged” into Teranga Gold Corporation (TSX/ASX: TGZ)

# Senegal, West Africa



Grande Côte  
Mineral Sands Project

## Senegal

- ◆ Independent from France since 1960
- ◆ French is official language
- ◆ Successful, stable democracy
- ◆ Location of many foreign embassies and international banks for West African region
- ◆ Small population (13M)
- ◆ World standard mining laws

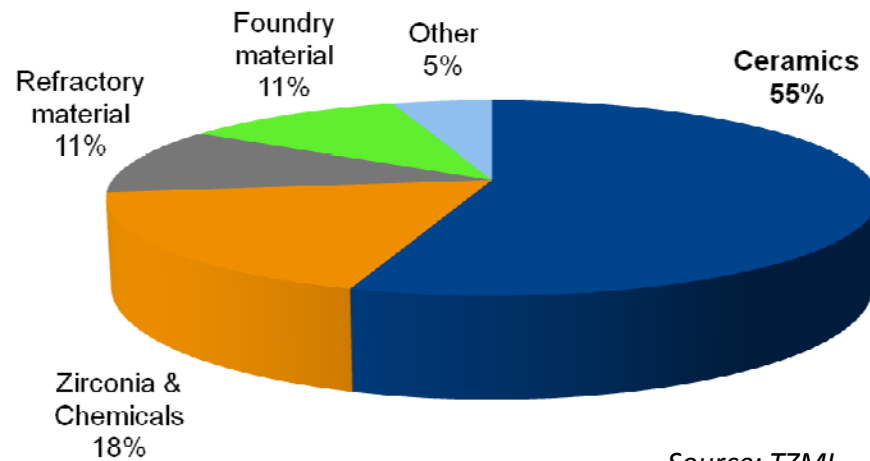
## MDL in Senegal

- ◆ 10 years on the ground
- ◆ Sabodala – first major resource project for 40 years
- ◆ Strong engagement with local communities
- ◆ Excellent government relations



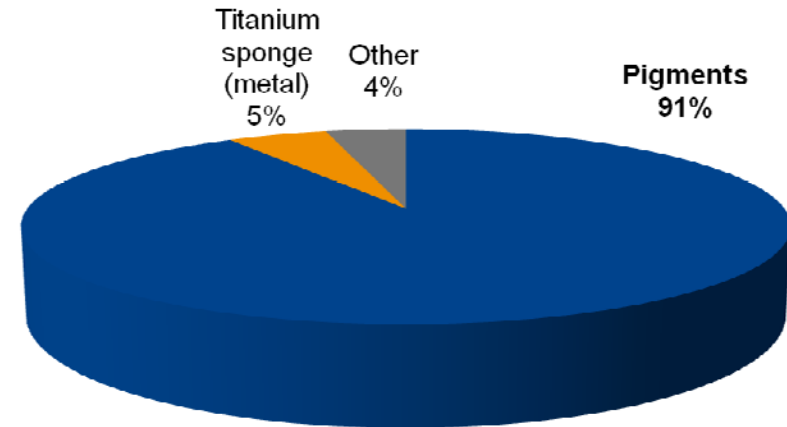
# Zircon and Titanium feedstocks – what drives demand?

## Zircon end-use



Source: TZMI

## Titanium feedstock consumption



Source: TZMI

## Zircon key attributes

- ◆ Opacity (making an opaque layer)
- ◆ High melting point
- ◆ Extremely refractory
- ◆ Abrasion resistance
- ◆ Inertness

## Titanium key attributes

- ◆ Titanium dioxide (TiO<sub>2</sub>) pigment : brilliant whiteness, opacity, non-toxicity, inertness and UV protection
- ◆ Titanium metals: strong, lightweight, high melting point, corrosion resistant

# **Appendix B: Key risks**

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# Key risks

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## GENERAL

There are various risks associated with investing in MDL, as with any stock market investment and, specifically, because of the nature of MDL's mineral exploration and production business and the present stage of development of MDL's operations. This includes projects in which MDL has an interest including, if it proceeds, the Joint Venture with Eramet. A reference to MDL in this "Key Risks" section should therefore be taken to include, where relevant, a reference to those project interests.

Potential investors should consider whether the shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. Many of those risk factors are outside the control of the Directors.

It is important to recognise that share prices might fall or rise and shareholders may or may not be entitled to receive dividends. Factors affecting the operating and financial performance of MDL and the market price of MDL shares include domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation rates, changes to commodity prices, the announcement of new technologies and variations in general market conditions and/or market conditions which are specific to a particular industry. In addition, share prices of many companies are affected by factors which might be unrelated to the operating performance of the relevant company. Such factors might adversely affect the market price of MDL shares.

The forward-looking information provided in this Presentation with respect to, but not limited to, production forecasts, growth forecasts of MDL's resources and reserves, sales, earnings and capital expenditure estimates is based on certain assumptions which are inherently subject to significant uncertainties. The actual results of MDL's operations in future years may therefore differ from its current estimates.

## SPECIFIC RISKS

### Proposed Joint Venture with Eramet

The MOU with Eramet is conditional and completion is subject to certain procedural conditions including the execution of formal documentation, certain regulatory and contractual counterparty approvals and there being no material adverse changes (as defined in the MOU). If the joint venture does not proceed, MDL is likely to need to contribute more capital towards the development of Grande Côte than it would should the joint venture proceed, and as a result, may need to consider additional funding sources than those available under the Offer.

### Current and Future Finance

No assurance can be given that any financing required from time to time will be available on terms favourable to MDL. In such circumstances, if MDL is unable to secure financing on favourable terms, this may have a material adverse effect on MDL.

MDL's ability to service any future debt will depend on its future performance and cash flows, which will be affected by many factors, certain of which are beyond MDL's control. Any inability of MDL to service future debt may have a material adverse effect on MDL.

Existing funds may not be sufficient for expenditure that might be required for acquisitions, new projects, further exploration and feasibility studies. MDL may need to raise additional debt or equity in the future. There is no assurance that MDL will be able to obtain additional debt or equity funding when required, or that the terms associated with that funding will be favourable, which may have an adverse effect on MDL.

JV Co will need to source additional project finance funding to contribute towards the development of Grande Côte. There is a risk that JV Co will not be able to secure this funding, in which case the joint venture parties may need to consider additional funding sources than those proposed under the Offer.

### Impact of Inflation on costs

Higher than expected inflation rates generally, or specific to the mining industry in particular, could be expected to increase operating and development costs and potentially reduce the value of future project developments. While, in some cases, such cost increases might be offset by increased selling prices, there is no assurance that this would be possible.

# Key risks

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## **SPECIFIC RISKS (cont.)**

### **Availability and Cost of Key Equipment**

MDL has, and if formed JV Co will have, significant equipment and construction material requirements and any delay on the part of such equipment and material suppliers to deliver to schedule, or any cost increases could have an adverse impact on MDL or JV Co's financial performance and/or financial position.

### **Operational Risks**

The mining operations of Grande Côte, and the operation of the Tyssedal smelter, may be affected by the following (amongst other things): weather/natural disasters; unexpected maintenance or technical problems or costs; unplanned capital expenditure; variations in geological conditions; production bottlenecks or interruptions; and increases in labour costs.

### **Infrastructure and Transport**

MDL and JV Co's future growth is contingent on government and private sector delivery of proposed transport infrastructure. The development of this infrastructure and the future cost of access to new and existing infrastructure is outside MDL's control. Product from Grande Côte will be transported to customers by a combination of rail and sea. A number of factors could disrupt these transport services, including weather-related problems, rail or port capacity constraints, key equipment and infrastructure failures and industrial action, impairing Grande Côte's ability to supply product to its customers.

### **Government policy and taxation**

Changes in relevant laws, including taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies in Australia, Mauritius, Senegal and Norway may have an adverse effect on the assets, operations and ultimately the financial performance of MDL and the market price of MDL shares.

### **Smelter inputs**

If the joint venture with Eramet proceeds, MDL will have (directly or through interposed entities) a 50% interest in Eramet Titanium & Iron AS which owns and operates the Tyssedal titanium and iron smelter in Norway. Smelting production is reliant on a number of specific types of mineral sand concentrate inputs. The Tyssedal smelter would be adversely affected by constraints in availability of the relevant concentrates.

### **Operational failure or disruption of smelter**

The operation of the Tyssedal smelter involves a number of inherent risks. Specifically, the smelter is reliant on critical equipment, such as furnaces and mills, and such equipment may incur downtime as a result of unanticipated failures or other events, such as fires, furnace breakdowns or loss of external power supply. Should a significant facility or process failure occur at the Tyssedal smelter, production at the smelter may need to be suspended for repairs.

### **Foreign exchange**

MDL's expected future revenue, if any, will be in United States dollars while most of its expenditures are in a variety of currencies. As a result of the use of these different currencies, MDL is subject to the risk of foreign currency fluctuations, which are affected by a number of factors that are beyond the control of MDL. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. Foreign currency fluctuations may materially affect MDL's financial position and operating results.

# Key risks

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## SPECIFIC RISKS (cont.)

### Industry and commodity cycles

The demand for, and price of, minerals is highly dependent on a variety of factors, including international supply and demand, the price and availability of alternative products, actions taken by governments, and global economic and political developments.

MDL will be affected by prevailing commodities market and conditions in the countries and sectors in which it sells its product. Adverse changes in market sentiment or conditions can and will impact MDL's ability to manage operating costs and have sales meet production capacity. These impacts could lead to a reduction in earnings and the carrying value of assets that are outside of MDL's control.

### Reliance on third parties

Through MDL's use of contractors and other third parties for exploration, mining and other services generally, it is reliant on a number of third parties for the success of its current operations and for the development of its growth projects. While the situation is normal for the mining and exploration industry, problems caused by third parties may arise which have the potential to impact on the performance and operations of MDL. Any failure by counterparties to perform their obligations may have a material adverse effect on MDL and there can be no assurance that MDL would be successful in attempting to enforce any of its contractual rights through legal action.

### Environmental Regulation

Environmental regulation both in Australia and overseas of mining and smelting activities imposes significant obligations on companies that conduct those activities. Changes in these laws and regulations may adversely affect MDL's operations, including profitability of the operations.

In addition, mining and smelting are industries that have become subject to increasing environmental responsibility and liability both in Australia and overseas. Environmental legislation is evolving in a manner which will require stricter standards and enforcement and expose relevant operators to the risk of increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environment regulation, if any, will not adversely affect MDL's operations.

The Tyssedal smelter is subject to regulations in Norway which limit the amount of metals it may discharge into the sea and the atmosphere. Eramet has applied for licences to increase these limits to accommodate current levels of discharge. While there is no guarantee that the licences will be granted (on acceptable terms, or at all), MDL understands that Eramet does not have any reason to believe that the licences to increase will not be obtained.

### Global Warming

The regulatory response to the risk of global warming, including unilateral action by Australia or Norway or both, may affect the costs of MDL or its controlled or joint venture operations, mineral prices and the competitiveness of MDL's products in the world resources market.

### Water and power management

MDL and its controlled and joint venture entities use water and power in their operations which will include, if the joint venture with Eramet proceeds, the Tyssedal smelter. MDL and the Tyssedal smelter currently have access to adequate water and power supply. However, in the future, no assurance can be given that sufficient water or power will be available or that access to water and power will not be disrupted in the future. Climate changes and changes to water allocations and to government policy may affect MDL's access to water and power necessary for existing and future mining operations.

### Competition

Competition from Australian and international mineral producers may affect the cash flow and earnings which MDL will realise from its operations. MDL may also encounter competition from other mining companies for the acquisition of new projects to sustain or increase its mineral production, affecting its ability to acquire new interests on acceptable terms.

# Key risks

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## SPECIFIC RISKS (cont.)

### Reliance on major customers for sales

MDL and JV Co are or will be reliant on a relatively small number of customers for sales.

### Wars, terrorism, political, economic and natural disasters

Events may occur within or outside Australia, Senegal or Norway that could impact upon the world economy, the market for minerals, the operations of MDL and the price of MDL's shares. For example, war, acts of terrorism, civil disturbance, political intervention and natural activities such as earthquakes, floods, fire and poor weather affecting the transport and mining of minerals. MDL has a limited ability to insure against some of these risks.

### Capital Expenditure Estimates

MDL has a substantial capital expenditure program which may increase if the joint venture with Eramet proceeds. There is a risk that the capital costs could be greater than expected and if this is the case, it may adversely affect MDL's financial performance and/or financial position.

### Enforcement of legal rights

MDL and various of its controlled entities have entered into contracts which are important to the future of MDL's business. Similarly, the proposed joint venture will be subject to a number of material contracts. Any failure by counterparties to perform those agreements may have a material adverse effect on MDL and there can be no assurance that it would be successful in enforcing any of its contractual rights through legal action.

### Key Personnel

MDL and its controlled entities have a number of key management personnel on whom MDL depends to run its business. Similarly, the proposed joint venture with Eramet and the operation of the Tyssedal smelter are reliant on a number of key individuals. The loss of any of these officers or other key personnel, coupled with any inability to attract suitably qualified replacement personnel due to a shortage of labour, could have a material adverse effect on MDL's financial performance.

### Industrial Action

MDL is conscious of its reliance on skilled and productive employees and contractors to maintain its production levels. It has taken deliberate steps to be thorough in selecting individuals with such characteristics to be its employees. Any industrial action by MDL employees or contractors' employees has the potential to disrupt mining exploration and consequently, may adversely affect MDL's financial performance and/or financial position.

### Health and safety

Health and safety regulation affects MDL's activities. Exploration and mining are potentially hazardous activities. If any injuries or accidents occur in a mine, this could have financial implications for MDL including potential delays or stoppages.

The operation of the Tyssedal smelter gives rise to inherent risks for the employees and contractors that work there. For example, working in and around the smelter carries some risk of hazardous exposure to carbon monoxide, water-molten metal explosions and other workplace conditions that are potentially hazardous. Eramet has implemented safety management procedures to align the operation of Tyssedal smelter with current Australian practice. However, if any injuries or accidents occur at the Tyssedal smelter, this could have material financial implications for MDL, including potential delays or stoppages.

### Other risks

As at the date of this Presentation, MDL is continuing to conduct further confirmatory due diligence and other investigations. Certain risks that have been identified to date are expected to be addressed (for example, through warranties) in the formal joint venture documentation, although this cannot be assured.

Other risks, which are not specified in this Presentation, may arise in relation to such further investigations by MDL in respect of the joint venture with Eramet which are, as at the date of this Presentation, unknown

# **Appendix C: Foreign selling restrictions**

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# Foreign selling restrictions

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## General

This document does not constitute an offer to any person to whom, or in any jurisdiction in which, it would not be lawful to make such an offer. No action has been taken to register or qualify the offer, or the MDL shares offered, or otherwise permit a public offering outside Australia or New Zealand. The distribution of this document outside Australia and New Zealand is restricted by law.

## Singapore

The offer of shares by Mineral Deposits Limited (the "Shares") is made only to and directed at, and the Shares are only available to, certain persons in Singapore who are existing holders of Shares previously issued by Mineral Deposits Limited.

This Presentation has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Presentation and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) existing holders of Shares or (ii) pursuant to, and in accordance with, the conditions of an exemption under any provision of Subdivision (4) of Division 1 of Part XIII of the Securities and Futures Act, Chapter 289 of Singapore.

This Presentation has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Presentation and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares of Mineral Deposits Limited (the "Shares") may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (however described) in that trust shall not be transferable within 6 months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

## Canada

The New Share may only be offered or sold in Canada or to residents thereof which are "accredited" "investors" as defined in National Instrument 45-106 "Prospectus and Registration Exemptions" or, if offered or sold by an "international dealer", which are "permitted clients" as defined in National Instrument 31-103 "Registration Requirements and Exemptions". Canadian investors are referred to [www.sedar.com](http://www.sedar.com) for further details relating to MDL and to the "Grande Côte Mineral Sands Project, Senegal, West Africa Technical Report, effective June 16, 2010" and "Grande Côte Definitive Feasibility Study Results dated June 16, 2010".



# Foreign selling restrictions (continued)

## United Arab Emirates

Notice to investors in the United Arab Emirates (excluding the Dubai International Financial Centre).

The shares which are subject to this Presentation have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates other than in compliance with the laws of the United Arab Emirates. The information contained in this Presentation does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the UAE, as amended) or otherwise and is not intended to be a public offer. This Presentation has not been approved by or filed with the Central Bank of the United Arab Emirates or the Emirates Securities and Commodities Authority. If you do not understand the contents of this Presentation you should consult an authorized financial adviser. This Presentation is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

## Norway

This presentation has not been approved by, or registered with, any Norwegian securities regulators pursuant to the Norwegian Securities Trading Act of 29 June 2007, as amended. The presentation and any other materials in connection with the offer relating to Norway have not been approved or disapproved by, or registered with the Oslo Stock Exchange, the Norwegian FSA, the Norwegian Registry of Business Enterprises or any other Norwegian authority. Accordingly, neither the presentation or any other offering material relating to the offering of the new shares and entitlements constitutes, or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act 2007. The New Shares and entitlements may not be offered or sold, directly or indirectly, in Norway, except:

- (i) in respect of an offer of new shares and entitlements addressed to investors subject to a minimum purchase of new shares and entitlements for a total consideration of not less than €50,000 per investor;
- (ii) to 'professional investors' as defined in the Norwegian Securities Regulation of 29 June 2007, no. 876, being:
  - (A) legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
  - (B) any legal entity which is registered as a professional investor with the Oslo Stock Exchange (No. Oslo Børs) and which has two or more of;
    - (I) an average of at least 250 employees during the last financial year;
    - (II) a total balance sheet of more than €43,000,000;
    - (III) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
  - (C) any natural person which is registered as a professional investor with the Oslo Stock Exchange (No. Oslo Børs) and which has two or more of;
    - (I) an average executive of at least ten – 10 – transactions in securities of significant volume per quarter for the last four quarters;
    - (II) a portfolio of securities with a market value of at least €500,000;
    - (II) worked for or works, for at least one – 1 – year, within the financial markets in a position which presupposes knowledge of investing in securities;
    - (ii) to fewer than 100 natural or legal persons (other than 'professional investors' as defined in the Norwegian Securities Regulation of 29 June 2007 no. 876), subject to obtaining the prior consent of the underwriter for any such order;
    - (iv) in any other circumstances provided that no such offer of new shares and entitlements shall resulting in a requirement for the registration, or the publication by Mineral Deposits Limited or the underwriter of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

## Saudi Arabia

This document may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorised financial adviser.

# Foreign selling restrictions (continued)

## Italy

The offering of the Shares has not been registered with the Commissione Nazionale per le Società e la Borsa ("Consob"), in accordance with Italian securities legislation. Accordingly, the Shares may not be offered or sold, and copies of this offering document or any other document relating to the Shares may not be distributed in Italy except to Qualified Investors, as defined in Article 34-ter of the Consob's Regulation 11971/1999 (the "Issuers' Regulation") or in any other circumstance where applies an exemption to comply with public offering restrictions provided by Legislative Decree no. 58 of February 24, 1998 (the "Consolidated Financial Act") or Issuers' Regulation, including those provided for under Article 100 of the Finance Law and Article 34-ter of the Issuers Regulation, and provided, however, that any such offer or sale of the Shares or distribution of copies of this offering document or any other document relating to the Shares in Italy must (i) be made in accordance with all applicable Italian laws and regulations, (ii) be conducted in accordance with any relevant limitations or procedural requirements that Consob may impose upon the offer or the sale of Shares, and (iii) be made only by (a) banks, investment firms or financial companies enrolled in the register provided for in Article 106 of Legislative Decree no. 385 of September 1, 1993, to the extent duly authorized to engage in the placement and/or underwriting of financial instruments in Italy in accordance with the Consolidated Financial Act and the relevant implementing regulations; or (b) foreign banks or financial institutions (the controlling shareholding of which is owned by one or more banks located in the same EU Member State) authorized to place and distribute securities in the Republic of Italy pursuant to Articles 15, 16 and 18 of the Banking Act, in each case acting in compliance with all applicable laws and regulations.

## New Zealand

This document does not constitute a prospectus or investment statement in New Zealand and has not been registered, filed with or approved by any New Zealand regulatory authority under or in connection with the Securities Act 1978 (New Zealand). The disclosure materials are being distributed in New Zealand only to (a) persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or (b) persons who are each required to pay a minimum subscription price of at least NZ\$500,000 for the new shares before the allotment of those new shares; or (c) persons to whom securities may be offered in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002 and the Securities Act (Transition to Securities Regulations 2009) Under the offer new shares are not being offered to any other person in New Zealand.

## Switzerland

This document and any other materials relating to the shares may not be publicly distributed to any person or entity in or from Switzerland. The shares must not be publicly offered (as such term is defined in Article 652a of the Swiss Code of Obligations) in or to investors from Switzerland. This Offering Memorandum does not constitute an offering prospectus as that term is understood pursuant to Article 652a of the Swiss Federal Code of Obligations.

## Hong Kong

Important Information for "professional" and other legally permitted Hong Kong investors:

### WARNING

The contents of this Presentation have not been reviewed or approved by any regulatory authority in Hong Kong. Recipients are advised to exercise caution in relation to any offer of new shares by Mineral Deposits Limited. If recipients are in any doubt about any of the contents of this document, they should obtain independent professional advice.

The new shares and entitlements have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than:

- (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap 571) of Hong Kong and any rules under that ordinance; or
- (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance.

Further, no person shall issue or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the new shares and entitlements, which is directed at, or the contents of which are likely to be assessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the new shares and entitlements which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Future Ordinance (Cap 571) and any rules made under that ordinance.

The information relating to the offering contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong.

# Foreign selling restrictions (continued)

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## Hong Kong (continued)

This offering is not an offer for sale to the public in Hong Kong and it is not the intention of Mineral Deposits Limited that the new shares and entitlements be offered for sale to the public in Hong Kong. A person acquiring the new shares and entitlements under this offering must not offer those new shares and entitlements or any of them to the public in Hong Kong within 6 months after their allotment.

## United Kingdom

This document is not a prospectus for the purposes of section 85 of the United Kingdom Financial Services and Markets Act 2000 (FSMA) and has not been lodged with or approved by any competent authority in the United Kingdom.

This document has not been approved by a person authorised under the FSMA and its distribution in the United Kingdom is only being made to persons in circumstances that will not constitute a financial promotion for the purposes of section 21 of the FSMA as a result of exemptions contained in the FSMA 2000 (Financial Promotion) Order 2005

### (Exempted Persons)

This document must not be relied on by any person who is not an Exempted Person and any investment or investment activity to which this document relates is available only to Exempted Persons. This document must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person. If a recipient is in doubt about the contents of this document, the recipient should consult a person authorised by the Financial Services Authority under the FSMA, who specialises in advising on the acquisition of investments.

This document is exempt from the restrictions in the FSMA as it is to be strictly communicated only to the following persons: (i) existing shareholders (ii) 'investment professionals' as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (Order); (iii) persons who fall within any of the categories of persons described in Articles 49(2)(a) to (e) of the Order (high net worth entities); or (iv) other persons to whom it may be lawfully communicated.

In relation to 'investment professionals', this document is only directed at persons having professional experience in matters relating to investments and any investment activity to which it relates is only available to such persons (who broadly only include certain persons specifically regulated under FSMA). Any persons who do not have such professional experience in matters relating to investments (and who are not exempt high net worth entities) should not review this document or rely on anything contained therein and are requested to return it to the person who made it available to them.

In relation to persons described under Articles 49(2)(a) to (e), this document is only directed at and available to such high net worth entities and persons of any other description (other than investment professionals) should not act on it.

## United States

This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act"), or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable United States state securities laws. Failure to comply with these restrictions may result in violations of applicable securities laws.