

## QUARTERLY REPORT

TiZir Limited owns 90% of the Grande Côte Mineral Sands Project in Senegal, West Africa and 100% of the ilmenite upgrading facility TiZir Titanium & Iron, in Tyssedal, Norway.

### 1Q 2015 OPERATIONS REVIEW

#### KEY POINTS

- Mining operations continued to ramp-up at GCO
  - Dredge ramp-up gained further momentum – March quarter first quarter above 50% of nameplate
  - Finished goods production increased on a month to month basis
  - Offtake for majority of budgeted ilmenite production secured for 2015
- March 2015 represented first month of positive EBITDA at GCO
- Building of inventory at TTI ahead of the three month shutdown for works to complete the integration of TTI and GCO
- Titanium feedstock market still encountering challenges, particularly for sulphate feedstocks
- Zircon market continues to be stable

#### GCO

The ramp-up of GCO continued throughout the quarter with the dredge operating at an average of 61% of nameplate capacity compared with 51% in 4Q 2014. Mining operations continued to ramp-up with nameplate capacity still expected to be achieved during 3Q 2015. During the quarter, mining throughputs were impacted by electrical outages, tailings management restrictions and other standard commissioning issues that arose as GCO continued to optimise operations within the orebody. Taking these issues into account, the dredge operated at 78% of capacity at a throughput of 5,463 tonnes per hour. At nameplate capacity, the dredge is expected to operate at 7,000 tonnes per hour.

The ramp-up of the Mineral Separation Plant continued to meet expectations with both the Wet Plant and the Ilmenite Circuit of the Dry Plant continuing to operate at design feed rates. Ilmenite production increased on a month to month basis during the quarter for an average of approximately 30kt per month compared to 14kt per month in 4Q 2014. The Primary Circuit of the Dry Plant continued to produce two grades of zircon, with production levels increasing on a monthly basis. Production of ilmenite and zircon will continue to increase with the ramp-up of mining and associated increase in heavy mineral concentrate feedstock supply.

#### GCO production volumes

100% basis		2Q 2014	3Q 2014	4Q 2014	1Q 2015
<b>Mining:</b>					
Ore mined	(kt)	2,609	4,717	6,776	<b>8,039</b>
Heavy mineral concentrate produced	(t)	37,240	57,526	89,333	<b>131,649</b>
<b>Finished goods production</b>					
Ilmenite	(t)	11,463	47,702	41,425	<b>89,789</b>
Zircon	(t)	-	3,762	5,278	<b>9,118</b>
Rutile & leucoxene	(t)	-	190	473	<b>1,635</b>

## GCO sales volumes

100% basis		2Q 2014	3Q 2014	4Q 2014	1Q 2015
<b>Sales volume</b>					
Ilmenite (including sales to TTI)	(t)	-	28,074	46,850	<b>71,857</b>
Zircon	(t)	-	1,205	5,848	<b>6,502</b>
Rutile & leucoxene	(t)	-	-	162	<b>22</b>

Sales of both ilmenite and zircon increased for the third successive quarter as production continued its ramp-up.

GCO has successfully negotiated offtake agreements for the majority of its 2015 budgeted ilmenite production. These agreements will ensure that a majority of ilmenite produced during the year will be sold to external customers.

Sales of GCO zircon continued to increase, with customer demand continuing to outstrip supply.

GCO recorded its first positive monthly EBITDA result in March 2015, a strong result considering the ramp-up of mining operations is ongoing. Significant cost savings in energy and labour have been achieved through cost efficiency initiatives and continued pressure on oil prices and exchange rates.



GCO mining operations



GCO Mineral Separation Plant

## TTI

Titanium slag production of 43.8kt for the quarter was slightly higher than 1Q 2014 but slightly lower than 4Q 2014 production due to planned maintenance stoppages in both the pre-reduction kiln and electric arc furnace. Sales of 30.2kt for the quarter were significantly below production levels. This was due to customers delaying shipments until Q2 2015 when northern hemisphere pigment plants will increase production to meet seasonal demand, and inventory levels being built ahead of the planned three month shutdown for the furnace reline and capacity expansion. Pricing decreased during the quarter as competition and lower demand adversely impacted market conditions.

High Purity Pig Iron production and sales volumes for 1Q 2015 were as anticipated at 24.0kt and 19.8kt respectively. Pricing in 1Q 2015 was higher (on a EUR basis) than 4Q 2014 as a result of the continuing supply uncertainty in Ukraine.

Cost optimisation initiatives implemented throughout 2014 continued to be successful in reducing operational costs and maintaining the competitiveness of TTI products as soft market conditions persist.

### TTI physical volumes

100% basis		1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015
<b>Titanium Slag</b>						
Produced	(kt)	42.0	48.4	45.8	47.5	<b>43.8</b>
Sold	(kt)	38.4	48.1	43.9	47.8	<b>30.2</b>
<b>High Purity Pig Iron</b>						
Produced	(kt)	23.5	27.4	25.7	26.4	<b>24.0</b>
Sold	(kt)	29.9	28.3	27.0	20.5	<b>19.8</b>



*Tizir Titanium & Iron ilmenite upgrading facility, Norway*



*Storage and conveyor facilities at Dakar Port*

## **MARKETS**

Conditions in the titanium dioxide pigment industry remained seasonally weak throughout the quarter, reflecting the impact of the northern hemisphere winter. Market conditions were stimulated in March as pigment producers began to set themselves for the seasonally stronger second and third quarters. High grade titanium feedstock prices continue to be stable and the potential remains for some price rises as global pigment producers increase their utilisation rates.

Sulphate feedstock prices remain under pressure, due in large part to structural overcapacity within China. This situation is likely to persist in the short term.

The zircon market continues to be stable. Pertaining to our main markets, North American demand has increased as its economy continues to show signs of improvement whilst the European market remains competitive.