

4Q 2016 OPERATIONS REVIEW

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.

KEY POINTS

- GCO achieved multiple quarterly production records including:
 - Heavy mineral concentrate production
 - Total ore tonnes mined
 - Zircon, rutile and leucoxene production
- Mine optimisation study completed
- Mine optimisation initiatives well advanced, illustrated by record dredge and wet concentrator plant utilisation
- Second successive quarter of positive free cash flow and first annual positive free cash flow recorded at GCO
- TTI furnace restart ahead of schedule on 7 January 2017
- NOK305 million (approx. US\$35 million) TTI insurance claim settled and outstanding monies received

GCO

Heavy mineral concentrate production of 194.1kt was considerably higher than previous 2016 quarters and set a new record for the operation.

Mine optimisation initiatives at GCO delivered record utilisation across the mine. Further improvements in operational performance are expected as initiatives centred on utilisation, throughput and recovery are delivered.

A mine optimisation study was completed, analysing the mine plan to: optimise cash flow, maximise recovery of Resources and enhance future profitability.

The mineral separation plant continued to deliver record monthly results as a consequence of the mine production increase and positive impacts of key optimisation projects successfully completed in 2016, reflected in the achievement of quarterly production records for zircon, rutile and leucoxene. In particular, the commissioning of an up current classifier and belt filter into the production process during 2Q and 3Q 2016 resulted in an increase in zircon yields of around 10% in 4Q 2016.

GCO has now operated for over 3.2 million man hours without a lost time incident ('LTI'), with the last LTI occurring on 17 December 2015.

GCO production volumes

| 100% basis | | 4Q 2015 | 1Q 2016 | 2Q 2016 | 3Q 2016 | 4Q 2016 | CY 2015 | CY 2016 |
|------------------------------------|------|------------|------------|------------|------------|----------------|------------|----------------|
| Mining | | | | | | | | |
| Ore mined | (kt) | 11,033 | 9,583 | 10,291 | 8,071 | 11,258 | 34,759 | 39,203 |
| Heavy mineral concentrate produced | (kt) | 188.7 | 140.7 | 138.9 | 140.0 | 194.1 | 632.9 | 613.7 |
| Finished goods production | | | | | | | | |
| Ilmenite | (t) | 126,433 | 107,181 | 92,783 | 96,503 | 119,882 | 427,690 | 416,249 |
| Zircon | (t) | 13,614 | 10,713 | 13,608 | 11,844 | 16,462 | 45,248 | 52,627 |
| Rutile & Leucoxene | (t) | 1,353 | 1,906 | 2,524 | 2,192 | 3,042 | 5,311 | 9,664 |

GCO sales volumes

| 100% basis | 4Q 2015 | 1Q 2016 | 2Q 2016 | 3Q 2016 | 4Q 2016 | CY 2015 | CY 2016 |
|---------------------|-------------|------------|------------|------------|----------------|------------|----------------|
| Sales volume | | | | | | | |
| Ilmenite | (t) 138,958 | 65,001 | 118,649 | 84,857 | 142,408 | 420,417 | 410,915 |
| Zircon | (t) 11,742 | 9,661 | 12,758 | 14,721 | 15,961 | 41,855 | 53,101 |
| Rutile & Leucoxene | (t) 1,379 | 1,740 | 2,300 | 2,620 | 2,159 | 4,611 | 8,819 |

GCO achieved its third successive quarter of record total zircon sales volumes in 4Q 2016 as sales volumes increased in line with increased production volumes.

Ilmenite sales for 4Q 2016 exceeded production as a result of shipment timing during the quarter, however, overall annual production volumes were consistent with annual sales volumes for the second consecutive year. As a result of the furnace relining being undertaken at TTI, the majority of shipments during the quarter were to external customers. While TTI is in ramp up phase, excess inventory sales are planned to external customers in accordance with expected production levels.

GCO achieved its second consecutive quarter of positive cash flows in 4Q 2016 as a result of increasing sales volumes, the ongoing impact of cost reduction initiatives and working capital management. Further, GCO was cash flow positive for 2016, representing the first year of annual positive cash flows for the operation since commencement of production in 2014.



Grande Côte Operations, Senegal, West Africa

TTI

After taking delivery of the furnace lining in mid-December 2016, the relining of the furnace and preparations for return to operations have progressed ahead of plan. The furnace was restarted on 7 January 2017 and ramp up to commercial volumes is well underway.

Shipments of chloride slag are expected to resume in early April.

TTI has agreed with its insurer a full and final settlement of NOK305 million (US\$35 million based on a USD/NOK exchange rate of 8.65) pertaining to the incident that occurred at TTI on 15 August 2016, resulting in damage to, and the extended shutdown of, the furnace. As previously disclosed, the insurance company has been advancing funding to TTI to assist with financing requirements for the repair of the furnace. Outstanding funds were received prior to the end of 2016 in final settlement of this claim.

TTI physical volumes

| 100% basis | | 4Q 2015 | 1Q 2016 | 2Q 2016 | 3Q 2016 | 4Q 2016 | CY 2015 | CY 2016 |
|-----------------------------|------|------------|------------|------------|------------|------------|------------|------------|
| Titanium Slag | | | | | | | | |
| Produced | (kt) | - | 34.8 | 44.2 | 24.6 | - | 106.8 | 103.6 |
| Sold | (kt) | 26.0 | 31.2 | 50.2 | 36.5 | 3.9 | 131.7 | 121.8 |
| High Purity Pig Iron | | | | | | | | |
| Produced | (kt) | - | 14.1 | 17.8 | 10.6 | - | 59.2 | 42.6 |
| Sold | (kt) | 4.3 | 9.9 | 20.5 | 13.2 | 3.7 | 64.6 | 47.3 |



TiZir Titanium & Iron ilmenite upgrading facility, Tyssedal, Norway

MARKETS

The market for titanium dioxide pigment remained strong throughout the quarter. A tight inventory situation, together with ongoing strength in pigment demand, led to increasing sales volumes by global pigment producers which were accompanied by a series of price increases during 2016. Further price increases have been announced effective 1 January 2017.

In China, ongoing environmental scrutiny has restricted mining and pigment operations, leading to lower inventories and numerous pigment price increases during 2016.

This positive sentiment has also flowed through to feedstock producers. High grade titanium feedstock producers have continued to idle capacity, curb development expenditure and reduce inventories, leading to a decrease in overall feedstock supply. As a result, the outlook for chloride slag pricing continues to be positive, although potential excess capacity in the sector may limit the pace of any increase in the short term.

The zircon market remained relatively unchanged throughout the quarter, with demand and pricing remaining stable. Some major producers have already announced slight price increases for 1Q 2017 due primarily to the reduction of inventories in the sector. As with titanium dioxide, new environmental regulations have resulted in the need for a number of Chinese ceramic and chemical companies to upgrade their production processes to reduce emissions which may have an impact on levels of demand in the short-term.

Increased pricing for coal, iron ore and steel influenced the pig iron market throughout the quarter, leading to a small increase in the price of TTI's high purity pig iron.

OUTLOOK

Lower mine production levels are budgeted in 1Q 2017 compared to 4Q 2016 due to an upcoming 180 degree turnaround of the mine path which involves a crossover through low grade tailings. A key outcome of the mine optimisation study, outlined above, is a significant reduction in planned mine path crossovers and 180 degree turnarounds in the future.

During 1Q 2017, core operational activities include:

- continued advancement of optimisation initiatives in order to improve utilisation, throughput and recovery of the WCP
- implementation of further cost reduction initiatives
- ramp up of the relined furnace