

2Q 2018 OPERATIONS REVIEW

TiZir Limited ('TiZir' or the 'Company') owns 90% of the Grande Côte mineral sands operation ('GCO') in Senegal, West Africa and 100% of the TiZir Titanium & Iron ilmenite upgrading facility ('TTI'), in Tyssedal, Norway. TiZir is jointly owned and managed by ERAMET SA and Mineral Deposits Limited. As at 24 July 2018 ERAMET owns 98.02% of MDL shares.

KEY POINTS

GCO

- Mining operations produced 185.0kt of heavy mineral concentrate (**HMC**) in 2Q 2018
- Finished goods production of 158.6kt reflected a 7% increase on 2Q 2017 and 23% increase on 1Q 2018 performance

TTI

- TTI produced 51.3kt of titanium slag and 21.2kt of high-purity pig iron (**HPPI**) continuing its ramp up to full production
- May and June production run-rates consistent with expanded capacity of 230,000 tonnes per annum

Market

- Market fundamentals remain strong for titanium slag and zircon
- Higher prices realised for all products sold externally
- Medium term outlook remains positive

Corporate

- Takeover bid launched by Eramet on 27 April 2018 for all of MDL's shares at A\$1.46, subsequently increased to a last and final offer of A\$1.75
- As at 24 July 2018, Eramet owns 98.02% of MDL shares and has control of MDL and, by extension, TiZir

GCO

Ore mined in the second quarter was 12% (1,352kt) higher than volumes in the first quarter driven by higher utilisation (90% compared to 81%) and higher average dredge throughput (6,590tph compared to 6,357tph). HMC production was 2% (4.5kt) lower than the first quarter, driven primarily by lower ore grade mined of 1.63% heavy mineral in ore (compared with 1.87% grade in the first quarter). Total heavy mineral recoveries remained steady at 81%.

Continued mine optimisation projects contributed to improved runtime (1.3% higher compared to 1H 2017 at 82.3%) and recoveries (1.6% higher compared to 1H 2017). Dredge throughput was 2.6% lower compared to 1H 2017, primarily due to the presence of higher grade and an overall focus on recoveries. On an overall basis, HMC production was 8.6% higher in 1H 2018 compared to 1H 2017.

Total finished goods production was 25% (32.3t) higher than the first quarter. The variance was mostly driven by the timing of ilmenite processing, deferred from the first quarter due to rail availability constraints. Production of non-magnetic products was broadly consistent with 1Q 2018 performance. Zircon production was 3% (0.4kt) higher, whilst combined rutile and leucoxene production was 20% (0.5kt) lower than production achieved in 1Q 2018.

Total finished goods production was 8.5% higher in 1H 2018 compared to 1H 2017, consistent with increased HMC production. In particular, zircon production of 32.0kt was 14.7% higher than 1H 2017, while ilmenite production increased by 6.9% (240.9kt).

GCO production volumes

100% basis		2Q 2017	3Q 2017	4Q 2017	1Q 2018	2Q 2018	1H 2017	1H 2018
Mining								
Ore mined	(kt)	11,793	11,234	10,374	10,900	12,251	23,454	23,151
HMC produced	(kt)	204.2	196.4	183.7	189.5	185.0	344.6	374.4
Finished goods production								
Ilmenite	(t)	126,030	140,713	126,298	104,104	136,837	225,430	240,941
Zircon	(t)	16,203	17,271	16,400	15,805	16,200	27,892	32,005
Medium grade zircon sands	(t)	2,927	5,235	4,846	6,599	6,358	10,106	12,956
Rutile & leucoxene	(t)	2,384	3,047	2,392	2,737	2,190	4,536	4,927

GCO sales volumes

100% basis		2Q 2017	3Q 2017	4Q 2017	1Q 2018	2Q 2018	1H 2017	1H 2018
Sales volume								
Ilmenite	(t)	129,713	123,474	129,053	85,147	144,692	211,350	229,839
Zircon	(t)	13,722	16,331	17,614	17,906	16,229	26,752	34,135
Medium grade zircon sands	(t)	8,043	3,549	4,010	4,801	6,939	10,754	11,740
Rutile & leucoxene	(t)	3,208	2,398	2,064	3,224	2,044	5,796	5,268

Ilmenite sales volumes were 70% (59.5kt) higher than 1Q 2018, consistent with increased production combined with the timing of shipments of product originally earmarked for consumption at TTI in 1Q 2018 to external customers in 2Q 2018. Zircon sales were 9% (1.7kt) lower and rutile and leucoxene sales were 37% (1.2kt) lower than 1Q 2018; however, sales volumes were consistent with 2Q 2018 production. Medium grade zircon sands sales were 45% (2.1kt) higher than volumes sold in the first quarter.

Sales volumes for all products were 10.3% higher in 1H 2018 compared to 1H 2017, consistent with increased production during the period. In particular, zircon sales volumes of 34.1kt were 27.6% higher in 1H 2018, while ilmenite sales increased by 8.7% (229.8kt).

TTI

Production at TTI ramped up from mid-April following a gear box failure in the pre-reduction kiln in February. Operations for the quarter reflected an exceptional effort by the team at TTI, achieving production of 51.3kt of titanium slag and 21.2kt of HPPI. Production during May and June exhibited run rates in line with the facility's expanded production capacity of 230,000t of titanium slag.

Consistent with the ramped-up production volumes, titanium slag sales were 21% (7.6kt) and HPPI sales were 5% (0.9kt) higher than first quarter levels.

Production and sales volumes for TTI were both higher in 1H 2018 compared to 1H 2017, primarily as a result of the ramp up of operations in early 2017, offset by the impact of the gearbox failure in 1H 2018 as outlined above. Specifically, titanium slag sales were 37.6% higher in 1H 2018 due to inventory build in 1H 2017 and subsequent inventory drawdown experienced in 1H 2018.

TTI physical volumes

100% basis		2Q 2017	3Q 2017	4Q 2017	1Q 2018	2Q 2018	1H 2017	1H 2018
Titanium slag								
Produced	(kt)	49.5	53.2	50.7	34.0	51.3	77.3	85.2
Sold	(kt)	47.1	39.0	62.1	36.6	44.2	58.7	80.8
HPPI								
Produced	(kt)	20.1	21.6	20.8	14.2	21.2	31.4	35.2
Sold	(kt)	20.0	15.2	23.3	17.1	18.0	27.0	35.2

MARKETS

Market dynamics in 2Q 2018 remain robust for all of TiZir's products.

Titanium dioxide feedstocks: Pigment producers continue to operate plants at near-capacity levels with seasonably low inventory levels in America and Europe. Demand for TiZir's titanium dioxide product suite remains robust.

Zircon: TiZir zircon continued to achieve healthy price increases throughout the quarter, broadly consistent with reference price increases announced by major competitors. Demand for zircon remains strong in all key markets, with western markets in particular demonstrating healthy market fundamentals.

HPPI: Pig iron markets remained relatively stable, albeit at comparatively high levels. These levels are expected to be maintained in the coming quarter.

CORPORATE

At 30 June 2018, external borrowings (excluding shareholder loans) by TiZir amounted to US\$359.7 million, comprising the US\$300 million senior secured bonds, accrued interest) and amounts drawn under TTI's and GCO's working capital facilities.

TiZir's cash and cash equivalents at 30 June 2018 were US\$50.5 million, giving external net debt of US\$309.2 million.

TiZir's sales revenue for the quarter was approximately US\$79.8 million.

ABOUT TIZIR

TiZir Limited (OBX: TIZ02) is an integrated mineral sands company comprising two operating assets – the Grande Côte mineral sands operation ('GCO') in Senegal, West Africa and the TiZir Titanium & Iron ilmenite upgrading facility ('TTI') in Tyssedal, Norway. TiZir is jointly owned and managed by ERAMET SA and Mineral Deposits Limited.

GCO is a large-scale, cost competitive mineral sands operation that is fully integrated from mine-to-ship, using owned or controlled infrastructure. GCO commenced mining activities in March 2014 and, over an expected mine life currently projected to 2050, will primarily produce high-quality zircon and ilmenite. A majority of GCO's ilmenite is sold to TTI. GCO also produces small amounts of rutile and leucoxene. The government of the Republic of Senegal is a valued project partner, holding a 10% interest in Grande Côte Operations SA.

TTI upgrades GCO ilmenite to produce high-quality titanium feedstocks, primarily sold to pigment producers, and a high-purity pig iron, a valuable co-product, which is sold to ductile iron foundries. TTI benefits from access to cheap and clean power, and excellent logistics, in particular, year-round shipping capacity and customer proximity.



FORWARD LOOKING STATEMENTS

Certain information contained in this report, including any information on TiZir'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. TiZir cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of TiZir 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 mining and mineral processing operations, exploration and development of mineral properties, financing risks, changes in economic conditions, changes in the worldwide price of zircon, ilmenite and other key inputs, changes in the regulatory environment and other government actions, changes in mine plans and other factors, such as business and operational risk management, many of which are beyond the control of TiZir.

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