

GRANDE CÔTE UPDATE

Mineral Deposits Limited (ASX: MDL, TSX: MDM) is pleased to announce that the independently compiled Definitive Feasibility Study (DFS) for the Grande Côte Mineral Sands Project in Senegal will be completed in May. The additional time to conclude the study is due to final project optimisation work. The anticipated total cost of the Project is now in the order of US\$400 million (including contingencies), reflecting the increased scope and current pricing of all new equipment. The economics of this fully permitted Project (a Mining Concession with environmental approval has been granted) remain highly robust.

On account of the size of the Grande Côte Project and ongoing development potential at the company's Sabodala gold mine, the Board of MDL has concluded that the interests of shareholders will best be met by spinning out the Grande Côte Project and financing it external to MDL through a separate IPO. The Board has mandated management to appoint advisers to advance this key initiative.

The Grande Côte Project scope now provides for the production of both zircon and ilmenite as the main products, with minor quantities of rutile and leucoxene. Previously, the focus was on the production of only zircon as the main output. Recent testwork has demonstrated that, with a revised circuit/flowsheet, a good quality ilmenite product can be produced in addition to an excellent quality zircon product (which should attract premium pricing). New generation spirals have also improved zircon recoveries by approximately 5% from previous results.

The US\$400 million estimated capital cost of the Project is also based on current pricing of all new equipment (previously it was intended to re-use some of the equipment from the earlier Australian operations) and the experience gained from the recent construction of the Sabodala gold operation also in Senegal. It incorporates a 28MW heavy fuel oil power station (similar to that built at Sabodala), a rail spur and rolling stock for bulk material movement and owner costs.

Substantial capital savings are provided by the existence of significant infrastructure which is available for use by the Project. Such infrastructure includes:

- a nearby highway for transportation of the zircon to port via container;
- a railway line for transporting the ilmenite to port in bulk (although it is anticipated a rail spur will be required at the site); and
- a deep water port at Dakar with rail access and various existing options in relation to facilities for bulk material ship loading.

The orebody size and characteristics (no overburden, free flowing sands, minor vegetation, minimal slimes and no hard lenses) provide for a large scale, low cost dredging operation using conventional technologies similar to MDL's previous operations. Anticipated annual production, based on 48 -50 million tonnes per annum of dredge/floating concentrator throughput, is approximately:

- 75,000 – 80,000 tonnes of zircon;
- 550,000 – 600,000 tonnes of ilmenite;
- 6,000 tonnes of rutile; and
- 9,000 tonnes of leucoxene.

Additional infill drilling is being undertaken in the Lompoul region of the Mining Concession which is being used as the basis for development of a revised dredge path for the initial 14 years of operation. Current expectations are for Heavy Mineral grades averaging 1.7%-1.8% over this period. The initial dredge path will cover an area representing approximately 40% of the Mining Concession. Accordingly, a mine life of at least 25 years is supported by the global resource.

From a market entry perspective, the projected timing of the Project coming on-stream in early 2013 is predicted to coincide with a shortfall in supply compared to demand for both zircon and ilmenite.

All forward looking information provided above, such as the financial economics of the Project, is subject to confirmation upon completion of the DFS.

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About MDL

Mineral Deposits Limited is an ASX and TSX listed mining company with a current focus in Senegal, West Africa through a producing gold mine, the Sabodala Gold Operation, and a to be developed mineral sands project, the Grande Côte Mineral Sands Project.

The Sabodala Gold Operation, which poured its first gold in March 2009, is located 650 kilometres east of the capital Dakar within the West African Birimian geological belt in Senegal, and about 90 kilometres from major gold mines and discoveries in Mali. The area has only recently been opened for mining and exploration and is emerging as a significant new gold camp, with more than 10M ounces of resources already discovered.

The Grande Côte Mineral Sands Project is located on the coast of Senegal starting approximately 50 kilometres north of Dakar and extending northwards for more than 100 kilometres. The large scale of the ore body and the high quality of the zircon provides the potential to establish an operation of international significance.

Senegal is one of Africa's most successful democracies, having gained independence in 1960. It enjoys a stable and investor friendly political and social environment. The government of the Republic of Senegal is MDL's valued partner and holds a 10% free carried interest in both projects, which will accrue dividends once MDL has recovered its capital invested.

Competent Persons Statement

The information in this release that relates to Exploration Results is based on information compiled by MDL's Chief Geologist, Chris Young BSc, who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Young has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity undertaken. He is qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as defined in NI43-101. Mr Young has consented to the inclusion of this information in the form and context in which it appears in this release.

Forward Looking Statements

Certain information contained in this release, 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 gold 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 presentation should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.