

## HIGHLIGHTS

- ▶ Continued build in momentum for Grande Côte development
- ▶ Good quarter at Tyssedal with plant operating at nameplate capacity
- ▶ Acquired a 14.9% interest in World Titanium Resources (ASX: WTR), owner of a mineral sands project in Madagascar
- ▶ MDL included in the S&P/ASX 200 index

MDL owns 50% of TiZir Limited which, effective 1 October 2011, owns the Tyssedal, Norway ilmenite upgrading plant and the Grande Côte Mineral Sands Project in Senegal, West Africa.

## Tyssedal ilmenite upgrading plant

### Summary Data (100%)

		Dec 2011 Quarter
<b>Titanium Slag</b>		
Produced	(kt)	49.5
Sold	(kt)	53.4
<b>High Purity Pig Iron</b>		
Produced	(kt)	27.6
Sold	(kt)	21.7

The December quarter for Tyssedal was its strongest from a production perspective for the year. Titanium slag production was 49.5 thousand tonnes for the December quarter and 178.1 thousand tonnes for the 2011 year (which was 10% below the 2010 level). High Purity Pig Iron (HPPI) production was 27.6 thousand tonnes for the December quarter and 100.1 thousand tonnes for the 2011 year.

### Outlook

Arrangements have been finalised with titanium slag customers for the majority of product that is expected to be sold during 2012. At this stage, no fixed-price contracts have been entered into beyond 2012.

Driven mainly by the wind farm sector, prices for HPPI have developed positively relative to basic pig iron.

Based on existing raw material contracts and anticipated energy prices during the year, margins are expected to develop favourably for the plant in 2012.

## Grande Côte Mineral Sands Project

Grande Côte development activity continued to increase during the December quarter with more than 450 people on site by December end. Importantly, from a safety perspective there were zero Lost Time Injuries during the entire year.

Cash expenditure on the project during 2011 was approximately US\$53 million, plus US\$15 million for the port leasehold.

Significant activities and events during the quarter included:

- award of earthworks package to Dawnus International;
- award of deep water bore drilling contract to Bauer Technologies;
- award of the Rail & Port works package to Ausenco-Sandwell – the last major works package to be awarded;
- signing of Presidential Decree for rail & port concession;
- completion of construction camp expansion;
- completion of site offices and workshops to support construction activities;
- new camp & mess inauguration by Minister Of Mines and Minister of Transport – with 300+ guests;
- further delivery of mobile equipment (including a 500 tonne crane) such that the majority of all mobile equipment is now on site;
- continued excavation of the floating plant assembly site as well as commencement of MSP earthworks;
- continued offsite build and procurement of dredge (by Ausenco/UniThai) and power station (by Wartsila);
- clearing/unearthing and subsequent ultrasonic testing of rail track section (approximately 28 km) between Meckhe and Tivaouane; and
- installation of microwave link IT infrastructure – online January 2012.

*Dredge construction (in Thailand) as at mid-December*



*Completed construction camp*



*Excavations for initial dredge site*



*Clearing of track between Meckhe & Tivaouane*



*Construction workshop for on-site dredge build*



*Fire fighter training drill*





## Equity Position in World Titanium Resources

Late in the quarter, MDL acquired a 14.9% interest in the ordinary shares of World Titanium Resources Limited ("WTR") at a cost of approximately A\$12.1 million.

WTR is an ASX listed company (ASX: WTR) which owns the Toliara mineral sands project in Madagascar. The Toliara project is based on two exploration areas located north of the port in Toliara in southwest Madagascar. The project is based on a large mineral sands occurrence containing the valuable heavy minerals ilmenite, rutile, zircon and leucoxene. The project has been extensively studied and, from MDL's perspective, represents a prime development opportunity.

## Corporate

At 31 December 2011:

- issued shares were 83,538,786;
- unlisted options were 620,000;
- cash and cash equivalents was US\$107.2 million;
- debt was zero; and
- 40 million shares were held in Teranga Gold Corporation (ASX: TGZ, TSX: TGZ) valued at US\$78.5 million.

MDL included in S&P/ASX 200 after the close of business on 3 November 2011.

### **Appointment of Dr Tom Whiting as a Non-Executive Director**

Tom brings to MDL a wide range of international mining industry experience and, in particular, a strong background in larger company systems and processes. Tom has over 30 years' experience in global minerals exploration management, which included numerous senior management roles over a 20 year career with BHP Billiton.

Tom's appointment will strengthen the non-executive component of the board, creating a majority of non-executives.



## Corporate Directory

### Directors

**Nic Limb**, Executive Chairman  
**Rick Sharp**, Managing Director & CEO  
**Martin Ackland**, Executive Director  
**Robert Danchin**, Deputy Chairman, Non-Executive Director  
**David Isles**, Non-Executive Director  
**Murray Grant**, Non-Executive Director  
**Tom Whiting**, Non-Executive Director

### Company Secretary

Kathryn Davies

### Registered Office

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### Auditor

Deloitte Touche Tohmatsu

### Share Registries

Australia: Computershare Investor Services Pty Ltd  
T: 1300 850 505  
Canada: Computershare Trust Company of Canada  
T: +1 800 564 6253

### Stock Exchange Listings

Australian Securities Exchange, ASX code: **MDL**  
Toronto Stock Exchange, TSX code: **MDM**

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## About MDL

Mineral Deposits Limited (ASX: MDL; TSX: MDM), is an Australian based mining company in the business of finding, mining and processing mineral sands resources.

MDL owns 50% of TiZir Limited which, effective 1 October 2011, owns the world-class Grande Côte Mineral Sands Project in Senegal, West Africa and an ilmenite upgrading plant in Tyssedal, Norway.

Grande Côte, over an expected mine life of at least 20 years, is anticipated to produce on average approximately 85ktpa of zircon and 575ktpa of ilmenite (and small amounts of rutile and leucoxene) when in full production. Currently being developed and with production expected to commence late-2013, it is one of only a few major new projects globally that can take advantage of the supply-constrained mineral sands sector.

The Tyssedal ilmenite upgrading plant smelts ilmenite to produce a high TiO<sub>2</sub> titanium slag which is sold to pigment producers and a high purity pig iron which is sold as a valuable co-product to ductile iron foundries. The facility currently produces approximately 200ktpa of titanium slag and 110ktpa of high-purity pig iron.

Once Grande Côte reaches expected average production rates, TiZir will be producing approximately 7% of both global zircon and titanium feedstock supply.

## Forward Looking Statements

Certain information contained in this report, 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 zircon, ilmenite 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 report should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.

## Competent Persons Statement

The information in this report that relates to exploration results is based on information compiled by Mineral Deposit Limited'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 report.