

First Quarter 2012 Quarterly Report

- **Production of 45.7 thousand tonnes of titanium slag from Tyssedal ilmenite upgrading plant - consistent with 2011 total production of 178.1 thousand tonnes**
- **Average selling price of titanium slag for 1Q2012 was US\$1,018/t – compared with US\$448/t for CY2011**
- **Grande Côte construction progressing well with spend increasing to around \$30 million per month over coming months**

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

100% basis		1Q	2Q	3Q	4Q	1Q	Full Year
		2011	2011	2011	2011	2012	2011
Titanium Slag							
Produced	(kt)	42.1	45.0	41.5	49.5	45.7	178.1
Sold	(kt)	28.6	42.8	43.0	53.4	43.7	167.8
Average selling price per tonne	(US\$/t)					1,018	448
High Purity Pig Iron							
Produced		23.5	25.8	23.2	27.6	25.3	100.1
Sold		26.2	25.3	21.2	21.7	28.6	94.4
Average selling price per tonne	(EUR/t)					461	472
Cash costs per tonne of slag production							
Excluding HPPI revenue as a credit to costs ¹	(US\$/t)					702	680
Including HPPI revenue as a credit to costs ²	(US\$/t)					322	332

¹ Costs before depreciation/amortisation, finance charges and tax, divided by tonnes of titanium slag produced, excluding HPPI revenue as a credit against costs

² Costs before depreciation/amortisation, finance charges and tax, with HPPI revenue as a credit against costs, divided by tonnes of titanium slag produced

Titanium slag production for 1Q2012 was 45.7 thousand tonnes, which is consistent with 2011 total production of 178.1 thousand tonnes. High purity pig iron (HPPI) production for 1Q2012 was 25.3 thousand tonnes, which is also consistent with 2011 total production of 100.1 thousand tonnes.

The average selling price of titanium slag for 1Q2012 was US\$1,018/t, compared with US\$448/t for CY2011.

Given continual operational issues with the pre-reduction rotary kiln, it has been decided to bring forward to next month (May 2012) a major maintenance programme, which will include a relining of the kiln, to improve performance. The maintenance programme will involve the shutdown of the kiln for approximately one month. During this period, the furnace will operate at a reduced capacity, with the loss of approximately 10,000 tonnes of titanium slag production. Production guidance for 2012 is now 170-175 thousand tonnes of titanium slag.

Grande Côte

Construction expenditure for Grande Côte during 1Q2012 was \$37 million, compared to \$53 million during all of 2011. Expenditure is expected to continue to ramp up over coming months to around \$30 million per month.

Project Snapshot

Safety	<ul style="list-style-type: none"> No LTIs at 661k man-hours
Budget	<ul style="list-style-type: none"> \$5m of design improvements lifts estimated project cost to \$521m \$6m of \$29m general contingency utilised
Dredge	<ul style="list-style-type: none"> Design and procurement 100% complete / fabrication in Thailand 55% complete
Dredge pond	<ul style="list-style-type: none"> 35% of total pond excavated to final depth, including completion of construction pad Erection of 500t crane scheduled for late April
Wet concentrator	<ul style="list-style-type: none"> All key packages have been ordered
Mineral Separation Plant	<ul style="list-style-type: none"> Bulk earthworks of entire site (600m x 400m) have been completed 240 truckloads per day of capping material now being delivered
Power Station	<ul style="list-style-type: none"> Engineering 95% complete / procurement 55% complete Wartsila mobilising to site May 2012
Rail	<ul style="list-style-type: none"> Bulk earthworks have been completed for 4km of 22km rail corridor to connect MSP to existing rail line
Port	<ul style="list-style-type: none"> Demolition of existing building complete / new building design well underway



Dredge taking shape in Thailand



Excavation of initial dredge pond



Demolition of existing building on 30,000m² port site



Earthworks on rail corridor between MSP and existing rail

Corporate

At 31 March 2012:

- issued shares were 83,538,786;
- unlisted options were 620,000;
- cash and cash equivalents was US\$103.5 million;
- debt was zero;
- Investments:
 - 16% of Teranga Gold Corporation (ASX: TGZ, TSX: TGZ) valued at US\$91.0 million
 - 15% of World Titanium Resources (ASX: WTR) valued at US\$15.9 million

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 leucosene) 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 TiO₂ 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.

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