

First Half 2012 Results

All dollar amounts are expressed in US\$ unless otherwise stated

- Mineral Deposits announces underlying first half 2012 earnings of \$13.5 million, equating to earnings per share of 16.2 cents
- Tyssedal's EBITDA on a 100% basis for the first half was \$50.4 million, comprising \$29.7 million in the first quarter and \$20.7 million in the second quarter, a strong result given the one month maintenance programme in the second quarter which curtailed operations
- Grande Côte construction continues to progress well and remains on schedule for production to commence late-2013 and on budget – nearly \$300 million of \$521 million budget now spent or committed under orders

Mineral Deposits owns 50% of TiZir Limited which, effective 1 October 2011, owns: (1) the Tyssedal, Norway ilmenite upgrading facility; and (2) the Grande Côte Mineral Sands Project in Senegal, West Africa which is under construction.

Mineral Deposits

Financial Summary US\$ million	4Q 2011	1Q 2012	2Q 2012	Change 2Q v 1Q	1H 2012
Share of TiZir Underlying NPAT	1.8	10.0	5.0	-50%	15.0
Interest revenue	0.9	0.5	0.4		0.9
Administration expenses	(1.2)	(1.8)	(1.7)		(3.5)
Foreign exchange gains (losses)	(10.4)	(0.9)	1.6		0.7
Other	(0.7)	0.1	0.2		0.3
Income tax	-	-	-		-
Underlying NPAT	(9.6)	8.0	5.5	-31%	13.5
Profit on contribution to TiZir	79.3	-	-		-
Share of TiZir amortisation of PPA* adjustments	-	-	(3.5)		(3.5)
Reported NPAT	69.7	8.0	2.0		10.0
Underlying EPS (cents)		9.6	6.6	-31%	16.2
Reported EPS (cents)		9.6	2.5		12.0
Cash	107.2	103.5	91.1		91.1
Investments (TGZ & WTR)	90.9	106.9	73.9		73.9

Underlying profit for Mineral Deposits for first half 2012 was \$13.5 million, comprising \$8.0 million in the first quarter and \$5.5 million in the second quarter, with the reduction in the second quarter a result of the reduced contribution from Tyssedal due to the one month maintenance programme which curtailed operations. Tyssedal has performed strongly since the pre-reduction rotary kiln came back on-line late June.

* Pursuant to accounting standard requirements, work was undertaken during the half in relation to purchase price allocation (PPA) to the fair value of assets and liabilities TiZir acquired on establishment. As a consequence, amounts previously recognised as goodwill have been reclassified to other assets that need to be amortised, with MDL's share of the amortisation charge for the half being \$3.5 million (on a after tax basis). Reported profit was \$10.0 million after inclusion of the amortisation relating to the PPA adjustments. Refer section under TiZir on page 2 for more detail.

Cash balances at 30 June 2012 were \$91.1 million, with \$65 million of equity funding remaining committed to TiZir which is anticipated to be funded by year end. Investments in Teranga Gold Corporation and World Titanium Resources totalled \$73.9 million (at market value) at 30 June 2012.

TiZir (MDL 50% owned)

Financial Summary (100% basis)	4Q	1Q	2Q	Change	1H
US\$ million	2011	2012	2012	2Q v 1Q	2012
NPAT contribution:					
Tyssedal	5.6	20.1	11.6	-42%	31.7
Grande Côte	(0.3)	(0.7)	(0.3)		(1.0)
Other	(1.7)	0.5	(1.4)		(0.9)
Minority interests	0.0	0.1	0.0		0.1
Underlying NPAT	3.6	20.0	9.9	-50%	29.9
MDL 50% share	1.8	10.0	5.0		15.0
Amortisation of PPA Adjustments	-	-	(6.9)		(6.9)
Reported NPAT	3.6	20.0	3.0		23.0
MDL 50% share	1.8	10.0	1.5		11.5
Cash	105.3	77.6	62.5		62.5

Underlying profit for TiZir for 1H2012 was \$29.9 million, comprising \$20.0 million for 1Q2012 and \$9.9 million for 2Q2012, with the reduction in the second quarter mainly a result of the reduced contribution from Tyssedal (refer below).

Purchase Price Allocation

Pursuant to accounting standard requirements, work was undertaken during the half in relation to purchase price allocation (PPA) to the fair value of assets and liabilities TiZir acquired on its establishment (effective 1 October 2011). As a consequence, with effect from 1 October 2011, \$50.6 million previously recognised as goodwill in relation to the acquisition of TiZir Titanium & Iron (Tyssedal) has been reclassified as: \$61 million of identifiable intangible assets; \$9.3 million of incremental property, plant and equipment; offset by \$19.7 million attributable to the associated deferred tax liabilities. The \$61 million pre-tax reclassified to identifiable intangible assets comprised \$37 million to a supplier contract that will be amortised over the 2.25 years to 31 December 2013 and \$24 million to a power contract that will be amortised over 13.25 years. The amortisation of the PPA adjustments during 1H2012 was \$6.9 million on an after-tax basis and has been excluded from underlying NPAT.

Cash

TiZir cash balances at 30 June 2012 were \$62.5 million, compared to \$77.6 million at 31 March 2012. The \$15.1 million reduction mainly comprised: \$59.3 million of Grande Côte construction expenditure; \$6.7 million of Tyssedal maintenance expenditure; offset by Tyssedal operational cash flows of \$35.1 million and joint venture owner equity contributions of \$20.0 million.

Grande Côte (TiZir 100% owned)

Construction at Grande Côte continued at pace during the half, with \$96 million spent – \$37 million in the first quarter and \$59 million in the second quarter. The project remains on schedule and within budget – at 30 June 2012 nearly \$300 million of the \$521 million budget was either spent or committed under purchase orders. At 30 June 2012, based on the estimated costs to complete, approximately \$12 million of the \$29 million general contingency had been used.

Tyssedal (TiZir 100% owned)

Profit and Loss Summary (100% basis)	4Q	1Q	2Q	Change	1H
US\$ million	2011	2012	2012	2Q v 1Q	2012
Revenue	41.4	63.0	44.4	-30%	107.4
Operating costs	(31.7)	(32.8)	(25.2)		(58.0)
Foreign exchange gains (losses)	(0.1)	(0.5)	1.5		1.0
EBITDA	9.5	29.7	20.7	-30%	50.4
Depreciation & amortisation	(1.8)	(1.8)	(4.6)		(6.4)
EBIT	7.8	27.9	16.1		44.0
Finance costs	(0.0)	(0.0)	(0.0)		(0.0)
Profit before tax	7.7	27.9	16.1		44.0
Income tax	(2.2)	(7.8)	(4.5)		(12.3)
NPAT	5.6	20.1	11.6	-42%	31.7

Production and Sales (100% basis)	4Q	1Q	2Q	Change	1H
	2011	2012	2012	2Q v 1Q	2012
Titanium Slag					
Produced	(kt) 49.5	45.7	32.1	-30%	77.8
Sold	(kt) 53.4	43.7	29.0	-34%	72.7
High Purity Pig Iron					
Produced	(kt) 27.6	25.3	18.0	-29%	43.3
Sold	(kt) 21.7	28.6	23.5	-18%	52.1

Operations

During the second quarter, the pre-reduction rotary kiln was shut down for approximately one month for a major maintenance programme which included a reline of the majority of the kiln. The furnace operated at a reduced capacity during this time which resulted in the loss of approximately 13,000 tonnes of titanium slag production. Production for 2Q2012 was therefore reduced to 32.1 thousand tonnes of titanium slag (compared to 45.7kt in 1Q2012) and 18.0 thousand tonnes of high purity pig iron (compared to 25.3kt in 1Q2012). Both the rotary kiln and furnace have performed strongly since coming back up to normal operating capacity.

Performance

Revenue was 30% lower in 2Q2012 compared to 1Q2012 due to lower sales volumes associated with the lower production volumes. Average selling prices remained consistent from 1Q2012 to 2Q2012, and considerably above 2011 levels. Depreciation and amortisation in 2Q2012 included an additional \$2.8 million charge due to the write-off of previously capitalised maintenance expenditure associated with the rotary kiln that has been effectively replaced by the second quarter maintenance programme. NPAT was \$31.7 million for 1H2012, however, included a lower contribution in the second quarter as a result of the lower production levels.

2012 Production Guidance

Production guidance for 2012 is now 170-175 thousand tonnes of titanium slag.

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