

Third Quarter 2012 Operations Review

- A strong production quarter at Tyssedal with 52.8kt of titanium slag produced – 27% ahead of 3Q 2011
- US\$150m bond offering completed for TiZir – with the net proceeds to be used for the partial funding of Grande Côte as planned
- Grande Côte construction expenditure during the quarter was \$87m – the biggest quarterly spend to date – with \$236m now spent on the build. Major construction work has now commenced on site, and the dredge assembly has been completed and is being readied to ship from Thailand to site in November. At September end, the estimated cost to completion stood at approximately \$325m, of which \$140m is already committed under purchase orders

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

Tyssedal

100% basis		3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	9 Mths 2011	9 Mths 2012
Titanium Slag								
Produced	(kt)	41.5	49.5	45.7	32.1	52.8	128.6	130.6
Sold	(kt)	43.0	53.4	43.7	29.0	35.3	114.3	108.1
High Purity Pig Iron								
Produced		23.2	27.6	25.3	18.0	30.0	72.5	73.2
Sold		21.2	21.7	28.6	23.5	19.7	72.7	71.9

Tyssedal had a strong third quarter with 52.8 thousand tonnes of titanium slag (27% above 3Q 2011) and 30.0 thousand tonnes of high purity pig iron (HPPI) produced. This followed reduced production in the second quarter due to a one month shutdown of the pre-reduction rotary kiln for a major maintenance programme. The average selling price of titanium slag and HPPI remained consistent with the previous two quarters of the year and the average cost per tonne of slag produced was lower for the quarter due to the increased volume of slag.

TiZir Bond Offering

During the quarter, TiZir completed a US\$150 million offering of secured bonds with an interest rate of 9.0% and a maturity date of 28 September 2017 (five years). The offering was sold to a broad geographic spread of institutional and other investors with documentation completed under Norwegian law.

Grande Côte

Construction expenditure at Grande Côte during the September quarter was \$87 million, the biggest quarterly spend to date, with \$236 million spent in total on the build to September end. Major milestones during the quarter were:

- completion of the fabrication, assembly and shore-based factory acceptance testing of the dredge in Thailand;
- commencement of major construction works on-site (particularly in relation to the power station);
- the arrival on site of the first of 41 floating plant pontoons – which was a massive logistical exercise (with the Dakar Port Authority stating that these are the biggest single items in memory to come through the port); and
- commencement of rail and sleeper laying for track construction between site and the existing rail line at Meckhe.

The estimated cost to completion at September end stood at approximately \$325 million, of which \$140 million is already committed under purchase orders, and includes:

- an approximate \$20 million increase in the estimate for the build of the wet concentrator plant and the mineral separation plant. This follows the award of a significant amount of packages during the quarter (including \$53 million in September alone) for these two major components of the project with unforeseen cost escalation in a number of packages;
- approximately \$12 million of additional engineering spend for the wet concentrator plant and the mineral separation plant – for which a lump sum has been finalised for the close out of all remaining design works; and
- damage, rectification works and contractor work delays resulting from severe rain falls and lightning during the recent wet season.

Funding for the balance of the project is proposed to be sourced within TiZir from \$192 million of existing cash balances (as at 30 September 2012), \$115 million of further equity and debt contributions from the owners (\$25 million from MDL and \$90 million from Eramet) and internally generated cash flows from the Tyssedal operation.

Project Snapshot

Safety	<ul style="list-style-type: none"> • No LTIs at 2.3 million man-hours
Dredge	<ul style="list-style-type: none"> • Post completion of assembly and successful shore-based factory testing, dredge has been disassembled with packing well advanced ready for shipment ex-Thailand in November and arrival in Dakar late-December
Dredge start up area	<ul style="list-style-type: none"> • Excavation below the water table commenced during the quarter, however, progress was hampered and set back by severe rain events • Water dam construction continued to allow flooding of the initial dredge area
Water bores & pipeline	<ul style="list-style-type: none"> • Three of 11 deep water high capacity bores completed with #4 and #5 in progress
Wet concentrator	<ul style="list-style-type: none"> • The first of 41 floating plant pontoons has just arrived on-site with an additional five in-country and a further six at the port in Spain ready to be shipped • Assembly and commissioning completed of 500 tonne crane to assist with construction
Mineral separation plant (MSP)	<ul style="list-style-type: none"> • SNC personnel site mobilisation ramped up for construction phase • Slab for wet mill completed with steel erection commenced, dry mill slab well advanced plus intermediate product storage slab has commenced • Tower crane erection completed and in operation • Administration building completed, ERT & Clinic building nearing completion
Power station	<ul style="list-style-type: none"> • Engines (x5) are on site and positioned on foundations • Engine hall structural steel erection commenced • Fuel storage tank ring beams and compaction complete and tank erection commenced
Rail	<ul style="list-style-type: none"> • Rail design works complete and all railway equipment packages awarded • New ballast laying 95% completed and positioning of rails and sleepers for track construction between site and existing rail line at Meckhe underway • Commencement of refurbishment of existing rail line between Meckhe and Tivaouane
Port	<ul style="list-style-type: none"> • Site preparation, below ground drainage and earth works ongoing



The dredge fully assembled in Thailand, prior to being disassembled and packed for shipment to site



Excavation at dredge pond start-up area reaches water table



The first of 41 floating plant pontoons arrive on site



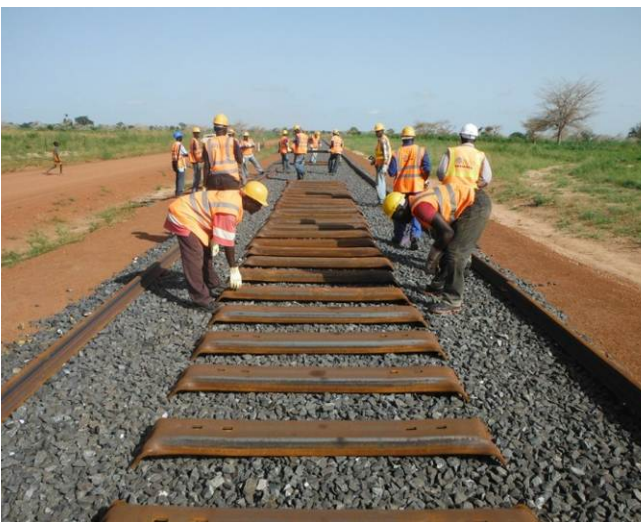
500 tonne crane ready for wet concentrator construction



(Left) New ERT and clinic building nears completion. (Right) Administration building now complete at MSP



Power station engines are positioned on foundations while erection of structural steel for engine hall commences



Rail construction in corridor between MSP & Meckhe



Refurbishment of existing rail

Corporate

At 30 September 2012:

- issued shares were 83,538,786;
- unlisted options were 575,000;
- cash and cash equivalents was US\$50.8 million;
- debt was zero;
- Investments:
 - 16% of Teranga Gold Corporation (ASX: TGZ, TSX: TGZ) valued at US\$90.9 million
 - 15% of World Titanium Resources (ASX: WTR) valued at US\$10.1 million

About MDL

Mineral Deposits Limited (ASX: MDL) 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 facility 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. Construction of the project is well underway, with production expected to commence late-2013.

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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