

Mineral Deposits results for the year ended 31 December 2012

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

MDL underlying earnings for the year was \$27.1 million, equating to earnings per share of 32.4 cents

MDL cash balances at year-end were \$50.2 million, with a further \$25 million of equity funding remaining committed to TiZir following the contribution of \$50 million during the year

TiZir (50% owned by MDL)

- EBITDA was \$104.4 million – comprising a contribution of \$109.6 million from Tyssedal, offset by negative contributions of \$3.0 million from Grande Côte and \$2.2 million from overheads.
- During the third 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 (5 years). The net proceeds are to be used for the partial funding of Grande Côte.
- Cash balances at year-end were \$128.3 million

Tyssedal ilmenite upgrading facility, Norway (100% owned by TiZir)

- Production was slightly ahead of 2011 levels at 181.1kt of titanium slag (2011: 178.1kt) and 101.3kt of high purity pig iron (2011: 100.1kt). The facility produced at an annualised rate above 200kt during the second half of the year, which followed a one month shutdown of the pre-reduction rotary kiln for a major maintenance programme in the second quarter.
- The average selling price of titanium slag more than doubled in 2012 compared to 2011, which was reflective of a more buoyant titanium feedstock sector (particularly in the first half), while the average selling price of high purity pig iron was modestly lower compared to 2011.

Grande Côte mineral sands project, Senegal (90% owned by TiZir)

- Construction of Grande Côte was more than 55% complete at year-end, with \$324 million spent on the build, including \$271 million during 2012. Major achievements during the year were:
 - construction in Thailand of the dredge and surge bin, and their subsequent safe arrival at site for reassembly which is expected to be completed by end-March;
 - excavation of the dredge start-up pond and start-up water storage dam;
 - fabrication in Spain and the arrival on-site of the 18 pontoons for the spiral module of the wet concentrator, and their subsequent bolting and welding together;
 - major construction works on multiple fronts at the mineral separation plant – including approximately 85% completion of the power station; and
 - excavation of the corridor and completion of the laying of the new rail track from the mineral separation plant to Méckhe ready for welding.
- From a safety standpoint, the project reached 4 million man-hours in January 2013 without incurring a lost time injury (LTI), an absolutely outstanding achievement, particularly for an African-based mine construction. Shortly thereafter however, the first LTI unfortunately occurred.

Outlook

- Tyssedal 2013 production guidance is approximately 190kt of titanium slag and 105kt of high purity pig iron, some 5% above 2012 levels. However, earnings from Tyssedal are expected to be lower in 2013 compared with 2012 due to lower anticipated selling prices for both products.
- Grande Côte construction remains on-track for production commencement late-2013. Engineering is essentially complete and procurement is nearing completion. The timely delivery to site of pre-fabricated steel work is crucial to remaining on schedule. Some re-design of the tailings system is being undertaken to ensure the effective handling of the tailings in a conservative and efficient manner.

Mineral Deposits

Financial Summary	1Q	2Q	3Q	4Q	Full Year
US\$ million	2012	2012	2012	2012	2012
Share of TiZir Underlying NPAT	10.0	5.0	6.8	9.6	31.4
Interest revenue	0.5	0.4	0.3	0.3	1.5
Administration expenses (net of recoveries)	(1.6)	(1.5)	(1.3)	(1.2)	(5.6)
Foreign exchange gains (losses)	(0.9)	1.6	(1.0)	0.1	(0.2)
Income tax	-	-	-	-	-
Underlying NPAT	8.0	5.5	4.8	8.8	27.1
Impairment of WTR shareholding ⁽¹⁾	-	-	-	(3.9)	(3.9)
Share of TiZir amortisation of assets recognised on acquisition (after tax) ⁽²⁾	-	(3.5)	(1.5)	(1.9)	(6.9)
Reported NPAT	8.0	2.0	3.3	3.0	16.3
Underlying EPS (cents)	9.6	6.6	5.6	10.5	32.4
Reported EPS (cents)	9.6	2.5	3.8	3.6	19.5
Cash	103.5	91.1	50.8	50.2	50.2
Investments (TGZ & WTR)	106.9	73.9	101.0	102.3	102.3

TiZir (MDL 50% owned)

Financial Summary (100% basis)	1Q	2Q	3Q	4Q	Full Year
US\$ million	2012	2012	2012	2012	2012
Revenue	63.0	44.4	48.7	75.0	231.1
Operating costs	(33.2)	(25.8)	(23.1)	(40.0)	(122.1)
Foreign exchange gains (losses)	0.4	1.5	(2.4)	(4.1)	(4.6)
EBITDA	30.2	20.1	23.2	30.9	104.4
Depreciation & amortisation	(2.5)	(5.6)	(3.2)	(2.9)	(14.2)
EBIT	27.7	14.5	20.0	28.0	90.2
Finance costs	-	-	(0.1)	-	(0.1)
Profit before tax	27.7	14.5	19.9	28.0	90.1
Income tax	(7.8)	(4.6)	(6.2)	(9.3)	(27.9)
Minority interests	0.1	-	-	0.5	0.6
TiZir underlying NPAT	20.0	9.9	13.7	19.2	62.8
MDL 50% share	10.0	5.0	6.8	9.6	31.4
Amortisation of assets recognised on acquisition (after tax) ⁽²⁾	-	(6.9)	(3.1)	(3.8)	(13.8)
Reported NPAT	20.0	3.0	10.6	15.4	49.0
MDL 50% Share	10.0	1.5	5.3	7.7	24.5
Cash	77.6	62.5	192.4	128.3	128.3
Borrowings	0.4	0.7	147.3	158.5	158.5

TiZir Business Segment Performance

EBITDA Contribution	1Q	2Q	3Q	4Q	Full Year
US\$ million	2012	2012	2012	2012	2012
Tyssedal	29.7	20.7	24.4	34.8	109.6
Grande Côte	-	0.7	(0.7)	(3.0)	(3.0)
Other	0.5	(1.3)	(0.5)	(0.9)	(2.2)
Total TiZir EBITDA	30.2	20.1	23.2	30.9	104.4

Notes to financial information

- (1) The shareholding in World Titanium Resources Limited was revalued to its fair value at 31 December 2012, and accordingly an impairment loss of \$3.9 million has been recognised
- (2) During the year, TiZir completed the purchase price allocation (PPA) to the fair value of assets and liabilities acquired on the establishment of the joint venture in accordance with IFRS 3 Business Combinations. As such, amounts previously recognised as goodwill were allocated to identifiable intangible assets, property, plant and equipment and related deferred tax liabilities. The amortisation of such assets during the year amounted to \$19.2 million pre-tax and \$13.8 million on an after-tax basis and has been excluded from underlying NPAT.

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 owns the world-class Grande Côte Mineral Sands Project in Senegal, West Africa and an ilmenite upgrading facility in Tyssedal, Norway.

Grande Côte, with construction now more than 55% complete, 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 over an expected mine life of at least 20 years. Production is expected to commence late-2013.

The Tyssedal ilmenite upgrading facility 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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