

Third Quarter 2014 Operations Review

MDL owns 50% of TiZir Limited, which owns the Grande Côte Mineral Sands Project in Senegal, West Africa and an ilmenite upgrading facility in Tyssedal, Norway. Eramet of France is MDL's 50% joint venture partner in TiZir.

Highlights

- Mining operations back in ramp-up mode at Grande Côte
- Ramp-up of the Mineral Separation Plant going extremely well:
 - Wet Plant and the Ilmenite Plant are operating to design feed rates
 - on-spec standard zircon produced within days of commencing operations
- First shipments made of sulphate ilmenite, chloride ilmenite and zircon
- First shipment of ilmenite to the Tyssedal plant is expected late-October
- The Tyssedal plant in Norway continues to operate to expectations

Grande Côte

Mining operations are back in ramp-up mode at Grande Côte after being interrupted in August following impellor failures of the main dredge pump. Mining throughputs are again gaining momentum, due to both the security of having multiple spare impellers on-site, and tails from the Wet Concentrator Plant ("WCP") now largely being discharged using the tails stacker rather than through land-based lines which had been restricting WCP feed rates. Various modifications and design changes are being made to the impellor to eliminate the cause of the failures. From mining 1.9 million tonnes of ore in September, mining rates are expected to be progressively increased to achieve our steady state throughput of 4.5 million tonnes per month in the third quarter of next year.

The ramp-up of the Mineral Separation Plant ("MSP") continues to go extremely well. Both the Wet Plant and the Ilmenite Plant are operating to design feed rates, and on-spec standard zircon was produced shortly after start-up of the Dry Plant Primary Circuit – an outstanding achievement. With the exception of September, which saw production constrained due to the impellor related slow-down of mining in August, the production of ilmenite and zircon has been increasing month to month and will continue to increase with the ramp-up of mining.

Grande Côte physical volumes

100% basis		Apr 2014	May 2014	Jun 2014	July 2014	Aug 2014	Sep 2014	2Q 2014	3Q 2014
Mining:									
Ore mined	(kt)	38	1,156	1,414	2,022	792	1,903	2,609	4,717
HMC ¹ produced	(t)	863	15,553	20,824	27,190	8,050	22,286	37,240	57,526
MSP production:									
Ilmenite	(t)			11,463	15,625	19,996	12,081	11,463	47,702
Zircon	(t)				1,334	1,451	977	-	3,762
Leucoxene	(t)				71	19	100	-	190

Grande Côte's first shipment of approximately 5,000 tonnes of chloride ilmenite left Dakar port on 28 August, followed by a shipment of approximately 22,000 tonnes of sulphate ilmenite late September. Just over 1,200 tonnes of containerised zircon was also shipped during the quarter. Later this month (October), the first shipment of ilmenite will be made to the Tyssedal plant which will be used as a portion of the feed through the smelter.

¹ Heavy Mineral Concentrate

While the outbreak of Ebola is impacting a number of West African countries (mainly Guinea, Liberia and Sierra Leone to the south of Senegal), only one Ebola case has been identified in Senegal and the World Health Organisation recently declared Senegal Ebola free. Given present circumstances, the impact on Grande Côte's personnel and operations is assessed as low, however, a number of precautions have been implemented and the situation will continue to be closely monitored.

Tyssedal

Titanium slag production of 45.8kt for the third quarter was essentially in-line with 3Q 2013 production, however, modestly weaker than 2Q 2014 output. Sales of 43.9kt for the quarter were marginally lower than production levels. Pricing was slightly weaker in 3Q relative to 2Q.

High Purity Pig Iron production and sales volumes for 3Q were solid at 25.7kt and 27.0kt respectively. Pricing in 3Q was consistent with 2Q.

Cost cutting initiatives have been very successful throughout the year to date.

Tyssedal physical volumes

100% basis		3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	9 Mths 2013	9 Mths 2014
Titanium Slag								
Produced	(kt)	46.5	44.5	42.0	48.4	45.8	145.8	136.3
Sold	(kt)	70.7	45.9	38.4	48.1	43.9	151.2	130.4
High Purity Pig Iron								
Produced	(kt)	25.8	25.4	23.5	27.4	25.7	81.5	76.7
Sold	(kt)	26.5	21.8	29.9	28.3	27.0	92.7	85.2

Corporate

At 30 September 2014:

- issued shares were 103,676,341;
- cash was US\$27.3 million;
- zero debt;
- investments comprise 19.1% of World Titanium Resources (ASX: WTR) valued at US\$1.8 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 owns the Grande Côte Mineral Sands Project in Senegal, West Africa and an ilmenite upgrading facility in Tyssedal, Norway. Eramet of France is MDL's 50% joint venture partner in TiZir.

Grande Côte will ramp up its mining and production during 2014 and 2015. Once in full production, it is anticipated to produce on average approximately 85ktpa of zircon and 575ktpa of ilmenite (and small amounts of rutile and leucosene) over an expected mine life of at least 20 years.

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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Grande Côte mining operation



Grande Côte Mineral Separation Plant





First bulk shipment of 54% ilmenite