

## HIGHLIGHTS

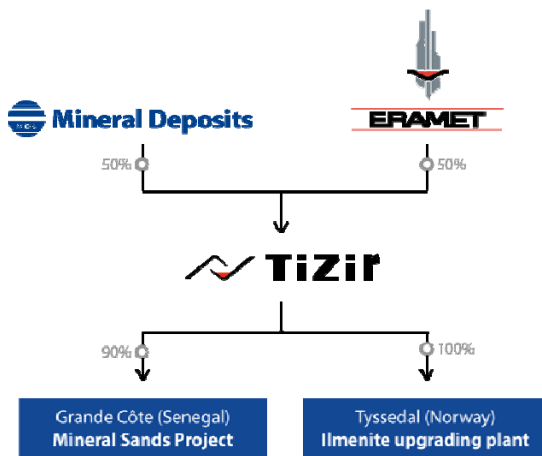
- ▶ **Joint venture with ERAMET completed through the formation of TiZir**
- ▶ **Development of Grande Côte well underway**
- ▶ **MDL to be included in S&P/ASX 200**

## Joint Venture with ERAMET

MDL and ERAMET have now completed the formation of a joint venture in the mineral sands sector whereby MDL and ERAMET each own 50% of the newly-created entity TiZir Limited ("TiZir"). With effect from 1 October 2011, MDL has contributed its 90% interest in Grande Côte (with the balance held by the Republic of Senegal), while ERAMET has contributed:

- its 100% interest in an ilmenite upgrading plant in Tyssedal, Norway;
- US\$30 million in cash; and
- additional cash to match MDL's funds advanced for the development of Grande Côte since 1 January 2011, being approximately US\$66 million.

ERAMET will also provide a US\$45 million unsecured loan to TiZir in the future.



ERAMET is a French-based mining and metallurgical group listed on the Euronext Paris with a market capitalisation of approximately €3 billion. The Group employs approximately 15,000 people in 20 countries and is a leading global producer of alloying metals, particularly manganese and nickel, and high-performance specialty steels and alloys.

An exceptionally strong working relationship has already been established with a number of ERAMET personnel.

### Tyssedal ilmenite upgrading plant

The Tyssedal, Norway ilmenite upgrading plant is one of only five such facilities in the world and the only one in Europe.

Ilmenite, containing on average 50% titanium dioxide (or  $TiO_2$ ), accounts for approximately 90% of titanium feedstock supply which is primarily used to make pigment for paints, plastic and

paper. However, more than 40% of ilmenite is first upgraded at facilities such as Tyssedal to titanium slag with a  $TiO_2$  content of at least 80% before being used as feedstock by pigment producers. The primary reason for upgrading is because pigment producers want high  $TiO_2$  content within their feedstock as it reduces waste output, with many having severe waste limitations due to regulatory constraints and environmental issues.

The Tyssedal plant smelts ilmenite to produce a titanium slag with a  $TiO_2$  content of approximately 80%, having separated out the iron to produce a high purity pig iron which is sold as a valuable co-product to ductile iron foundries for various uses, but particularly for the production of wind turbine parts. The facility currently produces approximately 200,000 tonnes per annum of titanium slag and approximately 110,000 tonnes per annum of high-purity pig iron.

The location of the plant provides access to hydro power and, being positioned on the edge of the Hardanger fjord, all ship handling occurs on site.



*Tyssedal, Norway ilmenite upgrading plant*

## Strategic rationale of combining Grande Côte and the Tyssedal plant

Combining Grande Côte and the Tyssedal plant within the one entity creates a vertically-integrated player in the titanium feedstock sector. Specifically, it:

- secures off-take for the majority of Grande Côte's ilmenite and provides a substantially stronger route to market for the ilmenite than if it were sold directly as a feedstock in its raw form to pigment producers; and
- provides long-term security of supply of ilmenite for the Tyssedal plant, which provides the opportunity to build a second furnace, thereby doubling the capacity, and the capability to produce feedstock for both the sulphate and chloride process routes for making pigment.

## Grande Côte Development

As the 2011 year has progressed, the momentum behind the development of Grande Côte has increased such that, by the end of September, year to date expenditure was approximately US\$55 million, including US\$36 million in the September quarter.

During the September quarter, three major works packages were awarded:

- Unithai Shipyard (managed by Ausenco) for fabrication of the Project's dredge, with the offsite build and commissioning in Thailand expected to be completed by 3Q 2012, ready for delivery to site and reassembly;
- SNC Lavalin for the EPCM contract for the floating (wet) concentrator, mineral separation plant and associated site infrastructure; and
- Wartsila for the build of a 36MW tri-fuel (HFO, diesel and gas) power station, with completion due at the end of the first quarter 2013.

Other significant events during the quarter included:

- commencement of digging the initial dredge pond;
- commencement of the build of a number of roads;
- agreement on land compensation rates and amounts, with compensation having already been distributed for certain sites thereby allowing commencement of earthworks on those sites; and
- more recently, cutting of the first steel in Thailand for the dredge.

*Preparation of the initial dredge site*



*Road building*



*Construction camp taking shape*



### *Cutting of the first steel for the dredge in Thailand*



## Grande Côte funding

The development of Grande Côte will be funded within TiZir. After allowing for the initial US\$30 million cash injection into TiZir by ERAMET, a US\$45 million loan from ERAMET and a proposed external debt facility of approximately US\$150 million, it is anticipated that equity funding of some US\$150 million will be required from each of MDL and ERAMET to fund the estimated capital cost of US\$516 million.

Having already advanced US\$60 million for the development by the end of September, some US\$90 million remains to be funded by MDL for its share of the equity funding. With cash at 30 September 2011 of US\$130 million, combined with the Teranga shareholding worth approximately US\$80 million, more than sufficient funding sources exist for the anticipated equity contribution by MDL.

## Corporate

At 30 September 2011:

- issued shares were 83,538,786;
- unlisted options were 620,000;
- cash and cash equivalents was US\$130.7 million;
- debt was zero; and
- 40 million shares were held in Teranga Gold Corporation (ASX: TGZ, TSX: TGZ) valued at US\$82.6 million.

MDL included in S&P/ASX 200 after the close of business on 3 November 2011.





## Corporate Directory

### Directors

**Nic Limb**, Executive Chairman  
**Rick Sharp**, Managing Director & CEO  
**Martin Ackland**, Executive Director  
**Clever Fonseca**, Executive Director  
**Robert Danchin**, Deputy Chairman, Non-Executive Director  
**David Isles**, Non-Executive Director  
**Murray Grant**, Non-Executive Director

### Company Secretary

Kathryn Davies

### Registered Office

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### Senegal Office

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T: +221 338 693 181  
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### Auditor

Deloitte Touche Tohmatsu

### Share Registries

Australia: Computershare Investor Services Pty Ltd  
T: 1300 850 505  
Canada: Computershare Trust Company of Canada  
T: +1 800 564 6253

### Stock Exchange Listings

Australian Securities Exchange, ASX code: **MDL**  
Toronto Stock Exchange, TSX code: **MDM**

For further information please contact:

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## 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 leucoxene) when in full production. Currently being developed and with production expected to commence late-2013, it 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 TiO<sub>2</sub> 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.

## Competent Persons Statement

The information in this report that relates to exploration results is based on information compiled by Mineral Deposit Limited's Chief Geologist, Chris Young BSc, who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Young has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken. He is qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as defined in NI43-101. Mr Young has consented to the inclusion of this information in the form and context in which it appears in this report.