Mineral Deposits Limited

ABN 19 064 377 420

Consolidated Interim Financial Statements

for the three months ended 31 March 2012

*Expressed in **United States dollars** unless otherwise stated*

Mineral Deposits

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This report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report should be read in conjunction with the annual report of Mineral Deposits Limited for the year ended 31 December 2011. It is also recommended that this financial report be considered together with any public announcement made by Mineral Deposits Limited and its controlled entities during the period ended 31 March 2012, in accordance with the continuous disclosure requirements of the Corporations Act 2001, including its quarterly reports lodged with the Australian Securities Exchange ("ASX") and Toronto Stock Exchange ("TSX").

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2012 and 2011
(UNAUDITED)

	Note	Three months ended 31 March 2012 US$'000	Three months ended 31 March 2011 US$'000
Share of TiZir net profit using equity accounting	10	9,978	-
Other income	5	636	688
Administration expenses	6	(1,750)	(2,592)
Loss on disposal on non-current assets		-	(41)
Net foreign exchange losses		(879)	(2,463)
Profit/(loss) before tax		7,985	(4,408)
Income tax benefit/(expense)		-	-
Profit/(loss) from continuing operation	6	7,985	(4,408)
Profit from discontinued operation	4	-	(25)
Profit/(loss) for the period		**7,985**	**(4,433)**
Other comprehensive income/(loss):			
Exchange differences arising on translation of foreign operations		3,124	10,244
Exchange difference on inter-company loans		127	(7,930)
Share of other comprehensive income of equity accounted joint venture		2,802	-
Gain/(loss) on available for sale investment		14,823	(12,091)
Other comprehensive income/(loss) for the period		20,876	(9,777)
Total comprehensive income/(loss) for the period		**28,861**	**(14,210)**
Profit/(loss) attributable to:			
Owners of the parent		7,985	(4,439)
Non-controlling interests		-	6
Profit/(loss) for the period		**7,985**	**(4,433)**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		28,861	(14,216)
Non-controlling interests		-	6
		28,861	**(14,210)**

	Three months ended 31 March 2012 US Cents	Three months ended 31 March 2011 US Cents
Earnings per share		
Basic earnings per share (cents)	9.6	(7.3)
Diluted earnings per share (cents)	9.5	(7.3)

Notes to the condensed consolidated interim financial statements are included on pages 5 to 17.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March 2012 and 31 December 2011
(UNAUDITED)

		Consolidated	
	Note	31 March 2012 US$'000	31 Dec 2011 US$'000
Current assets			
Cash and cash equivalents	16	103,457	107,233
Trade and other receivables	7	576	736
Other financial assets	8	102,584	87,486
Other	9	86	178
Total current assets		**206,703**	**195,633**
Non-current assets			
Investment in joint venture	10	248,988	236,208
Other financial assets	8	4,326	3,383
Property, plant and equipment	11	1,143	795
Intangible assets		31	46
Total non-current assets		**254,488**	**240,432**
Total assets		**461,191**	**436,065**
Current liabilities			
Trade and other payables	12	482	4,241
Provisions	13	1,309	1,355
Total current liabilities		**1,791**	**5,596**
Non-current liabilities			
Provisions	13	45	41
Total non-current liabilities		**45**	**41**
Total liabilities		**1,836**	**5,637**
Net assets		**459,355**	**430,428**
Equity			
Issued capital	14	356,122	356,122
Reserves	15	144,113	123,171
Accumulated losses		(40,880)	(48,865)
Equity attributable to equity holders of the parent		**459,355**	**430,428**
Non-controlling interests		-	-
Total equity		**459,355**	**430,428**

Notes to the condensed consolidated interim financial statements are included on pages 5 to 17.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2012 and 2011
(UNAUDITED)

	Note	Issued capital US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Investment revaluation reserve US$'000	Equity-settled share-based payments reserve US$'000	Cash flow hedge reserve US$'000	Attributable to equity holders of the parent US$'000	Non controlling interest US$'000	Total US$'000
Balance at 1 January 2011		219,211	(111,381)	59,005	75,958	9,229	-	252,022	30	252,052
Loss for the period		-	(4,439)	-	-	-	-	(4,439)	6	(4,433)
Exchange difference arising on translation of foreign operations		-	-	10,244	-	-	-	10,244	-	10,244
Exchange difference on inter-company loans		-	-	(7,930)	-	-	-	(7,930)	-	(7,930)
Loss on available for sale investments		-	-	-	(12,091)	-	-	(12,091)	-	(12,091)
Total comprehensive income/(loss) for the period		-	(4,439)	2,314	(12,091)	-	-	(14,216)	6	(14,210)
Options to directors and employees		-	-	-	-	46	-	46	-	46
Balance at 31 March 2011		**219,211**	**(115,820)**	**61,319**	**63,867**	**9,275**	**-**	**237,852**	**36**	**237,888**
Balance at 1 January 2012		356,122	(48,865)	75,269	38,608	9,410	(116)	430,428	-	430,428
Profit for the period		-	7,985	-	-	-	-	7,985	-	7,985
Exchange difference arising on translation of foreign operations		-	-	3,124	-	-	-	3,124	-	3,124
Exchange difference on inter-company loans		-	-	127	-	-	-	127	-	127
Share of other comprehensive income of equity accounted joint venture	10	-	-	2,291	-	-	511	2,802	-	2,802
Loss on available for sale investments		-	-	-	14,823	-	-	14,823	-	14,823
Total comprehensive income/(loss) for the period		-	7,985	5,542	14,823	-	511	28,861	-	28,861
Performance rights to directors		-	-	-	-	66	-	66	-	66
Balance at 31 March 2012		**356,122**	**(40,880)**	**80,811**	**53,431**	**9,476**	**395**	**459,355**	**-**	**459,355**

Notes to the condensed consolidated interim financial statements are included on pages 5 to 17.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the three months ended 31 March 2012 and 2011
(UNAUDITED)

	Note	Three months ended 31 March 2012 US$'000	Three months ended 31 March 2011 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		377	461
Payments to suppliers and employees		(2,124)	(3,821)
Income tax paid		-	(2)
Net cash used in operating activities	16(b)	(1,747)	(3,362)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capitalised exploration and development expenditure		-	(1,787)
Payments for property, plant and equipment		(100)	(64)
Payments for other intangible assets		-	(1)
Payments for investment in listed company		(3,878)	-
Proceeds from sale of fixed assets		9	92
Interest received		521	484
Proceeds from related parties		-	134
Net cash used in investing activities		(3,448)	(1,142)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for share issue costs		-	(5)
Net cash used in financing activities		-	(5)
Net decrease in cash and cash equivalents held		**(5,195)**	**(4,509)**
Cash and cash equivalents at the beginning of the period		107,233	59,331
Effect of exchange rates on cash holdings in foreign currencies		1,419	(331)
Cash and cash equivalents at the end of the period	16(a)	**103,457**	**54,491**

Notes to the condensed consolidated interim financial statements are included on pages 5 to 17.

1. GENERAL INFORMATION

Mineral Deposits Limited ("MDL" or the "company") is a company domiciled in Australia. The consolidated interim financial statements of the company as at and for the three months ended 31 March 2012 comprise the company and its subsidiaries (together referred to as the "consolidated entity").

A copy of the company's Annual Report as at and for the six months ended 31 December 2011 is available upon request from the company's registered office at Level 17, 530 Collins Street, Melbourne, Victoria 3000, Australia or at www.mineraldeposits.com.au or www.sedar.com.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The unaudited condensed interim consolidated financial statements are a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standards IAS 34 'Interim Financial Reporting'. The condensed interim financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent Annual Report.

Basis of Preparation

The condensed interim consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States dollars unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the condensed interim financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the condensed interim financial report are consistent with those adopted and disclosed in the company's Annual Report for the financial period ended 31 December 2011.

In the previous financial period, the Australian Securities and Investment Commission (ASIC) granted relief to Mineral Deposits Limited to change its financial year-end from 30 June to 31 December. The change of year-end enables the company to align its year-end with that of its subsidiaries and joint venture partners. The comparative period in these interim financial statements is the 3 month period ended 31 March 2011.

The directors have considered the impact of the new accounting standards that are not yet applicable and do not believe they will have a material impact on the financial performance or state of affairs of the group.

In the period, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Boards ("AASB") that are relevant to its operations and effective for the current reporting period.

Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the six months ended 31 December 2011.

Financial Risk Management

The group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the financial period ended 31 December 2011.

3. SEGMENT REPORTING

The company's reportable segments under AASB 8 are as follows:

- mineral sands activities incorporating the company's joint venture interest in TiZir Limited.

'Other' is the aggregation of the company's other operating segments that are not separately reportable and is predominantly the corporate head office.

Information regarding these segments is presented below. The accounting policies of the new reportable segments are the same as the company's accounting policies.

The mineral sands division of the company primarily incorporates the company's joint venture interest in TiZir Limited.

Segment revenue and results

The Mineral Sands Division is the company's only operating segment and incorporates the company's joint venture interest in TiZir Limited which is accounted for on an equity accounting basis. The company only recognises their share of the profit of TiZir Limited and share of other comprehensive income in the Statement of Comprehensive Income and therefore there is no disclosure of revenue and results for this operating segment.

Segment assets and liabilities

The following is an analysis of the group's assets and liabilities by reportable operating segment:

	Period ended	
	31 March 2012 US$'000	31 Dec 2011 US$'000
Assets		
Segment assets – mineral sands division	264,909	248,519
Unallocated assets	196,282	187,546
Total assets	**461,191**	**436,065**
Liabilities		
Segment liabilities – mineral sands division	-	-
Unallocated liabilities	1,836	5,637
Total liabilities	**1,836**	**5,637**

Revenue from segment

The following is an analysis of the group's revenue by reportable operating segment:

	Period ended	
	31 March 2012 US$'000	31 March 2011 US$'000
Continuing operations		
Unallocated revenue	636	688
Total other revenue	**636**	**688**

Geographical information

The group operates in various geographical areas, predominantly the United Kingdom, Australia, Mauritius and Senegal (West Africa). The following is an analysis of the group's revenue and its non-current assets by geographical location:

	Revenue		Non-current assets	
	31 March 2012 US$'000	31 March 2011 US$'000	31 March 2012 US$'000	31 Dec 2011 US$'000
Republic of Senegal	-	31	-	-
United Kingdom	-	-	248,988	236,208
Australia	581	657	5,500	4,224
Mauritius	55	-	-	-
Total	**636**	**688**	**254,488**	**240,432**

The non-current assets in the United Kingdom comprise the investment in the joint venture company TiZir Limited which beneficially holds operations in Senegal, Mauritius and Norway.

Information about major customers

As the group's operating segment incorporates the company's joint venture interest in TiZir Limited, there are no major customers.

4. DISCONTINUED OPERATIONS

On 1 October 2011, the company contributed its 100% interest in Mineral Deposits Mauritius Limited (now TiZir Mauritius Limited) and intercompany loans receivable from Mineral Deposits Mauritius Limited to TiZir Limited as part of entering into a joint venture agreement with ERAMET SA. The company received 125,000 shares (representing a 50% interest) in TiZir Limited as consideration for the interest and loans.

The combined results of the discontinued operation (Mineral Deposits Mauritius Limited and its subsidiary Grande Côte Operations SA) included in the consolidated statement of comprehensive income are set out below:

	Period ended 31 March 2012 US$'000	Period ended 31 March 2011 US$'000
Profit for the period from discontinued operations		
Revenue	-	-
Corporate administration expenses	-	(279)
Other income/(expense)	-	-
Net foreign exchange gain	-	254
Total other income/(expenses)	-	(25)
Profit/(loss) before tax	**-**	**(25)**
Income tax expense (discontinued operations)	-	-
Consolidated segment loss for the period from discontinued operations	**-**	**(25)**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 31 March 2012 and 2011
(UNAUDITED)

	Three months ended 31 March	
	2012 US$'000	2011 US$'000
5. REVENUE		
Continuing operations		
Interest revenue - bank	500	481
Other revenue:		
- rental received	34	21
- other	100	180
Gain from sale of fixed assets	2	6
	636	**688**
6. RESULTS FOR THE PERIOD		
Continuing operations		
Depreciation of non-current assets:		
- land, buildings & property improvements	-	22
- office furniture	37	7
- computer equipment and software	9	29
- motor vehicles	-	7
	46	65
Amortisation of intangible assets:		
- computer software	15	17
Employee benefits:		
- equity settled share based payments	66	60
- remuneration expense	897	1,846
- post employment benefits – defined contributions	93	127
- provision for leave entitlements	(54)	62
	1,002	2,095
Administration and other overheads	687	415
Total administration expenses	**1,750**	**2,592**
7. TRADE AND OTHER RECEIVABLES		
Current		
Other receivables	166	471
Amounts due from related parties	410	265
	576	**736**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 31 March 2012 and 2011
(UNAUDITED)

	Period ended 31 March 2012 US$'000	Period ended 31 Dec 2011 US$'000
8. OTHER FINANCIAL ASSETS		
Current		
Available for sale investments carried at fair value:		
- shares in listed company – Teranga Gold Corporation	90,990	78,559
- shares in listed company – World Titanium Resources Limited	11,594	8,927
	102,584	**87,486**
Non-current		
Available for sale investments carried at fair value:		
- shares in listed company – World Titanium Resources Limited	**4,326**	**3,383**
9. OTHER ASSETS		
Current		
Prepayments	84	149
Security deposit	2	29
	86	**178**
10. INVESTMENT IN JOINT VENTURE		
Investment in TiZir Limited	**248,988**	**236,208**
Movement in investment in joint ventures:		
Opening balance	236,208	-
Shares received as consideration for contribution of interest in Grande Côte Mineral Sands Project	-	235,870
Share of net profit of joint venture	9,978	1,780
Share of other comprehensive income	2,802	(1,442)
Investment in TiZir Limited	**248,988**	**236,208**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 31 March 2012 and 2011
(UNAUDITED)

The following tables set out the results of TiZir Limited from for the three months ended 31 March 2012, including statement of comprehensive income, statement of financial position and statement of cash flows:

	3 months ended 31 March 2012 US$'000				3 months ended 31 Dec 2011 US$'000
	Tyssedal	Grande Côte	Other*	Consolidated TiZir Limited	Consolidated TiZir Limited
STATEMENT OF COMPREHENSIVE INCOME					
Sales	63,015	-	-	63,015	41,350
Cost of goods sold	(32,738)	-	-	(32,738)	(32,717)
Gross profit	**30,277**	**-**	**-**	**30,277**	**8,633**
Other revenue	196	-	-	196	1,073
Administration expenditure	(252)	(208)	(181)	(641)	(1,610)
Finance costs	(12)	-	-	(12)	(20)
Foreign exchange losses	(473)	209	671	407	(434)
Depreciation and amortisation expense	(1,804)	(703)	-	(2,507)	(1,917)
Profit/(loss) before tax	**27,932**	**(702)**	**490**	**27,720**	**5,725**
Income tax expense	(7,822)	-	-	(7,822)	(2,183)
Profit/(loss) for the period	**20,110**	**(702)**	**490**	**19,898**	**3,542**
Attributable to non-controlling interest				59	18
Profit attributable to joint venture partners				19,957	3,560
Share of net profit of joint venture attributable to MDL shareholders				**9,978**	**1,780**

* Other represents TiZir Limited parent entity results and applicable consolidation elimination entries.

OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY		
Exchange differences arising on translation of operations	4,582	(2,653)
Change in revaluation reserve for hedging financial instruments (including impact of taxation)	1,021	(231)
Other comprehensive income for the period, net of tax	5,603	(2,884)
Share of other comprehensive income attributable to MDL shareholders	**2,802**	**(1,442)**
Disclosed as:		
Foreign currency translation reserve	2,291	(1,326)
Cash flow hedge reserve	511	(116)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 31 March 2012 and 2011
(UNAUDITED)

	As at 31 March 2012 US$'000				As at 31 Dec 2011 US$'000
	Tyssedal	Grande Côte	Other*	Consolidated TiZir Limited	Consolidated TiZir Limited
STATEMENT OF FINANCIAL POSITION					
Current assets					
Cash and cash equivalents	28,358	9,586	39,652	77,596	105,334
Trade and other receivables	38,714	645	-	39,359	20,009
Inventories	33,339	644	-	33,983	32,299
Other financial assets – derivative financial assets	3,210	-	-	3,210	1,358
Total current assets	**103,621**	**10,875**	**39,652**	**154,148**	**159,000**
Non-current assets					
Receivables	-	251	-	251	247
Other financial assets – investments	152	-	-	152	124
Property, plant and equipment	52,799	129,534	258	182,591	138,139
Mine development expenditure	-	51,591	-	51,591	51,591
Capitalised mining convention and concession costs	-	2,510	-	2,510	2,510
Goodwill	-	-	149,016	149,016	149,016
Other intangible assets	-	35	-	35	38
Total non-current assets	**52,951**	**183,921**	**149,274**	**386,146**	**341,665**
Total assets	**156,572**	**194,796**	**188,926**	**540,294**	**500,665**
Current liabilities					
Trade and other payables	19,070	9,430	398	28,898	23,772
Borrowings	350	-	-	350	31
Current tax liabilities	11,460	-	-	11,460	3,112
Total current liabilities	**30,880**	**9,430**	**398**	**40,708**	**26,915**
Non-current liabilities					
Deferred tax liabilities	4,499	-	-	4,499	4,096
Provisions	358	-	-	358	340
Total non-current liabilities	**4,857**	**-**	**-**	**4,857**	**4,436**
Total liabilities	**35,737**	**9,430**	**398**	**45,565**	**31,351**
Net assets	**120,835**	**185,366**	**188,528**	**494,729**	**469,314**
Equity					
Issued capital				471,741	471,741
Reserves				2,720	(2,883)
Retained earnings				23,516	3,559
				497,977	472,417
Non-controlling interest				(3,248)	(3,103)
Total equity				**494,729**	**469,314**

* Other represents TiZir Limited parent entity results and applicable consolidation elimination entries.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 31 March 2012 and 2011
(UNAUDITED)

	3 months ended 31 March 2012 US$'000				3 months ended 31 Dec 2011 US$'000
	Tyssedal	Grande Côte	Other*	Consolidated TiZir Limited	Consolidated TiZir Limited
STATEMENT OF CASH FLOW					
Operating activities					
Profit/(loss) for the period	20,110	(702)	490	19,898	3,542
Elimination of non-cash and non-operating income and expenses:					
- Depreciation and amortisation	1,804	703	-	2,507	1,780
- Loss on disposal of property, plant & equipment	-	24	-	24	
- Deferred tax	(213)	-	-	(213)	(504)
Cash generated by operating activities	**21,701**	**25**	**490**	**22,216**	**4,818**
Increase in inventories	299	-	-	299	(2,766)
(Increase)/decrease in trade receivables	(18,080)	(237)	-	(18,317)	2,664
Increase in trade payables	(777)	(1,717)	133	(2,361)	6,030
Change in other assets and liabilities	6,747	129	(671)	6,205	1,989
Interest income	13	-	-	13	26
Interest paid	(1)	-	-	(1)	(6)
Tax paid	-	-	-	-	(50)
Net change in current operating assets and liabilities	(11,799)	(1,825)	(538)	(14,162)	7,887
Net cash generated by operating activities	**9,902**	**(1,800)**	**(48)**	**8,054**	**12,705**
Cash flows from investing activities					
Payments for non-current assets	(1,001)	(36,900)	(6)	(37,907)	(18,440)
Proceeds from joint venture partner	-	32,313	(32,313)	-	6,085
Net cash provided by/(used in) investing activities	**(1,001)**	**(4,587)**	**(32,319)**	**(37,907)**	**(12,355)**
Cash flows from financing activities					
Proceeds of borrowings	344	-	-	344	11
Repayment of borrowings	(53)	-	-	(53)	-
Proceeds from issue of shares	-	-	-	-	63,575
Net cash provided by financing activities	**291**	**-**	**-**	**291**	**63,586**
Net increase/(decrease) in cash held	9,192	(6,387)	(32,367)	(29,562)	63,936
Cash and cash equivalents at 31 December 2011	18,046	15,942	71,346	105,334	42,484
Effect of exchange rates on cash holdings in foreign currencies	1,120	31	673	1,824	(1,086)
Cash and cash equivalents at 31 March 2012	**28,358**	**9,586**	**39,652**	**77,596**	**105,334**
Reconciliation of cash balances					
Cash and cash equivalents available for use	28,358	9,586	16,542	54,486	82,898
Cash and cash equivalents not available for use (i)	-	-	23,110	23,110	22,436
Cash and cash equivalents at 31 March 2012	**28,358**	**9,586**	**39,652**	**77,596**	**105,334**

* Other represents TiZir Limited parent entity results and applicable consolidation elimination entries.

(i) TiZir Limited has an outstanding deposit of $23.1 million (31 December 2011 - $22.4 million) which is being utilised as security for a standby letter of credit issued to suppliers of Grande Côte Operations SA. This amount is not able to be used until completion of construction works on the power station.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 31 March 2012 and 2011
(UNAUDITED)

	Period ended 31 March 2012 US$'000	31 Dec 2011 US$'000

11. PROPERTY, PLANT AND EQUIPMENT

Carrying amounts of each class:		
Freehold land and property improvements	915	605
Office equipment	228	190
	1,143	**795**

12. TRADE AND OTHER PAYABLES

Current		
Unsecured liabilities		
- trade payables (i)	28	107
- sundry creditors and accrued expenses	454	4,134
	482	**4,241**

(i) Trade payables comprise obligations by the company to suppliers of goods and services to the company. Terms are generally 30 days.

13. PROVISIONS

Current		
Employee benefits	1,074	1,110
Mine restoration and rehabilitation	235	245
	1,309	**1,355**
Non-Current		
Employee benefits	**45**	**41**

14. ISSUED CAPITAL

		Period ended 31 March 2012 No.	Period ended 31 Dec 2011 No.
(a)	**Movement in fully paid ordinary shares**		
	Number of fully paid ordinary shares	**83,538,786**	**83,538,786**
	Opening number of shares	83,538,786	83,415,116
	Shares issued during the year:		
	- 18 July 2011	-	123,670
	Closing number of shares	**83,538,786**	**83,538,786**

		Period ended 31 March 2012 US$'000	Period ended 31 Dec 2011 US$'000
(b)	**Fully paid ordinary shares**		
	Paid up capital	**356,122**	**356,122**
	At the beginning of the financial year	356,122	355,347
	Shares issued during the year:		
	- 18 July 2011	-	791
	Less costs associated with exercise of options and share placements	-	(16)
	Total issued capital at the end of the period	**356,122**	**356,122**

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and a right to dividends.

(c) Share Options & Performance Rights

As at 31 March 2012, the following unissued ordinary shares of the company under option were outstanding:

Code	Unlisted Security	Grant date	Expiry date	Exercise price (A$)	No.
MDLAU	Share options	19 July 2007	18 July 2012	12.78	45,000
MDLAW	Share options	29 November 2007	29 November 2012	12.78	475,000
MDLAY	Share options	5 December 2007	5 December 2012	12.78	100,000
					620,000
	Performance rights	31 August 2011	31 August 2016	-	250,000

No share options or performance rights were issued to directors, senior personnel or employees during the period or since 31 December 2011.

No unlisted options or performance rights were forfeited during the reporting period due to expiry or employee terminations.

No person entitled to exercise the option or performance right had or has any rights by virtue of the option to participate in any share issue of any other body corporate. Options do not carry any voting or dividend rights.

There were no other movements in the ordinary share capital or other securities of the company in the current reporting period.

15. RESERVES

The foreign currency translation reserve records exchange differences arising on translation from the functional currencies of the group's Australian controlled entities into United States dollars which are brought to account by entries made directly to the foreign currency translation reserve and the revaluation of intercompany loans.

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset is recognised in the profit or loss. Where a revalued financial asset is impaired, that portion of the reserve is recognised in profit or loss.

The equity-settled share based payment reserve arises on the grant of share options to directors, employees and financiers. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share based payments is detailed in Note 14 to the financial statements.

The cash flow hedge reserve arises from the recognition of the company's share of movements in cash flow hedge instruments recognised in other comprehensive income of its joint venture entity, TiZir Limited. Further information on the company's investment in TiZir Limited is detailed in Note 10 to the financial statements.

16. CASH FLOW INFORMATION

		Period ended	
		31 March 2012 US$'000	31 Dec 2011 US$'000
(a)	**Reconciliation of cash and cash equivalents**		
	Cash at the end of the financial period as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
	Cash on hand and at bank	82,117	81,239
	Other – term deposits	21,340	25,994
	Total cash and cash equivalents at end of period	**103,457**	**107,233**

		Three months ended 31 March	
		2012 US$'000	2011 US$'000
(b)	**Reconciliation of profit/(loss) for the period to net cash flows from operating activities**		
	Profit/(loss) for the year	**7,985**	**(4,433)**
	Depreciation	46	65
	Amortisation	15	17
	Share based remuneration	66	62
	Foreign exchange loss	870	2,783
	(Profit)/loss on disposal of non-current assets	(2)	250
	Interest income received and receivable	(500)	(484)
	Share of net profit in joint venture using equity accounting	(9,978)	-
	Changes in assets and liabilities		
	Increase in trade and term debtors	(185)	(1,502)
	Decrease in prepayments	71	50
	Decrease in accrued income	21	17
	Decrease in trade creditors and accruals	(85)	(108)
	Decrease in employee entitlements	(56)	(62)
	Decrease in rehabilitation provisions	(15)	(15)
	Decrease in income tax	-	(2)
	Net cash used in operating activities	**(1,747)**	**(3,362)**

(c) Non-cash financing and investing activities

There were no non-cash financing and investing activities during the period ended 31 March 2012.

(d) Cash balances not available for use

The company has $565,566 (31 December 2011 - $389,262) in term deposits included in the cash and cash equivalents that are not readily available for use by the group. These term deposits are held as security over the company's corporate credit card, credit charge facility and leased premises.

17. DIVIDENDS

During the period, no dividends were paid. The directors have not recommended the payment of a dividend.

18. COMMITMENTS

Commitment to Joint Venture

Each of MDL and ERAMET expect to contribute approximately $85 million of additional equity into TiZir Limited during the balance of 2012. MDL expects to meet this funding requirement through existing cash resources.

19. CONTINGENT LIABILITIES

Mineral Deposits Limited and controlled entities

MDL has the following contingent liabilities:

- The company has a deed of cross guarantee with its wholly-owned subsidiaries MDL (Mining) Limited and MDL Gold Limited.
- The company confirmed directly or via its holding subsidiaries that it will continue to provide financial support to its subsidiaries to enable them to meet their obligations as they fall due for a period of not less than 12 months.
- The company's subsidiary Mineral Deposits (Operations) Pty Ltd faces potential contingent liabilities in relation to its rehabilitation obligations on its New South Wales ("NSW") exploration and mining tenements. The nature of these rehabilitation obligations includes revegetation. Some aspects of the rehabilitation obligations extend for a period in excess of 10 years after the cessation of previous mining activities. Ongoing rehabilitation work continues at the sites in NSW, Australia. No adverse situations were reported and work continued as scheduled.
- A$500,000 within 30 days of completion of a bankable feasibility study for the Grande Côte project and on securing all the necessary funding either by debt or equity from an internationally recognised banking or financial institution to develop the project.
- A$500,000 within 30 days of receipt by (the successor to) MDL Senegal SARL, a subsidiary of MDL, of the first payment for a commercial arm's-length sale of product from the Grande Côte project.

The directors are not aware of any other contingent liabilities at 31 March 2012.

TiZir Limited

The company faces contingent liabilities relating to its 50% interest in TiZir Limited. The amounts disclosed below represent the company's share of these potential liabilities:

TiZir Limited faces potential liabilities to its private Senegalese partners in respect of the Grande Côte Mineral Sands Project and has agreed that the following amounts will be payable if the project proceeds to production:

- $75,000 per annum on social development of local communities in the Grande Côte and surrounding region during the term of the Mining Concession, and during the entire period of validity of the Mining Convention, $200,000 for the pre-production and thereafter $200,000 during the period of production; and
- $25,000 per year of production on training of Directorate of Mines and Geology officers and logistical support to the technical services of the Ministry for Mines.

20. SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the reporting period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

21. RELATED PARTY TRANSACTIONS

(a) Transactions with other related parties

Transactions between MDL and its related parties:

Balances existed between the company and its related parties at year end:

	31 March 2012 US$	31 Dec 2011 US$
MDL (Mining) Limited	191,129,596	187,247,017
HNFL (Holdings) Pty Ltd	320,265	313,467
Mineral Deposits International Pty Ltd	(261,751)	(256,434)
ZTF Investments Pty Ltd	12,701,290	12,310,593
Mineral Deposits (Operations) Pty Ltd	(59,336)	(58,130)
TiZir Limited	393,579	-
TiZir Titanium and Iron AS	16,307	-
	204,239,950	199,556,513

The above loans were non-interest bearing with no fixed repayment terms and payable on demand.

Transactions between the group and its related parties:

During the three months ended 31 March 2012, the following transaction occurred between the group and its related parties (amounts expressed in whole dollars):

- Technical assistance was provided by the company's subsidiary MDML (Capital) Limited to its related party TiZir Mauritius Limited. The company charged $55,482 (31 March 2011 – $nil) in relation to the provision of these services.

Transactions and balances between the group and its related parties were eliminated in the preparation of the consolidated financial statements of the group.

(b) Transactions with director related entities during the period

During the three months ended 31 March 2012, the following transaction occurred between the group and its related parties (amounts expressed in whole dollars):

- Office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to FAR Limited of which Mr Nicholas Limb continues as a non-executive director. The company charged $28,293 in relation to the provision of these services to 31 March 2012.
- Office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Stellar Resources Limited of which Dr David Isles continues as a non-executive director. The company charged $24,585 in relation to the provision of these services to 31 March 2012.
- Office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Predictive Discovery Limited of which Dr Bobby Danchin and Dr Tom Whiting continue as non-executive directors. The company charged $8,907 in relation to the provision of these services to 31 March 2012.

CORPORATE DIRECTORY

DIRECTORS

Nic Limb (Executive Chairman)
Rick Sharp (Managing Director)
Martin Ackland (Executive)
Robert Danchin (Non-executive/Deputy Chairman)
David Isles (Non-executive)
James (Murray) Grant (Non-executive)
Tom Whiting (Non-executive)

COMPANY SECRETARY

Kathryn Davies

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