



Mineral Deposits Limited

ABN 19 064 377 420

**Consolidated Interim Financial Statements
for the six months ended 30 June 2012**

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



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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 30 June 2012, in accordance with the continuous disclosure requirements of the Corporations Act 2001, including its quarterly reports lodged with the Australian Securities Exchange ("ASX").



CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2012 and 2011
(UNAUDITED)

	Note	Three months ended		Six months ended	
		30 June 2012 US\$'000	30 June 2011 US\$'000	30 June 2012 US\$'000	30 June 2011 US\$'000
Share of TiZir Limited net profit using equity accounting	10	1,527	-	11,505	-
Other income	5	536	243	1,172	931
Administration expenses	6	(1,627)	(3,834)	(3,378)	(6,426)
Borrowing costs		(1)	(2,396)	(1)	(2,396)
Loss on disposal on non-current assets		-	-	-	(41)
Net foreign exchange gains/(losses)		1,619	1,012	740	(1,451)
Profit/(loss) before tax		2,054	(4,975)	10,038	(9,383)
Income tax benefit		-	3	-	3
Profit/(loss) from continuing operation	5	2,054	(4,972)	10,038	(9,380)
Loss from discontinued operation	4	-	(251)	-	(276)
Profit/(loss) for the period		2,054	(5,223)	10,038	(9,656)
Other comprehensive income/(loss), net of income tax:					
Exchange differences arising on translation of foreign operations				(250)	7,525
Share of other comprehensive income of equity accounted joint venture				(1,760)	-
Loss on available for sale investment				(17,383)	(12,439)
Other comprehensive income for the period (net of tax)				(19,393)	(4,914)
Total comprehensive income/(loss) for the period				(9,355)	(14,570)
Profit/(loss) attributable to:					
Owners of the parent				10,038	(9,649)
Non-controlling interests				-	(7)
Profit/(loss) for the period				10,038	(9,656)
Total comprehensive income/(loss) attributable to:					
Owners of the parent				(9,355)	(14,563)
Non-controlling interests				-	(7)
				(9,355)	(14,570)
		Three months ended		Six months ended	
		30 June 2012 US Cents	30 June 2011 US Cents	30 June 2012 US Cents	30 June 2011 US Cents
Earnings per share					
Basic earnings per share (cents)		2.5	(8.5)	12.0	(15.9)
Diluted earnings per share (cents)		2.5	(8.5)	12.0	(15.9)

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



CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2012 and 31 December 2011
(UNAUDITED)

	Note	Consolidated	
		30 June 2012 US\$'000	31 Dec 2011 US\$'000
Current assets			
Cash and cash equivalents	15	91,053	107,233
Trade and other receivables	7	838	736
Other financial assets	8	70,593	87,486
Other	9	193	178
Total current assets		162,677	195,633
Non-current assets			
Investment in joint venture	10	254,350	234,605
Other financial assets	8	3,298	3,383
Property, plant and equipment	11	1,097	795
Intangible assets		22	46
Total non-current assets		258,767	238,829
Total assets		421,444	434,462
Current liabilities			
Trade and other payables	12	487	4,241
Provisions	13	1,310	1,355
Total current liabilities		1,797	5,596
Non-current liabilities			
Provisions	13	46	41
Total non-current liabilities		46	41
Total liabilities		1,843	5,637
Net assets		419,601	428,825
Equity			
Issued capital	14	356,122	356,122
Reserves		103,909	123,171
Accumulated losses		(40,430)	(50,468)
Total equity		419,601	428,825

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 six months ended 30 June 2012 and 2011
(UNAUDITED)

	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	-	(9,649)	-	-	-	-	(9,649)	(7)	(9,656)
Exchange difference arising on translation of foreign operations	-	-	7,525	-	-	-	7,525	-	7,525
Revaluation of available for sale investments	-	-	-	(12,439)	-	-	(12,439)	-	(12,439)
Total comprehensive income/(loss) for the period	-	(9,649)	7,525	(12,439)	-	-	(14,563)	(7)	(14,570)
Issue of options to directors and employees	-	-	-	-	93	-	93	-	93
Shares issued during the period	141,872	-	-	-	-	-	141,872	-	141,872
Share issue costs	(5,736)	-	-	-	-	-	(5,736)	-	(5,736)
Balance at 30 June 2011	355,347	(121,030)	66,530	63,519	9,322	-	373,688	23	373,711
Balance at 1 January 2012	356,122	(50,468)	75,269	38,608	9,410	(116)	428,825	-	428,825
Profit for the period	-	10,038	-	-	-	-	10,038	-	10,038
Exchange difference arising on translation of foreign operations	-	-	(250)	-	-	-	(250)	-	(250)
Share of other comprehensive income of TiZir Limited	-	-	(1,624)	-	-	(136)	(1,760)	-	(1,760)
Revaluation of available for sale investments	-	-	-	(17,393)	-	-	(17,393)	-	(17,393)
Total comprehensive income/(loss) for the period	-	10,038	(1,874)	(17,393)	-	(136)	(9,355)	-	(9,355)
Issue of performance rights to directors	-	-	-	-	131	-	131	-	131
Balance at 30 June 2012	356,122	(40,430)	73,395	21,225	9,541	(252)	419,601	-	419,601

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six months ended 30 June 2012 and 2011
(UNAUDITED)

	Note	Three months ended		Six months ended	
		30 June 2012 US\$'000	30 June 2011 US\$'000	30 June 2012 US\$'000	30 June 2011 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		168	6	545	467
Payments to suppliers and employees		(1,830)	(3,608)	(3,954)	(7,429)
Interest and other costs of finance paid		(1)	-	(1)	-
Income tax paid		-	17	-	15
Net cash used in operating activities	15(a)	(1,663)	(3,585)	(3,410)	(6,947)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for capitalised exploration and development expenditure		-	(752)	-	(2,539)
Payments for property, plant and equipment		(24)	(16,116)	(124)	(16,180)
Payments for other intangible assets		-	(1)	-	(2)
Proceeds from sale of fixed assets		-	-	8	92
Payments for investment in listed companies		(274)	-	(4,151)	-
Interest received		322	257	843	741
Payments for investment in TiZir Limited		(10,000)	-	(10,000)	-
Advances to related parties		-	(695)	-	(561)
Net cash used in investing activities		(9,976)	(17,307)	(13,424)	(18,449)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of equity securities		-	141,872	-	141,872
Payment for share issue costs		-	(4,933)	-	(4,938)
Net cash provided by financing activities		-	136,939	-	136,934
Net (decrease)/increase in cash and cash equivalents held		(11,639)	116,047	(16,834)	111,538
Cash and cash equivalents at the beginning of the period		103,457	54,491	107,233	59,331
Effect of exchange rates on cash holdings in foreign currencies		(765)	2,784	654	2,453
Cash and cash equivalents at the end of the period	15(a)	91,053	173,322	91,053	173,322

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2012 and 2011
(UNAUDITED)

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 six months ended 30 June 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 year, 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 six month period ended 30 June 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 six months 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.

‘Unallocated assets’ 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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The mineral sands division of the company in the future will primarily incorporate 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	
	30 June 2012 US\$'000	31 Dec 2011 US\$'000
Assets		
Segment assets –Mineral sands division	266,689	246,916
Unallocated assets	154,575	187,546
Total assets	421,444	436,065
Liabilities		
Segment liabilities –Mineral sands division	-	-
Unallocated liabilities	1,843	5,637
Total liabilities	1,843	5,637

Revenue from segment

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

	Period ended	
	30 June 2012 US\$'000	30 June 2011 US\$'000
Continuing operations		
Unallocated revenue	1,172	931
Total other revenue	1,172	931

Geographical information

The group operates in various geographical areas, predominantly in 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	
	30 June 2012 US\$'000	30 June 2011 US\$'000	30 June 2012 US\$'000	31 Dec 2011 US\$'000
Republic of Senegal	-	33	-	-
United Kingdom	-	-	254,350	234,605
Australia	1,059	898	4,417	4,224
Mauritius	113	-	-	-
Total	1,172	931	258,767	238,829

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(UNAUDITED)

	Three months ended		Six months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	US\$'000	US\$'000	US\$'000	US\$'000

4. DISCONTINUED OPERATIONS

On 1 October 2011, the company contributed its 100% interest in TiZir Mauritius Limited and intercompany loans receivable from TiZir 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 (TiZir Mauritius Limited and its subsidiary Grande Côte Operations SA) included in the consolidated statement of comprehensive income are set out below.

Profit for the period from discontinued operations				
Revenue	-	-	-	-
Corporate administration expenses	-	(253)	-	(532)
Other income/(expense)	-	-	-	-
Net foreign exchange losses	-	(3)	-	251
Total other income/(expenses)	-	(256)	-	(281)
Profit/(loss) before tax	-	(256)	-	(281)
Income tax benefit on discontinued operations	-	5	-	5
Consolidated segment loss for the period from discontinued operations	-	(251)	-	(276)

5. REVENUE

Continuing operations				
Interest revenue - bank	396	224	896	705
Other revenue:				
- rental received	25	12	59	33
- other	115	7	215	187
Gain from sale of fixed assets	-	-	2	6
	536	243	1,172	931

6. RESULTS FOR THE PERIOD

Continuing operations				
Depreciation of non-current assets:				
- land, buildings & property improvements	-	22	-	44
- office furniture	36	6	73	13
- computer equipment and software	8	28	17	57
- motor vehicles	-	5	-	12
	44	61	90	126
Amortisation of intangible assets:				
- computer software	8	16	23	33
Employee benefits:				
- equity settled share based payments	67	64	133	124
- remuneration expense	772	1,017	1,669	2,863
- superannuation contributions	88	121	181	248
- provision for leave entitlements	53	(106)	(1)	(44)
	980	1,096	1,982	3,191
Administration and other overheads	595	2,661	1,283	3,076
Total administration expenses	1,627	3,834	3,378	6,426



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(UNAUDITED)

	Period ended	
	30 June 2012	31 Dec 2011
	US\$'000	US\$'000

7. TRADE AND OTHER RECEIVABLES

Current		
Other receivables	240	471
Amounts due from related parties	598	265
	838	736

8. OTHER FINANCIAL ASSETS

Current		
Available for sale investments carried at fair value		
- shares in listed company – Teranga Gold Corporation	61,372	78,559
- shares in listed company – World Titanium Resources Limited	9,221	8,927
	70,593	87,486
Non-current		
Available for sale investments carried at fair value		
- shares in listed company – World Titanium Resources Limited	3,298	3,383

9. OTHER ASSETS

Current		
Prepayments	191	149
Security deposit	2	29
	193	178

10. INVESTMENT IN JOINT VENTURE

Investment in TiZir Limited	254,350	234,605
Movement in investment in joint ventures:		
Opening balance	234,605	-
Shares received as consideration for contribution of interest in Grande Côte Mineral Sands Project	-	235,870
Payments for investments in TiZir Limited during the period	10,000	-
Share of net profit of TiZir Limited	11,505	177
Share of other comprehensive income of TiZir Limited	(1,760)	(1,442)
Investment in TiZir Limited	254,350	234,605

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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The following tables set out the results of TiZir Limited from for the six months ended 30 June 2012, including statement of comprehensive income, statement of financial position and statement of cash flows:

	Six months ended 30 June 2012 US\$'000					Three months ended 31 Dec 2011 US\$'000	
	Tyssedal	Grande Côte	Other*	PPA Adjustments	Consolidated TiZir Limited	Consolidated TiZir Limited	
STATEMENT OF COMPREHENSIVE INCOME						Restated	Reported
Sales	107,435	-	-	-	107,435	41,350	41,350
Cost of goods sold	(59,519)	-	-	-	(59,519)	(32,717)	(32,717)
Gross profit	47,916	-	-	-	47,916	8,633	8,633
Other revenue	2,018	-	-	-	2,018	1,073	1,073
Administration expenditure	(501)	(614)	(382)	-	(1,497)	(1,610)	(1,610)
Finance costs	(39)	-	-	-	(39)	(20)	(20)
Foreign exchange losses	1,059	1,379	(465)	-	1,973	(434)	(434)
Depreciation and amortisation expense	(6,410)	(1,723)	-	(9,634)	(17,767)	(6,734)	(1,917)
Profit/(loss) before tax	44,043	(958)	(847)	(9,634)	32,604	908	5,725
Income tax expense	(12,340)	-	-	2,697	(9,643)	(834)	(2,183)
Profit/(loss) for the period	31,703	(958)	(847)	(6,937)	22,961	74	3,542
Attributable to non-controlling interest					49	279	18
Profit attributable to joint venture partners					23,010	353	3,560
Share of net profit of joint venture attributable to MDL shareholders					11,505	177	1,780

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

During the period to 30 June 2012, TiZir Limited completed the purchase price allocation of the assets and liabilities acquired during the establishment of joint venture in accordance with IFRS 3 Business Combinations. As such, amounts previously recognised as goodwill were allocated to identifiable intangible assets, property, plant & equipment acquired and related deferred tax liabilities.

The amortisation of identifiable intangible assets and depreciation of property, plant & equipment amounted to \$9.6 million (\$6.9 million including impact of taxation) during the six months ended 30 June 2012 and has been included in the PPA Adjustments column above. The prior period balances have also been adjusted to reflect the impact of amortisation and depreciation of \$4.8 million (\$3.5 million including impact of taxation) in relation to the PPA adjustments.

	Six months ended 30 June 2012 US\$'000	Three months ended 31 Dec 2011 US\$'000	
	Consolidated TiZir Limited	Consolidated TiZir Limited	
OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY		Restated	Reported
Exchange differences arising on translation of operations	(3,248)	(2,653)	(2,653)
Change in revaluation reserve for hedging financial instruments	(377)	(319)	(319)
Income tax on other comprehensive income	105	88	88
Other comprehensive income for the period, net of tax	(3,520)	(2,884)	(2,884)
Share of other comprehensive income attributable to MDL shareholders	(1,760)	(1,442)	(1,442)
Disclosed as:			
Foreign currency translation reserve	(1,624)	(1,326)	(1,362)
Cash flow hedge reserve	(136)	(116)	(116)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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	As at 30 June 2012 US\$'000				As at 31 Dec 2011 US\$'000	
	Tyssedal	Grande Côte	Other*	Consolidated TiZir Limited	Consolidated TiZir Limited	Consolidated TiZir Limited
STATEMENT OF FINANCIAL POSITION					Restated	Reported
Current assets						
Cash and cash equivalents	16,090	10,371	36,064	62,525	105,334	105,334
Trade and other receivables	19,688	1,817	7	21,512	20,009	20,009
Inventories	33,594	1,017	-	34,611	32,299	32,299
Other financial assets – derivative financial assets	1,351	-	-	1,351	1,358	1,358
Total current assets	70,723	13,205	36,071	119,999	159,000	159,000
Non-current assets						
Receivables	-	343	-	343	247	247
Other financial assets – investments	154	-	-	154	124	124
Property, plant and equipment	52,305	179,896	8,970	241,171	148,234	138,139
Mine development expenditure	-	51,591	-	51,591	51,591	51,591
Capitalised mining convention and concession costs	-	2,510	-	2,510	2,510	2,510
Goodwill	-	-	-	-	-	149,016
Mineral reserves recognised on acquisition	-	-	109,611	109,611	109,611	-
Intangible assets recognised on acquisition	-	-	47,308	47,308	56,436	-
Other intangible assets	-	30	-	30	38	38
Total non-current assets	52,459	234,370	165,889	452,718	368,791	341,665
Total assets	123,182	247,575	201,960	572,717	527,791	500,665
Current liabilities						
Trade and other payables	20,967	2,421	583	23,971	23,772	23,772
Borrowings	668	-	-	668	31	31
Current tax liabilities	11,117	-	-	11,117	3,112	3,112
Total current liabilities	32,752	2,421	583	35,756	26,915	26,915
Non-current liabilities						
Deferred tax liabilities	4,761	-	15,643	20,404	23,467	4,096
Provisions	341	-	-	341	340	340
Total non-current liabilities	5,102	-	15,643	20,745	23,807	4,436
Total liabilities	37,854	2,421	16,226	56,501	50,722	31,351
Net assets	85,328	245,154	185,734	516,216	477,069	469,314
Equity						
Issued capital				491,741	471,741	471,741
Reserves				(6,403)	(2,883)	(2,883)
Retained earnings				23,362	352	3,559
				508,700	469,210	472,417
Non-controlling interest				7,516	7,859	(3,103)
Total equity				516,216	477,069	469,314

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2012 and 2011
(UNAUDITED)

During the period to 30 June 2012, TiZir Limited completed the purchase price allocation of assets and liabilities acquired during the establishment of joint venture in accordance with IFRS 3 Business Combinations. As such, goodwill of \$149.0 million has been allocated as follows:

	US\$m
Mineral Rights	109.6
Identifiable intangible assets	61.0
Property, plant and equipment	9.3
Deferred tax liabilities	(19.7)
Minority interests	(11.2)
Total purchase price adjustments	149.0

The prior period statement of financial position for TiZir Limited has been restated above to illustrate the impact of the purchase price allocation process.

	Six months ended 30 June 2012				Three months ended
	US\$'000				31 Dec 2011
	Tyssedal	Grande Côte	Other*	Consolidated TiZir Limited	Consolidated TiZir Limited
STATEMENT OF CASH FLOW					
Operating activities					
Profit/(loss) for the period	31,703	(958)	(7,784)	22,961	74
Elimination of non-cash and non-operating income and expenses					
- Depreciation and amortisation	6,410	1,723	9,634	17,767	6,597
- Deferred tax	780	-	(2,697)	(1,917)	(1,853)
Cash generated by operating activities	38,893	765	(847)	38,811	4,818
Increase in inventories	(1,621)	-	-	(1,621)	(2,766)
(Increase)/decrease in trade receivables	(145)	-	-	(145)	2,664
Increase/(decrease) in trade payables	2,075	(1,163)	(7)	905	6,030
Change in other assets and liabilities	9,106	(2,852)	275	6,529	1,989
Interest income	-	-	-	-	26
Interest paid	39	-	-	39	(6)
Tax paid	(3,364)	-	-	(3,364)	(50)
Net change in current operating assets and liabilities	6,090	(4,015)	268	2,343	7,887
Net cash generated by operating activities	44,983	(3,250)	(579)	41,154	12,705
Cash flows from investing activities					
Payments for non-current assets	(7,728)	(96,209)	(57)	(103,994)	(18,440)
Proceeds on disposal of non-current assets	-	20	-	20	-
Proceeds from joint venture partner	(39,943)	94,427	(54,484)	-	6,085
Net cash used in investing activities	(47,671)	(1,762)	(54,541)	(103,974)	(12,355)
Cash flows from financing activities					
Proceeds of borrowings	653	-	-	653	11
Proceeds from issue of shares	-	-	20,000	20,000	63,575
Net cash provided by financing activities	653	-	20,000	20,653	63,586
Net (decrease)/increase in cash held	(2,035)	(5,012)	(35,120)	(42,167)	63,936
Cash and cash equivalents at beginning of the period	18,046	15,942	71,346	105,334	42,484
Effect of exchange rates on cash holdings in foreign currencies	79	(559)	(162)	(642)	(1,086)
Cash and cash equivalents at end of the period	16,090	10,371	36,064	62,525	105,334

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(UNAUDITED)

	Period ended	
	30 June 2012 US\$'000	31 Dec 2011 US\$'000

11. PROPERTY, PLANT AND EQUIPMENT

Carrying amounts of each class:		
Land, buildings and property improvements	880	605
Office equipment	217	190
	1,097	795

12. TRADE AND OTHER PAYABLES

Current

Unsecured liabilities		
- trade payables (i)	4	107
- sundry creditors and accrued expenses	483	4,134
	487	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	1,103	1,110
Mine restoration and rehabilitation	207	245
	1,310	1,355

Non-Current

Employee benefits	46	41
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14. ISSUED CAPITAL

	30 June 2012 No.	30 June 2012 US\$'000	31 Dec 2011 No.	31 Dec 2011 US\$'000
(a) Movement in fully paid ordinary shares	83,538,786	356,122	83,538,786	356,122
At the beginning of the period	83,538,786	356,122	83,415,116	355,347
Shares issued during the period:				
- 18 July 2011	-	-	123,670	791
Less costs associated with exercise of options & share issue	-	-	-	(16)
Total for the period	-	-	123,670	775
At the end of the period	83,538,786	356,122	83,538,786	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.

(b) Share Options & Performance Rights

As at 30 June 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.

Subsequent to half-year end and prior to the release of this report, 45,000 share options issued on 19 July 2007 and exercisable at \$12.78 expired as per the terms of the employee option agreement.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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15. CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

	Three months ended 30 June		Six months ended 30 June	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Cash at the end of the 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			28,178	81,239
Other – term deposits			62,875	25,994
Total cash and cash equivalents at end of period			91,053	107,233
Reconciliation of profit/(loss) for the period to net cash flows from operating activities				
Profit/(loss) for the year	2,054	(5,223)	10,038	(9,656)
Depreciation	44	61	90	126
Amortisation	8	16	23	33
Share based remuneration	67	64	133	124
Foreign exchange loss	(1,573)	415	(702)	3,200
(Profit)/loss on disposal of non-current assets	-	19	(2)	269
Interest income received and receivable	(396)	(257)	(896)	(741)
Share of net profit of TiZir Limited using equity accounting	(1,527)	-	(11,505)	-
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in trade and term debtors	(163)	1,161	(348)	(341)
Decrease in prepayments	(117)	(188)	(43)	(138)
(Increase)/decrease in accrued income	(73)	33	(52)	50
Increase in inventories	-	(6)	-	(6)
Decrease in trade creditors and accruals	(20)	876	(108)	768
Increase/(decrease) in employee entitlements	55	(459)	(1)	(521)
Increase in rehabilitation provisions	(22)	(99)	(37)	(114)
Increase in income tax	-	2	-	-
Net cash from operating activities	(1,663)	(3,585)	(3,410)	(6,947)

(b) Non-cash financing and investing activities

There were no non-cash financing and investing activities during the period ended 30 June 2012.

(c) Cash balances not available for use

The company has \$553,261 (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 and credit charge facility and held in favour of a bank guarantee.

16. DIVIDENDS

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

17. COMMITMENTS

Commitment to Joint Venture

Upon establishment of TiZir Limited on 1 October 2011, the joint venture partners each committed to contributing \$75 million of equity funding throughout 2012.

The company has since contributed \$10 million of equity during the six months ended 30 June 2012 and expects to contribute an additional \$65 million (of which \$20 million has been contributed in July 2012) throughout the remainder of the year.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the six months ended 30 June 2012 and 2011 (UNAUDITED)

18. 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 30 June 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, \$250,000 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.

19. 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(UNAUDITED)

20. 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:

	30 June 2012 US\$	31 Dec 2011 US\$
MDL (Mining) Limited	197,060,370	187,247,017
HNFL (Holdings) Pty Ltd	313,296	313,467
Mineral Deposits International Pty Ltd	(255,826)	(256,434)
ZTF Investments Pty Ltd	12,775,332	12,310,593
Mineral Deposits (Operations) Pty Ltd	(58,045)	(58,130)
TiZir Limited	563,136	-
TiZir Mauritius Limited	858	-
TiZir Titanium & Iron AS	33,510	-
	210,432,631	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 six months ended 30 June 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 \$110,964 (30 June 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 six months ended 30 June 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 \$48,762 in relation to the provision of these services to 30 June 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 \$42,801 in relation to the provision of these services to 30 June 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 \$16,187 in relation to the provision of these services to 30 June 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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Australia

Trading Code: MDL