

Fourth Quarter 2012 Operations Review

- Another good production quarter at Tyssedal with 50.5kt of titanium slag produced – giving 181kt for the 2012 year, ahead of guidance of 170-175kt provided mid-year
- Grande Côte construction expenditure during the quarter was US\$88m with US\$324m now spent on the build. Major achievements during the quarter were:
 - safe arrival ex-Thailand of the ship containing the dredge and surge bin (in pieces for reassembly on-site) and the subsequent transport to site (involving some 270 truckloads) of the majority of the components;
 - completion of the excavation of the dredge start up pond;
 - 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; and
 - completion of the laying of the new rail track from the mineral separation plant to Méckhe ready for welding.

MDL owns 50% of TiZir Limited which owns an ilmenite upgrading facility in Tyssedal, Norway and the Grande Côte Mineral Sands Project in Senegal, West Africa.

Tyssedal

100% basis		4Q 2011	1Q 2012	2Q 2012	3Q 2012	4Q 2012	Year 2011	Year 2012
Titanium Slag								
Produced	(kt)	49.5	45.7	32.1	52.8	50.5	178.1	181.1
Sold	(kt)	53.4	43.7	29.0	35.3	48.8	167.8	156.9
High Purity Pig Iron								
Produced	(kt)	27.6	25.3	18.0	30.0	28.1	100.1	101.3
Sold	(kt)	21.7	28.6	23.5	19.7	32.7	94.4	104.5

Tyssedal had another good quarter of production with 50.5 thousand tonnes of titanium slag and 28.1 thousand tonnes of high purity pig iron (HPPI) produced. The facility produced at an annualised rate above 200 thousand tonnes 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 remained consistent with the previous three quarters of the year, while the average selling price of HPPI was lower in the last quarter compared to the earlier quarters of 2012.

Grande Côte

Construction expenditure at Grande Côte during the December quarter was US\$88 million, with US\$324 million spent in total on the build to December end.

Project Snapshot

Safety	<ul style="list-style-type: none"> No LTIs at 3.6 million man-hours
Dredge	<ul style="list-style-type: none"> Ship ex-Thailand containing dredge arrived safely in Dakar port on 25 December, with majority of components now transported to site (some 270 truckloads) Reassembly to commence late-January and expected to be completed by end-March Dredge control system nearing completion
Dredge start up area	<ul style="list-style-type: none"> Excavation of dredge start-up pond and launch ramp completed Start-up water storage dam wall and earthworks completed
Water bores & pipeline	<ul style="list-style-type: none"> 6 of 12 deep water high capacity bores completed, with 7th bore nearing completion
Wet concentrator plant (WCP)	<ul style="list-style-type: none"> 18 pontoons for spiral module are all on site with bolting and welding together complete Spiral assembly 30% complete with piping progressing well 6 of 18 pontoons for surge bin module about to be shipped from Spain Surge bin arrived with dredge and currently being assembled on site
Mineral separation plant (MSP)	<ul style="list-style-type: none"> Wet mill first floor steel erection and suspended slab completed Zircon intermediate storage area 95% complete / ilmenite final storage area 80% complete Dry mill foundations complete for main building, annex foundations in progress Workshop structure 90% complete / Warehouse 100% complete / Laboratory building 70% complete / ERT & Clinic 100% complete
Power station	<ul style="list-style-type: none"> Overall power station approximately 85% complete Tank fabrication well advanced and electrical work has commenced On-track for construction completion end-March and commissioning in April
Rail	<ul style="list-style-type: none"> New track from MSP to Méckhe: pre-ballast and skeleton track complete, welding commenced Existing rail from Méckhe to Dakar: Méckhe to Tivaouane track repairs complete (excluding tamping and re-ballasting), Tivaouane to Thiés repairs commenced and ongoing
Port	<ul style="list-style-type: none"> Site preparation complete Civil contractor commenced concrete pouring



Dredge and surge bin, ex-Thailand, arrived in Dakar late-December



Completed dredge start pond, with beginnings of wet concentrator plant (WCP) in background



Spiral module pontoons (x18) of wet concentrator plant



Surge bin of WCP being assembled on-site



First pumps installed on the spiral module of WCP



Spirals of WCP under assembly on-site



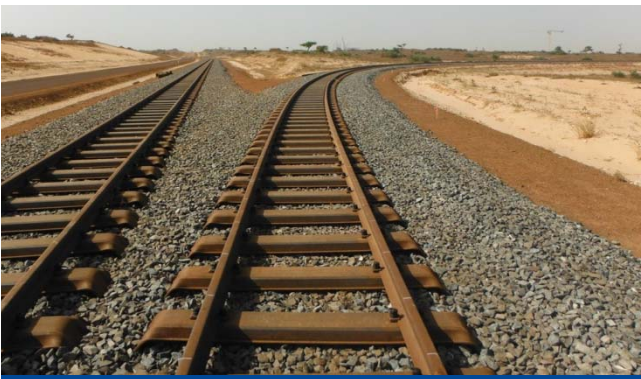
Wet mill at MSP taking shape



Workshop structure at MSP



Power station construction



Part of new rail from MSP to Méckhe



Rail wagons under fabrication (China)



Civil works at Dakar port facility



Drilling of deep water bores – 6 of 12 now complete

Corporate

At 31 December 2012:

- issued shares were 83,538,786;
- unlisted options were zero;
- cash and cash equivalents was US\$50 million;
- debt was zero;
- Investments:
 - 16% of Teranga Gold Corporation (ASX: TGZ, TSX: TGZ) valued at US\$93 million
 - 15% of World Titanium Resources (ASX: WTR) valued at US\$9.4 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 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 50% 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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