

Third Quarter 2013 Operations Review

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.

Overview

Grande Côte

- Construction now 90% complete – we are in the home stretch!
- Power station is operational
- Trains(2 locomotives, 42 rail cars and 10 flat beds) are now in service
- Achieved another 4 million man hours Lost Time Injury free
- Dredge control system (Hatch designed) won Western Australia Engineering Excellence Award
- Project remains on track for commissioning in first quarter 2014

Tyssedal

- A very strong quarter of titanium slag sales, with over 70kt sold – resulting from increased sales to regular European customers as well as a carry-over shipment from 2012
- As has been common throughout the sector, some further weakening in prices was experienced in the third quarter relative to the second quarter, however pricing has now stabilised

Outlook

- Titanium slag production of 185-190kt is now expected for 2013 – this slightly lower projection is a result of some unplanned maintenance on the pre-reduction rotary kiln during October
- Titanium slag sales of approximately 195kt is now expected for 2013 – a strong finish to the year given sales of only 80kt at the half year mark
- Pigment producer commentary is indicating pigment inventories are now at more normal levels (compared to around double normal levels late-2012), giving rise to expectations that 2014 will be a year of normal feedstock demand

An extensive video on Grande Côte's construction to date is available on the MDL website at www.mineraldeposits.com.au



Tyssedal production and sales volumes

100% basis		3Q 2012	4Q 2012	1Q 2013	2Q 2013	3Q 2013	9 Mths 2012	9 Mths 2013
Titanium Slag								
Produced	(kt)	52.8	50.5	50.7	48.6	46.5	130.6	145.8
Sold	(kt)	35.3	48.8	37.2	43.3	70.7	108.1	151.2
High Purity Pig Iron								
Produced	(kt)	30.0	28.1	28.6	27.1	25.8	73.2	81.5
Sold	(kt)	19.7	32.7	29.7	36.6	26.5	71.9	92.7

Titanium Slag	• Production: slightly weaker production in 3Q, due to some unplanned maintenance. Maintenance was undertaken on the pre-reduction rotary kiln in early October which resulted in limited slag production during an 18 day period from late September • Sales: a strong quarter with 70.7kt sold – with increased sales to regular European customers and a carry-over shipment from 2012 • Pricing: some further weakening in prices was experienced in the third quarter from the second quarter, however pricing has now stabilised
High Purity Pig Iron	• Volumes: production and sales volumes were slightly down on first half levels • Pricing: marginally lower in 3Q compared to the first half

Grande Côte construction snapshot

Safety	• Another 4 million man hours completed Lost Time Injury (LTI) free • 8.8 million cumulative man hours now worked with only 2 LTI's – an huge achievement of which our people are enormously proud
Dredge	• Fully-constructed and launched into the start-up pond • Commissioning (including control systems) complete pending connection of the 33kVa power supply and completion of wet concentrator plant
Water bores & pipeline	• Bore pipeline complete • 11 deep bores pump tested – water now filling the dam to be used to flood start-up dredge pond
Wet concentrator plant (WCP)	• Surge bin and spiral modules 70% complete – on track for completion December 2013 • Tails Densification Module (TDM) 50% complete – many key equipment items (including pontoons, steel, mass flow bin, pumps) now arriving at site and assembly commencing
Mineral separation plant (MSP)	• 80% site assembly complete • Wet mill and services area to commence wet commissioning (without ore) in November
Power station	• Complete – now operational
Rail	• 95% complete – 4 weeks of work left changing last ties of existing rail into Dakar • Locomotives (x2), rail cars (x42) and flat beds (x10) now in service on railway
Port facilities	• 90% complete – November completion



Dredge



Dredge and Wet Concentrator Plant (WCP)



Surge bin cyclone cluster on WCP



Spirals on WCP



Mineral Separation Plant (MSP)



Wet Mill at MSP



Night shift in action at Wet Mill



Intermediate non-mag concentrate storage & Dry Mill



Dry Mill at MSP



Power Station in background and Workshop in foreground



Power Station



New rail spur



Train in service



Imenite storage facility at Port



Part of port conveyor system



Mobile ship loader

Corporate

At 30 September 2013:

- issued shares were 83,538,786;
- zero options;
- cash was US\$18.8 million;
- zero debt;
- investments:
 - 16% of Teranga Gold Corporation (ASX: TGZ, TSX: TGZ) valued at US\$26 million
 - 15% of World Titanium Resources (ASX: WTR) valued at US\$7 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 an ilmenite upgrading facility in Tyssedal, Norway and the Grande Côte Mineral Sands Project in Senegal, West Africa.

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.

Grande Côte, with construction now more than 90% 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.

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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