FULLY UNDERWRITTEN PLACEMENT AND ACCELERATED NON-RENOUNCEABLE ENTITLEMENT OFFER TO RAISE APPROXIMATELY A$39.2 MILLION

Mineral Deposits Limited (ASX: MDL) (**MDL** or **Company**) is pleased to announce an institutional placement (**Placement**) and a pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**), to raise approximately A$39.2 million (the Placement and the Entitlement Offer collectively, the **Capital Raising**).

The Capital Raising has the following components:

- Placement – institutional investors will have the opportunity to subscribe for new ordinary shares in the Company (**New Shares**) at A$0.42 per New Share, to raise approximately A$6.5 million. These New Shares will not be entitled to participate in the Entitlement Offer.

- Entitlement Offer – eligible shareholders are invited to subscribe for 3 New Shares for every 4 existing shares held as at 7.00pm (Melbourne time) on Monday, 6 March 2017, at an offer price of A$0.42 per New Share, to raise approximately A$32.7 million. Fractional entitlements to New Shares will be rounded up to the nearest whole number of New Shares.

The Entitlement Offer has two components:

- an accelerated institutional entitlement offer, where eligible institutional shareholders will be invited to participate in the Entitlement Offer, which is being conducted today, 2 March 2017 and tomorrow, 3 March 2017 (**Institutional Entitlement Offer**); and

- a retail entitlement offer, where eligible retail shareholders in Australia and New Zealand (and other jurisdictions (if any) determined by MDL) will be invited to participate in the Entitlement Offer, at the same issue price and offer ratio as the Institutional Entitlement Offer (**Retail Entitlement Offer**). Eligible retail shareholders may also apply for additional New Shares in excess of their entitlement in a 'top up' facility (**Top Up Offer**). Applications in the retail Top Up Offer will be scaled back to the extent that applications exceed the retail shortfall. The Retail Entitlement Offer opens on Thursday, 9 March 2017 and closes on Monday, 20 March 2017.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their entitlement in full will not receive any value in respect of those entitlements they do not take up.

The issue price of A$0.42 per New Share under the Capital Raising represents a discount of:

- 12.5% to the last traded price of MDL shares before the Capital Raising was announced (being A$0.48 on Wednesday, 1 March 2017);

- 7.0% to the theoretical ex-rights price (**TERP**) based on the last traded price of MDL shares before the Capital Raising was announced (being A$0.45).

New Shares issued under the Capital Raising will rank equally with existing ordinary shares on issue.

The Capital Raising is fully underwritten by Morgans Corporate Limited, with Tamesis Partners LLP acting as co-managers.

The proceeds of the Capital Raising will be used primarily to repay ERAMET, MDL's partner in the TiZir joint venture (**TiZir**), for funds previously advanced to the Company to enable MDL to meet its joint venture commitments. The total amount outstanding to ERAMET at 31 December 2016 was US$13.8 million. Of this amount, US$7.5 million was payable by MDL on or before 31 December 2016, with the remaining balance payable on or before 31 March 2017. Assuming the debt outstanding to ERAMET is not repaid before 31 March 2017, the maximum balance payable, including accrued interest, is expected to be US$14.1 million. However, the Company intends to extinguish the total debt balance following settlement of the Capital Raising.

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Proceeds raised from the Capital Raising over and above the amount due to ERAMET (and Capital Raising transaction costs) are intended to be made available to TiZir, if required, to fulfil the Company's obligations with respect to the TiZir Committed Facility (**Committed Facility**), including up to US$6.2 million which may be required in March 2017 to fund TiZir's senior secured corporate bond obligations. The Committed Facility, which is fully underwritten by ERAMET, was put in place by ERAMET and MDL following discussions with TiZir bondholders in December 2015 and has been made available to TiZir primarily for the payment of interest up until maturity of the TiZir bond (see MDL ASX Releases: 27 November 2015 and 11 December 2015). Any remaining proceeds from the Capital Raising will be used for the general working capital commitments of TiZir and MDL.

MDL Chairman Nic Limb commented, "Your Company made some significant advances in 2016, particularly in the areas of optimising operations, safety and cost efficiencies. As a result, we have a strong operating platform to take advantage of what we see as the improving outlook for our commodities in 2017. This capital raising will help underwrite the Company's position, alleviate the risk of dilution of our joint venture interest and ensure MDL shareholders will benefit from any future value accretion that is generated by your Company."

Further details about the Capital Raising are contained in the Investor Presentation announcement released to the ASX today, 2 March 2017.

Important notices

This notice may not be released or distributed in the United States. This notice does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The entitlements and the New Shares to be offered and sold in the Placement, Institutional Entitlement Offer and Retail Entitlement Offer have not been, and will not be, registered under the US Securities Act of 1933 (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless they are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

This announcement contains certain forward-looking statements and comments about future events. Forward-looking statements can generally be identified by the use of forward-looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. A number of important factors could cause MDL's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements and many of these factors are beyond MDL's control. Refer to the various risk factors in Appendix 1 – Key Risks of the investor presentation released to the ASX on 2 March 2017. Forward-looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainty and other factors, many of which are outside the control of MDL. As such, undue reliance should not be placed on any forward-looking statement. Past performance information given in this announcement is given for illustrative purposes only and is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information or other forecast. Nothing contained in this announcement is to be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of MDL.

The information contained in this announcement does not constitute financial product advice (nor investment, taxation, accounting or legal advice), is not a recommendation to acquire MDL shares and is not intended to be used or relied upon as the basis for making an investment decision. This announcement has been prepared without taking into account the investment objectives, financial position or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek investment, legal, accounting and taxation advice appropriate to their jurisdiction. MDL is not licensed to provide financial product advice in respect of MDL shares. Cooling off rights do not apply to the acquisition of MDL shares pursuant to the Placement, Institutional Entitlement Offer and Retail Entitlement Offer.

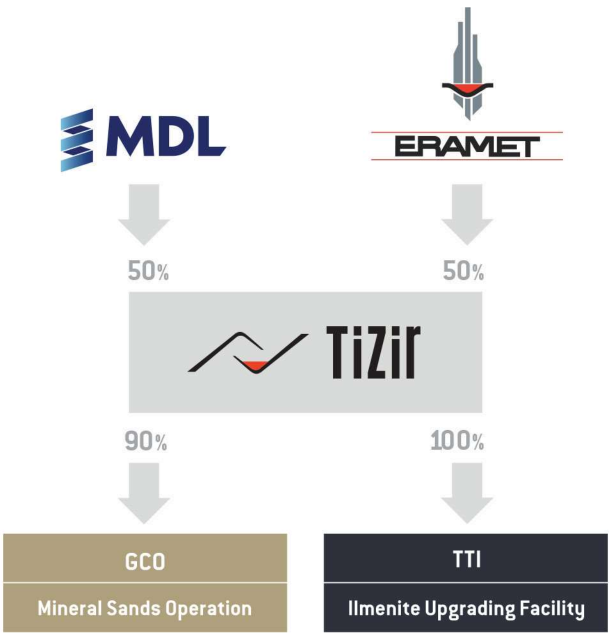
ABOUT MDL

Mineral Deposits Limited (ASX: MDL) is an established, ASX-listed, integrated mining company with a 50% equity interest in TiZir Limited ('TiZir') in partnership with ERAMET of France.

The TiZir joint venture comprises two integrated, operating assets – the Grande Côte mineral sands operation ('GCO') in Senegal, West Africa and the TiZir Titanium & Iron ilmenite upgrading facility ('TTI') in Tyssedal, Norway.

GCO is a large-scale, cost competitive mineral sands operation located in Senegal that is fully integrated from mine-to-ship, using owned or controlled infrastructure. GCO commenced mining activities in March 2014 and, over an expected mine life of at least 25 years, will primarily produce high quality zircon and ilmenite. A majority of GCO's ilmenite is sold to TTI. GCO also produces small amounts of rutile and leucoxene.

TTI upgrades GCO ilmenite to produce high quality titanium feedstocks, primarily sold to pigment producers, and a high-purity pig iron, a valuable co-product, which is sold to ductile iron foundries. TTI benefits from access to cheap and clean power, and excellent logistics, in particular, year-round shipping capacity and customer proximity.



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 mining and mineral processing operations, exploration and development of mineral properties, financing risks, changes in economic conditions, changes in the worldwide price of zircon, ilmenite and other key inputs, changes in the regulatory environment and other government actions, changes in mine plans and other factors, such as business and operational risk management, many of which are beyond the control of MDL.

Except as required by applicable regulations or by law, MDL does not undertake any obligation to publicly update, review or release any revisions to any forward-looking statements to reflect new information, future events or circumstances after the date of this report.

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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