



Mineral Deposits Limited

ABN 19 064 377 420

Concise Financial Report

for the year ended 30 June 2006

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND SUBSIDIARIES

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MINERAL DEPOSITS LIMITED

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CORPORATE GOVERNANCE STATEMENT

In March 2003, the Australian Stock Exchange Limited ("ASX") Corporate Governance Council published Principles of Good Governance and Best Practice Recommendations. The Listing Rules of ASX require Australian-listed companies to report on the extent to which they comply with the Best Practice Recommendations. Where a company has not followed all the recommendations, it must identify the recommendations that have not been followed and give reasons for not adhering to them.

This Statement:

- sets out the 10 core principles identified by the ASX Corporate Governance Council (Council) as underlying good corporate governance;
- outlines the main corporate governance practices of the company. Unless otherwise stated, the company's corporate governance practices were in place throughout the 2005/2006 year and comply with the Council's best practice recommendations;
- should be read in conjunction with this 2006 Concise Annual Report and full Financial Report 2006, the latter of which is available on request to the company.

As recognised by the Council, corporate governance is the system by which companies are directed and managed. It influences how the objectives of the company are defined, set and achieved, how risk is assessed, monitored and addressed and how performance is optimised. There is no single model of good corporate governance. What constitutes good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet those circumstances at any time.

1. ROLE OF THE BOARD AND MANAGEMENT

Council Principle 1:

Lay solid foundations for management and oversight

Council Recommendation 1.1:

Formalise and disclose the functions reserved to the board and those delegated to management.

MDL practice: The MDL board is responsible to shareholders for the overall corporate governance of the company. This responsibility includes:

- determining and periodically reviewing the company's strategic direction and operational policies;
- establishing goals for management and tracking the roll-out and achievement of these goals;
- reviewing and approving the company's Business Plan and complementary annual budget prepared by management;
- approving all significant business transactions including any acquisitions, divestments, resource development, project tenders and significant capital expenditure;
- approving capital raisings in any form;
- monitoring business risk exposures and risk management systems;
- considering and approving financial and other reporting, including continuous disclosure reporting;
- receiving and considering the reports of any board committees;
- assessing and rewarding the managing director in the context of the company's circumstances and prevailing industry benchmarks; and
- timely reporting to shareholders.

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A strategic balance is maintained between the responsibilities of the chairperson (in his executive capacity), the managing director, each of the executive and non-executive directors and the company secretary.

As executive chairperson, the specific executive responsibilities of Mr N Limb are:

- raising funds for the company to progress its projects, as required; and
- maintaining relations with investors, analysts, brokers and the company's appointed advisers.

As managing director, Mr J Williams is accountable to the board for the management of the company within the policy and authority levels prescribed by it. He has the authority to approve capital expenditure, asset disposals and business transactions within predetermined limits set by the board.

The managing director's specific responsibilities include:

- preparing the company's annual strategic plan in conjunction with other management;
- keeping the board informed of all major project proposals by way of specific reports;
- ensuring that resource development is in accordance with the company's approved business strategy and any specific directions of the board;
- undertaking periodic "road shows" alone or in the company of the Executive Chairman; and
- responding to written or telephonic institutional shareholder enquiries.

Other board members assist either or both the executive chairman and managing director as necessary.

In his capacity as company secretary and chief financial officer, Mr M Drummond is responsible for maintaining financial control across the group, ensuring that the board receives regular financial and other pertinent information and reports (notably on auditing, taxation and insurance), statutory financial statements, correspondence in relation to reporting under the Listing Rules of ASX, non-routine correspondence from ASIC and details of the company's banking arrangements and funds on hand.

2. COMPOSITION OF THE BOARD

Council Principle 2:

Structure the board to add value

Council Recommendation 2.1:

A majority of the board should be independent directors.

MDL practice: The company presently has two non-executive directors, considered by the board to be independent in terms of the Council's definition of independent director, and three executive directors including the executive chairperson. The names and qualifications of the directors of the company in office at the date of this Statement are set out on pages 17 and 18 hereof.

The board does not comprise a majority of independent directors and, consequently, its composition does not comply with recommendation 2.1 of the ASX Corporate Governance Guidelines. However, the board has adopted a number of measures to ensure that independent judgement is achieved and maintained in respect of its decision-making processes, which include the following:

- directors are entitled to seek independent professional advice at the company's expense, subject to the prior approval of the executive chairperson; and
- directors having a conflict of interest in relation to a particular item of business must absent themselves from the board meeting before commencement of discussion on the matter.

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In addition, the board has established an audit committee to assist it in discharging its responsibilities. The responsibilities of that committee of the board are set out later in this Statement. The committee currently comprises two directors of the company. The chairperson of the audit committee is Dr D Isles who is an independent director and has a casting vote at meetings of the committee in the event of a deadlock. The other member is Mr M Ackland, an executive director. It is the board's policy that the audit committee should be entitled to obtain independent professional or other advice at the cost of the company and to obtain such resources and information from the group, including direct access to employees of and advisers to the group, as it may require.

The board is balanced in its composition with each current director bringing a range of complementary skills and experience to the company as indicated on pages 17 and 18 below. In the present circumstances of the company, it is considered that the number of executive directors on the board is justified and that the benefits of appointing additional non-executive directors to the board in order to comply with recommendation 2.1 would not outweigh the costs of making such appointments. The board will consider the appointment of further directors if it is felt that additional expertise is required in specific areas as projects underway evolve or when an outstanding candidate is identified.

Council Recommendation 2.2

The chairperson should be an independent director.

MDL practice: The company's chairperson, Mr N Limb, is employed in an executive capacity by the company and is therefore not independent in terms of the Council's definition of independent director.

Mr Limb has been a director of the company since it was listed nine years ago and has an intimate knowledge of its affairs. He is an experienced company director with special expertise in the resources sector and is committed to providing the time necessary to effectively discharge his role as chairperson, taking into account his executive responsibilities for the company and time commitments associated with his other roles. His executive responsibilities are limited (see under "Council Recommendation 1.1 above) and he is not the chief executive officer of the company. The directors consider that Mr Limb continues to be capable of discharging his role as chairperson but are cognisant of Council recommendation 2.2 and will, with Mr Limb, continue to review his position and performance in that capacity in the context of prevailing circumstances.

Council Recommendation 2.3

The roles of the chairperson and chief executive officer should not be exercised by the same individual.

MDL practice: The company's chairperson, Mr N Limb, and CEO, Mr J Williams, have separate roles. The chairperson has limited executive responsibilities (see under "Council Recommendation 1.1" above) and is primarily responsible for leading the board in the overall discharge of its duties and responsibilities.

Council Recommendation 2.4

The board should establish a nomination committee.

MDL practice: The company does not have a nomination committee and consequently does not comply with recommendations 2.4 and 2.5 of the ASX Corporate Governance Guidelines. The board is of a size, composition and physical location which is conducive to making the relevant decisions itself efficiently and expeditiously.

3. ETHICAL AND RESPONSIBLE DECISION-MAKING

Council Principle 3:

Promote ethical and responsible decision-making

Council Recommendation 3.1:

Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:

3.1.1 the practices necessary to maintain confidence in the company's integrity; and

3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practice.

CORPORATE GOVERNANCE STATEMENT

MDL practice: It continues to be the policy of the company for directors, officers and employees to observe high standards of conduct and ethical behaviour in all of the company's activities. This includes dealings with suppliers, business partners, public servants and the general communities in which it operates domestically and, increasingly, abroad. In June 2004, the MDL board formally adopted a Code of Ethics that sets out the principles and standards with which all company officers and employees are expected to comply in the performance of their respective functions. Under the code, officers and employees are expected to:

- comply with the law;
- act honestly, objectively and with integrity;
- not place themselves in situations which result in divided loyalties;
- use MDL's assets responsibly and in the interests of the company; and
- be responsible and accountable for their actions.

Council Recommendation 3.2

Disclose the policy concerning trading in company securities by directors, officers and employees.

MDL practice: It is company policy that directors notify the company secretary timeously before buying or selling securities in the company. The board recognises that it is the individual responsibility of each director and employee in possession of market sensitive information to ensure that he/she complies with the spirit and the letter of insider trading laws. Notification to the company secretary and, through him, the board and market, as provided for under the Listing Rules of ASX, in no way implies board approval of any such transaction.

It is a decision of the board that its members and the company secretary not trade shares in the company except in the month following the announcement of half yearly or annual results, the publication of a quarterly report or the close of a prospectus relating to equity securities.

A copy of the Code of Ethics and Trading Policy is available on the company's website and will be provided to any shareholder on request to the company secretary.

4. INTEGRITY OF FINANCIAL REPORTING

Council Principle 4:

Safeguard integrity in financial reporting

Council Recommendation 4.1:

Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

MDL practice: MDL's managing director and company secretary (chief financial officer) report in writing to the board (through the audit committee) that the consolidated financial statements of MDL and its controlled entities for each half and full financial year present a true and fair view, in all material respects, of the group's financial condition and operational results and are in accordance with prevailing accounting standards.

Council Recommendation 4.2:

The board should establish an audit committee.

MDL practice: An audit committee was established by the board on 10 February 2004.

CORPORATE GOVERNANCE STATEMENT

Council Recommendation 4.3:

Structure the audit committee so that it consists of:

- *only non-executive directors;*
- *a majority of independent directors;*
- *an independent chairperson who is not chairperson of the board; and*
- *at least three members.*

MDL practice: The current members of the MDL audit committee are Dr D Isles and Mr J Strauss, both of whom are independent non-executive directors of the company. Dr Isles, who is not the chairperson of the board, is the chairperson of the committee and has a casting vote in the event of a deadlock at meetings of the committee. Mr M Ackland, previously a member of the audit committee and an executive director of the company since 11 February 2005, stepped down from the committee on 24 August 2006 in favour of Mr Strauss. Details of their attendance at committee meetings are set out on page 21 hereof.

As the audit committee still has only two members, it does not comply with Council Recommendation 4.3 in all respects.

Council Recommendation 4.4:

The audit committee should have a formal operating charter.

MDL practice: The responsibilities of the audit committee are to:

- ensure the integrity of external financial reporting;
- ensure that the directors are provided with financial and other information that is of high quality and relevant to the evaluations and decisions to be made by the board;
- ensure that controls are established, maintained and adhered to in order to safeguard the company's financial and physical resources;
- ensure that systems or procedures are in place and operational so that the company complies with relevant statutory and regulatory requirements;
- assess financial and political risks arising from the company's operations and consider the adequacy of measures taken to moderate those risks; and
- liaise with external auditors periodically.

In June 2004, the board adopted a formal Charter for the audit committee. The Charter is structured so as to separately address objectives, membership, authority, responsibilities and procedures. A copy of the Charter is available on the company's website and will be provided to any shareholder upon request to the company secretary.

5. CONTINUOUS DISCLOSURE TO ASX

Council Principle 5:

Make a timely and balanced disclosure

Council Recommendation 5.1:

Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that disclosure.

MDL practice: The board of directors is responsible for monitoring compliance with ASX Listing Rule disclosure requirements and approves each proposed announcement to ASX before it is released. The company secretary is responsible, under the ASX Listing Rules, for all communications with ASX. The executive chairperson, managing director and company secretary regularly discuss issues relating to the company's continuous disclosure obligations.

On 17 March 2006, the board adopted a formal Market Disclosure and Communications Policy for the company. The policy covers the obligations under the listing rules of the Australian Stock Exchange. A copy of the policy is available on the company's website and will be provided to any shareholder upon request to the company secretary.

CORPORATE GOVERNANCE STATEMENT

6. COMMUNICATION WITH SHAREHOLDERS

Council Principle 6:

Respect the rights of shareholders

Council Recommendation 6.1:

Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings

MDL practice: It is the policy of the company to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the company. Mechanisms used to communicate with shareholders include:

- the annual report, incorporating the concise financial report, is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). The board also ensures that the full annual financial report is available to any shareholder requesting it and at the annual general meeting;
- the half-yearly report as at 31 December contains summarised financial information and a review of the operations of the consolidated entity during the period. This financial report is sent to any shareholder requesting it;
- circular information letters;
- using Computershare Investor Services, the company's share registry service provider, to facilitate the electronic delivery of specific documents to shareholders as permitted but only if requested by shareholders;
- proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders pursuant to ASX Listing Rules; and
- notices of all meetings of shareholders (and attachments).

All documents which are released publicly are made available on the company's website (www.mineraldeposits.com.au). In addition, the company has added sub sets dealing with Corporate Governance to its website.

The board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the company's strategy and goals.

Council Recommendation 6.2:

Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

MDL practice: The company's external auditor is required by law to attend the AGM to answer questions relevant to, *inter alia*, the conduct of the audit and the preparation and content of the auditor's report, and does attend.

7. RISK MANAGEMENT

Council Principle 7:

Recognise and manage risk

Council Recommendation 7.1:

The board or appropriate board committee should establish policies on risk oversight and management.

MDL practice: The board is responsible for the oversight of the group's risk management and control framework. The audit committee assists the board in fulfilling its responsibilities in this regard by reviewing the financial and reporting aspects of the framework.

The company has implemented a policy framework designed to ensure that the group's risks are identified in each of Australia and the Republic of Senegal and that controls are adequate, in place and functioning effectively.

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Responsibility for control and risk management at different sites is delegated to individuals with appropriate knowledge and experience within the group with the managing director and company secretary having ultimate responsibility to the board for the global risk management and control framework.

Areas of significant business risk are highlighted in the Business Plan presented to the board by the managing director each year.

Arrangements put in place by the board to monitor risk management include:

- regular monthly reporting to the board in respect of operations and the financial position of the group;
- reports by the chairperson of the audit committee to the board;
- attendance of appropriate managers/personnel at board meetings whenever required by the board; and
- presentations to the board by appropriate managers/personnel (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which have been or can be adopted to manage or mitigate the risk.

Council Recommendation 7.2:

The chief executive officer and the chief financial officer should state in writing that:

7.2.1 the statement given in accordance with best practice recommendation 4.1 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and

7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

MDL practice: MDL's managing director and company secretary report in writing to the board (through the audit committee) that:

- the statement given in accordance with Council's best practice recommendation 4.1 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and
- the company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

A written summary of the company's risk oversight and management policy is now available on the company's website and will be provided to any shareholder on request to the company secretary.

8. PERFORMANCE

Council Principle 8:

Encourage enhanced performance

Council Recommendation 8.1:

Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.

MDL practice: The board has adopted a self-evaluation process to measure its own performance and that of the audit committee during each financial year. The chairperson conducts confidential discussions with each director in relation to matters such as work programme, interaction with management and perceived strengths and weaknesses of the board and the audit committee. Mr M Drummond, the company secretary, is accountable to the board, through the chairperson, on all governance and compliance matters. After discussion between the chairperson and Mr Drummond, any significant performance related issues identified, or changes recommended, are referred to the board for action in its ongoing development programme.

The board is responsible for the appointment of the managing director and conducts an annual review of his performance as chief executive officer of the company. In the absence of a remuneration committee, the performance of the company's other key executives is also reviewed annually by the board, taking into consideration the views and recommendations of the CEO in this regard.

CORPORATE GOVERNANCE STATEMENT

9. REMUNERATION

Council Principle 9:

Remunerate fairly and responsibly

Council Recommendation 9.1:

Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.

MDL practice: The company's policies relating to directors' and senior executives' remuneration and details of their remuneration are set out in the remuneration report (forming part of the directors' report) on pages 18 to 21 hereof.

Council Recommendation 9.2:

The board should establish a remuneration committee.

MDL practice: A remuneration committee was established by the board on 24 August 2006.

In prior years, the company expressed the view that because of the size of its board and low level of operations, there was no need for a separate committee. In establishing the remuneration committee in the current year, the board has recognised the growth achieved by the business over the prior year and the anticipated growth in the future through the projects underway in Senegal.

The remuneration committee comprises Mr D Isles (chairman) and Mr J Williams.

Council Recommendation 9.3:

Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

MDL practice: It is the policy of the company that, except in special circumstances, non-executive directors normally be remunerated by way of fees (determined by the executive directors having regard to the aggregate remuneration fixed for the time being by the shareholders in general meeting and the level of fees paid to non-executive directors by other companies of similar size and stature), should not receive options or bonus payments and should not be provided with retirement benefits other than statutory superannuation.

The company did not comply with this recommendation in the current period when 1,000,000 options to subscribe for ordinary shares were issued to Mr Strauss as part of his remuneration package as a non-executive director and 500,000 options to subscribe for ordinary shares were issued to Mr Isles as part of his remuneration package as a non-executive director. The issue of these options was approved by shareholders at the 2005 annual general meeting.

Council Recommendation 9.4:

Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

MDL practice: The company ensures that the payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders. The "MDL Employee Option Plan", pursuant to which a number of executives were issued options during the current period, was approved by shareholders at a general meeting held on 31 December 2004.

10. INTERESTS OF STAKEHOLDERS

Council Principle 10:

Recognise the legitimate interests of stakeholders

Council Recommendation 10.1:

Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

MDL practice: MDL's strategy is to explore internationally for and operate profitable and environmentally sound mineral sands and gold projects that create wealth for shareholders and add value for clients and other stakeholders.

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To ensure this occurs, the group conducts its business within the Code of Ethics, outlined in Principle 3 of this Statement, and in accordance with the group's core values which are to:

- act with integrity and fairness;
- create a safe, challenging and rewarding workplace;
- respect and protect the environment;
- be commercially competitive; and
- foster a performance driven culture.

The board of directors has responsibility for protecting, guiding and monitoring the business affairs of the company in the interests and for the benefit of all stakeholders.

To fulfil this role, the board is responsible for the strategic direction of the business, establishing goals for management and monitoring the achievement of goals directly and through its established audit committee. Responsibility for day to day activities of the entity is delegated to the managing director assisted by the Dakar-based Chief Operating Officer in relation to the company's activities in Senegal. The company's board and management jointly strive to achieve best practice in meeting their responsibilities for the business and affairs of the company.

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DIRECTORS' REPORT

The directors present their report together with the concise financial statements of Mineral Deposits Limited ("the company") and its controlled entities for the financial year ended 30 June 2006.

DIRECTORS

The names of directors in office during the year and up to the date of this report are:

Nicholas J Limb
Jeffrey W Williams
Martin C Ackland
David J Isles
Jacobus C (Kowie) Strauss – appointed 18 October 2005
Kevin J Ross (alternate to D Isles)

PRINCIPAL ACTIVITIES

Following the closure of the company's operating facilities at Hawks Nest during the previous financial year, the principal activities of the company are firmly focussed upon developing its two major projects in Senegal, west Africa; the Grande Côte Zircon Project ("GCZP") and the Sabodala Gold Project ("SGP").

OPERATING RESULTS

The net amount of the operating loss after provision for income tax for the financial year was \$7,393,960 (2005 – \$3,381,074) for the company and a loss of \$1,037,815 (2005 – \$7,154,307) for the consolidated entity.

REVIEW OF OPERATIONS

Mineral Sands – Grande Côte Zircon Project

The GCZP comprises a 446 square kilometre rectangular lease some 50 kilometres in length and encompasses the main mineralised dunal system lying approximately 80 kilometres north of Senegal's capital, Dakar. Previous reverse circulation ("RC") and hand auger drilling carried out by DuPont between 1989 and 1993 identified a JORC inferred resource of 801 million tonnes grading 2.6% heavy mineral (1.5% cut-off), together with identifying a higher grade zone in an area known as Diogo.

MDL, through its 100%-owned subsidiary Mineral Deposits Limited Senegal SARL, was awarded a "permis de recherché" (exploration permit) in September 2004 to prepare a feasibility study for the project. The company completed the feasibility study and associated environmental requirements in February 2006 and is presently negotiating with the Government for the issue of a mining concession to allow the project to proceed to production over an estimated 25 year period.

The project plan envisages the initial production of approximately 85,000 tonnes per annum of high quality zircon commencing in the first half of 2008. The planned operation will be well supported by proven local infrastructure and one of Africa's major seaports at Dakar at the most westerly point of the African coastline. The major advantages of the project include favourable local logistics, close proximity to major end-users in Europe and the United States thereby substantially reducing freight and holding costs, low country risk and, most importantly, the demonstrated support of the Senegalese authorities at all levels.

Geology and Drilling

Drilling commenced at Diogo during the year to identify the most productive mine path. RC drilling carried out by the company at the Diogo area during the period to test to at least six metres below the water table has confirmed the assay results of between 2% and 2.5% heavy mineral grade containing 11% zircon and 70% ilmenite reported in previous drilling by DuPont.

Comparison of heavy mineral grades for RC and auger drill holes demonstrated a good correlation although auger holes generally reported higher grades, which is not unusual.

The company established a fully fitted laboratory facility at Tivaouane, some 40 kilometres from Diogo, during the year to reduce reliance on external providers of these services.

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DIRECTORS' REPORT

Engineering

A large engineering effort was maintained during the year, with designs for the mine and processing plant now well advanced. A review of the analysis drill results has resulted in an increase in the size of the dredge pumping capacity from 42 to 50 million tonnes per annum to further simplify the planned dredge path. The company has also decided to use low-speed generators to power the operations, which raised the capital requirement by about US\$10 million but will decrease fuel and operating costs by some US\$5 million per year. The generators operate on less expensive heavy bunker fuel which is unsuitable for cars, trucks and high-speed diesel engines. The low speed units also have a longer life than the faster units.

Some 287 hectares has been acquired near the Diogo site for the development of the main separation plant, including an area set aside as an accommodation site for permanent and construction workers. Components of the Hawks Nest dry mill, already dismantled, will be shifted to Senegal and re-erected at the Diogo site.

Environmental

The Senegalese company Tropica was awarded the contract and commenced Environmental Impact Statement ("EIS") activities in May 2005. Tropica is a government accredited organisation with an excellent local track record.

The company submitted the EIS to the Government in late 2005 as required under the existing Grande Côte mining convention. The EIS, covering the entire exploration permit of 446 square kilometres, was approved by the appropriate Senegalese authorities on 21 January 2006.

Marketing

Global market conditions for zircon continue to be buoyant, with good price increases experienced over the last few years on the back of rising demand and falling supply. The zircon in the GCZP deposits is of very high quality and is attracting strong and wide market interest.

Bulk test samples from the previous and current drilling programmes have been submitted to MDL's European clients who have again confirmed that the zircon product meets their needs. A series of trials to test glazing qualities has established Grande Côte zircon as preferred product for our customers. Off-take agreements and associated legal work for the majority of the project's output was substantially completed and agreed in principle during the period.

Corporate

A wide range of geological, engineering and financial work was completed during the year under review. In February 2006, the company submitted the "feasibility study report" required in terms of the Senegalese Mining Code and the GCZP Mining Convention to the Senegalese Ministry of Mines. This was part of the comprehensive documentation required to be provided in support of the award of the mining concession to enable the company to commence mining operations.

Work on the GCZP bankable feasibility study progressed significantly through the year, with all effort directed at constructing the necessary infrastructure and procuring the equipment and personnel to successfully conclude a bankable feasibility study by late 2006. The project's lead bankers, RMB Resources, has been closely involved during each stage of the development of the project and reports significant interest from financiers wishing to participate in the financing.

Significant effort was made during the year and since 30 June to progress the company's application to secure a mining concession.

Gold – Sabodala Gold Project

On 25 October 2004, following an international open tender, the Government of Senegal selected the company to develop the SGP. The company's bid reflected it as a joint venture between MDL (70%) and private Senegalese interests (30%). The company subsequently finalised negotiations with the Government of Senegal to conclude a Mining Convention over the 20.3 square kilometre exploitation permit area as outlined in the tender terms.

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DIRECTORS' REPORT

The Sabodala deposit is located within the west African Birimian gold province in the east of the country near the Mali border and some 650 kilometres from the capital city, Dakar. The deposit lies within a typical greenstone belt, similar to those of the Eastern Goldfields of Western Australia. The region hosts a number of very significant gold discoveries including Sadiola (13.5 million ounces), some 80 kilometres from Sabodala but in the adjacent country of Mali.

The company presently holds a "permis d'exploitation" (limited mining permit) over the area and carried out an extensive drilling programme during the period which is still in train.

Geology and Drilling

Since receiving the official notification to commence work in June 2005, the company has completed 64,648 metres of drilling to the end of August 2006 and declared a resource of over 2.2 million ounces, up 144% since the start of the financial year. The 2.2 million ounce resource, which was announced in July 2006, is based on results from a total of 268 drill holes for 35,401 metres to 15 May. The extension to the resource is likely to continue into the future as five drill rigs remain on site carrying out infill, step-out and sterilisation drilling activities.

Engineering

Extensive preparatory works have been carried out at the main Sabodala site in anticipation of the award of the mining concession and resultant move to the construction of the mine and two million tonne per annum processing plant. The main Sabodala exploration camp is fully functional and currently accommodates some 150 contractors and staff. Site earthworks, including the building of the first of three dams, has commenced and major road networks are in progress.

Planning for the construction of the mine and processing plant is already well advanced. Preliminary pit design by RSG Global and MDL staff is nearing completion and engineering design and costings by Ausenco are nearing the final stages.

As with Grande Côte, the company has also decided to use low-speed generators to power the operations, which will raise the capital requirement by about US\$10 million but will decrease fuel and operating expenses by some US\$5 million per year, a not insignificant sum in the scale of costs.

Environmental

Following the successful completion of the environmental review in respect of the Grande Côte EIS, the company engaged Tropica to assist with the EIS for Sabodala.

The EIS was submitted to the Senegalese authorities in June 2006 and, following a series of local and regional meetings, the company received signed approval from the Director of Environment on 2 September 2006.

Corporate

On 14 December 2005, the company announced that it had engaged Macquarie Bank Limited ("MBL") to arrange and underwrite debt and associated gold hedging facilities for the development of the SGP. MBL has a long history of debt funding in the resources industry and has been instrumental in financing a number of major gold projects in Africa. Moreover, the company has maintained a banking relationship with MBL for a number of years.

In March of this year, MDL acquired the remaining 30% of the SGP it did not own through the issue of nine million MDL shares and the payment of US\$5 million to the minority Senegalese interests.

The company submitted a preliminary feasibility study to the Government in June 2006 as part of the process to advance the existing limited mining permit to a full mining concession. In response, in August 2006 the Government invited MDL to commence formal mine lease negotiations with this objective. A high degree of cooperation has since been manifest by the relevant authorities and directors are looking to complete the arrangements within the current calendar year. Amongst the benefits available to projects of this nature under the Senegalese Mining Code is a minimum of seven years' tax exemption and various other financial advantages.

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DIRECTORS' REPORT

Gold – Sabodala Regional Exploration Prospects

MDL has three further gold exploration prospects in eastern Senegal covering approximately 930 square kilometres, all of which are within 40 kilometres of the main Sabodala site. These leases are all readily accessible by vehicle from Sabodala:

- Bransan (100%), located five kilometres north of Sabodala, covers 357 square kilometres;
- Massa Kounda (80%), located 30 kilometres north of Sabodala, covers 248 square kilometres; and
- Dembala Berola (80%), located 40 kilometres northeast of Sabodala, covers 325 square kilometres.

An aeromagnetic survey of 3,325 square kilometres was carried out over these and other areas in October 2005. The survey identified structures that may contain mineralisation typical of those found in the Western Australian goldfields. These structures will be priority targets for first pass drilling when the rigs on site at Sabodala have completed the Sabodala drill plan and are available to be redeployed.

Sustainable Development

The long-term support of the host communities for both the Grande Côte and Sabodala projects is essential for MDL to grow and prosper. It is incumbent upon MDL to comprehensively inform its host communities of its proposed activities at every stage, involve them in the decision making and ensure, through employment creation and the provision of training opportunities, that the company brings long-term, tangible benefits to those communities.

The company has been extremely active in the following areas:

- community relations;
- water supply and management;
- education;
- occupational health and safety;
- medical services (including provision of a dedicated ambulance to each site);
- training; and
- transport, communications and infrastructure.

MDL will continue to work with the local communities and all levels of Government to ensure that communication channels remain open and benefits flowing from the projects are shared equitably and transparently.

Administration

During the year, the company established an administrative office in the Senegalese capital, Dakar, to accommodate the activities of the management, finance, engineering and logistics staff working on the two projects. The company also secured two residences in Dakar to house expatriate staff working on the projects, since vacated in favour of larger premises.

One of the key tasks of the management team has been to engage key staff experienced in hard rock, open-pit mining techniques. The recruitment of Mr Peter Spivey as Chief Operating Officer was the first of several important appointments, with a number of new staff with proven African experience being attracted to the company in recent months. It should be noted that some 90% of all jobs will be taken up by local Senegalese.

Mineral Sands – Australia

The company's principal subsidiary, Mineral Deposits (Operations) Pty Ltd ("MDO"), had ceased mining operations at Fullerton in August 2003 with the Hawks Nest dry mill and Viney Creek dredge remaining on care and maintenance. The company still intends to redeploy significant sections of these assets to the GCZP on grant of the mining concession by the Senegalese Government.

The Hawks Nest dry separation processing plant, workshop and administration office (largely dismantled in September 2005) – located some 80 kilometres north of Newcastle, New South Wales – are under 24 hour security pending removal of much of the plant to Senegal.

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The Viney Creek dredge/concentrator was dismantled on site and placed near the former dredge pond pending removal. Backfilling of the six metre deep pond has since been completed to the satisfaction of the landowner.

Ongoing rehabilitation work continued at MDO's former mining sites in New South Wales during the year. No adverse situations were reported and work continued to schedule as expected. Final environmental rehabilitation will take place on a programmed basis following removal of equipment and some structures to Senegal in the coming months.

The future of the sites is currently under review, with options being explored with a number of parties.

ENVIRONMENTAL ISSUES

The company's Hawks Nest operations were and, notwithstanding the cessation of mining at both of its former mining sites, remain subject to significant environmental regulation under the laws of the Commonwealth and New South Wales State legislation. The company is therefore required to continue to comply with the terms and conditions of the raft of approvals and licences granted until such date(s) as its mining *leases* are relinquished.

During the year ended, there were no instances of non-compliance by the company in relation to licences and approvals.

DIVIDENDS

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

FINANCIAL POSITION

The net assets of the consolidated entity increased by \$158.6 million during the period, from \$45.1 million at 30 June 2005 to \$203.7 million at June 2006. Cash reserves increased by \$112.4 million during the period to \$145.9 million at period end, the result of a placement of 100 million shares at \$1.50, a shareholder share purchase plan and the exercise of unlisted options throughout the year. These actions have provided the company with sufficient funds to continue both its development programmes in Senegal.

The company's strong cash position enabled it to continue to remain free of any borrowings during the period other than some minor instalment credit agreements.

The directors believe the group to be in a strong and stable financial position to continue its exploration programmes and, subject to award of two mining concessions in relation to the GCZP and SGP in the not too distant future, move into the construction phase of each.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the consolidated entity occurred during the financial year:

Options

- 1,000,000 options at an exercise price of \$0.85 (MDLAQ) were issued to Mr J C Strauss, a non-executive director of the company, on 23 November 2005.
- 500,000 options at an exercise price of \$0.85 (MDLAQ) were issued to Dr D Isles, also a non-executive director of the company, on 23 November 2005.

The issue of the above options was approved by shareholders at the company's annual general meeting held on that date.

- 1,000,000 options at an exercise price of \$2.00 (MDLAS) were issued to Senegalese-based staff under the previously approved MDL Employee Option Plan on 1 May 2006.

MINERAL DEPOSITS LIMITED

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DIRECTORS' REPORT

Capital Issues

- 9,000,000 shares were issued at an issue price of \$0.73 per share on 16 August 2005 to interests associated with the company's partners in the SGP as part of the arrangements for the company to assume a 100% interest in the project. The issue of these shares was approved by shareholders at the company's annual general meeting held on 23 November 2005.
- 320,000 shares were issued on 7 December 2005 following the exercise of an equivalent number of options (MDLAP expiring 29 June 2007) exercised at \$0.53 each.
- 210,000 shares were issued on 14 February 2006 following the exercise of an equivalent number of options (MDLAP expiring 29 June 2007) exercised at \$0.53 each.
- 1,480,000 shares were issued at an issue price of \$1.35 per share on 20 March 2006 in consideration for the purchase of mining equipment to be used at the GCZP and SGP in Senegal.
- 25,000,000 shares were issued to institutional investors at an issue price of \$1.50 per share as Tranche 1 of the \$150 million equity raising during April 2006. The issue was approved by shareholders on 26 April 2006. The purpose of the raising was to continue to fund the significant development work being undertaken on the company's two projects in Senegal.
- 75,000,000 shares were issued to institutional investors at an issue price of \$1.50 per share as Tranche 2 of the \$150 million equity raising on 1 May 2006. The issue was approved by shareholders on 26 April 2006. The purpose of the raising was to continue to fund the significant development work being undertaken on the company's two Senegalese projects.
- A further 3,406,977 shares were issued under the Shareholder Share Purchase Plan 2006 at \$1.50 per share on 4 May 2006, raising a further \$5,110,466.
- 200,000 shares were issued on 4 May 2006 following the exercise of an equivalent number of options (MDLAQ expiring 23 November 2010) exercised at \$0.85 each.
- 100,000 shares were issued on 10 May 2006 following the exercise of an equivalent number of options (MDLAM expiring 2 January 2010) exercised at \$0.45 each.
- 550,000 shares were issued on 15 May 2006 following the exercise of an equivalent number of options (MDLAP expiring 29 June 2007) exercised at \$0.53 each.

Cash and Debt Position

At the conclusion of 2005/06, cash and cash equivalents totalled \$145.9 million with the company having no debt other than minor instalment credit arrangements and creditors. Of this amount, the equivalent of A\$92 million was held in United States currency (USD) as the greater proportion of costs in respect of activities in Senegal are and will continue to be incurred in USD. The equivalent of \$10 million is now also held in a Euro term deposit.

CHANGES IN CONTROLLED ENTITIES AND DIVISIONS

During the period, the following company was established to accommodate the company's overseas activities:

Name	% Ownership	Place of Incorporation	Date of Incorporation
Mineral Deposits (Operations) Senegal SARL	100	Senegal	5 July 2005

FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS

As a result of the introduction of Australian equivalents of International Financial Reporting Standards (IFRS), the company's financial report has been prepared in accordance with those Standards for the first time. A reconciliation of adjustments arising on the transition to IFRS is included in Note 2 to the financial statements.

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EVENTS SUBSEQUENT TO REPORTING DATE

Grande Côte Zircon Project

Since the end of the financial year, the company has continued working with the Senegalese authorities to secure the mining concession for the GCZP.

Planning for the construction of the mine and processing plant has continued, with final engineering design and costings by Ausenco nearing the final stages.

Sabodala Gold Project

The company continues to advance the administrative requirements set by the Government of Senegal to move from the existing limited permit to a full mining permit (mining concession). To this end, the company submitted a feasibility study and EIS in June 2006. In August 2006, the Senegalese authorities invited MDL to commence negotiations for the issue of the concession and in September 2006 the Department of Environment approved the EIS. The company is confident that the negotiations with the Government will result in the issue of the concession within the December 2006 quarter.

Extensive preparatory works have been carried out at the main Sabodala site in anticipation of the award of the mining concession and resultant move to the construction of the mine and two million tonne per year processing plant. The main Sabodala exploration camp is fully functional and now accommodates some 150 contractors and staff. Site earthworks, including the building of the first of three dams, have commenced and major road networks are in progress.

Planning for the construction of the mine and processing plant is now well advanced. Preliminary pit design by RSG Global and MDL staff is nearing completion and engineering design and costings by Ausenco are nearing the final stages.

Administration

The company has recently relocated its national office to larger premises in Dakar, reflecting the growing importance of the national office in regard to its administrative, project development, financial and Government relations activities in Senegal. The company has also leased two guesthouses to accommodate expatriate and visiting staff whilst staying in Dakar.

Corporate

Directors are pleased to note the company's addition to the ASX/S&P 300 index on 1 September 2006.

Other than the above, in the opinion of the directors of the company there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely to affect substantially the results of the operations of the company during the remainder of the financial year during which the company soon expects to be in the investment (construction) phase in relation to the GCZP and SGP.

LIKELY DEVELOPMENTS, BUSINESS STRATEGIES AND EXPECTED RESULTS OF OPERATIONS

Over the current and coming year, the company intends to build on its strong base to bring the two Senegalese projects to production.

For both projects, the key initial goal will be the securing of the mining concessions to allow the projects to move to the construction stage, with Sabodala expected within the current calendar year and Grande Côte in first quarter 2007.

It is anticipated that the MDL board will formally approve the GCZP and SGP upon receipt of the respective mining concessions and the execution of the various respective associated agreements with the Senegalese authorities.

From then, the construction stage should take between 18 to 24 months with Grande Côte expected to be in production in early 2008 and Sabodala some months later.

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DIRECTORS' REPORT

INFORMATION ON DIRECTORS

The names and details of the directors in office at the date of this report are:

Nicholas J Limb (Executive Chairman) BSc (Hons) MAusIMM ASIA

Mr Limb is a qualified exploration geologist. He has extensive experience as a stockbroker and merchant banker and is also an executive director of Gravity Diamonds Limited, a listed exploration company with activities in the Northern Territory and the Democratic Republic of Congo. Mr Limb is also a non-executive director of Cockatoo Ridge Wines Limited, a South Australian-based wine company.

Directorships of other listed companies since 1 July 2003:

Cockatoo Ridge Wines Limited (January 2002 to present)

Gippsland Offshore Petroleum Limited (November 2004 to present)

Gravity Diamonds Limited (December 1995 to present)

Jeffrey W Williams (Managing Director) BSc (Mining Engineer) MBA MAusIMM

Mr Williams has 16 years' experience as a professional mining engineer in Australia and seven years in the stockbroking industry. In the mining industry, his experience ranges from mine planning, underground management and feasibility study through to mine development. From 1972 to 1984, he held various positions with CRA Limited at Broken Hill in New South Wales. At the underground silver/lead/zinc mine, he gained his Mine Manager's Certificate and practical experience in mine planning and underground management. Following his Masters of Business Administration (MBA) programme in 1987, he played major role as a Senior Project Engineer with North Limited. From 1989 to 1996, he spent seven years in stockbroking specialising in gold mining research. Prior to joining the company in 1997, he was Head of Resources Research at James Capel Australia.

Directorships of other listed companies since 1 July 2003:

Beaconsfield Gold NL (July 2002 to December 2004)

Mount Conqueror Minerals NL (February 2004 to present)

Martin C Ackland (Executive Director) B App Sc (Prim Met) MAusIMM MAIME FAICD

Mr Ackland has spent over thirty years in the resources industry in a variety of roles that involved the creation of major resource groups from small capital bases. He brings to the company a very strong background in project development at a time when the company's current projects overseas are entering the crucial development phase. His experience embraces a range from project development through financing and capital raising in both the project and corporate areas.

Directorships of other listed companies since 1 July 2003:

Lodestone Exploration Limited (July 2002 to present)

McConnell Dowell Corporation Limited (March 1999 to August 2003)

Sedimentary Holdings Limited (October 1991 to present)

David J Isles (Non-Executive Director) BSc (Hons) PhD SEG ASEG AIG MAusIMM

Dr Isles is a geophysicist and recognised expert in aeromagnetic interpretation. He has worked in operational exploration with BHP Minerals and in the area of exploration technology development with World Geoscience Corporation. He is also an executive director of Stellar Resources Limited and was a technical director of New Hampton Goldfields Limited for five years until August 2000.

Directorships of other listed companies since 1 July 2003:

Gravity Diamonds Limited (September 1996 to November 2004)

Stellar Resources Limited (April 2004 to present)

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Jacobus C (Kowie) Strauss (Non-Executive Director) BSc Hons (Geology) BComm MBA GSSA

Before immigrating to Australia in 1995, Mr Strauss held a number of mining related positions in Africa and Europe, including 15 years with Shell/Billiton in exploration, mineral economics, mine management, minerals marketing and project management. From 1996 to 2001, he was the Managing Director of Iscor (now Kumba) Australia Pty Ltd and a director of Kumba subsidiaries Tigor Limited and Mincor Resources NL which were heavily involved in the minerals sands industry. From 2001 until June 2005, Mr Strauss was Vice President and Chief Commercial Officer of BHP Billiton's Diamonds and Specialty Products Customer Sector Group (CSG) based in Antwerp, Belgium.

Mr Strauss was appointed to the board as an additional non-executive director on 18 October 2005.

Mr Strauss did not hold any other listed company directorships in the preceding three years.

Kevin J Ross (Alternate to D J Isles)

Mr Ross is a Chartered Accountant with 25 years' experience with major mining companies in project evaluation, treasury and international marketing. He is the company's general manager – business development.

Mr Ross did not hold any other listed company directorships in the preceding three years.

QUALIFICATIONS OF COMPANY SECRETARY

Melvyn J S Drummond BA BCom FCIS FInstCM

Mr Drummond is company secretary and chief financial officer. He worked and resided in four countries prior to permanently relocating to Australia in 1985. He has held senior finance and administrative positions (including directorships) in both private and public companies in various business sectors, including resources, in Australasia and abroad between 1976 and coming to Melbourne. Mr Drummond manages the company's Mauritian mineral sands and gold project intermediate holding companies.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of the company and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of the company has been designed to align director and executive objectives with those of shareholders and the business. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company, as well as create goal congruence between directors, executives and shareholders. The remuneration policy setting the terms and conditions for the executive directors and other senior executives was not developed by a remuneration committee but approved by the board after seeking professional advice from independent external consultants at the time. A separate remuneration committee was established by the board on 24 August 2006 in recognition of the growth achieved by the business over the prior year and the anticipated growth in the future through the projects underway in Senegal. This committee will take responsibility for setting and reviewing remuneration policy in future.

The board's current policy for determining the nature and amount of remuneration for board members and senior executives of the company is as follows:

The remuneration levels of executive directors are determined by the chairperson after taking into consideration those that apply to similar positions in comparable companies in Australia and directors' possible participation in any equity-based remuneration scheme. The chairperson uses industry-wide data gathered by independent remuneration experts annually as his point of reference.

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DIRECTORS' REPORT

Any options or shares issued to directors pursuant to an equity-based remuneration scheme would require approval by shareholders prior to their issue. Options or shares issued to senior executives who are not directors would be proposed by the managing director and issued only after unanimous resolution by the board. Options currently on issue to directors were issued pursuant to shareholder approval at the company's annual general meetings held on 11 November 2004 and 23 November 2005 and those granted to senior executives were issued pursuant to the MDL Employee Option Plan approved by shareholders in general meeting on 31 December 2004.

All executives receive a base salary (which is based on factors such as qualifications, expertise, experience etc.), superannuation and fringe benefits and are eligible for the grant of options under the above MDL Option Plan.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities.

The fees payable to individual non-executive directors must be determined by the board within the aggregate sum of \$150,000 per annum provided for under clause 61.1 of the constitution. That aggregate sum can only be increased with the prior approval of the shareholders of the company at a general meeting. No approach to shareholders to increase that aggregate sum is foreshadowed as at the date of this report. A non-executive director is entitled to a refund of approved expenditure and may also receive payments for consultancy work contracted for and performed separately on the company's behalf.

Whilst it is the current policy of the company that the remuneration of non-executive directors generally should not include equity-based remuneration, it is recognised that circumstances have arisen and may arise in the future where the services of a particular person on the board could not (might not be able to) be secured unless his or her remuneration package included(es) equity-based remuneration.

The board is responsible for the appointment of the managing director and conducts an annual review of his performance as chief executive officer of the company. The performance of the company's other key executives is also reviewed annually by the board, taking into consideration the views and recommendations of the CEO in this regard.

The executive directors and executives also receive a superannuation guarantee contribution required by the Federal Government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors are valued as the difference between the market price of those shares and the amount paid by the director. Options granted to executives are valued using the Black-Scholes methodology.

Performance Based Remuneration

There is no performance based remuneration as part of each executive director's and executive's remuneration package.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. To date, the only method applied to achieve this aim has been the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth in relation to its developing gold and zircon projects in Senegal in future years.

Details of Remuneration for the Year Ended 30 June 2006

The remuneration of each director and each of the Australian-based key executives of the company receiving the highest remuneration during the year is as follows:

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DIRECTORS' REPORT

	Short term benefits			Post employment	Share	Total
	Salary and Fees	Non-Cash Benefits	Cash Bonus	benefits Superannuation Contributions	based payment Options	
	\$	\$	\$	\$	\$	\$
Directors						
Nicholas J Limb	235,403	6,539	-	100,000	-	341,942
Jeffrey W Williams	297,029	42,671	-	38,374	-	378,074
Martin C Ackland	15,000	-	-	1,350	-	16,350
David J Isles	30,000	-	-	2,700	263,296	295,996
J C (Kowie) Strauss	21,250	-	-	1,913	526,591	549,754
Kevin J Ross	151,376	-	-	13,624	-	165,000
	750,058	49,210	-	157,961	789,887	1,747,116
Key Executives						
Melvyn J S Drummond	137,171	9,974	-	20,465	-	167,610
James E Hinshaw*	193,980	9,890	-	-	-	203,870
John L Lashwood*	166,944	928	-	-	-	167,872
Bruno Putrino	108,505	7,341	-	9,765	-	125,611
Christopher H Young	136,000	5,771	-	54,000	-	195,771
	742,600	33,904	-	84,230	-	860,734

* Includes redundancy payment on termination by MDO.

An amount of \$159,996 (2005 – \$154,981) (excluding GST) was paid to Mineral Properties Pty Ltd, of which Mr M C Ackland is and continues to be a director, which provided professional services at commercial rates to the consolidated entity in relation to the company's Senegalese projects.

Options Issued as Part of Remuneration for the Year Ended 30 June 2006

Options have been issued to directors and executives as part of their remuneration. The options were not issued based on performance criteria but were issued to the majority of directors and executives of the company and its subsidiaries to increase goal congruence between executives, directors and shareholders.

Year ended 30 June 2006	Options Granted	Options Exercised	Options Lapsed	Total value of options granted, exercised and lapsed	Value of options included in remuneration for year	% of total remuneration for the year that consists of options
	Value at grant date	Value at exercise date	Value at lapse date	\$	\$	%
	\$	\$	\$	\$	\$	%
Parent Entity Directors						
David J Isles	263,296	-	-	263,296	263,296	89
J C (Kowie) Strauss	526,591	164,000	-	690,591	526,591	96
	789,887	164,000	-	953,887	789,887	-
Key Executives						
Christopher H Young	-	120,000	-	120,000	-	-
	-	120,000	-	120,000	-	-

Terms and conditions of options granted as remuneration are contained in Note 28 of the full financial report.

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DIRECTORS' REPORT

Employment Contracts of Directors and Senior Executives

The employment conditions of the executive chairman, the managing director, the sole executive director and key executives are formalised in contracts of employment. The executive chairman, managing director, executive director and certain senior executives are employed under fixed period contracts (two years), the earliest of which commenced on 9 September 2000 and each of which continues to roll forward for 12 months every anniversary date.

The employment contracts in force incorporate 24 and, in one case, 36 month resignation periods. The company may terminate the executive chairman's and managing director's employment contract without cause by providing 24 months' written notice or by making payment based on their annual salary component in lieu of notice. Termination payments are generally not payable on resignation and never on dismissal for serious misconduct. In the instance of serious misconduct, the company can terminate employment at any time.

Director and Executive Shareholdings

The number of shares and options held, directly, indirectly or beneficially, by parent company directors and key executives are contained in Note 7 of this concise financial report.

MEETINGS OF DIRECTORS

The number of meetings of the company's board held during the year ended 30 June 2006 and the number of meetings attended by each director is as follows:

Name	Number of Meetings Held	Number Eligible to Attend	Number of Meetings Attended
N J Limb	10	10	10
J W Williams	10	10	10
M C Ackland	10	10	10
D J Isles	10	10	10
J C Strauss - appointed 18 October 2005	10	5	5
K J Ross (alternate to D J Isles)	10	-	-

The audit committee held one meeting on 24 August 2006 attended by both members, viz. Messrs M C Ackland and D J Isles, with the company secretary/CFO in attendance.

OPTIONS

At the date of this report, the unissued ordinary shares of the company under option are as follows:

ASX Code	Grant Date	Expiry Date	Exercise Price (\$)	No.
MDLAI	28 November 2003	28 November 2008	0.25	1,000,000
MDLAK	1 December 2004	1 December 2009	0.33	5,000,000
MDLAM	31 December 2004	2 January 2010	0.45	300,000
MDLAO	10 March 2005	10 March 2010	0.65	500,000
MDLAP	8 April 2005	8 April 2008	0.53	795,000
MDLAQ	23 November 2005	23 November 2010	0.85	1,300,000
MDLAS	1 May 2006	1 May 2011	2.00	1,000,000
				<hr/>
				9,895,000

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DIRECTORS' REPORT

During the year ended 30 June 2006, the following options were granted:

ASX Code	Grant Date	Expiry Date	Exercise Price (\$)	No.
MDLAQ	23 November 2005	23 November 2010	0.85	1,500,000
MDLAS	1 May 2006	1 May 2011	2.00	<u>1,000,000</u>
				<u>2,500,000</u>

During the year ended 30 June 2006, the following ordinary shares of the company were issued on exercise of options granted:

MDLAP	8 April 2005	8 April 2008	0.53	1,080,000
MDLAQ	23 November 2005	23 November 2010	0.85	200,000
MDLAM	31 December 2004	2 January 2010	0.45	<u>150,000</u>
				<u>1,430,000</u>

Further details of options on issue are contained in Note 28 of the full financial report.

No person entitled to exercise the option had or has any rights by virtue of the option to participate in any share issue of any other body corporate.

INDEMNIFYING OFFICERS OR AUDITOR

The company has not during nor since the end of the financial year, in respect of any person who has been an officer or auditor of the company or of a related body corporate, indemnified or made any relevant agreement for indemnifying such person against a liability including costs and expenses in successfully defending legal action.

The company has paid premiums to insure each of its directors and the company secretary against liabilities for costs and expenses incurred by any of them in defending any legal proceedings arising out of their conduct while acting in the capacity of director/officer of the company, other than conduct involving a wilful breach of duty in relation to the company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

AUDITOR

DTT Victoria (which has changed its name from BDO and is a continuation of that Victorian partnership) continues in the office in accordance with the Corporations Act 2001. The partners of DTT Victoria have also joined the Australian partnership of Deloitte Touche Tohmatsu.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence statement is included on page 24 of this concise financial report.

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DIRECTORS' REPORT

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed in the financial report did not compromise the external auditor's independence for the following reason:

- the nature of the services provided by DTT Victoria does not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

This report is made in accordance with a resolution of the directors and dated this 29th day of September 2006.



J W Williams
Director



D J Isles
Director

DTT Victoria

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Level 7
530 Little Collins Street
MELBOURNE VIC 3000

Dear Board Members

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mineral Deposits Limited.

As lead audit partner for the audit of the financial statements of Mineral Deposits Limited for the financial year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DTT Victoria



G R SINCOCK
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
DTT Victoria has changed its name from BDO and is a continuation of that Victorian partnership. The partners of DTT Victoria have also joined the Australian partnership of Deloitte Touche Tohmatsu.
All changes with effect from 14 August 2006.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND SUBSIDIARIES

DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

INFORMATION ON MINERAL DEPOSITS LIMITED CONCISE FINANCIAL REPORT

The financial statements and disclosures in the concise financial report have been derived from the 2006 full financial report of Mineral Deposits Limited and subsidiaries.

A copy of the full financial report and auditor's report thereon will be sent to any member, free of charge, upon request to the company.

The discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on the consolidated financial statements of Mineral Deposits Limited and subsidiaries and the information contained in the concise financial report has been derived from the full 2006 financial report of Mineral Deposits Limited and subsidiaries.

INCOME STATEMENT

The group's net loss after income tax for the period was \$1.04 million, a reduction of \$6.1 million from the previous corresponding period.

This reduction was principally attributed to greater income generated through cash balances held by the company following the net \$149 million equity raising and shareholder share purchase plan in April and May 2006. Interest earned on the funds on deposit totalled \$2.1 million whilst unrealised foreign exchange gains on foreign currency cash deposits and loans contributed a further \$3.6 million.

Sales revenue and commissions were nil in the year just concluded following the complete cessation of operations at the company's Hawks Nest, NSW site during the previous financial year.

Administration expenses in the current period were adversely affected by the first-time adoption of IFRS, with a total of \$1.6m in non-cash share-based payments having to be charged to the income statement in respect of the issue of options to directors and executives, compared to \$150,827 in the previous 12 month period.

BALANCE SHEET

The most significant event affecting the balance sheet during the year was the equity raising in April and May 2006 comprising a \$150 million placement and a \$5.1 million shareholder share purchase plan, less \$6.2 million in issue costs. The number of shares on issue increased by 115,266,977 during the period to 299,259,234 at 30 June 2006.

At 30 June 2006, the company had \$145.9 million in cash and cash equivalents with a large percentage held in US currency in anticipation of significant expenditures in that currency during the current financial year.

The company expended \$28.9 million on its projects in Senegal during the year – \$10.2 million on the GCZP with a further \$18.7 million on the SGP. In addition, GCZP and SGP respectively purchased \$1.9 million and \$2.2 million in capital equipment and the parent entity purchased plant and heavy equipment at a cost of approximately \$4.8 million for current and future use on both projects.

CASH FLOW STATEMENT

As noted, the company held \$145.9 million in cash and cash equivalents at 30 June 2006, an increase of \$112.4 million on the previous corresponding date, principally arising from the equity raising in April and May 2006.

CONSOLIDATED INCOME STATEMENT
 FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	Consolidated 2005 \$
Revenue	-	138,691
Cost of sales	-	(3,489,621)
Gross loss	-	(3,350,930)
Other income	6,288,985	513,846
Finance costs	(8,466)	(13,168)
Administration expenses	(7,314,042)	(3,462,015)
Other expenses from ordinary activities	(4,292)	(842,040)
Loss for the period	(1,037,815)	(7,154,307)
Income tax expense	-	-
Loss attributable to members of Mineral Deposits Limited	(1,037,815)	(7,154,307)
Basic earnings per share (cents)	(0.49)	(6.89)
Diluted earnings per share (cents)	(0.49)	(6.89)

The accompanying notes form part of this concise financial report.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2006

	Consolidated	
	2006	2005
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	145,876,533	33,512,702
Trade and other receivables	1,984,784	299,897
Other	375,439	155,591
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	148,236,756	33,968,190
NON-CURRENT ASSETS		
Trade and other receivables	667	6,045,451
Property, plant and equipment	12,924,048	3,939,201
Exploration and evaluation expenditure	32,972,072	3,690,508
Capitalised mining convention costs	15,880,650	3,120,000
Other intangible assets	151,336	24,986
	<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS	61,928,773	16,820,146
TOTAL ASSETS	210,165,529	50,788,336
CURRENT LIABILITIES		
Trade and other payables	5,181,916	4,004,942
Borrowings	26,880	51,778
Provisions	792,662	895,520
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	6,001,458	4,952,240
NON-CURRENT LIABILITIES		
Provisions	422,484	766,876
	<hr/>	<hr/>
TOTAL NON-CURRENT LIABILITIES	422,484	766,876
TOTAL LIABILITIES	6,423,942	5,719,116
NET ASSETS	203,741,587	45,069,220
EQUITY		
Issued capital	233,689,362	75,320,151
Reserves	1,620,805	1,192,134
Accumulated losses	(31,568,580)	(31,443,065)
	<hr/>	<hr/>
TOTAL EQUITY	203,741,587	45,069,220

The accompanying notes form part of this concise financial report.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Capital Profits Reserve	Options Reserve	Total
	\$	\$	\$	\$	\$	\$
Consolidated						
Balance at 1 July 2004	29,645,534	(24,288,758)	(22,187)	-	-	5,334,589
Loss attributable to members of the consolidated entity	-	(7,154,307)	-	-	-	(7,154,307)
Reserves increment/(decrement)	-	-	151,194	912,300	150,827	1,214,321
Total income and expenses recognised for the period	-	(7,154,307)	151,194	912,300	150,827	5,939,986
Shares issued during the year	47,523,000	-	-	-	-	47,523,000
Transaction costs relating to issue	(1,848,383)	-	-	-	-	(1,848,383)
Balance at 30 June 2005	75,320,151	(31,443,065)	129,007	912,300	150,827	45,069,220
Loss attributable to members of the consolidated entity	-	(1,037,815)	-	-	-	(1,037,815)
Reserves increment/(decrement)	-	-	(113,997)	-	1,560,286	1,446,289
Total income and expenses recognised for the period	-	(1,037,815)	(113,997)	-	1,560,286	408,474
Transfer of capital profits reserve to retained earnings	-	912,300	-	(912,300)	-	-
Options exercised during the financial year	105,318	-	-	-	(105,318)	-
Shares issued during the year	164,490,365	-	-	-	-	164,490,365
Transaction costs relating to issue	(6,226,472)	-	-	-	-	(6,226,472)
Balance at 30 June 2006	233,689,362	(31,568,580)	15,010	-	1,605,795	203,741,587

The accompanying notes form part of this concise financial report.

MINERAL DEPOSITS LIMITED

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**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Consolidated	
	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	430,724	434,571
Payments to suppliers and employees	(2,559,864)	(5,422,014)
Interest received	1,676,143	243,472
Finance costs	(8,466)	(13,168)
	<u> </u>	<u> </u>
Net cash used in operating activities	<u>(461,463)</u>	<u>(4,757,139)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capitalised exploration and development expenditure	(28,919,982)	(2,723,075)
Payments for property, plant and equipment	(7,561,980)	(2,368,152)
Payments for capitalised mining convention costs	(3,428,008)	(2,746,942)
Payments for other intangible assets	(150,548)	(25,944)
Proceeds from sale of property, plant & equipment	177,714	6,276
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(39,882,804)</u>	<u>(7,857,837)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	155,920,365	44,403,000
Payment for issue costs	(6,226,472)	(1,848,383)
Proceeds from monies held in trust	6,902	6,924
Proceeds from borrowings	-	156,874
Repayment of borrowings to third parties	(25,045)	(250,271)
	<u> </u>	<u> </u>
Net cash provided by financing activities	<u>149,675,750</u>	<u>42,468,144</u>
Net increase in cash and cash equivalents held	109,331,483	29,853,168
Cash and cash equivalents at beginning of financial year	33,512,702	4,007,727
Effect of exchange rates on cash holdings in foreign currencies	3,032,348	(348,193)
	<u> </u>	<u> </u>
Cash and cash equivalents at end of financial year	<u>145,876,533</u>	<u>33,512,702</u>

The accompanying notes form part of this concise financial report.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND SUBSIDIARIES

NOTES TO THE CONCISE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

1. BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 'Concise Financial Reports'. The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the full financial report of Mineral Deposits Limited.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with AIFRS. The transition to AIFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition. An explanation of how the transition from superseded policies to AIFRS has affected the company's and consolidated entity's financial position, financial performance and cash flows is discussed in Note 2

The accounting policies detailed in the full financial report have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005 and in the preparation of the opening AIFRS balance sheet at 1 July 2004 (as disclosed in Note 2), the consolidated entity's date of transition, except for the accounting policies in respect of financial instruments. The consolidated entity has not restated comparative information for financial instruments, including derivatives, as permitted under the first-time adoption transitional provisions.

A full description of the accounting policies adopted by the consolidated entity is provided in the 2006 financial statements which form part of the full financial report.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

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NOTES TO THE CONCISE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Reconciliation of the balance sheet at 1 July 2004

	Note	Consolidated		
		Previous GAAP at 01.07.04	Effect on transition to Australian equivalents to IFRS	Australian equivalents to IFRS at 01.07.04
		\$	\$	\$
Current assets				
Cash and cash equivalents		4,007,727	-	4,007,727
Trade and other receivables		136,437	-	136,437
Inventories		10,140	-	10,140
Other		121,113	-	121,113
Total current assets		4,275,417	-	4,275,417
Non-current assets				
Property, plant and equipment	(e)	1,071,905	(911)	1,070,994
Exploration and evaluation expenditure		1,787,685	-	1,787,685
Other intangible assets	(e)	88,222	911	89,133
Total non-current assets		2,947,812	-	2,947,812
TOTAL ASSETS		7,223,229	-	7,223,229
Current liabilities				
Trade and other payables		336,357	-	336,357
Borrowings		117,429	-	117,429
Provisions		1,279,601	-	1,279,601
Total current liabilities		1,733,387	-	1,733,387
Non-current liabilities				
Borrowings		5,625	-	5,625
Provisions		149,628	-	149,628
Total non-current liabilities		155,253	-	155,253
TOTAL LIABILITIES		1,888,640	-	1,888,640
NET ASSETS		5,334,589	-	5,334,589
Equity				
Issued capital		29,645,534	-	29,645,534
Reserves		(22,187)	-	(22,187)
Accumulated losses		(24,288,758)	-	(24,288,758)
TOTAL EQUITY		5,334,589	-	5,334,589

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND SUBSIDIARIES

**NOTES TO THE CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006**
Reconciliation of the balance sheet at 30 June 2005

	Note	Consolidated		
		Previous GAAP at 30.06.05	Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 30.06.05
		\$	\$	\$
Current assets				
Cash and cash equivalents		33,512,702	-	33,512,702
Trade and other receivables		299,897	-	299,897
Other		155,591	-	155,591
Total current assets		33,968,190	-	33,968,190
Non-current assets				
Trade and other receivables		6,045,451	-	6,045,451
Property, plant and equipment	(e)	3,964,187	(24,986)	3,939,201
Exploration and evaluation expenditure		3,690,508	-	3,690,508
Capitalised mining convention costs		3,120,000	-	3,120,000
Other intangible assets	(a,c,e)	40,500	(15,514)	24,986
Total non-current assets		16,860,646	(40,500)	16,820,146
TOTAL ASSETS		50,828,836	(40,500)	50,788,336
Current liabilities				
Trade and other payables		4,004,942	-	4,004,942
Borrowings		51,778	-	51,778
Provisions		895,520	-	895,520
Total current liabilities		4,952,240	-	4,952,240
Non-current liabilities				
Provisions		766,876	-	766,876
Total non-current liabilities		766,876	-	766,876
TOTAL LIABILITIES		5,719,116	-	5,719,116
NET ASSETS		45,109,720	(40,500)	45,069,220
Equity				
Issued capital		75,320,151	-	75,320,151
Reserves	(b)	1,041,307	150,827	1,192,134
Accumulated losses	(d)	(31,251,738)	(191,327)	(31,443,065)
TOTAL EQUITY		45,109,720	(40,500)	45,069,220

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

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**NOTES TO THE CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006**
**Reconciliation of loss for the full year ended
30 June 2005**

	Note	Consolidated		
		Previous GAAP	Effect of transition to Australian equivalents to IFRS	Australian equivalents to IFRS
		\$	\$	\$
Sales		138,691	-	138,691
Cost of sales		(3,489,621)	-	(3,489,621)
Gross loss		<u>(3,350,930)</u>	-	<u>(3,350,930)</u>
Other income		513,846	-	513,846
Administration expenses	(d)	(3,270,688)	(191,327)	(3,462,015)
Finance costs		(13,168)	-	(13,168)
Other expenses from ordinary activities		<u>(842,040)</u>	-	<u>(842,040)</u>
Loss before income tax		(6,962,980)	(191,327)	(7,154,307)
Income tax expense		-	-	-
Loss after income tax		<u>(6,962,980)</u>	<u>(191,327)</u>	<u>(7,154,307)</u>

Notes to the reconciliation of equity and loss at 1 July 2004 and 30 June 2005 – Consolidated

	30 June 2005	1 July 2004
	\$	\$
(a) Under AASB 138, intangible assets with indefinite lives are no longer amortised. Amortisation of \$12,812 has been reversed for the full year ended 30 June 2005	<u>12,812</u>	-
(b) Under AASB 2, the company is required to determine the fair value of options issued to employees that had not vested by 1 January 2005 as remuneration and recognise the expense over the relevant vesting periods. This amount is recognised in the options reserve	<u>150,827</u>	-
(c) Under AASB 138, the company has recognised an impairment of intangible asset (business name)	<u>(53,312)</u>	-
(d) Retained earnings comprise:		
- reversal of amortisation (refer (a))	12,812	-
- write off business name due to impairment (refer (c))	(53,312)	-
- share based payments (refer (b))	<u>(150,827)</u>	-
	<u>(191,327)</u>	-
(e) Under AASB 138, computer software which is not critical to the operation of computer hardware should be reclassified from property, plant and equipment to intangible assets	<u>24,986</u>	<u>911</u>

MINERAL DEPOSITS LIMITED

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**NOTES TO THE CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006**

	Consolidated	
	2006	2005
	\$	\$
3. REVENUE		
<i>Operating activities</i>		
- sale of mineral sands	-	138,691
<i>Interest revenue from:</i>		
- other persons	2,084,459	243,472
<i>Other revenue</i>		
- rental received	88,858	87,376
- other revenue	328,191	166,409
	<u>2,501,508</u>	<u>497,257</u>
<i>Non-operating activities</i>		
Foreign exchange gains:		
- unrealised	3,618,854	10,313
Gain on disposal of non-current assets:		
- gain from sale of fixed assets	168,623	6,276
	<u>6,288,985</u>	<u>513,846</u>
4. LOSS FROM ORDINARY ACTIVITIES		
Loss from ordinary activities before income tax has been determined after:		
(a) Cost of sales	-	3,489,621
(b) Charging as Expenses:		
Depreciation of non-current assets:		
- buildings and property improvement	1,381	4,002
- office furniture	17,233	24,005
- computer equipment and software	45,101	13,254
- plant and equipment	335,951	77,349
- fixtures and fittings	1,940	2,159
- motor vehicles	18,112	38,541
- other assets	13,451	13,851
- camp construction	-	3,406
- drilling programme equipment	-	20,593
- assets under hire purchase	38,628	48,431
	<u>471,797</u>	<u>245,591</u>
Impairment of intangible assets	-	53,312
Amortisation of intangible assets:		
- computer software	19,223	1,869

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

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**NOTES TO THE CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006**

	Consolidated	
	2006	2005
	\$	\$
(c) Finance costs:		
- interest other persons	2,651	8,746
- hire purchase charges	5,815	4,422
	<u>8,466</u>	<u>13,168</u>
(d) Other expenses:		
The following significant items are relevant in explaining the financial performance:		
- exploration expenditure written off	-	822,428
- loss on disposal of subsidiary	-	19,612
- disposal of non-current asset	4,292	-
	<u>4,292</u>	<u>842,040</u>

5. AUDITORS' REMUNERATION

During the year, the auditor of the company and its related practices earned the following remuneration:

Audit or review of financial reports of the entity	42,000	35,000
Taxation services	41,055	-
Total remuneration – DTT Victoria	<u>83,055</u>	<u>35,000</u>
Remuneration of other auditors of subsidiaries for:		
- audit or review of financial reports of the entity	60,313	8,285
- other services	-	-
Total remuneration – other auditors	<u>60,313</u>	<u>8,285</u>

The auditors did not receive any other benefits.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

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NOTES TO THE CONCISE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

6. SEGMENT REPORTING

The activities of the company can be separated into mineral sands activities and gold activities. The mineral sands activities incorporate the closure of the Hawks Nest operations and ongoing rehabilitation works carried out by the company in that region and the exploration activities in Senegal in relation to the Grande Côte Zircon Project. The gold activities incorporate the company's exploration and early development activities in Senegal in relation to the Sabodala Gold Project and regional exploration works in the Sabodala area.

(a) Primary Reporting – Business Segments

	Mineral sands activities		Gold activities		Total	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Revenue:						
External sales	-	138,691	-	-	-	138,691
Other revenue	871,389	17,268	706,953	-	1,578,342	17,268
Unallocated revenue					4,710,643	496,578
Total income from ordinary activities					6,288,985	652,537
Results:						
Segment result	(315,385)	(2,083,737)	658,719	(1,682,723)	343,334	(3,766,460)
Unallocated expenses net of unallocated revenue					(1,381,149)	(3,387,847)
Loss from ordinary activities before income tax expense					(1,037,815)	(7,154,307)
Income tax expense					-	-
Net loss					(1,037,815)	(7,154,307)
Assets:						
Segment assets	22,991,420	11,266,515	38,551,766	8,459,307	61,543,186	19,725,822
Unallocated assets					148,622,343	31,062,514
Total assets					210,165,529	50,788,336
Liabilities:						
Segment liabilities	1,766,774	1,104,883	3,007,356	3,282,462	4,774,130	4,387,345
Unallocated liabilities					1,649,812	1,331,771
Total liabilities					6,423,942	5,719,116
Other:						
Depreciation and amortisation of segment assets	106,691	180,869	-	16,619	106,691	197,488
Unallocated					384,329	49,972
					491,020	247,460

MINERAL DEPOSITS LIMITED

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**NOTES TO THE CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006****(b) Secondary Reporting – Geographical Segments**

	Segment revenue from external customers		Segment results		Carrying amounts of segment assets	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Australia	-	-	(1,669,342)	(4,609,704)	148,798,968	32,614,637
USA	-	138,691	-	-	-	-
Mauritius	-	-	634,007	(474,765)	17,278,386	5,424,407
Republic of Senegal						
- Mineral sands	-	-	(2,480)	(883,069)	17,119,767	4,292,687
- Gold	-	-	-	(1,186,769)	26,968,408	8,456,605
	<u>-</u>	<u>138,691</u>	<u>(1,037,815)</u>	<u>(7,154,307)</u>	<u>210,165,529</u>	<u>50,788,336</u>

(c) The consolidated entity derived income from the following activities:

- Interest on unutilised funds in domestic bank accounts and abroad.

7. EVENTS SUBSEQUENT TO REPORTING DATE**Grande Côte Zircon Project**

Since the end of the financial year, the company has continued working with the Senegalese authorities to secure the mining concession for the GCZP.

Planning for the construction of the mine and processing plant has continued, with final engineering design and costings by Ausenco nearing the final stages.

Sabodala Gold Project

The company continues to advance the administrative requirements set by the Government of Senegal to move from the existing limited permit to a full mining permit (mining concession). To this end, the company submitted a feasibility study and EIS in June 2006. In August 2006, the Senegalese authorities invited MDL to commence negotiations for the issue of the concession and in September 2006 the Department of Environment approved the EIS. The company is confident that the negotiations with the Government will result in the issue of the concession within the December 2006 quarter.

Extensive preparatory works have been carried out at the main Sabodala site in anticipation of the award of the mining concession and resultant move to the construction of the mine and two million tonne per year processing plant. The main Sabodala exploration camp is fully functional and now accommodates some 150 contractors and staff. Site earthworks, including the building of the first of three dams, have commenced and major road networks are in progress.

Planning for the construction of the mine and processing plant is now well advanced. Preliminary pit design by RSG Global and MDL staff is nearing completion and engineering design and costings by Ausenco are nearing the final stages.

Administration

The company has recently relocated its national office to larger premises in Dakar, reflecting the growing importance of the national office in regard to its administrative, project development, financial and Government relations activities in Senegal. The company has also leased two guesthouses to accommodate expatriate and visiting staff whilst staying in Dakar.

MINERAL DEPOSITS LIMITED

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NOTES TO THE CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

Corporate

Directors are pleased to note the company's addition to the ASX/S&P 300 index on 1 September 2006.

Other than the above, in the opinion of the directors of the company there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely to affect substantially the results of the operations of the company during the remainder of the financial year during which the company soon expects to be in the investment (construction) phase in relation to the GCZP and SGP.

8. KEY MANAGEMENT PERSONNEL

(a) The names and positions held by key management personnel in office at any time during the financial year are:

Nicholas J Limb	Chairman – Executive
Jeffrey W Williams	Managing Director – Executive
Martin C Ackland	Director – Executive
David J Isles	Director – Non Executive
Jacobus C Strauss	Director – Non Executive (appointed 18 October 2005)
Kevin J Ross	Alternate Director – Executive
Melvyn J S Drummond	Company Secretary and Chief Financial Officer
James E Hinshaw	Administration Superintendent
John L Lashwood	Production Manager
Bruno Putrino	Corporate Accountant
Christopher H Young	Chief Geologist

(b) Parent Entity Directors' Remuneration

	Short term benefits			Post employment	Share	Total
	Salary and Fees	Non-Cash Benefits	Cash Bonus	Superannuation Contributions	based payment Options	
	\$	\$	\$	\$	\$	\$
2006						
Nicholas J Limb	235,403	6,539	-	100,000	-	341,942
Jeffrey W Williams	297,029	42,671	-	38,374	-	378,074
Martin C Ackland	15,000	-	-	1,350	-	16,350
David J Isles (i)	30,000	-	-	2,700	263,296	295,996
Jacobus C Strauss - appointed 18 October 2005 (j)	21,250	-	-	1,913	526,591	549,754
Kevin J Ross	151,376	-	-	13,624	-	165,000
	750,058	49,210	-	157,961	789,887	1,747,116
2005						
Nicholas J Limb (ii)	248,058	5,543	-	21,771	696,444	971,816
Jeffrey W Williams (ii)	231,871	45,216	-	38,374	696,444	1,011,905
Martin C Ackland	15,000	-	-	1,350	-	16,350
David J Isles	23,750	-	-	2,138	-	25,888
Kevin J Ross	151,376	-	-	13,624	-	165,000
	670,055	50,759	-	77,257	1,392,888	2,190,959

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND SUBSIDIARIES

NOTES TO THE CONCISE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

Options to purchase shares in Mineral Deposits Limited are issued to directors as part of their remuneration. The options are not based on performance criteria but are issued to the majority of directors of the company to increase goal congruence between directors and shareholders.

- (i) Messrs D J Isles and J C Strauss were granted 500,000 options and 1,000,000 options respectively at the general meeting of the company on 23 November 2005 (MDLAQ). The options were issued as part of the remuneration arrangements for each director. Further details of the options are contained in Note 6(d) and Notes 21 and 28 of the full financial report. There have been no changes to the terms of the options since issue date.
- (ii) Messrs N J Limb and J W Williams were each granted 2,500,000 options on 1 December 2004 as part of their remuneration arrangements (MDLAK). The options have an exercise price of \$0.33 and an expiry date of 1 December 2009. Further details of the options are contained in Note 28 of the full financial report. There have been no changes to the terms of the options since issue date.

(c) Key Executives' Remuneration

	Short term benefits			Post employment benefits	Share based payment	Total
	Salary and Fees	Non-Cash Benefits	Cash Bonus	Superannuation Contributions	Options	
	\$	\$	\$	\$	\$	\$
2006						
Melvyn J S Drummond	137,171	9,974	-	20,465	-	167,610
James E Hinshaw*	193,980	9,890	-	-	-	203,870
John L Lashwood*	166,944	928	-	-	-	167,872
Bruno Putrino	108,505	7,341	-	9,765	-	125,611
Christopher H Young	136,000	5,771	-	54,000	-	195,771
	742,600	33,904	-	84,230	-	860,734
2005						
Melvyn J S Drummond (i)	118,345	39,505	-	22,939	150,827	331,616
Bruno Putrino (ii)	98,778	5,768	-	8,890	30,845	144,281
John L Lashwood	88,900	7,941	-	11,188	-	108,029
James E Hinshaw	82,000	5,200	-	12,446	-	99,646
	547,276	58,414	-	55,463	181,672	842,825

* Includes redundancy payment on termination

Options to purchase shares in Mineral Deposits Limited are issued to executives as part of their remuneration. The options are not based on performance criteria but are issued to the majority of executives of the company and its subsidiaries to increase goal congruence between executives and shareholders.

- (i) Mr M J S Drummond was issued 500,000 options under the MDL Employee Option Plan on 10 March 2005 as part of his remuneration arrangements (MDLAO). The options have an exercise price of \$0.65 and an expiry date of 10 March 2010. Further details of the options are contained in Note 28 of the full financial report. There have been no changes to the terms of the options since issue date.
- (ii) Mr B Putrino was issued 150,000 options under the MDL Employee Option Plan on 31 December 2004 as part of his remuneration arrangements (MDLAM). The options have an exercise price of \$0.45 and an expiry date of 2 January 2010. Further details of the options are contained in Note 28 of the full financial report. There have been no changes to the terms of the options since issue date.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND SUBSIDIARIES

**NOTES TO THE CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006****(d) Remuneration Options**

Options granted as remuneration to company key management personnel during the period

	Granted	Grant Date	Value per Option at Grant Date	Exercise Price	First Exercise Date*	Last Exercise Date
	No.		\$	\$		
2006						
Directors						
David J Isles	500,000	23 November 2005	0.53	0.85	23 November 2005	23 November 2010
Jacobus C Strauss	<u>1,000,000</u>	23 November 2005	0.53	0.85	23 November 2005	23 November 2010
	<u>1,500,000</u>					
2005						
Directors						
Nicholas J Limb	2,500,000	1 December 2004	0.28	0.33	1 December 2004	1 December 2009
Jeffrey W Williams	<u>2,500,000</u>	1 December 2004	0.28	0.33	1 December 2004	1 December 2009
	<u>5,000,000</u>					
Key Executives						
Melvyn J S Drummond	500,000	10 March 2005	0.30	0.65	10 March 2005	10 March 2010
Bruno Putrino	<u>150,000</u>	31 December 2004	0.20	0.45	31 December 2004	2 January 2010
	<u>650,000</u>					

All options granted as part of remuneration are exercisable at any time up to and including expiry date.

No key executives were granted options as part of their remuneration during the period.

(e) Shares Issued on Exercise of Remuneration Options

The following shares were issued upon the exercise of remuneration options (refer to Note 21 of the full financial report):

- 200,000 shares were issued to Mr J C Strauss upon the exercise of an equivalent number of options (MDLAQ) on 4 May 2006; and
- 100,000 shares were issued to Mr C H Young upon the exercise of an equivalent number of options (MDLAM) on 10 May 2006.

NOTES TO THE CONCISE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2006

(f) Options and Rights Holdings

Number of options held directly, indirectly or beneficially by company directors and key executives

	Balance as at 1 July 2005	Granted as Remuneration	Options Exercised	Net Change Other*	Balance as at 30 June 2006	Total Vested 30 June 2006	Total Exercisable 30 June 2006	Total Unexercisable 30 June 2006
2006								
Directors								
Nicholas J Limb	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
Jeffrey W Williams	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
Martin C Ackland	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
David J Isles	-	500,000	-	-	500,000	500,000	500,000	-
Jacobus C Strauss	-	1,000,000	(200,000)	-	800,000	800,000	800,000	-
Kevin J Ross	-	-	-	-	-	-	-	-
Key Executives								
Melvyn J S Drummond	500,000	-	-	-	500,000	500,000	500,000	-
Bruno Putrino	150,000	-	-	-	150,000	150,000	150,000	-
TOTAL	6,650,000	1,500,000	(200,000)	-	7,950,000	7,950,000	7,950,000	-

* The net change other column above includes those options that have been forfeited by holders.

NOTES TO THE CONCISE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2006

	Balance as at 1 July 2004	Granted as Remuneration	Options Exercised	Net Change Other*	Balance as at 30 June 2005	Total Vested 30 June 2005	Total Exercisable 30 June 2005	Total Unexercisable 30 June 2005
2005								
Directors								
Nicholas J Limb	2,500,000	2,500,000	-	(2,500,000)	2,500,000	2,500,000	2,500,000	-
Jeffrey W Williams	2,500,000	2,500,000	-	(2,500,000)	2,500,000	2,500,000	2,500,000	-
Martin C Ackland	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
Kevin J Ross	500,000	-	(500,000)	-	-	-	-	-
Key Executives								
Melvyn J S Drummond	500,000	500,000	-	(500,000)	500,000	500,000	500,000	-
Bruno Putrino	-	150,000	-	-	150,000	150,000	150,000	-
TOTAL	7,000,000	5,650,000	(500,000)	(5,500,000)	6,650,000	6,650,000	6,650,000	-

* The net change other column above includes those options that have been forfeited by holders.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

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**NOTES TO THE CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006**
(g) Shareholdings

Number of shares held, directly, indirectly or beneficially, by company directors and key management personnel

	Balance as at 1 July 2005	Received as Remuneration	Options Exercised	Net Change Other*	Balance as at 30 June 2006
2006					
Directors					
Nicholas J Limb	2,083,528	-	-	-	2,083,528
Jeffrey W Williams	362,400	-	-	-	362,400
Martin C Ackland	18,500	-	-	3,333	21,833
David J Isles	137,000	-	-	-	137,000
Jacobus C Strauss	-	-	200,000	-	200,000
Kevin J Ross	824,512	-	-	3,333	827,845
Key Executives					
Melvyn J S Drummond	-	-	-	133,333	133,333
Bruno Putrino	12,500	-	-	(9,167)	3,333
Christopher H Young	-	-	100,000	-	100,000
TOTAL	3,438,440	-	300,000	130,832	3,869,272
2005					
Directors					
Nicholas J Limb	2,083,528	-	-	-	2,083,528
Jeffrey W Williams	362,400	-	-	-	362,400
Martin C Ackland	6,000	-	-	12,500	18,500
David J Isles	137,000	-	-	-	137,000
Kevin J Ross	312,012	-	500,000	12,500	824,512
Key Executives					
Melvyn J S Drummond	-	-	-	-	-
Bruno Putrino	-	-	-	12,500	12,500
TOTAL	2,900,940	-	500,000	37,500	3,438,440

* Net change other refers to shares purchased or sold during the financial year.

(h) The company's policy for determining the nature and amount of compensation of board members of the company is as follows:
(i) Non-Executive Directors

The fees payable to individual non-executive directors have been determined by the board within the aggregate amount approved by shareholders. The current approved aggregate remuneration is \$150,000 per annum excluding share based payments. No increase in the overall sum is foreshadowed at the date of this report.

(ii) Executives

The remuneration levels of executive directors are determined by the executive chairman after taking into consideration those that apply to similar positions in comparable companies in Australia and directors' possible participation in the company's Executive Option Incentive Scheme. The executive chairman utilises industry-wide data gathered by independent remuneration experts as his point of reference. The board uses an identical approach to determine the remuneration levels of executive staff.

MINERAL DEPOSITS LIMITED

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NOTES TO THE CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

(iii) Executive Option Incentive Scheme

Any options granted to directors pursuant to the company's Executive Option Incentive Scheme are approved by shareholders prior to issue. Options granted to employees and associates under the company's Executive Option Plan are proposed by the managing director and issued only after unanimous resolution by the directors.

Neither during the financial year nor since year-end has any director of the company received or become entitled to receive a benefit (other than a normal remuneration benefit for services provided as an employee or consultant) by reason of a contract made by the company or a related company with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest other than the transaction below:

- An amount of \$159,996 (excluding GST) (2005 – \$154,981) was paid to Mineral Properties Pty Ltd, of which Mr M C Ackland is and continues to be a director, which provided professional services at commercial rates to the consolidated entity in relation to the company's Senegalese projects.

(i) Total Key Management Personnel Compensation

The compensation of key management personnel of the consolidated entity is set out below:

	Consolidated/Company	
	2006	2005
	\$	\$
Short term employee benefits	1,575,772	1,326,504
Post employment benefits	242,191	132,720
Share based payments	789,887	1,574,560
	<u>2,607,850</u>	<u>3,033,784</u>

(j) Employment Contracts of Directors and Senior Executives

The employment conditions of the executive chairman, the managing director, the sole executive director and key executives are formalised in contracts of employment. The executive chairman, managing director, executive director and certain senior executives are employed under fixed period contracts (two years), the earliest of which commenced on 9 September 2000 and each of which continues to roll forward for 12 months every anniversary date.

The employment contracts in force incorporate 24 and, in one case 36 month resignation periods. The company may terminate the executive chairman's and managing director's employment contract without cause by providing 24 months' written notice or by making payment based on their annual salary component in lieu of notice. Termination payments are generally not payable on resignation and never on dismissal for serious misconduct. In the instance of serious misconduct, the company can terminate employment at any time.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420


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DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 25 to 44, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Act 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the company and consolidated entity.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.


J W Williams
Director


D J Isles
Director

Dated at Melbourne this 29th day of September 2006.

DTT Victoria

Independent audit report to the members of Mineral Deposits Limited

DTT Victoria
ABN 96 080 779 423
180 Lonsdale Street
Melbourne VIC 3000
GPO Box 78B
Melbourne VIC 3001 Australia

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Scope

The concise financial report and directors' responsibility

The concise financial report of Mineral Deposits Limited comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, and accompanying notes for the consolidated entity for the year ended 30 June 2006 as set out on pages 26 to 45. The consolidated entity comprises both Mineral Deposits Limited (the company) and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 "Concise Financial Reports". This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the concise financial report.

Audit approach

We have conducted an independent audit of the concise financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We have also performed an independent audit of the full financial report of the company for the year ended 30 June 2006. Our audit report on the full financial report was signed on 29 September 2006 and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report that were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports".

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the concise financial report of Mineral Deposits Limited for the year ended 30 June 2006 complies with Accounting Standard AASB 1039 "Concise Financial Reports".

DTT Victoria

DTT VICTORIA

Geoffrey R Sincock

G R SINCOCK

Partner

Chartered Accountants

Melbourne, 29 September 2006

Liability limited by a scheme approved under Professional Standards Legislation.
DTT Victoria has changed its name from BDO and is a continuation of that Victorian partnership. The partners of DTT Victoria have also joined the Australian partnership of Deloitte Touche Tohmatsu.
All changes with effect from 14 August 2006.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by Australian Stock Exchange Limited in respect of listed public companies only.

1. SHAREHOLDING

The issued capital of the company as at 22 September 2006 was 299,309,234 ordinary shares fully paid.

(a) Distribution of Shareholder Numbers

Size of Holding	Number of Shareholders	%	Number of Shares Held	%
1 – 1,000	117	4.76	79,888	0.03
1,001 – 5,000	764	31.09	2,238,794	0.75
5,001 – 10,000	563	22.91	4,339,611	1.45
10,001 – 100,000	843	34.31	24,393,856	8.15
100,001 and over	170	6.92	268,257,085	89.63
	<u>2,457</u>	<u>100.00</u>	<u>299,309,234</u>	<u>100.00</u>

(b) There were 21 shareholders who held less than a marketable parcel (407 shares) based on the market price of \$1.23.

(c) The names of the substantial shareholders listed in the holding company's register as at 22 September 2006 are:

Name	Number of Shares Held	%
1. Westpac Custodian Nominees Limited <Cash Income A/c>	52,163,897	17.43
2. ANZ Nominees Limited	40,496,525	13.53
3. National Nominees Limited	24,810,251	8.29
4. J P Morgan Nominees Australia Limited	20,877,244	6.98
5. Actis Capital LLP	18,500,000	6.18
	<u>156,847,917</u>	<u>52.41</u>

MINERAL DEPOSITS LIMITED

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

(d) 20 Largest Shareholders – Ordinary Shares

Name	Number of Shares Held	%
1. Westpac Custodian Nominees Limited <Cash Income A/c>	52,163,897	17.43
2. ANZ Nominees Limited	40,496,525	13.53
3. National Nominees Limited	24,810,251	8.29
4. J P Morgan Nominees Australia Limited	20,877,244	6.98
5. Actis Capital LLP	18,500,000	6.18
6. Kumba International BV	11,299,435	3.78
7. Citicorp Nominees Pty Limited	10,735,661	3.59
8. African Lion 2 Limited	6,000,000	2.00
9. HSBC Custody Nominees (Australia) Limited-GSCO ECSA	5,360,642	1.79
10. African Lion 2 Limited	4,600,000	1.54
11. Macquarie Bank Limited <Metals & Mining Division A/c>	4,000,000	1.34
12. Citicorp Nominees Pty Limited <CFS W/Sale Gbl Res Fund A/c>	3,295,998	1.10
13. Invia Custodian Pty Limited <Black A/c>	3,007,833	1.00
14. Sunrise Productions Inc	2,972,815	0.99
15. Macquarie Bank Limited	2,000,000	0.67
16. RBC Dexia Investor Services Australia Nominees Pty Ltd <BKCUST A/c>	1,644,461	0.55
17. Mr Robert W & Mrs Celia M Forbes Young <Young Super A/c>	1,600,000	0.53
18. Austock Nominees Pty Ltd <Custodian A/c>	1,597,151	0.53
19. Mishkan Pty Ltd	1,566,861	0.52
20. HSBC Custody Nominees (Australia) Limited	1,563,201	0.52
	218,091,975	72.86

(e) Voting Rights

Voting rights of members are governed by the company's Constitution. In summary, on a show of hands, every member present in person or by proxy shall have one vote and, upon a poll, every such attending member shall be entitled to one vote for every share held.

2. TENEMENT SCHEDULE

Project	Tenement Number	Interest %
Fullerton	Mining Lease 1414	100
Hawks Nest	Special Lease 400	100
	Mining Purposes Lease 217	100
	Mining Purposes Lease 218	100
	Mining Purposes Lease 1398	100
Viney Creek	Mining Lease 1261	100
Grande Côte	Permis de recherche Arrete No. 7474 – 2004	100
Sabodala	Permis d'exploration Décret No. 520 – 2005	100
Massa Kounda	Permis de recherche Arrete No. 202 – 2005	80 JV
Dembala Berola	Permis de recherche Arrete No. 197 – 2005	80 JV
Bransan	Permis de recherche Arrete (number pending)	100

MINERAL DEPOSITS LIMITED

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CORPORATE DIRECTORY

DIRECTORS

Nicholas J Limb (executive chairman)
Jeffrey W Williams (managing)
Martin C Ackland (executive)
David J Isles (non-executive)
Jacobus C Strauss (non-executive, appointed 18 October 2005)
Kevin J Ross (alternate to D J Isles)

COMPANY SECRETARY

Melvyn J Drummond

REGISTERED OFFICE

Level 7 Exchange Tower
530 Little Collins Street
Melbourne, Victoria 3000

Telephone: (03) 9909 7633
Facsimile: (03) 9621 1460
E-mail: mdlmail@mineraldeposits.com.au
Website: www.mineraldeposits.com.au

Registers of unlisted employee and other options held at this address

OVERSEAS OFFICE

Rue 26, N'Gor
Dakar
Senegal

SHARE REGISTRY

Computershare Investor Services Pty Ltd
452 Johnson Street
Abbotsford, Victoria 3067

Telephone: 1300 850 505
Facsimile: (03) 9473 2500
Website: www.computershare.com.au

Register of listed ordinary shares held at this address

SOLICITORS

Minter Ellison
Level 23
525 Collins Street
Melbourne, Victoria 3000

TAX AGENTS AND ADVISERS

Nexia ASR Pty Ltd
Level 12A
440 Collins Street
Melbourne, Victoria 3000

AUDITOR

DTT Victoria
Chartered Accountants and Advisers
QV Building
180 Lonsdale Street
Melbourne, Victoria 3000

The partners of DTT Victoria have also joined the Australian partnership of Deloitte Touche Tohmatsu.

BANKERS

Australia

Westpac Banking Corporation
360 Collins Street
Melbourne, Victoria 3000

Macquarie Bank Limited
1 Martin Place
Sydney, New South Wales 2000

SG Corporate and Investment Banking
400 George Street
Sydney, New South Wales 2000

Mauritius

Barclays Bank PLC
Offshore Banking Unit
8th Floor, Harbour Front Building
President John Kennedy Street
Port Louis
Mauritius

Senegal

Banque Internationale pour le Commerce
et l'Industrie du Senegal
2, Avenue Léopold Sédar Senghor
Dakar
Senegal

Société Générale de Banques au Senegal
19, Avenue Léopold Sédar Senghor
Dakar
Senegal

HOME EXCHANGE

Australian Stock Exchange Limited
Level 45, South Tower
Rialto
525 Collins Street
Melbourne, Victoria 3000

Trading Code: MDL