

Mineral Deposits Limited

ABN 19 064 377 420 (MDL)

Notice of General Meeting and Explanatory Statement in relation to a proposed issue of Shares

This Booklet gives notice of a General Meeting of MDL to be held at 10.30am Melbourne time on Wednesday, 26 April 2006 at the registered office, Level 7, 530 Little Collins Street, Melbourne.

This is an IMPORTANT DOCUMENT and requires your immediate attention. If you are in doubt as to how to deal with this document, please consult your financial or other professional adviser.

Important dates

Date of this Booklet	24 March 2006
Last time by which proxy forms for the General Meeting can be lodged	10.30am Melbourne time on 24 April 2006
Voting Entitlement Time, i.e., time for determining entitlements to vote at the General Meeting	7.00pm Melbourne time on 24 April 2006
General Meeting	10.30am Melbourne time on 26 April 2006

Glossary

In this Booklet, including in the Notice of Meeting:

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Stock Exchange Limited ACN 008 624 691.

Board means the board of directors of the Company.

Booklet means this booklet, including the Notice of Meeting and Explanatory Statement.

Brokers means the following brokers appointed by the Company to manage the Issue: Haywood Securities Inc., Wilson HTM and Euroz Securities.

Company or **MDL** means Mineral Deposits Limited ABN 19 064 377 420.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of MDL.

Explanatory Statement means the explanatory statement contained in this Booklet (and forming part of the Notice of Meeting) in relation to the Resolution to be considered at the General Meeting.

15% in 12 months Limit has the meaning given in section 2 of the Explanatory Statement.

General Meeting means the general meeting of the Company, notice of which is given in the Notice of Meeting.

Initial Tranche in respect of the Issue has the meaning given in section 1(d) of the Explanatory Statement.

Investors means persons who are clients of, or otherwise sourced by, the Brokers and who are issued Shares under the Issue (including clients of, or persons otherwise sourced by, the Brokers who are issued Shares under the Issue prior to the date of the General Meeting).

Issue means the issue of up to a maximum of 100,000,000 Shares to the Investors on the terms set out in this Booklet.

Listing Rules means the Listing Rules of ASX.

MDL or **Company** means Mineral Deposits Limited ABN 19 064 377 420.

Notice of Meeting means the notice of meeting in respect of the General Meeting contained in this Booklet.

Registry means Computershare Investor Services Pty Limited ABN 48 078 279 277 of Yarra Falls, 452 Johnston Street, Abbotsford Victoria, 3067.

Resolution means the resolution contemplated in the Notice of Meeting.

Share means a fully paid ordinary share in MDL.

Shareholder means a holder of a Share.

Voting Entitlement Time means 7.00pm Melbourne time on 24 April 2006. An adjournment of the General Meeting will not affect the Voting Entitlement Time.

Notice of Meeting

Notice is given that a General Meeting of Shareholders of Mineral Deposits Limited ABN 19 064 377 420 will be held at Level 7, 530 Little Collins Street, Melbourne at 10.30am Melbourne time on 26 April 2006.

1. Resolution – Issue of Shares to Investors

The purpose of the General Meeting is to consider and, if thought fit, pass the following Resolution as an ordinary resolution:

‘That, in compliance with Listing Rule 7.1, the Issue of up to a maximum of 100,000,000 Shares to Investors on the terms outlined in the Explanatory Statement is approved.’

2. Voting restrictions

- (a) In relation to the Resolution, MDL will disregard any votes cast by:
 - (i) an Investor; and
 - (ii) an associate of an Investor.
- (b) However, MDL need not disregard a vote in respect of the Resolution if:
 - (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - (ii) it is cast by a person chairing the General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- (c) MDL has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that Shares quoted on ASX at 7.00pm Melbourne time on 24 April 2006 are taken, for the purposes of the General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the General Meeting. An adjournment of the General Meeting will not affect this time.

3. Directors’ recommendations and voting

The Directors unanimously recommend that all Shareholders vote in favour of the Resolution.

The reasons the Directors have made the above recommendation are set out in the Explanatory Statement.

All Directors who are Shareholders entitled to vote as at the Voting Entitlement Time intend to vote their Shares in favour of the Resolution.

4. How to vote

Shareholders entitled to vote at the General Meeting may vote by attending the General Meeting in person, by attorney or proxy or, in the case of corporate Shareholders, by a corporate representative.

5. Voting in person or by attorney

Shareholders or their attorneys wishing to vote in person should attend the General Meeting. Persons are asked to arrive at least 30 minutes prior to the time the General Meeting is to commence so that their shareholding may be checked against the register and their attendance recorded. Attorneys should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the General Meeting.

6. Voting by proxy

Shareholders wishing to vote by proxy must complete, sign, and deliver the enclosed personalised proxy form or forms, in accordance with the instructions on the form, prior to 10.30am Melbourne time on 24 April 2006 by:

- (a) post in the reply paid envelope provided to:

Mineral Deposits Limited
C/- Computershare Investor Services Pty Ltd
PO Box Reply paid 242
Melbourne, Victoria, 3001;

- (b) hand to:

Mineral Deposits Limited
C/- Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria, 3067; or

- (c) fax to:

Mineral Deposits Limited
C/- Computershare Investor Services Pty Ltd
on +61 3 9473 2555.

Each Shareholder may appoint a proxy to attend and vote on their behalf. Shareholders entitled to cast two or more votes may appoint one or two proxies. If more than one proxy is appointed:

- (a) the appointor may specify the proportion or number of votes each proxy is appointed to exercise but if the appointor does not do so, each proxy may exercise half the votes; and
- (b) neither proxy shall have the right to vote on a show of hands (but each may vote on a poll).

A proxy need not be a Shareholder.

In the case of joint holders, all should sign the proxy form.

In the case of corporations, proxies must be executed in accordance with the Corporations Act.

To be valid, a proxy form signed under a power of attorney must be accompanied by the signed power of attorney, or a certified copy of the power of attorney.

If the abstention box on the proxy form for the item of business is marked, the proxy will be directed not to vote on a show of hands or on a poll and the relevant Shares will not be counted in calculating the required majority on a poll. If no box is marked, the proxy will not be directed as to how to vote and may vote as he or she sees fit.

If the proxy form is signed by the Shareholder but does not name the proxy or proxies in whose favour it is given, or the proxy does not attend the General Meeting, the chairperson of the

General Meeting may either act as proxy or complete the proxy by inserting the name of one or more Directors or the Company Secretary.

The chairperson of the General Meeting intends to vote all undirected proxies from Shareholders (who are eligible to vote in favour of the Resolution) in favour of the Resolution to be voted on at the General Meeting.

The chairperson of the General Meeting will not vote any undirected proxies from Shareholders ineligible to vote in favour of the Resolution.

7. Voting by corporate representative

Corporate Shareholders wishing to vote by corporate representative should:

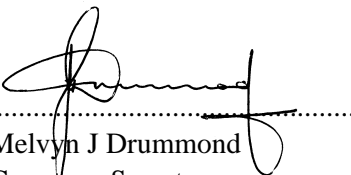
- (a) obtain an appointment of corporate representative form from the Registry;
- (b) complete and sign the form in accordance with the instructions on it; and
- (c) bring the completed and signed form with them to the General Meeting.

8. Further information

Full information on the General Meeting, including on voting entitlements and how to vote, is contained in the Explanatory Statement contained in this Booklet.

Dated 24 March 2006

By order of the Board


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Melvyn J Drummond
Company Secretary

Explanatory Statement

Note: This Explanatory Statement is included in, and forms part of, the Notice of Meeting.

1. General Background

(a) Company

The Company is a public company registered in Victoria and is a company limited by shares. It has its registered office at Level 7 Exchange Tower, 530 Little Collins Street, Melbourne Victoria 3000.

MDL holds certain mining interests in Australia and Senegal and has a technical and marketing arrangement with a company in south India.

MDL is active in the west African country of Senegal, a presidential democracy with a socio-political environment and legal regime that is attractive to investment, where the Company has been advancing its projects.

(b) Projects - Summary

Grande Côte Zircon Project (GCZP)

- MDL executed a Mining Convention with the Government of Senegal over the GCZP in September 2004 and was granted an exploration licence. The grant of a mining licence (concession) is being finalised and is subject to Government of Senegal approval.
- The heavy mineral deposit is located some 100km north of Dakar, and extends north for more than 50km. The mineralised dune system averages about 2km wide, with some areas up to 4.5km wide.
- Current RC drilling (using two rigs) is being undertaken to finalise a reserve and dredge path for up to seven years (corresponding with the proposed banking loan term).
- Key financial drivers of the GCZP are:
 - **Lower operating costs** – given the sand is free flowing with no overburden and no slimes content, providing for lower cost mining by dredging.
 - **Capital cost savings** – given the relocation of some MDL equipment from NSW.
 - **High quality zircon (with low Uranium/Thorium)** – based on bulk samples evaluated by established European customers.
 - **Close to main markets in southern Europe and east cost North America** – enabling transport cost savings and container shipments rather than bulk catering to customers' requirements.

Sabodala Gold Project (Sabodala)

- The Government of Senegal selected MDL to develop Sabodala in October 2004. The grant of a mining licence (concession) is being finalised and is subject to Government of Senegal approval.

- Sabodala lies within a granted 20.3 square kilometre (7km x 3km) Exploitation Permit.
- The deposit is located in southeastern Senegal, some 750km from Dakar, near the Mali border.
- Sabodala is hosted by Birimian greenstones and sediments and is regionally associated with a number of world class deposits in adjacent Mali, including Sadiola and Loulo.
- Since July 2005, some 34km of RC and diamond drilling has been completed – of a planned 50km by July 2006.
- Phase 2 drilling is underway to:
 - add substantial additional resources by step-out drilling along the north plunging structure;
 - complete the infill drilling to 20m x 20m within the existing resource area.
- The satellite Niakafiri deposit, some 2.5km south of Sabodala, is lower grade but with a substantial oxide component providing useful mill feed.

Additional information in respect of the Company's projects is included in announcements that the Company has made on ASX. Copies of these announcements are available from the ASX website, www.asx.com.au.

(c) Projects funding proposal

As previously announced to ASX, the current estimated total cost of the GCZP and Sabodala is approximately US\$273 million. The funds are proposed to be sourced from equity and debt. MDL currently has approximately US\$7 million in cash and no debt.

To fund the equity component of the current estimated funding requirements for these projects, MDL is undertaking a placement of up to a maximum of 100 million ordinary shares to raise approximately A\$150 million. This placement is being undertaken in two tranches.

The first tranche of the placement is for 25 million shares, to raise approximately A\$37.5 million. This first tranche is expected to have been settled on or about 31 March 2006. The second tranche of the placement is for the balance of up to 75 million shares, to raise approximately A\$112.5 million.

The second tranche is subject to MDL shareholder approval and, if such shareholder approval is obtained, is expected to settle on or about 27 April 2006.

The placement of the 100 million shares is being managed by Haywood Securities Inc., Wilson HTM and Euroz Securities.

MDL has appointed RMB Resources Limited (for the GCZP) and Macquarie Bank (for Sabodala) to advise on and, at the appropriate time in regard to each project, lead manage the debt component which will be required to bring the GCZP and Sabodala into production by their respective planned target dates. The debt arrangements are yet to be finalised.

(d) Proposed Resolution – Issue to Investors

In order to fund part of the current estimated costs of the GCZP and Sabodala, MDL must raise additional equity funding. The Directors believe that the raising of additional equity funding is in the best interests of the Company. As a means of raising part of the required overall funding for the projects, the Board has proposed to offer Shares to Investors on the terms set out in section 4(a) below.

As announced to ASX on 27 March 2006, MDL has undertaken a placement of 100,000,000 Shares at an issue price of \$1.50 per Share (**Placement**). The Placement is being conducted on a ‘best endeavours’ basis by the Brokers and subject to Shareholder approval. Accordingly, under the proposed Issue, the Company is, subject to the passing of the Resolution, seeking to raise up to \$150 million.

25,000,000 Shares are expected to be placed prior to the date of the General Meeting, on or around 31 March 2006 (**Initial Tranche**), with the balance of up to 75,000,000 Shares to be issued as soon as practicable after the date of the General Meeting, assuming Shareholder approval is obtained.

2. Reason for the General Meeting

The General Meeting referred to in the accompanying Notice of Meeting is being held so that the Shareholders can consider the Resolution in accordance with Listing Rule 7.1.

Under Listing Rule 7.1, a listed company must obtain the approval of its shareholders before it can issue securities (shares or options over shares) if the number of those securities, plus the number of any securities issued in the previous 12 months, is more than 15% of the number of issued securities at the start of that 12 month period (**15% in 12 months Limit**).

The proposed Issue will exceed the limit of securities MDL may issue without the approval of its Shareholders under Listing Rule 7.1. Therefore, Shareholder approval to these issues is sought under Listing Rule 7.1.

The proposed Issue is the subject of the Resolution. If Shareholder approval to the Resolution is obtained, the proposed Issue will be permitted on the terms set out in this Booklet.

As set out in section 1(d) above, Shareholders should note that the Company may issue a number of Shares under the Issue prior to the date of the General Meeting, expected to be the Initial Tranche of 25,000,000 Shares and, in any event, so as not to exceed the 15% in 12 months Limit referred to above. If Shareholder approval to the Resolution is obtained, the balance of the Shares (that is, up to 75,000,000 Shares) is expected to be issued under the Issue on the terms set out in section 1(d) above.

3. Directors’ recommendations

The Directors recommend that eligible Shareholders vote in favour of the Resolution set out in the accompanying Notice of Meeting.

Further information on the Resolution is set out in section 4 below.

4. Resolution - Issue of Shares to Investors

(a) Required information

Listing Rule 7.3 requires the following information about the proposed Issue to Investors to be given to Shareholders:

- (i) The Company proposes to issue to the Investors up to a maximum of 100,000,000 Shares under the Issue.
- (ii) The allotment dates for the Shares under the Issue are expected to be on or about 31 March 2006 and on or about 27 April 2006. The Initial Tranche, anticipated to be issued on or about 31 March 2006, is expected to represent about 12.82% of the Company's current share capital, with the balance of up to 75,000,000 Shares to be issued on or about 27 April 2006 (and in any event within three months of the date of the General Meeting).
- (iii) Issue price – \$1.50 per Share.
- (iv) The securities to be issued under the proposed Issue will be fully paid ordinary shares in the Company, issued on the same terms as the Company's then existing Shares.

(b) Intended use of funds raised

The Shares will be issued in order to raise equity capital to fund part of the current estimated costs of the GCZP and Sabodala, as well as for paying the costs associated with the Issue (including the Brokers' fees). A commission of up to 4.0% of the total funds raised is payable to the Brokers.

(c) Effect of the proposed Issue

If the maximum of 100,000,000 Shares are issued to the Investors, this will represent approximately 33.9% of MDL's total issued capital on a non diluted, expanded capital basis (assuming no options currently on issue are exercised in the intervening period).

5. Voting

Some Shareholders may not be allowed to vote on the Resolution set out in the accompanying Notice of Meeting. Please refer to the voting exclusion statement in the Notice of Meeting. If Shareholders cannot attend the General Meeting they are urged to complete the proxy form and return it (see proxy form for details) as soon as possible and in any event by 10.30am Melbourne time on 24 April 2006.

6. Investment advice

This Booklet and the ASX announcements and other information referred to in section 8 below do not take into account your investment objectives, financial situation or particular needs. You should obtain independent financial, investment, legal and taxation advice before deciding whether or not to attend and vote at the General Meeting or to vote in favour of or against the Resolution.

7. Forward looking statements

This Booklet may contain forward looking statements. You should be aware that such statements are only estimates or predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to MDL as well as general economic conditions and conditions in the financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of MDL, any of its officers or any person named in this Booklet or involved in the preparation of this Booklet makes any representation or warranty (either express or implied) as to the

accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Booklet reflect views held only as at the date of this Booklet.

8. Other sources of information

You may wish to review information available from the following sources in deciding whether or not to attend and vote at the General Meeting or to vote in favour of or against the Resolution:

- (a) MDL is a 'disclosing entity' for the purposes of the Corporations Act and as such is subject to periodic reporting and continuous disclosure obligations. Specifically, as an entity listed with ASX, MDL is subject to the Listing Rules which require continuous disclosure of any information which MDL has concerning itself that a reasonable person would expect to have a material effect on the price or value of Shares.

Copies of announcements made by the Company on ASX are available from the ASX website, www.asx.com.au.

- (b) You may wish to give particular attention to the ASX announcements made by MDL, since 30 September 2005, on:

- 27 March 2006 (First Tranche of Global Placement & Share Purchase Plan);
- 23 March 2006 (Global Placement);
- 23 March 2006 (Investor Presentation – Equity Raising);
- 20 March 2006 (Niakafiri drilling);
- 17 March 2006 (Sabodala drilling);
- 15 March 2006 (Half Year Financials);
- 31 January 2006 (Second Quarter Activities Report);
- 24 January 2006 (Sabodala resource estimate);
- 28 October 2005 (First Quarter Activities Report);
- 18 October 2005 (Annual Report).

Note that this is not an exhaustive list of all the ASX announcements made by MDL during the relevant period, and you may wish review the other ASX announcements available from the ASX website, www.asx.com.au.

- (c) In addition, MDL is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by MDL may be obtained from, or inspected at, ASIC offices.
- (d) Additional information regarding MDL is available on MDL's website: www.mineraldeposits.com.au.

Corporate Directory

Directors

Nicholas J Limb
Executive Chairman

Jeffrey W Williams
Managing Director

Martin C Ackland
Executive Director

Jacobus C (Kowie) Strauss
Non-Executive Director

David J Isles
Non-Executive Director

Kevin J Ross
Alternate Director (to David J Isles)

Company Secretary

Melvyn J Drummond

Share Registry

Computershare Investor Services Pty Ltd
ABN 48 078 279 277
Yarra Falls
425 Johnston Street
Abbotsford Victoria 3067

Legal advisers

Minter Ellison
Level 23
525 Collins Street
Melbourne Victoria 3000

Registered office

Level 7 Exchange Tower
530 Little Collins Street
Melbourne Victoria 3000