

This is an important document and requires your attention

If you are in doubt how to deal with it, please consult your financial or other professional adviser.

Explanatory statement and Notice of general meeting

Mineral Deposits Limited ABN 19 064 377 420

Date: 6 August 2008

Time: 10.30am Melbourne, Australia time

Location: Level 7, 530 Little Collins Street,
Melbourne, Victoria 3000

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Dear Shareholder,

Sabodala Gold Project

As announced on 20 June 2008, Mineral Deposits Limited (**MDL**) has completed a private placement of 63 million ordinary shares in MDL (**Placement Shares**) to institutional clients of GMP Securities Europe LLP and Euroz Securities Limited of Australia (**Placement**). The issue price for each Placement Share was A\$0.77.

The funds raised as part of the Placement, together with the company's approved banking facilities, will be used to complete the Sabodala Gold Project and for general working capital purposes.

Further details of the fundraising and the company's projects can be found in the institutional presentation available on MDL's website (www.mineraldeposits.com.au), to which your attention is drawn.

You are aware that publicly available information about the company can be obtained from ASIC, ASX (www.asx.com.au), ASX code MDL and TSX (www.tsx.com), TSX code MDM and from www.sedar.com.

The purpose of this meeting is to seek the approval of MDL shareholders to ratify the issue of the Placement Shares that were issued on 27 June 2008.

The notice of meeting and explanatory statement accompanying this letter set out the resolution and provide further information in relation to the Placement. You are urged to consider carefully all of this material before voting on the resolution.

Recommendation

Your directors unanimously recommend that eligible shareholders vote in favour of the resolution set out in the accompanying notice of meeting.

If you cannot attend the general meeting, you are strongly 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, Australia time on 4 August 2008.

Yours sincerely,

Mineral Deposits Limited

Nicholas Limb
Chairman

Important notice

This explanatory statement is an explanation of, and contains information about, the resolution to be considered at a forthcoming general meeting. It is given to MDL's shareholders to help them determine how to vote on the resolution set out in the accompanying notice of general meeting.

Shareholders should read this explanatory statement in full. This explanatory statement forms part of the accompanying notice of meeting and should be read with the notice of meeting.

If you are in doubt about what to do in relation to the meeting, you should consult your financial or other professional advisor.

This explanatory statement is dated 4 July 2008.

Explanatory statement and Notice of general meeting

Mineral Deposits Limited ABN 19 064 377 420 (**MDL**)

Introduction

1. Introduction

The general meeting referred to in the accompanying notice of meeting is being held so MDL's shareholders can consider the resolution set out in the accompanying notice of meeting in accordance with listing rule 7.4 of the Australian Securities Exchange (**ASX**).

2. The Placement

Background and reasons for the Placement

As announced on 20 June 2008, Mineral Deposits Limited (**MDL**) has completed a private placement of 63,000,000 ordinary shares in MDL (**Placement Shares**) to institutional clients of GMP Securities Europe LLP and Euroz Securities Limited of Australia (**Placement**). The issue price for each Placement Share was A\$0.77. Immediately following the Placement, MDL had 483,619,234 ordinary shares on issue.

The funds raised as part of the Placement, together with the company's approved banking facilities, will be used to complete the Sabodala Gold Project and for general working capital purposes.

The company also reported on 20 June 2008 that Sabodala was 60% complete and scheduled to achieve practical completion by November 2008. The total cost to complete and produce first gold at Sabodala, as at 1 June 2008, is forecast to be approximately US\$91 million, which consists of the following:

- construction capital costs of US\$68 million (which includes as yet unused contingency allowance of US\$12.2 million);
- pre-production mining and ore stockpiling costs of US\$11.9 million; and
- machinery spares and remaining mining fleet acquisition costs of US\$11.5 million.

Further details of the fundraising and the company's projects can be found in the institutional presentation available on MDL's website (www.mineraldeposits.com.au), to which your attention is drawn.

You are aware that publicly available information about the company can be obtained from ASIC, ASX (www.asx.com.au), ASX code MDL and TSX (www.tsx.com), TSX code MDM and from www.sedar.com.

The purpose of this meeting is to seek the approval of MDL shareholders to ratify the issue of the Placement Shares that were issued on 27 June 2008 to the allottees set out in the table in clause 3.3 of the explanatory statement (**Allottees**).

The notice of meeting and explanatory statement accompanying this letter set out the resolution and provide further information in relation to the Placement. You are urged to consider carefully all of this material before voting on the resolution.

Intended use of funds raised

The funds raised as part of the Placement, together with the company's approved banking facilities, will be used to complete the Sabodala Gold Project and for general working capital purposes.

3. Legal and regulatory requirements

- 3.1 Under ASX listing rule 7.4, the shareholders of a listed company can ratify an issue of securities made without approval under listing rule 7.1, if the issue did not breach listing rule 7.1. The issue to the Allottees did not breach listing rule 7.1.
- 3.2 By ratifying the issue of Placement Shares to the Allottees, MDL would be able to raise more capital by the issue of more securities without the delay involved in getting shareholder approval. By taking this course, MDL would be well placed to readily take advantage of opportunities as they arise. MDL does not consider that there are any disadvantages in seeking such ratification other than the potential dilutionary impact that further issues of securities may have.
- 3.3 ASX listing rule 7.5 requires the following information about the issue to the Allottees to be given to shareholders.

Number of securities issued and the allottees

Name of allottee	Number of Shares
Institutional investors procured or sourced by Euroz Securities Limited	15,000,000
Institutional investors procured or sourced by GMP Securities Europe LLP	48,000,000

Issue date

27 June 2008

Issue price

A\$0.77

Terms of issue

The Placement Shares are ordinary, fully paid shares in MDL which, from their date of issue, ranked equally with then existing ordinary, fully paid shares in MDL.

4. 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.

5. Recommendation

- 5.1 Your directors recommend that eligible shareholders vote in favour of the resolution set out in the accompanying notice of meeting.
- 5.2 If shareholders cannot attend the meeting they are urged to complete the proxy form and return (see proxy form for details) it as soon as possible and in any event by 10.30am Melbourne, Australia time on 4 August 2008.

Dated: 4 July 2008

Notice of general meeting

Mineral Deposits Limited ABN 19 064 377 420

A general meeting of the members of Mineral Deposits Limited (**MDL**) will be held:

- on 6 August 2008
- at 10.30am Melbourne, Australia time
- at Level 7, 530 Little Collins Street, Melbourne, Victoria 3000

Business

Resolution – Placement

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

‘That, in compliance with listing rule 7.4 of the Australian Securities Exchange, the issue of a total of 63,000,000 fully paid ordinary shares in Mineral Deposits Limited at an issue price of A\$0.77 on 27 June 2008 to the following:

Name of allottee	Number of Shares
Institutional investors procured or sourced by Euroz Securities Limited	15,000,000
Institutional investors procured or sourced by GMP Securities Europe LLP	48,000,000

outlined in the explanatory statement dated 4 July 2008, which forms part of this notice of meeting, is approved.’

Voting:

MDL will disregard any votes cast on the resolution by:

- each Allottee; and
- an associate of those persons.

However, MDL need not disregard a vote in respect of the resolution if:

- 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
- it is cast by a person chairing the 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.

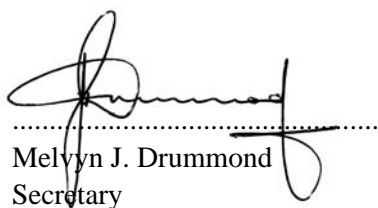
MDL has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that MDL’s shares quoted on ASX at 5.00pm Melbourne, Australia time on 4 August 2008 are taken, for the purposes of the general meeting to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the meeting.

Proxies:

1. A member who is entitled to vote at the meeting may appoint:
 - (a) one proxy if the member is only entitled to one vote; or
 - (b) one or two proxies if the member is entitled to more than one vote.
2. Where the member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.
3. If a member appoints one proxy, that proxy may vote on a show of hands. If a member appoints two proxies, neither proxy may vote on a show of hands.
4. A proxy need not be a member of MDL.
5. If you require an additional proxy form, Computershare will supply it on request.
6. The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by MDL, by 10.30am Melbourne, Australia time on 4 August 2008, at:
 - (a) Mineral Deposits Limited C/- Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street Abbotsford, Victoria 3067; or
 - (b) Mineral Deposits Limited C/- Computershare Investor Services Pty Limited, by facsimile, on +61 3 9473 2555.
7. Proxies given by corporate shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. Proxies may be requested to provide a copy of the relevant power of attorney at the meeting.
8. A proxy may decide whether to vote on any motion, except where the proxy is required by law or MDL's constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote as he or she thinks fit.
9. If a shareholder appoints the chairperson of the meeting as the shareholder's proxy and does not specify how the chairperson is to vote on an item of business, the chairperson will vote, as proxy for that shareholder, in favour of the item on a poll.

Dated 4 July 2008

By order of the Board



Melynn J. Drummond
Secretary